



2023

Sustainability Report

2023 Non-financial Statement

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

Letter to Stakeholders

The year 2023 was a year in which MM was able to achieve a remarkable performance, despite the complex geopolitical environment and unfavourable conditions dictated by the energy markets, the inflationary spiral and the rise in central bank reference rates. An important performance not only from an economic perspective, but also in the broader ESG sense - which is encapsulated in the Sustainability Report.

The strong growth in economic margins is a first indicator of this; a second is the recognition of the quality of the services offered, coming from independent authorities, which confirm the effectiveness of MM's work. Despite the instability of the overall scenario, therefore, MM ends 2023 stronger, and with a broader scope of activities and services.

This confirms the effectiveness of the governance model adopted as of 2022 by the Company, which made provision for the appointment, at the recommendation of the Shareholders' Meeting's, of a Chief Executive Officer who oversees the Corporate Structure from within the Board of Directors and optimises the transmission of the guidelines drawn up by the top management to the entire organisation, enabling their full implementation.

All of this is possible thanks to the constant and extraordinary commitment of the people who work in MM and who, thanks to their value and dedication, contribute to making the Company a key player in the urban transformation and environmental transition of the City of Milan, making a responsible approach to business a distinctive and characterising feature of its work.

These are fundamental elements to be able to continue to achieve the increasingly challenging and ambitious goals set for us year after year by our Shareholder, the Municipality of Milan. In 2023, the extension of the *field operations* carried out for the municipality continued, with the start-up of the ordinary road maintenance service, which augments, in a synergistic manner, the maintenance activities that MM carries out on a daily basis throughout the city.

During the year, intensive work continued on the development and optimisation of business processes, which resulted in an increasing generation of value for MM, people and the city. Innovation and digitisation, value chain management, investment capacity, service quality, and sustainability in all its forms are key elements of MM's strategic development, which year after year aims to generate increasingly positive environmental, social and economic impacts.

Simone Dragone
Chairman MM Spa

Even in 2023, the global scenario confirmed the need for urgent action to concretely combat climate change, and the importance of investing and innovating in order to cope with pressures and shocks outside the company's perimeter, whether dictated by significant variations in energy or raw material prices or the presence of international conflicts. In all this, MM was once again able to maximise its commitment to the city of Milan and to its customers in Italy and abroad.

Confirmation of the quality of our services came from ARERA, the Regulatory Authority for the Integrated Water Service, which also recognised bonuses in 2023, particularly on Technical Service Quality for the two-year period 2020-2021. MM's commitment to the Integrated Water Service is characterised by a long-term perspective. Further objectives were also achieved to support the sustainability of the plants, favouring energy self-production and the strengthening of circular economy processes: the photovoltaic plant at the San Rocco purification plant was inaugurated in 2023, while planning continues for a second installation at the Nosedo purification plant. Energy self-production thus complements and reinforces the long-established strategy of purchasing energy from renewable sources.

MM's also contributes to the care of the city on aspects such as stormwater management, where in addition to the ordinary management of storm drains and wastewater networks, a new sustainable urban drainage system (SuDS) in Via Pacini was added in 2023, with the aim of improving the management of run-off during extreme weather events.

Weather events which, moreover, with particular intensity, hit the city during the summer months: on this front too, on the strength of its experience acquired in the field of facility management and greenery management, MM was able to make a substantial contribution to the city, allowing 292 initiatives over two months to guarantee the reopening of the schools in time for the resumption of teaching activities at the beginning of September 2023, in addition to 767 tree surgery operations on the trees in Public Housing buildings, premises and school buildings.

As far as the engineering activities are concerned, important steps forward concerned both the initiatives in the city area, with the extension of the opening of the M4 Line up to San Babila, connecting the city centre with Linate airport, and the acquisition of the job order for the construction of Tel Aviv's Metro Line 1, confirming the significant recognition that MM's engineering skills receive in international contexts. Skills that are also effectively invested to support the Municipality of Milan in its urban transformation and care projects for the city and its citizens, starting with the numerous works financed with the PNRR (National Recovery and Resilience Plan) currently being implemented

All this would not be possible without the constant commitment of the women and men of MM who passionately ensure high quality work on a daily basis. People are a fundamental value for MM: this is why, during the year, work was done to strengthen the tools for personnel management and the development of their skills, renewing the HR strategy as a whole in order to respond effectively to a particularly competitive and constantly evolving labour market.

People are at the centre of MM's activity. Being citizens themselves, they are fully aware of the significant value of receiving quality services, they are at the forefront in responding to every customer request: this is testified by the 256,614 contacts with tenants of the Public Residential Housing of the Municipality of Milan and the 8,174 contacts of the new Public Residential Housing management launched in Bergamo in January 2023, the 36,957 requests managed by the water customer service, both through physical channels and via the web, the more than 6,000 students involved in the activities organised in collaboration with Centrale dell'Acqua and the large following both live and via social channels of MM's cultural initiatives.

MM confirms itself as a solid public enterprise assisting the Municipality of Milan in the sustainable development and care of the City, a first-rate entity displaying distinctive skills in all the sectors in which it operates. The adoption of an integrated service provider approach aims to achieve increasing levels of efficiency and effectiveness in awareness of the added value it can generate for the territory. A company that looks to the future with a positive and innovative spirit and with a sense of responsibility: that is why in 2024 we intend to translate our commitment to sustainability, already demonstrated by our 2023 results, into a new Corporate Strategic Plan and the first Corporate Sustainability Plan.

Francesco Mascolo
Chief Executive Officer MM Spa

The external context and sector megatrends

Over the past decade, the world's economies have been working on a **concrete action plan to combat climate change**, one of the most significant environmental and social challenges of our time.

At international level, the **COP28**¹ in Dubai, United Arab Emirates, concluded in December 2023, which resulted in a compromise on the 'transition away from fossil fuels', including the target of tripling the world's renewable energy capacity by 2030.

The European Union plays a central role in guiding the economies of EU countries towards a zero-emission future through the adoption of policies such as the **European Green Deal**, a package of policy initiatives to finance sustainable growth with the goal of achieving climate neutrality by 2050, promoting a fair and equitable transition according to the United Nations 2030 Agenda's Sustainable Development Goals (UN SDGs). Furthermore, in May 2022, the European Commission adopted '**REPowerEU**', the strategic plan to reduce the Union's dependence on fossil fuels from Russia by focusing on energy savings and increased renewable energy production, thus accelerating the transition to a low-carbon economy.

Respectively, with the **National Recovery and Resilience Plan** (PNRR), Italy has committed itself to transforming the country along three strategic axes shared at European level, placing *environmental transition* at the basis of its development model, *digitalisation and innovation* as factors that must characterise every reform policy, and *social inclusion* as a guarantee of territorial cohesion, growth of the economy and overcoming deep-rooted inequalities.

At local level, the **Air and Climate Plan of the Municipality of Milan**, drawn up by the Environmental Transition Department - Energy and Climate Area, promotes actions to achieve climate neutrality, to reduce pollution and to activate and strengthen mitigation and resilience strategies in the city, pursuing equity and the well-being of citizens².

The impact of climate change **also puts considerable stress on the water resource**, due to increasing anthropogenic pressures (such as consumption and pollution) that generate vulnerabilities for the population and the environment. In Italy alone, in fact, due to the increase in water consumption and the consequent exploitation of water resources, around 20% of the territory is subject to the **risk of desertification**³. Resource scarcity also affects the provision of water-related **ecosystem services**, as well as the share available for agriculture and fisheries, with serious economic and social consequences. Italy also has an infrastructure network with a **high water leakage rate and a limited water purification and treatment capacity**. **Efficient and responsible management of the water cycle is therefore essential** to ensure environmental sustainability and better service standards. In this regard, in April 2023, the Council of Ministers promulgated the Drought Decree with the aim of speeding up authorisation procedures for the development of new water infrastructures and to provide more efficient responses to the ongoing water crisis, providing for the appointment of a special Commissioner.

In 2022, the Regulatory Authority for Energy, Networks and Environment (**ARERA**) adopted the new **Strategic Framework**⁴, which sets out the objectives for the development of regulations for the four-year period in the sectors under its jurisdiction, associating them with one or more of the Sustainable Development Goals of the 2030 Agenda. With regard to water management, the Framework aims to improve the quality and efficiency of water infrastructures, **encouraging the use of innovative solutions with a lower environmental impact and resilience to extreme weather events caused by climate change**. The objectives also include reducing pollution, the release of hazardous substances and the share of untreated wastewater, and increasing the safe reuse of water.

¹ Conference of the Parties (COP) refers to the annual meetings of the signatory countries of the United Nations Framework Convention on Climate Change (UNFCCC), an international treaty concluded in Rio de Janeiro in 1992.

² The Plan was definitively approved by the Municipal Council in 2022 with Municipal Council Resolution No. 4, formalising the initiatives to be developed in the time horizon up to 2030, which include resilient emergency management, sustainable mobility, combating air pollution, sustainable urban design to enhance green areas and water resources, decarbonisation of energy consumption with a zero-emission building stock, and the adoption of sustainable choices and responsible lifestyles.

³ 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.

⁴ ARERA's 'Strategic Framework 2022-2025' was approved by Resolution 2/2022/A of 13 January 2022.

With regard to the quality and safety of water for human consumption, the EU *Drinking Water Directive* (DWD)⁵ sets standards to protect citizens and the environment from the harmful effects of drinking water contamination and to improve accessibility. The Directive focuses on the prevention and management of risks along the drinking water supply chain on the model of the *Water Safety Plans* (WSP)⁶ drawn up by the World Health Organisation, on the identification of possible emerging pollutants present in supply sources, and on the need for effective and transparent communication to citizens about the quality of the water supplied in order to increase consumer confidence in mains water.

While the global economy has hitherto been based on a linear growth model, population growth coupled with the need to curb the demand for resources (water, energy, materials) require a transition to a **circular economy**⁷ that shifts the focus to reuse, renewal and recycling of existing materials and products. This is a cross-sector **paradigm, which must also be applied to the development of urban contexts**, with particular reference to the **management of the water cycle, mobility and urbanisation**, promoting, on the one hand, the protection of natural areas where facilities and service networks are located, through the reduction of the physical impacts and externalities generated by operational processes on ecosystems, and on the other hand, allowing the reduction of risks to organisations.

The circular and resilient growth of cities must also be based on the use of **innovative and digital tools** capable of giving substance to the idea of the *smart city* associated with the concept of liveability, i.e. a city that is 'smart' because it can **respond to the needs of its citizens in the broadest, most timely and inclusive manner possible**. For example, urban systems can be made more efficient, inclusive and resilient through the knowledge provided by data on traffic, weather, air and water quality, water flow rates, integrated engineering design and the use of artificial intelligence. While digitisation brings with it **significant development opportunities**, contributing to the growth of the economy and the creation of numerous jobs, at the same time, it raises new security and privacy risks, where the integration of increasingly local and widespread data generation and collection systems creates new entry points for cyber-attacks and new **cybersecurity challenges**.

In this context, characterised by new cross-sector challenges and renewed opportunities for growth, MM is determined to play a leading role in the development of cities, pursuing the ambitious **environmental objectives** set at national and European level, contributing to the **creation and distribution of value**, promoting a **sustainable economic model** also for the territories in which it operates, and looking to the future with a proactive approach.

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

⁶ In Italy, the adoption of Water Safety Plans became mandatory with the 14 June 2017 decree of the Ministry of Health, which transposed Directive (EU) 2015/1787 at national level.

⁷ European Commission, Directorate-General for Environment, *The circular economy: connecting, generating and preserving value*, Publications Office, 2014.

Highlights 2023

ENVIRONMENTAL TRANSITION

-1.6%Indirect Scope 2 emissions
(location-based approach) vs 2022**99.4%**Of non-hazardous waste sent for
recovery**29.5%**Of water discharge intended for
irrigation reuse**100%**Purchased renewable energy
certified in the 2021-2023 three-
year period**10,753,071 L**Water supplied through Water
Houses**100%**Biological sludge in terms of Total
Dry Substance (TDS) sent for
recycling or reuse in agriculture

RESPONSIBLE BUSINESS

€ 202 millionEconomic value distributed,
91% of value generated

REVENUES	CAPEX	OPEX
86%	85%	50% eligible

26%	12%	26% aligned
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according to the **European Taxonomy**

3,744Suppliers on the List of
Economic Operators

VALUE TO PEOPLE

1,337

MM's Employees

29%Of staff employed as
executive are women**22,022**Training hours provided
(16.5 average hours per
capita)**117**New hires, of whom 20.5% are
under the age of 30**ZERO**High-consequence work-
related injuries**€ 858,637**Direct and indirect
investment in training

COMMUNITY AND TERRITORY

Engineering initiativesdeveloped in the areas of sustainable mobility,
sustainable construction and water optimisation**51,335**End users served by the IWS
Customer Service**431**Real estate units recovered by MM
and the Municipality of Milan thanks
to the restructuring interventions**+31%**Practices managed through the IWS
Online Customer Desk**8,174**Contacts with tenants of the
Municipality of Bergamo**256,614**Contact with tenants through the
Public Housing Contact Centre**6,362 students**Involved in activities organised at Centrale
dell'Acqua**700,000 m²**

Of treated green area

1. Who is MM

MM is one of the **most important public engineering companies in Italy**, active in the field of urban regeneration and unique in terms of the type and variety of services it provides. As a strategic partner of the Municipality of Milan, MM participates in the development, management and transformation of the city, its services, networks, infrastructures and public real estate assets (according to the *in-house* providing formula).

Today, MM is a **solid company active in the care and development of the City of Milan**, which has been able to bring its ability to manage activities with a high degree of expertise, a technique historically linked to sustainable mobility, to other sectors such as the management of the Integrated Water Service (IWS) in Milan and then the Public Residential Housing assets owned by the Municipality of Milan (including the management of the attached green areas), up to the maintenance of school buildings, road subways and sports facilities in the city (see section 1.3 'Areas of activity').

In all these areas, MM operates responsibly by integrating the values of sustainability into its business strategy with the aim of enhancing the common good, pursuing development of the territory that balances environmental, social and economic objectives by providing high-quality essential public services that meet the needs of citizens.

The values that have always been a hallmark of MM's activities have become an integral part of the company's **Quality Policy**, which guarantees a process of continuous improvement aimed at customer and stakeholder satisfaction, supporting, through the operational management of processes, the achievement of objectives related to '**sustainable quality**' (see section 2.4 'Management systems and certifications')⁸.

MISSION

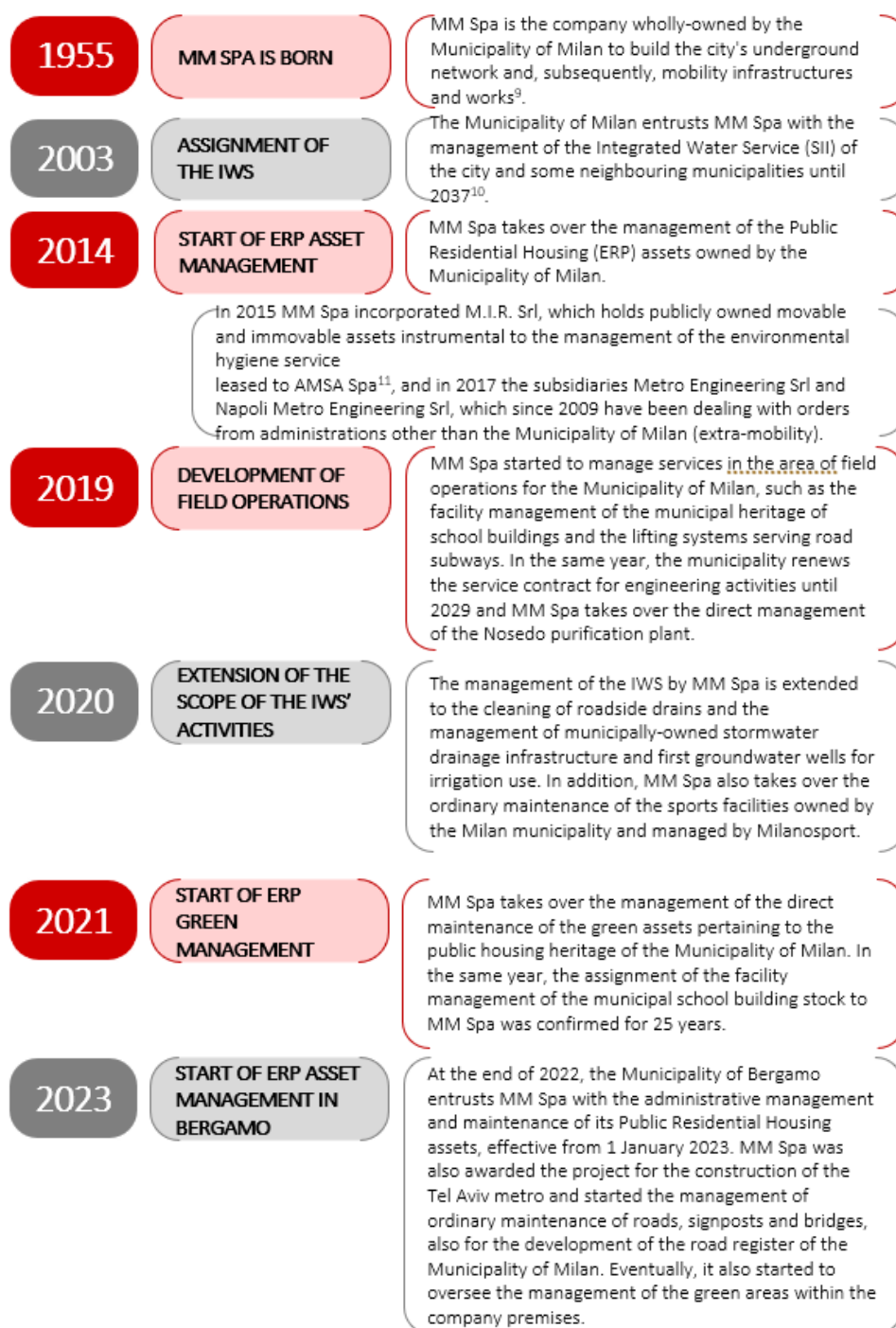
Ensuring the highest standards of quality and efficiency in the plurality of services managed, operating competently and competitively in implementation of ownership guidelines, enhancing its nature as a public enterprise at the service of the community.

VALUES

- **Reliability** (all-round accountability on time, quality, cost and boundary aspects)
- **Skills** (being prepared to strengthen and develop new skills, knowing how to innovate)
- **Competitiveness and flexibility** (demonstrating the ability to act quickly, with attention to cost management, as in a market business)
- **Transparency** (acting with a transparent approach, to enhance results and report/manage critical issues)
- **Reputation and Integrity** (operating with a view to pursuing the company's objectives, also displaying moral requirements in the management of 'sensitive' activities)

⁸ MM's Quality Policy is published at www.mmspa.eu (Home & Sustainability & Certifications & Quality).

1.1. Our Story



ING Note⁹ Note 2037¹⁰ and MIR Note¹¹

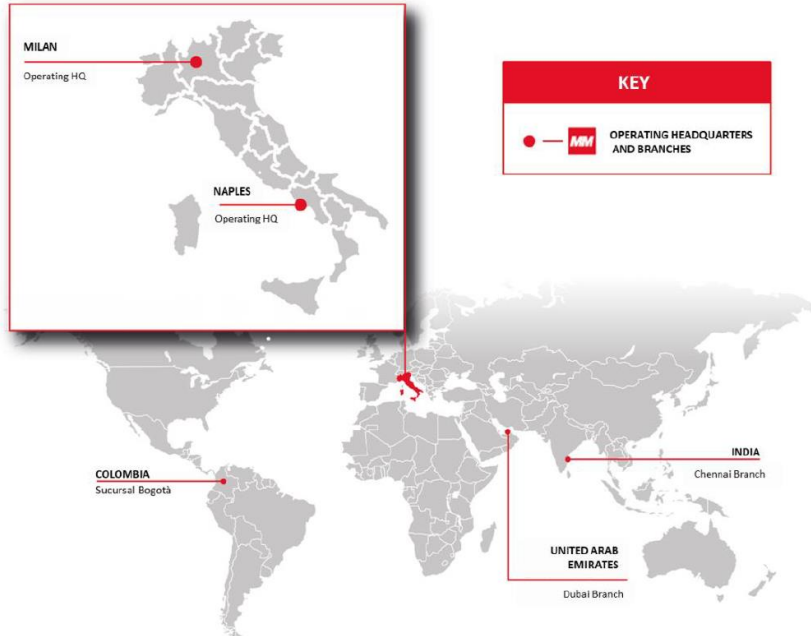
⁹ The services offered by MM cover the entire design cycle (technical and economic feasibility and executive projects), contract management, works management, safety coordination, testing activities and support to the Sole Project Manager (RUP), also providing 'on-demand' services that can be activated on call according to the needs of the Municipality of Milan.

¹⁰ The assignment - initially on a five-year basis - was revised in 2007 on a 20-year basis and in 2015 on a 30-year basis expiring in 2037, consistent with the horizon of the Area Plan.

¹¹ The merger by incorporation of M.I.R. Srl, owner of waste collection and disposal plants related to the public waste management service, is part of the rationalisation plan of the Municipality of Milan's subsidiaries.

1.2. Where we are in Italy and the World

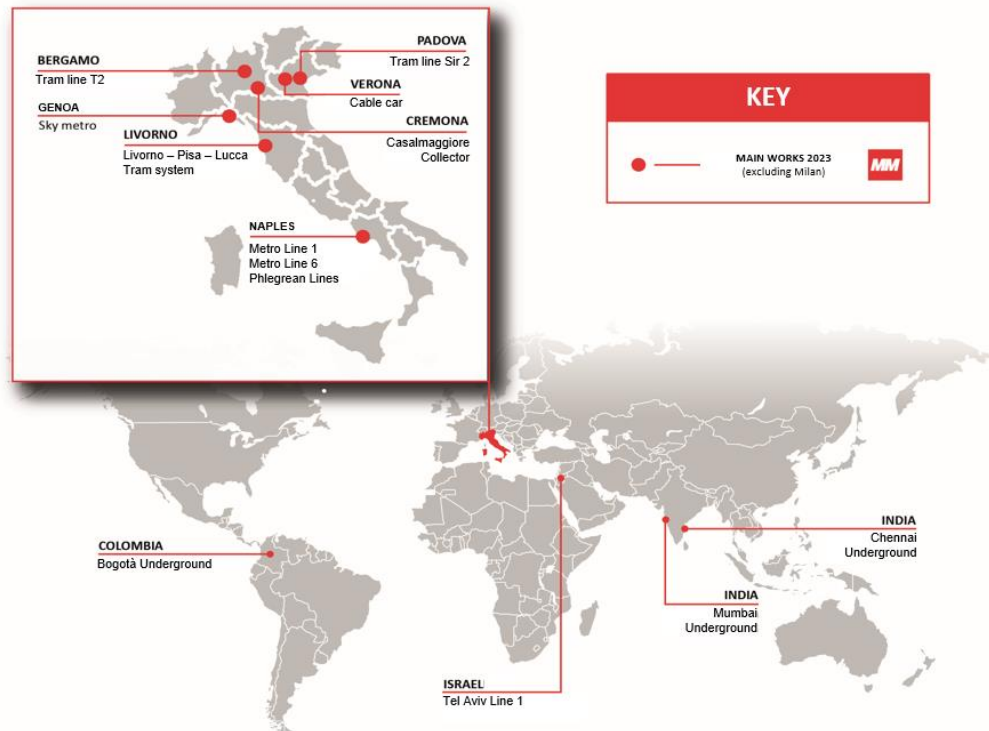
MM's **head office** is located in Milan, in Via del Vecchio Politecnico, augmented by other operating offices in Italy and abroad for the management of engineering contracts related to design and/or supervision of works in the field of infrastructure, as in the case of **branches**¹² set up in the Middle East (Dubai), India (Chennai) and South America (Bogotá).



MM has exported to Italy and abroad the *know-how* gained in the design and project management activities in the field of city and territorial structures and infrastructures, the same ones that have helped transform Milan into the modern state-of-the-art metropolis it is today.

On a national and international level, MM's experience has focused mainly on the design and construction of mobility infrastructures (such as subways, railways, metros, airports) and environmental remediation and redevelopment (green and hydraulic infrastructures) and the transformation and/or construction of other urban infrastructures (schools, sports facilities, museums, etc.) from a smart city perspective. MM also works in partnership with other international companies, thus participating in a virtuous competitive process that fosters the growth of engineering skills and process innovation.

¹² So far, MM has established: in 2017 the Dubai branch to consolidate its strategic geographical presence in one of the main global crossroads to the North African and South Asian area; in 2020 the branch in Colombia to oversee the project construction management of the Bogotá metro; and in 2021 the branch in Chennai known as Madras in the state of Tamil Nadu to oversee the design of two city metro lots, as well as the detailed design of Line 6 and the feasibility study of Line 14 in Mumbai.



NEW INITIATIVES ABROAD

In 2023, MM won - together with its partners Dana Engineering, Yaniv Zohar Engineering and Levy-Shtark Zilberstein Consulting Engineering - the tender for the construction of **Line 1 in Tel Aviv**, which, with its 62 stations and 2 depots totalling 85 km in length, will connect 14 municipalities, at a total cost of approximately €20 billion. This is the first of three new metro lines planned in the Israeli city, totalling 150 km of underground network, 109 stations, 24 connected municipalities, 4 depots, with an estimated cost for the entire infrastructure of around €40 billion. Forecasts point to a 30% increase in the use of public transport, with 2 million passengers per day. To monitor the design, construction management and testing phases, MM has set up a dedicated branch.

*For details on activities in Italy and abroad, please refer to the **Report on Operations in the 2023 Financial Statements**.*

1.3. Areas of activity

MM's main areas of focus are:



MOBILITY, INFRASTRUCTURE and PROPERTY

The engineering services offered by MM contribute to the transformation and urban regeneration of cities from a *smart* perspective, according to an **integrated engineering model** that adopts the *project and construction management* approach. From feasibility studies, to final and executive designs, through the preparation of tender documents and tender management to drawing up contracts for and supervision of the realisation of works of public interest that improve the quality of life of citizens, MM supports its customers by guaranteeing constant attention to the respect of deadlines, cost optimisation, quality and functionality of projects realised in respect of the environment and communities.

From 2022, 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, is entrusted to two structures:

- the **Mobility and Extra Moenia Business Unit** for mobility works, which also monitors the commercial activity for the promotion and development of orders in Italy and abroad, in particular in Asia, Africa, Oceania, through branches in compliance with the guidelines for extra moenia commercial activity¹³;



THE WORKS CARRIED OUT WITH THE CONTRIBUTION OF MM IN MILAN INCLUDE

- Underground network (M1, M2, M3, M4, M5)
- Underground railway link and railway stations (e.g. Rho-Fiera Milano and Forlanini stations);
- Urban and suburban metro and tramways
- Expo Milan 2015

¹³ In-house companies, by nature traditionally understood as companies operating outside the market, may allocate a portion of their turnover to 'extra moenia' (outside the city walls) activities, whether they are activities carried out with other public administrations other than the reference one or with private entities (Legislative Decree 175/2016 bearing the 'Consolidated Act on publicly-owned companies' in implementation of Article 18 of Law 124/2015 ("Mafia Law").



- the **Infrastructure and Real Estate Business Unit** for orders concerning urban infrastructures, hydraulic works, buildings and real estate entrusted by the Municipality of Milan and its investees, also in "on-demand" mode, i.e., activated on call on the basis of needs. The Business Unit also deals with the analysis of the built environment and the safety and adequacy verification of infrastructures and buildings (in particular schools, sports facilities, museums, public residential buildings)

INTEGRATED WATER SERVICE

Since 2003 MM has managed the Integrated Water Service (IWS) of the City of Milan, serving an area¹⁴ of about 180 km² with a population of about 2 million people, including residents and city users, and more than 50,000 users, and taking care of all the process phases: from groundwater withdrawal to purification and quality control before distribution, from the collection of wastewater in the sewerage system to purification, including the management of sludge and process waste, and finally the return of the water resource to the environment.

The Milan water supply system is fed by deep groundwater and distributed through pumping stations in the distribution network. The use of digital solutions for process management (e.g. *smart meters*, IoT devices and *Analytics*) has enabled high levels of energy efficiency in recent years accompanied by a continuous increase in operational performance (e.g. water losses).

The City of Milan also boasts a highly effective and efficient purification system: the two purification plants of San Rocco and Nosedo managed by MM treat about 90% of the wastewater produced in the Milan area¹⁵ and constitute **circular economy systems recognised at European level**, because in addition to making water resources more efficient, they return purified and quality water that can also be used for irrigation purposes.



The **Water Service Business Unit** ensures the constant **provision of the essential public services** of water supply, sewerage and purification, including emergency services, customer service and ordinary and extraordinary maintenance of infrastructures, networks and plants, guaranteeing the efficiency of the system and its constant adaptation and control. MM also manages Milan's urban drainage system (subways, meteoric networks and roadside drains), carrying out control and verification activities of productive discharges into the sewerage system in the territory of the Municipality of Milan, and handles relations with the Authorities and bodies that regulate the service. Operations are divided between networks (which includes the supply, treatment and distribution of drinking water, and the collection and transportation of wastewater) and plants (which includes the operation of sewage treatment plants, sewage lifting plants, and shunting plants, as well as related maintenance work).

PUBLIC RESIDENTIAL HOUSING

Since 2014 MM has been managing the **Public Residential Housing assets** owned by the Municipality of Milan, overseeing administrative, accounting and technical-legal

IWS - TYPICAL INDICATORS

- 584 total wells (of which about 400 are active)
- 32 total pumping stations (of which 28 are active)
- 2,209 km of water supply network
- 50,631 users
- 661 fountains
- 52 water points
- 1,639 km of sewerage network
- 2 purification plants
- 100% reusable purified water for irrigation purposes

PUBLIC RESIDENTIAL HOUSING - TYPICAL INDICATORS

- 28,740 dwellings (Milan)
- 8,667 garage/parking spaces (Milan)
- 1,279 various uses (Milan)
- 37,435 tenants (Milan)
- 988 dwellings (Bergamo)
- 288 garage/parking spaces (Bergamo)
- 1,620 tenants (Bergamo)

¹⁴ In addition to the full service for the Municipality of Milan, MM manages the final collection of wastewater and its purification for the Municipality of Settimo Milanese and the distribution of drinking water for some users in the Municipalities of Baranzate, Buccinasco, Peschiera Borromeo, San Donato Milanese and for the New Fiera di Milano-Rho Hub. As of 1 January 2023, the management of the Corsico water supply system was fully assigned to Cap Holding.

¹⁵ The Milan purification system also includes, on a residual basis, the Peschiera Borromeo plant - whose management is not the responsibility of MM - equipped with a line dedicated to the treatment of sewage from the eastern districts of the city, which account for the remaining approximately 10% of the wastewater produced in the Milan area. The city system thus serves up to 2,486,000 population equivalents (authorised capacity).

activities, relations with users, ordinary and extraordinary maintenance, protection of the assets and preparatory activities for the assignment of housing, in compliance with the Convention with the Municipality of Milan¹⁶, for a total of almost 40,000 units, divided between homes, garages and parking spaces and premises for various uses, and about 1,500 housing units 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, Vizzolo Predabissi).

In 2023, MM started the administrative management and maintenance of the public housing stock owned by the Municipality of Bergamo, totalling about 1,300 units.



The **Housing Business Unit ensures the proper performance of administration activities**, improving management performance in terms of efficiency, effectiveness and practicality, also thanks to the development of synergies with other company structures, particularly for maintenance activities (from design, execution of works, testing in the case of bringing buildings up to code, from work on lifts to the removal of architectural barriers) and tenant relations (e.g. billing, emergency intervention, communication tools, etc.), as well as for combating episodes of arrears and unauthorised building with the support of the police. The relationship with tenants is characterised by MM's strong presence and proximity: the supervision of activities at each of the territorial offices is entrusted to two representatives - one technical and the other administrative - with the support of dedicated functions that deal with the management of the life cycle of tenancy contracts and reports, information tools (e.g. Contact Centre, Tenant Portal) and the conception and promotion of social engagement and community building initiatives to encourage tenants to come together and be social (see paragraphs 6.2.2 "*Services for Public Residential Housing customers*" and 6.2.3 "*Social initiatives in the Public Residential Housing context*").

FACILITY MANAGEMENT

As part of *field operations*, since 2020 MM has been managing the **facility management activities of the municipal school building stock¹⁷, of the lifting systems serving the road subways and sports facilities owned by the Municipality of Milan** and managed by Milanospo. These are ordinary, periodic, planned and emergency maintenance operations carried out initially based on a *buy* approach, i.e. through external contractors, and later increasingly according to a *make* approach, i.e. directly with own resources, internalising the execution activities.



The **Ordinary Plant and Infrastructure Maintenance Business Unit** deals with administrative, accounting, legal and technical-maintenance activities with the aim of solving various technical problems encountered in the buildings and infrastructures within MM's management perimeter. The services include the management of reports, execution of work orders and compilation of Regional Register of School Buildings forms, accounting, structural due diligence activities, document verification of the work process of external companies and MM's internal teams, weekly scheduling, institutional relations with the Municipality of Milan and *stakeholders*, relations with users also through the CRM system and the execution of initiatives both in ordinary and emergency scenarios with final reporting through a special platform. The service adopts an **integrated approach (global service) that rationalises resources and centralises technical and management information**, allowing full knowledge of assets and activities and effective and efficient maintenance management at all stages of planning, execution and control.

ASSETS UNDER MANAGEMENT

- 561 school buildings
- 26 sports facilities
- 29 road subways
- 377 dining halls and refreshment rooms

¹⁶ The Municipality of Milan - following Resolution No. 9 of 29 April 2015 issued by the Municipal Council - entrusted the management of the Public Residential Housing assets to MM for a duration of 30 years starting from 1 June 2015, effectively recognising the value of MM's work in the first 6 months of temporary assignment.

¹⁷ The contract for the facility management of school buildings was signed at the end of December 2021 for a duration of 25 years. During 2022 and 2023, MM also carried out routine maintenance services on the premises granted to Milano Ristorazione for dining halls and refreshment rooms.

Since 2023 MM has also been in charge of ordinary maintenance services and periodic checks of electrical installations in school buildings¹⁸; architectural and engineering services related to the management of contracts for the ordinary maintenance of roads, signs and bridges, under execution¹⁹; and, finally, services for surveying the maintenance needs of the road heritage, with surveys and monitoring to develop the road register and to plan and manage maintenance activities²⁰.

PUBLIC RESIDENTIAL HOUSING GREEN MANAGEMENT

Leveraging on the experience gained in the field of *facility management*, between the end of 2021 and the beginning of 2022 MM has started **direct care and maintenance operations for the green areas pertaining to the Public Residential Housing assets of the Municipality of Milan** managed by the Housing Business Unit, and, subsequently, of those of some of MM's premises (Centrale dell'Acqua, Meda-Sforza segment, Anassagora, Empedocle, Martini, Civitavecchia, Forze Armate (Armed Forces), Senigaglia, Espinasse, De Lemene) and of the San Rocco and Nosedo purification plants²¹. At the end of 2023, the scope of action was extended to include the maintenance (ordinary and extraordinary) of the green areas of the **plants of the water supply system of the Water Service** and **SUDS** (Sustainable Urban Drainage System) at via Pacini.

The service involving ordinary maintenance, periodic inspections and extraordinary maintenance (i.e. new future works) on tactical town planning initiatives called '**Open Squares**',²² entrusted by the Municipality of Milan at the end of 2022 for a total of 43 pre-existing squares, also started in 2023.



The **Public Residential Housing Green Management Business Unit** is responsible for ensuring the management and maintenance of the relevant green areas with the aim of improving the usability and functionality of the spaces, carrying out and keeping up-to-date the registration of stocks and taking steps to reduce the risk of localised deterioration of the green heritage. For the management of the activities, MM has employed **new professionals** such as specialised workers, gardeners and area managers who, appropriately trained and certified, work in coordination with the staff of the Housing Business Unit that previously managed the external maintenance workers.

*For more detailed information on the activities of the various Business Units, please refer to the **Report on Operations in the 2023 Financial Statements**.*

ASSETS UNDER MANAGEMENT

- Over 1,300,000 square metres managed
- 8,800 trees
- 8,200 shrubs
- 14,000 m hedges
- 81,600 square metres of flowerbeds and scrub

¹⁸ Executive Determination No. 12565 of the Municipality of Milan of 30-12-2022.

¹⁹ Executive Determination No. 12394 of the Municipality of Milan of 29-12-2022.

²⁰ Executive Determination No. 12492 of the Municipality of Milan of 30-12-2022.

²¹ Green maintenance at MM's purification plants started as extraordinary work in the first phase, from 2023 it will also include ordinary maintenance.

²² Executive Determination No. 12524 of the Municipality of Milan of 30-12-2022.

1.4. Governance

In MM, the *corporate governance system*²³ is of the ordinary type, i.e. it provides for the presence of **two bodies appointed by the Shareholders' Meeting**, one administrative and one supervisory.

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 the Chairperson and the Directors (pursuant to Article 2449 of the Italian Civil Code), through the publication of a specific public notice and the subsequent evaluation of the candidatures. The Municipality of Milan determines the fixed annual **remuneration** (with the Decree appointing the Statutory Auditor pursuant to Article 2364 of the Italian Civil Code and Article 19 of the Articles of Association), plus any VAT and accessory charges if and when due, as well as the reimbursement of expenses incurred in connection with his/her office, within the limits of the law and the provisions of the Articles of Association (Article 19, paragraph 2).

Appointments to the Board of Directors are made in compliance with current legislation on equal access between genders for companies controlled by public administrations. Board members hold office for a period of three financial years and may be re-elected. Their term of office expires on the date of the Shareholders' Meeting convened for the approval of the financial statements for the last financial year of their office.

With regard to the requirements of **professionalism** and **respectability** of the Directors and the causes of their ineligibility, disqualification and incompatibility, the provisions of Articles 2382 and 2390 of the Italian Civil Code and of the additional special regulations in force on the subject in relation to the type of Company, the nature of the office and the corporate purpose²⁴ apply.

CHIEF EXECUTIVE OFFICER

In 2022, the MM Shareholders' Meeting resolved to provide for the appointment of a Chief Executive Officer, formulating a proposal for his appointment and mandating the Board of Directors to provide for his/her appointment and the conferral of broad management and organisational powers. It is the Municipality of Milan, in its capacity as Sole Shareholder, that establishes the maximum limit of the remuneration to be paid to the Chief Executive Officer for the performance of his/her delegated functions, having regard to the number and nature of such functions.

ADMINISTRATION AND CONTROL BODIES (as at 31/12/2023)

BOARD OF DIRECTORS ²⁵	BOARD OF STATUTORY AUDITORS ²⁶
Simone Dragone, Chairman	Vittorio Grazi, Chairman
Francesco Mascolo, Chief Executive Officer	Ilaria Moretti, Standing Auditor
Roberta Di Vieto, Director	Andrea Parolini, Standing Auditor
Giuseppina Lanza, Director	
Marco Plazzotta, Director	
INDEPENDENT AUDITING COMPANY	PricewaterhouseCoopers Spa

Some of the Directors of the current Board of Directors, appointed by Decree of the Mayor on 27 June 2022²⁷,

²³ *Corporate governance is the set of corporate tools, rules, relationships, processes and systems aimed at the proper and efficient management of the company. The structure of corporate governance thus enshrines the rules and processes by which decisions are made in a company, how corporate objectives are decided and the means for achieving and measuring the results achieved.*

²⁴ *In addition, the spouse, ascendants, relations and relatives-in-law up to the third degree of kin of the Statutory auditor, members of the Council and other members of the Board of Directors may not hold the office of Director.*

²⁵ *On 27 June 2022, the new Board of Directors, currently in office, was appointed by Decree of the Mayor. For further details, please refer to the Report on Operations in the 2023 Financial Statements.*

²⁶ *Board of Statutory Auditors currently in office as a result of a deed of appointment issued by the Mayor of the Municipality of Milan on 31 July 2023 and subsequent acknowledgement of appointment by the Shareholders' Meeting of 29 August 2023. The previous composition of the Board of Statutory Auditors, until 29 August 2023, had seen Achille Lanfranchi as Chairperson and Roberto Cassader and Ilaria Moretti as Standing Auditors.*

²⁷ *The deed of appointment of the Board of Directors, together with curricula and emoluments, is published at www.mmspa.eu (Home > Company > Transparency > Organisation).*

also serve as members of the Boards of Directors of other companies.

In 2022, in conjunction with the renewal of the Board of Directors, a **self-assessment of the outgoing administrative body (board review)** was carried out, which ended with a positive outcome, analysing its composition, structure and functioning with the aim of carrying out a structured review of its effectiveness from an operational point of view and identifying opportunities for improvement in order to better perform the role of guidance and control of a complex and constantly evolving company such as MM, also in consideration of the change of governance. The Board of Directors agreed to once again initiate the self-assessment process of the current Board of Directors, to be activated presumably after the summer of 2024, at the end of the term of office of the current Board of Directors, which will take place in the spring of 2025.

The **conflict of interest regulation**²⁸ adopted by MM, and which applies to the entire company, identifies the possible circumstances in which a conflict of interest may arise, defining the identification criteria and the methods of monitoring and management through specific organisational tools (including reporting to the Supervisory Board, in the event of conflicts of interest relating to the Organisational Model pursuant to Legislative Decree no. 231/2001), confirming and reinforcing what is already regulated in the Model and the Code of Ethics. The addressees of the Regulation are obliged to give priority in their external and internal relations to MM's interests over any other situation that could entail a financial benefit or advantage, even if only potential, for themselves, their family members and/or external associates.

The Board of Directors is the recipient of periodic information flows concerning the general performance of the Company, with evidence of any significant critical issues relating to the organisation and its activities, while special **Committees**²⁹ meet periodically or when specifically needed to analyse the trend of activities and the *performance* of the various company areas, any problems that have emerged and to decide what action to take. These are augmented by³⁰:

- the **Investment Evaluation Committee** to oversee the evaluation of investment proposals made on the company's own initiative and involving significant amounts in terms of alignment with the company's parameters of profitability and risk profile;
- the **Technical Interdisciplinary Procurement Committee (CTIA)** with the task of monitoring, with proposal-making and control functions, all tenders and contracts that MM awards to third parties in its capacity as Principal (see section 3.4 'Supply Chain Management');
- the **Control, Risk and Sustainability Committee (CCRS)**, the only internal board committee present in MM established by resolution of the Board of Directors with the task of supporting, through the performance of preparatory activities, the assessments and decisions of the administrative body concerning the internal control system, risk management and sustainability (see section 2 'Sustainability in MM').

MM does not perform due diligence and the Board of Directors' role in managing the organisation's impacts on the environment, economy, safety and people is fulfilled through the CCRS, while the Board of Directors remains responsible for approving the materiality analysis and the content of non-financial reporting³¹.

Delegations of responsibility for managing the organisation's impact on the economy, the environment and people are **conferred by the Chief Executive Officer on other employees**³², who report directly to him for their actions.

*For details of all organisational changes in the course of 2023, please refer to the **Report on Operations in the 2023 Financial Statements**.*

²⁸ 'Conflict of interest' means the condition that occurs when the impartiality required of persons who, in exercising decision-making power, may interpose their own interests or those of their family members in conflict with the interests of the Company, is compromised, even potentially.

²⁹ For a detailed description of the activities of each committee, please refer to the Sustainability Report 2020 published at www.mm spa.eu (Home > Sustainability > Sustainability Reports).

³⁰ At its meeting on 16/01/2023, the Board of Directors resolved to abolish, with immediate effect, the MM Ethics Committee established by resolution of the Board of Directors on 03/05/2017.

³¹ During the preliminary presentation of the results of the materiality analysis to the ESRB, the CEO and the MM Chairperson, the Corporate Social Responsibility department also prepares a summary document (in the form of an Executive Summary) to inform and educate Board members on the updates that occurred during the year on sustainability reporting.

³² Proxies in the field of environmental and occupational health and safety (pursuant to Art. 16 of Legislative Decree no. 81 of 9 April 2008) are published at www.mm spa.eu (Home > Company > Transparency > Other contents - Safety and Environment Delegations).

CORPORATE STRUCTURE

Organisational Chart of MM as at 31 December 2023

COMPANY STRUCTURE



2. Sustainability in MM

Sustainability is an important **growth factor** for a public company like MM, which is committed every day to enhancing the common good by reducing the impact of its business activities on the environment and society.

The **creation of value in the long-term** incorporates the design and construction of infrastructures with a reduced impact on the environment and climate by creating synergies between systems ("water", "green" and "energy"), the search for technical and management solutions capable of reducing consumption and counter-acting the effects of pollution and climate change in general, and the provision of quality services at affordable costs for citizens that meet their needs.

MM is pursuing a structured process with the aim of **ensuring the effective management of sustainability** in the company, including through efficient monitoring, evaluation and reporting systems.

On the governance front³³, since 2016 the **Corporate Social Responsibility function** has been coordinating and developing sustainability activities on the basis of guidelines defined by top management, preparing reporting and managing dialogue with stakeholders, while since 2021 the **Control, Risk and Sustainability Committee (CCRS)**³⁴ has been supporting the Board of Directors in decisions concerning sustainability and the internal control and risk management system.

MAIN TASKS OF THE CCRS

- Reviewing the content of non-financial reporting relevant to the internal control and risk management system.
- Expressing opinions on specific aspects relating to the identification of the main corporate risks and supporting the Board's assessments and decisions relating to risk management.
- Reviewing the periodic reports prepared by the internal audit function and entrusting it with the performance of audits on specific operational areas.
- Reporting to the Board of Directors on its activities and the adequacy of the internal control and risk management system.

On the subject of reporting, MM has been publishing the Sustainability Report annually since 2015 and, since 2018, also the **Non-Financial Statement (DNF)** in response to the requirements of Legislative Decree 254/2016 as a public interest entity. Since 2020, **MM has decided to report on sustainability performance in a single document** that is first shared with the Control, Risk and Sustainability Committee each year and then approved by the Board of Directors (see section '*Methodological Note*').

Since 2021, **OpenReport®** has been on-line, MM's portal linked to the institutional website offering a complete and transparent overview of the company's social, economic and environmental performance, creating a virtuous link between institutional communication, accountability and dialogue with stakeholders.



³³ In the first phase of the development of the sustainability process, the definition of the guidelines for non-financial reporting was assigned to a steering committee consisting of top management representatives. In 2022, the Committee's activities were temporarily suspended in light of the governance and organisational changes that directly affected some of its members, and in view of the specific functions entrusted to the Control, Risk and Sustainability Committee.

³⁴ The ESRAB remains in office for three financial years and its current members, appointed by the Board of Directors on the basis of their specific expertise, are the Directors: Ms Roberta Di Vieto (as Chairperson), Ms Giuseppina Lanza, Mr Marco Plazzotta. In 2023, the ESRAB met six times according to the schedule defined at the beginning of the year, and the meetings were also attended by one or more members of the Board of Statutory Auditors and the Chief Executive Officer.

On OpenReport, users can display the **connection between MM's material themes and the SDGs**, i.e. the 17 Sustainable Development Goals (SDGs) defined by the UN as part of the 2030 Agenda, designed with the aim of guiding businesses, citizens, public administrations and governments to achieve common global goals. Through discussion with its stakeholders, MM has in fact identified **8 priority SDGs**, consistent with the specific characteristics of its business and relations with the territory, on which to focus its sustainability efforts.



Through these tools, MM voices its commitment to sustainability, communicating not only financial data but also the tangible and intangible value created for the development of the region.

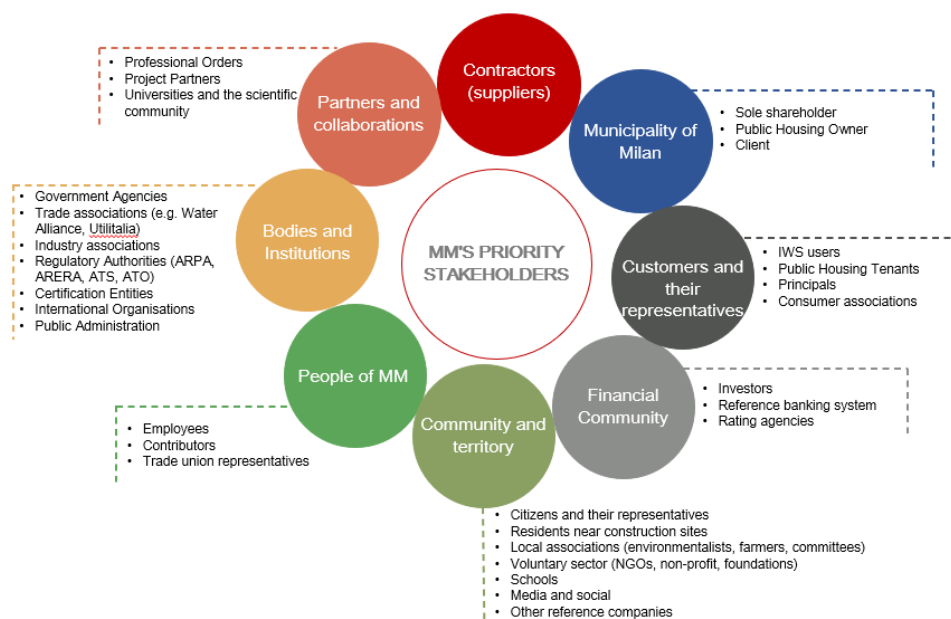
MM SUSTAINABILITY PLAN

In 2023, MM initiated the definition of its first Sustainability Plan in close connection with the Strategic Plan and with a time horizon of 2024-2028, which sets out commitments and targets to which MM believes it can make a positive contribution by providing for a special monitoring, evaluation and reporting system to assess its progress. The Plan will be formalised in 2024 after approval by the Board of Directors.

2.1. Our stakeholders and dialogue tools

In defining its development strategies and planning its sustainability activities, MM cannot overlook listening to the needs and expectations of its **stakeholders** - i.e. the individuals or groups that have an interest in which the Company's activities have or could have an impact - with whom it has long established **continuous and transparent dialogue** geared towards inclusion and the use of different and complementary communication tools. Stakeholder engagement is a valuable **opportunity for MM to continue on the path of improvement to create shared value**.

Since 2014, with the start of the sustainability performance reporting process, MM has identified its **priority stakeholders** by classifying them into categories and trying to understand their interests, and then defining the most appropriate **dialogue tools** to meet their expectations. MM's priority stakeholder mapping was revised in 2023 to better represent the level of maturity achieved in the relationship and dialogue with its stakeholders. In particular, the category '**Community and Territory**' was expanded to include both the category '**Media**' and the sub-category '**Other Reference Companies**'.



STAKEHOLDERS AND MAIN DIALOGUE TOOLS		
STAKEHOLDER	DESCRIPTION	MAIN DIALOGUE TOOLS
Contractors (suppliers)	Includes: large and small suppliers, business partners, etc.	Sustainability Report / NFS Code of Ethics Organisation, Management and Control Model (MOGC) E-procurement platform Anti-Corruption Policy Corporate websites, social profiles and apps
Municipality of Milan	MM's capital is wholly-owned by the Municipality of Milan, the expression of the served territory, shareholder, owner of the Public Residential Housing assets and customer/client of MM.	Shareholders' Meeting Financial Statements Sustainability Report / NFS Milan's Centrale dell'Acqua Board of Directors MM Academy MM Publications Reporting and accountability Technical tables
Customers and their representatives	Including: users of the IWS, tenants of Public Housing units, tenants' unions, principals, consumer associations, etc.	Service Charter Events and public meetings Project feedback MM Publications Regulation of the Integrated Water Service Reporting and accountability Regional Offices Customer Service CRM System Corporate websites, social profiles and apps Technical tables
Financial Community	Including: reference banking system, investors, rating agencies, etc.	Announcements to markets and investors Financial Statements Sustainability Report / NFS Certificates of Conformity Rating Bond Prospectus
Community and territory	Including: citizens and their representatives, committees, residents close to the construction sites, local associations (e.g. environmentalists, farmers), NGOs, foundations, non-profit associations, media and other relevant companies.	Sustainability Report / NFS Milan's Centrale dell'Acqua Events and public meetings MM Publications Corporate websites, social profiles and apps Press releases and press reviews
People of MM	Including: employees, top management, associates, trade unions.	Agreements and union meetings Financial Statements Sustainability Report / NFS

		Milan's Centrale dell'Acqua Code of Ethics Dedicated events and meetings Training "InMM" intranet Organisation, Management and Control Model (MOGC) MM Publications Performance appraisal system Corporate websites, social profiles and apps Corporate Welfare
Entities and Institutions	Including: Public Administration (e.g. Lombardy Region, Metropolitan City, etc.), regulatory and control bodies (ARERA, Area Office of the Metropolitan City of Milan, ATS, ARPA, etc.), certification bodies, government agencies, international organisations and Public Administration.	Financial Statements Sustainability Report / NFS Milan's Centrale dell'Acqua Consultations Conferences and events MM Publications Reporting and accountability Certified management systems Corporate websites, social profiles and apps Technical tables
Partners	Including: industry associations, trade associations, project partners, universities, public and private research centres, scientific community, etc.	Financial Statements Sustainability Report / NFS Code of Ethics Conferences and events MM Publications Corporate websites, social profiles and apps Technical tables

2.2. Materiality analysis and material topics for MM

Stakeholder engagement is a key step in the process of updating the **materiality analysis** in order to identify the **material issues** on which MM's sustainability initiatives should be focused and which form the core of non-financial reporting.

MM's non-financial reporting is prepared in line with the reporting principles of the **GRI Standards**, revised in 2021, which define the content and quality of reported information. In particular, the update of the materiality analysis carried out in 2023 was in line with GRI 3: Material issues', which requires identifying the material issues that reflect **the most significant impacts generated by the company on the economy, environment and people**, including impacts on human rights (**impact materiality**).

In the materiality analysis, account was also taken of the aspects provided for by **Legislative Decree 254/2016**, the European Commission's guidelines on the disclosure of non-financial information and distinctive aspects of the sectors in which MM operates, to the extent necessary to ensure an understanding of MM's business activities, performance, results and the impact generated, ensuring the most effective and transparent communication possible.

In line with the requirements of the standard, the analysis was carried out in the following steps:

1. **Understanding the context** through analysis of industry *trends* in sustainability and corporate documentation and *benchmarking* of key *peers* and *best practices*, in order to identify priority issues for MM in view of its activities, business relationships, the sustainability context in which it operates and *stakeholder expectations*;

2. **Identification of the current and potential positive and negative impacts** MM generates or may generate on the economy, environment and people;
3. **Evaluation of the significance of impacts** through:
 - **Internal workshop with Management**, in the presence of the Directors of the Divisions and key staff functions of MM, during which the significance of the impacts was assessed by assigning a grade to their severity from 1 to 5³⁵ (or benefit, in the case of positive impacts) and likelihood of occurrence (only for potential impacts)³⁶.
 - **Stakeholder engagement**, through a questionnaire sent to a panel of internal and external *stakeholders*, covering all MM's priority stakeholder categories. With a total of 83 responses received, stakeholders were asked to rate the significance³⁷ of the impacts, previously assessed by *management*, related to each potentially material issue.
4. **Prioritisation of the most significant impacts**, amalgamation of related impacts into material themes, and weighting of evaluations obtained from *management* and *stakeholders* (with weights of 40% and 60% respectively). **The updated list of material topics** was thus defined, after the identification of a materiality threshold.

The results of the analysis were firstly shared with the Control, Risk and Sustainability Committee, which assessed their consistency with the strategic direction of the business, and were then submitted to the **Board of Directors** for approval at its meeting on 13 February 2023.

The new **list of material topics** remains consistent with the topics identified in previous years, although it presents some changes that reflect the evolution of MM, the level of oversight developed over time on specific areas, and the ongoing efforts to make communication to stakeholders more effective.

In particular, the topics '*Business Ethics and Integrity*' and '*Integrated Risk Management*' were merged to create the topic '*Business Ethics and Integrated Risk Management*', which are considered mature topics in MM and can be considered as enabling factors for sustainability. Similarly, the topics '*Customer Relations*' and '*Service Quality and Continuity*' were merged into the topic '*Service Quality and Customer Focus*' since, due to the nature of MM's activities, service quality cannot be separated from customer relations. Again, the topics '*Collaboration for Development*' and '*Community Involvement*' were merged into the topic '*Community Involvement and Development*', since both relate to carrying out activities with a positive impact on the community. Instead, some topics were renamed to better reflect the evolution of topic management in MM³⁸. Finally, the topic '*Industrial Relations*' was found to be no longer material as a result of the evaluations - although a summary of how the topic was handled in non-financial reporting was maintained.

MM's **14 material topics** are grouped under four **focus areas** - **Responsible Business, Environmental Transition, Valuing People** and **Community and Territory** - and are dealt with in the following chapters with a level of depth and detail proportional to their ranking in the prioritised list, in line with the GRI Standards and Legislative Decree 254/2016³⁹.

The most significant topics are '*Responsible water management*', '*Circular economy*', '*Tackling climate change*', '*People skills and professionalism*' and '*Caring for cities and citizens*'.

³⁵ *Severity* refers to the degree of severity (or benefit) of the impact on people, the environment and the economy, based on the area of distribution, scope and capability of being remedied (for negative impacts only).

³⁶ *Probability* refers to the likelihood of the potential impact occurring within the reference time horizon (set at 5 years).

³⁷ *Significance* is defined as the probability of impacts occurring due to their severity at the time they occur.

³⁸ In particular, the topics '*Creating value for stakeholders*', '*Innovation and digitalisation*', '*Sustainability and quality of the integrated water cycle*', '*Skills and professionalism of personnel*' and '*Inclusion and corporate welfare*' were renamed to '*Value creation*', '*Innovation and digital transformation*', '*Responsible water resource management*', '*People skills and professionalism*' and '*Employment, inclusion and corporate welfare*' respectively.

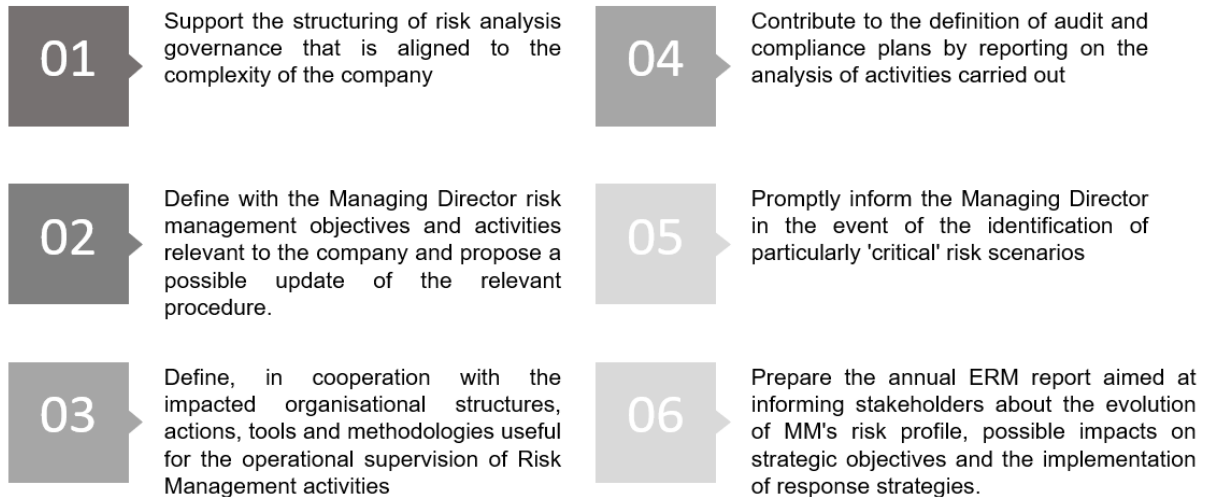
³⁹ For a full description of the impacts associated with the material topics, presented in order of priority according to significance, please refer to the section "*Prioritised list of material topics with description*" in the Annexes.

Areas of intervention and material topics

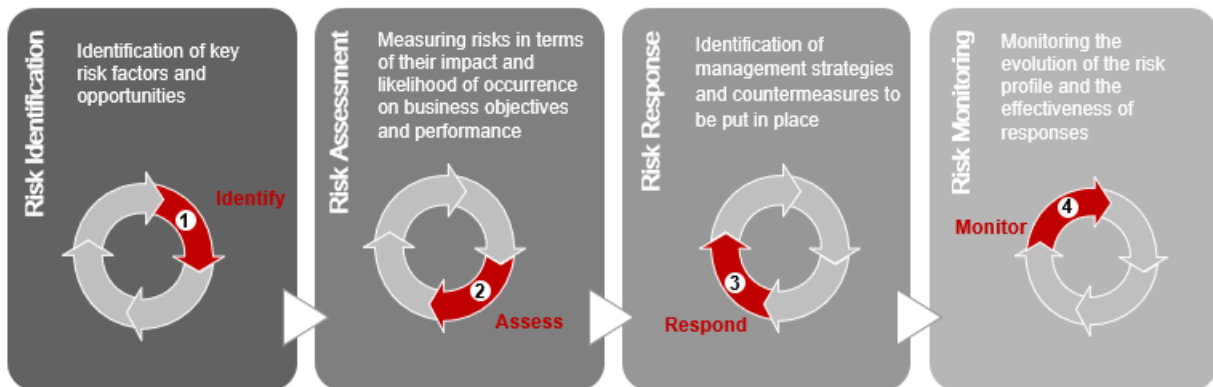


2.3. The integrated risk management of MM

MM has had a risk management system in place since 2021 as an integral and systematic part of its business processes. In particular, through the **Enterprise Risk Management (ERM) framework**, risks can be analysed and monitored according to an integrated approach, in order to guarantee their **effective control in line with corporate objectives**. Coordination of the process is entrusted to the **Risk manager**, who is appointed at the same time as the **risk management function** and the risk management system are established. The function currently consists of two staff members, whose main tasks are:



In summary, the process is structured according to the diagram below:



In 2023, the **risk analysis was updated** on the basis of the previous mapping, reviewing and supplementing the document through interviews with *risk owners* and *risk specialists*. This process is designed to carry out further in-depth investigations over the years, in a cyclical process, in order to have an increasing level of detail on the risks of individual processes and activities.

With this in mind, a number of risk scenarios have been identified and included in the mapping as 'prudential' although they do not currently represent a significant criticality for MM. Moreover, the increase in the total number of risks subject to assessment - from 101 in 2022 to 112 in 2023 - should not be interpreted as an increase in riskiness but rather as a result of the higher level of analysis adopted during the year. In fact, the **average business risk remains medium-low** with a level of 4.5 on a scale of 1 to 16, in line with the previous year (4.3) despite the presence of new business (e.g. branch project in Tel Aviv, management of the Public Residential Housing assets of the Municipality of Bergamo). As further confirmation, the percentage of **top risks** in the total of risk scorecards **decreased slightly** from 20% in 2022 to **19% in 2023**.

Starting in 2023, as required by the information flows with the Control, Risk and Sustainability Committee (ESRB), MM started the **six-monthly monitoring of top risk mitigation actions**; the document for the first half of the year covered the 20 top risks highlighted in the ERM report for 2022, while the document for the

second half of the year covered the monitoring of the 21 top risks highlighted in the ERM report for 2023. Both documents were forwarded to the Control, Risk and Sustainability Committee for possible consideration.

For a description of specific economic and financial risks, such as exchange rate, credit, interest rate or liquidity risks, please refer to the 2023 Financial Statements.

LOOKING TO THE FUTURE

The collaboration with *risk specialists* in 2023 will continue in 2024 with the involvement of the various functions. The *Risk management* function will also continue to support the relevant functions by participating in the corresponding inspections for the maintenance of ISO certifications.

In 2024, the revision of the **Enterprise Risk Management procedure** will also be completed to formally incorporate the information flows to the Control, Risk and Sustainability Committee, further refine certain aspects of the process, and supplement it with specific reference to **ESG risks**.

2.3.1. Mapping of sustainability risks

In 2023, MM continued the process of **integrating sustainability risks into the corporate risk management system** initiated in 2022.

This update made it possible to highlight, within the *risk map*, **51 risks related to ESG issues**⁴⁰, compared to 40 in 2022, of which **10** were classified as '**top risks**'. Please refer to the section "*Mapping of Sustainability Risks*" in the Annexes for a more in-depth discussion of these risks, pertaining to the areas of Legislative Decree no. 254/16 and traced back to the material topics of MM.

There is a type of risk that may affect the achievement of the company's strategic objectives in the medium-long term, given the prevalent nature of a company providing services to citizens: we are referring to **reputational risk**, considered a 'second level' risk deriving from negative events attributable to other risk categories, i.e. linked to the occurrence of uncontrollable external events or errors in management that may lead to damage to MM's reputation, with effects right across all business areas (e.g. cyber attacks, service interruptions, etc.). To guard against this risk, MM has adopted continuous monitoring and reporting systems and established a **Crisis team** that can be called upon to deal operationally with the crisis, also with regard to communication activities, supported by a **procedure**, updated in 2023, that defines the operating methods of its activities and the communication tools to be used before, during and after a critical event.

Finally, in view of the importance that the issue is assuming at a global level, MM carried out an initial 'analysis of the impacts of **climate change risks** to which it is exposed on the basis of its own activities and the evolution of regulations on the subject, thanks to the involvement of the corporate functions dealing with environmental and energy issues. The results of the analysis are presented in section 5.1 "*Combating Climate Change*" and in the Annexes.

2.4. Management systems and certifications

MM's commitment to continuous performance improvement is evidenced by the adoption of specific **policies** and the continuous updating of **management systems certified** according to the requirements of the best international standards. Starting from the analysis of the context and of the main risks and opportunities related to business activities, these make it possible to prevent and mitigate risks, make management more efficient and become more competitive on the market, with the ultimate aim of meeting stakeholders' expectations.





The policies and certifications in place are summarised below, with an indication of the company areas involved and the improvement objectives.

⁴⁰ Risks pertaining to the areas of Legislative Decree 254/16.

Legend:

MOBILITY AND
EXTRA-
MOBILITY
DIVISIONINFRASTRUCTURE AND
REAL ESTATE DIVISIONINTEGRATED WATER
SERVICE DIVISIONHOME
DIVISIONORDINARY PLANT AND
INFRASTRUCTURE
MAINTENANCE DIVISIONPUBLIC RESIDENTIAL
HOUSING GREEN
MANAGEMENT
FUNCTION

MANAGEMENT SYSTEMS

REFERENCE SCOPE AND STANDARDS	BUSINESS AREAS	SYSTEM DESCRIPTION AND OBJECTIVES
QUALITY (UNI EN ISO 9001:2015)	   	<p>Since 1996, MM has maintained a certified Quality Management System, defining a Quality Policy and identifying tools to verify its understanding at every level of the organisational structure. In 2018, a complete overhaul of the System was carried out according to the new UNI EN ISO 9001:2015 reference standard, according to which the existing certifications for the engineering and water sectors were adjusted. In January 2019, the certification was extended to the housing sector.</p> <div> <div> OBJECTIVES ACHIEVED In 2023, the goal of maintaining certification for the Business Units concerned was achieved. Furthermore, important moments of involvement of all Business Units were coordinated and implemented, aimed at increasing awareness of the importance of analysing and understanding business processes, according to a <i>risk-based thinking</i> approach ⁴¹. Examples internally at DVIP include the optimisation of design, procurement and execution processes and the initiation of <i>lesson learned</i> practices on labour procurement using the <i>root cause analysis</i> methodology ⁴². </div> <div> FUTURE OBJECTIVES For 2024, the Quality function aims to consolidate and optimise the Management System, also in response to the expectations of the new certification body, with the active involvement of the certified Business Units and the involvement of <i>staff</i> structures. In addition, the role of the Management System as a functional tool for other key business areas, in particular sustainability and <i>compliance</i>, is to be strengthened. Also in 2024, the process-based management approach will be optimised in order to ensure efficiency, awareness, continuous human growth, exchange of <i>best practices</i> between Business Units and <i>staff</i>, and an increasing orientation towards <i>risk-based thinking</i>. Finally, continuous audits will be conducted, also in conjunction with institutional audits carried out by internal control structures. </div> </div>

⁴¹ The concept of risk-based thinking involves an analysis of the context and processes to identify risks and activate the necessary mitigation actions to eliminate them or reduce the likelihood of their occurrence. Identifying, eliminating and mitigating risks ensures business growth and improved performance in terms of quality and process effectiveness.

⁴² Root cause analysis (RCA) is an analytical and systemic process to uncover the root causes of the problem, with the aim of understanding the reasons behind them and identifying the most appropriate solutions to solve them and prevent them from reoccurring.

ENVIRONMENT (UNI EN ISO 14001:2015)



MM has had a certified **Environmental Management System** (since 2010 for the water sector and since 2012 for the engineering sector), in order to guarantee the protection of the environment and natural resources also in compliance with current regulations, as stated in the **Environmental Policy**. MM constantly monitors the actions of all 'actors' in its value chain, contributing to increased awareness of environmental responsibility. In 2018, the System was adapted to the requirements of the new UNI EN ISO 14001:2015 standard for the Engineering Business Unit and the Water Service Business Unit.

OBJECTIVES ACHIEVED

In 2023, the surveillance audit carried out by the certification body in charge of **maintaining the certifications** for the Business Units concerned was successfully passed.

Training for environmental representatives was also carried out, as well as the reworking of the **Environmental Analysis for the engineering sector**.

FUTURE OBJECTIVES

In 2024, plans are in place to revise and update the **procedures and operating instructions on waste management** in line with the regulatory changes that have taken place. In addition, **training** will be provided on the new ways of ensuring waste traceability. Finally, plans are in place to **renew the environmental certifications** for the Engineering and Water Service sectors.

INSPECTION BODY (UNI CEI EN ISO/IEC 17020:2012)



In 2010, MM was the first public company in Lombardy and Northern Italy to be **accredited⁴³ by Accredia as a 'Type B Inspection Body'**, according to the UNI CEI EN ISO/IEC 17020 standard (registered under No. 055E), through the Unità Tecnica Validazione Progetti (UTVP) - (Project Validation technical Unit). The services offered concern the inspection of the design of works, pursuant to Art. 42 of Legislative Decree 36/2023.

OBJECTIVES ACHIEVED

A **review** of the Management **System** procedures was carried out in 2023 to adapt the verification methods to the new Procurement Code. More efficient verification methods were introduced and improvements in the use of BIM methodologies were also implemented.

FUTURE OBJECTIVES

Evaluations are in progress regarding the **change of type of inspection body**, according to UNI CEI EN ISO/IEC 17020.

The adaptation of the system of procedures and roles will continue in order to make the verification of BIM projects more efficient, also through the adoption of algorithms.

Continuous improvement of the system will also continue, in line with regulatory changes. Finally, **operational activities** will be opti-

⁴³ This accreditation allows MM to carry out inspections in the fields of 'building construction, civil engineering works in general and related plant engineering works, environmental protection and defence works, naturalistic engineering and railway engineering, including tunnels, bridges and underground tunnels'.

mised, also through **external collaborations**, in order to respond to the increasing number of projects to be verified, many of which are time-restricted and binding as they relate to PNRR funding.

ENERGY (UNI EN ISO 50001:2018)



Since 2011, MM has maintained an **Energy Management System** for the Integrated Water Service through which it plans, implements, monitors and verifies the guiding principle of continuous improvement, integrating its applications and implications into the **Energy Policy**, in order to **reduce consumption and waste and improve energy efficiency** through innovation and the rational use of energy.

OBJECTIVES ACHIEVED

In 2023, a **three-year renewal of the certification** in compliance with the standard was obtained. **Training activities** continued in the field of energy addressed to the main functions involved in the management system, which started in 2022. In addition, the **Energy Assessments** were drawn up and presented to Enea pursuant to Legislative Decree 102/2014.

Also for 2023, the **purchase of green energy** to fully cover consumption is confirmed.

FUTURE OBJECTIVES

In 2024, there are plans to **maintain the certification** and to extend the ISO 50001 **training** programme to the Purification Planning and Technical Analysis function.

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



In 2018, MM's laboratories (water supply system and purification) obtained **accreditation by Accredia as a 'Testing Laboratory'** in accordance with UNI CEI EN ISO/IEC 17025, for the tests referred to in certificate No. 1706L. The controls performed by Accredia on testing laboratories include checks at all levels of the activities carried out: from managerial (control and management of documentation, management of the sample to be tested, procurement of products/services, training and qualification of personnel, etc.) to technical (quality assurance of test results, calculation of measurement uncertainty), as well as compliance with mandatory legislative requirements. Accreditation is therefore a **guarantee of impartiality, independence, correctness and competence** of the activities performed by MM's testing laboratories.

OBJECTIVES ACHIEVED

In 2023, the Water Supply System laboratory (site A) accredited the following tests: colour, coliform bacteria, Escherichia coli, intestinal enterococci, reaching a total of

FUTURE OBJECTIVES

In 2024, the Water Supply System laboratory (site A) plans to extend Accredia accreditation to the parameters Lithium and Molybdenum, as well as to update the

116 analytical parameters accredited by MM's testing laboratories. The laboratory at the San Rocco purification plant (site B) has been analysing metals in wastewater since October 2023, reaching very low concentrations (mg/litre). The laboratory at the Nosedo wastewater purification plant (site C) has adopted the use of LAMP technology for the rapid analysis of Salmonella in wastewater destined for irrigation reuse from April 2023.

test procedure with the new method for metal detection and to develop analytical methods for detecting chlorites and chlorates in water intended for human consumption, two parameters included in the new Legislative Decree 18/2023, with the subsequent start of monitoring for the microbiological parameter *Clostridium perfringens*, including spores, at the outlet of drinking water plants. In addition, it provides for the purchase of new instruments to update the method of analysis of Polycyclic Aromatic Hydrocarbons and to search for micropollutants included in the new Legislative Decree 18/2023.

In the 2024-2025 two-year period, the San Rocco purification plant laboratory (site B) plans to carry out the verification/validation of the metal detection method with the new ICP-MS, for Accredia accreditation in 2025.

In 2024, the Nosedo purification plant laboratory (site C) plans to further increase its accredited tests, applying to Accredia for an extension for metals and turbidity as well.

SECURITY
(UNI ISO
45001:2018)



Since 2022, MM has had a **Health and Safety Management System** certified according to UNI ISO 45001 for the water and engineering sector, which guarantees careful prevention of causes that may lead to accidents or injuries at work. MM has therefore adopted a **Health and Safety Policy** and an organisational structure appropriate to the nature of its business, its size, the level of occupational risks and the objectives it aims to achieve. The System, if legally necessary, may constitute an exempting element of the administrative liability of legal persons, companies and associations, including those without legal personality, for the purposes of compliance with Legislative Decree 81/08.

OBJECTIVES ACHIEVED

After a new audit, **certification** for the engineering and water sectors was confirmed in 2023. The risk

FUTURE OBJECTIVES

A new update of all DVRs will take place in 2024.

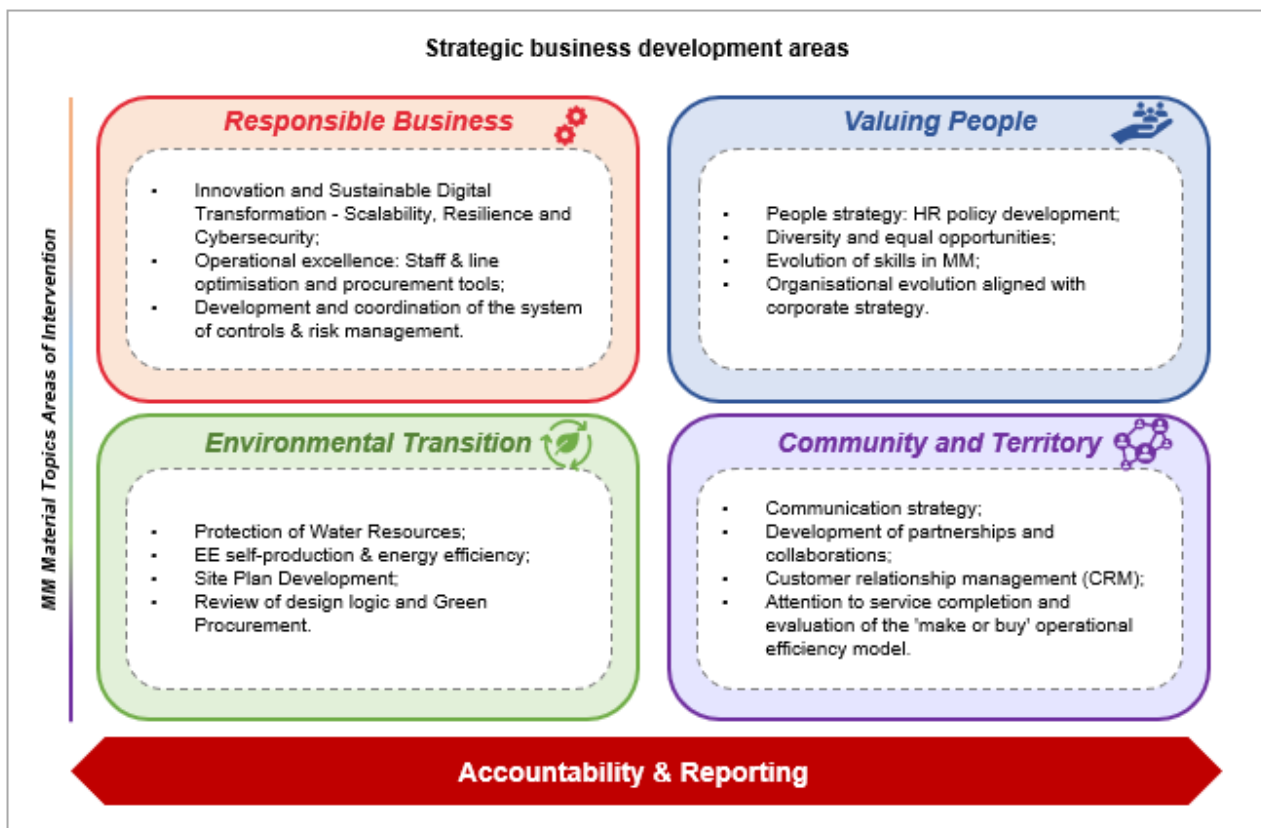
analysis was also updated in line with the methodologies defined by the risk manager and the ERM model. In observance of the law, a process of adaptation was started within the Risk Assessment Document (DVR) for the activities carried out in the Ordinary Infrastructure and Plant Maintenance Business Unit, and for the Public Residential Housing Green Management function.

3. We believe in responsible business

Innovating and innovating according to changing market demand and the characteristics of its customers is one of the cornerstones of MM's development strategy, which sees the ability to reconcile public interest and competitiveness - also through a diversified business - as the key to its success. And it is precisely engineering that is the common thread running through the different areas in which the company operates, in an **integrated, multi-service perspective**.

Over the course of 2023, the proposed new strategic guidelines for the **Business Plan for the period 2024-2028** were drawn up and delivered to the Board of Directors in December 2023.

These guidelines, in view of the relevance of sustainability for MM, have been **traced back to the four areas of intervention to which the material themes identified by MM refer**: Responsible Business; Valuing People; Environmental Transition; Community and Territory. The strategic guidelines envisaged for each theme overlap with a element common to all areas of the company, namely the development of accountability and reporting tools.



3.1. Ethics and integrity in business management

MM has developed and perfected a **system of internal controls** to ensure that the company's activities are in line with business strategies and company policies through rules, procedures and organisational structures that guide the correct functioning and successful performance of the company 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, safeguarding of assets in the medium/long-term, and compliance with current regulations and company directives and procedures.

The main elements supporting the system⁴⁴ are:

⁴⁴ For further information, please refer to the 'Transparency' section of the company website www.mmspa.eu (Home > Company > Transparency), where it is possible to consult and download the system's reference documents (also published on the company intranet available to employees).

ORGANISATIONAL, MANAGEMENT AND CONTROL MODEL⁴⁵ (MOGC), PURSUANT TO LEGISLATIVE DECREE NO. 231/2001

The Model defines and formalises the rules, principles, tools and control mechanisms adopted by MM in order to prevent the commission of the offences provided for in Legislative Decree 231/2001, according to a risk management-based approach. The Model consists of two sections:

- **General Part** - identifies the structural characteristics of the organisation, the methods for creating the model, the system of sanctions in the event of violations, the functioning of the Supervisory Board, the obligations of communication and training of personnel;
- **Protocols** - regulates 'sensitive activities', setting out the control measures aimed at reducing the risk of the offences provided for in the Decree being committed, which are implemented in company procedures.

The observance, updating and implementation of the Model is the task of the **Supervisory Board**, appointed by the Board of Directors and composed of three external members with autonomy, independence and professionalism. Its tasks include (directly or indirectly) carrying out periodic inspections and accessing information on sensitive company activities.

The MOGC is brought to the knowledge of employees through **periodic training**, which in 2023 covered the general principles of the Decree, the recently introduced offences, and the new rules on whistleblowing.

CODE OF ETHICS⁴⁶

The Code of Ethics describes the set of **values, principles and lines of conduct** that all associates, employees and those acting in the name of or on behalf of MM are required to observe. It therefore represents the '**charter of fundamental rights and duties**' that defines the ethical-moral standards and ethical-social responsibilities on which MM's **economic, financial, social and relational relations** with its stakeholders (internal and external) are based, with particular attention to the prevention of conflicts of interest.

The **Supervisory Board** is called upon to monitor the correct application of the Code and, where necessary, to propose periodic revisions, as well as to disseminate the Code among employees, associates and third parties.

⁴⁵ Over the course of 2023, the Model was revised following the introduction of new offences to Legislative Decree 231/2001 (disrupted freedom of auctions, disrupted freedom of the contracting process, fraudulent transfer of values), the amendments made to the rules on whistleblowing, as well as the organisational changes that impacted MM. The latest approval of the Model by the Board of Directors dates back to the meeting of 15 December 2023.

⁴⁶ The current version of the Code of Ethics was approved by the Board of Directors at its meeting on 15 December 2023.

The internal control system is also supported by:

BOARD OF STATUTORY AUDITORS	Control body that monitors, through inspection and control, compliance with the law, the articles of association and the principles of proper administration.
COMPLIANCE⁴⁷	A staff function reporting directly to the Managing Director that verifies compliance with external regulatory provisions and self-regulation rules, with the aim of preventing the risk of incurring judicial or administrative sanctions, significant financial losses or reputational damage.
DATA PROTECTION OFFICER	Figure established in accordance with Regulation EU 2016/679 ('GDPR') ⁴⁸ to verify compliance with its provisions and the correct application of the rule, as well as to advise the Data Controller and the Company.
INTERNAL AUDITING⁴⁹	A staff function reporting directly to the Board of Directors that carries out audits on corporate processes and procedures, as well as on control mechanisms, in accordance with an audit plan approved by the Board of Directors and that can be updated in the event of organisational or procedural changes or situations requiring in-depth examination.
RISK MANAGER	A figure who identifies and assesses the risks associated with business processes and activities, supporting risk owners in developing the most appropriate strategies to govern them.
INDEPENDENT AUDITING COMPANY	External body in charge of verifying the regular and correct recording of management events in the accounting records, the compliance of the Financial Statements with the regulations in force, as well as the Non-Financial Statement with Legislative Decree No. 254/2016 and the reporting standard adopted ('limited assurance engagement' according to ISAE 3000 Revised).

Monitoring business processes is a fundamental activity for MM in order to **fight corruption** and ensure compliance with **current legislation**, in accordance with the values of ethics, legality, honesty, fairness and transparency. The concept of corruption is understood in a broad sense and includes any situation in which, during the course of business activity, a person of any hierarchical level abuses his/her position to obtain private advantages. The events include, in addition to the offences against the Public Administration provided for by the Criminal Code, also situations in which - regardless of the criminal relevance - there is evidence of the use for private purposes of the functions assigned or of the interference of administrative action *ab externo*, even if only attempted.

MM has adopted specific **corporate management procedures to prevent the risk of commission of bribery and corruption offences**, which provide for activities and controls to protect the organisation and its stakeholders. It has also defined an **Anti-Corruption Policy** on a voluntary basis⁵⁰, in line with the principles of the Code of Ethics and inspired by *best practices* in the field.

ANTI-CORRUPTION POLICY⁵¹

The Policy aims to **prevent corrupt acts in any form**, even if only attempted. Starting from the risk analysis, MM observes and updates a system of rules and controls, integrated into the risk management and control

⁴⁷ In 2023, the Compliance Department carried out and completed all audits and activities scheduled in the Plan.

⁴⁸ Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of individuals with regard to the processing of personal data and on the free movement of such data and repealing Directive 95/46/EC

⁴⁹ In 2023, the Internal Audit function produced 16 audit reports containing not only a description of the findings of the audits carried out, but a proposal for improvement actions.

⁵⁰ In 2020, the Board of Directors resolved to exclude MM from the scope of application of Law No. 190/2012 and Legislative Decree No. 33/2013 concerning 'transparency and anti-corruption' by virtue of its status as a company issuing financial instruments after the bond issue.

⁵¹ The Anti-Corruption Policy is published on the company website www.mmspa.eu (Home > Company > Transparency > Other Content - Corruption).

system, with the aim of preventing corruption offences. The Policy defines the procedures necessary to verify compliance, including disciplinary systems and how to report violations. The dissemination and understanding of the contents of the Policy among internal and external stakeholders is promoted through dedicated mandatory training activities.

The Head of Internal Auditing acts as the **Anti-Corruption Contact Person**. This figure, also with the support of the Internal Auditing function, verifies the respect, effectiveness and adequacy of the principles and rules of conduct contained in the Policy, according to a two-year activity plan approved by the Board of Directors and which can be updated in the event of situations to be investigated, organisational or procedural changes.

Since 2018, MM has implemented a process for **whistleblowing reports**⁵² by adopting the **procedure** "Management of whistleblowing reports and whistleblower protection (Whistleblowing Policy)", which was updated during the year following the introduction of Legislative Decree 24/2023 in order to ensure its alignment with the changes in the 'whistleblowing' rules.

The **whistleblowing platform**⁵³ has also been operational since 2020. It allows internal and external stakeholders to make reports via the web, anonymously or confidentially, check their status and interact via a messaging system.

In order to foster awareness of the existing safeguards to prevent corruption, MM trains its employees on these issues every year. During 2023, a total of five **induction** sessions were held for **new employees**, at the end of which the participants' learning level was measured by means of questionnaires.

Thanks to the activities carried out and the measures taken, no corruption incidents were detected in 2023⁵⁴.

THE PROTECTION OF PRIVACY

Following the entry into force of the GDPR, MM as a public interest operator appointed a **Data Protection Officer (DPO)** in 2018 in order to ensure regulatory compliance in view of the accountability principle,⁵⁵ as well as to verify compliance with and periodically update the system for the protection of natural persons in terms of the processing and free movement of personal data.

Also in 2023, the DPO gave support to the various corporate structures in fulfilling the obligations required by current legislation (including the preparation and updating of privacy notices, the drafting of the data protection impact assessment (DPIA) for the processing of personal data through the whistleblowing platform and video surveillance for installed equipment, appointments pursuant to Article 28 GDPR, etc.), as well as providing opinions where requested (e.g. on the geo-location of company vehicles and video surveillance).

The DPO was also called upon to **verify and validate some privacy procedures and operating instructions** (e.g., Appointments and Privacy Responsibilities), as well as to contribute to the performance of audits, with the support of the Compliance function, to verify the correct appointment of personal data processors and system administrators, and the proper management of privacy compliance at events at Centrale dell'Acqua,

⁵² Whistleblowing is an act of manifestation of civic sense, through which the whistleblower (the person who reports violations or irregularities, committed to the detriment of the public interest, to the bodies empowered to intervene) contributes to the identification and prevention of risks and situations detrimental to the administration to which he or she belongs and, as a result, to the collective public interest. All appropriate measures shall be taken to protect bona fide whistleblowers against any form of retaliation and, in any case, to ensure the confidentiality of the whistleblower's identity, without prejudice to legal obligations and the protection of the rights of the Company or of persons wrongly or maliciously accused.

⁵³ Replaced and updated in July 2023 following the transposition of Legislative Decree 24/2023.

⁵⁴ Possible events referable - by way of example - to the cases referred to in the articles: 318 (bribery in acts of office), 319 (bribery for an act contrary to official duties), 319 ter (bribery in judicial acts), 319 quater (undue inducement to give or promise benefits), 320 (bribery of a person in charge of a public service), 321 (punishment of the briber), 322 (incitement to bribery), 346 bis (trafficking in unlawful influence) of the Criminal Code and 2635 (bribery among private individuals) of the Italian Civil Code.

⁵⁵ Based on the principle of accountability, the Regulation requires the data controller to adopt adequate policies to ensure and demonstrate that the processing of personal data carried out complies with the Regulation.

at the end of which some corrective actions were shared with the relevant Departments.

With reference to the relationship with **suppliers**, in 2023, the examination of contractual clauses in existing contracts between data controller and data processor continued in order to verify their compliance with Article 28 of the GDPR, which simultaneously requires the involvement of the DPO as early as the drafting phase of new contracts so as to ensure their ex ante compliance.

As proof of MM's commitment to data protection aspects, **no breach of personal data** relating to customers or suppliers qualifying as a 'data breach' under Article 33 of the GDPR **occurred in 2023**.

3.2. Creating value for stakeholders

MM now ranks among the top five IWS operators in Italy in terms of volume of water billed, in the top five publicly controlled engineering companies and among the top five public residential housing operators nationwide in terms of number of housing units managed.

This positioning is reflected in the economic performance, which in 2023 generated **revenues of €308 million** (up by about 3% compared to the previous year), an **operating result of €37 million** (in 2022 it had been €13 million); while **shareholders' equity** stood at **€266 million**.

The increase in the operating result is mainly attributable to the increase in revenue and the simultaneous decrease in energy costs and the main operating cost items.

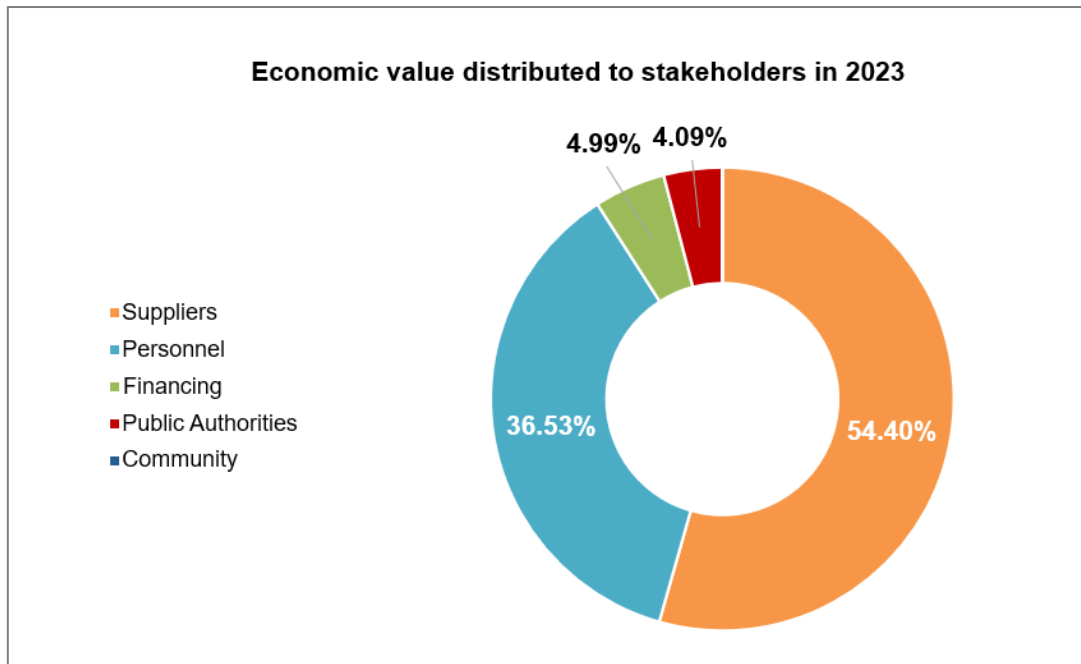
While maintaining one of the lowest water tariffs in Italy and Europe, MM has made a **large amount of investments in the Water Service Business Unit** worth about **€56.2 million** in 2023, equal €41.5 per inhabitant in relation to the resident population of the City of Milan. Overall, **MM made investments totalling €62.2 million during the year**.

COMPLIANCE WITH TAX REGULATIONS

MM has developed a well-established approach to ensure compliance with applicable tax regulations as well, monitor their evolution and ensure the proper management of legal compliance. The **tax governance system** ensures that taxation is monitored by the Administration, Finance, Control and Regulation Department, which is in charge of managing tax compliance in cooperation with a specialised external firm. In addition, by monitoring the adequacy of internal procedures and processes, the Company monitors the risks of tax non-compliance in order 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 tax management, in order to update skills and comply with changing tax regulations. As mentioned above (see section 3.1 '*Ethics and Integrity in Business Management*'), the Organisation, Management and Control Model was also revised in 2023 in the light of the recent introduction of new tax offences to the Legislative Decree 231/2001. In its **relations with the tax authorities**, MM observes the principles of conduct and control protocols defined by the Code of Ethics and the MOGC for relations with the Public Administration, aimed at maintaining a **climate of dialogue and co-operation** marked by fairness, transparency and professionalism. For more details on revenues and taxes paid during the year, please refer to the Financial Statements and the Explanatory 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 from the balance sheet data, cannot therefore disregard the **added value generated and distributed to all stakeholders** in the area. In 2023, the **economic value generated** by MM came to about **€223 million**, while the value distributed was roughly €203 million. **91% of the value generated was distributed to stakeholders**, both internal and external, while the remaining 9% 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 to direct capital towards sustainable investments. The European Taxonomy established by EU Regulation 2020/852 aims to provide businesses, investors and policy-makers with an unambiguous classification system to define and identify economic activities that can be considered environmentally sustainable in order to redirect public and private funding towards investments and activities that achieve the environmental objectives of the European Green Deal, including making the EU climate neutral by 2050.

According to the European Taxonomy, an economic activity is defined as environmentally sustainable if it fulfils the following criteria:

- contributes substantially, through compliance with the technical screening criteria, to at least one of the six European environmental objectives;
- does not cause significant harm to other environmental objectives (Do No Significant Harm - DNSH);
- is carried out in compliance with minimum social guarantees (e.g. those laid down in the OECD guidelines and UN documents).

EUROPEAN ENVIRONMENTAL OBJECTIVES



1. *Climate change mitigation*



2. *Climate change adaptation*



3. *Sustainable use and protection of water and marine resources*



4. *Transition to a circular economy*



5. *Pollution prevention and reduction*



6. *Protection and restoration of biodiversity and eco-systems*

As of 1 January 2023, companies that fall under the obligation to publish the Non-Financial Statement must report the share of revenues, capital expenditure (Capex) and operating expenditure recognised by the EU Taxonomy⁵⁶ (Opex) relating to activities that are truly environmentally sustainable, i.e. that contribute substantially to at least one environmental objective (Substantial Contribution Criteria) without adversely affecting the others (DNSH) and ensuring compliance with minimum social safeguards, thus being aligned with the European Taxonomy.

The Delegated Regulation 2021/2139 ("Climate Delegated Act") and the subsequent Delegated Regulation 2022/1214 ("Complementary Delegated Act"), which also included in the Taxonomy certain energy activities of the gas and nuclear sectors, identified the activities related to the first two environmental objectives, i.e. mitigation of and adaptation to climate change, as well as the respective substantial contribution criteria and DNSH (Do No Significant Harm) requirements.

In 2023, the European Union approved Delegated Regulation 2023/2486 ('Environmental and Climate Act'), which defines the activities and related criteria for the remaining four environmental objectives: sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, and restoration of biodiversity and ecosystems. This act stipulates that, as of 1 January 2024, non-financial companies must report the share of turnover, capital expenditure and significant operating expenditure associated with the eligible and non-eligible economic activities in the taxonomy with reference to all six targets, while the verification of alignment, i.e. compliance with the criteria for defining these activities as truly environmentally sustainable, only needs to be carried out for the first two climate targets.

MM then carried out an exercise to analyse its business activities by assessing them on the basis of the provisions in the Delegated Regulations and the interpretative notes published by the European Commission⁵⁷. It should be noted that, in the absence of an established practice, MM conducted this exercise based on its own judgement 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 KPI reporting.

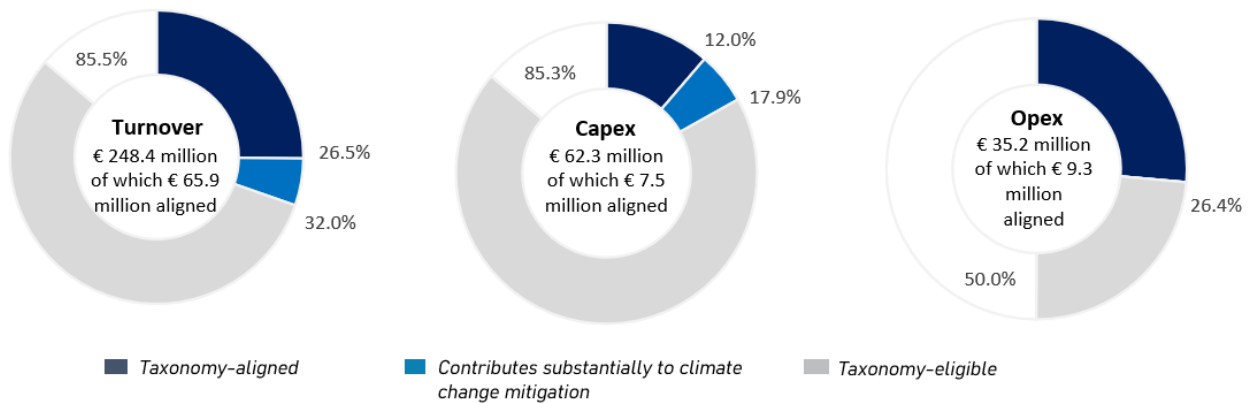
With reference to the disclosure pursuant to Article 8(6) and (7) of Delegated Regulation (EU) 2021/2178, which provides for the use of the templates provided in Annex XII for the disclosure of nuclear and fossil gas activities, it should be noted that all templates have been omitted as they are not representative of the company's activities.

The analysis conducted for the reporting year 2023 showed that 86% of revenue, 85% of capital expenditure (Capex) and 50% of operating expenditure (Opex) were eligible for the European Taxonomy. The evaluation showed that 26% of revenue, 12% of capital expenditure (Capex) and almost 26% of operating expenditure (Opex) were in line with the European Taxonomy.

⁵⁶ As defined in Delegated Regulation (EU) 2021/2178 of 6 July 2021 in point 1.1.3 of Annex I

⁵⁷ 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, Delegated Regulations (EU) 2023/2485 and 2023/2486 of 27 June 2023.

PERCENTAGES OF ALIGNMENT TO THE EU TAXONOMY



The activities that are aligned with the requirements of the Taxonomy concern some water service and engineering activities. The water service sector has the largest share of alignment, mainly due to the performance, management and efficiency improvements made to water collection, treatment and supply systems. As far as engineering activities are concerned, there are more and more initiatives and projects that can be defined as environmentally sustainable: in 2023, several works could be declared taxonomy-aligned, including metro-tramway construction, new building construction and renovations of existing buildings, also thanks to the inclusion of the technical screening criteria of the substantial contribution to the climate change mitigation objective and the DNSH requirements of the EU Taxonomy already at the design stage. Finally, aligned activities include the project for the construction of the anaerobic digester at the Nosedo purification plant and the purchase of two electric cars.

There are also activities that meet the technical screening criteria and thus make a substantial contribution to climate change mitigation but cannot be considered aligned due to non-compliance with certain DNSH requirements. These include some works to overhaul the sewage-purification system of the Nosedo purification plant, which has helped reduce its energy intensity, the production of energy from photovoltaic systems, and various orders related to the construction of low-carbon infrastructures and works for cycling and pedestrian mobility and public transport (underground and tram lines, urban/extra-urban road redevelopment, car parks and interchange areas), orders for the construction of low-energy buildings and energy-efficient building renovations.

For a list of identified activities, details of the results, a description of the methodology applied and the main assumptions made, as well as information on minimum safeguards, see "*The European Taxonomy: Supporting Information*" (section "*The European Taxonomy: Supporting Information*").

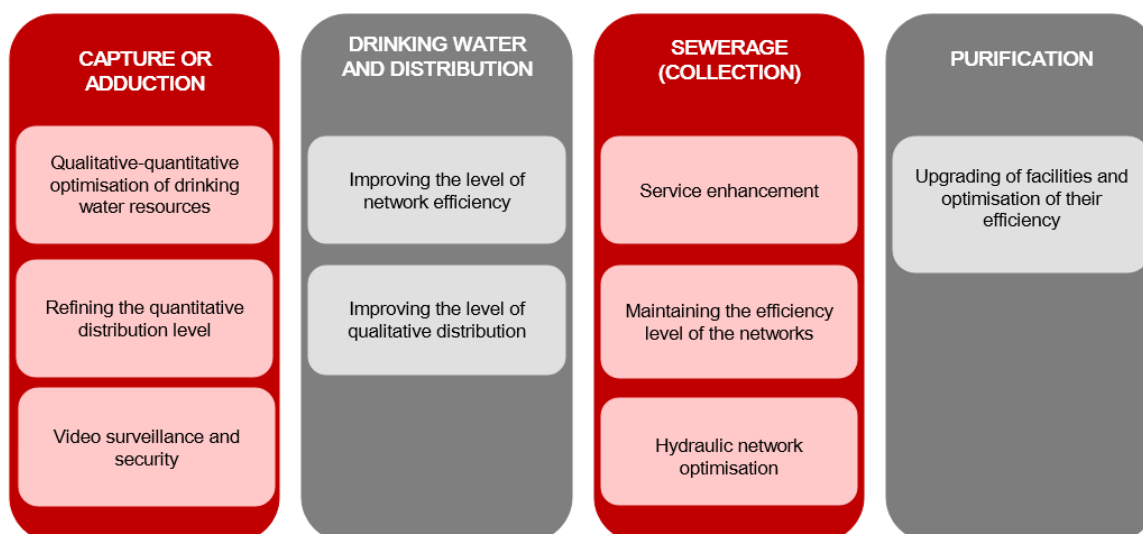
3.2.1. The Area Plan and investments in the Integrated Water Service

The **evolution of the IWS is one of the strategic elements for urban development**: the challenge is to ensure sustainable and resilient water management based on the 'urban metabolism' approach, capable of responding to the digital transformation of cities and the changing environmental, social, energy and economic needs.

Investments for the IWS are guided by the Area Plan that establishes (with a time horizon to 2037) the lines of intervention to improve service levels, safeguard the environment and rationalise the use of water resources both in terms of conservation and better quality.

In fact, the **main objectives of the Plan** concern the different phases of water resource management: water collection and adduction, drinking water treatment and distribution, sewerage (collection) and purification.

MAIN OBJECTIVES OF THE AREA PLAN



Starting with an **analysis of the state of the works and facilities**, the investments required to achieve the set objectives are identified through short, medium and long-term actions. The **design and planning of individual initiatives** take into account technical aspects, economic effects, management methods, socio-environmental impacts and the timing of start-up, execution and completion. In addition, in order to achieve the investment objectives of the Area Plan, the Programme of Initiatives (2020-2023) and the Plan of Strategic Works (2020-2027), the roles and responsibilities of the structures involved were focused on the integrated management of the operational phases, from the planning and programming of works to their execution and reporting.

In 2020, following the previous update in 2015, the **Area 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 in **order to amend and adapt** the Investment Plan and the relative Economic and Financial Plan **to the current and future needs of the territory** in compliance with the sector regulations, at the same time as 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 Area Plan⁵⁸ also illustrates the technical data relating to the current set-up of the IWS infrastructure and the **performance levels offered by MM**, defined according to the rules of the Technical Quality Regulation as per ARERA Resolution 917/2017/R/idr.

Following the promulgation of ARERA Resolution 639/2023/R/idr of 28 December 2023, the new Programme of Initiatives 2024-2029 and the Plan of Strategic Works until 2035 will be prepared in the course of 2024.

MM'S FINANCIAL STRATEGY TO SUPPORT THE IWS

MM has developed in recent years a **financial strategy aimed at guaranteeing the financing of the investments envisaged in the Area Plan**, and thus to maintain the quality of the service provided and the preservation of the water network in optimal conditions, starting with two actions finalised at the end of 2016:

- the signing of a **loan agreement for €70 million with the European Investment Bank (EIB)**, maturing in 2034, by accessing the European Investment Fund (EFSI) guarantee scheme, i.e. the 'Juncker Plan', which was drawn down in 2018;
- the issue of a **€100 million bond** for institutional investors, listed on the regulated market of the Dublin Stock Exchange (Euronext Dublin), maturing in 2035. MM also obtained a **rating**, i.e. its creditworthiness, from **Moody's** (currently Baa3), confirming the Company's positioning in the 'Investment Grade' area

⁵⁸ The Area Plan is drawn up in accordance with the Decree of the Regional Council No. XI/2537 of 26 November 2019 'Approval of the regional guidelines for the updating of the integrated water service area plans'.

for 2023.

- During 2022, in order to cover the financial exposure generated by the increase in energy costs borne by the Water Service, MM also obtained from the **Cassa per i Servizi Energetici Ambientali** body the **Financial Advance** on energy costs provided for IWS operators pursuant to Resolution ARERA 495/2022/R/idr for an amount of **about €7.9 million**; the reimbursement will be made in two annual instalments, to be completed in 2024.

3.3. Innovation and digital transformation

The country's digital transformation plan is changing the role and relevance of *information technology* (IT) within companies. The increasing use of digital technologies is actually radically altering traditional work processes, filling the gaps that emerged when collaboration based on the physical relationship failed due to the pandemic.

MM started a digital transformation process a few years ago, investing in the construction of the **Innovation and Information Technology Department**. The experience of the pandemic has indeed accelerated the need to perform tasks remotely, leading to the creation of the **Digital Workplace** project, designed to introduce a **new working paradigm to the digital environment** that places the person at the centre of the change process. The incorporation and adoption of **innovative zero-code or low-code technologies**⁵⁹ has thus made it possible to make the person the key player in the digital transformation process of MM (*Human-Centric Workplace*), **intervening synergistically on both the technological and human capital fronts** and identifying figures among the corporate population capable of acting as agents of change.

In MM, the three-year period 2021-2023 saw **significant and rapid growth in information systems, infrastructure and telecommunications**. Aware that the way in which digital technologies are implemented and managed is as important as the goal to be achieved with their introduction, the new structure of the Department was implemented at the end of 2022, with a focus on **Digital Strategy, Innovation, Digital Transformation Process Support and Measurement, Digital Sustainability and Operations**, in order to ensure greater resilience of IT services. This organisational change was consolidated during 2023, with the aim of promoting sustainable digital innovation as an open and participative business *practice*. In this context, the **Digital Transformation Board** was set up with the aim of promoting, steering and measuring MM's digital transformation, ensuring its alignment with corporate strategy. The Board, chaired by the Chief Executive Officer and made up of the heads of Divisions and Staff Functions, includes among its tasks that of promoting innovation among the company's various Business *Units*, encouraging the cross-company sharing of project ideas and the creation of synergies among the various business areas.

In addition, for some years now, the management has been working towards **ISO 20000 and ISO 27001 certification**, in order to achieve levels of excellence in the delivery of IT services in accordance with ITIL *best practices*. The process made provision, in 2022, for the drafting of the two management models, and the implementation of the new procedures in 2023, with certification scheduled for 2024-2025.

The indispensable tools for ensuring the concrete realisation of the digital transformation process include **cybersecurity**, which needs to be addressed with a **holistic approach** in order to **develop and maintain a high level of awareness at all levels and in all areas of the organisation**. The model adopted by MM aims to guarantee the security of personal and corporate data and mitigate any vulnerabilities related to agile working. The technical measures are also augmented by the updating of the procedural system and the raising of awareness of the individual behaviour of employees, whose responsibility in the management of personal and corporate data represents an important first 'filter' to mitigate exposure to possible cyber attacks.

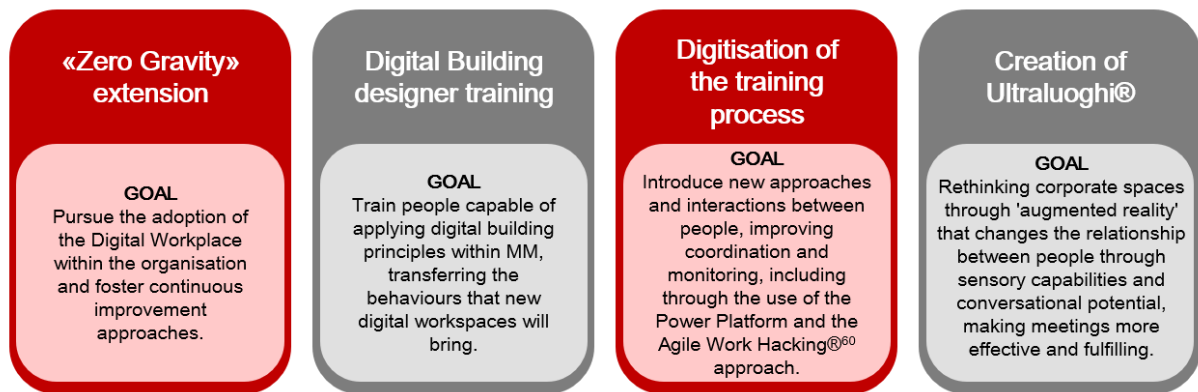
MM is pursuing several actions to consolidate security support tools, moving towards an increasingly proactive and preventive control of cyber threats. In this regard, a **multi-year (2022-2024) 'Cybersecurity awareness' programme** is under way, i.e. a training, awareness and accountability programme on issues concerning data security, both corporate and especially personal, with the aim of instilling a culture of cybersecurity in people.

⁵⁹ Zero code' or 'low code' technologies have low or no coding content, thus not requiring the presence of developers.

PEOPLE AT THE HEART OF DIGITAL TRANSFORMATION

The Digital Workplace and its associated technology are the only founding act of the digital transformation journey that MM has undertaken. With a view to using digital as a tool to improve the way of working (*exploitation*) and to experimenting with new digitally 'augmented' ways of working (*exploration*), a number of initiatives have been promoted to continue MM's transformation along a development path, identified as the '*digital roadmap*'.

In particular:



Note Agile Work Hacking approach⁶⁰

In 2023, activities focused on:

- **Digitisation of the training process**, with the introduction of the **LMS 365 platform** at the beginning of the year, which has enabled a redesign of the way training is managed, from the collection of training needs, to the compilation of data, via planning.
- **Implementation of Ultra-disciplinary locations as enabling spaces for hybrid collaborative modes**, allowing the conduct of meetings, gatherings and events with both remote and face-to-face participants.

Both initiatives benefited, albeit in separate ways, all MM staff, thus consolidating the approach to digitisation initiated in previous years.

The 'Zero Gravity' and 'Building designer' projects, on the other hand, were re-planned during the year in order to better consolidate the good practices implemented during 2022.

In 2023, the Management continued to work on implementing an **IT operating model** that is able to **expand the potential of** infrastructures and applications to support MM's growth, at marginal incremental costs and within defined time-frames, as well as to **optimise and centralise IT asset management services**, thus ensuring higher quality and efficiency. In particular, it focused on:

IT SERVICE CHARTER

In 2023, the IT Service Charter, the catalogue of **services offered by the Innovation and Information Technology Department** to its users, i.e. MM and all employees, was consolidated. The Charter sets out the modalities of use and the standards for the provision of each service, including the threshold levels that the Management undertakes to respect. It represents a true internal contract (pact between Departments) inspired by the shared values that underpin MM's daily commitment: efficiency, effectiveness, continuity of

⁶⁰ The Agile work hacking® approach is based on the idea of iterative solution development and skills transfer, in which the key users of the process are personally involved in redesigning the way of working. The result was the re-design of the process to enhance interactions with digitisation and improve work through the use of the technological tools made available by the Digital Workplace, enhancing interactions between people (Microsoft 365) and automating low value-added tasks (Power Platform).

service, transparency, user involvement and care. It therefore constitutes not only an internal communication document, but also a valuable tool for measuring the performance of the Department.

The awareness of its 'public' role has always pushed MM to pursue development that balances the economic, environmental and social dimensions, seeing the **use of digital tools as an enabling factor to achieve its sustainability goals**.

DIGITAL SUSTAINABILITY

In this context, digital becomes the **fourth component of sustainability**, creating interconnections between environmental, social and economic components. Indeed, sustainable development requires the unavoidable integration of digital technologies, which in turn must be designed and implemented with sustainability in mind.

Digital sustainability therefore implies the introduction of the '**Sustainability by Design**' paradigm, according to which all technological initiatives conceived to support sustainable development must be designed and implemented to contain the company's **carbon footprint** and to foster **greater inclusiveness and well-being for all stakeholders involved**, from the supply chain to employees and citizens.

Given the vastness and continuous evolution of the topic, similarly to Innovation and Digital Transformation, Digital Sustainability is also seen as an open and participative process. It is therefore of particular importance to join national and international initiatives aimed at promoting its principles, in order to share ideas and mutually benefit from experiences and studies on digital sustainability issues.

For this reason, MM joined the **Digital Sustainability Foundation** in 2023, actively participating in the creation of practical tools to promote sustainable digital technologies, such as:

- **Manifesto for the Digital Sustainability of Artificial Intelligence:** a document addressed to the country (companies and citizens) with the aim of promoting a conscious, responsible and sustainable use of Artificial Intelligence, with a focus on the SDGs of the 2030 Agenda.
- **Practice for measuring the sustainability of digital transformation projects:** UNI practice 147/2023 defining the requirements and performance indicators that digital transformation projects must refer to in order to be considered consistent with the UN Sustainable Development Goals. As a concrete application of the practice, these indicators were applied to measure the level of sustainability of the corporate IoT project developed in 2022 by MM.
- **Water Sustainability Position Paper:** a document that aims to promote sustainable management and the use of digital in the Integrated Water Service, with particular reference to the relationship between the use cases of digital technologies in water resource life cycle processes and the SDGs of the 2030 Agenda. The document, in which MM has played a leading role since its conception and drafting, is addressed to all Water Service Managers in Italy who intend to develop a path together in order to concretely affirm the role of digital in supporting the sustainability of processes in the water sector.

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 different business areas. In this context, the innovation process is rendered structural through the establishment of an **Innovation HUB**, reporting to the Digital Transformation Board, which involves all company departments and is also open to discussions with external stakeholders (universities, research institutes, start-ups, ...) that can contribute skills and experience.

In 2023, the Department continued to develop **digital solutions to support the business**. After developing *business cases* for Public Green and Roads management, taking into account the opportunities offered by new technologies, **solutions** for the Roads business were **implemented** in 2023. These solutions focused on the **evolution of the 'MAXIMO' maintenance and 'GIS' road register platforms** (see section 5.3. '*Sustainability and quality in the integrated water cycle*'). In this sense, a continuum was created between corporate and digital strategy, allowing MM to distinguish itself as an innovative company that considers digital as an integral

part of its business strategy.

In addition, the use of **predictive Artificial Intelligence** was introduced to **support the Integrated Water Service**, enabling optimisation of network management. In particular, predictive systems based on *machine learning* algorithms ⁶¹were used to determine the risk index of pipe bursts, as well as to detect abnormal consumption and potential fraud (see section 5.3.1. 'Withdrawal, quality and safety of water distributed to citizens').

LOOKING TO THE FUTURE

For the future, plans are in place to **introduce generative Artificial Intelligence technologies** to **support individual productivity**, with the aim of enhancing results from predictive Artificial Intelligence, such as Microsoft CoPilot, and enabling dynamic analysis of *big data* using natural language, such as IBM Watson.

As far as **cybersecurity** is concerned, activities in the coming two-year period 2024-2025 will focus on **raising the level of protection and responsiveness to possible attacks**, with initiatives such as completing the activation of Network Access Control (NAC)⁶² throughout the Company, introducing data encryption solutions, completing the network segmentation project and introducing a dynamic asset management system, and adapting to the soon to be issued new NIS2 directive.

Finally, in 2024-2025, the focus will shift to the *supply chain* by extending the sustainability assessment to all economic operators with whom MM collaborates. In this regard, the OPENES platform will be introduced, capable of identifying the sustainability profile of suppliers by being able to draw information from a nationally shared database and contributing to its continuous updating over time.

3.4. Supply chain management

MM makes use of several economic operators, scrupulously assessing all purchases of goods and the awarding of works, commissions and services in order to guarantee their quality and competitiveness, avoiding any reputational risks. In order to ensure the **transparent management of the supply chain**, over the years it has adopted special **procedures** that complement and implement the provisions of the Code of Ethics. In particular, tenders must be justified by actual business needs and the choice of supplier must be geared towards achieving the expected quality-quantity levels and respecting the planned time-frame⁶³. In addition, MM does not engage in relations with parties whose activities are incompatible with corporate, national and international ethical standards in terms of worker protection, or which give rise to suspicions of collusive or evasive conduct in tax matters.

Moreover, MM operates in **compliance with current legislation on public contracts**, as a wholly-owned subsidiary of the Municipality of Milan over which the latter exercises powers of supervision and control similar to those exercised over its own services. A special **procedure**⁶⁴ is applied to the activities subject to the Public Contracts Code (Legislative Decree 36/2023), which describes the tasks, responsibilities and procedures for awarding public contracts according to the competences and powers attributed to the figures in the company organisation, ensuring the compliance of company processes with the relevant regulations. The procedure recalls the **principles to be observed in all purchasing procedures and in managing relations with suppliers** in order to avoid possible conflicts of interest.

⁶¹ Machine learning is a branch of AI and computer science that focuses on using data and algorithms to mimic the way humans learn, gradually improving its accuracy.

⁶² Network Access Control is a security system designed to restrict access to a network and ensure that only authorised devices and users can connect to it.

⁶³ The signing of the contract also requires acceptance of the provisions of the Organisation, Management and Control Model, the Code of Ethics and the new Anti-Corruption Policy.

⁶⁴ The 'Tender and Direct Award Management' procedure was updated in 2023.

THE INTERDISCIPLINARY TECHNICAL PROCUREMENT COMMITTEE (CTIA)

The CTIA is entrusted with the task of **monitoring** - with inquiry, proposal-making and control functions - **public contracts for works, services and supplies**, as defined in the Public Contracts Code, which MM entrusts to third parties in the capacity of Principal both in the preparatory phase of the awarding and in the execution phase of the contract. The Committee deals in particular with:

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

The activities of the CTIA are governed by a special **regulation** approved by the Board of Directors, which defines its composition and operating procedures.

In respect of legislative, regulatory or administrative provisions concerning the price of certain supplies or the remuneration of specific services (Art. 108 of the Procurement Code), the award is based on the **criterion of the most economically advantageous offer** on the basis of the best quality/price ratio. The use of the lowest-price award criterion is limited to those cases permitted by the Procurement Code and the regulations in force, when deemed appropriate with respect to the needs to be met.

In accordance with the principles set out in the Procurement Code, an **e-procurement platform**⁶⁵ is in place for the **electronic management** of procurement procedures and the processes of registering and updating the **List of Economic Operators**.

During 2023, major efforts were made to simplify and streamline purchasing processes through a complete revision of the procedures for registration in the List of Economic Operators, with the aim of enhancing competition between operators and professionals. In addition, with a view to optimising the use of the *e-procurement* platform as the main interactive tool for dialogue, comparison and exchange of documents between MM and the Economic Operators, **in 2023 the "Supplier Portal Regulations"**⁶⁶ **were updated**, which regulate the procedures and criteria for the registration of Economic Operators in the "MM Supplier List". The purpose of registration in the List is to trace the possession of the general moral and economic-financial requirements, in compliance with the regulatory instruments and criteria defined by MM in the Regulation. Interested Economic Operators apply by filling in a questionnaire on the platform, according to product categories and amount classes. Entry in the List is a prerequisite for being invited to submit bids and to participate in negotiated or direct awarding procedures launched by MM pursuant to the Procurement Code, **in compliance with the principles of transparency, equal treatment, non-discrimination and proportionality**. Entries in the List are carried out by the interested Economic Operators after verification by MM (also through annual spot checks) of the documentation, self-certifications and self-declarations provided with respect to compliance with the public procurement regulations and MM's Rules.

The List includes a special section aimed at constituting a list of professionals suitable for support assignments in the management of complex technical-administrative procedures, with particular reference to those related to the implementation of the **National Recovery and Resilience Plan** and the **National Plan for Complementary Investments**. This section is functional to compliance with the principles of affordability, effectiveness, impartiality, equal treatment, transparency, proportionality and publicity referred to in Legislative Decree no. 50/2016 for the outsourcing of tasks that are, 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 operational methods for managing the qualification process of Economic Operators, activities

⁶⁵ MM's e-procurement platform is accessible from the corporate website www.mmspa.eu (Home > Tender Procedures > Tenders) or directly via the link <https://mm.pro-q.it/>

⁶⁶ The Supplier Portal Regulations are published on the company website www.mmspa.eu (Home > Tender Procedures > MM Supplier Portal).

subject to the Public Contracts Code, and the evaluation of the quality of services rendered. The latter aims to continuously track the quality and reliability of suppliers contracted by MM, providing for the evaluation and monitoring of performance by the contract manager during execution (with particular reference to service levels and compliance with contractual clauses). In the event of penalties, fines, criminal warnings or serious and repeated formalised breaches of contract, the supplier may be suspended from the List through the transposition of assessments in the platform.

At the end of 2023, the *e-procurement* platform had a total of **3,744 registered economic operators, of which 874 obtained a contract or assignment from MM** during the year.

The list of MM suppliers is subdivided into **three macro-categories**, which represent the main groupings of product categories and sub-categories, useful for identifying the activities that can be assigned to economic operators. The categories include **performers of works, suppliers of goods, service providers** and **PNRR**.

Suppliers qualified in the List of Economic Operators by product category⁶⁷

Product categories	m.u.	2021	2022	2023
Services	no.	1,533	1,368	2,194
Supplies		655	605	1,268
Works		1,135	1,121	1,843
PNRR		ND	31	65

Aware of the potential for improvement in responsible supply chain management, MM promotes the dissemination of sustainability as a distinctive element of its suppliers and products used, directing its procurement choices towards goods and services characterised by greater attention to the environmental and social impact. In this regard, the listing process also tracks **characteristics related to sustainability parameters**, such as the presence of any quality, environmental, occupational health and safety management system certifications, as well as the adoption of a 231 Model.

When registering on the List, all new suppliers are asked to specify possession of environmental and social certifications and/or management systems.

Considering only new registrations in the List of Economic Operators in 2023, out of a total of 718 new economic operators registered, 17% have SA8000 social certification, 40% have a certified occupational health and safety management system (OHSAS 18001 or ISO 45001)⁶⁸, 46% have a certified environmental management system (ISO 140001 or ISO 50001), and 68% have a certified quality management system (ISO 9001).

New suppliers with social, environmental and quality certifications ⁶⁹	m.u.	2022		2023	
		No.	% of total new suppliers	No.	% of total new suppliers
SA8000 Certification	No.	106	16%	122	17%
Occupational Health and Safety Management System (OHSAS 18001, ISO 45001)		283	43%	287	40%
Environmental Management System (ISO 14001, ISO 50001)		313	48%	332	46%

⁶⁷ Some suppliers may be registered in one or more of the product categories in the List of Economic Operators.

⁶⁸ The percentage amounts to 42% considering new suppliers with at least one certification in the social domain (SA8000, OHSAS 18001, ISO 45001).

⁶⁹ Some suppliers may have several certifications and/or management systems.

Quality Management System (ISO 9001)		469	72%	487	68%
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MM does not select its suppliers on the basis of geographic origin, either because of a business choice geared towards attaching greater priority to the qualitative, economic and sustainability aspects of procurement management, or because the territorial limitation is contrary to the constitutional principle of equal treatment (Article 3 of the Constitution) and to EU procurement law, which requires contracting authorities to treat suppliers equally. However, the List makes it possible to identify the **geographical distribution** of registered and qualified **economic operators** according to the location of their registered office, showing that the majority are based in Italy (99%), with a significant concentration in Lombardy (52%) and in the province of Milan (32%).

4. We value the people of MM

People are at the centre of MM's activities, whether they are the citizens who use the services managed by the company or the employees who contribute personally to the development of the business. Development that cannot be separated from listening to their needs with the aim of promoting well-being, a better quality of life and a comfortable and safe workplace, in an atmosphere of mutual respect, enrichment of skills and personal satisfaction.

The **ethical conduct of MM's people**, at all levels and professional categories, is ensured through the system of internal controls and the adoption of high ethical standards that help avoid situations of conflict of interest or ones that are potentially harmful to the Company (see section 3.1 '*Ethics and integrity in business management*').

MM AND RESPECT FOR HUMAN RIGHTS

Article 3(2) of Legislative Decree. 254/16 recalls respect for human rights as a principle that human dignity is inviolable and must be respected and protected, including in the conduct of business activities along the value chain.

MM operates in **full compliance with the laws and provisions on human rights** in the countries where it does business and is committed to disseminating the principles of protection and respect for each individual in its Code of Ethics, Procurement Code and Service Charter.

In addition, **MM is guided by the most relevant international standards on the subject**, including the OECD Guidelines for Multinational Enterprises, the United Nations Guiding Principles on Business and Human Rights (UNGP), the Eight Core Conventions identified by the International Labour Organisation (ILO), and the International Bill of Human Rights.

Workers' rights...

MM is dedicated to providing its **employees** with a positive and stimulating working environment; it guarantees the recognition and respect of their identity, rights and cultural and individual diversity, and eliminates all forms of irregular, child and forced labour. Through the adoption of selection, recruitment, training and resource management methods marked by respect for human values, the Company encourages the development of each employee's potential. MM promotes a working environment based on respect for the personality of each individual and the prevention of discrimination, ensuring equal opportunities and fair treatment based on criteria of merit and competence. In this way, MM succeeds in providing its employees with an adequate working environment and workplace to guarantee their well-being, health, safety, freedom of association and their right to an adequate standard of living in a climate of mutual trust and dialogue.

In addition, MM undertakes to work with **suppliers and subcontractors** who share and subscribe to the principles of respect for the individual included in the Code of Ethics and does not enter into relations with parties that carry out activities that conflict with corporate, national and international ethical standards on the protection of workers.

The rights of citizens...

MM supports citizens in having full access to the essential public utility services managed by the Company, guaranteeing respect for their rights, through the care and maintenance of the assets owned by the Municipality of Milan.

Through the management of the Integrated Water Service in the city of Milan, MM is committed to providing **access to clean, safe and hygienic drinking water**, adopting the fundamental principles set out in the Service Charter such as equal and impartial treatment and continuity of service. Access to water is an essential human right, recognised by the UN General Assembly in Declaration A/64/L.63 of 2010 and the Sustainable Development Goals (SDGs).



By managing the Public Residential Housing assets owned by the Municipalities of Milan and Bergamo, MM guarantees the **right** to housing as an economic, social and cultural right to fair housing. By administering and protecting assets, managing contracts and maintenance activities, and taking care of customer relations, MM is also able to guarantee the right to decent housing for less well-off citizens and/or those in particularly difficult situations.

Through its engineering services for the design and implementation of sustainable mobility solutions, and through its ordinary and extraordinary maintenance services for schools, sports facilities and lift systems serving road subways, MM contributes to the **development of resilient infrastructures**, to the preservation and care of the public heritage and to the improvement of the city of Milan.



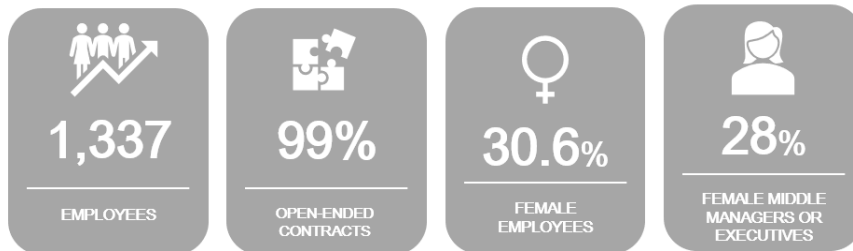
For MM, it is crucial to enhance the potential of its employees and promote their personal and professional development. With this vision in mind, the company has **planned and is planning a series of actions aimed at improving the satisfaction and well-being of its employees**, as well as fostering greater business efficiency, through the promotion of professional growth and training paths drawn up on the basis of employees' needs.

Following the **appointment of the new Head of the Organisation and Human Resources Department in the first half of 2023**, MM decided to **set out on a path to renew its human resources management strategy** in order to better understand and meet the needs and requirements of its employees. With this in mind, MM aims to focus its efforts on **enhancing the potential already present in the Company**, taking steps on several fronts to further develop employee **engagement and retention policies** based on **listening** and to **strengthen training initiatives and the performance appraisal process** in order to reward merit and provide the best development opportunities for its people.

MM's new human resources management strategy will focus more on recognising the *performance of each individual*, with the aim of highlighting qualities, achievements and prospects for internal growth. This approach, besides aiming to improve employee satisfaction, also aims to help **MM**, and the Organisation and Human Resources Department in particular, **be closer to all its people**, at every stage of their professional life in the Company.

4.1. Who are the people of MM

In 2023, MM was able to count on the contribution of a total of **1,337 employees**, a slight decrease compared to 2022 but a 1% increase compared to 2021. In addition to these, MM has trainees, associates and temporary **workers**, with a **total workforce of 1,355 people**. After a period of steady increase in the company population, 2023 represented a period of adjustment that should be viewed as a natural consequence of the changes that have affected the labour market in recent years, especially in the engineering sector. It is precisely for this reason that MM is working to **further strengthen its talent attraction and retention policies**, in order both to attract the best skills on the market, but also and above all to develop and grow the many talents already present in the company.

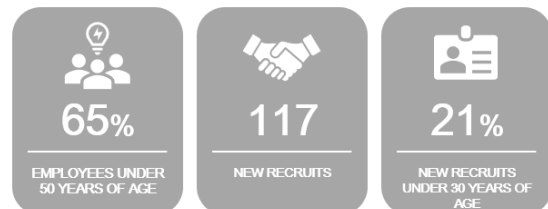


Also in 2023, MM's commitment to guarantee stability in the employment relationship with its personnel is confirmed, keeping the number of **permanent contracts** substantially unchanged from the previous year, 1,324 in 2023, and 1,326 in 2022. In percentage terms, the share of permanent employees of the total saw an **increase**, from 97% in 2022 to **99% in 2023**.

MM employs 409 women, accounting for **30.6% of the workforce**, keeping in line with previous years. The gap between the two is attributable to the unique nature of MM's business, which has traditionally attracted mainly male professionals. For example, among blue-collar workers, men account for 86.5% of the total (in 2023 as well as in 2022). Women account for 28% of the **top positions**, down slightly from 2022.

MM also complies with current regulations on **vulnerable categories**, with 41 disabled persons and 2 belonging to other protected categories according to Art. 18 of Law 68/99⁷⁰ in force in 2023, an increase of 13% compared to 2022.

During 2023, **117** new employees were hired, of whom approximately **21% were under 30 years** of age and 68% between 30 and 50 years of age. This brings the **corporate population** under 30 to 5% and that **under 50 to 65%**, in line with 2022. There were **149 terminations** in 2023, a slight increase compared to 2022.



The **recruitment and selection** phases are managed internally, respecting the principles of transparency, publicity and impartiality⁷¹. The process focuses on identifying the most suitable candidate based on the technical and specialist skills required for the position. After defining the profile sought, advertisements are placed 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 on-line form and attaching their CV⁷².

In order to define an **integrated and efficient** human resources management **model**, the **transition of several interconnected processes to SAP SuccessFactor was completed** at the beginning of 2023, including those related to personnel **recruitment and selection**, enabling the connection with candidate master data and the subsequent **onboarding** process, in order to encourage greater **dialogue** between business functions and with

⁷⁰ Orphans and surviving spouses of those who have died as a result of work, war or service-related causes, or as a result of the aggravation of the disability suffered as a result of such causes; persons treated as such, i.e. spouses and children of persons recognised as severely disabled as a result of war, work or service-related causes; repatriated Italian refugees.

⁷¹ EU principles and those contained in Article 35 of Legislative Decree No. 165/2001 (as amended by Legislative Decree No. 75/2017) and Legislative Decree 231/01.

⁷² Personnel are recruited to cover new positions or existing positions left vacant as a result of turnover, to replace workers temporarily absent (e.g. maternity, illness, accident and leave), in compliance with the parameters for the inclusion of disabled persons under Law 68/1999.

a view to creating more structured, tracked and integrated processes. In particular, SAP SuccessFactor integrated both the 'Work with Us' section and the *job posting* service dedicated to MM employees, which allows them to participate in the selection process together with external candidates.

In order to make the process smoother for the candidates, a **mixed mode of managing the selection process** was maintained **through remote interviews** in the first phase of the process, **and in-person** for the technical-manual tests for blue-collar workers and for the second interviews, if any. In addition, in order to ensure a more objective selection process in terms of matching the candidate's skills to those required by the role, a **behavioural test** based on a *tool* recognised on the market worldwide was introduced, making the staff selection and placement phase more targeted.

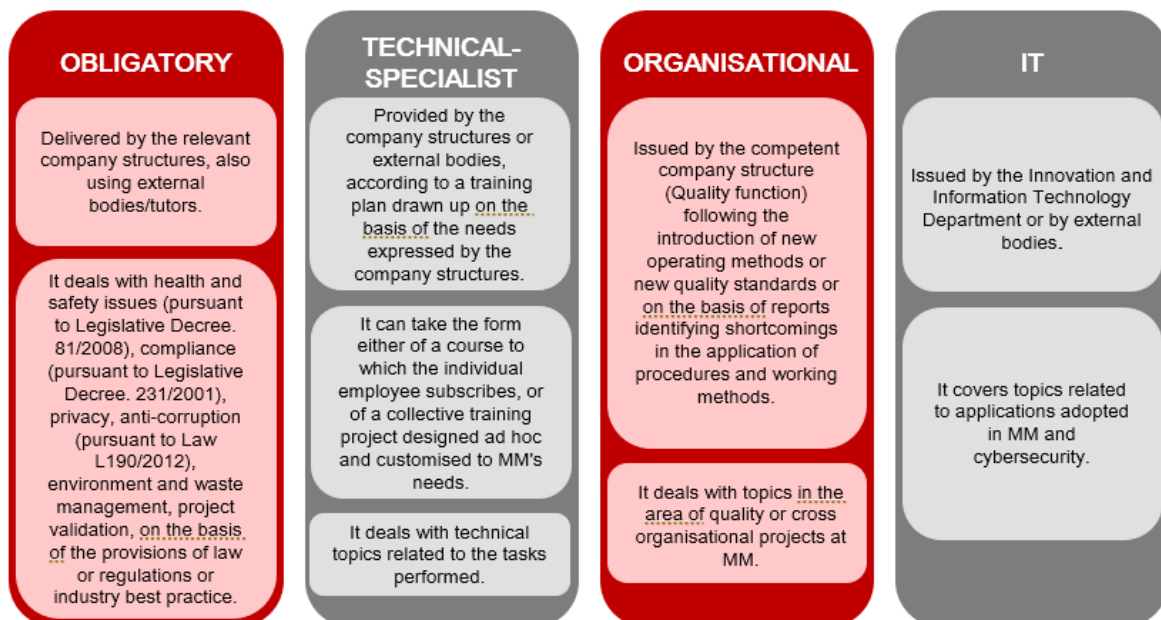
4.2. Training as a strategic lever for professional development

The development of MM is also and above all achieved through the **professional and personal growth of the people** who contribute on a daily basis to the transformation and improvement of the city, putting their skills at the service of citizens. MM promotes various training courses aimed at consolidating and enhancing the **technical and soft skills** of its employees, as well as **mitigating the risks** associated with its operations, with particular reference to occupational health and safety and environmental issues.

The process and activities MM follows for staff training and reporting is governed by a special **procedure**, adopted in 2018 and updated in 2023⁷³, which includes four steps:



The courses are delivered in traditional mode (classroom) and via distance learning (ODL) and refer to **four types**:



⁷³ The updating of the procedure also covered, among other things, the use of the digital workplace and LMS 365 environments for training processes.

Training activities are aimed at **valuing people, creating opportunities for growth and investing in knowledge and competence**. The **plan for training** other than compulsory training is drawn up on the basis of the strategic objectives of the Industrial Plan, the needs expressed by the corporate structures and the results of internal or external audits that highlight the need to conduct in-depth analysis on specific topics. The definition of training needs integrates the *bottom-up* approach, at the request of corporate structures, with the *top-down* approach, which allows MM to **outline training paths for homogeneous categories, across business areas**.

The use of **remote training** was also promoted in 2023, with benefits in terms of optimisation of investment, easier to use content and the scope of the reachable corporate population. In addition, **asynchronous training** was successfully employed, i.e. short training videos supported by tests of acquired knowledge, made available for employee self-learning. This mode has been particularly effective for compulsory training on the topics of Legislative Decree 231/2001 and IT security.

Participants' satisfaction is constantly monitored by means of **satisfaction questionnaires**, aimed at collecting feedback and suggestions for improvement regarding the organisation, the quality of the teaching and the relevance of the content with respect to the needs for professional development.

For new staff, MM periodically organises **induction activities** that support, in presenting the company, mandatory anti-corruption training, with the aim of fostering integration and knowledge of the company's environment and making the onboarding process smoother and more stimulating.

Also in 2023, MM made use of **funded training**, which allows companies to offer specialised training to their employees through joint interprofessional funds that cover the costs. The courses, delivered both at MM and in cooperation with other companies, aim to align or enhance professional skills while promoting technological and organisational process innovation. In 2023, funds were mainly used to continue funding the **course on BIM (Building Information Technology) methodology** for the design of engineering works, with 2,391 hours of training provided to 47 employees. In the period between 2022 and 2024, the course will involve a total of 160 employees in eleven training days, with approximately 88-100 training hours per employee. In addition, refresher courses on the Procurement Code for Construction Managers were financed, for a total duration of 712 hours and with the participation of 88 employees.

THE DIGITISATION OF THE TRAINING PROCESS IN MM

In the wake of the digital transformation, with the aim of rethinking the training process in all its phases, MM implemented a project to **digitise training**. This project, realised through the components of LMS 365 and Power Platform (Digital Workplace), made it possible to build a new way of working, mapping subjects, interactions and contexts and helping to reorganise and optimise the connections and discussions between the parties involved, i.e. the functions that deliver the training, the directors of the corporate divisions and the employees who are the recipients of the courses.

The digitisation project made it possible to translate the three main steps that constitute the training process in MM into the Digital Workplace environments:

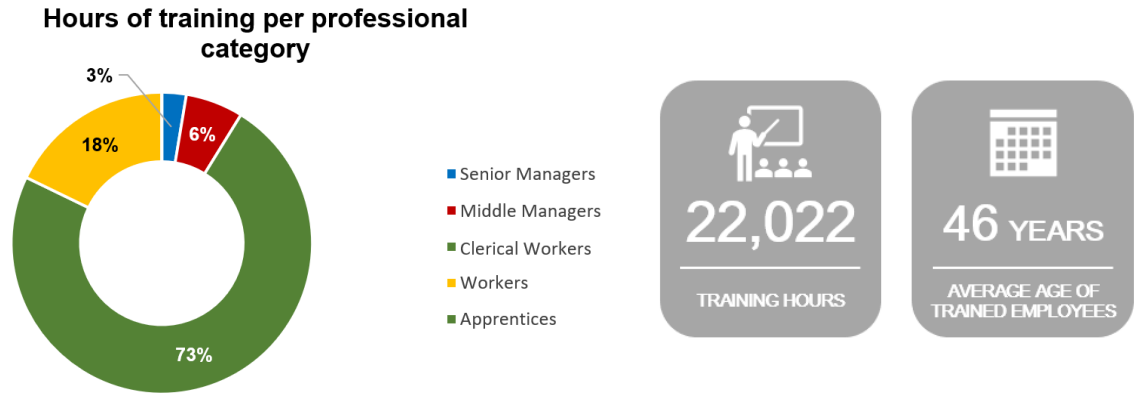
- **Planning:** making the process of gathering training needs and sharing the defined planning between functions and departments continuous and dynamic;
- **Delivery:** allowing *top-down* courses to be created independently and simplifying the process of managing and approving *bottom-up* training requests;
- **Reporting:** allowing the process of collecting training data to be automated, making it available for consultation at all times.

Following the completion of the project, **MM was awarded the first HR Mission 2023 prize** by the **AIDP Work and Sustainability Foundation** in the category 'Training (Smart Learning)'.

In 2023, **22,022 hours of training** were provided to employees, with an **average of 16.5 hours per person in total**. Again in per capita terms, the professional categories most affected were **office workers** (with 19.8 hours per capita) and **managers** (with 18.6 hours per capita).

As regards specific training, **8,530 hours of health and safety training** were delivered in 2023, 32% more than

in 2022, and **3,102 hours** in **cybersecurity awareness** (representing 72% and 26% of the total training hours delivered related to specific topics, respectively).



MM INVESTMENT IN TRAINING

Investing in people training is a cornerstone of MM's development strategy, which sees skills building as a key tool for **creating shared value, attracting and retaining talent and increasing the sense of belonging to MM's culture**. Measuring the effectiveness of training initiatives and the return on investment are aspects that need to be evaluated with a view to efficiency, given that corporate training, unlike academic training, is often oriented towards 'know-how' rather than knowledge.

To this end, MM adds to the **direct** cost of organising or purchasing courses, also the **indirect** cost, i.e. the hourly cost of the workers engaged in the training activities and consequently not operational, obtaining a precise figure that quantifies the indirect investment on the specific employee, on the basis of the average hourly cost per labour category. **In 2023, the total investment in training amounted to €858,637**, of which €187,506 was direct costs (of which about 42% related to funded training) and over €671,131 was indirect costs.



4.3. The evaluation of skills and performance

In recent years, MM has pursued a process of overhauling its approach to human resources management and career development plans, fostering the creation of a **corporate environment geared towards personal and professional development and the maintenance of a high level of motivation**. This is augmented by the ongoing internal restructuring of the Organisation and Human Resources Department, which will pay **particular attention to the performance appraisal system**, in order to ensure **development plans that are increasingly in line with employees' expectations and capable of fully exploiting their potential**.

The performance appraisal process adopted so far in MM had been revised in 2021 with a view to *change management*, drawing inspiration from the principles of fairness, meritocracy and transparency to define a system in which people's qualities and aptitudes can flourish, and individual and team potential can be enhanced. The ultimate aim of the evaluation process is actually the formalisation of a model of **relations between managers and employees** in which objectives, expectations and quality standards are clear and shared, with constant monitoring of the results achieved during the year, also with a view to defining appropriate growth paths.

The definition of business priorities guides the **assignment of objectives**, first translated into MBOs (*management by objectives*) for *management* and then, cascading into objectives for individual employees by their manager, according to the organisational purpose and with precise performance indicators (according to the *balance scorecard* model).



The evaluation therefore investigates both the achievement of objectives assigned on the basis of the work performed, and the **development of competencies** expected at company level, through a **competency model**⁷⁴ that defines the set of attitudes, professional behaviours and working methods that MM considers necessary to create value sustainably (for people, for the organisation and for the customer) and to achieve business growth objectives.

Managers play a key role in the process **as evaluators**. For them, MM has over the years developed various tools to facilitate the assignment and evaluation of objectives (these include multi-stakeholder evaluation and *continuous feedback* for intermediate monitoring of performance throughout the year), so that they can focus on supporting employees on their growth path and on the prompt identification of *business* needs. Custodians of MM's Public Housing property, instead, are evaluated by a 'ranking' mechanism fed by *feedback* at different levels within the Housing Business Unit, and managers for whom an MBO system is envisaged based on the achievement of quantifiable and measurable targets in line with the development strategy and business plan.

In 2021, the process was **digitised** by migrating to the *SAP SuccessFactors* system, which allows interactive management of the different stages of the evaluation and the actors involved, with the simultaneous launch of a training course on the new evaluation process, which continued in 2022 with dedicated sessions for evaluators focusing on how to measure performance and competencies, how to conduct feedback interviews, and how to use the new tool.

In light of the ongoing renewal process in the Organisation and Human Resources Department, the assignment of objectives and performance appraisal was temporarily suspended in June 2023, in order to accommodate the suggestions for improvement received from the managers on the use of the management system, and to **strengthen the link between the appraisal approach and elements such as the development path of each employee, the enhancement of potential and the implementation of a talent matrix**. The ultimate goal is the redesign of succession plans and an employee *rewarding* system, consistent with the new performance appraisal process and corporate development strategy.

In 2023, the **weighing of positions** continued, aimed at analysing the company's professional skills and identifying the competencies deemed strategic, determining the value of the individual role in relation to other positions of the same level inside or outside MM and assessing the ease of replacing a given person in the

⁷⁴ More details on the 'Competence Model' can be found in the NFS 2021 published on the company website www.mmspa.eu (Home > Sustainability > Sustainability Reports).

event of an exit from MM. As a result of the People Strategy review and the internal restructuring of the Organisation and Human Resources Department, the talent management process was suspended for 2023.

LOOKING TO THE FUTURE

In 2024, the new employee appraisal and development system will be finalised, with a pathway involving several stages:

- **Redesigning the performance appraisal system**, linking it to each employee's development plan and using the results as the basis for determining training needs.
- **Evaluation of the possibility of integrating sustainability criteria** into the evaluation system;
- **Implementation of a potential assessment system** in order to create a talent matrix necessary for the drafting of succession plans;
- **Definition and implementation of a short- and medium-term merit-based Rewarding Policy**;
- **Revision of the Job Evaluation methodology** with a view to greater flexibility;
- **Evaluation of the changeover to a new management system** for better efficiency and an improved *user experience*.

4.4. Inclusion and corporate welfare

MM firmly believes that **equality** is **synonymous with dignity and equal opportunities**, as enshrined in 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 opinion, personal and social conditions*'.

But not only that. Equality also means **cohesion and diversity**, which become carriers of innovation, creativity and enrichment of collective thinking when it is able to promote inclusion, i.e. creating the conditions for each person to feel heard and able to express their value.

The variety of profiles, knowledge and *backgrounds* is therefore an added value for business and territorial development. This is why, over the years, MM has consolidated practices aimed at promoting the emergence of distinctive competences and skills with **respect for diversity and equal opportunities**, regardless of gender, age, origin or other aspects that could be grounds for discrimination. The **Code of Ethics** also recognises diversity as an asset for a more effective and efficient development of strategies, planning and service delivery.

Since 2019, MM has been among the signatory companies of the '**Utilitalia Pact - Diversity makes a Difference**', actively participating in the work of the committee on a common programme of principles and commitments to support *diversity management*. It represents a joint commitment among 26 Utilitalia member utilities to **promote strategic diversity management** and to **disseminate an inclusive and equal opportunities culture**. Through training and personnel management policies, the pact aims to ensure the individual growth of people and the enhancement of the different professional skills and competences within the organisations involved. In November 2023, a publicity event on the work of the commission was held in Rome, whose organisation MM actively participated in.

THE VALERIA SOLESIN PRIZE

For several years, MM has been a supporter of the Valeria Solesin Prize, the competition promoted by the 'Forum della Meritocrazia' and Allianz Partners and created under the patronage of the Municipality and the Metropolitan City of Milan, which rewards the best master's theses of students from all Italian universities, both public and private, on the theme of '**female talent as a determining factor 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 at the Bataclan Theatre in Paris on 13 November 2015, as well as by other areas of research that, for example, highlight the dual role of women, divided between family and work, or the crucial role that increased female employment can play in the socio-economic development of nations.

In 2023, MM awarded a student's thesis entitled 'The gender pay gap. Definition and legal framework', which aims to assess what the law can actually do to counter the *gender pay gap*.

Another fundamental aspect in the relationship with its people is their **well-being**, which for MM means continuously striving to promote a **stimulating and comfortable working environment**, in the conviction that a proactive climate of mutual respect, improvement of people's quality of life and the right work-life balance foster the achievement of company objectives. To this end, MM makes provision for specific **welfare, attention and employee engagement initiatives** aimed at strengthening the corporate identity and spreading its values.



The tool that has always been the first channel of contact and involvement of employees, through which the corporate culture and team spirit is disseminated, is the **corporate intranet at MM**, rich in original content, new columns and formats designed with the active participation of the entire company in a sort of **extended and participatory editorial**. In addition to the essential information for working at MM, the new intranet gave employees the opportunity to become key figures in a new way of narrating the company, by sharing their stories in a special *hub* and their point of view through editorial content and videos- interviews.

#triplete #smartdesk
MMmanage MMbehave
#myfirstday
MMinform MMengage
#adaywith

In addition, MM offers its employees **benefits** such as meal vouchers, agreements with local transport companies, provision of laptops and, in cases provided for by law, the advance payment of accrued severance pay, which can also be applied to dependants. In addition, a **health surveillance system** is also in operation, which, according to current legislation, provides not only for the presence of a rotating doctor at company sites, but also a preventive medicine service with specific checks for women and men (see section 4.5 '*Health and safety at work*').

Employees have the opportunity to benefit from a **Welfare Plan**, which allows the conversion of part of the performance bonus (subject to the legal conditions necessary for tax exemption) into welfare services offered within the EDENRED platform, including health, cultural and educational benefits and vouchers that can be used in affiliated establishments. Each year, subject to agreement with the trade union representatives, MM establishes the convertible portion of the bonus that can be used net of tax and paid in the pay packet if it is not 'spent' by the end of the year (if the bonus is allocated to supplementary pensions, it is fully convertible).

In order to encourage the use of this tool, **the company also undertakes to pay out an incremental percentage of the amount actually spent by the employee** on the services offered by the platform, thus increasing their purchasing power. The mutually satisfactory trade union agreement reached for 2023 provides for an additional share of 18% to be borne by the company, up from the previous 16%.

Still on the subject of *welfare*, the **collaborations** initiated in previous years are continuing.

In particular, following the signing in 2019 of a Memorandum of Understanding, **MM participates in the Municipality of Milan's 'Rete Partecipate'**, a permanent discussion group to promote work-life balance and good territorial practices aimed at improving the well-being of workers and citizens. In this context, an agreement was signed in 2023 with the Fondazione ATM Outpatient Clinic for the provision of excellent medical services at subsidised rates for MM employees and their families.

MM is also among those, together with Formawork and ATM, who have obtained funding under the **'#Conciliamo' call** issued by the Department for Family Policies of the Prime Minister's Office, which supports companies in developing corporate welfare projects aimed at workers and their families. In 2023, the initiatives already launched in 2022 continued, including:

- The **non-compulsory training on 'smart working'**, thanks to which more than 500 personnel were made aware of the safety precautions to be taken when working remotely and the soft skills needed to work in 'smart' mode, with a specific module for managerial positions;
- the **"Push to Open Junior" and "Push to Open Diplomandi" training** by Jointly, a benefit company specialising in corporate welfare services and *people caring* solutions, with the aim of helping parents and children in their choice of high school and post-diploma education, assessing their abilities, aptitudes, motivation and options in a collaborative, conscious and informed manner;
- the **guidance service** dedicated to **care-givers** to provide dedicated support to those who take care of an elderly or non-self-sufficient family member on a daily basis, which through the MM-Jointly portal provides a network of social welfare services and professionals to refer to for the management of emergency situations, for example to activate 24-hour or temporary assistance, to find out about contributions or economic-tax benefits that can be accessed, and for the contractual management of the employment relationship of caregivers.

4.5. Health and safety at work

For MM, **safety in the workplace is a necessary condition** for the execution of business activities, as it makes it possible, in compliance with Legislative Decree 81/08 to reduce, prevent, manage, or, in any case, monitor the risk factors associated with work processes, the occurrence of occupational diseases and the occurrence of accidents and injuries to workers.

In order to protect the health and integrity of workers, by protecting them from the risks present, it is essential to adopt a set of measures, provisions, assessments and controls in the workplace with a twofold objective: on the one hand to prevent, i.e. to prevent a harmful event from occurring; on the other hand to protect, by limiting the consequences of a harmful event occurring.

Safety at work also guarantees and protects the physical and mental well-being of workers, fostering the creation of a healthy working environment with positive effects on productivity and company development.

MM has designated and trained its personnel by preparing special proxies for managers and directors⁷⁵ and has established the **Prevention and Protection Service (SPP)** responsible, among other things, for the prevention of accidents and occupational diseases. For many years now, health and safety issues have been integrated at organisational level by means of a **Health and Safety Management System** that is exempt for the purposes of compliance with Legislative Decree 231/01, referring in particular to the activities of the Integrated Water Service and consisting of a manual and 22 procedures. In 2022, the system was audited by a third party that awarded certification according to the **UNI ISO 45001 standard** for the water sector and for the engineering sector, which was reconfirmed in 2023 following a new audit.

In addition, workers have appointed their own **workers' safety representatives (RLS)**, trained according to the contents of the State/Regions agreement in the field of health and safety and in charge of reporting workers' complaints to the SPP, the competent doctor or the employer, ensuring the anonymity of the applicants. Finally, MM has **five formal joint management-worker health and safety committees**⁷⁶.

MM describes and examines the main risks arising from the company's activities in the **risk assessment document (DVR)**, undertaking to **identify and assess the hazards** to which workers are exposed through specific *risk assessments* and to **analyse any accidents and near misses**, with the aim of understanding the

⁷⁵ The proxies for health and safety in the workplace (pursuant to Article 16 of Legislative Decree No. 81 of 9 April 2008) and the environment are published at www.mmspa.eu (Home > Company > Transparency > Other contents - Safety and Environment Proxies).

⁷⁶ The five committees are composed as follows: Engineering Division Committee (4 members of the SPP, a competent doctor, 3 workers' representatives, the employer or his delegate, to which other Division managers and Staff functions may be added); Water Service Division Committee (4 members of the SPP, a competent doctor, 4 workers' representatives, the employer or his delegate, to which other Division managers and Staff functions may be added); Housing Division Committee (4 members of the SPP, a competent doctor, 1 workers' representative, the employer or his delegate, to which other Division managers and Staff functions may be added); Ordinary Plant and Infrastructure Maintenance Division Committee (4 members of the SPP, a competent doctor, 1 workers' representative, the employer or his delegate, to which other Division managers and Staff functions may be added); Green Division Committee (4 members of the SPP, a competent doctor, 1 workers' representative, the employer or his delegate, to which other Division managers and Staff functions may be added).

possible causes and establishing appropriate and necessary mitigation actions. The analysis of the company's activities is carried out by means of on-site inspections and interviews with managers, workers and the competent doctor, supplemented by cyclically planned audits to make improvements to the management system or introduce new procedures. In the event of a serious or imminent **dangerous situation**, the worker is obliged to leave the workplace and report the incident to his or her supervisors, whereas **when an accident occurs**, this is reported and described on a special form, so that the SPP can investigate the causes.

Over the years, the continuous and vigilant analysis of events, the adoption of *best practice* procedures and the training and awareness-raising of employees have enabled MM to **maintain the number and severity of accidents at work** at very low levels. The focus is on potential and actual **work-related** accidents, with respect to accidental types, which by their very nature are more difficult to contain.

In 2023, there were **7 cases of accidents at work**⁷⁷, none of them with serious consequences, with an **accident frequency index of 0.56** given by the ratio of accidents at work to hours worked, up slightly on 2022 but down 13.8% on 2021.

In cooperation with the competent doctors and the SPP, systematic monitoring to **prevent the occurrence of occupational diseases** continued, confirming the **absence of** registered **cases** in 2023 in line with the last two financial years.



MM **promotes investments** to provide employees with low-impact equipment and to replace potentially harmful substances, and organises regular **training, information and education activities** (including funded training) on health and safety issues, alternating theoretical and methodological content with practical training sessions held at company sites. The **training plan** is divided into four areas, depending on the recipients, i.e.: figures provided for by Legislative Decree 81/08 and by specific State-Regions agreements on the subject (including the RLS), figures in charge of emergency management, construction site figures or linked to the supervision of contracts and persons in charge of certain processes and the use of substances and preparations, equipment and machinery.

During 2023, **8,530 hours of health and safety training** were provided in accordance with **the training plan**, which is updated every five years (or every three in the case of first aid), an **increase of 33%** over the previous year. The training, delivered remotely where possible, focused mainly on risk prevention related to individual tasks, the emergency situation and the skills of the professionals covered by Legislative Decree 81/08. **Specific training** was also provided to **managers and executives** to enable them to understand their role in relation to their subordinates in the context of the new management system.



With regard to occupational health services, MM carries out **health surveillance** activities **according to the Health Protocol**, drawn up by the competent doctor, in line with current legislation. The continuous presence throughout 2023 of a rotating doctor at the company's premises and the examinations carried out at predefined intervals were a guarantee to ensure the worker's suitability for the job performed; the possibility for the worker to request additional examinations from the SPP was also taken care of on time. In addition, in application of Legislative Decree 81/08, visits are provided for workers who are absent for more than 60 days for health reasons. The examinations and specialist examinations are carried out at a health institution contracted by MM. In 2023, approximately 1,100 fitness-for-work examinations were carried out.

⁷⁷ A further 20 incidents were also recorded in 2023, mostly due to traffic/commuting accidents or accidental actions unrelated to work (in 2022 there were 16).

In 2003, in agreement with the trade unions, MM drew up and maintained a second-level agreement, for workers with a construction contract, for a **preventive medicine service**, which provides **access** to annual or biannual health check-ups, alternating with the provisions of the Health Protocol, including specific check-ups aimed at the prevention of dys-metabolic diseases and recurrent cancer in women (breast and cervical) and men (prostate).

LOOKING TO THE FUTURE

MM's focus on protecting the health and safety of employees will continue through the regular updating of risk analyses and the ongoing search for innovative technologies that can support employees in performing their tasks safely.

For 2024, plans are in place to maintain the Health and Safety Management System, in compliance with the UNI ISO 45001 standard) for the water and engineering sectors, and the continuation of the **workplace health promotion programme** with the objective of making them increasingly favourable environments for the dissemination and adoption of healthy lifestyles, with benefits on both the health and safety of employees (Legislative Decree 81/08), and on physical and mental well-being.

4.6. Relations between MM and trade unions

MM **supports an open and transparent dialogue with trade union representatives** with the aim of reconciling employees' rights with *business* needs, fostering constructive dialogue on working conditions and the quality of the working environment. With this in mind, it operates in full compliance with applicable regulations and collective bargaining agreements, informing and involving trade unions in negotiations in a continuous and proactive manner.

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

- CCNL for the Gas-Water sector (for the Water Service Business Unit and some Departments/staff functions),
- CCNL for Employees of Construction and Related Companies (for the engineering sector and some Departments/staff functions),
- CCNL Federcasa (for the Housing Business Unit),
- CCNL Employees of Building Owners (for a part of custodians of assets relevant to the Housing Business Unit),
- CCNL for Industry Executives (for Managers),
- CCNL for Agricultural Middle Managers and Clerical Workers and CCNL for Agricultural and Floricultural Workers (for employees employed in the management of green areas of the Public Residential Housing portfolio).

During the year, MM reached important cross-union agreements with the company's CCNL representatives on the topics of agile working and video surveillance upgrades.

Also in 2023, all of MM's employees are covered by collective bargaining agreements.

LOOKING TO THE FUTURE

For 2024 MM intends to inform the relevant trade unions present of the substantial organisational changes affecting the various Business Units, in order to enhance the synergy between the Organisations and the Company.

5. We support the environmental transition

Whether designing mobility works 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 environment and ecosystems** by containing environmental impacts, using resources efficiently and improving processes, including through the adoption of innovative solutions. **Eco-innovation** contributes to sustainable development by reducing negative impacts on the environment by promoting a more efficient approach to the use of natural resources. The work carried out for **Expo 2015** is an example of the expanded vision of the environment promoted by MM and applied in the design and management of a *smart city* that saw the integration of innovation in the management of the water system, the naturalisation of spaces and the use of new and sustainable materials.

Respect for and protection of the environment is also pursued through the adoption of **management systems** that define policies and strategies to improve performance, set objectives to make resources more efficient and reduce environmental impacts and waste, and formalise roles, responsibilities and resources, ultimately ensuring compliance with regulations (see section 2.4 '*Management systems and certifications*'). In particular:

ENVIRONMENTAL MANAGEMENT SYSTEM	UNI EN ISO 14001:2015 certified	
	Scope: Integrated Water Service, Engineering.	The Environmental Policy identifies the basic principles on which MM bases its commitment to guarantee the protection of the environment and respect for legality in environmental matters, supervising the actions of all the 'actors' involved and contributing to raising awareness of environmental responsibility. It also facilitates the development of the effectiveness and efficiency of business processes, which encapsulate the ways in which MM ensures a result consistent with the needs and expectations of stakeholders and attention to the rational use of available natural resources.
ENERGY MANAGEMENT SYSTEM	UNI EN ISO 50001:2018 certified	
	Scope: Integrated Water Service.	The Energy Policy 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. The strategic objectives include improving overall energy performance and regulatory compliance, is the integration of energy efficiency criteria in the procurement of products and services and in plant design.

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

Training plays a key role in disseminating and raising awareness on environmental issues. In fact, all **information, training and environmental awareness initiatives** aim not only to provide the necessary knowledge and skills to tackle environmental challenges, but rather to help **develop best practices internally** in terms of, for example, waste management, energy efficiency, use of renewable energy and reduction of MM's overall negative impacts on the environment.

For instance, during 2023, the **first training cycle** was organised for MM's **environmental representatives** on the most important issues under their responsibility, including in relation to the environmental offences

defined by Legislative Decree no 231/2001. Also in 2023, the **main corporate functions involved in the Energy Management System** were involved in a training course aimed at **strengthening the culture and awareness of energy issues** in the company, delivered in two sessions for a total of 76 hours.

LOOKING TO THE FUTURE

In 2024, MM plans to start document integration, where possible, between the Quality and Environmental Management Systems, standardising their documents and procedures.

With regard to the Energy Management System, plans are in place to extend training in energy certification to other company functions, especially those involved in the design and procurement of goods and services with a significant energy impact.

5.1. The fight against climate change

Monitoring energy consumption and planning energy efficiency measures are among the **actions implemented by MM to counter the effects of climate change**. The aim is to prevent the attainment of quality from having a negative impact on the environment, while also containing energy supply costs, especially for activities related to the Integrated Water Service, which are highly energy-intensive. MM's approach is based on the constant improvement of the Energy Management System and on investments to acquire specialised skills and innovative technologies with a lower impact.

The **Energy management team**, set up in 2017, formulates the Energy Policy for the Water Service Business Unit, constantly updates the ISO 50001 monitoring data, prepares annual reports on consumption and, in compliance with Legislative Decree 102/14, submit energy assessments to ENEA (National Agency for New Technologies, Energy and Sustainable Economic Development) for MM. In addition, MM periodically draws up a three-year improvement plan in which the planned efficiency measures and those to be actioned are reported. Efficiency plans include an analysis of the state of the plants, the efficiency initiatives planned for the future and the results achieved in the previous three years.

Measures taken to reduce energy consumption over time include the **use of renewable energy sources and alternative technological solutions** for room air-conditioning, such as biomass (pellet) boilers coupled with solar thermal systems, which provide heating and hot water production for the Water Service headquarters. Currently, a **plan** is being approved for the **redevelopment of MM's business premises**⁷⁸, aimed at ensuring high standards of energy efficiency. This initiative aims to transform the premises into 'Nearly Zero-Energy Buildings' (NZEB)⁷⁹, i.e. near-zero energy buildings, in line with Energy Policy commitments and emission reduction targets set both nationally and internationally.

For MM, combating climate change primarily means reducing emissions from its business activities⁸⁰. Most of these (about 84%) are attributable to indirect **Scope 2** emissions from the **consumption of purchased electricity**, mainly related to the operation of water lifting and pumping plants, water cycle treatment plants and to powering offices. Thanks to the various energy efficiency activities implemented on the Water Service plants and the decommissioning of the two Corsico power plants, in 2023 this consumption decreased by 5% compared to 2022, with a **1.6% reduction in indirect Scope 2 emissions calculated using the location-based approach**. This approach considers the local distribution network by applying average emission factors of the

⁷⁸ During 2023, at the request of the CEO, MM updated the economic framework of the project activities by phase, in order to request the Board of Directors' authorisation to submit the project to the relevant Commission.

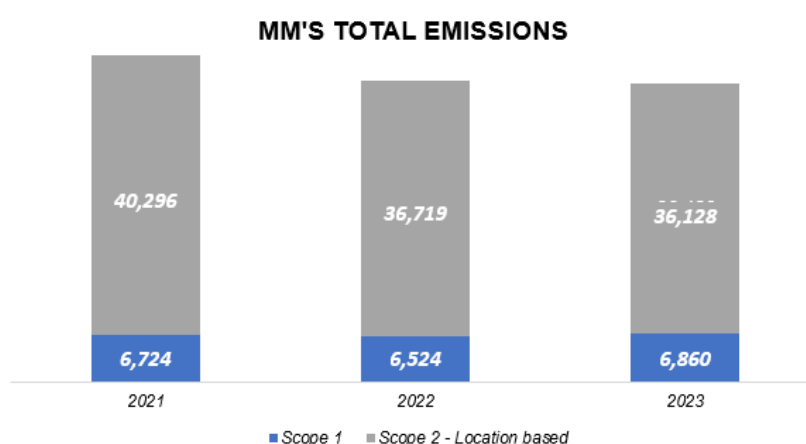
⁷⁹ A 'near-zero-emission building' (NZEB) is defined as a building with a very high energy performance, whose almost no or very low energy requirements are covered to a very significant extent by energy from renewable sources and without on-site carbon emissions from fossil fuels. The European Commission's proposal presented in December 2021 stipulates that new buildings should be zero-emission from 2030, while for renovations of existing buildings the limit is set for 2050.

⁸⁰ In line with the GRI Standards, in descending order of control exercised by MM we distinguish between: direct emissions (Scope 1) from directly controlled sources; indirect emissions (Scope 2) from sources not directly controlled and associated with electricity generation (with a location-based and market-based approach); and other indirect emissions (Scope 3) along the upstream and downstream value chain (not reported in this document).

country where energy is purchased. On the other hand, they are **zero when calculated using the market-based approach**, which takes into account signed supply contracts and thus adds value to MM's choice to purchase **100% certified energy from renewable sources**⁸¹, in line with the Energy Policy objectives.

Scope 1 direct emissions, on the other hand, **increased by 5.2%** year-on-year, mainly due to the return to full operation of the purification plants, whose operations had been scaled down in 2022 to cope with the high energy prices resulting from the Russian-Ukrainian conflict, and were therefore in line with 2021.

	m.u.	2021	2022	2023
Scope 1 direct emissions	t	6,724	6,524	6,860
Scope 2 indirect emissions - market-based method	CO _{2e}	-	-	-
Scope 2 indirect emissions - location-based method	t CO ₂	40,296	36,719	36,128



Consumption from non-renewable sources is mainly attributable to the use of natural gas for purification operations and for heating company premises, as well as the use of fuel for the car fleet and pellets to power the boiler dedicated to the changing rooms at the Integrated Water Service headquarters. In order to achieve the long-term goal of greater energy autonomy, **the new photovoltaic system installed at the San Rocco purification plant was tested** in 2023, with a maximum annual production capacity of approximately 946,421 kWh. In 2023, the **design of the photovoltaic installation at the Nosedo purification plant** was completed and the **design of the photovoltaic installation at the Baggio Aqueduct Plant continued**, the latter with testing and commissioning scheduled for 2024, with a consequent increase in the self-production of renewable energy.

	m.u.	2021	2022	2023
Fuels from non-renewable sources	GJ	114,353	113,369	117,817
Purchased electricity		521,822	506,000	483,076
of which certified from renewable sources	%	100%	100%	100%
Total energy consumption	GJ	636,175	619,369	600,893

⁸¹ The Guarantee of Origin (GO) is an electronic certification attesting to the renewable origin of the sources used by IGO-qualified plants, i.e. identified as fuelled by renewable sources for the purpose of issuing the GO.

MM'S CAR FLEET

At the end of 2023, MM's car fleet will consist of 347 vehicles, **31% of which will be hybrids and electric vehicles**, in continuity from 2022. During the year, 2 **'full electric' quadricycles** were put into service and 25 **pedal-assisted electric bicycles** were rented, which will form the basis of the start-up of an **internal bike-sharing service** financed by the '#Conciliamo' call of the Council of Ministers - Department for Family Policies. In addition, a tender was awarded for the long-term rental of 96 newly manufactured and registered fully-equipped **vans with lower emissions than the current fleet of vans**, scheduled to arrive in the summer of 2024. Also in 2023, an order was placed for 107 **hybrid cars**, arriving in the first quarter of 2024, to replace vehicles partly powered by petrol and diesel. New operating vehicles were also acquired for maintenance and emergency service management, such as diesel vans and trucks, for which the market does not currently offer hybrid or electric alternatives.

Finally, in 2023, the process of **digitising the management of MM's car park** was started through the use of the DRIVEvole application, accessible both via a website and an app installed on a company phone. The use of the application will make it possible to geo-locate the operating vehicles, and subsequently also the cars, with the aim of protecting company assets, work safety, organisational optimisation and fleet efficiency, and therefore to monitor the kilometres travelled and associated fuel consumption, thus measuring the relative environmental performance.

THE MOBILITY MANAGER IN MM

As required by the relevant legislation (Decree Law no. 34/2020 or 'Decreto Rilancio' - Relaunch Decree), **MM has employed a mobility manager with the aim of promoting sustainable forms of mobility** for employees' home-work journeys, which can increase traffic decongestion in urban areas and thus reduce air pollution levels.

Every year, 'Home-to-Work Travel Plans' (HWMPs) are drawn up, which analyse the mobility habits of employees to get to work and their attitude to change towards more sustainable solutions, cross-referencing the information with the structural conditions of MM and the local public transport offer (including cycling, walking and sharing services). The analysis also estimates the amount of pollutants emitted into the atmosphere due to employee travel (method 'COPERT - Computer programme to calculate emissions from road transport') and proposes improvement actions, including: discounts for the purchase of public transport passes, agreements for shared mobility services and awareness campaigns. Finally, the Plans provide for monitoring programmes to evaluate the effectiveness of the actions undertaken.

Energy efficiency measures aimed at reducing consumption on the **water supply network's pumping systems** include, for example, the installation of high-efficiency equipment for pumping units and well pumps, the replacement of inefficient pumps, and the maintenance of catchment wells to limit the lowering of dynamic groundwater levels, in addition to the use of IoT technologies for network digitisation and service efficiency (e.g. Pressure DSS). On the other hand, **purification plants** are affected by efficiency improvement projects that typically extend **over several years**, both on the technological systems of the purification plants and such as the replacement of the purification plant lighting system with LED lamps, carried out between 2021 and 2022, and which today allows energy savings of about **218 kWh/day at San Rocco** (equal to about 116 kg of avoided CO₂/day) and **1,249 kWh/day at Nosedo** (equal to 662 kg of avoided CO₂/day).

The main initiatives currently in progress at the IWS facilities include:

1.	San Rocco Replacement of the building's heating and air-conditioning system, replacement of dryers (from high to low temperature) and heat recovery from wastewater and sludge
	<p>For the San Rocco water purification plant, several works are in progress:</p> <ul style="list-style-type: none"> • Replacement of the heating and air-conditioning system, currently powered by methane gas, with a heat pump system capable of exploiting the temperature of wastewater for heating and cooling the rooms (office building, control room, conference room and analysis laboratory). • Modification of the sludge drying process to allow it to be fed through the recovery of residual thermal energy from the fluidised bed heat treatment plant of the sludge and residual heat present in the treated wastewater. <p>In 2023, the decision was made to proceed with the design of the initiatives by MM's engineering department. Plans are therefore in place to complete the design and proceed with the public tenders for the performance of the works in the course of 2024.</p>
2.	San Rocco and Nosedo Installation of photovoltaic panels on building roofs
3.	San Rocco New blower serving aerobic stabilisation

4. Aqueduct water plants | Energy efficiency measures

In 2023, the main energy efficiency measures were carried out at the aqueduct plants of:

- **Abbiategrosso, Chiusabella, Crescenzago and San Siro** with the replacement of 11 electric motors with new high-efficiency IE4 units;
- **Lambro and Ovidio**, for the replacement of 9 electric pumps with new high-efficiency units;
- **Novara and Martini** with the renovation of the interior and exterior lighting system by installing the latest generation of energy-efficient LED lamps.
- **Lambro and Vialba**, for the replacement of electrical unit control panels.

In addition, 44 submersible electric pumps were replaced with new, more efficient units at various aqueduct plants.

The initiatives carried out resulted in a **reduction in energy consumption**, raising the overall average KPI kWh/m³ of the power stations affected by the works from 0.389 for 2022 to 0.360 for the first two months of 2024, a reduction of approximately 7.4% on an annual basis for the power stations concerned.

Most of these initiatives were submitted to the City of Milan to be included in the **City of Milan's Climate City Contract** and, more specifically, in the portfolio of actions put in place by the City and its signatory partners - including MM - to achieve the city's climate neutrality by 2030. This pact is part of the broader **European Mission '100 Climate-Neutral and Smart Cities by 2030'**.

5.1.1. Initiatives to strengthen resilience to climate change risks

Although the reduction of emissions is a priority for a company like MM, which has made 'caring for the city and its citizens' a core mission, the analysis of **climate change risks** MM is exposed to - and how to anticipate, manage and mitigate them - is becoming increasingly important. To this end, MM conducted an **initial analysis** in 2022 to identify the main climate change-related risks and the associated impacts of its activities, based on the classification of climate risks proposed by the *Task Force on Climate-related Financial Disclosures* (TCFD) and conducted with the involvement of the *risk manager* and relevant business functions.

As the operator of the Integrated Water Service, MM's activities are exposed to **physical risks**⁸², i.e. the direct impacts of the physical manifestations of climate change. The main impacts include an increase in the frequency and intensity of extreme weather events, rising average temperatures - with the possible intensification of heatwaves - and changes in rainfall patterns, potentially reducing the availability of water resources. In addition, MM is subject to **transition risks**, which indicate the impacts of adapting the economic system to a low-emission model. The main ones include the difficulty of assessing the impact of climate change on strategic planning in light of the continuously changing external environment, regulatory developments at national and international level aimed at fostering the ecological transition, public perceptions of MM's actions in response to climate change and related reputational risks, and the adequacy of investments in innovation towards low-emission technologies.

For an in-depth description of climate change risks, please refer to the section "Mapping of Sustainability Risks" in the Annexes.

⁸² Physical risk is classified as 'acute' if caused by the intensification of the severity and frequency of extreme weather events (heatwaves, droughts, floods, fires) and 'chronic' if caused by long-term progressive changes in climatic conditions (rising temperatures, rising seas, water stress, loss of biodiversity, scarcity of resources).

In order to guarantee an efficient response to sudden and violent weather phenomena, reducing the probability of flooding and avoiding impacts on road traffic and citizens' safety, from 2021 the entire **water drainage network in Milan** - including subways, meteoric networks and roadside drains - has been placed under the **direct management of MM**, which oversees both maintenance and cleaning operations and the investments necessary for the upgrade of assets.

In particular, the **direct management of the 29 municipal road and pedestrian subways**, with a multi-year contract, entrusts MM with the responsibility for the routine and breakdown repair maintenance of the lifting systems and tanks, electro-instrumental work on the pumps and command and control panels, and the cleaning and purging of the collection tanks, also in emergency conditions. Water levels in the sewer network and in the watercourses receiving flood discharges are monitored by approximately 420 hydrometers, through which the rain gauge network constantly measures and analyses rainfall data in different areas of the city. In the case of flooding, it is thus possible to assess whether the events are attributed to inefficiencies in the hydraulic functionality of the network or to the intensity of the rainfall episodes exceeding the maximum capacity of the sewer network and/or downstream watercourses.

MM has adopted a **remote control system for the continuous monitoring of the subways' lifting systems and wastewater collection tanks** to ensure the timely activation of the operating teams in the event of a fault. The system allows remote and real-time monitoring of the electrical parameters of the pumps and the water storage levels in the tanks, and, thanks to the storage of the data, allows a critical analysis of the meteoric event afterwards to identify any critical issues and strengths. MM also supports the Civil Defence in emergency situations due to extreme weather conditions, and has activated a **weather alert management service**, with telephone availability 24 hours a day, 365 days a year, which will enable the activation of additional, preventive control of these facilities if necessary.

These initiatives have become necessary in light of the **profound changes in climate conditions in Lombardy** in recent years, with the **continuous alternation between periods of drought and** increasingly more intense and concentrated **atmospheric precipitation**, especially in autumn and spring, which has put a strain on the networks and systems for the disposal of rainwater, causing inconvenience to citizens.

During the year, average temperatures were in line with or slightly above the average of the last 30 years, as was rainfall, with an annual total of 927 mm of rain. The year 2023, however, was marked by several **extreme weather events** during the summer season (in particular those of 25 July and 26 August) that caused considerable inconvenience to the citizens of Milan, with strong gusts of wind at speeds of around 70 km/h, and which required the timely intervention of MM.

INITIATIVES FOLLOWING THE JULY-SEPTEMBER 2023 BAD WEATHER EMERGENCY

During the period July-August 2023, the Ordinary Plant and Infrastructure Maintenance Business Unit and the Public Residential Housing Green function worked together in order to cope with the severe emergency in the city of Milan. In particular, the main interventions concerned:

- **Schools:** Out of a total of 522 reports received from 306 affected localities, DMOI managed to carry out a total of 292 works, which together allowed schools to reopen in time for the resumption of teaching activities at the beginning of September 2023.
- **Trees:** the Public Residential Housing Green function carried out a total of 767 tree surgery works, of which 344 in Public Residential buildings, 104 in MM premises and 319 in schools. The works mainly concerned the restoration of the usable conditions of the courtyard appurtenances, swift agronomic analyses, pruning and felling of trees damaged by the weather event.

The effects of climate change are also the focus of the EU Horizon **Safe CREW** research project⁸³, which **started** in November 2022, with the aim of providing support for the new European *Drinking Water Directive* (DWD). The project aims to enhance knowledge and develop tools and guidelines for drinking water supply systems, both disinfected and non-disinfected, through the analysis of *case studies* on the cities of Berlin and

⁸³ For more information on the project: [DEIB - Research Projects \(polimi.it\)](https://deib-research-projects.polimi.it).

Hamburg (for northern Europe) and Milan and Tarragona (for southern Europe). **As regards the effects of the climate crisis on the water cycle** and global water resources, one critical aspect is the **deterioration of aquifers caused mainly by rising temperatures**. Addressing this issue requires a multidisciplinary and innovative approach that integrates scientific research, advanced technology and practical actions. The project therefore proposes to develop effective strategies for the **protection and restoration of affected aquifers**, with the main objective of understanding the mechanisms of their deterioration and proposing innovative solutions to mitigate their negative effects. To this end, advanced modelling techniques will be used to predict future groundwater trends and assess the effectiveness of proposed mitigation measures. The project aims to generate significant benefits in both the short and long term, such as protecting water resources, improving drinking water quality and promoting the resilience of communities to the challenges of climate change. MM is participating in the project in collaboration with the **Milan Polytechnic** with the aim of **monitoring the health of water** in a context marked by global warming, analysing **how temperature variation could affect the disinfection of drinking water** requiring the adoption of new methodologies. The study complements one conducted in 2021 by MM, again in collaboration with the Milan University, which assessed the effects of different climate change scenarios on water availability in the medium to long term. This analysis applied a mathematical model developed by MM on behalf of the Lombardy Region, the Basin Authority, the Province of Milan and the Municipality of Milan for the analysis of groundwater flow and pollutant transport. The results of the study did not at that time show any particular critical issue related to the availability of water resources due to climate change for any of the assumed risk scenarios.

As a partner of the Municipality of Milan, MM also committed to contribute to the implementation of initiatives related to the **Water Safe Cities Accelerator (WSCA)**, a commitment made by the mayors of 17 cities around the world to make joint efforts to increase the resilience of cities to climate change and impacts on water availability. Active from 2023, the project aims to **promote the establishment of partnerships** between federal, state and local governments, public service providers, businesses, industries and communities. The ultimate goal of the project is to **protect the most vulnerable communities from the risk of floods and droughts by 2027**, through the implementation of early warning systems in all low-income areas - where the risk of floods and droughts is greatest - and the development of response plans to extreme weather events, providing people with safe and accessible shelters and supplying them with basic necessities. In order to achieve this macro-objective, **at least one of the following sub-objectives** must be achieved:

- **Ensure universal access to clean water by 2030** by increasing efficient water distribution systems by 15% or reducing water demand by at least 20%.
- **Protect people and critical infrastructure from wider flooding by 2030** by increasing the rainwater retention and infiltration capacity of project cities by at least 20% and restoring at least three city water bodies (such as rivers and streams).
- **Achieving zero net greenhouse gas emissions in the city's water systems by 2035**, by covering 100% of the energy needs of the water and sewage systems with energy from renewable sources and capturing and reusing at least 50% of the biogas from purification plants.

THE USE OF 'TECHNICAL WATER'

Against the backdrop of a global water crisis, where the average temperature is steadily rising, snow cover on the mountains in the winter months is falling sharply, and the availability of water resources is decreasing, MM is working to devise immediate actions to counter these phenomena, including the use of 'technical water', i.e. water that has not yet been purified and can be used for purposes other than human consumption. There were two main initiatives in 2023:

- **Installation of 'technical water' columns (totems):** these are dispensers positioned upstream of the drinking water wells that supply non-drinking water, to be used to fill up tankers for watering trees and washing streets. In 2023, MM installed the first totem pole in **Via Noale**, with another four installations planned for 2024.

The initiative makes it possible not only to **reduce the use of drinking water** for purposes other than human consumption, but also to provide **economic savings** to users who make use of technical water thanks to its much lower cost compared to drinking water (as per Resolution of the Conference of Municipalities of the ATO of the Metropolitan City of Milan of 11/10/2022).

- **Activation of a well with technical water to supply the wetland area of the Parco delle Cave:** in March 2023, extraordinary maintenance work was carried out to allow the use of technical groundwater taken from well P9 from the well field in **Via Novara at Boscoincittà**. This project provides technical water to feed the wetland area of the Parco delle Cave as a reserve in the event of water unavailability from the Villoresi Canal, safeguarding its delicate ecosystem.



5.2. Air quality and the reduction of pollution

The engineering services provided by MM, such as design or construction supervision, tend to have **very limited direct environmental impacts**, but require a vigilant **assessment of the indirect impacts** generated during the execution of works, especially in **urban contexts in close contact with citizens**. These impacts may relate to air quality, soil and subsoil management, waste, noise and vibration.

When managing construction sites, MM **acquires documents from its contractors that define commitments and activities for the proper management of environmental impacts**, such as the Construction Site Environmental Management Manual and the Environmental Monitoring Plan. The Works Management staff or the Safety Coordinator, appointed by the client to supervise the works, are then responsible for supervising the work of the contractors and others on the site also with regard to environmental aspects. MM performs **spot audits** to verify that the control activities comply with current legislation and in line with its Environmental Management System.

In collaboration with the Municipality of Milan, MM has also defined **practices to mitigate the inconveniences for citizens caused by construction sites**, particularly with regard to noise and vibrations, operating according to an approach based on smooth relations between the construction site and the surrounding context. For the construction sites under its jurisdiction, MM carries out a **vibro-acoustic impact study**, structuring the predictive impact assessments in **two macro-areas**: during the **site set-up phase, and then construction**, with the aim of minimising the disturbance caused as much as possible or, at least, reducing it to a level acceptable to citizens through appropriate mitigation measures planned ex-ante during the design of the works; during the **operational phase of the works**, in order to remain below the thresholds required by law. MM's focus on these aspects means it is among the leaders in Italy, especially in the area of mobility and infrastructure.

Although the **construction site** is considered a temporary source of impact, works at large infrastructures can last for years. Therefore, MM is implementing various measures with the aim of making work areas perceptibly much quieter, so as to make **urban construction sites more tolerable**. The scope covers not only the forecast assessment, but also the procedures to be followed by the Contractor and the obligations imposed by MM, including compliance with the UNI 11728 standard, which expressly deals with how to reduce construction site noise.

MM's technicians are dedicated to making **noise maps to assess the impact of construction site noise**, establishing in advance the maximum permitted level considering the different activities taking place, which must be communicated by the Contractor to the municipal administration in order to obtain an exemption authorisation. In addition, appropriate **mitigation measures**, both mobile and fixed, are taken, generally positioned around the perimeter of work areas or where a greater perceived benefit is expected.

In addition to promoting the use of quieter, electrically powered machines whenever possible, MM's projects include the **use of special acoustic barriers**, including the 'acoustic shell', consisting of a steel shell covered

with sound-absorbing panels, which is lifted up to cover the machinery to reduce the transmission of sound vertically towards the upper floors of buildings (unlike traditional caissons that protect against horizontal diffusion)⁸⁴. Noise is continuously monitored by means of sound level meters installed within the construction site area and connected to the public radio network, which emit a visual warning if the limits are exceeded.

In addition, MM has developed an **algorithm to make accurate predictions of the noise levels generated** considering the operating machines, the planned mitigation solutions and the topography of the area concerned. This method makes it possible to compare the estimated disturbance levels during the work phase with the levels measured during the 7 days before the site was opened. In this way, on the one hand a **noise target** is defined that the Contractor will be bound to comply with, and on the other hand it is ensured that this **target is tolerable for the population**, i.e. that it is as close as possible to the noise climate before the start of the construction site.

For the **vibration** impact from site works, as there are no reasonably implementable mitigation solutions, MM prescribes **vibration monitoring systems for the most sensitive buildings**, such as those that are damaged or have sensitive equipment. For future construction sites, MM is prescribing that such systems should be able to provide **immediate warnings where limits are exceeded** and allow for rapid **impact remediation**: in particular, the aim will be to intercept the occurrence of permanent damage to structures near construction sites by means of a fixed detection system installed inside the buildings and connected to the public radio network, which will produce a visual message at the construction site the moment the threshold is exceeded.

With regard to the **operational** phase, this is taken to mean everything that follows from the moment the infrastructure is inaugurated. MM is committed not only to verifying legal limits, but also to studying the impact of particular situations that are not directly regulated.

For the impact from **operating noise**, MM adopted a more restrictive approach than the national legislation, which would set noise limits on the basis of the equivalent level (calculated as the average of measurements over 24 hours), while also considering the disturbance caused by the individual event and other situations not expressly addressed by law. An example of this is the **assessment of the impact caused by re-radiated noise**, i.e. noise generated through the movement of structural elements or furnishings caused by vibrations transmitted through the ground, for which MM used the limits set by the World Health Organisation as a reference.

For the estimation of **vibrations during execution and operation**, MM developed a prediction model that takes into account the attenuation law with distance and the radiated noise produced by resonance. In addition, a **calculation model**, refined over the years, has been developed that is able to **establish** with sufficient accuracy **the vibration levels** that the passage of a train through the tunnel will cause to a residence above ground, above the tunnel.

Noise and vibration expertise is also applied in areas outside engineering services, through both the **control of impact levels of drinking water pumping stations** and sewage treatment plants, and the **control of building acoustics parameters** for façade insulation, footfall noise, plant noise, and acoustic comfort.

SOME IMPACT STUDIES: EAV DEPOT IN GIUGLIANO IN CAMPANIA AND TRANSLOHR TRAMWAY IN PADUA

Two of the **impact studies** carried out in 2023 by MM are of particular relevance.

The Ente Autonomo del Volturino commissioned MM to design a **new surface storage facility to be built in the municipality of Giugliano in Campania**, which is located in an agricultural area characterised by low noise levels. MM's study investigated the noise of the depot not only as a railway source, but also considering individual

⁸⁴ The purchase of the sound-absorbing barriers, such as the acoustic shell, is the responsibility of the contractor and is part of the safety expenses (costs for the adoption of legally-required measures for the management of the risk associated with the activity carried out and operational management measures).

train movements and the acoustic phenomena generated by them, allowing the particular acoustic climate to be respected as far as possible.

The **tramway in Padua** is based on 'Translohr' technology, i.e. vehicles equipped with rubber wheels with a single central guide rail. Prior to the drafting of the impact study, MM carried out an extensive campaign of acoustic measurements on the existing sections of the Padua tram with the aim of acquiring as much data as possible, and was able to ascertain that the introduction of the new vehicle will not have a significant impact on the acoustic climate for almost the entire extent of the project.

MM's focus on air quality is not limited to activities carried out in relation to the vibro-acoustic impact of engineering services, but extends to all company activities. For this reason, MM has for several years adopted measures to contain the generation of **odorous emissions at the Water Service's purification plants**. For example, an **odour emission detection campaign** was carried out in 2023 using a **drone**, which, by flying at different heights over the areas underneath the purification plants, confirmed the effectiveness of the controls in place and the consequent absence of odour emissions in excess of the prescribed limits.

LOOKING TO THE FUTURE

Among the improvement measures planned for 2024, MM plans to produce at least two '*lesson learnt*' reports containing the first results from the implementation of noise mitigation and control technologies. In addition, MM is considering including, as a bonus measure, the use of electrical site machines in future projects, which can lower the noise at source by at least 6 decibels.

5.3. The sustainability and quality of the integrated water cycle

The **Milan water supply system** managed by MM **draws water from the second aquifer** (at a depth of 80-100 metres) through a **double-lift system** consisting of 584 wells for drinking water use (of which about 400 are in operation at the same time)⁸⁵ and 32 total pumping stations (of which about 28 are in operation on average) that feed the adduction and distribution network to the territory. The power stations are interconnected and remotely controlled by a telemetry system coordinated by the San Siro **operations centre**, from which the start-up of wells and booster sets can be monitored and directed, and the flow rate distributed can be regulated according to demand (see section 5.3.1 "*Withdrawal, quality and safety of water distributed to citizens*").

MM is also involved in the **hydraulic defence of the territory** in the event of flooding of surface watercourses and implements, on behalf of the Municipality of Milan, maintenance work on underground sections of natural and artificial watercourses (the 'drainage culverts') and on first groundwater wells to contain the rising groundwater level in particularly sensitive areas of the city and for irrigation reuse⁸⁶. In this way, MM is able to guarantee the **full functionality of the water supply and sewerage networks**, avoiding the risk of sewage dispersion underground and safeguarding the water table.

Emergency Services are also managed by MM with in-house personnel in a continuous cycle on 3 shifts in order to guarantee maximum timeliness: the arrival time at the intervention site is a maximum of 2 hours from when the operations centre receives the report. Once the rupture or leak has been located, with the help of acoustic instruments, excavation and repair is completed, which can be of three types: **punctual** (application of collars or welded plates in the case of small ruptures), **relining** (repair of existing pipes of considerable

⁸⁵ The number of active wells varies according to the water demands at different times of the day and according to the seasons.

⁸⁶ Water taken from first groundwater sources is not intended for the IWS and human consumption.

diameters that are particularly badly damaged, minimising excavation), or **laying new pipelines** (complete replacement of severely damaged pipes of modest diameters).

THE GEOLOCALISATION SYSTEM AT THE SERVICE OF EMERGENCY SERVICES

The networks and plants of the Milan Integrated Water Service are fully geo-referenced, digitised and structured according to a data model that meets the best management standards in compliance with regional and ministerial regulations. During the course of 2021, MM launched the **collaboration tool on webGIS portals** for the remote exchange of **information, notes and geo-referenced images** related to company assets in real time and shared mode, and also finalised the **off-line GIS mode** to activate the GIS map viewer directly on the company devices of all technical staff during inspections, even in the absence of the internet.

In 2022, the Water Service Business Unit with the support of the Innovation and Information Technology Direction integrated the **GIS portal and the IBM Maximo system** for the integrated management of requests and the provision of **emergency services** for water supply and sewerage systems. The constant exchange of information between the two systems provides useful information for analytical, statistical and reporting purposes, making it possible to geo-locate the initiatives requested and those already carried out, identifying assets affected by possible disruptions and increasing the efficiency and effectiveness of activities.

The **urban drainage system** also includes the infrastructure required to convey rainwater into the mixed sewer system, consisting of roadside drains or gullies that are interconnected and connected by pipes to the sewer system. Since 2021,⁸⁷ MM has taken over from the Municipality of Milan in the **management of the ordinary and extraordinary maintenance of the roadside manholes**⁸⁸ and related connections, for a total of 136,895 roadside manholes and 26 wells for irrigation use.

The operations carried out by MM include:

- the **control of the state of the facilities**, with a service for reporting faults, damage or anomalies to the water network of roadside manholes (free-phone number and e-mail address), whose resolution time ranges from a minimum of 2/3 hours to a maximum of 24/72 hours depending on the priority;
- the **cleaning and unclogging** of manholes in scheduled mode or in Emergency Response mode upon notification;
- **extraordinary maintenance**, which includes the replacement and/or refurbishment of infrastructure (drains, grates, pipes), de-construction work with no-dig technology and the repair of unsafe road surfaces. In particular, the use of **no-dig technology is particularly effective in reducing the inconvenience** caused by road works, especially considering that construction sites at drains may require significant excavation due to the depth of the sewer pipes.

SUSTAINABLE URBAN DRENAGE WORK IN VIA PACINI

Commissioned by the Municipality of Milan, in 2023 MM constructed a new sustainable urban drainage system (SUDS) in Via Pacini (between Via Teodosio and Via Capranica), which allowed the entire central parterre of the street to be redeveloped from an unsuitable car park to a pedestrian area. The objective of this type of work - **the first in the Milan municipality area** - is to improve urban drainage, increasing the run-off capacity of water collected from the street, and to reduce the flow of water to the sewer during extreme weather events.

⁸⁷ ATO Resolution No. 7 of 21/12/2020.

⁸⁸ Roadside manholes are understood to be those items placed under pavements consisting of manhole or grating drains and siphons, including basket manholes.

The SUDS consists of drains placed along the roadside to first intercept first rain water flows and raised corridors to allow second rain water flows to reach the '**bio-retention areas**' located in the central parterre. These are depressions in the ground covered with public greenery that collect rainwater, filtering and purifying it naturally and promoting an increase in biodiversity and a reduction in hydraulic risk. A **permeable pavement** was therefore created within the parterre to allow the direct absorption of rainwater. The project also included the extension of the parterre to a length of 200 metres, with the **inclusion of a footpath** and the **creation of green areas** with selected plant species to reflect the surrounding ecological environment.

The initiative achieved several **benefits**, including:

- **Promotion of biodiversity** through the creation of ecological zones with various plant species;
- **Improvement of soil quality** by removing pollutants and reducing surface run-off;
- **Mitigation of hydraulic risk** through reduction of flooding episodes.
- **Minimising the impact of stormwater on purification infrastructure.**
- Creation of new opportunities for citizens to enjoy **walking paths surrounded by green, well-ventilated spaces and more pleasant temperatures.**

A further project to build a second SUDS in Via Guido Da Velate was also **commenced** in 2023 and will be completed in 2024.

Wastewater flows into the sewerage system through manifolds of increasing size and structures that maintain a good flow velocity of the water, containing the formation of deposits at the bottom of the channels and the proliferation of bacteria. The **collection system** is of the **unitary type**, i.e. it collects wastewater and rainwater in a single conduit, and works basically by gravity, taking advantage of the soil conformation of the Lombardy region sloping slightly from north-north-west to south-south-east⁸⁹. The closed-mesh conformation of the sewerage network allows a large storage capacity for rainwater in the sewerage system, increasing the resilience of the city and facilitating the outflow of water from the streets in the event of flooding.

MM's Environmental Monitoring and Discharge Authorisation (MAS) Office monitors and verifies **production discharges into the sewerage** system in the territory of the Municipality of Milan for 832 operating companies, for which in 2023 452 files were processed, 136 inspections were carried out and 173 samplings were performed. With regard to **building** projects and the certification of projects for the construction of primary and secondary urbanisation works, the MAS office handled 305 files in 2023, an increase compared to previous years⁹⁰.

Milan's purification treatment system falls within the perimeter of MM's activities and is structured around the two large purification hubs of **San Rocco and Nosedo**, which together serve approximately 2,286,000 population equivalents (authorised capacity) and treat up to 90% of the wastewater produced in the Milan area⁹¹.

Both plants are designed with advanced treatments that allow treated water to be returned both for irrigation purposes and to surface water bodies, feeding the irrigation ditches of a rural area of more than 3,700 hectares south of Milan (in compliance with Italian Ministerial Decree 185/2003), and are considered genuine safeguards of the circular economy (see section 5.3.2 'The purification system and the quality of water discharges').

A dense network of **relationships with the authorities and bodies** with a role of responsibility in the Integrated Water Service contributes to the effective and efficient management of the service by MM. In particular:

⁸⁹ In the part of the urban sprawl to the south of the city, a number of lifting or pumping plants of modest capacity have been built, which ensure the collection of 100% of the city's territory.

⁹⁰ In 2022, activities covered approximately 834 operating companies and required 201 inspections and 174 samplings, with 546 files processed concerning the aforementioned production users and 223 concerning building projects authorised by the Municipality of Milan.

⁹¹ The Milan purification system also includes, on a residual basis, the Peschiera Borromeo plant - whose management is not the responsibility of MM - equipped with a line dedicated to the treatment of sewage from the eastern districts of the City of Milan, which account for the remaining approximately 10% of the wastewater produced in the Milan area. The city system arrives thus serves up to 2,486,000 equivalent inhabitants (authorised capacity).

SUBJECT	MAIN AREAS OF RESPONSIBILITY
ARERA (Energy, Networks and Environment Regulatory Authority)	Service regulation (tariff structure, contractual and technical quality of service, social water bonus, accounting <i>unbundling</i> , bill transparency, service charter, arrears, etc.) with sanctioning powers.
Metropolitan City of Milan ATO Office	Assignment of the management of the service, defining the Area Plan and the related investments, planning the initiatives, determining the basic tariff proposal, issuing of authorisations for the discharge of production activities into the sewerage system.
Lombardy Region	Production of relevant rules and regulations, granting of concessions for large public water derivations (drinking water supply stations), application of fees for interference between the main water network and the IWS networks.
Metropolitan City of Milan	Issuing of authorisations of discharge to surface water (qualitative authorisation) and groundwater and PAUR authorisations.
Municipality of Milan	Issuing of authorisations for discharge into surface waters (quantitative authorisation). It is the body responsible for the service and owner of networks and facilities.
ATS City of Milan (former ASL)	Checking the suitability of water intended for human consumption, issuing measures in the event of disbursements that do not comply with the regulations in force, and monitoring their adoption.
ARPA Lombardia (Regional Agency for Environmental Prevention and Protection)	Technical support and preliminary investigation for the issuing of discharge authorisations, water quality control throughout the entire cycle (on behalf of ATS), environmental inspections and verification of compliance with prescription limits, environmental monitoring of water-courses.
CeNSIA (National Centre for Water Safety)	Established by Legislative Decree 18/2023, it is responsible for approving the Water Safety Plans (WSPs) of the operators of the Integrated Water Service. It will also manage the Dynamic Territorial Register of Drinking Water - AnTeA.

MM also **collaborates with universities, research centres and other companies** in order to develop **innovative projects** that improve the quality of service, with a view to the efficiency and sustainability of the water cycle.

Among the main areas of interest, MM has long invested resources in the **application of 'no-dig' (or trenchless) technologies in the laying and rehabilitation of the networks of the Integrated Water Service** in Milan, which are carried out without (or with limited) recourse to traditional open excavation. These are techniques and intervention systems with reduced environmental impacts and social costs, which guarantee rapid execution, less handling and production of waste materials, low interference of surface activities and lower health and safety risks for the operators on site. Also in 2023, MM has renewed the use of technology to carry out works on sections of the water supply network and on various sewerage collectors, continuing the significant activities that, in the 2017-2022 period, have allowed for the implementation of works on the **Integrated Water Service networks** in the city of Milan with a split of about 20% on **water supply networks** and 80% on **sewerage networks**, with important environmental and social benefits for the city of Milan.

In addition, in 2023 MM participated in several **industry events**, including 'Italia No Dig Live' and 'Accadueo 2023', to share its experience in the use of *trenchless* technologies within the Integrated Water System, considered **excellent in the national panorama**, with a special focus on the theme of reducing water losses in Milan and the investments planned or made to improve the water network thanks to this technology.

February 2023 saw the conclusion of the '**SWaRM - Net Smart Water Resource Management- Networks**' project, funded by the Ministry of University and Research, which saw MM as the lead partner with the support of the **Milan Polytechnic** and the University of **Milan-Bicocca**. The first research objective concerned the '**enhancement of the thermal properties of water in the integrated water system**', by means of models for the evaluation of heat exchanges, in order to create and install innovative machines for the thermal enhancement of drinking water and sewage. The second objective focused on '**monitoring sewage discharges to optimise biological purification processes and the agricultural reuse of nutrients**' through the implementation of on-line monitoring and control systems for wastewater and the definition of new technological and management methods for the sewage network to optimise the management of purification processes. These methods, validated by the experiences conducted by MM both within and outside the project, will allow for various benefits through a series of works on the flood discharges, such as: **increasing the lamination capacity of the sewerage network, the arrangement of overflow thresholds, the construction of first rain-water tanks and natural treatment systems**, such as phyto-purification. Lastly, by **upgrading the networks and reducing parasitic water**, it will be possible to significantly reduce the pollutants released into the environment by discharges from the sewerage system during rainfall, resulting in an improved sewage treatment process.

Also in 2023, MM **joined and participated in the 'ECO-SLUDGE: Ecosystem for a Sustainable and Innovative Sludge Management Value Chain'**, led by A2A Ambiente and with the support of the LE2C Cluster, which was admitted by the Lombardy Region to the 'Manifestazione d'Interesse "Filiere Fanghi"' (Expression of Interest in the Sludge Sector) promoted by it. The objective of the Expression of Interest is to **support the competitiveness of production and service chains and industrial ecosystems** in a variety of areas, with particular reference, in this case, to **sustainability and circularity**, as well as **innovation and technology transfer**.

Other research projects relate to water quality (see section 5.1.1 '*Initiatives to strengthen resilience to climate change risks*') and the circular economy (see section 5.4 '*Circular economy projects and initiatives*'), and the introduction of digital solutions for innovative data management via artificial intelligence and IoT tools (see section 3.3. '*Innovation and digital transformation*', 5.3.1 '*Water abstraction, quality and safety of water distributed to citizens*').

TECHNICAL AND CONTRACTUAL QUALITY AWARDS GRANTED TO MM

During 2023, with reference to **ARERA's Technical Quality** Parameters, MM ranked **1st overall** in the ranking of the best performances referred to **Macro-indicator M5 - Sludge disposal in landfills**, and **3rd overall** for **Macro-indicator M4 - Adequacy of the sewerage system** through the TOPSIS method⁹². In addition, ARERA **awarded MM prizes** for its performance on the macro-indicators M2 - Service interruptions, M3 - Quality of water supplied, M4 - Adequacy of the sewerage system, M5 - Sludge disposal in landfills, and M6 - Quality of purified water.

Finally, with regard to the **Contractual Quality** parameters, MM received an award for **Macro-indicator MC2 - Contractual Relationship Management and Service Accessibility**.

⁹² TOPSIS is a decision analysis method, based on the concept that the chosen alternative should have the smallest geometric distance to the solution ideally considered positive and the longest distance to the solution considered negative.

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

MM adopts a conscious and sustainable approach to water resource management in order to ensure the quality and safety of the service, monitoring risks and introducing technological and process innovations to improve efficiency (and energy savings) and reduce waste (such as network leaks).

The pumping stations of the Milan water supply system are equipped with a **sophisticated automation and decision support system** that uses AI (Artificial Intelligence) algorithms and IoT (*Internet of Things*) tools, allowing more efficient use of the data collected through monitoring activities by improving the energy performance of the water supply phase.

The power plants use submersible pumps to lift water from the water table, which is filtered and stored in storage tanks. From here, water is pushed into the water distribution network by booster pumps automatically regulated by the **DSS energy** (*decision support system*) software, which enables the energy efficiency of drinking water pumping stations through the development of a hydraulic model that can predict consumption and network pressure by combining mathematical optimisation algorithms of the electrical consumption of booster sets 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 that monitors and controls the pumping stations in real time (flow rates, pressures, reservoir levels, etc.) connected to MM's WaterLink fibre optic network.

With the activation of the DSS in 2020, the water consumption weighted on the volumes of water handled per month by each power plant decreased from 0.400 kWh/m³ in 2019 to 0.356 kWh/m³ in 2023, a **reduction of about 11% in the average net energy consumption index for extraction, treatment and distribution per cubic metre of water** ready to be supplied. In absolute terms, total energy consumption for water distribution fell from 86 million kWh in 2019 to almost 71.6 million kWh in 2023, a reduction of almost 17%. As a result of these achievements, MM was again awarded **energy efficiency white certificates** by the GSE in 2023 for **additional annual primary energy savings** of approximately 1,200 tonnes of oil equivalent (TOE).

The Bruzzano power station was commissioned in 2023, bringing the total number of pumping stations in operation to 28. The project is the **first in a series of initiatives aimed at improving the resilience of the Milan water supply system** in terms of water resource availability, diversification of supply sources, increasing the flexibility of operating conditions, and strengthening hydraulic capacity in the event of future increases in the city's population and drinking water demand levels. To this end, further work is planned for the period between 2030 and 2035, with the commissioning of the Crema, Testi and Espinasse power stations, whose designs are currently underway.

THE BRUZZANO PUMPING STATION

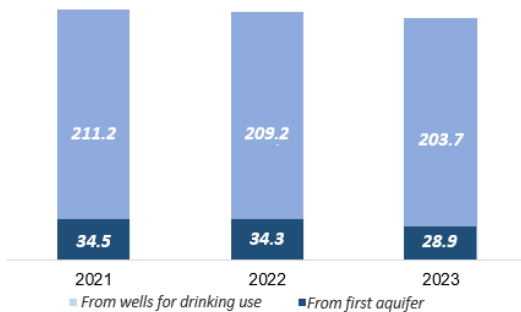
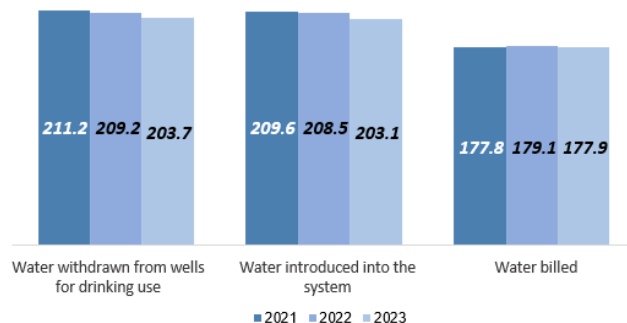
Located in the Bruzzano district at Via Enrico Acerbi 4, the **Bruzzano power station** has been in operation since 19 October 2023. Fed by 2 wells, it **guarantees the drinking water supply to about 10,000 households**.

The wells feed water directly into the distribution network downstream of the treatment plants, through an **advanced remote control system** interfaced with the supervision and control system of the Integrated Water Service of the water supply system.

The main works carried out during the project were the **complete redevelopment of the existing wells** from 1954 **and the construction of the new groundwater treatment plant**, equipped with **telemetry command and control and automation**.

In 2023, **the water withdrawn** amounted to **232.6 millionm³**, of which 87.6% came from drinking water wells (second water table) and the remaining 12.4% from first water table sources. The values for **water injected and water billed** are **203.1 million m³ and 177.9 million m³** respectively (-0.7% compared to 2022). The consumption trend over the past three years can be attributed to the external environment, which has altered habits leading to a general reduction in demand, particularly from commercial establishments (e.g. offices, gyms and swimming pools). In addition, the optimisation of pressures by means of DSS (Decision Support

System) has led to a reduction in network anomalies and water losses in distribution (consumption being equal).

Water withdrawals by abstraction source (million^{m3})Water withdrawn, supplied and billed (million^{m3})

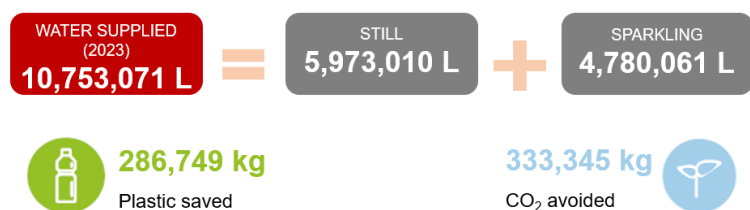
The water taken from the water table is **quality water, naturally purified** as it is filtered through the permeable layers of the ground (often already drinkable from a chemical-physical point of view), better **protected** from contamination and virtually unaffected by periods of drought. Before distributing it, MM uses purification treatments (filtration on activated carbon and aeration towers) and disinfection with sodium hypochlorite.

MM promotes the use of drinking water from the city's water supply system, which is also distributed through the **661 drinking fountains** throughout the city and the **52 Water Houses** installed covering city halls and in usually crowded places such as university campuses and city parks, helping to counteract the effects of heat-waves when average seasonal daytime temperatures exceed 36.6°C⁹³.

The **Milan drinking fountains** (called 'vedovelle' for the incessant trickle of water compared to a widow's cry) are made of green cast iron with a brass mouth in the shape of a dragon inspired by the rainwater drains visible on the sides of Milan Cathedral. Almost all of them are equipped with meters with remote reading, just like private utilities. The **continuous water supply** is instrumental in preventing the build-up of bacteria, preserving freshness and quality and facilitating the venting of any air pockets in the pipes that may cause malfunctions along the network. Furthermore, the water is not dispersed, but collected in the sewerage system and taken to the purification plants, contributing to the irrigation of fields south of Milan. The water quality of the drinking fountains respects the parameters of the regulations in force, with particular attention to the 'sentinel' parameters that may vary along the network, thus guaranteeing better protection for citizens.

In turn, the **Water Houses provide fresh, still or sparkling water free of charge** to citizens, who can use the service by means of a health card or other cards equipped with a chip and/or magnetic stripe and/or mifare for the new generation of houses, up to a limit of 6 litres per day. Each house is equipped with a countertop connected to the drain to prevent leakage (and ice formation in winter), a bactericidal UV lamp at the dispensing spout to prevent back-contamination, a low-power night lighting system (LED) and security cameras against vandalism. In addition, the latest generation of houses are equipped with **multi-parameter probes** that allow for continuous and remote monitoring of the quality of the water supplied on the basis of different parameters by means of real-time measurements through IoT (Internet of Things) systems and fibre optics.

In 2023, the **Water Houses dispensed** a total of 10,753,071 litres, or 6.4% more than in 2022, saving almost 287 tonnes of plastic and over 333 tonnes of CO₂ avoided.



⁹³ You can find out where to find a drinking fountain or water houses at www.latuaacqua.it.

Houses and drinking fountains contribute to enhancing the **control points along the distribution network**, in addition to those installed upstream at the water supply stations, and monitor the occurrence of any anomalies also due to maintenance work, in line with the **Water Safety Plan** adopted by MM.

MM'S WATER SAFETY PLAN

The World Health Organisation (WHO) has implemented the **Water Safety Plan (WSP)** to ensure the safety of water for drinking use by preventing and managing risks along the supply chain, including in particular the risk of contamination of water taken from the environment or in storage, by eliminating chemical, microbiological, physical and radiological hazards through appropriate treatments.

MM's WSP responds to the principles established by international and national standards, norms and guidelines for risk assessment and management along the drinking water supply chain according to the Water Safety Plans model (DM 14/06/2017). The Plan covers the assets of the Milan water supply network divided into four macro-sections (capture, treatment, storage and distribution) and, through the analysis of processes and the state of the assets, **identifies in detail the anthropic or environmental risks, whether voluntary or involuntary, for the end user**, presenting the measures already in place for monitoring and risk mitigation and identifying improvement actions to protect the individual assets of the drinking water supply chain. One example is the **hydraulic risk mitigation plan for drinking water wells** that manages the risk of flooding of wells in areas prone to overflowing (Seveso and Lambro). In 2021 the Plan was revised by a team composed of MM, control bodies (ATS and ARPA), CNR, the University and the Municipality of Milan, and in 2022 sent to the Istituto Superiore di Sanità for approval and validation. In February 2023, Decree Law No. 18 provided for the establishment of CeNSIA (National Centre for Water Safety) with the task of approving Water Safety Plans.

MM has also adopted a **Water Supply System Emergency Management and Network and Plant Safety Plan**, which establishes the procedure in the event of hazardous events, to be reviewed every two or five years, or in the event of improvements, significant changes to the water system, or revisions of water quality parameters for human consumption.

To ensure that the water supplied through the city's water supply system and the water released into the environment downstream of the purification processes meet the quality standards required by current regulations, MM uses **three in-house laboratories accredited in accordance with UNI CEI EN ISO/IEC 17025**⁹⁴ (site A at the Water Supply System, site B at San Rocco and site C at Nosedo). These laboratories are equipped to conduct analyses on chemical, chemical-physical and microbiological parameters (see section 2.4 'Management systems and certifications').

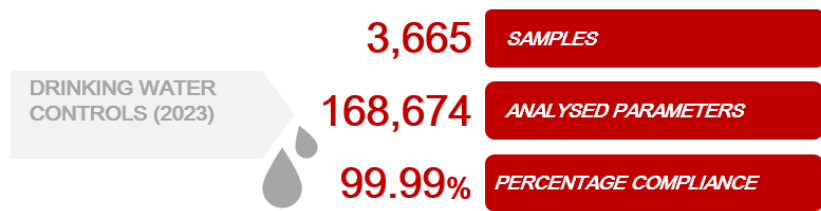
Water from the water supply system is subject to constant monitoring through a **sampling programme shared with the ATS** (Health Protection Agency), which uses methodologies approved by the Istituto Superiore di Sanità (Italian National Health Institute) and in accordance with the directives of the Area Office. MM carries out inspections at several points: before supply (at extraction wells), before delivery (at the inlet and outlet of treatment plants and on pumping stations) and finally during delivery at drinking fountains and water houses. The results of the analyses are included in the bills and made available on-line, with specific reference to the area⁹⁵ of origin.

⁹⁴ Legislative Decree No. 18 of 23 February 2023, in Annex III (Article 7) stipulated that the laboratories of the IWS operators carrying out analyses on drinking water must be accredited in accordance with the UNI CEI EN ISO/IEC 17025 standard by an accreditation body designated pursuant to Regulation (EC) 765/2008. On the other hand, RR No. 6 of 29/03/2019 regulates discharge controls and requires operators to ensure the availability of an analysis laboratory accredited in accordance with UNI EN ISO 17025 for the parameters BOD5, COD, suspended solids, total phosphorus, total nitrogen.

⁹⁵ By visiting www.latuaacqua.it you can consult information on water quality in Milan from the at the required address.

In 2023, MM's 'Water supply system' laboratory ensured compliance with the regulatory parameters set for water intended for human consumption by carrying out a total of **3,665 samplings** and through the **analysis of 168,674 parameters**, confirming the **'A' class** for macro-indicator M3 on the **'Quality of water supplied'**

⁹⁶.



Following the entry into force of Legislative Decree 18/23⁹⁷, the new legislation for the quality of water intended for human consumption, MM also integrated the monitoring of perfluoro alkyl substances (PFAS) into its self-monitoring plan. As a precautionary measure, in addition to the programme agreed with ATS, MM carries out additional sampling following maintenance work on the network⁹⁸.

With the aim of reducing losses along the water network and improving the water supply service, MM has additionally implemented a **water loss recovery plan**⁹⁹, the calculation of which is set out by ARERA (Regulatory Authority for Energy, Networks and the Environment) in Resolution 917/2017/R/idr and provides for two different approaches depending on the parameters adopted:

LINEAR WATER LOSSES (indicator M1a)	Ratio of the volume of total water losses to the length of the water supply network in the year in question (mc/km/day).	In 2023, MM improved on both indices:	from 29.65 to 24.60 (class 'C' under current legislation).
PERCENTAGE WATER LOSSES (indicator M1b)	Ratio of the volume of total water losses to the total volume entering the water supply system in the year in question.		from 14.02% to 11.79% , (class 'A' according to current legislation).

Several factors contribute to the improved performance on both indicators. In addition to water leakage detection and repair activities, the management of Pressure DSS and pipeline replacement projects, the **use of smart metering technology on utility meters** makes a contribution which, by optimising readings, **enables faster intervention in the event of leaks**, abusive withdrawals or faults. It also promotes a more accurate water balance and more efficient water management of the network, as well as reducing disputes with customers. Thanks to the automated integration of data from *smart meters* for the management of flow rates and pressures in the distribution network, in recent years MM has embarked on a massive **renovation programme** of the approximately 50,000 on-line meters (in compliance with DM 93/17), which by December 2023 had reached 96.3% of the total suite (of which 75% remotely controlled from the fixed network¹⁰⁰ and 25% via walk-by/drive-by¹⁰¹ with WM-bus 169 MHz protocol). This percentage is particularly significant when compared to the Italian average of *smart meter* users, which stood at 10% in 2021¹⁰². During 2023, a trial with NB-IoT

⁹⁶ The data on the macro-indicators of technical quality for 2023 are awaiting the completion of the validation process by the Area Office of the Metropolitan City of Milan, pursuant to the technical quality regulations.

⁹⁷ The changes in Decree 18/23 include: research and analysis of new control parameters; risk assessment through Water Safety Plans (WSPs); identification of possible emerging pollutants present in supply sources; assessment of risks related to distribution, including the domestic stretch between the meter and the tap; and the demand for effective and transparent communication to citizens on the quality of the water supplied.

⁹⁸ Outside the programme agreed with ATS, the sampling carried out by MM as a result of maintenance activities is not included in the number of samplings reported for the purposes of this Non-Financial Statement.

⁹⁹ Water loss data for the city of Milan and referring to 2023 are waiting for the completion of the validation process by the Area Office of the Metropolitan City of Milan, according to the technical quality regulations.

¹⁰⁰ The data is measured without an operator in the field, via a telecommunications network connected directly to a centralised control room or measurement management system.

¹⁰¹ In proximity telemetry (walk-by/drive-by) the data measurement is taken telematically in the vicinity of the meter (semi-smart mode).

¹⁰² 'Digital transition: opportunities for the aqueduct plants segment', ref.research, January 2024.

transmission technology was also launched, whose positive results will increase the reachability of *smart* meters from the fixed network in the coming years.

THE CONTRIBUTION OF THE PRESSURE DSS SYSTEM TO REDUCING WATER LOSSES

In 2022, the **Pressure DSS** was implemented, a computerised decision support system designed to optimise the hydraulic operation of the water supply system with the aim of pre-localising losses. The system integrates **water network leakage and flow monitoring software** with a **virtual hydraulic simulation model**, which allows the detection, quantification and localisation of leaks.

The Pressure DSS system uses data from pressure sensors and smart meters to analyse anomalies in the distribution network and provide useful information for planning scheduled or emergency interventions. A dedicated algorithm provides a predictive estimate of the minimum and maximum water flow data that will be delivered in the following days, allowing anomalies to be signalled in the event of deviations between the flow actually delivered and the estimate.

The **system makes it possible to reduce water losses** through more accurate identification of the most affected areas of the network, to **assess the effectiveness and timing of pipe repairs**, and finally to identify the **optimal configurations of pumping systems in the network**, reducing the minimum night-time pressure and keeping the network in the most stable and efficient configuration possible.

The pipelines of the Milan water supply system are managed by MM based on an increasingly proactive approach, with the aim of defining support tools capable of more accurately predicting the risk of water asset failure. In this regard, MM has developed a **risk map** which, starting from a study on the factors affecting the life cycle of water networks carried out together with the Milan Polytechnic, **associates each pipe with a precise rupture risk value** on the basis of quantitative factors such as age, diameter, material, level of wear, road conditions and land use. Through the creation of GIS maps and the critical reading of historical material, it was possible to precisely date 70% of the pipelines in the water supply network from 1889 to more recent years, and in the remaining cases to identify an approximate construction period. The map provides indications of the occurrence of possible ruptures (and thus potential water losses) to be used in planning network renewal work.

MAPPING OF PIPELINE RUPTURE RISK

In 2023, MM implemented a **decision support system (data-driven DSS)** to update the risk map of the water network. The new system is based on the integration of the asset management databases used (GIS-Esri platform and IBM Maximo), the acquisition of field data and the use of predictive geo-spatial *machine learning* models.

Using geo-referenced data on water network leaks and ruptures collected via GIS, and integrating the quantitative descriptors of the pipes with environmental and contextual parameters (such as land use, traffic and tram lines), **various machine learning models** were evaluated to obtain an **indication of the future probability of rupture** of each section of the Milan water supply network.

The project was presented during the 'Esri Italy 2023 Conference' event held in Rome in May 2023, and received the 'Water Management 2023' award.

In order to evaluate the effectiveness of the implemented initiatives, MM monitors the trend of annual averages of the number of monthly ruptures on pipes and connections. This analysis shows a downward trend, resulting in a **reduction of the annual rupture rate per kilometre of network**, 0.25 in 2021, 0.211 in 2022 and 0.182 in 2023 respectively.

5.3.2. The purification system and water quality

MM collects and purifies water from the public water supply system after it has been used for civil and industrial purposes, treating it appropriately to be returned to the environment.

The purification plants operated by MM are:

SAN ROCCO PURIFICATION PLANT

Located in the Parco Agricolo Sud di Milano, between the municipalities of Rozzano and Opera, the San Rocco purification plant has a treatment capacity that can serve over one million population equivalents and covers an area of 101 square kilometres in the western part of the city. Approximately 40% of the sewage from this area, together with part of the Settimo Milanese sewage, is directed to the San Rocco purification plant. After treatment, the water is released into the Southern Lambro collector and into the Pizzabrasa and Carlesca irrigation ditches.



NOSEDO PURIFICATION PLANT

The Nosedo purification plant is the largest of the plants managed by MM, and treats about 50% of the total effluent collected from the city's sewage network, with a treatment capacity of more than one million population equivalents. Located in the south-east of the city (between the Corvetto-Porto di Mare area and the vast agricultural strip near the Chiaravalle Abbey), the purification plant discharges treated water into Roggia Vettabbia and Cavo Redefossi, feeding the hydrographic network serving the Vettabbia Park. The park, originally conceived as an environmental compensation work, is crossed by purified water from the purification plant, thanks to the reactivation of the Accésio and Martina irrigation ditches and the reconstruction of the 'marcita di Chiaravalle', historical evidence of the medieval circular economy practices adopted by the Cistercian monks.



Two lines of operation coexist at the purification plants:

WATER LINE	SLUDGE LINE
Screening, desanding, biological treatment, chemical dephosphating, filtration and disinfection to purify incoming wastewater of the pollutants present.	Thickening, stabilisation, dewatering and thermal drying treatments to enhance the value of superfluous sludge extracted from the biological compartment. Thermal fluidised bed treatment of sludge at San Rocco.

In 2023, the **total volume of discharges** treated by the two plants amounted to **207.5 million m³** (an increase of 5.3% compared to 2022 due to normal variations related to atmospheric precipitation), 59% of which will be at Nosedo and 41% at San Rocco.

In 2023, **29.5% of the treated flow was intended for irrigation reuse**¹⁰³, in line with 2021. The figure refers exclusively to the volume of water treated and actually used by the consortia for irrigation reuse, and is therefore subject to variability according to their demands on the basis of seasonality (e.g. in summer periods it is customary for all treated water to be sent for irrigation reuse on certain days).

Wastewater from the Milan purification plants is treated with advanced tertiary sections, ensuring compliance with strict Italian regulations (Ministerial Decree 185/2013) in terms of re-use, both for industrial and agricultural purposes. One of the key parameters to be monitored is the bacterial load, which must be below 10 cfu/100ml in 80% of the samples¹⁰⁴ during the irrigation season.

Checks on wastewater and purified water are carried out daily, with automatic sampling carried out at a frequency of about 10-15 minutes over 24 hours. The samples are analysed the following day according to a **sampling plan agreed with ARPA and the Lombardy Region**, which verifies the quality of the purified water, the concentrations of pollutants in the effluent feeding the purification plant, as well as the performance of the biological reactors, and the quality and solids content of the biological sludge produced in the process. The results of the analyses are published in the analytical reports and made available on the SireAcque on-line portal of the Lombardy Region.

In 2023, the Nosedo and San Rocco laboratories ensured the control of compliance with legal discharge limits, carrying out **6,225 samplings for a total of 31,400 parameters analysed** and a **100% compliance rate**.

CONTROLS ON WATER
RELEASED INTO THE
ENVIRONMENT (2023)



6,225

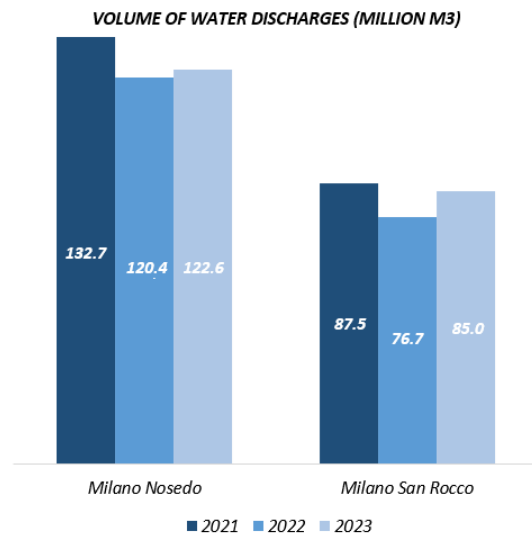
SAMPLES

31,400

ANALYSED PARAMETERS

100%

PERCENTAGE COMPLIANCE



Analysers and probes are installed at the purification plants to allow **on-line and real-time monitoring** of the main chemical-physical parameters at the different stages of the process and at discharge, which provide useful information to the control and management systems of the plants, allowing them to modify machine settings and optimise the removal of pollutants, and consequently energy consumption. In addition, on-line microbiological load analysers, with a focus on the parameter *Escherichia coli*, are installed at both purification plants and provide results approximately every 1-2 hours. The connection of the probe system with the plant's *control room* (manned 24 hours a day, 365 days a year) allows MM's technicians to constantly monitor the water quality and intervene to optimise the technical and economic performance of the plant.

MM is engaged in the optimisation of **biological dephosphating processes** in purification plants, aimed at removing phosphorus and reducing the use of chemical reagents, helping to achieve the technical quality targets required by ARERA¹⁰⁵. In addition, a series of **probes and analysers** have been installed at the two plants in San Rocco and Nosedo to monitor the quality of sewage, biological sludge and treated water at different process stages. Thanks to this, MM's engineers were able to implement advanced operating logics of the main treatment compartments of the purification plant, ensuring a better nutrient removal yield (nitrogen and phosphorus) while optimising specific energy consumption.

For several years now, **campaigns** have been in progress to **monitor the presence of pathogens in sewage sludge at the inlet of purification plants**, which are also useful for tracking the spread of diseases across the territory. These **campaigns** have taken on particular importance following the outbreak of the Covid-19 pandemic, providing indications of epidemiological trends, triggering early warning mechanisms, and leading

¹⁰³ Recovered wastewater can be reused both in the civil sector, for urban and recreational applications, and in the productive sector, for agricultural and industrial uses. In 2020, the European Commission issued the new Regulation 2020/741 on minimum requirements for water reuse.

¹⁰⁴ The bathing water is considered excellent at a limit for this parameter of 250 cfu/100ml.

¹⁰⁵ ARERA requires discharge limits to be considered on a daily basis also for those parameters that current national and regional legislation envisages on an annual average basis, in particular for macro-indicator M6 on purified water quality.

to the development of collaborations between MM, the Italian Institute of Health, other research institutes and universities.

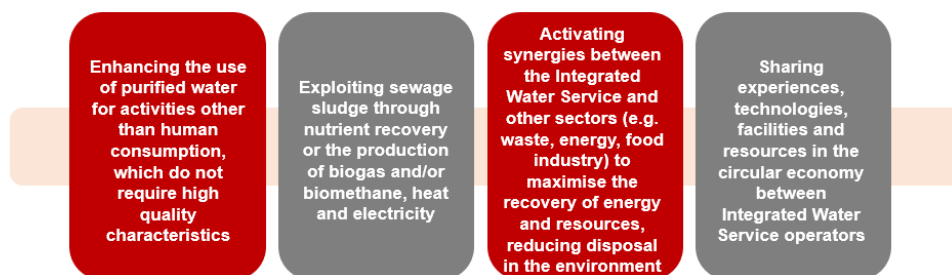
The two purification plants also participate in the **SARI project**, the national environmental surveillance network promoted by the ISS in collaboration with the Ministry of Health, the Ministry of the Environment and Utilitalia, to detect SARS-CoV-2 in civil effluents in Italy, launched in July 2020. In the first phase, sampling and analysis only covered the perimeter of the Water Alliance network (see section 6.4. "Collaborations with associations"), the first business network between in-house water companies in Lombardy, to which MM also belongs, whose frequency was also increased, by involving important research institutions.

5.4. Circular economy projects and initiatives

The **Integrated Water Service** offers a **perfect synthesis of the principles of the circular economy**, which aim to reduce the consumption of raw materials by favouring processes of recycling and enhancement of waste, also thanks to the use of new technological solutions, eliminating the difference between resource and waste.

With a view to 'urban metabolism'¹⁰⁶, MM makes the water purified by the treatment plants available to the city of Milan, encouraging the spread of a new model of peri-urban land use devoted to their **agro-ecological protection**. In this context, the San Rocco and Nosedo purification plants are internationally recognised for the quantity and quality of water treated and reused for irrigation purposes.

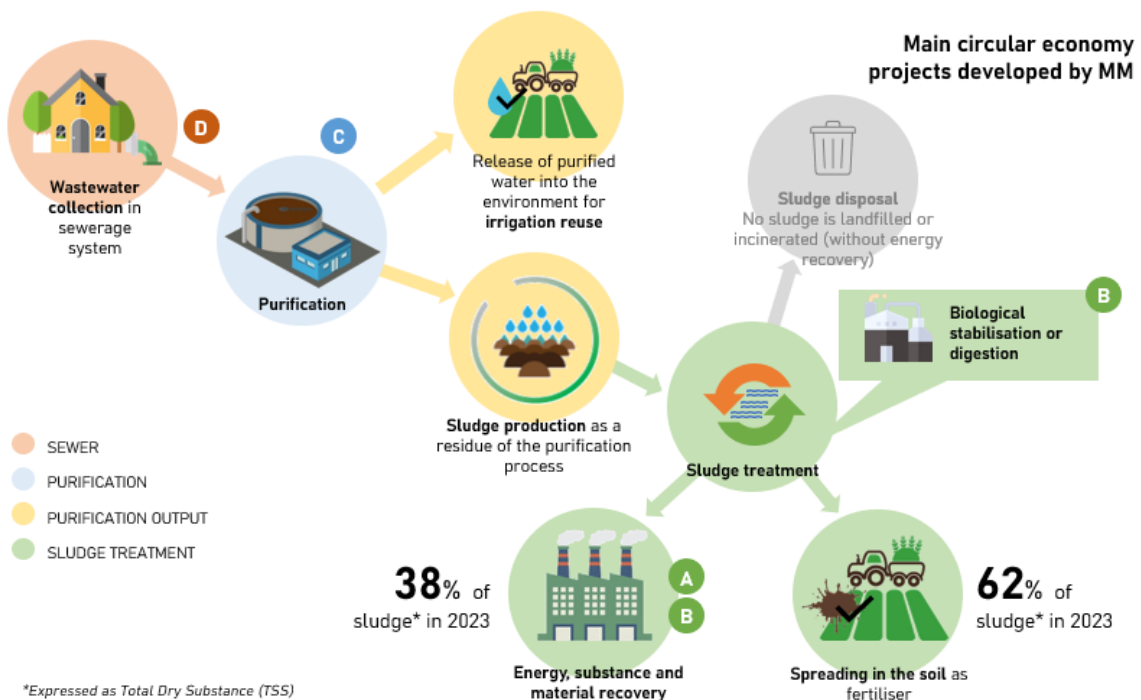
Still on the subject of circular economy, MM is committed to promoting the following areas of development, in cooperation with the **Area Office of the Metropolitan City of Milan** and the other IWS operators:



For several years, MM has been contributing to the development of cutting-edge **circular economy projects that reconcile technological innovation, environmental sustainability and energy efficiency**: from the enhancement 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 awareness-raising initiatives on proper waste management and the responsible use of water. One example is the **thermal power plant** installed at the **Nosedo water purification plant**, which for several years has been recovering heat from purified water to heat and cool the plant's offices and technical rooms, thus reducing greenhouse gas emissions.

The main initiatives currently in progress include:

¹⁰⁶ Studies on urban metabolism, which considers the city as a living organism that needs resources and produces waste and polluting emissions, are part of the idea of the smart city, i.e. a city that is intelligent and attentive to the needs of its citizens, whose quality of life it improves also thanks to the use of advanced digital technologies, capable of being energy self-sufficient and of creating an economically and environmentally sustainable urban development plan.



Enhancement of sewage sludge

A

At San Rocco, the **fluidised bed heat treatment plant** built as part of the 'FANGHI - Forme AvaNzate di Gestione dei fanghi di depurazione in un Hub Innovativo lombardo' project is operational. It burns up to 9 tonnes/day of biological sludge at different dryness levels, obtaining thermal energy and inert ash. Atmospheric emissions are reduced thanks to modern flue gas treatment techniques and real-time control systems. The process is under way to transform the experimental authorisation into an ordinary one, which will bring the plant in its final version to a capacity of 19.2 tonnes/day, equal to up to 40% of the sludge produced by the purification plant.

Other research and development activities investigate new uses of ash as 'end of waste' for its phosphorus content and intrinsic qualities as inert (collaboration with the University of Brescia) and systems to improve its quality downstream of thermal processes (European 'Phoster' call with Politecnico di Milano and University of Ljubljana).

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

B

An **anaerobic sludge digestion plant with energy recovery** will be built at the **Nosedo purification plant**, which will allow greater stabilisation and improvement of the quality of the current process and the recovery of materials and energy. In 2023, the final design was authorised in accordance with the regulations in force and the preparatory activities for the tender for the integrated design and construction contract are in progress.

These treatment systems **reduce the total amount of sludge** produced by the purification process, and **produce biogas** to be transformed into **bio-methane** and/or **electricity**.

In addition, the process for the **design and construction of an anaerobic digestion plant at the San Rocco purification plant** was **also** started in 2023. In particular, a pre-feasibility analysis was carried out, involving the retrofitting of the existing aerobic sludge stabilisation section by transforming it into an anaerobic digestion section using innovative multi-stage digestion processes. The design will be developed in-house from the year 2024, by MM's engineering department.

and heat. In addition, **struvite** (a fertilising compound based on phosphorus and magnesium) can be extracted from the sludge.

Reception and treatment of sand 'End of waste' process

C

The Nosedo purification plant is affected by two initiatives for the **reception and treatment of sand**.

The first, which was completed in 2022, concerned the **technological and functional improvement of the spoils reception and treatment section**, where MM's spoils collection trucks unload the waste collected in the area.

In 2023, the second project will also be carried out, involving the **replacement of the old sand separators** extracted from the sewage effluent in the desanding section, with new treatment systems capable of separating, washing and disinfecting the extracted sands, reducing the amount of residual organic material to below 3%, as is already the case at San Rocco.

In the first months of operation, at the end of 2023, the initiatives led to a **significant reduction in the quantity of sand produced** in the first months, from 88 tonnes/month to 29 tonnes/month.

Heat utilisation from sewerage and groundwater

D

In 2023, work continued on the set-up and technical testing of the **water heat pump cogeneration** plant built at the 'Salemi' aqueduct plant, which, in synergy with the nearby 'Comasina' thermal power plant operated by A2A Calore & Servizi, **recovers energy from water supply system water**. The work is part of the Sustainable Energy Action Plan (SEAP) of the Municipality of Milan. The plant will come into operation in 2024.

In November 2023, Agenzia del Demanio (State Property Office) and MM signed an agreement for energy efficiency measures at the headquarters of the Lombardy Regional Headquarters in Milan, a building of historical and artistic value owned by the State Property Office. The agreement initiates the testing of a new **system to capture heat from the public sewage** system, the first in Italy in a public building, which will supplement the building's heating and cooling system.

The Salemi plant allows an **energy recovery** of 1,250 TOE (tonnes of oil equivalent)/year and is **innovative in the way it is operated** due to the close collaboration between two of the city's major utilities.

The new system envisages the **diversified use of renewable energy sources** that will gradually replace fossil fuels, as well as the **reduction of energy consumption**, setting a virtuous example of the use of public property.

5.4.1. The management of biological waste and sludge

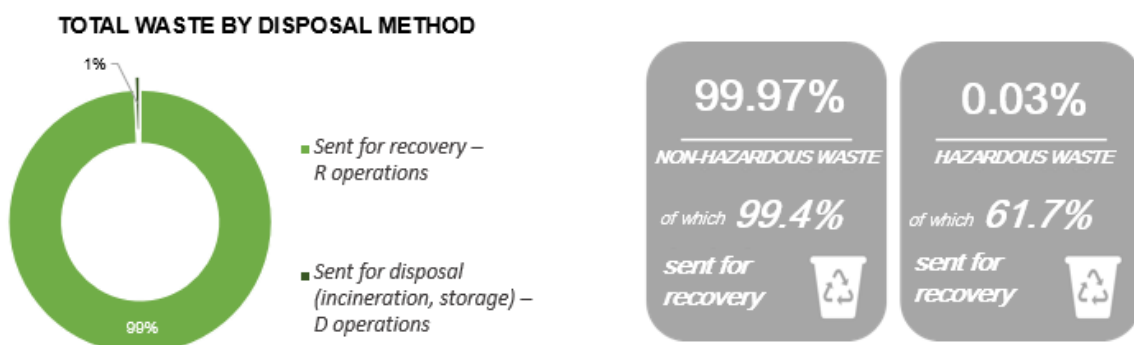
The **waste produced by MM comes** mainly from **the operation of wastewater treatment plants**, i.e. biological sludge and other waste from the screening and desanding operations of the treatment cycle. In addition, comes waste from **maintenance activities on Water Service networks and installations** from **laboratory activities**.

In line with MM's Environmental Policy, waste management is geared towards reducing its impact on human health and the environment, in accordance with current regional and national regulations, through careful planning of the disposal of residual substances and materials from company processes. A special **operating procedure** identifies the correct handling methods for each type of waste, providing support in the application of the complex regulations on the subject and ensuring the adoption of a systematic and documented verification process in accordance with the Environmental Management System. MM also adopts the 'Minimum Environmental Criteria' (CAM)¹⁰⁷ for the purchase of specific supplies (paper, office furniture and building materials) or services (cleaning and sanitising of rooms). For employees, it then promotes **training activities** aimed at updating skills on waste management methods, as well as **raising awareness on waste reduction and the adoption of more sustainable behaviour** (e.g. through the dematerialisation of processes and proper waste separation at company sites).

MM has consolidated a partnership with a **specialised company** (broker without custody) in the collection, transport and disposal of special waste, hazardous and non-hazardous, at cost and value, generated within the framework of network and plant maintenance activities, extended to several sites of the Integrated Water Service¹⁰⁸ from 2020, after an initial experimental phase, as well as to the Ordinary Plant and Infrastructure Maintenance Business Unit. This management approach for routine waste disposal and enhancement activities, including ferrous scrap, has proven to be efficient and effective in terms of environmental and economic sustainability, ensuring compliance with regulatory obligations. In 2022, the management was renewed until 2023 by means of a new service assignment procedure, with the service being extended to 2024.

In 2023, progress continued in the standardisation of the **transport of dangerous goods subject to ADR**¹⁰⁹, following previous audits and inspections that led to the drafting of a specialised technical report and the appointment of an ADR Manager. In addition, the training of the MM staff concerned and the implementation of corrective actions and process optimisations continued.

In 2023, MM produced¹¹⁰ **68,624 tonnes of waste**, a decrease of 1% compared to 2022. Almost all (99.4%) - hazardous and non-hazardous - are sent for recovery, while only a residual part is sent to landfill or incineration.



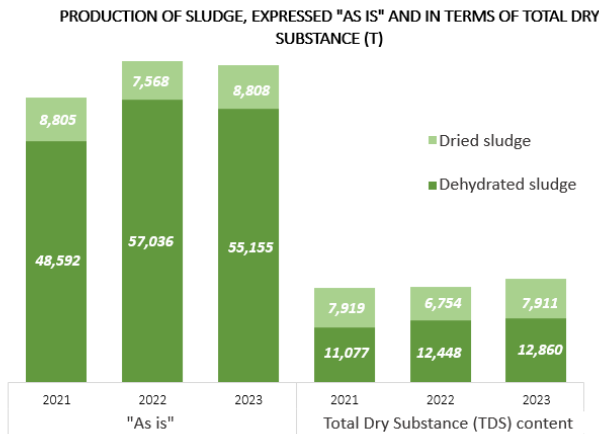
¹⁰⁷ MM translates CAM into technical specifications and contractual clauses in project and tender documentation, requiring compliance with them in order to ensure the achievement of the environmental objectives set out in the Action Plan for Sustainable Environmental Consumption in Public Administration.

¹⁰⁸ Sforza and Meda sites, drinking water and wastewater laboratories, and San Rocco and Nosedo purification plant depots.

¹⁰⁹ ADR is the agreement that regulates the transport of dangerous goods and substances by road at European level, establishing marking and labelling of packages, placarding and marking of means of transport, vehicle and tank design, transport requirements and the necessary travel documents.

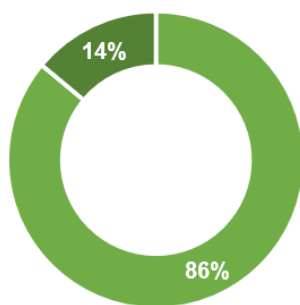
¹¹⁰ The quantities indicated refer exclusively to waste in respect of which MM is a producer.

Most of the waste is **biological sludge** that results from the wastewater purification process and that, for several years now, has been sent for material and energy recovery to be reused, for example, in the cement industry and in agriculture. This approach has allowed MM to be confirmed also in 2023 in **class 'A' for macro-indicator M5 'Sludge disposal in landfills'** identified by ARERA in the regulation of the technical quality of the IWS (Resolution 917/2017/R/ldr), which requires the absence of sludge disposed in landfills¹¹¹. Waste generated by the treatment of wastewater (not only sludge, but also screenings, oils/fats, sands) is managed by means of **tenders** directly to the suppliers who carry out the waste transport and recovery activities, thus guaranteeing a plurality of contracts and suppliers with a view to **diversification and cost-effectiveness** through direct contracting.

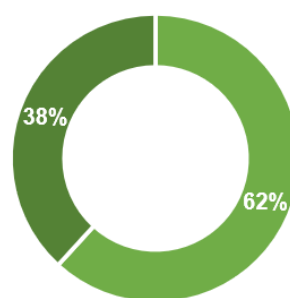


The sludge produced by the two purification plants of San Rocco and Nosedo differs between **dehydrated and dried**. Furthermore, a distinction should be made between 'as-is' sludge, which includes the portion of water it contains as it is sent for recovery downstream of treatment, and sludge identified as **total dry substance (TDS)**, i.e. net of the portion of water it contains¹¹². In 2023, the total amount of sludge produced by purification plants increased slightly compared to 2022, due to the increase in treated quantities in terms of annual COD removed. The split between dried and dewatered was in line with 2021, the period before the increase in methane gas prices, with approximately 60% dewatered sludge and 40% dried sludge, when considered as dry matter.

DESTINATION OF 'AS IS' SLUDGE



DESTINATION OF SLUDGE AS TOTAL DRY SUBSTANCE



■ In agriculture
■ As energy carrier

Also with reference to sludge expressed as dry matter, the split between **recovery in agriculture**, about **62%**, and **use as an energy carrier**, **38%**, remains stable in 2023.

¹¹¹ The data on the macro-indicators of technical quality for 2023 are awaiting the completion of the validation process by the Area Office of the Metropolitan City of Milan, pursuant to the technical quality regulations.

¹¹² Sludge values as 'dry matter' are calculated on the basis of the average monthly dryness of 'as-is' sludge sent for recovery.

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LOOKING TO THE FUTURE

In 2024, plans are in place to **integrate and extend to the entire Water Service Business Unit the service of collection, transport and disposal or recovery of** special hazardous and non-hazardous **waste** generated within the scope of network and plant maintenance activities through an intermediary without custody, i.e. with reference to the MM sites located in via Anassagora (Sewer Network Maintenance), via Bresso (Seveso Drainage), via Castrovillari (Baggio Power Station, water boxing plant).

6. We take care of the city and citizens

In order to **support the development of Milan**, MM provides its expertise and experience gained every day in **taking care of the city and its citizens**, both through minor maintenance works and through the implementation of large infrastructure projects.

The **'culture of care'** is a tool for MM to achieve real and inclusive benefit, which puts the central focus on citizens and their needs as service users. Similarly, the **'culture of competence'** appears to be fundamental to exercising care across the board, continuously and effectively.

For MM, taking care of the city and its citizens means **guaranteeing the excellence of its services**, providing efficient, quality and competitive services that are able to meet the expectations of its stakeholders, even in emergency situations, **and building solid relations based on transparency and trust**, whether it is the works client, or the customers who benefit from the services provided, up to and including all citizens.

THE QUALITY POLICY AND MANAGEMENT SYSTEM

MM's top management is fully involved in the ISO 9001 Quality Management System, in particular in the analysis of the context, risks and opportunities and the identification of stakeholder expectations. In fact, through its **Quality Policy**, MM is committed to ensuring a process of **continuous improvement**, mitigation of any identified risks and **increase in customer and stakeholder satisfaction levels**.

The Policy is periodically updated so that it is aligned with MM's aims and context, as a tool to **support the company's strategic guidelines**. In the same way, a maintenance and continuous improvement system is also defined for the Quality Management System, with specific, practical, measurable and verifiable annual objectives aimed at assessing the effectiveness of the procedures adopted, the progress of the KPIs resulting from the processes, the services managed and the relations with suppliers, the way non-conformities are managed and the opportunity to implement any corrective actions.

The operational pillars of the System include the consolidation of an **approach geared towards prevention, improvement and the effectiveness and efficiency of business processes**, through progressive vertical and horizontal integration by means of team activities and inter-functional sharing of objectives and specialised methodologies.

The implementation of the Quality Management System principles in day-to-day business activities is ensured by the **excellence of MM's people**, to whom **technical, theoretical and practical training programmes and development processes** aimed at skill enhancement are addressed. It is essential to develop, both within the corporate context and externally, an awareness of the importance of each individual in the effective development of the System, **ensuring the parties involved are aware of the key role of the quality of skills** in achieving the strategic corporate objectives, meeting stakeholders' expectations and increasing MM's competitiveness in the market.

6.1. The care of the public heritage and its infrastructure

MM contributes to **improving the quality of public space and the liveability of neighbourhoods**, dealing with some of the main urban transformation and public infrastructure projects in the city of Milan, with the aim of creating an increasingly accessible and resilient city.

For some years now, MM has been gradually introducing the **BIM (Building Information Modelling) methodology**¹¹³ in the integrated design of works with linear and precise development, promoting collaboration between project teams, coordination, communication and information sharing through collaborative *project manage-*

¹¹³ BIM is the digital representation of physical and functional characteristics of an object (applicable to buildings, infrastructure, etc.). Unlike CAD design, which devises a project through 2D or 3D drawings, BIM design specifies the functionality and performance of each object in the project, associating graphic information (e.g. wall thickness and height) with information on acoustic or thermal insulation, etc.

ment processes and interoperability between modelling and support software for project development processes. In addition, MM adopted an IT platform (ACDat) for the organised and shared collection of data related to digital project deliverables; in 2023, as in previous years, specific training courses for the design of engineering works in BIM were carried out (see section 4.2 'Training as a strategic lever for professional development').

MM uses this methodology in a number of mobility and construction projects, exploiting the advantages provided by the virtual processing of the work, which makes it possible to use the data acquired during the different phases of construction also from a life-cycle perspective, facilitating the monitoring of the ageing of materials for maintenance purposes.

Further smart applications are used in the **renovation and redevelopment of vacant property units**, thanks to the joint action of MM and the Municipality of Milan. The Public Residential Housing heritage owned by the Municipality of Milan is in fact characterised by a historical stratification linked to the cyclical nature with which housing initiatives to support the less affluent segments of the population have followed one another, which makes it extremely heterogeneous, with the presence also of buildings with architectural and/or archaeological prescriptions of direct and/or indirect protection. It is therefore essential, in order to optimise works, to know the heritage managed by MM, including common parts, technological installations and facades, and to classify it into recurring building types. The objective that MM has been pursuing in this sense in recent years is the creation of a **geo-referenced 3D mapping**, that can be consulted remotely, **of the entire heritage** through field surveys and subsequent verification and validation of the acquired data with high-resolution photographs and innovative tools (*mobile mapping*, 3D point clouds). Mapping makes it possible to reduce the duration of inspections, facilitate the definition of intervention priorities and speed up the planning and execution of ordinary and extraordinary maintenance activities. After successfully completing an initial pilot test on the via Rizzoli complex in 2022, **90% of the managed complexes** were mapped in 2023.

During the coming year, the data collected will be analysed and the information needed for the knowledge, classification and management of the asset will be recorded. The **digital twin model of the common parts of the building** and all elevations obtained through mapping will allow further advantages to be derived in future planning of both ordinary and extraordinary maintenance work, allowing for the evolution from maintenance management following the occurrence of faults to **preventive and predictive maintenance**.

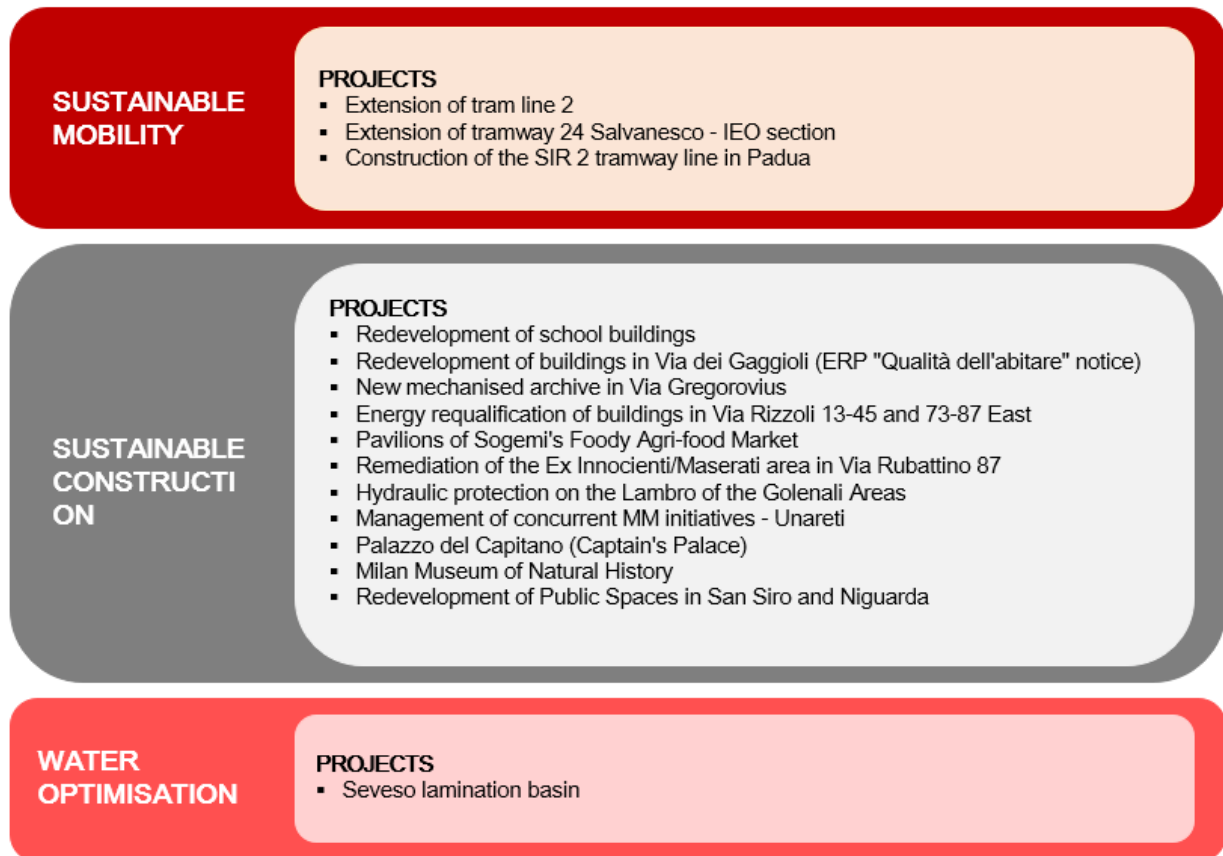
THE REDEVELOPMENT OF PUBLIC RESIDENTIAL HOUSING UNITS

The 149 prototypes identified in 2021 referring to approximately 15,600 building units with similar distributional, functional and dimensional characteristics are used for the design of the redevelopments. In the future, plans are in place to continue using this method for specific cases such as the design of housing for people with disabilities. In 2023, after a slowdown in 2022 compared to the previous three-year period due to external contingencies, MM's **redevelopment and renovation of vacant real estate units** in the Public Residential Housing stock grew by 75%.

Year	m.u.	2021	2022	2023	Total units renovated
Municipality of Milan		189	92	50	331
MM	no.	697	217	381	1,295
Total units recovered		886	309	431	1,626

In addition, during 2023, **relining** works were planned - and partly implemented - on all complexes with asbestos in the sewage pipes, using a technology that can guarantee **remediation and restoration of functionality, with minimal disruption to users**. In fact, each remediation cycle was completed within 24 hours, without requiring the users to leave their units, unlike traditional removal and reconstruction solutions, which are typically also associated with higher costs for carrying out the work and managing the users. The works are scheduled for completion in 2024.

In 2023, MM's main engineering works in **three areas** include:



SUSTAINABLE MOBILITY

EXTENSION OF TRAM LINE 2

The extension of tram line 2 from Piazza Bausan to RFI's Villapizzone station is a further step towards the completion of the '**Metrotravia inter-neighbourhood north**', for which MM developed the final design of the Niguarda - Cascina Gobba section in 2022. The project, with a total length of approximately 1.5 km and 4 new stops, will connect the Bovisa FN and Villapizzone FS railway stations, which currently have no direct interface with local surface public transport. The project contributes to the realisation of the **Bovisahub**, where, at the station - which is the subject of a major infrastructure enhancement project - rail services are combined with tram, trolleybus and bus lines. The project is part of the urban enhancement and redevelopment of Bovisa, unifying the areas to the east and west of the district and ensuring pedestrian, cycle and architectural continuity, as well as tram continuity.

The project was included among the **works eligible for funding under the National Recovery and Resilience Plan**, which was assessed for compliance with the *Do No Significant Harm* (DNSH) principle.

→ In 2023, MM developed the Technical and Economic Feasibility Project for the Services Conference and the documentation for the framework agreement tender.

EXTENSION OF TRAMWAY 24 SELVANESCO - IEO SECTION

The extension of **tram 24**, with a length of approximately 1.1 km, runs along Via Ferrari and Via Ripamonti, from the existing terminus in Selvanesco to the European Oncology Institute (IEO), providing a **direct link between the centre of Milan and one of the city's main hospitals**. The work also includes green works for environmental mitigation and compensation purposes, including the depaving of approximately 2,500 m² of asphalt area, the planting of 53 trees and the transplanting of approximately 100 interfering trees.



→ In 2023 MM developed the Technical and Economic Feasibility Project for integrated procurement.

CONSTRUCTION OF THE SIR 2 TRAMWAY LINE IN PADUA

The new **Padua tramway** SIR2 is part of the Sustainable Urban Mobility Plan (PUMS) of the Municipality of Padua and the Padua Metropolitan Conference (CO.ME.PA). A new 18 km network will connect the municipalities of Rubano and Vigonza. The project will be financed to a large extent with PNRR funds and the remainder with state funds.

The initiative was designed in line with the **Minimum Environmental Criteria** (CAM) and integrated with a **Sustainability Report** and Assessment of Conformity with the "Do No Significant Harm" (DNSH) principle, following guiding criteria with a view to environmental and social sustainability including:

- maximising the **use of existing roads or available public areas** by limiting new civil works, and their consequent environmental impact;
- construction along the line of a **cycle-pedestrian path** and related footbridges for safe crossing;
- on-site **re-use** of more than 70% of the material from excavations and management in recovery plants of 100% of the waste produced by excavations;
- installation along the line of **photovoltaic panels** to cover the main buildings, the restaurant buildings and the canopies of the parking areas, with a total power of 1,056 kWp and an estimated production of approximately 1,300,000 kWh/year. The plant will be able to meet about 8% of the traction system's energy needs, which is higher than the CAM requirements. In addition, each stop will be energy self-sufficient thanks to the installation of panels covering the shelters, equipped with a storage system and thus covering the energy needs of lighting and monitors, both during the day and at night.
- design of **green areas** at depots, car parks and footbridges and along several sections of the line, with a selection of native green species suited to the regional climate. In particular, the



Rubano depot area will be landscaped to cover 28% of the surface area, while 55% of the adjacent parking area will be planted.

SUSTAINABLE CONSTRUCTION

RENOVATION OF SCHOOL BUILDINGS

In October 2023, the energy redevelopment and renovation works at the school in **Via Narcisi** were completed. These included the renovation of the electrical systems (with the installation of a photovoltaic system) and the introduction of high-efficiency heat pumps to replace the old boilers. In order to break down architectural barriers, a stair lift was also installed at the entrance of the building, together with a new internal lift to connect the basement and the first floor. The project was inaugurated in December 2023 in the presence of the Mayor and Deputy Mayor of the City of Milan.

In 2023, work continued on the contract for the **Via Catone** building, with the execution of the wall and floor elevation structures of blocks 1 and 2 of the school.

RENOVATION OF BUILDINGS IN VIA DEI GIAGGIOLI ("QUALITÀ DELL'ABITARE" TENDER)

The project involves the **demolition and reconstruction of three public residential buildings in Via dei Giaggioli at numbers 7-9-11** (City Hall 6), improving the living quality of housing and outdoor spaces, energy, plant and seismic efficiency, and accessibility for persons with reduced mobility. The green areas will also be completely rearranged for collective use, creating new features to promote social relations between tenants and the neighbourhood. The projects will be implemented in stages, using off-site prefabricated technologies, to minimise impacts on residents and allow for phased tenant mobility.

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

The initiative is one of the projects financed by the PNRR and has been assessed for compliance with the 'Do No Significant Harm' (DNSH) principle, as required for PNRR measures.

→ In 2023 MM started to implement the project.



NEW MECHANISED ARCHIVE IN VIA GREGOROVIVUS

The initiative, aimed at constructing a building consisting of two adjoining areas to house the archive and its loading bay, consists of the recovery of part of the existing industrial warehouses to create rooms for the reception of the public and workers (e.g. consultation room and offices) and common areas. Where possible, an attempt was made to maintain the existing spaces by operating according to a 'box in the box' approach. Plans are also in place for the creation of a fifth on via Gregorovius with a high symbolic value, with the dual function of reconstructing the façade in keeping with the appearance of the existing one and representing an iconographic element for the new Archive.



The initiative ensures the preservation of the catalogued documents through a system that contributes to the **increased security and resilience of the building to extreme events** (e.g. fire).

→ In 2023, the tender for the development of the executive design and the execution of the works was awarded; in addition, the executive design by the Contractor, under the supervision of MM, was started.

ENERGY UPGRADE OF BUILDINGS IN VIA RIZZOLI 13-45 AND 73-87 EAST - TECHNICAL-ECONOMIC FEASIBILITY PROJECT

The **energy upgrade of the buildings in via Rizzoli 13-45 and 73-87** consists of the renovation of the facades of the first complex, with changes to the architectural image of the buildings (e.g. greater variety of horizontal development, updating of finishing materials and colour palette) and the replacement of the external windows and doors of the heated rooms in the second complex, as well as the installation of thermostatic valves on all the radiators of the building units. There are also plans to install a screen system for the staircase openings to prevent access by birds, while keeping the stairs 'open' for fire prevention purposes.

The initiative is one of the projects financed by the PNRR with completion scheduled for 2026.

→ In 2023, the tender for the development of the executive design and the execution of the works was awarded. In addition, the executive design by the Contractor, under the supervision of MM, was started.

FOODY AGRI-FOOD MARKET PAVILIONS at SoGeMi

For years, MM has been working on the **renovation of SoGeMi's Foody Agri-food Market**, both in terms of design and, from 2021, the execution phase. The design of the new logistics and fruit and vegetable pavilions of the Market is among the most complete experiences of the application of the **BIM methodology** in MM, also because of the modularity and the very structure of the building made of prefabricated elements.

In particular, the work on the first fruit and vegetable pavilion continued in 2023, with a provisional opening in the first half of 2024, for which MM also received a new executive engagement for the construction of the first floors of the future exhibition spaces. Also in 2023, work continued on the foundation of the second fruit and vegetable pavilion, and the demolition of the east ramp of the frigomarket and the renovation of the new local police offices were completed.

RECLAMATION OF THE FORMER INNOCENTI/MASERATI AREA IN VIA RUBATTINO, 87

In 2023, the **reclamation** project for the Lambretta Park extension in the Lambrate district, for which MM had finalised the tender documents in 2022, continued.

The project area is part of a large portion of land once occupied by the Innocenti factory, established in 1933 as a pipe factory and, later, a motorbike - the Lambretta - and car factory. Following its closure in 1993, there is almost no trace of the factory except for some derelict structures, creating a post-industrial landscape now awaiting a new identity.



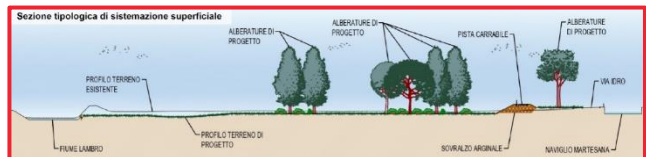
The redevelopment work will focus on two macro-areas separated by Via Caduti di Marcinelle, of approximately 27,000 m² and 71,000 m² respectively, both owned by the municipal administration, and will include excavation and disposal of surface and/or deep soil in some areas and their subsequent backfilling. Preliminary war clearance and securing of the buildings to be preserved and other structures to be demolished because they interfere with the excavation work must also be carried out.

HYDRAULIC PROTECTION ON THE LAMBRO OF FLOODPLAIN AREAS

The project, developed by MM, consists of the construction of an expansion area of about 60,000 m² on the right bank of the Lambro river. The project, carried out in a degraded area previously subject to illegal settlements and accumulation of waste, aims to **integrate the containment of hydraulic risk with the improvement of landscape and ecological performance**, creating an area with a naturalistic vocation and protection of biodiversity.

Specifically, the initiative, which is part of the PNRR, consists of:

- **War ordnance clearance and environmental clean-up activities** in parts of the area;
- **Lowering** of about one metre from the current ground level and **creation of a retaining embankment** to mitigate the hydraulic risk in the ground, parallel to the cycle path along the Martesana canal;
- Construction of a **driveway** on top of the embankment that can be used both by service vehicles and for flood monitoring and management;
- Replacement of existing trees with **planting of new trees, shrubs and grasses** more consistent with the new use of the area.



In order to size the planned works and evaluate the floodplain filling modalities, a **two-dimensional hydraulic model** of the Lambro river was implemented, which, through simulations, confirmed the **reduction of the hydraulic risk in the territories downstream of the area of intervention**.

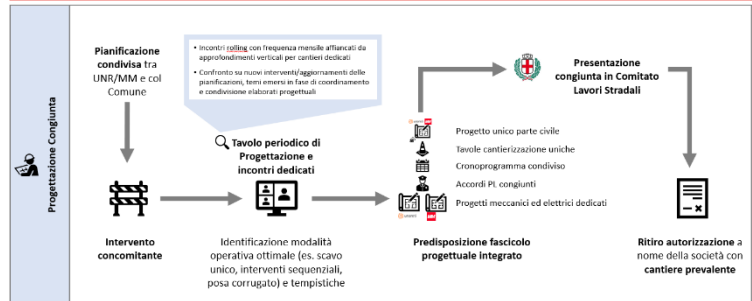


MANAGEMENT OF SIMULTANEOUS INITIATIVES MM - UNARETI

In 2023, for the first time, on the instructions of the Municipality of Milan, MM implemented an **integrated project** together with Unareti for the **refurbishment of electricity, gas and water cycle networks**.

After a round-table was set up between the two companies, a working group of more than 20 personnel was created in 2023, which led to the first joint tender in June.

The project will improve operations in the management of simultaneous initiatives between MM and Unareti, with prospective benefits for citizens in terms of:



- **Reducing the number of construction sites** in the area and the overall intervention **time-frame** (design and implementation);
- **Improved coordination** between different operators carrying out simultaneous renewal and maintenance work on their network infrastructures;
- **Reducing the cost of works** and consequently the economic impact on citizens;
- **Improved coordination** between the work on the networks **and the subsequent asphaltting and surface upgrading activities** by the municipal administration.

CAPTAIN'S PALACE: energy efficiency and improvement of the building's accessibility when obtaining the Fire Prevention Certificate

The building, built between the 16th and 17th centuries, is now the headquarters of the Traffic Police.

The project, carried out by MM, on behalf of the Municipality of Milan, envisages a complete renovation of the Palace, to adapt its building and plant components to current regulations, with particular reference to **fire prevention** rules. In particular, some needs that the initiative takes into account are:

- **Safeguarding and redeveloping the existing heritage** by limiting works in compliance with architectural constraints and with particular reference to fire prevention regulations, technical building regulations and the removal of architectural barriers;
- **Improving the condition of the building, to reduce its energy requirements**, with positive impacts on running costs and the environment.

→ In 2023, MM completed the final design and started - by executing most of it - the executive design.

MUSEO DI STORIA NATURALE DI MILANO (MILAN MUSEUM OF NATURAL HISTORY): energy efficiency of the building in connection with obtaining the Fire Prevention Certificate

The Milan Museum of Natural History is housed in a building dating back to the 19th century, which was renovated after the bombings of World War II.

The project, aimed at obtaining the Fire Prevention Certificate, envisages a series of **plant and civil**

adaptation works, concerning both the building components and the groundwater exchange system and the heating-cooling system, which will also improve the building's energy performance.

→ In 2023, MM completed the final design of the project.

REDEVELOPMENT OF PUBLIC SPACES IN SAN SIRO AND NIGUARDA

The planned initiatives in the two neighbourhoods, both characterised by densely populated areas, are aimed at **making pedestrians and cyclists safe and improving the environmental and landscape quality of the area**. Redevelopment is necessary, precisely because of the new urbanisation works that have affected the neighbourhoods and that have been accompanied by significant infrastructural works, with the consequent emergence of needs for new and old residents and potential situations of degradation.

In particular, starting from a careful analysis of the actual state of places and local public transport lines, MM sought to restore better usability of spaces for residents, rearranging the morphology of street structures so as to ensure conditions of use more in keeping with the neighbourhood's potential.

The objectives of the project works are:

- The improvement of urban decorum and the usability of public areas by users of all age groups;
- Compliance with regulations, traffic and public safety requirements;
- The improvement of pedestrian and cycle mobility;
- The increase in green areas with consequent benefits for the urban micro-climate by mitigating the negative impacts of pollution, such as heat, atmospheric dust and urban traffic.

The initiatives are among the projects funded by the PNRR and have been assessed for compliance with the 'Do No Significant Harm' (DNSH) principle.

→ In 2023, MM completed the executive design of the first project lots.

SEVESO LAMINATION BASIN

At the end of November 2023, with the aim of containing the inconveniences caused by the flooding of the Seveso stream, especially in the Niguarda area north of Milan, Prato Centenaro, Ca' Granda, Istria, Zara and Maggiolina, the Lombardy Region and the Municipality of Milan completed the construction of the Seveso flood containment basin, which is currently being tested but is already considered functional in the event of flooding. The basin will serve as a reservoir for collecting rainwater during heavy storm events, allowing it to flow out in a controlled manner and reducing the danger of flooding.



MM had been entrusted with the **design and construction of the work** on the section between the Palazzolo hydraulic junction and the beginning of the town centre (via Ornato) in Milan. This is an area within Milan's Parco Nord, which is particularly sensitive from a landscape, ecosystem and social point of view because it is located in a densely populated area between the municipalities of Milan and Bresso. The project led to the construction of a lake fed with groundwater and a maintenance track, as well as the preservation of the surrounding forest, which was bordered and planted with new trees on the south side of the lake along Via Aldo Moro, restoring green areas three times larger than those impacted by the construction.

Tank operating mechanism

In the event of a weather alert, according to the procedures defined between the competent bodies, the basin can be emptied in about three hours, to allow it to fill with excess water from the Seveso River, cleared of branches and other materials through a system of grids in front of the basin's access bulkheads. In this way, the water can remain inside the basin for the duration of the flood, and then be returned to the river by means of a pump system (refilling the basin, cleared of any residue from the flood, with clean groundwater).



For most of the year, the lake will have a recreational-landscape function, with bicycle and pedestrian paths and equipped areas, except in the case of flood events (on average 6 times a year) during which it will serve as protection for the urbanised area with a system of automatic barriers and variable message warning panels to prevent pedestrians and bicycles from entering).

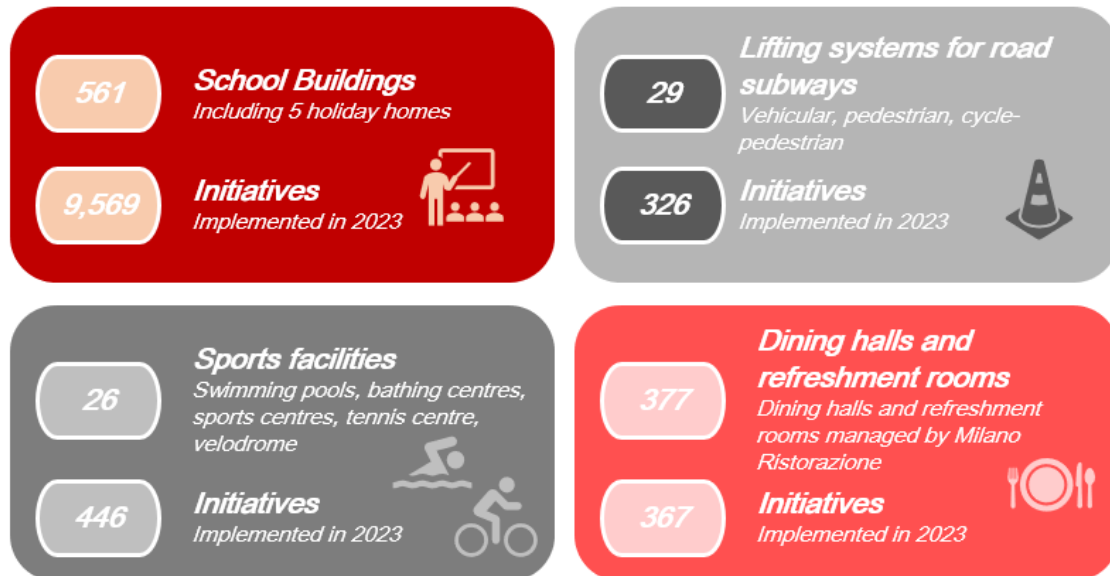
LOOKING TO THE FUTURE

In 2024, MM will work on the '**Sustainable Mobility Hub**' project, which aims to create areas, strategically positioned throughout the territory, equipped with environmentally friendly rental vehicles, such as electric cars and bicycles, and electric charging systems.

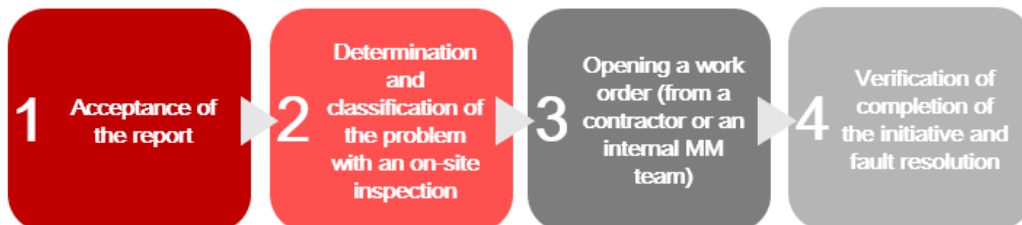
Furthermore, in view of the **2026 Milan Cortina Olympic and Paralympic Winter Games**, MM will carry out a series of works in 2024 to improve the accessibility and safety conditions of public areas, roads and pavements.

6.1.1. Facility management activities

MM also contributes to the care of the city by overseeing **facility management** activities concerning the **maintenance of a substantial part of the urban public assets** owned by the Municipality of Milan (see section 1.3 'The areas of activity') formed in 2023 by:



Compared to the first phases of intervention which were mostly carried out by using external contractors, MM is gradually employing personnel to manage the activities on its own. In addition, MM has adopted a **customer relationship management (CRM) system**, initially covering only the school building stock and then gradually extended in 2022 to sports facilities, with differentiated access for the input of maintenance needs by schools and Milanospo, and in 2023 also to dining halls and refreshment rooms. The system consists of four stages:



The process is based on:

- **management of "trouble ticket"** reports, by receiving reports from users through the Contact Centre's various communication channels (free-phone number, e-mail, and Web Portal - for schools only), and their "end-to-end" management aimed at resolving the problem¹¹⁴;
- **'customer care and feedback' user management**, through a dedicated application that allows authorised users to monitor the status, methods of intervention and resolution time-frames of reports in real time.

¹¹⁴ MM borrowed the software in use in the Water Service and Housing Business Unit, adapting it to the specific characteristics of school building management, represented by the multitude of internal and external operators involved in initiatives and the need to prioritise reports according to the complexity and criticality of the fault.

SCHOOL BUILDINGS

Regarding the **school building stock**, MM carried out a total of **9,569 works** in 2023, an increase of 35% compared to 2022.

As of February 2023, MM introduced the **Schools Web Portal** with the aim of making the management of reports more efficient and optimising the relationship between MM and its stakeholders. Available in both desktop and *mobile* versions via app, the portal allows users - among other things - to enter reports directly and immediately, check their progress, issue reminders, and monitor the history of closed reports.

The initiatives implemented in 2023 with the highest social impact for citizens include:

- **Adaptation of the outdoor spaces at Via Montichiari 7:** the school garden was adapted to make the outdoor spaces usable also for children with physical disabilities, removing any unevenness that could have been detrimental to their health and safety and ensuring their participation in outdoor play activities.
- **Protection and Control of School Property at Via Scalabrini 7 and Via Vallarsa 19:** pending the future demolition of the buildings, the necessary plugging of accesses was carried out to prevent squatting and related risks, such as drug dealing and thefts, as well as specific security works at the second building (such as the installation of a perimeter fence, revamping of external lighting, installation of a new alarm system).
- **Restoration of perimeter fence at via Clericetti:** MM carried out the restoration of about 50 metres of perimeter fencing, which constituted a danger to pedestrians on the public pavement.

SPORTS FACILITIES

In 2023 MM carried out **446 works at the 26 sports facilities** owned by the Municipality of Milan and managed by Milanosport, maintaining the management of technical-maintenance services based on a preventive and planned approach, also thanks to the integrated ticket management system.

In addition to the normal activities aimed at ensuring the functionality of the sports facilities, MM ensured the execution of specific works for the reopening of the outdoor swimming centres, as well as the replacement of the boiler body at Piscine Murat and Piscine Cardellino and the maintenance of the filtration system at Piscina De Marchi.

SUBWAYS

Milan's road system is based on a dense network of roads covering a length of 1,937 km. Its maintenance, besides being essential to ensure the smooth flow of urban traffic, becomes particularly critical due to the delicate nature of the network and the dangerous nature of operations in the event of adverse weather conditions.

Thanks to its profound knowledge of the assets and infrastructures that populate Milan's subsoil, MM also manages the pumping stations serving the subways.

In 2023, MM carried out **326 works** at the **lifting plants and rainwater collection tanks of road and pedestrian subways** in the Municipality of Milan. These initiatives made it possible to drastically reduce the risk of flooding due to heavy rainfall - such as the events of 25 July, 26 August and 31 October 2023 - and the consequent problems for road traffic. The routine maintenance and breakdown repair activities carried out by MM on

pumps, control panels, and collection tanks, even under emergency conditions¹¹⁵, have actually made it possible to limit the severity of the consequences, particularly during the two cloudbursts of July-August 2023.

By way of example, some of the main works in 2023 include:

- **Via Negrotto:** through the facility management activities, it was found that the current pumping station, during critical weather events, is unable to remove the entire incoming rainwater flow from the road ramps, causing the regular flooding of the Via Pacuvio/Negrotto underpass and leading to the isolation of an entire neighbourhood. Therefore, a design solution was developed that involves the construction of a new lifting station connected to a lamination space of approximately 430 m³. The project, which is currently under construction, also includes the upgrading of the drainage network of the ramps converging on the underpass, increasing the efficiency of rainwater collection.
- **Via Ofanto and Via Canelli:** a revamping of the pumping stations was carried out, through the replacement of some pumps on the first rain basin and on the main one, as well as other components.

DINING HALLS

During 2023, MM carried out **routine maintenance work at the 377 dining halls and refreshment rooms in the schools managed by Milano Ristorazione**, for a total of **367 works** between January and August 2023, the month in which MM ended the contract period.

The mandate provided for an extension of the perimeter of the activities already carried out at the schools, allowing for **more efficient** management of maintenance needs affecting the same school building, albeit on the recommendation of different parties. The system also made it possible to **reduce the areas of intermediation of** the causes and responsibilities of any faults occurring in spaces adjacent to those where the work was carried out.

LOOKING TO THE FUTURE

During the course of 2024, the **Schools Web Portal** will be upgraded for school buildings, in addition to maintenance work. For the sports facilities, a **new contract with Milanospo** is planned. Lastly, for the subways, among other works, **the management of the new facility, currently under construction, in Via Negrotto will be launched**.

6.1.2. Green care activities

The experience gained in the field of *facility management* has allowed MM to start **direct care and maintenance of the green areas of the Public Residential Housing assets of the Municipality of Milan** between the end of 2021 and the beginning of 2022, then moving on to some of MM's offices and the San Rocco and Nosedo purification plants.

Between 2022 and 2023, the activities of the Green Public Residential Housing function expanded further, reaching a combined total of **6,470 jobs** in 2023. The initiatives carried out include the following:

¹¹⁵ For the management of subways, MM has adopted a special procedure that provides guidelines and operating methods for the safe management of activities to be carried out inside confined spaces, in accordance with the provisions of Articles 66 and 121 of Legislative Decree no. 81/2008 and subsequent amendments and additions and Presidential Decree no. 177/2011.

PUBLIC RESIDENTIAL HOUSING HERITAGE TREE MANAGEMENT

Objective: to monitor the health of the trees and implement/restore the tree stock.

The Housing Business Unit and MM's Public Residential Housing Green function have identified a number of locations where in-depth analyses can be carried out on existing trees and new ones planted, also in view of the repeated weather events in the summer of 2023, which disrupted the layout.

OPEN SQUARES: NEW WORKS

Objective: to carry out new tactical town planning initiatives called 'Open Squares' in the municipality, especially at school buildings.



The Municipality of Milan and MM's Public Residential Housing Green function are collaborating on the creation of new 'Open Squares' with the aim of enhancing public spaces and transforming them into meeting places, expanding pedestrian areas and promoting sustainable forms of mobility for the benefit of the environment and the quality of life in the city.



BIOLOOP' PROJECT (experimentation LaBoratory to support local, circular and participative ecOnomy practices)

Objective: to activate an experimental centre for the management of territorial surpluses, capable of developing solutions oriented towards the activation of local circular micro-economies in urban and peri-urban areas.

Partners: Politecnico di Milano (Milan Polytechnic), SoulFood ForrestFarms, Terzo Paesaggio, Italia Nostra, Municipality of Milan - Area Food Policy, Comune di Milano Settore Economia Urbana (Municipality of Milan - Urban Economy Sector).

The project proposes to provide **new job opportunities arising from the application of circular economy models** to respond to some of the social fragilities of the urban area in which **OC Cascina Nosedo** is located. The research intends to launch an **experimental laboratory** aimed at generating favourable conditions for the area from networks and practices already present in the area. BioLoop (BL) intends to trigger processes capable of establishing new relationships between local actors, starting with the development of innovative solutions for the **utilisation of edible and non-edible waste and surpluses** in the area. The project identifies, in the area between the Corvetto district, Porto di Mare and Chiaravalle, the ideal conditions for its development, as social networks (Qubi network, Corvetto network) are well established in the area and important regeneration initiatives have been carried out (UIA Open Agri project, Porto di Mare Park).

6.2. Care in customer relations

Guaranteeing citizens quality, efficient and safe services in all their aspects is a priority for MM, especially in light of 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 Desk, located in Via Borsieri 4, is open to the public from Monday to Saturday for both Integrated Water Service customers and tenants of Public Residential Housing properties, with offices dedicated to the two areas of activity and specialised staff. In addition, MM also makes other tools available to customers of the Water Service Business Unit and the Housing Business Unit, according to a multi-channel approach.

6.2.1. Services for IWS customers

The **Service Charter** describes MM's commitments to its customers, the principles guiding 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 data on the services provided by operators, making provision for automatic compensation or penalty mechanisms in the event of non-compliance with specific or general quality standards.

The **Regulations of the Integrated Water Service of the City of Milan** regulate the supply of water and the conditions for making or modifying the connection to the distribution network, establishing the rules for the discharge of wastewater into the sewerage system and the purification of the water collected.

An updated version of both documents was adopted in 2022 to incorporate changes in the regulatory framework¹¹⁶, introducing greater protection mechanisms for customers, such as advance notice of readings for meters that are not accessible or partially accessible at least 48 hours before the survey; recognition of reductions in the amounts billed, including of the water quota, in the case of hidden water leaks, if repaired within a set time-scale; communication of abnormal consumption detected during readings surveys 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** in order to define the roles and responsibilities of the functions involved in the provision of the service, providing guidelines for more efficient management processes. This procedure is updated periodically in order to remain in line with the provisions of the Charter and the Rules to further protect customers' rights.

As of 2022, the new **'LaTuaAcqua'** website (www.latuaacqua.it) is fully operational, improving the *user experience* for customers of the Integrated Water Service by facilitating access to services and the forms required for their activation, also for indirect customers (available in the 'Your needs' section). Through their **'Reserved Area'**, in fact, each user is able to manage their supply independently, request information, technical checks on meter operation, clarifications on bills, submit complaints or billing adjustments, and use the self-reading service. In 2023, **4,012 self-readings** were reported, representing a useful tool to raise awareness among citizens about responsible water management and reducing their consumption. In addition, a tool is available for all types of utilities to simulate the distribution of consumption. The **'Water in Milan'** section, on the other hand, is open to all and provides information on the city's water cycle and the quality of the water supplied. It also allows the location of Water Houses, drinking fountains and construction sites along the city's network to be displayed through a GIS application.

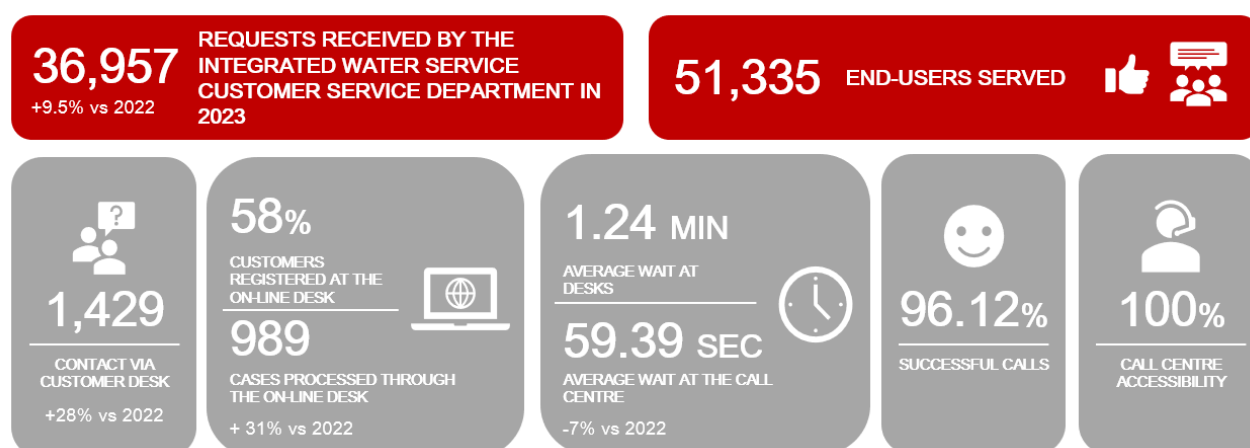
In addition, customers have **other contact channels** at their disposal, including: dedicated e-mail addresses (servizio.clienti@mmspa.eu), registered mail and fax, a free *call centre* (free-phone number



¹¹⁶ The Service Charter and Rules currently in use were adopted by resolution of the Conference of Municipalities of the ATO of the Metropolitan City of Milan No. 4 of 11/10/2022 for a mandatory and binding opinion.

800.021800) and *live chat* with operators (Monday to Friday from 8.15 a.m. to 4.15 p.m.) to request information, forms and assistance in opening files before they are submitted to the Customer Service.

In 2023 the **Customer Service** received a total of **36,957 requests**, an increase of more than 9% compared to 2022, divided between: communications in digital format, telephone requests through the *call centre* (which recorded a 7% reduction in average wait times compared to the previous year with a slight, but continuous increase in successful calls), telematic requests through LaTuaAcqua (for a total of 989, an increase of 31% compared to 2022) and paper files submitted to the physical desk (for a total of 1,429, an increase of 28% compared to 2022, also due to the large number of applications for the Water Bonus). In total, the Customer Service desk served **51,335 end customers** in 2023, a decrease of almost 3% compared to 2022 as a result of the transfer of the Corsico and Buccinasco municipality users to the CAP Group.



As of 2018, customers of the IWS who are economically disadvantaged can benefit from a discount on their bill through the **Water Social Bonus**¹¹⁷. As of 2021, social bonuses (in addition to the water bonus, also the electricity and/or gas bonus) are granted automatically to eligible citizens or households, without them having to apply as stipulated in the Decree Law 124/2019, converted with amendments by Law 157/2019. Subsequently, the applications are forwarded to MM's Customer Service, which verifies the correctness of the information also by consulting GIS databases and inspections. In addition to the social water bonus **regulated by ARERA**, in compliance with the national law, there is a **supplementary water bonus introduced by the Area Office of the Metropolitan City of Milan** to provide greater protection for those in economically vulnerable conditions¹¹⁸.

During the year, despite the high number of applications received with reference to the 2023 financial year, **all requests were handled with punctual compliance with the deadlines set by ARERA**.

Social Water Bonus	m.u.	2021	2022	2023
Requests received	no.	55,391	95,913	112,970
Requests accepted	no.	55,188	50,808	61,370

Finally, IWS customers can also use the **conciliation service** provided for by ARERA (Energy, Networks and Environment Regulatory Authority) in the same way as electricity and gas end customers.

¹¹⁷ The Water Social Bonus, regulated by ARERA with Resolution No. 897/2017/R/IDR, is the concession aimed at reducing the expenditure for the water supply service of households in economically and socially disadvantaged conditions. The Bonus allows domestic users not to pay the quantity considered vital for the satisfaction of essential needs set at 50 litres per person per day. The discount is paid directly in the bill for those with a direct contract or by means of a 'bonifico in circolarità' (type of transfer via the nationwide ATM system) for indirect contracts (e.g. condominium).

¹¹⁸ This additional benefit is granted automatically to those who are beneficiaries of the Social Water Bonus and has a value of €15/year for each family member.

THE ARERA CONCILIATION SERVICE

The **Conciliation Service** made available by ARERA is an out-of-court protection tool that can be employed, directly or through a delegate, by all end users in the event that the complaint submitted to their operator has received a response deemed unsatisfactory or if, 50 days after the complaint has been sent, no response has yet been received. The procedure is free of charge, takes place on-line and is managed by a third-party, impartial conciliator provided by the Conciliation Service who, while not having decision-making powers, supports the parties in finding an agreed solution to the dispute¹¹⁹.

With Resolution 233/2023/E/com, ARERA provided for the mandatory attempt at conciliation at the ARERA Conciliation Service, or at the other accredited Organisations, as from 30 June 2023 as a **condition of procedural eligibility for access to ordinary justice**. The end user may not, therefore, initiate legal proceedings without first having attempted conciliation. At the end of the procedure, if the conciliation is successful, the conciliator draws up a report of the agreement, signed by the parties, which is valid as an enforcement order, i.e. it can be enforced before the competent court in the event of non-compliance. If, on the other hand, no agreement is reached, the conciliator shall draw up a negative outcome report whereby the conciliation attempt is deemed to have been completed as a condition for proceeding with the court action.

In light of the obligation to participate in conciliation procedures, MM created a **dedicated function** to manage the obligations and related responsibilities associated with conciliation requests and regulated the procedure to be followed within the 'Water Service Customer Management' procedure¹²⁰. For the purposes of continuous improvement of service quality, a report is also prepared each year on the number of requests for conciliation proposals received by ARERA and their outcome, to be submitted to the corporate functions involved, the Water Service Business Unit and the CEO.

In 2023, 18 conciliation requests were received, of which 14 were concluded; of these, 50% did not reach an agreement.

LOOKING TO THE FUTURE

Service improvement measures include simplifying bill reading in 2024 to increase user awareness of consumption and costs, as well as updating contact details and customer preferences regarding the receipt of digital-only bills ('paperless' policy), transmission of self-reading and bill payment settlement.

In addition, a feasibility analysis is under way for the development of an artificial intelligence project aimed at optimising the time and working methods of the Customer Function personnel that handle requests received by the Water Service, with a view to boosting efficiency.

¹¹⁹ The third-party conciliator is appointed on the basis of a rota and is bound by the Service's Code of Ethics (Annex sub A to Resolution 209/2016/E/com of 05 May 2016)

¹²⁰ The procedure for handling conciliation procedures provides for the following:

a. the conciliation procedure is initiated by ARERA, which, after verifying the admissibility of the request for conciliation submitted by the user or by the user's delegate, establishes the conciliatory meetings in which MM is obliged to participate and whose non-fulfilment is subject to measures by ARERA itself; the time-frames are therefore contingent;

b. the commencement of each conciliation procedure entails the analysis of the compliance or otherwise of the activities carried out by MM with the regulatory framework, the Service Quality Charter and the Regulation of the Integrated Water Service, the identification of critical issues and, in the event of ascertained misalignments with respect to the regulatory/contractual framework, the formulation of a settlement proposal in order to settle the dispute amicably and avoid possible litigation.

Finally, with the aim of reducing the number of conciliations commenced, MM plans to identify their main causes in order to define corrective actions, if attributable to MM, or useful actions to illustrate to the users the correct business conduct, if attributable to customers.

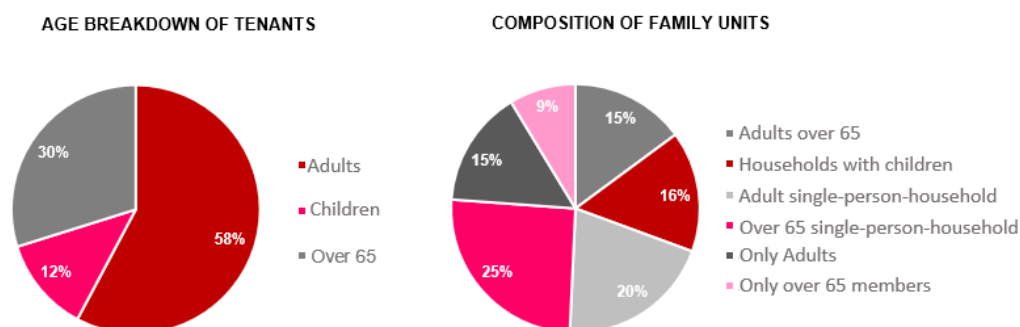
6.2.2. Services for Public Residential Housing customers

In accordance with the agreement with the Municipality of Milan, MM has introduced structural changes in its relations with tenants, on the one hand by providing **efficient management solutions** capable of responding to the real and diversified needs of people living in complex contexts, and on the other by focusing on people. To get to **know those who live in Milan's Public Residential Housing real estate** and to promote the **care of places**, so as to make them an asset for tenants and neighbourhood inhabitants as well as a tool for welcome and social inclusion.

Since 2015, MM has been updating the **User Registry** every two years. This profiling activity provides an up-to-date picture of tenants and makes it possible to collect the information needed to determine the rent (e.g. composition and type of family units, fulfilment of housing requirements, etc.). Information is collected by appointment at the territorial offices or by home visits in situations of particular hardship or disability of tenants. In addition to these methods, there are also those via e-mail, through the Tenant Portal, through tenants' committees and trade unions or by sending a registered letter to the address of MM Spa.

In 2023, the update was started in March by sending a communication to **18,506 households**, who were able to submit the necessary documentation that will be the basis for calculating the fee for the years 2024 and 2025.

As the compilation of the data collected in 2023 is still in progress, the profile of the Public Residential Housing tenants remains unchanged compared to 2022, with **18,308 households and 37,435 tenants** as follows:



Updating the of User Registry is also in preparation for the **credit recovery activities and stipulation of settlement agreements** provided for by municipal resolutions (No. 27/2017 and No. 36/2020) and agreements with tenants' trade unions.

In 2023, the **digitisation** activity started by MM continued in order to **make 100% of the administrative files accessible**, including both those produced by MM's Housing Business Unit in the current year (**14,731 scans**) and the previous paper files inherited from previous managements (**1,295 scans**), stored in the electronic archive at the Municipality of Milan's 'Cittadella' Archive.

In 2023, the 'DVCA User Relations Management' function, created in 2022 within the Housing Business Unit, continued its activities with the aim of **enhancing tenant relations and making them more effective** through the development and integration of the various contact tools, both physical and digital, made available:

4 TERRITORIAL OFFICES

3 BRANCH OFFICES

Located in the different areas of the city for a widespread coverage of the municipal area, they provide clarifications on rent and ancillary charges, update information on tenants, handle technical-administrative activities as well as service-related reports and complaints¹²¹.

¹²¹ The offices of the MM Housing Business Unit are located in: via Senigallia (ST North West) and via Civitavecchia (ST North East) opened in 2014, piazzetta Capuana (branch office), via Spaventa (ST South East), via Forze Armate (ST South West) opened in 2015, via Borsieri (branch office) opened in 2017, via Strehler (Miscellaneous Uses Management Office)

1 MISCELLANEOUS USES OFFICE	
CONTACT CENTRE (800 013 191)	Free-phone number , through which you can request information, make an appointment at a territorial office and report emergency and/or squatting situations ¹²² .
TENANT PORTAL (www.casa.mmspa.eu)	Portal through which contract holders, by accessing the reserved area, can view general information and contract data, submit administrative requests, download bills to be paid, upload reports and monitor their progress, as well as manage appointments at the territorial offices.
OTHER CHANNELS	Personalised correspondence , e-mail address of territorial offices, home inspections and audits, condominium assemblies , meetings with tenants' committees and local associations, custodians, etc.

MM has adopted a system to monitor the service provided by the Contact Centre and territorial offices. In total, **158,765 calls** were received in 2023, with a response rate of 81.06% (up about 6 percentage points on 2022) and **39% of calls answered within 30 seconds**. Overall, the average wait time was about 4.5 minutes and the average call length was 3.7 minutes. Of the reports received by the Contact Centre, 33,460 technical reports were received, of which 55% subsequently generated a maintenance order for the supplier company.

In 2023, **25,571 appointments** were also made, 46% of which were in person and 54% by telephone and/or digital contact. The average processing time, i.e. the period between the dates of the request and the appointment, was 15 days (12 for in-person appointments and 17 for telephone appointments).

Over the years, improvements in service management have also been introduced, such as the creation of a cloud-based interchange environment to share operational instructions and useful information for contact centre operators to provide real-time responses.

In 2023, the Function continued to work on the **development** of some of the **tools already in use** to make them better performing, in particular:

- **Tenant Portal:** enrichment of the digital content of the public area with the updating of forms and improvement of the functions of the reserved area, including the possibility of submitting the User Registry (in 2023, 917 users initiated proceedings through the Portal). In 2023, 18% of contract holders accessed their reserved area at least once;
- **Service communication:** support to territorial offices in the creation of a shared format for posters and notices to tenants (e.g. timetables for carrying out works in case of breakdown, start of the thermal season, events in the local area);
- **Launch of the Newsletter service:** this service, on a monthly basis - the first Monday of the month - aims to inform members - *tenants and non-tenants* - about the services offered, news and initiatives organised within Public Residential Housing properties. The first issue of the newsletter was sent out in April 2023, reaching a total of 894 subscriptions by the end of 2023.

opened in 2018 and via Faenza (branch office) opened in 2019. For information: <https://www.mmspa.eu/wps/portal/mmspa/it/home/mm-per-milano/casa/dove-siamo>.

¹²² The Contact Centre operates 7 days a week to handle administrative and technical reports, while emergencies are handled 24/7 and may concern occupancy attempts and technical emergencies.

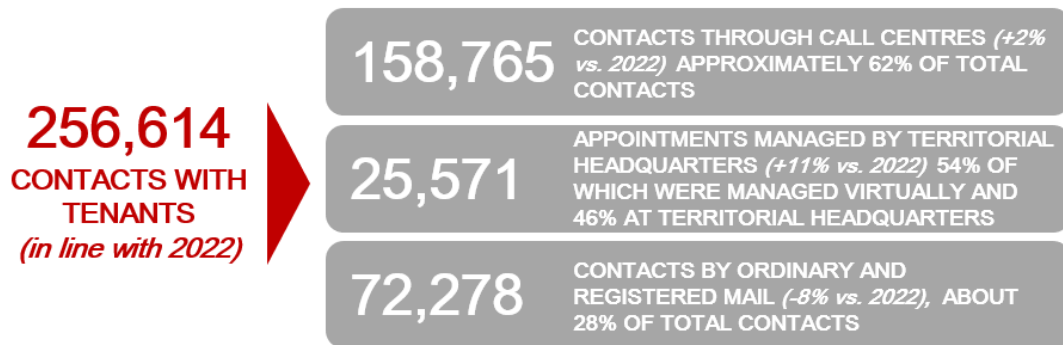
CUSTODIANS OF MM'S PUBLIC RESIDENTIAL HOUSING

The high number of custodians (125 in 2023), all employees of MM, makes them an invaluable 'human' asset, and is unique compared to other Public Residential Housing service providers on the local and national scene.

These figures have the task of carrying out a capillary surveillance of the housing stock by ensuring the decorum of the guardhouse and the access areas; checking the presence of service providers and the quality of their work; managing the correct posting and identifying situations of danger and/or illegality also by informing MM in a timely manner.

In 2023, field instruments were implemented to improve and simplify the performance of custodians' tasks and activities. A training project was also set up for them in order to enrich and better manage the relationship with the tenant.

In 2023, there were **256,614 contacts with tenants** through the main instruments, broadly in line with the previous year:

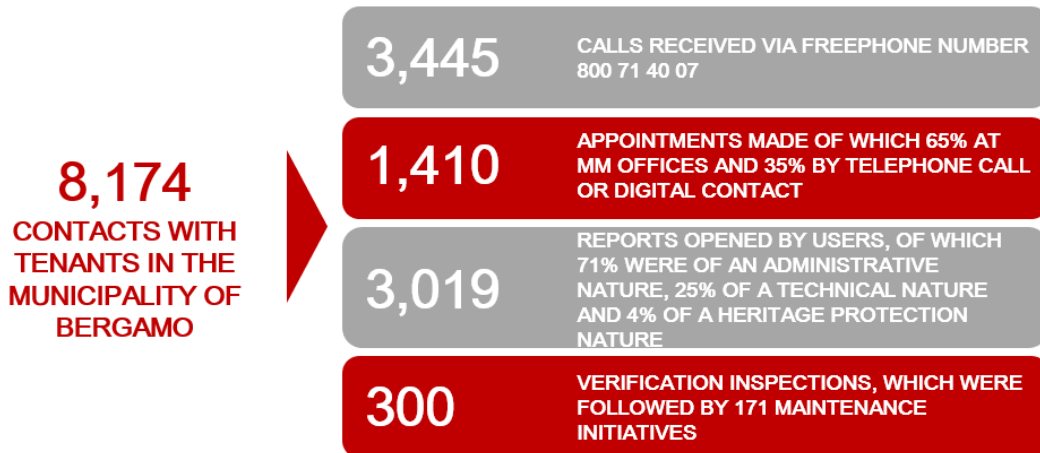


In 2023, the use of virtual contact channels for the remote handling of files and reports continued. In particular, **54%** of the **appointments** agreed through the Contact Centre took place in **virtual form** (telephone or digital), and **46% in person** at the counters of the territorial offices, access to which 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 contact** by the operators of the territorial offices in order to understand the person's needs and check whether they can be managed remotely or in person.

MM defined the **operational procedures for handling reports and requests** from Public Residential Housing customers **and the related responsibilities** in the case of works attributable to the *facility* and *property* areas. The process starts with the collection and cataloguing of the report, and then continues with the opening and management of differentiated tickets for administrative reports (which require the release of information or the management of a procedure) and technical reports (which involve the scheduling and management of on-site interventions) until they are closed. As part of the system for the management of technical and maintenance needs, **building managers** represent an added value for MM's *CRM (Customer Relationship Management)*. These figures oversee, from a technical point of view, the buildings of the Public Residential Housing portfolio (both inside and outside the borders of the Municipality of Milan) and carry out the maintenance works deemed necessary, by sending technical feedback to employees in the Housing Business Unit, actually performing a function of supervision and liaison on the territory, interfacing directly with the tenants.

Finally, in 2023, the 'user relations management' function provided support to the division that manages the housing assets owned by the **Municipality of Bergamo**, after having collaborated in 2022 in the start-up of the administration of its Public Housing Property portfolio, providing support, among other things, in the organisation of the new contact centre service, in the definition of the privacy and data processing contents to be used in the request forms for tenants, and in the communication of the change in the management of the service.

In 2023, there were **8,174** contacts with tenants of the Municipality of Bergamo Public Residential Housing portfolio, managed through the following channels:



6.2.3. Social initiatives in the Public Residential Housing context

The social initiatives promoted by MM within the Public Residential Housing portfolio aim to spread a **sense of identity and belonging among tenants, creating resilient communities** where they feel they are not just beneficiaries of a service, but active participants in the development of the place they live in.

The sustainability of public housing is closely linked to its inhabitants; when we talk about 'housing', we do not mean empty properties, but rather housing inhabited by families with different needs and less economic means. From a sustainable management perspective, MM considers it important to start thinking about public housing not only as a housing offer, but as a set of services and to help address the difficulties and fragilities that characterise housing needs. It is precisely this concept of sustainability that inspires MM's work, calling for close attention to the evaluation of the social and environmental impacts of planned actions. In addition to the traditional response of housing supply, management and maintenance MM believes in the need to experiment with actions of listening to and managing housing needs, integrating housing initiatives with tenant engagement processes. **Sustainability is achieved together, each for his or her part.**

In 2023, the work of the **Social Management Office** continued. This office was created in 2022 by the MM Housing Business Unit as a **function expressly dedicated** to these aspects. The office was created precisely to test an innovative management model, in which traditional *property and facility management* functions are integrated with social and territorial support and promotion, in order to improve the quality of housing in social housing districts. Its task is to preside over support activities for tenants experiencing particular situations of social and economic vulnerability, enhancing human resources and collective spaces in the neighbourhoods.

OBJECTIVES OF SOCIAL INITIATIVES

- 1 PROMOTING KNOWLEDGE OF AND RESPECT FOR DIVERSITY AMONG TENANTS, THROUGH CARE OF THE HOME'S SURROUNDINGS
- 2 DEVELOP NEW FORMS OF RELATIONSHIPS AND SOLIDARITY ECONOMY, BASED ON COLLABORATION AND MUTUAL AID
- 3 MAKING SOCIAL HOUSING AN ACTIVE PART OF VITAL NEIGHBOURHOODS THROUGH PROCESSES OF SOCIAL INCLUSION
- 4 SUPPORTING NEIGHBOURHOOD SERVICES THAT PRODUCE POSITIVE IMPACTS ON THE LIVES OF TENANTS AND NEIGHBOURHOODS
- 5 CREATING NEW WELCOMING PLACES, OPENING COURTYARDS AND COMMON SPACES TO NEW IDEAS AND INITIATIVES

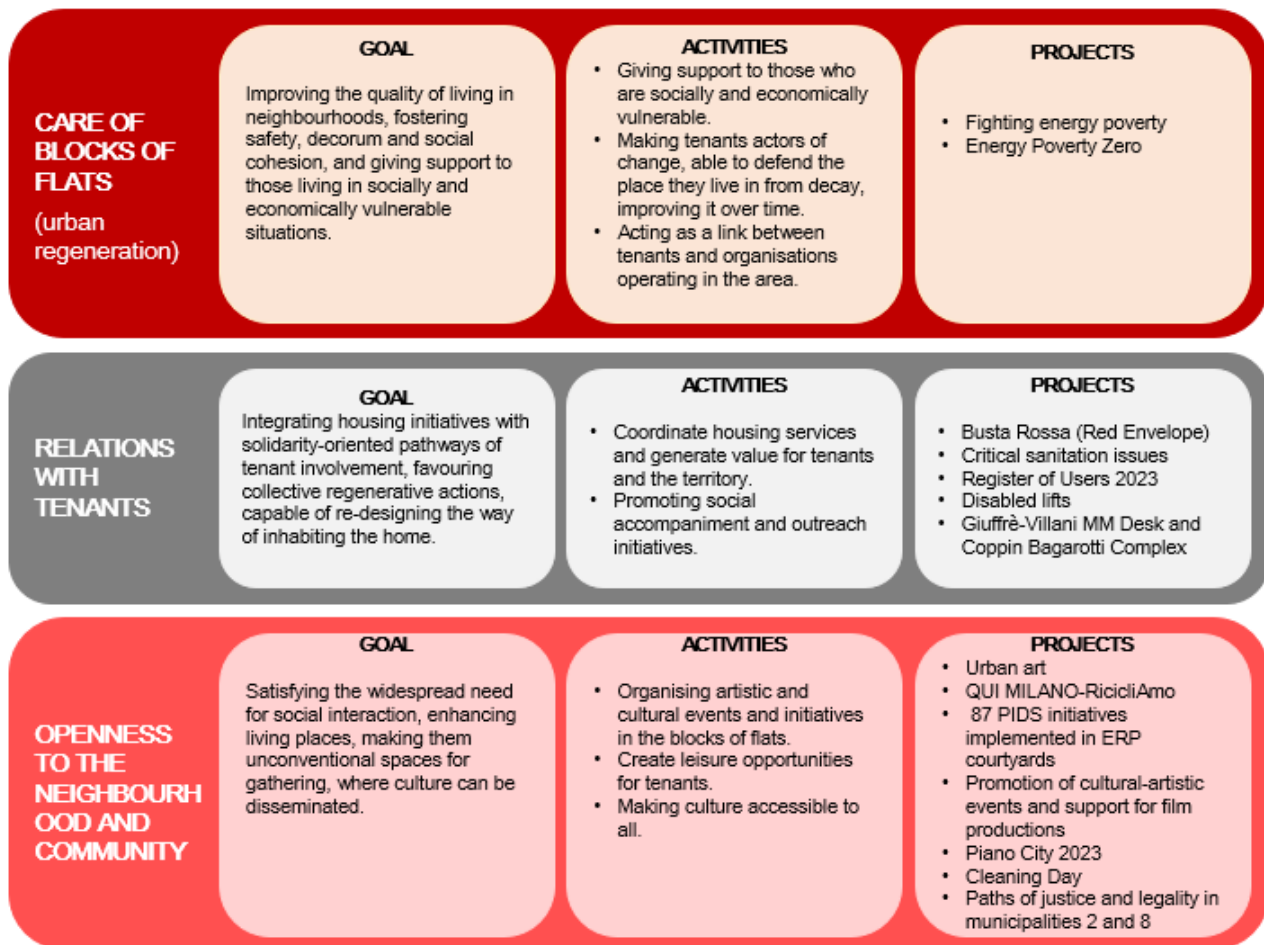
The office also coordinates social engagement activities, housing support and relations with the **Tenants' Committees**¹²³, the **Social Custody Service**, **Territorial Offices** and **Third Sector** entities in complementary

¹²³ *Tenants' Committees are an embodiment of the direct participation of tenants in the management of public property, in which they also collaborate by reporting problems in buildings and administering certain services.*

housing projects.

In fact, MM collaborates with the **Social Custodians** present in the buildings of the 9 Municipalities and made available by the Social Custody service of the Municipality of Milan (Home Care Coordination Unit) for residents in Public Residential Housing in conditions of social distress and vulnerability, ensuring a constant reference point and providing support in the fulfilment of administrative practices and in monitoring the condition of the housing. The collaboration, for cases that require it, extends to the CPS (Department of Mental Health - Social Psychological Centre) and the Welfare and Health Directorate of the Municipality of Milan.

In 2023, the main projects promoted by MM directly or in collaboration with the network of actors active in the territory and with Third Sector entities, to which it provides technical and operational support, can be traced back to **three areas of social intervention**¹²⁴:



¹²⁴ For more details on the housing support projects promoted by MM over the years, please refer to the 2019, 2020 and 2021 Sustainability Reports published on the company website in the 'Sustainability > Social Reports' section.

COMBATING ENERGY POVERTY

Objective: Developing initiatives to combat energy poverty and raise community awareness.

Partners: Municipality of Milan - Green and Environment Department | Energy and Climate Area, in collaboration with Third Sector organisations and MM.

The project, which will continue over time, includes the setting up of a desk to counteract energy poverty, with a focus on publicly owned houses, and the identification of the main points of a strategy for combating energy poverty in the Municipality of Milan.

ZERO ENERGY POVERTY

Objective: Creating a model to support energy upgrading processes of buildings in the poorest neighbourhoods, through the involvement of citizenship.

Partners: SNAM Foundation, Municipality of Milan - Urban Resilience Project Management, La Strada Cooperative, Avanzi - Sustainability per Azioni, in collaboration with MM.

The project, started in 2022 and winner of a call for proposals from the 'Programme for the Environment and Climate Action (Life)', promoted by the European Commission, is being developed by the SNAM Foundation with Italian and international partners. In 2023, the initiative focused on the development of guidelines to engage the vulnerable population on the issues of correct bill reading, choice of energy supplier and the appropriate use of electronic devices and appliances, formalising good practices to be adopted in everyday life to save energy, and thus money, in housing.



RELATIONS WITH TENANTS

BUSTA ROSSA (RED ENVELOPE)

Objective: Increasing the sense of physical and mental safety of citizens in distress or in isolation and emergency situations, encouraging people to stay at home and facilitating rescue work in a health emergency.

Partners: Municipality of Milan, in cooperation with MM.

MM supports the Municipality of Milan's project, 'Citizens more Involved & Safer', known as 'Busta Rossa' and aimed at the most vulnerable people of all age groups. The programme, run by social and health service workers and volunteers, prepares information tools (the 'Red Envelopes') used in daily life and fundamental in situations of difficulty and medical emergencies, clearly identifying the person's status. The 'Red Envelopes' contain, in fact, certified clinical health information to be kept at home. In 2023, 17 new subscriptions to the project were completed and 41 positions were monitored in the buildings of via Palmanova, 59; via Tarabella, 4; via Cesana, 3; via S. Erlembaldo, 2; piazzale Dateo, 5.



CRITICAL HYGIENE AND SANITATION ISSUES

Objective: Identifying critical situations and providing support to tenants who are psychiatrically vulnerable and tenants identified as serial hoarders of objects, rubbish and/or animals.

Partners: Municipality of Milan Council Departments for Housing Policies, Social Policies, Security and Animal Protection - Local Police and Social Emergencies Unit, MM.

Activation of a network of actors on the territory for the implementation of coordinated intervention in the most vulnerable situations, monitoring their development over time. In this context, as soon as the report is received, MM intervenes by organising joint inspections with the relevant bodies and quickly implementing targeted remedial actions. In 2023, **25 new reports** were handled.

USER REGISTRY 2023

Objective: Supporting the territorial offices in the activity of collecting documentation for the registration.

Partners: Laboratorio Sociale Giuffrè Villani and the Tenants' Committees: Cortili Solidali (via Palmanova, 59; via Cesana, 3; via Tarabella, 4); Comitato Val Bavona 2 (via Val Bavona, 2); Comitato Dateo (piazzale Dateo, 5); Comitato Zoagli (via Zoagli, 1; via Cittadini, 2; Largo Boccioni, 10; via Drago, 3); Comitato Rizzardi 22 (via F.lli Rizzardi, 22).

The Social Laboratory in Giuffrè Villani and a number of committees supported tenants in collecting the documentation required to update data on the composition and economic and property situation of families living in Public Residential Housing in the Municipality of Milan.

DISABLED LIFTS

Objective: Providing a non-emergency transport service for tenants with disabilities or mobility difficulties (including temporary) in public residential 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 a transport service from their accommodation to street level and back, both in buildings where the lift is blocked or undergoing maintenance, and in those where it is absent. During 2023, 236 services were delivered, an increase compared to last year. The service collects the requests of disabled tenants and their families, implementing concrete actions to promote accessibility and avoid any form of discrimination.



MM GIUFFRÈ-VILLANI COUNTER AND COPPIN BAGAROTTI COMPLEX

Objective: Providing clarification and technical assistance on works of particular impact at some public residential buildings.

Partners: MM.

In 2023, activities continued at the Giuffrè Villani counter aimed at providing information to tenants on the extraordinary maintenance works under way, which began in 2020 at the residential complex at Via Giuffrè, 8 and Via Villani, 3 (Municipality 9).

Moreover, following the start in 2022 of extraordinary maintenance works for energy efficiency in the blocks of flats in Via Bagarotti, 44; Via Valle Antrona, 5; Via Coppin, 3; Via Manfredonia, 12; Via Martinelli, 48 and 55, several meetings with tenants were organised in 2023, which also involved the Staff of the Housing Business Unit and the Martinelli 55 Committee as mediator to inform tenants on the progress of the works and to gather any complaints.

These activities are in keeping with the commitment of staying close to the community by leveraging direct knowledge of tenants and their problems.

OPENNESS TO THE NEIGHBOURHOOD AND COMMUNITY

URBAN ART

Objective: Encouraging the creation of story walls on the partitions of social housing owned by the Municipality of Milan, both as urban regeneration projects and for the positive social impact.

Partners: Associations and artists, in collaboration with MM.

The most significant projects in 2023 include:

- **MANIFESTIVAL** (via Appennini - via Consolini complex, City Hall 8): the first urban art festival in the Gallarate district, created by Fondazione Arrigo and Pia Pini, with the support of Fondazione di Comunità Milano, has the mission to redevelop areas of the city through the involvement of people at the forefront of urban muralism for the creation of participatory art works. The Festival encouraged dialogue with associations already operating at local level, creating a virtuous circle of local area enhancement and social inclusion;
- **HUB PADOVA** (via Tarabella, 4 - Municipio 2): as part of the WishMi project and in cooperation with Cooperativa Tempo per l'infanzia and the children attending the after-school club, Hub Padova created the design of a mural, which was later painted by an artist on the waste disposal box in the building's courtyard. The artistic activity also involved the tenants of the building, with the aim of creating social inclusion and aesthetic awareness in an often neglected place;
- **CORBA** (Villaggio dei Fiori in Via dei Gigli - City Hall 6): created by Stradedarts Urban Gallery, it is a widespread and participatory art project dedicated to the 2026 Winter Olympics, which aims to transform the Villaggio dei Fiori area into an artistic district of contemporary art. The work covered all 36 blind façades of the Villaggio dei Fiori, allowing for two new murals in 2023 for a total of eight works to date.

QUI MILANO - RICICLIAMO (HERE MILAN - LET'S RECYCLE)

Objective: Promoting circular economy practices through the donation of children's games and books.

Partners: Associazione Ricicliamo and the Tenants' Committees, in cooperation with MM.

At the buildings in Via Galvano Fiamma, 5 and Via Gandino, 12, games and children's books were collected through donations and distributed on shelves installed in the common outdoor spaces available to both tenants and citizens of the neighbourhood outside the Public Residential Housing block of flats.



PIDS EVENTS IN THE COURTYARDS OF PUBLIC RESIDENTIAL BUILDINGS

Objective: Authorising and supporting the implementation of PIDS events in the courtyards of social housing.

Authorising bodies | Partners: Municipality of Milan, MM.

PIDS are 'small, widespread socio-cultural initiatives' (maximum 100 participants), free of charge, which do not require a performing arts licence and whose main purpose is social interaction, the coming together of people and the regeneration of places (Resolution of the Milan City Council no. 813 of 03/06/2022). As the authorising body designated by the Municipality of Milan, MM authorises and assists in the implementation of these activities within the courtyards of the social housing it manages, for a total of 87 PIDS organised in 2023.

PROMOTION OF CULTURAL-ARTISTIC EVENTS AND SUPPORT FOR FILM PRODUCTIONS

Objective: Facilitating and supporting the organisation of artistic and cultural events and initiatives in the public housing units managed by MM.

Partners: Vox Media, Face and Place, Visionaria Film.

Cultural and artistic events, as well as television and film productions, provide leisure and entertainment opportunities for tenants by making culture accessible. At the same time, it is an invitation to citizens to enter courtyards and experience them as places of social interaction, breaking down prejudices and enhancing living spaces. In 2023, various events were organised in the buildings of Corso Garibaldi, 111; Via Terraggio, 1-10; Via Palmanova, 59; Via Cesana, 3; Via Tarabella, 4.

CITY PLAN 2023

Objective: Initiating participatory processes in favour of inclusive cultural quality, with dynamics that see music being played to the public, even in unconventional spaces such as social housing.

Partners: Municipality of Milan, Associazione Piano City Milano, Ponderosa Music & Art. in institutional collaboration with MM.

Piano City Milano is the city's first widespread festival, organised in the courtyards of social housing in 2023. Together with MM, four concerts were held, transforming the festival into a sharing occasion involving a total of 450 tenants in the buildings of via Cogne, 4; via Val Bavona, 2; via Cesana, 3; via S. Erlembaldo, 2.



CLEANING DAY

Objective: Removal of vandalism by volunteer citizens.

Partners: Coordination Committee Milanese, Young Scouts Group 2 Milan, resident citizens, in co-operation with MM.

The Social Management office collaborated in the preliminary activities for the implementation of the Cleaning Day, through the identification of social housing to be cleaned, document support and by carrying out the inspections needed for logistical planning. This activity of caring for spaces is able to create virtuous examples, involving citizens in bottom-up action as key components in the fight against degradation, respecting shared spaces and their living areas. Thanks to Cleaning Day, more than 300 signs of vandalism were removed from the walls of the building at 67 Via Inganni in 2023.

PATHS OF JUSTICE AND LEGALITY IN CITY HALLS 2 AND 8

Objective: promotion of identity-building paths in the suburbs to enhance the memory of the main places of historical-cultural-artistic importance in the city of Milan.

Partners: Carlo Pierini Foundation with the patronage of City Hall 2, in collaboration with MM.

The project involved the creation of historical and cultural itineraries for the citizens of the Municipality of Milan in conjunction with the Centenary of the Old Milanese Municipalities 1923-2023. These were followed by two walks with a guided historical-cultural itinerary, themed 'Trenno, la Pieve e l'antico comune' and 'Turro, una storia d'acque', and the event 'Musocco e la storia degli Scheibler' at Villa Scheibler.

6.3. Care in relations with the local area

MM also promotes the relationship with the local area and its citizens by carrying out community outreach and involvement initiatives at the Milan's Centrale dell'Acqua, making cultural programmes, exhibitions, educational activities and guided tours available to citizens, and by managing site communication, which keeps people up-to-date on the work in progress to transform the city.

6.3.1. Milan's Centrale dell'Acqua

Milan's Centrale dell'Acqua (or 'CAMI') is one of the oldest plants of the Milanese water supply system, operating from 1906 until the 1980s. MM oversaw the redevelopment project that turned the power station into a **cultural and multifunctional space entirely dedicated to water and sustainability issues** (www.centraleacquamilano.it). Since its inauguration in 2018, the Plant has become a place of inclusion, dissemination, culture and meeting up for Milan, available to citizens and in constant dialogue with the territory and institutions.



As a business museum of MM, the Centrale is part of the Italian Association of Business Archives and Museums, which brings together more than 100 museums and archives of large, medium and small Italian companies, and is committed to disseminating the **entrepreneurial culture of MM** and its history, preserving its memory and enhancing the testimonies of manufacturing capacity that is the driving force of sustainable development and the cornerstone of a widespread economic, social and civil culture.

The year 2023 confirmed the vocation of the Plant as a cultural and educational centre of international standing for the benefit of the citizenry. The **'#InCentrale'** cultural programme is packed with events and guests, with at least one in-person event per week and live on the Plant's social channels, and many collaborations (including the Italian Institute of Technology, the National Institute of Nuclear Physics, the Municipality of Milan, the Polytechnic, the University of Milan, the Bicocca University, the Order of Architects, the Order of Engineers, La Milanese, the Verde & Blu Festival, the CNR, the University of Turin, Piano City, Palazzo Marino in musica, Ocean Week, Pianeta Mare film festival, Operitage).

During 2023, **50 events** were organised thanks to the programme, involving **over 5,000 participants**. An important part of the programme is represented by the **exhibitions**, including '**The Water Factory**' set up at the end of the year and realised by MM to acquaint citizens with the history of the Water Supply System, which it has managed since 2003, and of the Historical Fund of its Archive. Others include:

RIFRAZIONI	Exhibition realised in cooperation between the CFP Bauer school and MM Spa. To the students of the A.S. Advanced Graphic Design course 2021/22 was asked to imagine how to improve the communication of MM's various divisions by designing a poster for each of them, starting with a colour palette, in order to help tell the story of MM's values and work.
WATER, ACCELERATING CHANGE	Exhibition held on the occasion of the 2023 edition of the World Water Day Photo Contest, the photo contest organised by the Seregno AID Lions Club, in collaboration with UN Water. 70 shots from around the world were selected by an international panel to promote the change needed to improve the global water crisis by showing the public the importance of water as a fundamental right.
WATER MORE PRECIOUS THAN DIAMOND	An exhibition of the Italian Institute of Photography, organised to narrate the exploitation of the soil and the environment as well as the drought conditions that hit Italy in the summer of 2022. The exhibition, created by 16 photographers, brought to light the numerous consequences that human action is causing on the planet, from deforestation to the melting of glaciers, together with the effects that the lack of rain has had on the economic and social activities along the banks of the Po River.
AN UNDERGROUND REVOLUTION	Exhibition dedicated to the development of Milan's sewerage system from 1880 to 1910. The exhibition of 22 reproductions of original tables from MM's historical archives illustrated the project for the city's general sewerage system, drawn up in 1890 by engineer Felice Poggi, and the first years of its implementation.
MILAN UNDERGROUND	A photographic exhibition curated by Gabriele Micalizzi, set up to tell the story of the kilometres of tunnels, artificial caves and hidden passages that lie beneath the feet of the Citizens of Milan.

6.3.2. Activities with schools and families

In five years of activity, the Centrale dell'Acqua has established itself as **one of Milan's most educationally active museums**, becoming a **point of reference for schools in the Milan area on environmental issues** and, in particular, **on education on the rational use of water resources**. **Three days a week** are currently dedicated to schools, with an average of **300 students** participating in the visits and educational workshops each week: in 2023 alone, 320 classes from **94 schools** were involved, with a total of **6,362 pupils**. There are two significant unique features of the Plant's educational offerings: the fact that they are **free of charge**, which by company choice guarantees the broadest accessibility and inclusion, and **the focus on differentiated languages and approaches**, which makes it possible to target different school systems by considerably broadening the age range (from pre-school to upper secondary school).

In addition, a **partnership** was set up **with the Civico Museo Archeologico**, which made it possible to realise the proposal '**Time flows. The Water of Milan: from the Romans to Today**', a coordinated tour of the two museums dedicated to primary and secondary schools.

In addition to activities with schools, there are also **proposals for families**, in particular with the **children's campuses**, which in 2023 attracted **207 participants**, allowing them to spend the periods when schools are closed in the Museum, enjoying qualified social activities under the banner of scientific and environmental education. The leitmotif of the campuses was **water**, understood as an indispensable element for the life of the Planet but also as a resource that has made the city of Milan great, highlighting MM's actions in the management of the water service and showing the children behind the scenes of the network through exclusive visits to the plants (power stations, laboratories, workshops usually closed to the public). The aim was to

involve the children in the creation of a digital exhibition route, which will later be made available to visitors of the Centrale dell'Acqua via QR-codes.

In addition to the campuses, the Plant offers family activities at weekends and during city festivals, such as **Greencity**, **Museo City** and the **FESTIVAL OF BOYS AND GIRLS**.

4 MARCH - MUSEO CITY (MUSEUM CITY)

"Si fa presto a dire luce", a workshop in collaboration with the Department of Chemistry of the State University of Milan on the topic of light and its properties. A series of experiments and activities saw the young participants become junior scientists for an afternoon, discovering what light is and how it behaves through different media, such as air and water.

28 MAY 2023 - FESTIVAL DEI BAMBINI E DELLE BAMBINE (FESTIVAL OF BOYS AND GIRLS)

"Discovering water in the city": a journey to discover water, a fundamental element for life, through playful activities and experiments that allowed the children to discover, in an original and fun way, where the water we drink is and what journey it takes before arriving in our homes. Is it good? Is it controlled? How much is there?

The Plant also participates in the 'La Lettura Intorno - BookCity tutto l'anno' project of the **BookCity Milano** Association, conceived and promoted with **Fondazione Cariplo**, with a programme of activities for children in the 0-6 age bracket focused on scientific-environmental themes.

To learn about the natural and industrial water cycle, it is also possible to book **guided tours** of the Integrated Water Service plants and Centrale dell'Acqua (www.centraleacquamilano.it).

6.3.3. Construction site communication: the M4 experience

Communication plays a key role in the implementation of large works and infrastructures, especially in heavily urbanised contexts where works cause inconvenience to residents and traders. **Storytelling becomes the tool with which to explain the city's transformations and MM's role** as the operational and strategic support of the Municipality of Milan **in accompanying change**. Based on this approach, which goes beyond more traditional service communication, each initiative becomes part of a single story that tells of a city that looks to the future, sustainable development, social well-being and quality of life.

For more than nine years, MM has been in charge of communication activities related to the **construction of the M4**, the new metro line that will connect the south-west area of Milan from San Cristoforo to the east to Linate Airport, passing through the city centre. The project, which will be partly operational by 2023, has 21 stations along a route of about 15 km and estimates about 86 million passengers a year, but its construction so far has meant the almost simultaneous opening of 53 construction sites, 13 of which within the Cerchia dei Navigli, and a significant impact on the road system and the daily life of Milan's inhabitants and city users.

The M4 communication plan enables the **participation of those who live and work along the route** of the line. Since January 2015, when construction work began, there have been territorial meetings, public presentations, and constant dialogue with city halls, neighbourhood committees, associations, and individual citizens, which have also led to significant changes to the project.

In order to offer citizens the **possibility of direct and daily discussions on the works**, various channels have been established: the Metro4milano.it website and the Facebook page publish real-time updates on the construction sites, including information on traffic changes, while video-photographic materials allow the progress of the works to be reported; in addition, questions and reports can be sent via the e-mail address

info@metro4milano.it. At the same time, initiatives to involve the local community were promoted, such as the 'M4 Open Days', the enhancement of archaeological findings and the 'Ideas on Site' workshop¹²⁵. The latter collected projects from citizens, associations and professional firms aimed at redeveloping the works areas, at the same time as 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.

2023 was the year when **the new M4 metro arrived in the centre of Milan**. With the Tricolore and San Babila stations coming into operation, the connection between Linate airport and the city centre has become a reality, activating the interchange with the M1 line. The operating section of the 'blue' line has thus reached eight stations, making Milan one of the few major European cities with a direct, convenient and fast connection to its *city airport*, which can be reached in just 14 minutes.

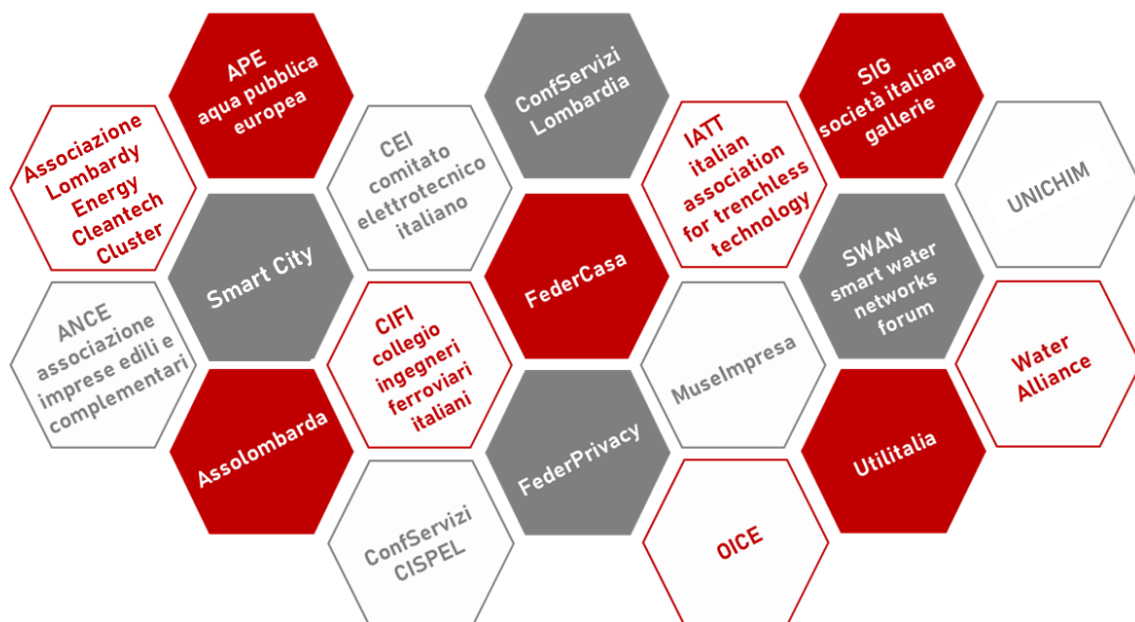
Communication activities in 2023 therefore focused on **event to unveil the two new stations** on 4 July, the day on which the first Linate-San Babila trip was taken in the presence of the Minister of Infrastructure and Transport and the Mayor of Milan.

To emphasise the strategic nature of the connection between the centre of Milan and the airport - and to make it more visible - the decision was also taken to **'bring' some of the iconic elements of Piazza San Babila to Linate's M4 station**, and vice versa to call to mind the airport in Piazza San Babila. In Linate station, a faithful copy of Piazza San Babila was placed at the end of the corridor leading to the turnstiles, and the walls around it were entirely covered with a graphic depicting a photograph of it. At the same time, a 20 by 20 metre inflatable plane in M4 livery was suspended in Piazza San Babila, under which a runway was reconstructed.

This setting provided the backdrop for the institutional speeches of the authorities invited to the inauguration, which was followed by the opening of the service to citizens, who for the entire day were able to travel free of charge on the new route, as well as take part in a party in the redeveloped areas on the Corso Concordia and Corso Indipendenza axis. The two installations then remained on display for a week, becoming an attraction for passengers, tourists and onlookers.

6.4. Collaborations with associations

MM is a member of numerous trade associations and institutional and technical organisations in order to promote collaboration and exchange experiences at national and international level. These include:



MM, since 2019, has been a member of **Water Alliance - Acque di Lombardia**, the network of the 13 *in-house* public companies that manage the integrated water service in the Lombardy Region, with a total of over

¹²⁵ For more details, please refer to the NFS's of previous years.

1,200 municipalities and 8.5 million inhabitants served, total revenues exceeding €960 million and investments of over €2 billion¹²⁶. The aim of the Water Alliance is to create a '*network of companies implementing industrial collaboration to promote innovation, efficiencies, process rationalisation, economies of scale, exchange of best practices and information*' in public water management. The activities are organised by working groups focusing on specific topics considered strategic for water operators. **MM took over the coordination of the working group 'Regulatory Affairs'**, which monitors the evolution of ARERA regulations, supports partners in the interpretation of sector regulations and coordinates the collection of positions to be expressed as a response to the Authority's consultations, with a focus on tariff issues.

6.5. MM and international cooperation

MM's technical expertise in water service management is made available to the Municipality of Milan and other investee companies to support international cooperation actions under the '**City to City Cooperation**' strategic line, which aims to support and enhance exchanges of *best practice* and the transfer of *capacity building* between cities around the world.

The joint efforts of the municipality and MM focused on **Mozambique**, which offers relative stability within an area subject to considerable political and social tensions. After the conclusion in 2021 of three projects (Fruitful Cooperation, Quelimane Agricola and Sub Urbs)¹²⁷, which saw MM in the role of advisor to the Municipality of Milan for the technical aspects related to water management, the **MaisPemba project** managed in partnership with the Municipalities of Reggio Emilia, Milan and Pemba in Mozambique, the E35 Foundation, IREN, the National Council of Architects and Mondlane University continued in 2023. As a technical partner of the Municipality of Milan, MM provides remote and on-site assistance on the management of municipal water and sanitation services. In particular, MM is providing support to the Municipality of Pemba engaged in the definition of the Integrated Urban Development Plan, through the definition of some pilot projects for water service efficiency (e.g. actions for the extension of the water network and the collection of water from the aquifer, the installation on houses or public buildings of rainwater storage systems to be used for purposes other than human consumption, the creation of rainwater drainage infrastructures in the streets). In addition, a training activity for local civil servants on geo-location systems (GIS) is planned for 2023, starting in early 2024, the last year of the project.

In 2023, the three-year projects **Enacting** in Tunisia and **Remirio** in Brazil continued:

Enacting SDG6¹²⁸

IN TUNISIA

Objective: improving Sonede's economic, social and environmental performance in water management for the benefit of the Gabes urban area.

Lead partner: MM.

Partners: Municipality of Gabes, Sonede (Société nationale d'exploitation et de distribution des eaux), Municipality of Milan, Avsi Foundation, UTSS (Union Tunisienne de Solidarité Sociale).

MM activities: skills transfer (on-site training and webinars and pilot projects) on the topics of leakage detection, non-invasive network maintenance, data management with GIS systems and preparation of forecast maps on the vulnerabilities of the water infrastructure system, and drainage systems to improve the urban landscape and micro-climate. On these fronts, pilot projects were implemented in 2023.

Remirio ¹²⁹

IN BRAZIL

¹²⁶ For more information: www.wateralliance.it.

¹²⁷ For a detailed description of the projects in Mozambique, see NFS 2020.

¹²⁸ Project Enacting SDG6 - Enhancing Management Capacities of Water Operators in Gabes towards SDG6.

¹²⁹ Remirio - Integrated and Sustainable Urban Regeneration Milan-Rio.

Objective: developing 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, public spaces and social housing.

Lead partner: City of Rio de Janeiro.

Partners: Municipality of Milan, MM, Milan Polytechnic, Getulio Vargas Foundation.

MM activities: realisation of two pilot projects on the topic of 'green infrastructure solutions' and exchange of know-how on processes and methodologies for the early detection of Covid-19 (and similar viruses) through wastewater analysis. In 2023, in cooperation with the partners and through a structured participatory process with local associations, MM worked on the definition of drainage and urban fabric enhancement measures in the area.

In addition, in 2023 MM signed an agreement to support the non-profit organisation Celim in **Albania** in the international cooperation project **'VITA - Vjosa: enhancement of tourism and environmental initiatives along the Vjosa river basin'**. Co-funded by AICS (Ministry of Foreign Affairs), the project aims to implement **environmental protection measures** in the municipalities of the Vjosa river basin, recently proclaimed a **protected area** according to Natura2000 criteria. Specifically, MM will be engaged in the development of a method for mapping municipal discharges and illegal spills that impact river water quality, as well as in the identification of pilot projects for water purification based on 'Nature-Based Solutions' that are cost-effective and easy to replicate.

Attachments

Methodological note

MM Spa (hereinafter also referred to as "MM" or the "Company") has since 2017 been annually preparing the **Individual Non-Financial Statement** (hereinafter also referred to as the "NFS") pursuant to Legislative Decree No. 254 of 30 December 2016 (hereinafter also referred to as the "Decree"), as a public interest entity (pursuant to Art. 16(1) of Legislative Decree No. 39 of 27 January 2010). Pursuant to Art. 5 of Legislative Decree 254/16 this document constitutes a separate marked report.

Starting in the 2020 financial year, MM has decided to merge sustainability performance reporting into a single document, which serves as both a Sustainability Report and NFS pursuant to Decree 254/2016, which were previously separate, in order to ensure greater transparency and effectiveness in the communication of non-financial information. Hereinafter, we will refer to this document as 'Sustainability Report 2023'.

The document is drafted to the extent necessary to ensure an understanding of the company's activities, its performance, results and impact on the issues deemed relevant and provided for in Art. 3 of Legislative Decree no. 254/2016 (environmental, social, personnel-related and anti-corruption), for the financial year 2023 (1 January to 31 December). With reference to these issues, a description is also presented of the management models, the policies applied, the main risks, whether generated or incurred, and how they are managed.

The Sustainability Report 2023 is prepared in accordance with the GRI *Sustainability Reporting Standards*, published by the *Global Reporting Initiative* (GRI) and revised in 2021, in accordance with the 'inaccordance with' option. The document was also subjected to a *limited assurance engagement* by PricewaterhouseCoopers according to the criteria set forth in ISAE 3000 Revised. The audit was carried out according to the procedures set out in the 'Independent Auditor's Report', included in this document.

The information presented in the Report, covering the reporting period from 1 January 2023 to 31 December 2023, reflects the principle of materiality, as required by the reference legislation and characterising the *GRI Standards*. The materiality *analysis* and sustainability issues relevant to MM are described in section 2.2 '*Materiality analysis and material issues for MM*'. Furthermore, in view of the business sector and the regulatory and operational environment in which MM operates, the issue of human rights was not found to be highly relevant following the materiality analysis process. However, the subject has been incorporated in the management of relations with its employees, external workers, suppliers and contractors, in compliance with the principles and values referred to in the Code of Ethics. Therefore, while ensuring an adequate understanding of the company's activities, this information referred to in Article 3, paragraph 2 of Decree 254 is not the subject of specific reporting in this document. It should be noted that MM is in any case equipped with procedural and organisational safeguards aimed at managing and monitoring the provisions of the relevant regulations in force (see Section 3.4 '*Supply Chain Management*'; Chapter 4 '*We Value MM's People*').

The reporting boundary of the data and information reported in the document coincides with that of the 2023 Financial Statements (published on MM's website); any exceptions to this boundary are reported within the individual sections. In 2023, there were no significant changes in MM's ownership structure, organisational structure or supply chain.

Where possible, a comparison with data for the years 2021 and 2022 is presented in order to allow comparability of data over time. In addition, the use of estimates has been limited as much as possible, and where they exist, they have been appropriately reported in order to provide a fair representation of performance and ensure the reliability of the data. The GRI Content Index at the end of the document provides full evidence of the coverage of GRI indicators associated with material topics.

Starting with the financial year ending 31 December 2021, MM meets the requirements of the European Taxonomy, in line with Art. 8 of Regulation EU 2020/852, in order to provide investors and the market with a comprehensive view of the company's economic activities with respect to the first two climate change mitigation and adaptation objectives, the *Taxonomy-Eligible* activities. For these purposes, starting with the financial year ending 31 December 2022, the disclosure required by the European Taxonomy also extends to the analysis of the technical screening criteria of *Taxonomy-Eligible* economic activities in order to verify their effective alignment with the requirements of the regulation, the *Taxonomy-Aligned* activities. In this document, covering the financial year ending 31 December 2023, the disclosure required by the European Taxonomy finally also includes the indication of *Taxonomy-Eligible* activities with respect to the other four environmental objectives



of the European Union. For detailed information, please refer to sections 3.2 "*Creating Value for Stakeholders*" and "*The European Taxonomy: Supporting Information*" in the Annexes.

The Sustainability Report 2023 was approved by the Board of Directors on 20 March 2024.

The Sustainability Report 2023 is published on the MM website www.mmspa.eu, in the 'Company - Financial information' section, together with the previous editions of the document. In the 'Sustainability - Social Reports' section, you can instead consult the editions of MM's Sustainability Report up to the 2019 financial year.

For any information on the document, please contact MM's Administration, Finance, Control and Regulation Department at dacr@mmspa.eu.

The European Taxonomy: Supporting Information

PROCESS FOR DEFINING ACTIVITIES ALIGNED TO TAXONOMY REQUIREMENTS

Reporting on the European Taxonomy for the fiscal year 2023 covered eligibility for all environmental targets and alignment with the first two climate targets.

In order to verify the eligibility and subsequent alignment of its business activities to the EU Taxonomy, MM involved various business divisions and functions in a four-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 consistent with the definitions and qualitative descriptions of the activities in the Annexes to the Delegated Regulations. The activities that emerged were subsequently discussed in detail with the relevant company contact persons.
- 2) **Assessment of technical criteria, DNSH requirements and minimum social safeguards:** for each eligible activity, the specific substantial contribution criteria and DNSH requirements ("Do no significant harm") of the Taxonomy are assessed. Individual assets, service perimeters and orders were taken into account, depending on the eligible assets identified and analysed. In parallel, an analysis of the verification of compliance with minimum social safeguards at company level was carried out.
- 3) **Calculation of economic and financial performance indicators (KPIs):** identification for each individual activity of the relevant economic values generated in 2023 with reference to revenues, capital expenditures (Capex) and operating costs (Opex) recognised by the EU Taxonomy by means of an analysis of account items and analytical accounting.
- 4) **Representation of results** through the preparation of the reporting schemes listed in the section "*The European Taxonomy: Supporting Information - section Reporting Schemes*".

1. IDENTIFICATION OF ACTIVITIES

With regard to the identification of eligible activities, the analysis and evaluation of specific *business units* was updated: Water Service, Engineering, Public Residential Housing Management (Housing), Ordinary Plant and Infrastructure Maintenance (Schools, Sports, Underpasses), Facilities and Property Management, Public Residential Housing Green, and Departments and Staff Functions. For each business area, potential economic activities eligible for the European Taxonomy were mapped and identified, through consultation of the annexes to the Delegated Regulations, mainly considering consistency with the definitions given. Subsequently, the identification was studied in depth and refined by analysing the orders through the involvement of the contact persons of the individual Business Units. In addition to activities specifically related to MM's businesses, investment or operational activities identified by the Taxonomy as activities that can make a substantial contribution to the climate change mitigation objective, such as fleet management and building construction investments, were also considered. With respect to reporting for the fiscal year 2022, the analysis also considered the economic activities described in Delegated Regulation (EU) 2023/3851 on the objectives of sustainable use and protection of marine waters and resources, transition to a circular economy, prevention and control of pollution, and restoration of biodiversity and ecosystems.

Below are the identified taxonomic economic activities that generated revenues or were affected by investments and operating costs in 2023:

ELIGIBILITY FOR CLIMATE CHANGE MITIGATION OBJECTIVE		
Business Unit	MM Activity	Taxonomic activity
Water Service	Investments for the installation of photovoltaic systems	4.1. Generating electricity with photovoltaic solar technology
Water Service	Investments for the Salemi cogeneration plant	4.30. High-efficiency cogeneration of heat/cold and energy from gaseous fossil fuels
Water Service	Management of the City of Milan's water supply system and expansion and management investments	5.1. Construction, expansion and operation of water collection, treatment and supply systems
Water Service	Investments to renew the water supply system of the City of Milan	5.2. Upgrade of water collection, treatment and supply systems

Water Service	Management of the sewage/purification system of the City of Milan and expansion and management investments	5.3. Construction, expansion and operation of wastewater collection and treatment systems
Water Service	Investments for the renewal of the sewage/purification system in the City of Milan	5.4. Upgrade of wastewater collection and treatment systems
Water Service	Investment in anaerobic digesters	5.6. Anaerobic digestion of sewage sludge
Water Service	Using leased electric bicycles	6.4. Management of personal mobility devices, cycling
All BUs	Company fleet management	6.5. Transport by motorbikes, cars and light commercial vehicles
Engineering	Urban transformation projects related to the construction of cycle and pedestrian routes	6.13. Infrastructure for personal mobility, cycling
Engineering	Design and supervision of public mobility infrastructures and works (metro and tram lines, urban/ sub-urban road redevelopment, parking and interchange areas)*	6.15. Infrastructure enabling low-carbon road and public transport
Engineering	Designs for school and public buildings	7.1. Construction of new buildings
Engineering, Housing, Water Service	Design and execution of renovation works for public residential housing and managed housing units**	7.2. Renovation of existing buildings
Plant and Property Management	Owned property management	7.7. Purchase and ownership of buildings
ELIGIBILITY OBJECTIVE SUSTAINABLE USE AND PROTECTION OF WATER AND MARINE RESOURCES		
Business Unit	MM Activity	Taxonomic activity
Water Service	Management of the City of Milan's water supply system and expansion, management and upgrade investments	2.1. Water supply
Water Service	Management of the sewage/purification system of the City of Milan and expansion, management and upgrade investments	2.2. Urban wastewater treatment
Engineering	Depaving works	2.3. Sustainable urban drainage systems
ELIGIBILITY TARGET TRANSITION TO A CIRCULAR ECONOMY		
Business Unit	MM Activity	Taxonomic activity
Engineering	Designs for school and public buildings	3.1. Construction of new buildings
Water Service, Engineering, Housing	Design and execution of renovation works for public residential housing and managed housing units	3.2. Renovation of existing buildings
Engineering	Design and execution of demolition works in school and public buildings	3.3. Demolition of buildings and other structures
Engineering, M.O. (Ordin. mainten.)	Maintenance work on city streets	3.4. Road and motorway maintenance

Plant and Infra-structure

Engineering	Design and works management of metro lines	3.5. Use of concrete in civil engineering
ELIGIBILITY OBJECTIVE POLLUTION PREVENTION AND CONTROL		
Business Unit	MM Activity	Taxonomic activity
Engineering, Housing	Land reclamation and asbestos removal work	2.4. Remediation of contaminated sites and areas

* With respect to the 2022 reporting, the non-EU orders for metro construction work associated with Activity 6.14 were re-associated with Activity 6.15. which was deemed more relevant by the relevant corporate functions.

** With respect to the 2022 reporting, the job order for the demolition of the former Adriano 60 school, associated to activity 7.1, was re-associated only to activity 3.3. of the Transition to a Circular Economy objective, considered more pertinent by the reference corporate functions.

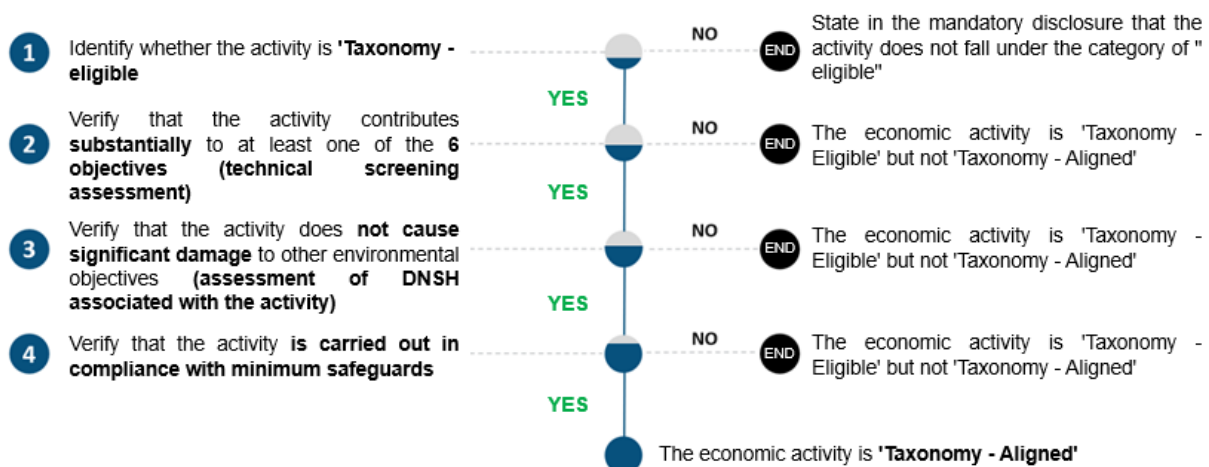
*** 16 orders include several works of the same type and concern the maintenance of vacant dwellings, renovation of vacant dwellings, maintenance for asbestos decontamination, maintenance of lifts, conversion of heating plants, works for obtaining fire prevention certificates and have been associated with activity 7.2. following a prevalence criterion. 13 orders concerned framework agreements or orders encompassing several initiatives of different types, for which it was not possible to evaluate the individual initiatives and to identify the relevant expenses in a timely manner; these orders were associated with Activity 7.2. according to a prevalence criterion but could not be evaluated with reference to the criteria of substantial contribution and DNSH requirements, and were therefore not considered aligned.

2. ANALYSIS OF COMPLIANCE WITH TECHNICAL SCREENING, DNSH REQUIREMENTS AND MINIMUM SOCIAL SAFEGUARDS

Following the identification of the activities ("Taxonomy-eligible"), we then analysed the substantial contribution to the objective of "Climate Change Mitigation" and the requirements to verify that no significant harm was caused to the other environmental objectives identified by the EU Taxonomy, according to the principle 'Do No Significant Harm' (hereinafter also DNSH), in order to assess their actual alignment with the EU Taxonomy ("Taxonomy-aligned"). This assessment was carried out for each asset through the collection of qualitative-quantitative information and documentary analysis for each individual asset, service perimeter or order analysed, depending on 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 the Minimum Safeguards as procedures implemented by a company to ensure that its business activities are aligned with an internationally recognised set of standards. In line with the Platform on Sustainable Finance's 'Final Report on Minimum Safeguards' of October 2022, MM carried out an assessment of the areas of minimum safeguards: human rights, corruption, taxation, competitive practices. The company has had adequate processes in place over the years to manage these issues and did not receive any significant penalties for them in the reporting year.

For more information on how MM deals with these issues, please refer to Chapter 3 '*We believe in responsible business*' (par. 3.1, 3.2, 3.4) and Chapter 4 '*We value people*' (box '*MM and respect for human rights*').

3. KPI CALCULATION METHODOLOGY

The economic and financial indicators, on which the eligible and aligned shares of activities are based, are determined on the basis of data from MM's annual financial statements, prepared in accordance with the international accounting standards (IFRS).

1) KPI - Revenues

$$\text{Revenues KPI (\%)} = \frac{\text{Revenues deriving from activities aligned with the EU Taxonomy}}{\text{Total Revenues}}$$

Consistent with the provisions of Delegated Regulation 2021/2178, the revenue KPI is calculated as the ratio of revenue from economic activities aligned to the European Taxonomy to MM's total revenue. For the purposes of this calculation, only the items 'Revenues' and 'Other revenues and income' were taken into account, net of capitalised revenues, i.e. the accounting effects resulting from the application of IFRIC-12 and increases in fixed assets for internal work. Other components are excluded ("Revenues from work on assets held under concession" to avoid double counting with capex shares and "Changes in inventories", which in IFRS reclassified statements do not fall under revenue components, but under cost components). The aligned revenues were identified by means of a reconciliation with the economic activities evaluated according to the process described in the previous sections.

It is emphasised that, in order to identify the eligible and aligned revenue shares for the different activities, the revenues directly attributable to plants, service perimeters and job orders were taken into account with the help of cost accounting. In the absence of a direct connection, the allocation of revenues between the sewage/purification systems was made on the basis of the population equivalents collected and treated, while in order to have an estimate of the revenues deriving only from the leasing of owned buildings, since they are included in the item 'property rental income' together with other rents, the weight of building depreciation (depreciation rate of 3%) classifiable as eligible on the total property depreciation from the asset book was used as a proxy. The revenues of the Engineering BU 81000, consisting of 5 different application contracts, were broken down using the percentage weight of the full life hours of the order as a proxy.

2) KPI - Capital Expenditure (Capex)

$$\text{Capex KPI (\%)} = \frac{\text{Capex linked to activities aligned with the EU Taxonomy}}{\text{Total Capex}}$$

The KPI capex was quantified in line with the provisions of Delegated Regulation 2021/2178, as the ratio of capex related to aligned activities to MM's total capex. The total denominator was calculated by considering the value of the increase in property, plant and equipment and intangible assets during the year for IAS 16 - Property, Plant and Equipment, IFRIC 12 - Service Concession Arrangements, IAS 38 - Other Intangible Assets, and IFRS 16 - Leases with Right of Use. On the other hand, it should be noted that items relating to decreases due to adjustments, allocations, write-downs and exchange rate differences for Foreign Branches were not measured for the purpose of quantifying MM capex.

The capex was associated through a precise allocation of the investment orders of each Business Unit to the taxonomic activities based on the type and purpose of the initiative 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 KPI opex is calculated as the ratio of opex related to economic activities aligned to the European Taxonomy to the total opex recognised by the EU Taxonomy of MM. Only the types of operating costs envisaged in Annex 1 of Delegated Regulation 2021/2178 were considered in both numerator and denominator, i.e. non-capitalised direct costs that relate to research and development, building renovation measures, short-term rental, maintenance and repair, and any other direct expenditure related to the day-to-day maintenance of property, plant and equipment assets by the company or third parties to whom activities are outsourced that are necessary to ensure the continuous and effective operation of such assets, net of the accounting effects resulting from the application of IFRIC-12. For the identification of opexes, a precise analysis by nature of the cost items was carried out in order to define a perimeter consistent with the provisions of the aforementioned Regulation (e.g., general and administrative costs and raw material purchase costs were excluded from the calculation, with the exception of cost items referring to maintenance materials), which were subsequently associated with the taxonomic activities, refining the evaluation, where necessary, with the aid of information from the analytical accounts. In defining operating costs, all day-to-day maintenance costs necessary to ensure the continuous and effective operation of the business were considered, including the share of costs related to the purchase of materials, services and personnel costs directly attributable to maintenance activities. With specific reference to personnel costs, for the quantification of 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 refer to maintenance activities or are closely related to assets. The types of costs recognised by the European Taxonomy are included under the headings 'Costs of raw materials, consumables and goods', 'Costs of services' and 'Personnel costs' in the Financial Statements. Note that the denominator does not coincide with the totals of these items because they also include types of operating costs not recognised by the Taxonomy.

In order to identify the eligible and aligned shares of operating costs for different activities, where the opex component was directly allocable, the amount was allocated to the individual activity in the Taxonomy on a case-by-case basis; in cases where the component impacted on several activities, drivers were used to reallocate the amount between activities. Furthermore, in the absence of a direct connection to the service perimeter, the allocation of revenues between the sewage-purification systems was carried out on the basis of the population equivalents collected and treated, and in the case of vehicle fleet maintenance costs on the basis of rental fees.

REPORTING SCHEMES

SHARE OF TURNOVER DERIVED FROM PRODUCTS OR SERVICES ASSOCIATED WITH ECONOMIC ACTIVITIES ALIGNED WITH THE TAXONOMY – DISCLOSURE FOR THE YEAR 2023

				Substantial contribution						DNSH Criteria									
		Turnover in absolute terms	Share of turnover	Climate change mitigation	Climate change adaptation	Sustainable use and protection of marine resources	Transition to the circular economy	Pollution prevention and reduction	Restoring biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Sustainable use and protection of marine resources	Transition to the circular economy	Pollution prevention and reduction	Restoring biodiversity and ecosystems	Minimum Safeguards	Share of turnover aligned (A1) or eligible (A2) to the taxonomy, year 2022	Enabling activities	Transition activities
Economic activities	Code	[euro]	[%]	YES; NO;N/EL	YES; NO;N/EL	YES; NO;N/EL	YES; NO;N/EL	YES; NO;N/EL	YES; NO;N/EL	[YES/ NO]	[YES/ NO]	[YES/ NO]	[YES/ NO]	[YES/ NO]	[YES/ NO]	[YES/ NO]	[%]	A	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (taxonomy-aligned)																			
Construction, extension and operation of water collection, treatment and supply systems/Water supply	CCM 5.1./CCA 5.1./WTR 2.1.	63.121.798	25,4%	YES	N/EL	EL	N/EL	N/EL	N/EL	YES	YES			YES	YES		25,0%		
Infrastructure enabling low-emission road and public transport	CCM 6.15./CCA 6.15.	2.230.683	0,9%	YES	N/EL	N/EL	N/EL	N/EL	N/EL	YES	YES	YES	YES	YES	YES		0,5%	A	
Construction of new buildings	CCM 7.1./CCA 7.1./CE 3.1.	366.996	0,1%	YES	N/EL	N/EL	EL	N/EL	N/EL	YES	YES	YES	YES	YES	YES		0,4%		
Renovation of existing buildings	CCM 7.2./CCA 7.2./CE 3.2.	161.885	0,1%	YES	N/EL	N/EL	EL	N/EL	N/EL	YES	YES	YES	YES		YES		0,0%		T
Turnover of environmentally sustainable activities (taxonomy-aligned) (A.1)		65.881.361	26,5%	26,5%	0,0%	-	-	-	-	YES	YES	YES	YES	YES	YES		25,9%		
of which enabling		2.230.683	0,9%	0,9%	0,0%	-	-	-	-								0,5%	A	
of which transitional		161.885	0,1%	0,1%	0,0%	-	-	-	-								0,0%		T
A.2. Activities eligible for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy)																			
Construction, extension and operation of wastewater collection and treatment systems/ Municipal wastewater treatment	CCM 5.3./CCA 5.3./WTR 2.2.	122.049.213	49,1%	NO	N/EL	EL	N/EL	N/EL	N/EL								50,5%		
Infrastructure for personal mobility, cycling	CCM 6.13./CCA 6.13	67.414	0,0%	YES	N/EL	N/EL	N/EL	N/EL	N/EL	NO	YES	YES	YES	YES	YES		0,0%		
Infrastructure for personal mobility, cycling	CCM 6.13./CCA 6.13	41.460	0,0%	YES	N/EL	N/EL	N/EL	N/EL	N/EL	NO	YES	NO	YES	YES	YES		0,0%		
Infrastructure for personal mobility, cycling	CCM 6.13./CCA 6.13	108.063	0,0%	NO	N/EL	N/EL	N/EL	N/EL	N/EL								0,0%		
Infrastructure enabling low-emission road and public transport	CCM 6.15./CCA 6.15.	502.416	0,2%	YES	N/EL	N/EL	N/EL	N/EL	N/EL	YES	YES	YES	YES	NO	YES		0,0%		
Infrastructure enabling low-emission road and public transport	CCM 6.15./CCA 6.15.	114.714	0,0%	YES	N/EL	N/EL	N/EL	N/EL	N/EL	YES	YES	NO	YES	NO	YES		0,0%		
Infrastructure enabling low-emission road and public transport	CCM 6.15./CCA 6.15.	3.072.798	1,2%	YES	N/EL	N/EL	N/EL	N/EL	N/EL	NO	YES	YES	YES	YES	YES		2,8%		
Infrastructure enabling low-emission road and public transport	CCM 6.15./CCA 6.15.	3.061.290	1,2%	YES	N/EL	N/EL	N/EL	N/EL	N/EL	NO	YES	YES	YES	NO	YES		0,0%		
Infrastructure enabling low-emission road and public transport	CCM 6.15./CCA 6.15.	1.788.033	0,7%	YES	N/EL	N/EL	N/EL	N/EL	N/EL	NO	YES	NO	YES	YES	YES		0,5%		
Infrastructure enabling low-emission road and public transport	CCM 6.15./CCA 6.15.	487.646	0,2%	YES	N/EL	N/EL	N/EL	N/EL	N/EL	NO	YES	NO	YES	NO	YES		0,9%		
Infrastructure enabling low-emission road and public transport	CCM 6.15./CCA 6.15.	36.322	0,0%	YES	N/EL	N/EL	N/EL	N/EL	N/EL	NO	YES	NO	NO	YES	YES		0,0%		
Infrastructure enabling low-emission road and public transport	CCM 6.15./CCA 6.15.	983.486	0,4%	YES	N/EL	N/EL	N/EL	N/EL	N/EL	NO	NO	NO	NO	NO	YES		0,1%		
Infrastructure enabling low-emission road and public transport	CCM 6.15./CCA 6.15.	2.628.130	1,1%	NO	N/EL	N/EL	N/EL	N/EL	N/EL								1,8%		
Infrastructure enabling low-emission road transport and public transport/Renovation of existing buildings	CCM 6.15./CCA 6.15./CE 3.2.	301.064	0,1%	NO	N/EL	N/EL	EL	N/EL	N/EL								0,0%		
Infrastructure enabling low-emission road transport and public transport/Maintenance of roads and motorways	CCM 6.15./CCA 6.15./CE 3.4.	104.494	0,0%	NO	N/EL	N/EL	EL	N/EL	N/EL								0,0%		
Infrastructure enabling low-emission road and public transport/use of concrete in civil engineering	CCM 6.15./CCA 6.15./CE 3.5.	1.437.998	0,6%	YES	N/EL	N/EL	EL	N/EL	N/EL	NO	YES	YES	YES	YES	YES		0,0%		
Infrastructure enabling low-emission road and public transport/use of concrete in civil engineering	CCM 6.15./CCA 6.15./CE 3.5.	771.962	0,3%	YES	N/EL	N/EL	EL	N/EL	N/EL	NO	YES	NO	YES	NO	YES		0,0%		
Infrastructure enabling low-emission road and public transport/use of concrete in civil engineering	CCM 6.15./CCA 6.15./CE 3.5.	301.750	0,1%	YES	N/EL	N/EL	EL	N/EL	N/EL	NO	NO	NO	NO	NO	YES		0,0%		
Infrastructure enabling low-emission road and public transport	CCM 6.15./CCA 6.15./PPC 2.4	34.394	0,0%	NO	N/EL	N/EL	N/EL	EL	N/EL								0,0%		
Construction of new buildings	CCM 7.1./CCA 7.1./CE 3.1.	30.627	0,0%	YES	N/EL	N/EL	EL	N/EL	N/EL	NO	YES	YES	YES	YES	YES		0,1%		
Construction of new buildings	CCM 7.1./CCA 7.1./CE 3.1.	1.266.356	0,5%	NO	N/EL	N/EL	EL	N/EL	N/EL								0,3%		

Renovation of existing buildings	CCM 7.2./CCA 7.2./CE 3.2.	259.281	0,1%	YES	N/EL	N/EL	EL	N/EL	N/EL	NO	YES	YES	YES	YES	0,2%		
Renovation of existing buildings	CCM 7.2./CCA 7.2./CE 3.2.	21.053	0,0%	YES	N/EL	N/EL	EL	N/EL	N/EL	NO	YES	YES	NO	YES	0,0%		
Renovation of existing buildings	CCM 7.2./CCA 7.2./CE 3.2.	420.371	0,2%	YES	N/EL	N/EL	EL	N/EL	N/EL	NO	YES	NO	YES	YES	0,0%		
Renovation of existing buildings	CCM 7.2./CCA 7.2./CE 3.2.	230.808	0,1%	YES	N/EL	N/EL	EL	N/EL	N/EL	NO	YES	NO	NO	YES	0,1%		
Renovation of existing buildings	CCM 7.2./CCA 7.2./CE 3.2.	171.333	0,1%	YES	N/EL	N/EL	EL	N/EL	N/EL	NO	NO	NO	NO	YES	0,0%		
Renovation of existing buildings	CCM 7.2./CCA 7.2./CE 3.2.	3.893.663	1,6%	NO	N/EL	N/EL	EL	N/EL	N/EL						2,1%		
Renovation of existing buildings/ Remediation of contaminated sites and areas	CCM 7.2./CCA 7.2./CE 3.2./PPC 2.4.	71.677	0,0%	NO	N/EL	N/EL	EL	EL	N/EL						0,0%		
Purchase and ownership of buildings	CCM 7.7./CCA 7.7.	864.704	0,3%	NO	N/EL	N/EL	N/EL	N/EL	N/EL						0,3%		
Sustainable urban drainage systems	WTR 2.3.	31.509	0,0%	N/EL	N/EL	EL	N/EL	N/EL	N/EL						0,0%		
Demolition of buildings and other structures	CE 3.3.	578.272	0,2%	N/EL	N/EL	N/EL	EL	N/EL	N/EL						0,0%		
Road and motorway maintenance	CE 3.4.	791.484	0,3%	N/EL	N/EL	N/EL	EL	N/EL	N/EL						0,0%		
Remediation of contaminated sites and areas	PCC 2.4.	114.572	0,0%	N/EL	N/EL	N/EL	N/EL	EL	N/EL						0,0%		
Turnover from activities eligible for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy) (A.2)		146.408.929	58,9%	58,3%	0,0%	49,1%	4,3%	0,1%	0,0%						60,2%		
Total (A.1 + A.2)		212.290.290	85,5%	84,8%	0,0%	49,1%	4,3%	0,1%	0,0%						86,1%		
B. ACTIVITIES NOT ELIGIBLE FOR TAXONOMY																	
Turnover from activities not eligible for taxonomy (B)		36.137.138	14,5%														
TOTAL (A+B)		248.427.428	100,0%														

NOTES:

CCM: climate change mitigation:

CCA: climate change adaptation:

WTR: water and marine resources

EC: circular economy: CE

PPC: pollution prevention and control

BIO: biodiversity and ecosystems

YES: The activity is taxonomy-eligible and taxonomy-aligned with respect to the relevant environmental objective

NO: The activity is taxonomy-eligible but is not taxonomy-aligned with respect to the relevant environmental objective

N/AM (not eligible): Not eligible; the activity is not taxonomy-eligible for the relevant objective

AM (eligible): Taxonomy-eligible activity for the relevant objective

N/AM (not eligible): Activity not taxonomy-eligible for the relevant objective

In order for an activity to be included in Section A.1, it must meet all DNSH criteria and the relevant minimum safeguards. Non-financial enterprises may indicate in section A.2 the substantial contribution and the DNSH criteria met or not met, using, for the substantial contribution, the labels YES/NO and N/AM (not eligible) or AM (eligible) and N/AM (not eligible) and for DNSH the labels YES/NO.

Below, the degree of eligibility and alignment by environmental objective is shown, including the alignment to each environmental objective of activities that contribute substantially to several objectives.

	Share of turnover/total turnover	
	Taxonomy-aligned by objective	Taxonomy-eligible by objective
CCM - Climate change mitigation	26.5%	84.8%
CCA - Climate change adaptation	0.0%	0.0%
WTR - Water and marine resources	-	74.5%
EC - Circular economy	-	4.5%
PPC - Pollution prevention and control	-	0.1%
BIO - Biodiversity and ecosystems	-	0.0%
TOTAL	26.5%	85.5%

SHARE OF CAPITAL EXPENDITURE (CAPEX) ASSOCIATED WITH ECONOMIC ACTIVITIES ALIGNED WITH THE TAXONOMY – DISCLOSURE FOR THE YEAR 2023

				Substantial contribution						DNSH Criteria									
Economic activities	Code	Capital expenditure in absolute terms [euro]	Share of capital expenditure [%]	Climate change mitigation	Climate change adaptation	Sustainable use and protection of marine resources	Transition to the circular economy	Pollution prevention and reduction	Restoring biodiversity and ecosystems	Climate change mitigation	Adaptation to climate change	Sustainable use and protection of marine resources	Transition to the circular economy	Pollution prevention and reduction	Restoring biodiversity and ecosystems	Minimum Safeguards	Share of capex aligned (A1) or eligible (A2) to taxonomy, year 2022	Enabling activities	Transition activities
				YES/ NO/N/EL	YES/ NO/N/EL	YES/ NO/N/EL	YES/ NO/N/EL	YES/ NO/N/EL	YES/ NO	YES/ NO	YES/ NO	YES/ NO	YES/ NO	YES/ NO	YES/ NO	YES/ NO	YES/ NO	YES/ NO	[%]
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (taxonomy-aligned)																			
Construction, extension and operation of water collection, treatment and supply systems/Water supply	CCM 5.1./CCA 5.1./WTR 2.1.	5.201.614	8,4%	YES	N/EL	EL	N/EL	N/EL	N/EL	YES	YES			YES	YES	YES	11,9%		
Upgrade of water collection, treatment and supply systems	CCM 5.2./CCA 5.2./WTR 2.1.	2.096.230	3,4%	YES	N/EL	EL	N/EL	N/EL	N/EL	YES	YES			YES	YES	YES	0,0%		
Anaerobic digestion of sewage sludge	CCM 5.6.	157.721	0,3%	YES	N/EL	N/EL	N/EL	N/EL	N/EL	YES	YES			YES	YES	YES	0,0%		
Capital expenditures of environmentally sustainable activities (aligned to taxonomy) (A.1)		7.455.565	12,0%	12,0%	0,0%	-	-	-	-	YES	YES			YES	YES	YES	12,0%		
of which enabling		-	0,0%														0,0%	A	
of which transitional		-	0,0%														0,0%		T
A.2. Activities eligible for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy)																			
Generating electricity with photovoltaic solar technology	CCM 4.1./CCA 4.1.	1.102.816	1,8%	YES	N/EL	N/EL	N/EL	N/EL	N/EL	NO	YES			YES	YES	YES	0,5%		
Generating electricity with photovoltaic solar technology	CCM 4.1./CCA 4.1.	94.976	0,2%	YES	N/EL	N/EL	N/EL	N/EL	N/EL	NO	NO			YES	YES	YES	0,1%		
High-efficiency cogeneration of heat/cool and electricity from gaseous fossil fuels	CCM 4.30./CCA 4.30.	419.540	0,7%	NO	N/EL	N/EL	N/EL	N/EL	N/EL								1,4%		
Upgrade of water collection, treatment and supply systems	CCM 5.2./CCA 5.2./WTR 2.1.	20.188.928	32,4%	NO	N/EL	EL	N/EL	N/EL	N/EL								31,4%		
Construction, extension and operation of wastewater collection and treatment systems/ Municipal wastewater treatment	CCM 5.3./CCA 5.3./WTR 2.2.	1.273.848	2,0%	NO	N/EL	EL	N/EL	N/EL	N/EL								2,9%		
Upgrade of wastewater collection and treatment systems	CCM 5.4./CCA 5.4./WTR 2.2.	2.456.358	3,9%	YES	N/EL	EL	N/EL	N/EL	N/EL	NO	YES	YES		YES	YES	YES	2,5%		
Upgrade of wastewater collection and treatment systems	CCM 5.4./CCA 5.4./WTR 2.2.	19.873.984	31,9%	NO	N/EL	EL	N/EL	N/EL	N/EL								29,9%		
Transport by motorbikes, cars and light commercial vehicles	CCM 6.5./CCA 6.5.	47.091	0,1%	NO	N/EL	N/EL	N/EL	N/EL	N/EL								0,0%		
Renovation of existing buildings	CCM 7.2./CCA 7.2./CE 3.2.	26.447	0,0%	YES	N/EL	N/EL	EL	N/EL	N/EL	NO	YES	NO	NO		YES		1,8%		
Renovation of existing buildings	CCM 7.2./CCA 7.2./CE 3.2.	164.467	0,3%	NO	N/EL	N/EL	EL	N/EL	N/EL								0,3%		
Road and motorway maintenance	CE 3.4.	615	0,0%	N/EL	N/EL	N/EL	EL	N/EL	N/EL								-		
Capital expenditures of activities eligible for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy) (A.2)		45.649.070	73,3%	73,3%	0,0%	70,3%	0,3%	0,0%	0,0%								71,0%		
Total (A.1 + A.2)		53.104.636	85,3%	85,3%	0,0%	82,1%	0,3%	0,0%	0,0%								83,0%		
B. ACTIVITIES NOT ELIGIBLE FOR TAXONOMY																			
Capital expenditure on activities not eligible for taxonomy (B)		9.158.739	14,7%																
TOTAL (A+B)		62.263.374	100,0%																

NOTES:

CCM: climate change mitigation:

CCA: climate change adaptation:

WTR: water and marine resources

EC: circular economy: CE

PPC: pollution prevention and control

BIO: biodiversity and ecosystems

YES: The activity is taxonomy-eligible and taxonomy-aligned with respect to the relevant environmental objective

NO: The activity is taxonomy-eligible but is not taxonomy-aligned with respect to the relevant environmental objective

N/AM (not eligible): Not eligible; the activity is not taxonomy-eligible for the relevant objective

AM (eligible): Taxonomy-eligible activity for the relevant objective

N/A: Activity not taxonomy-eligible for the relevant objective

In order for an activity to be included in Section A.1, it must meet all DNSH criteria and the relevant minimum safeguards. Non-financial enterprises may indicate in section A.2 the substantial contribution and the DNSH criteria met or not met, using, for the substantial contribution, the labels YES/NO and N/AM (not eligible) or AM (eligible) and N/AM (not eligible) and for DNSH the labels YES/NO.

Below, the degree of eligibility and alignment by environmental objective is shown, including the alignment to each environmental objective of activities that contribute substantially to several objectives.

	Share of total Capex/Capex	
	Taxonomy-aligned by objective	Taxonomy-eligible by objective
CCM - Climate change mitigation	12.0%	85.3%
CCA - Climate change adaptation	0.0%	0.0%
WTR - Water and marine resources	-	82.1%
EC - Circular economy	-	0.3%
PPC - Pollution prevention and control	-	0.0%
BIO - Biodiversity and ecosystems	-	0.0%
TOTAL	12.0%	85.3%

"Total" means total eligibility excluding double counting.

SHARE OF OPERATING EXPENSES, RECOGNISED BY THE TAXONOMY, (OPEX) ASSOCIATED WITH ECONOMIC ACTIVITIES ALIGNED WITH THE TAXONOMY – DISCLOSURE FOR THE YEAR 2023

Economic activities	Code	Operating expenses in absolute terms [euro]	Share of operating expenses [%]	Substantial contribution						DNSH Criteria						Minimum safeguards	Share of opex aligned (A.1) or eligible (A.2) to Taxonomy, year 2022 [%]	Enabling activities A	Transition activities T		
				Climate change mitigation YES; NO/N/EL	Climate change adaptation YES; NO/N/EL	Sustainable use and protection of marine resources YES; NO/N/EL	Transition to the circular economy YES; NO/N/EL	Pollution prevention and reduction YES; NO/N/EL	Restoring biodiversity and ecosystems YES; NO/N/EL	Climate change mitigation [YES/ NO]	Climate change adaptation [YES/ NO]	Sustainable use and protection of marine resources [YES/ NO]	Transition to the circular economy [YES/ NO]	Pollution prevention and reduction [YES/ NO]	Restoring biodiversity and ecosystems [YES/ NO]						
A. TAXONOMY-ELIGIBLE ACTIVITIES																					
A.1 Environmentally sustainable activities (taxonomy-aligned)																					
Construction, extension and operation of water collection, treatment and supply systems/Water supply	CCM 5.1./CCA 5.1./WTR 2.1.	9.268.438	26,4%	YES	N/EL	EL	N/EL	N/EL	N/EL	YES	YES		YES	YES		28,7%					
Infrastructure enabling low-emission road and public transport	CCM 6.15./CCA 6.15.	9.858	0,0%	YES	N/EL	N/EL	N/EL	N/EL	N/EL	YES	YES	YES	YES	YES	YES	0,0%	A				
Construction of new buildings	CCM 7.1./CCA 7.1./CE 3.1.	10.080	0,0%	YES	N/EL	N/EL	EL	N/EL	N/EL	YES	YES	YES	YES	YES	YES	0,0%					
Operating expenses of environmentally sustainable activities (aligned to taxonomy) (A.1)		9.288.376	26,4%	26,4%	0%	-	-	-	-	YES	YES	YES	YES	YES	YES	28,7%					
of which enabling		9.858	0,0%	0,0%	0%	-	-	-	-							0,0%	A				
of which transitional		-	0,0%	0,0%	0%	-	-	-	-							0,0%		T			
A.2. Activities eligible for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy)																					
Construction, extension and operation of wastewater collection and treatment systems/ Municipal wastewater treatment	CCM 5.3./CCA 5.3./WTR 2.2.	5.495.301	15,6%	NO	N/EL	EL	N/EL	N/EL	N/EL							21,4%					
Management of personal mobility devices, cycling	CCM 6.4./CCA 6.4.	4.201	0,0%	YES	N/EL	N/EL	N/EL	N/EL	N/EL	NO		NO		YES		0,0%					
Transport by motorbikes, cars and light commercial vehicles	CCM 6.5./CCA 6.5.	8.922	0,0%	YES	N/EL	N/EL	N/EL	N/EL	N/EL	NO		YES	NO	YES		0,0%					
Transport by motorbikes, cars and light commercial vehicles	CCM 6.5./CCA 6.5.	145.363	0,4%	NO	N/EL	N/EL	N/EL	N/EL	N/EL							0,8%					
Infrastructure for personal mobility, cycling	CCM 6.13./CCA 6.13	1.091	0,0%	NO	N/EL	N/EL	N/EL	N/EL	N/EL							0,0%					
Infrastructure enabling low-emission road and public transport	CCM 6.15./CCA 6.15.	89.430	0,3%	NO	N/EL	N/EL	N/EL	N/EL	N/EL							0,7%					
Construction of new buildings	CCM 7.1./CCA 7.1./CE 3.1.	8.366	0,0%	NO	N/EL	N/EL	EL	N/EL	N/EL							0,1%					
Renovation of existing buildings	CCM 7.2./CCA 7.2./CE 3.2.	2.500	0,0%	YES	N/EL	N/EL	EL	N/EL	N/EL	NO	YES	NO	YES		YES	0,0%					
Renovation of existing buildings	CCM 7.2./CCA 7.2./CE 3.2.	2.353.152	6,7%	NO	N/EL	N/EL	EL	N/EL	N/EL							5,2%					
Renovation of existing buildings	CE 3.4.	214.997	0,6%	N/EL	N/EL	N/EL	EL	EL	N/EL							0,0%					
Operating expenses of activities eligible for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy) (A.2)		8.305.479	23,6%	23,0%	0,0%	15,6%	7,3%	0,6%	0,0%							28,3%					
Total (A.1 + A.2)		17.593.855	50,0%	49,4%	0,0%	42,0%	7,4%	0,6%	0,0%							56,9%					
B. ACTIVITIES NOT ELIGIBLE FOR TAXONOMY																					
Operating expenses of activities not eligible for taxonomy (B)		17.567.429	50,0%																		
TOTAL (A+B)		35.161.284	100,0%																		

NOTES:

CCM: climate change mitigation:

CCA: climate change adaptation:

WTR: water and marine resources

EC: circular economy: CE

PPC: pollution prevention and control

BIO: biodiversity and ecosystems

YES: The activity is taxonomy-eligible and taxonomy-aligned with respect to the relevant environmental objective

NO: The activity is taxonomy-eligible but is not taxonomy-aligned with respect to the relevant environmental objective

N/AM (not eligible): Not eligible; the activity is not taxonomy-eligible for the relevant objective

AM (eligible): Taxonomy-eligible activity for the relevant objective

N/AM (not eligible): Activity not taxonomy-eligible for the relevant objective

In order for an activity to be included in Section A.1, it must meet all DNSH criteria and the relevant minimum safeguards. Non-financial enterprises may indicate in section A.2 the substantial contribution and the DNSH criteria met or not met, using, for the substantial contribution, the labels YES/NO and N/AM (not eligible) or AM (eligible) and N/AM (not eligible) and for DNSH the labels YES/NO.

Below, the degree of eligibility and alignment by environmental objective is shown, including the alignment to each environmental objective of activities that contribute substantially to several objectives.

	Share of total Opex/Opex	
	Taxonomy-aligned by objective	Taxonomy-eligible by objective
CCM - Climate change mitigation	26.4%	49.4%
CCA - Climate change adaptation	0.0%	0.0%
WTR - Water and marine resources	-	42.0%
EC - Circular economy	-	7.4%
PPC - Pollution prevention and control	-	0.6%
BIO - Biodiversity and ecosystems	-	0,0%
TOTAL	26.4%	50.0%

"Total" means total eligibility excluding double counting.

With reference to the disclosure pursuant to Article 8(6) and (7) of Delegated Regulation (EU) 2021/2178, which provides for the use of the templates provided in Annex XII for the disclosure of nuclear and fossil gas activities, it should be noted that all templates have been omitted as they are not representative of the company's activities.

Mapping of sustainability risks

Area of Decree 254/16	Material themes	Risks (aggregated)	Management method (aggregate)
ENVIRONMENTAL	Circular economy	<ul style="list-style-type: none"> ▪ Difficulties in the disposal of produced waste (especially hazardous waste) and sewage sludge related to MM's dependence on external suppliers to whom the service is contracted ▪ Failure to comply with the requirements of ISO 14001 or applicable environmental regulations, with possible loss/suspension of certification, exclusion from tenders and application of sanctions. ▪ Inadequate monitoring of national/international regulatory changes on environmental issues. ▪ Increased costs for production, transport and disposal of sludge and treatment of purified water (e.g. increased prices of energy carriers). 	<ul style="list-style-type: none"> ▪ Establishment of tenders for sludge disposal by ensuring the participation of suppliers with different sizes and recovery chains and by including environmental clauses. ▪ Presence of company procedures identifying responsible persons and tools (including digital) for the correct handling of waste. ▪ Adoption and maintenance of an ISO 14001 certified system including risk analysis, internal and external audits and improvement plans. ▪ Constant updating of environmental legislation (Legislative Decree 152/2006), including through participation in round-table work groups with institutions and other stakeholders. ▪ Provision of specialised environmental and waste management training.
	Combating Climate Change (Efficiency of energy consumption)	<ul style="list-style-type: none"> ▪ Increased energy supply costs with possible slowdown of activities. ▪ Presence of a vehicle fleet that does not comply with developments in the relevant regulations. 	<ul style="list-style-type: none"> ▪ Evaluation of the opportunity to join purchasing groups or partnerships for the procurement of the energy carrier (e.g. tender with Water Alliance utilities). ▪ Preparation of annual variable price purchase contracts and possible use of the free market. ▪ Presence of a dedicated function for fleet management and the search for solutions to progressively increase the share of low-emission vehicles. ▪ Efficiency plans for company premises and IWS facilities. ▪ Adoption and maintenance of an ISO 50001 certified system including risk analysis, internal and external audits and improvement plans.

Area of Decree 254/16	Material themes	Risks (aggregated)	Management method (aggregate)
	Fighting climate change	<ul style="list-style-type: none"> Please refer to the dedicated in-depth section at the end of this table. 	
	Responsible water resource management	<ul style="list-style-type: none"> Failure to comply with the compliance limits of the water supplied. Ineffectiveness of water loss reduction initiatives. Failure to achieve the objectives set by the IWS intervention programme and ARERA technical quality macro-indicators. Non-observance of compliance limits for water released into the environment downstream of purification processes. Possible water contamination, malfunctions and not fit-for drinking orders due to malicious acts to IWS networks and installations. Difficulties in dealing with unforeseen events and malfunctions in drains, subways and sewerage systems, resulting in flooding, spills, disruptions and damage to third parties. 	<ul style="list-style-type: none"> Continuous monitoring of ARERA and ATO communications. Water quality and discharge sampling programme shared with relevant authorities. Adoption and maintenance of ISO/IEC 17025 certification as 'Testing Laboratories' for the three in-house laboratories. External audits by specialised companies and monitoring of regulatory standards. Definition of procedures and activities for routine and extraordinary maintenance and on-line monitoring of water quality using smart solutions (e.g. probes, no-dig, video surveillance systems, etc.). Timely notification to the authority of any incidents that may affect the quality of the water supplied, with activation of the 24-hour emergency service. Provision of specialised training in IWS management (e.g. regulatory updates, new technologies, etc.). Protection of IT systems installed at IWS facilities and networks. Recruitment of personnel dedicated to the maintenance and cleaning of drains and subways, equipped with the necessary equipment (e.g. vacuum trucks, etc.). Adoption of the Water Safety Plan (WSP) and the Water Supply System Emergency Management Plan and network and plant safety, with monitoring of procedures for performance improvement.

Area of Decree 254/16	Material themes	Risks (aggregated)	Management method (aggregate)
	Air quality and pollution control	<ul style="list-style-type: none"> Inadequate management of different types of pollution (polluting gases, odours or dust, effluents, vibro-acoustic pollution) generated by company activities. 	<ul style="list-style-type: none"> Adoption and maintenance of an ISO 14001 certified system including risk analysis, internal and external audits and improvement plans. Monitoring of compliance by contractors at construction sites through environmental checklists. Use of smart systems (e.g. probes, etc.) for real-time monitoring of abnormal discharges along the network. Adoption of innovative solutions for monitoring and reducing the impact of vibrations and noise produced by construction sites (e.g. vibro-acoustic impact studies, physical barriers, predictive algorithms, signalling systems).
SOCIAL	Business ethics and integrated risk management (privacy and cybersecurity)	<ul style="list-style-type: none"> Loss of sensitive data/information due to employee misconduct or accidental causes, with possible disruptions in service. Non-compliance with the General Data Protection Regulation (GDPR). 	<ul style="list-style-type: none"> Regular software updates and use of encrypted corporate devices. Implementation of GDPR procedures. Setting up a user management and multi-factor authentication system. Awareness-raising and training of employees on correct device use and data protection procedures. Data Loss Prevention platform and provision of different data backup modes. Appointment of an internal DPO in the Compliance function. Adoption of procedures relating to: user lifecycle, vulnerability and security incident management, information logging.
	Value creation	<ul style="list-style-type: none"> Failure to achieve expected levels of investment and financial performance. 	<ul style="list-style-type: none"> Adoption of a Business Plan with strategic objectives to be monitored through specific KPIs, also with a view to sustainability. Internal coordination of the functions involved in the investment plan and six-monthly progress reporting.
	Supply chain management	<ul style="list-style-type: none"> Criticism raised by suppliers/contractors for non-fulfilment of obligations/delays by MM. Excessive dependence on and/or loss of suppliers/contractors. Inadequate monitoring of the so- 	<ul style="list-style-type: none"> Adoption of the procurement procedure with definition of contracts with appropriate requirements, clauses and technical specifications. Adoption of the Vendor Rating procedure to assess the performance of suppliers/contractors.

Area of Decree 254/16	Material themes	Risks (aggregated)	Management method (aggregate)
		<p>cial and environmental performance of suppliers/contractors, with impacts on MM as a client (e.g. involvement in litigation as an injured party).</p> <ul style="list-style-type: none"> ▪ Unavailability and rising costs of critical raw materials in light of the unstable macroeconomic and geo-political environment. 	<ul style="list-style-type: none"> ▪ At the tender or contract conclusion stage, verification of tax and administrative compliance documentation and the financial rating of suppliers/contractors. ▪ Management of any litigation by the Legal, Procurement and Purchasing Department, also with the support of external professional firms. ▪ Mapping of suppliers' socio-environmental certifications when registering in the List of Economic Operators.
	Innovation and digital transformation	<ul style="list-style-type: none"> ▪ Cyber attacks due to inadequate IT security management, with possible disruption and/or loss of information. ▪ Delays in digital transformation and difficulties in attracting personnel with high IT/digital skills. ▪ Inadequate profiling of users within applications, resulting in extra costs for purchasing additional licences, incomplete application of the segregation principle and potential data loss. 	<ul style="list-style-type: none"> ▪ Adoption of mechanisms for monitoring the security of IT systems. ▪ Periodic assessment of cyber risks, including through vulnerability assessment activities and the preparation of a Remediation Plan. ▪ Provision of training and awareness-raising activities for employees to increase cybersecurity awareness and enhance IT skills. ▪ Start of the ISO 20000 certification process for the IT management system. ▪ Definition of a system of responsibilities, procedures and insurance cover in the IT and cybersecurity field. ▪ Definition of the user management procedure and verification of their status, internal and third-party audits.

Area of Decree 254/16	Material themes	Risks (aggregated)	Management method (aggregate)
	Service quality and customer focus	<ul style="list-style-type: none"> ▪ Inadequate handling of negative information published in the media and on social channels, also unrelated to MM's responsibilities. ▪ Ineffective dialogue and contact channels with customers to enable access to services and ensure high service levels. ▪ Non-timely management of possible faults in the IWS network, with possible inefficiencies for customers and citizens. ▪ Inadequate management of ordinary and extraordinary maintenance of the various assets managed, with possible inefficiencies for customers and citizens. ▪ Non-continuity of water service due to external events that may cause blackouts or damage to installations, with possible service disruptions. ▪ Non-renewal or absence of fire prevention certificates (CPI) in public residential buildings, with possible damage to persons and/or property, inefficiencies, criminal and/or civil proceedings, and economic or reputational damage ▪ Inability to handle any problems (technical design, administrative, communication, logistics, etc.) related to the Tel Aviv metro project due to the 'country' risk and its distance from headquarters. ▪ Presence of asbestos residues/ FAV (man-made vitreous fibres) in MM's Public Residential buildings. 	<ul style="list-style-type: none"> ▪ Monitoring and updating institutional websites and corporate social profiles. ▪ Adoption of a crisis management procedure. ▪ Accessibility and multi-channelling of Public Residential Housing and IWS customer contact tools (e.g. customer service, portals, free-phone numbers, etc.). ▪ Complaint handling through dedicated channels (e.g. ARERA conciliation service, etc.) ▪ Preparation of plans for preventive maintenance, emergency intervention and upgrading of networks and infrastructure. ▪ Risk analysis and technical assessments of the state of infrastructures, networks and facilities to assess system vulnerabilities, plan interventions and related investments. ▪ Adoption of procedures for emergency management and first aid. ▪ Provision of specialised training for technical staff. ▪ Power supply of the plants on a privileged basis by A2A with related controls. ▪ Inclusion of a fire protection designer dealing with ICC in the DVCA working group, and verification of fire protection devices in buildings by specialised companies. ▪ Installation during extraordinary maintenance of thermal power plants of lower power. ▪ Use of remote work for Tel Aviv metro project management. ▪ Registration of the presence of asbestos/FAV (artificial vitreous fibres) in MM's Public Residential buildings, carried out by the Municipality of Milan, with MM's participation in the technical panels.

Area of Decree 254/16	Material themes	Risks (aggregated)	Management method (aggregate)
	Community involvement and development	<ul style="list-style-type: none"> Inability to identify and respond to the socio-environmental expectations of the community and the territory. Difficulties in involving the community in the dissemination of virtuous and respectful behaviour towards the environment and the managed heritage. Loss of competitiveness due to lack of coordination with other bodies, institutions and managers active in the area. Reputational damage for supporting projects that do not adhere to the company's mission or are of little value to the community. 	<ul style="list-style-type: none"> Designing initiatives for citizen involvement (e.g. Public Residential Housing social intervention events, M4 construction site open days, etc.). Development of the cultural programme at Centrale dell'Acqua and educational activities for schools and families. Implementation of communication activities on construction sites. Listening activities aimed at identifying and responding to community and local needs (e.g. surveys, workshops, etc.). Participation in projects and working groups with agencies, institutions and other managers to develop common actions for the benefit of the territory and more efficient and sustainable management solutions. Collaboration in international cooperation projects for the development of good practices in water service management.
	Caring for the city and its citizens	<ul style="list-style-type: none"> Planning and implementation of infrastructural works, upgrading and expansion of networks with possible disruption and inconvenience to citizens. Challenges from stakeholders opposed to the implementation of infrastructure projects or dissatisfied with communication activities, possibly leading to delays and/or the need for redesigns. 	<ul style="list-style-type: none"> Public presentations of the projects, in collaboration with the Municipality of Milan and all those involved in their implementation. Participation in Conferences of Services and coordination with other utilities. Prior validation by the Technical Unit for Project Validation (UTVP) for large projects. Adoption of smart solutions for the design of initiatives (e.g. BIM). Provision of training and further education.
PERSONNEL-RELATED	Employment, inclusion and corporate welfare	<ul style="list-style-type: none"> Incentives, rewards and benefits that do not meet employees' expectations/needs. Difficulties in ensuring an adequate work-life balance for employees. Ineffective promotion of corporate welfare initiatives. Non-compliance with norms, rules or standards on diversity, inclusion and equal opportunities. Involvement in practices or behaviour that may favour forms of discrimination. 	<ul style="list-style-type: none"> Development of initiatives to promote corporate welfare and work-life balance (e.g. welfare platform). Adoption of performance appraisal tools. Corporate intranet development according to a collaborative extended editorial group approach. Monitoring any regulatory developments in the field of diversity, inclusion and equal opportunities. Adoption of a whistleblowing procedure to report and analyse possible incidents of discrimination. Collaborations with other investees to share best practices and initiatives.

Area of Decree 254/16	Material themes	Risks (aggregated)	Management method (aggregate)
	People skills and professionalism	<ul style="list-style-type: none"> ▪ Loss of key figures and difficulty in finding suitable professionals to support the company's needs and growth. ▪ Inadequate training programmes to ensure the development of distinctive business skills. ▪ Management training programme not in keeping with the heterogeneous needs/professional skills of managers. 	<ul style="list-style-type: none"> ▪ Mapping of key roles and standardisation of tasks in relation to competences. ▪ Implementation of succession plans in case of resignation or retirement. ▪ Adoption of people strategy (e.g. performance appraisal system, weighing of positions, etc.). ▪ Definition of a training and skills development plan in line with company strategy, with a focus on management training. ▪ Diversification of profiles and strengthening of recruitment channels.
	Health and safety at work	<ul style="list-style-type: none"> ▪ Outbreak of pandemics with possible interruption and/or slow-down in activities and inability to guarantee essential public services. ▪ Non-compliance with occupational health and safety regulations. ▪ Cases of occupational injury/illness with serious consequences. ▪ Inadequate assessment of psychosocial risks related to work-related stress. ▪ Residual presence of asbestos/FAV (man-made vitreous fibres) in the premises and plants. ▪ Occurrence of contamination related to Legionella bacteria in DVSI, DMOI, DVCA management areas. 	<ul style="list-style-type: none"> ▪ Adoption of a Pandemic Emergency Management Plan (Covid-19) and development of procedures for carrying out activities remotely. ▪ Regulatory monitoring in occupational health and safety. ▪ Establishment of a system of proxies and powers of attorney in the field of health and safety at work. ▪ Adoption and maintenance of an ISO 45001 certified system including risk analysis, internal and external audits and improvement plans. ▪ Provision of dedicated training and adoption of a health surveillance plan. ▪ Periodic monitoring of the residual presence of asbestos/FAV (man-made vitreous fibres) in premises and plants. ▪ Sanitisation of sanitary installations, cleaning of installations in schools, replacement of air conditioning filters in premises and periodic chemical analysis of water to prevent the proliferation of 'legionella' bacteria.
FIGHT AGAINST ACTIVE AND PASSIVE CORRUPTION	Business ethics and integrated risk management	<ul style="list-style-type: none"> ▪ Incidents of active and passive corruption and non-compliance with internal rules and regulations on business ethics by employees and/or partners. 	<ul style="list-style-type: none"> ▪ Adoption of Anti-Bribery Policy, Code of Ethics, whistleblowing procedure, 'Conflict of Interest Management' document and 'Organisational Model 231' (for the prevention of offences under Legislative Decree 231/2001) ▪ Provision of dedicated training and delivery of the Code of Ethics to new recruits. ▪ Mechanisms for the rotation of appointments and suppliers. ▪ Audit plans and monitoring of anti-corruption regulatory developments.

Area of Decree 254/16	Material themes	Risks (aggregated)	Management method (aggregate)
COMPANY MANAGEMENT MODEL	Business ethics and integrated risk management	<ul style="list-style-type: none"> ▪ Involvement in investigations by authorities (judicial or otherwise), with delays in activities and legal implications. ▪ Failure to comply with tax and fiscal obligations under the regulations. ▪ Failure to activate insurance policies. ▪ Inadequate integration of socio-environmental aspects into risk assessment, management and mitigation systems. ▪ Inadequate crisis management. ▪ Damage to persons and/or property, service disruptions, criminal and/or civil proceedings, and economic or reputational damage due to the non-renewal or absence of fire prevention certificates (CPI) at premises. 	<ul style="list-style-type: none"> ▪ Provision of dedicated training and sharing of behaviours to be followed in conducting company business, with induction sessions for new recruits. ▪ Internal audits and verification of the tax and compliance statement by the auditors. ▪ Adoption of safeguards to ensure traceability of documentation. ▪ Structural coordination with the List of Economic Operators for the verification of supplier information. ▪ Establishment of a structure dedicated to general accounting activities and tax and fiscal compliance. ▪ Activation of insurance policies to cover the company's various areas of intervention. ▪ Establishment of an Enterprise Risk Management (ERM) framework for analysing and monitoring risks based on an integrated approach, and regular updating of the risk map. ▪ Progressive integration of ESG risks with identification of potential economic-financial-operational impacts into the ERM framework. ▪ In the Politecnico building, the paper documentation was moved to the 'Cittadella' archive to protect it from fire.

In 2022, MM conducted an **initial analysis** to identify the main **climate change-related risks** to which it is exposed due to its activities and their impacts, inspired by the classification of climate risks proposed by the *Task Force on Climate-related Financial Disclosures* (TCFD).

Category	Description	Impact
PHYSICAL RISKS		
Acute	The increase in the frequency and intensity of extreme weather events can have repercussions on the operation and efficiency of Integrated Water Service plants and networks, causing physical damage to structures, flooding and spills of untreated sewage into the soil and water bodies, and inconvenience to the territory.	<ul style="list-style-type: none"> ▪ Increased costs and reduced revenues ▪ Damage to company assets with business interruption/slow-down ▪ Reputational damage

Chronic	The progressive rise in average temperatures can favour the presence of bacteria in the water distribution network pipes and the increase in episodes of microbiological contamination, resulting in a progressive deterioration in the quality of the water supplied and possible inconvenience for citizens.	<ul style="list-style-type: none"> ▪ Increased costs ▪ Economic damage ▪ Reputational damage
Chronic	The intensification of heatwaves may lead to episodes of black-outs of the electricity grid with possible blockages of the Integrated Water Service plants and consequent spills of untreated sewage into the soil and surface water bodies, and service disruptions for citizens related to the interruption of water supply. In addition, sudden peaks in the demand for drinking water to cope with heatwaves could occur, with impacts on the operational management of the networks.	<ul style="list-style-type: none"> ▪ Reduction of revenues due to reduced consumption ▪ Service quality penalties ▪ Reputational damage
Chronic	Variation in rainfall patterns (e.g. quantitative and temporal distribution of rainfall) can cause reduced/shortened availability of water resources, especially during prolonged periods of water stress or drought, with effects on the ability to meet demand for water for drinking, industrial and irrigation use. In addition, it may entail the need to modify water treatment, distribution and drinking water technologies and practices.	<ul style="list-style-type: none"> ▪ Increased costs and reduced revenues ▪ Reputational damage
TRANSITION RISKS		
Market	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 economic-financial performance in terms of loss of competitiveness and reputational damage.	<ul style="list-style-type: none"> ▪ Rising costs and difficult access to finance ▪ Reputational damage
Policies	The introduction and development of policies and regulations at the international, European and national level to facilitate the fight against climate change can have impacts on investments and operating costs. In particular, the European Commission's commitments to climate neutrality by 2050, compliance with the Paris Accords and the adoption of the new Corporate Sustainability Reporting Directive (CSRD) may lead to (reputational and/or legal) damages for not meeting the targets.	<ul style="list-style-type: none"> ▪ Rising costs and difficult access to finance ▪ Reputational damage
Reputational	Insufficient efforts to combat climate change, the occurrence of negative events due to extreme weather events, and lack of transparency and/or ambition in the reporting of climate change information could lead to a deterioration in stakeholder perceptions.	<ul style="list-style-type: none"> ▪ Rising costs and difficult access to finance ▪ Reputational damage

Technological	Insufficient investment in innovation towards low-emission technologies and solutions could lead to an inability to adapt and anticipate market demands, with consequences in terms of loss of competitiveness.	<ul style="list-style-type: none">▪ Increased costs and reduced revenues▪ Reputational damage
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Detailed tables

Responsible business

Economic value generated and distributed

GRI Standard 201-1: 2016

<i>Directly generated and distributed economic value</i>	m.u.	2021	2022	2023
Directly generated economic value	€	178,521,203	212,532,575	222,615,034
Distributed economic value		169,394,081	206,537,009	202,513,097
Operating Costs		86,740,604	128,503,674	110,164,887
Remuneration and benefits		71,507,890	69,905,377	73,970,108
Payments to capital providers		6,000,644	6,800,108	10,103,661
Payments to Public Administration		5,091,943	1,308,850	8,274,441
Investments in the Community		53,000	19,000	-
Economic value retained		9,127,122	5,995,566	202,513,097

Suppliers assessed according to social and environmental criteria¹³⁰

GRI Standard 308-1, 414-1: 2016

New suppliers with social, environmental and quality certifications	m.u.	2022		2023	
		no.	% of total new suppliers	no.	% of total new suppliers
SA8000 Social Certification	no.	106	16%	122	17%
Occupational Health and Safety Management System (OHSAS 18001, ISO 45001)		283	43%	287	40%
Environmental Management System (ISO 14001, ISO 50001)		313	48%	332	46%
Quality Management System (ISO 9001)		469	72%	487	68%

¹³⁰ Some suppliers may have several certifications and/or management systems. When registering in the List of Economic Operators, suppliers are asked to specify the possession of certifications and/or management systems in environmental and social matters. Meeting these criteria may constitute a minimum criterion for participation in tender procedures or a rewarding element in the evaluation and selection of suppliers. The figure is only available for 2022 and 2023 as, due to the migration to the new e-procurement platform, it is not possible to access information on certified suppliers for the year 2021, so please refer to the figure calculated with the previous methodology published in the NFS 2021.

Valuing people

Employees by contract type, employment type and gender

GRI Standard 2-7: 2021

		2021			2022			2023		
	m.u.	Men	Women	Total	Men	Women	Total	Men	Women	Total
Open-ended	no.	841	406	1,247	914	412	1,326	917	407	1,324
Fixed-term		46	29	75	28	15	43	11	2	13
Total employees		887	435	1,322	942	427	1,369	928	409	1,337

		2021			2022			2023		
	m.u.	Men	Women	Total	Men	Women	Total	Men	Women	Total
Full-time	no.	884	398	1,282	941	390	1,331	926	376	1,302
Part-time		3	37	40	1	37	38	2	33	35
Total employees		887	435	1,322	942	427	1,369	928	409	1,337

Non-employees

GRI Standard 2-8: 2021

		2021			2022			2023		
	m.u.	Men	Women	Total	Men	Women	Total	Men	Women	Total
Interns	no.	1	-	1	-	-	-	3	-	3
Associates		6	2	8	6	1	7	5	1	6
Contract		6	9	15	8	3	11	3	6	9
Non-employees		13	11	24	14	4	18	13	7	20
Total workforce		900	446	1,346	956	431	1,387	939	416	1,355

Annual total remuneration ratio¹³¹

GRI Standard 2-21: 2021

	2021	2022	2023
Ratio of the total annual salary of the highest-paid individual to the median of the total salaries of all employees (excluding the highest-paid individual)	7.66	5.57	6.04
Ratio of the percentage increase in the annual total remuneration of the highest-paid individual to the percentage increase in the median total remuneration of all employees (excluding the highest-paid individual)	-	-	8.37

¹³¹ Annual total remuneration is defined as the sum of fixed and short-term variable remuneration. All employees in force as at 31/12 were taken into account, reallocated according to the type of employment (part-time or full-time) and the dates of recruitment for new entrants.

Employees by age and professional category

GRI Standard 405-1: 2016

		2021			2022			2023		
m.u.		Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	no.	25	10	35	22	11	33	22	9	31
Age < 30		-	-	-	-	-	-	-	-	-
30 ≤ age ≤ 50		7	6	13	8	6	14	6	3	9
age > 50		18	4	22	14	5	19	16	6	22
Middle man-agers		52	27	79	55	22	77	55	21	76
age < 30		-	-	-	-	-	-	-	-	-
30 ≤ age ≤ 50		15	15	30	18	12	30	22	8	30
age > 50		37	12	49	37	10	47	33	13	46
White-collar employees		480	342	822	499	337	836	492	323	815
age > 30		35	19	54	39	14	53	37	13	50
30 ≤ age ≤ 50		301	253	554	317	250	567	322	324	556
age > 50		144	70	214	143	73	216	133	76	209
Apprentices		2	-	2	-	-	-	-	-	-
age < 30		1	-	1	-	-	-	-	-	-
30 ≤ age ≤ 50		1	-	1	-	-	-	-	-	-
age > 50		-	-	-	-	-	-	-	-	-
Blue-collar workers		328	56	384	366	57	423	359	56	415
age < 30		11	-	11	14	-	14	14	-	14
30 ≤ age ≤ 50		167	27	194	195	29	224	188	25	213
age > 50		150	29	179	157	28	185	157	31	188
Total employees		887	435	1,322	942	427	1,369	928	409	1,337
age > 30		47	19	66	53	14	67	51	13	64
30 ≤ age ≤ 50		491	301	792	538	297	835	538	270	808
age > 50		349	115	464	351	116	467	339	126	465

Employees belonging to protected and vulnerable categories

GRI Standard 405-1: 2016

m.u.		2021	2022	2023
Total protected categories	no.	34	38	43
of which protected categories art. 18		2	2	2
of which disabled persons		32	36	41

Diversity in governing bodies¹³²

GRI Standard 405-1: 2016

		2022			2023		
m.u.		Men	Women	Total	Men	Women	Total
Board of Directors	no.	3	2	5	3	2	5
age < 30		-	-	-	-	-	-

¹³² For the composition of the Board of Directors in previous years, see NFS 2021.

30 ≤ age ≤ 50		1	-	1	-	-	-
age > 50		2	2	4	3	2	5
Board of Statutory Auditors		2	1	3	2	1	3
age < 30		-	-	-	-	-	-
30 ≤ age ≤ 50		-	1	1	-	1	1
age > 50		2	-	2	2	-	2
Control, Risk and Sustainability Committee	no.	1	2	3	1	2	3
age < 30		-	-	-	-	-	-
30 ≤ age ≤ 50		-	-	-	-	-	-
age > 50		1	2	3	1	2	3

New recruits and turnover¹³³

GRI Standard 401-1: 2016

Number of new recruits by age

m.u.		2021			2022			2023		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
age < 30	no.	20	10	30	29	11	40	17	7	24
30 ≤ age ≤ 50		57	21	78	105	23	128	59	21	80
age > 50		13	3	16	12	3	15	11	2	13
Total recruitment		90	34	124	146	37	183	87	30	117

Incoming turnover rate

m.u.		2021			2022			2023		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
age < 30	%	43%	53%	45%	55%	79%	60%	33%	54%	38%
30 ≤ age ≤ 50		12%	7%	10%	20%	8%	15%	11%	8%	10%
age > 50		4%	3%	3%	3%	3%	3%	3%	2%	3%
Total		10%	8%	9%	15%	9%	13%	9%	7%	9%

Number of terminations - excluded due to natural expiry of contract

m.u.		2021			2022			2023		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
age < 30	no.	4	1	5	8	2	10	4	2	6
30 ≤ age ≤ 50		31	16	47	44	31	75	53	36	89
age > 50		30	7	37	32	11	43	42	9	51
Total terminations		65	24	89	84	44	128	99	47	146

¹³³ Intra-group moves are excluded from the turnover calculation.

Outgoing turnover rate - excluding those terminated due to natural expiry of contract

m.u.		2021			2022			2023		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
age < 30	%	9%	5%	8%	15%	14%	15%	8%	15%	9%
30 ≤ age ≤ 50		6%	5%	6%	8%	10%	9%	10%	13%	11%
age > 50		9%	6%	8%	9%	9%	9%	12%	7%	11%
Total		7%	6%	7%	9%	10%	9%	11%	11%	11%

Number of terminations - including due to natural expiry of contract

m.u.		2021			2022			2023		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
age < 30	no.	5	1	6	9	3	12	4	3	7
30 ≤ age ≤ 50		35	17	52	48	31	79	55	36	91
age > 50		30	7	37	34	11	45	42	9	51
Total terminations		70	25	95	91	45	136	101	48	149

Outgoing turnover rate - including those terminated due to natural expiry of contract

m.u.		2021			2022			2023		
		Men	Women	Total	Men	Women	Total	Men	Women	Total
age < 30	%	11%	5%	9%	17%	21%	18%	8%	23%	11%
30 ≤ age ≤ 50		7%	6%	7%	9%	10%	9%	10%	13%	11%
age > 50		9%	6%	8%	10%	9%	10%	12%	7%	11%
Total		8%	6%	7%	10%	11%	10%	11%	12%	11%

Employees covered by an occupational health and safety management system¹³⁴
GRI Standard 403-8: 2018

m.u.		2022		2023	
		no.	no.	no.	no.
Employees covered by an occupational health and safety management system	No./ %	826	60%	961	72%

¹³⁴ Data are available from 2022, when the health and safety management system was certified by an external third party in line with the ISO 45001 standard: 2018.

Employee accidents at work and accident rates

GRI Standard 403-9: 2018

	m.u.	2021	2022	2023
Recordable accidents ¹³⁵	no.	8	2	7
of which accidents with serious consequences ¹³⁶		-	-	-
Deaths		-	-	-
Hours worked	hours	2,479,895	2,520,592	2,513,784
Recordable work accident rate ¹³⁷		0.65	0.16	0.56
Rate of occupational accidents with serious consequences ¹³⁸		-	-	-
Fatality rate ¹³⁹		-	-	-

Occupational diseases among employees

GRI Standard 403-10: 2018

	m.u.	2021	2022	2023
Cases of occupational disease	No.	-	-	-

Average and total hours of training per year by gender and occupational category

GRI Standard 404-1: 2016

		2021			2022			2023		
	m.u.	Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	no.	1,868	581	2,448	1,177	449	1,626	425	153	577
Middle managers		2,751	1,792	4,543	2,262	1,371	3,632	1,029	334	1,363
White-collar employees		9,384	6,360	15,743	11,144	7,521	18,665	9,522	6,634	16,155
Blue-collar workers		3,614	63	3,677	5,298	319	5,617	3,670	256	3,926
Apprentices		45	-	45	72	-	72	-	-	-
Total training hours		17,660	8,795	26,455	19,952	9,660	29,612	14,646	7,376	22,022

¹³⁵ Recordable occupational accidents are all accidents that may result in death, days of absence, work limitations, transfer to other work, medical treatment beyond first aid, loss of consciousness. These are all injuries generated by risks and hazards to which workers are exposed in the workplace (e.g. death, amputation, lacerations, fractures, hernia, burns, loss of consciousness and paralysis).

¹³⁶ Occupational accidents with serious consequences' are defined as accidents involving injuries from which the worker cannot recover, does not recover or cannot realistically be expected to recover within 6 months, excluding deaths.

¹³⁷ The calculation of the 'Recordable Work Accident Rate' is based on 200,000 hours worked, according to the following formula: (Total recordable occupational accidents + Total fatalities) / Hours worked) * 200,000.

¹³⁸ The calculation of the 'rate of occupational accidents with serious consequences' is based on 200,000 hours worked, according to the following formula: (Total accidents at work with serious consequences / Hours worked) * 200,000.

¹³⁹ The calculation of the 'fatality rate' is based on 200,000 hours worked, according to the following formula: (Total deaths / Hours worked) * 200,000.

		2021			2022			2023		
m.u.		Men	Women	Total	Men	Women	Total	Men	Women	Total
Executives	no.	74.7	58.1	69.9	53.5	40.8	49.3	19.3	16.9	18.6
Middle managers		52.9	66.4	57.5	41.1	62.3	47.2	18.7	15.9	17.9
White-collar employees		19.5	18.6	19.2	22.3	22.3	22.3	19.4	20.5	19.8
Blue-collar workers		11.0	1.1	9.6	14.5	5.6	13.3	10.2	4.6	9.5
Apprentices		22.5	-	22.5	-	-	-	-	-	-
Average training hours per capita		19.9	20.2	20.0	21.2	22.6	21.6	15.8	18.0	16.5

Environmental transition

Energy consumption within the organisation¹⁴⁰

GRI Standard 302-1: 2016

m.u.		2021	2022	2023
Fuels from non-renewable sources	GJ	114,353	113,369	117,817
Natural gas		105,172	103,758	108,129
Petrol		2,696	2,812	2,879
Diesel/Gas oil		5,709	6,056	6,619
Pellets		776	743	190
Purchased electricity		521,822	506,000	483,076
of which certified from renewable sources	%	100%	100%	100%
Total energy consumption	GJ	636,175	619,369	600,893

Total emissions

GRI Standard 305-1, 305-2: 2016

m.u.		2021	2022	2023
Direct emissions (Scope 1) ¹⁴¹	t CO _{2e}	6,724	6,524	6,860
Natural gas		6,096	5,865	6,154
Petrol		199	207	211
Diesel/Gas oil		425	450	494
Pellets		3.3	2.2	0.6
Indirect emissions (Scope 2) ¹⁴²	t CO _{2e}			
Electricity - Market-based		-	-	-
Electricity - Location-based		40,296	36,719	36,128

¹⁴⁰ For 2023, the following updated conversion factors were used: Petrol 1 L = 0.03213 GJ; Diesel/Diesel 1 L = 0.03599 GJ; Natural gas 1 Sm³ = 0.03546 GJ; Electricity 1 kWh = 0.0036 GJ (ISPRA 2023); Pellets 1 t = 17.28 GJ (DEFRA 2022).

¹⁴¹ For 2023, the following updated emission factors were used for Scope 1 emissions: Natural gas - 2.01792 kgCO_{2e}/Sm³; Petrol - 2.355 kgCO_{2e}/l; Diesel - 2.6883 kgCO_{2e}/l (ISPRA 2023); Pellets - 51.56192 kgCO_{2e}/t (DEFRA 2022).

¹⁴² For 2023, the updated emission factor of 269 gCO_{2e}/kWh (ISPRA 2023) was used for the calculation of Scope 2 emissions with a location-based approach. For the market-based approach, the emission factors defined on a contractual basis with the electricity supplier were used: in particular, as in 2022, the purchase of 100% certified green energy through a guarantee of origin is emphasised in 2023.

Water supply system laboratory analysis - Drinking water

	m.u.	2021	2022	2023
Number of samplings	No.	3,701	3,659	3,665
Number of parameters		211,838	159,659	168,674
Percentage of compliance ¹⁴³	%	99.99%	99.99%	99.99%

Network losses¹⁴⁴

	m.u.	2021	2022	2023
Percentage water losses ¹⁴⁵	%	15.47	14.02	11.79
Linear water losses ¹⁴⁶	mc/km/day	33.10	29.65	24.60

Water withdrawals¹⁴⁷

GRI Standard 303-3: 2018

	m.u.	2021	2022	2023
Groundwater, of which	MI	245,648	243,516	232,588
from wells for drinking water use		211,165	209,198	203,713
from groundwater wells ¹⁴⁸		34,483	34,318	28,875
Total		245,648	243,516	232,588

Water injected into the network and billed

	m.u.	2021	2022	2023
Water injected into the network	MI	209,594	208,488	203,105
Billed water		177,784	179,144	177,946

Water discharges¹⁴⁹

GRI Standard 303-4: 2018

	m.u.	2021	2022	2023
Surface waters	MI	158,557	123,055	146,221
Other destination: irrigation reuse in agriculture		61,625	74,088	61,319
Total		220,183	197,143	207,540

¹⁴³ The situations where limits were negligibly exceeded occurred as a result of microbiological contamination of the sampling point, which, following the detection of a non-compliance, is punctually disinfected and subjected to a subsequent immediate counter-analysis, which in all cases returned a result of 100% microbiological compliance.

¹⁴⁴ The data on network losses refer to the city of Milan. The data referring to 2023 are waiting to be approved by the Board of Directors of the Area Office of the Metropolitan City of Milan, according to the technical quality regulations.

¹⁴⁵ The data refer to the macro-indicator M1b 'Percentage water losses', defined as the ratio between the volume of total water losses and the total volume entering the water supply system in the year in question.

¹⁴⁶ The data refer to the macro-indicator M1a 'Linear water losses', defined as the ratio between the volume of total water losses and the length of the water supply network in the year considered (mc/km/day).

¹⁴⁷ MM does not make water withdrawals from water-stressed areas as Milan does not fall within water-stressed areas, according to the World Resource Institute ([Aqueduct Water Risk Atlas](#)). All water abstractions refer to freshwater ($\leq 1,000$ mg/l total dissolved solids) and groundwater (the following source types are therefore not applicable: surface water, sea-water, produced water, third-party water resources).

¹⁴⁸ Water taken from first groundwater sources is not intended for the IWS and human consumption.

¹⁴⁹ MM does not discharge water into water-stressed areas as Milan is not in water-stressed areas, according to the World Resource Institute ([Aqueduct Water Risk Atlas](#)). All water discharges refer to fresh water ($\leq 1,000$ mg/l total dissolved solids) and surface water (the following source types are therefore not applicable: groundwater, seawater, third-party water resources).

Water discharges by destination

	m.u.	2021	2022	2023
Milan Nosedo	MI	132,692	120,400	122,571
Milan San Rocco		87,491	76,743	84,969
Total		220,183	197,143	207,540

Irrigation reuse

	m.u.	2021	2022	2023
Flow rate for irrigation reuse	MI	61,625	74,088	61,319
Irrigation reuse compared to treated flow rate	%	28,0%	37,6%	29,5%

Water discharges by water quality at discharge

	m.u.	Discharge limit	2021	2022	2023
BOD5	mg/l	10	<5	<5	<5
COD		60	13	13	13
SST		10	<5	<5	<5
Total phosphorus		1	<1	<1	<1
Total Nitrogen		10	4.4	5.1	5.1

Purification laboratory analysis - Water released into the environment

	m.u.	2021	2022	2023
Number of samplings	No.	6,700	6,850	6,225
Number of parameters		39,200	37,800	31,400
Percentage of compliance	%	100%	100%	100%

Waste¹⁵⁰ produced

GRI Standard 306-3: 2020

Waste produced	m.u.	2021	2022	2023
Hazardous waste	t	18.0	8.4	22.9
of which for recovery		15.3	5.6	14.1
of which for disposal		2.8	2.9	8.8
Non-hazardous waste		61,899.8	69,459.2	68,600.6
of which for recovery		61,519.1	69,007.6	68,172.7
of which for disposal		380.6	451.6	427.9
Total		61,917.8	69,467.6	68,623.5

¹⁵⁰ For GRI indicators 306-3, 4, 5: 2020, the quantities refer only to waste in respect of which MM is a producer.

Waste not intended for disposal
GRI Standard 306-4: 2020

Waste for recovery	m.u.	2021	2022	2023
Hazardous waste	t	15.3	5.6	14.1
Preparation for re-use		-	-	-
Recycling		-	-	-
Other recovery operations		15.3	5.6	14.1
Non-hazardous waste		61,519.1	69,007.6	68,172.7
Preparation for re-use		-	-	-
Recycling		2,448.1	-	-
Other recovery operations		59,071	69,007.6	68,172.7
Total		61,381.4	69,013.2	68,186.8

Waste for disposal
GRI Standard 306-5: 2020

Waste for disposal	m.u.	2021	2022	2023
Hazardous waste	t	2.8	2.9	8.8
Incineration (with energy recovery)		-	-	-
Incineration (without energy recovery)		-	-	-
Landfilling		0.9	-	-
Other disposal operations		1.9	2.9	8.8
Non-hazardous waste		380.6	451.6	427.9
Incineration (with energy recovery)		-	-	-
Incineration (without energy recovery)		103.8	105.3	116.4
Landfilling		-	-	-
Other disposal operations		276.8	346.3	311.5
Total		383.4	454.5	436.7

Production¹⁵¹ of sewage sludge by type

Sludge expressed as 'as is'	m.u.	2021	2022	2023
Dehydrated mud	t	48,592	57,036	55,156
Dried mud		8,805	7,568	8,808
Total		57,397	64,604	63,964

Sludge expressed as Total Dry Substance (SST)	m.u.	2021	2022	2023
Dehydrated mud	t	11,077	12,448	12,860
Dried mud		7,919	6,754	7,911
Total		18,996	19,202	20,771

Destination of sewage sludge by type

Sludge expressed as 'as is'	m.u.	2021	2022	2023
Sludge for agriculture	t	42,101	57,036	55,035
Sludge intended as an energy carrier		15,296	7,568	8,929
Total		57,397	64,604	63,964

¹⁵¹ The values refer to the total production of sewage sludge generated by the two Milan San Rocco and Nosedo plants.

Mud expressed as Total Dry Substance (SST)		m.u.	2021	2022	2023
Sludge for agriculture	t		9,581	12,448	12,833
Sludge intended as an energy carrier			9,415	6,754	7,938
Total			18,996	19,202	20,771

Reconciliation table with Legislative Decree 254/2016 and the GRI Standards

Topics Legislative Decree 254/2016	Material topic	Perimeter		Reconciliation Topic GRI Standards
		Parties impacted	Type of impact	
Environmental	Circular economy	IWS Business Unit, Contractors (suppliers)	Caused by the Company and directly related to its activities	Water and wastewater Waste
	Air quality and pollution control	MM, Contractors (suppliers)	Caused by the Company and directly related to its activities	N/A
	Fighting climate change	MM, Contractors (suppliers)	Caused by the Company and directly related to its activities	Emissions Energy
	Responsible water resource management	IWS Business Unit, Contractors (suppliers)	Caused by the Company and directly related to its activities	Water and wastewater
Related to personnel	Employment, inclusion and corporate welfare	MM	Caused by the Company	Employment Diversity and equal opportunities
	People skills and professionalism	MM	Caused by the Company	Training and education
	Health and safety at work ¹⁵²	Employees of MM	Caused by the Company	Health and safety at work
Social	Community involvement and development	MM Housing Business Unit, Engineering Business Unit	Caused by the Company and directly related to its activities	N/A
	Innovation and digital transformation	MM, Contractors (suppliers), Universities and the scientific community	Caused by the Company and directly related to its activities	N/A
	Service quality and customer focus	IWS Business Unit, Housing Business Unit	Caused by the Company and directly related to its activities	N/A
	Supply chain management	MM, Contractors (suppliers)	Caused by the Company	Socio-environmental assessment of suppliers

¹⁵² Taking into account the significance of these issues at a general level, MM will consider whether to analyse them in more detail with respect to non-employees, since it would be necessary to collect data from the employers of external associates and suppliers operating at the Company's sites and/or under its control, over the quality and accuracy of which MM could not exercise any direct control.

	Caring for the city and its citizens	MM	Caused by the Company and directly related to its activities	N/A
Combating active and passive corruption	Business ethics and integrated risk management	MM, Contractors (suppliers)	Caused by the Company and directly related to its activities	Anti-corruption Consumer privacy
Company management model	Value creation	MM	Caused by the Company and directly related to its activities	Economic performance Taxes
	Business ethics and integrated risk management	MM	Caused by the Company	N/A








List of Material Topics prioritised with description of impacts
















In line with the requirements of the GRI Standards 2021, below is the prioritised list of MM's material topics, 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 as a result of the materiality analysis process.

Responsible business
Environmental transition
Valuing people
Community and territory

● Positive impact ● Negative impact

Material topics 2023		
Responsible water resource management		
Actual impact	Ensuring access to and quality of distributed water resources through an efficient management system aimed at reducing network losses, constant and punctual quality control, and widespread distribution of the service (e.g. drinking fountains, water houses).	●
	Ensuring the purification of effluents and their reuse for irrigation purposes, supplying farmers with water of higher quality than surface water bodies (e.g. testing with stricter criteria of the water supplied).	●
Potential Impact impact	Promoting the use of non-drinking water resources for uses that do not require treatment (e.g. irrigation) by preserving the deeper water table and reducing the use of chemical materials.	●
	Promoting a reduction in water consumption through activities to raise users' awareness of their specific consumption.	●
	Causing disservices and damage to human health by supplying water of poor quality either as a result of inadequate treatment systems or failure to deal promptly with malicious acts and contamination from industrial discharges.	●
Circular economy		
Actual impact	Enhancing the waste produced, through the recovery of nutrients, matter, energy and heat from sewage sludge and the reuse of heat from the sewerage system, groundwater and wastewater.	●
Potential impact	Using technologies that produce waste that cannot be recovered or can be recovered in a limited number of disposal channels.	●
Fighting climate change		
Actual impact	Designing and building city-serving infrastructure resilient to climate change hazards (e.g. lamination basin).	●
	Designing and building plants for the production of energy from renewable sources to cover the company's energy needs in a logic of self-consumption.	●
	Generating GHG emissions related to the use of non-renewable energy sources for company activities (premises, IWS, ...) and to power the car fleet.	●
People skills and professionalism		
Actual impact	Promoting skills development through growth and training paths to increase employees' technical knowledge and soft skills, adapting them to their needs.	●
	Valuing merit and creating opportunities for professional growth through the adoption of performance appraisal systems.	●
	Promoting training and awareness-raising activities for employees in the field of sustainability.	●
Potential impact	Increasing productivity and quality of services offered to users through the inclusion of more specialised professionals.	●
Health and safety at work		

Actual impact	Strengthening the culture and awareness of employees and suppliers on health and safety issues, through training, prevention and awareness-raising initiatives.	
Potential impact	Increasing the number or severity of occupational injuries and illnesses due to unhealthy and unsafe workplaces and/or inadequate event management (e.g. pandemic, emergency).	
	Deterioration of employees' psycho-physical health due to inadequate risk assessment of work-related stress, which does not take into account aspects of work design, organisation and management and the socio-environmental context.	
Caring for the city and its citizens		
Actual impact	Contributing to the sustainable and lasting development of the territory, through urban regeneration and the development of networks and services capable of integrating social, economic and environmental aspects.	
	Disseminating the concept of caring for the city and its citizens, both to foster greater knowledge of the initiatives carried out, starting with the reasons behind them (e.g. what they are for, what they improve, what effects they produce), and to achieve a new awareness of collective needs.	
Potential impact	Occurrence of environmental damage and inconvenience to citizens, due to inefficient and careless management of emergencies and infrastructural works, upgrading and extension of networks (e.g. interruption of works, poor site communication).	
Value creation		
Actual impact	Contributing to the development of the community and the territory, through the generation and sharing of value (e.g. charitable donations to the community, job creation, relations with suppliers).	
Potential impact	Increasing investment and revenue share oriented towards sustainable development (e.g. activities aligned to the EU Taxonomy, ecological transition, corporate welfare, health and safety).	
	Generating limited operating cash flows due to internal inefficiencies that limit the capacity to invest and maintain the assets and infrastructure covered, especially in the presence of significant absorption by financial management.	
Employment, inclusion and corporate welfare		
Actual impact	Fostering well-being, a sense of belonging to the company and thus employment, through the development of a stimulating, inclusive working environment that values diversity and equal opportunities, the adoption of retention policies (e.g. welfare, rewards) and measures to reconcile work and private life (e.g. smart working).	
Potential impact	Increasing distance with employees and their sense of dissatisfaction, due to a lack of willingness to listen and constructive discussion (e.g. analysis of the company climate) and the promotion of initiatives that do not meet their work and/or personal needs.	
Business ethics and integrated risk management		
Actual impact	Ensuring a business model based on ethical and compliance principles, including along the value chain.	
	Ensuring transparency and completeness of information provided to stakeholders.	
	Ensuring the confidentiality of data and information processed through the adoption of effective privacy safeguards.	
Potential impact	Occurrence of incidents of active and passive corruption and non-compliance with regulations in all relevant areas (e.g. tax, fiscal, environmental compliance).	
	Disclosing, even accidentally, confidential data on customers, employees and suppliers.	
Innovation and digital transformation		

Actual impact	Increasing the digitisation of services, improving their accessibility for customers and the community (e.g. smart meters, IoT platform, artificial intelligence, remote reading, portals), and of processes, reducing their environmental impacts (e.g. dematerialisation of archives and reduction of paper use).	
	Developing the digital skills of employees through training courses including cybersecurity.	
Potential impact	Increasing the digital divide between employees and customers, caused by an excessive and abrupt digital transition and the inadequate accompanying path towards the use of new technologies of the most vulnerable groups.	
	Causing inefficiencies related to the unavailability of digital services to users (e.g. breakdowns, maintenance, cyber attacks).	
	Managing the environmental impacts of digitisation in a less than responsible manner (e.g. emissions from server use and energy consumption of electronic devices, generation of e-waste).	
	Allocating resources to digital investments that contribute little to business development.	
Community involvement and development		
Actual impact	Contributing to the socio-economic development of the Community, enhancing the local cultural and environmental heritage through the development of initiatives also in collaboration with local institutions and associations and the direct involvement of the Community.	
	Sharing and transferring skills and best practices between organisations and institutions, also at international level, in order to improve the quality of services and spread the culture of sustainability.	
	Promoting training and community awareness activities in the field of sustainability.	
Air quality and pollution control		
Actual impact	Producing polluting emissions that may alter the surrounding environmental conditions through the operation of company activities (e.g. road construction sites, purification plants, company fleet, heating).	
Service quality and customer focus		
Potential impact	Increasing customer satisfaction through the provision of quality, efficient continuous and usable services, efficient management of the supply contract and timely resolution of any problems, responding to the different information needs and characteristics of the users served.	
Supply chain management		
Potential impact	Promoting the dissemination of a culture of sustainability along the supply chain.	
	Reducing the social and environmental impact of goods and services provided through more responsible procurement choices.	
	Inadequate procedures for selecting and monitoring the socio-environmental practices of suppliers and sub-suppliers, also due to the constraints imposed by the Procurement Code, resulting in an increase in the ESG impact of the services offered by the company.	
	Delaying compliance with commitments made to suppliers due to overly burdensome internal operational and control procedures (e.g. documentary checks, payment schedules, contractual conditions).	

GRI Content Index

The Sustainability Report of MM S.p.A. (Individual non-financial statement) is prepared in accordance with GRI Standards 2021: *in accordance with*. The following table provides information on the materiality analysis of MM S.p.A. for the financial years 2021, 2022 and 2023, based on the GRI Standards 2021, published by the Global Reporting Initiative.

<i>Declaration of use</i>	<i>MM reports 'in accordance with GRI Standards' for the period from 1 January 2023 to 31 December 2023</i>
<i>GRI 1 used</i>	<i>GRI 1: Foundation 2021</i>
<i>GRI Sector Standards applicable</i>	<i>N/A: GRI Sector Standards for MM's business sectors have not yet been published</i>

GRI Standard	Information	Paragraph / Notes / Omission
GENERAL INFORMATION		
GRI 2: General Disclosure 2021		
2-1	Organisational details	1 Who is MM 1.1 Our History 1.2 Where we are in Italy and the world 1.3 The areas of activity 1.4 Governance
2-2	Entities included in the organisation's sustainability reporting	Methodological note
2-3	Reporting period, frequency and point of contact	Methodological note
2-4	Review of information	Methodological note
2-5	External Assurance	Independent Auditors' report
2-6	Activities, value chain and other business relationships	1 Who is MM 1.1 Our History 1.2 Where we are in Italy and the world 1.3 The areas of activity 1.4 Governance 3.2 Creating value for stakeholders 3.4 Supply Chain Management 4. We value the people of MM Methodological note
2-7	Employees	4.1 Who are the people of MM Detailed tables
2-8	Non-employees	4.1 Who are the people of MM Detailed tables
2-9	Governance structure and composition	1.4 Governance
2-10	Appointment and selection of the highest governing body	1.4 Governance
2-11	President of the highest governing body	1.4 Governance
2-12	Role of the highest governing body in impact management control	1.4 Governance 2. Sustainability in MM 2.2 Materiality analysis and material topics for MM

		2.3 MM's integrated risk management 2.3.1 Mapping of sustainability risks
2-13	Delegation of responsibility for impact management	1.4 Governance 2. Sustainability in MM
2-14	Role of the highest governing body in sustainability reporting	1.4 Governance 2. Sustainability in MM 2.2 Materiality analysis and material topics for MM
2-15	Conflicts of interest	1.4 Governance
2-16	Communication of criticalities	1.4 Governance
2-17	Collective knowledge of the highest governing body	1.4 Governance
2-18	Performance evaluation of the highest governing body	1.4 Governance
2-19	Rules concerning remuneration	1.4 Governance
2-20	Procedure for determining remuneration	1.4 Governance
2-21	Annual total remuneration ratio	Detailed tables
2-22	Sustainable development strategy statement	Letter to Stakeholders
2-23	Policy commitment	The external context and sector megatrends 1 Who is MM 2.3 MM's integrated risk management 2.3.1 Mapping of sustainability risks 3. We believe in responsible business 3.1 Ethics and integrity in business management
2-24	Integration of policy commitments	2.3 MM's integrated risk management 2.3.1 Mapping of sustainability risks 2.4 Management systems and certifications 3. We believe in responsible business 3.1 Ethics and integrity in business management
2-25	Processes to remedy negative impacts	2.4 Management systems and certifications 3. We believe in responsible business 3.1 Ethics and integrity in business management Mapping of sustainability risks
2-26	Mechanisms for requesting clarification and raising concerns	3.1 Ethics and integrity in business management
2-27	Compliance with laws and regulations	No significant instances of non-compliance with laws and regulations occurred during 2023
2-28	Membership of associations	5.3 The sustainability and quality of the integrated water cycle 6.4 Collaborations with associations
2-29	Approach to stakeholder engagement	2.1 Our stakeholders and dialogue tools
2-30	Collective agreements	4.6 Relations between MM and trade unions

MATERIAL TOPICS

GRI 3: Material Topics 2021

3-1	Process of determining 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 of impacts

Value creation

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 the GRI Standards Prioritised list of material topics with description of impacts
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GRI 201: Economic Performance 2016

201-1	Directly generated and distributed economic value	3.2 Creating value for stakeholders Detailed tables
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GRI 207: Taxes 2019

207-1	Approach to taxation	3.2 Creating value for stakeholders
207-2	Fiscal governance, control and risk management	3.2 Creating value for stakeholders
207-3	Stakeholder engagement and addressing tax concerns	3.2 Creating value for stakeholders

Business ethics and integrated risk management
GRI 3: Material Topics 2021

3-3	Management of material topics	2.2 Materiality analysis and material topics for MM 2.3 MM's integrated risk management 2.3.1 Mapping of sustainability risks 3 We believe in responsible business 3.1 Ethics and integrity in business management Reconciliation table with Legislative Decree 254/2016 and the GRI Standards Mapping of sustainability risks Prioritised list of material topics with description of impacts
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GRI 205: Anti-corruption 2016

205-3	Established incidents of corruption and actions taken	No incidents of corruption occurred during 2023
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GRI 418: Customer privacy 2016

418-1	Proven complaints regarding breaches of customer privacy and loss of customer data	During 2023, there were no documented complaints of privacy breaches and loss of customer data
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Fighting climate change
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 5. We support the environmental transition 5.1 The fight against climate change 5.1.1. Initiatives to strengthen resilience to climate change risks Reconciliation table with Legislative Decree 254/2016 and the GRI Standards Mapping of sustainability risks Prioritised list of material topics with description of impacts
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GRI 302: Energy 2016

302-1	Energy consumed within the organisation	5.1 The fight against climate change Detailed tables
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GRI 305: Emissions 2016

305-1	Direct GHG emissions (Scope 1)	5.1 The fight against climate change Detailed tables
305-2	Indirect GHG emissions from energy consumption (Scope 2)	5.1 The fight against climate change Detailed tables

Responsible water resource management**GRI 3: Material Topics 2021**

3-3	Management of material topics	2.2 Materiality analysis and material topics for MM 5.3 The sustainability and quality of the integrated water cycle Reconciliation table with Legislative Decree 254/2016 and the GRI Standards Prioritised list of material topics with description of impacts
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GRI 303: Water and wastewater 2018

303-1	Interaction with water as a shared resource	1.3 The areas of activity 5.3 The sustainability and quality of the integrated water cycle 5.3.1 Withdrawal, quality and safety of water distributed to citizens
303-2	Management of impacts related to water discharge	5.3 The sustainability and quality of the integrated water cycle 5.3.2 The purification system and the quality of water discharges
303-3	Water withdrawal	5.3.1 Withdrawal, quality and safety of water distributed to citizens Detailed tables
303-4	Water discharge	5.2.3 The purification system and the quality of water discharges Detailed tables

Circular economy**GRI 3: Material Topics 2021**

3-3	Management of material topics	2.2 Materiality analysis and material topics for MM 5. We support the environmental transition 5.4 Circular economy projects and initiatives 5.4. 1 The management of biological waste and sludge Reconciliation table with Legislative Decree 254/2016 and the GRI Standards Prioritised list of material topics with description of impacts
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GRI 306: Waste 2020

306-1	Waste generation and related significant impacts	5.4 Circular economy projects and initiatives 5.4. 1 The management of biological waste and sludge
306-2	Management of significant waste-related impacts	5.4 Circular economy projects and initiatives 5.4. 1 The management of biological waste and sludge
306-3	Waste produced	5.4. 1 The management of biological waste and sludge Detailed tables

306-4	Waste not intended for disposal	5.4. 1 The management of biological waste and sludge Detailed tables
306-5	Waste for disposal	5.4. 1 The management of biological waste and sludge Detailed tables
Supply chain management		
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 3.4 Supply chain management Reconciliation table with Legislative Decree 254/2016 and the GRI Standards Prioritised list of material topics with description of impacts
GRI 308: Supplier environmental assessment 2016		
308-1	New suppliers assessed using environmental criteria	3.4 Supply chain management Detailed tables
GRI 414: Social evaluation of suppliers 2016		
414-1	New suppliers that have been evaluated using social criteria	3.4 Supply chain management Detailed tables
Employment, inclusion and corporate welfare		
GRI 3: Material Topics 2021		
3-3	Management of material topics	2.2 Materiality analysis and material topics for MM 4 We value the people of MM 4.1 Who are the people of MM 4.4 Inclusion and corporate welfare Reconciliation table with Legislative Decree 254/2016 and the GRI Standards Prioritised list of material topics with description of impacts
GRI 401: Employment 2016		
401-1	New recruits and turnover	4. We value the people of MM 4.1 Who are the people of MM Detailed tables
401-2	Benefits provided to full-time employees that are not provided to part-time employees	4.4 Inclusion and corporate welfare 4.5 Health and safety at work
GRI 405: Diversity and equal opportunities 2016		
405-1	Diversity in governing bodies and among employees	1.4 Governance 4.1 Who are the people of MM 4.4 Inclusion and corporate welfare Detailed tables
People skills and professionalism		
GRI 3: Material Topics 2021		
3-3	Management of material topics	2.2 Materiality analysis and material topics for MM 4. We value the people of MM 4.2 Training as a strategic lever for professional development 4.3 The evaluation of skills and performance Reconciliation table with Legislative Decree 254/2016 and the GRI Standards

		Prioritised list of material topics with description of impacts
GRI 404: Training and education 2016		
404-1	Average annual training hours per employee	4.2 Training as a strategic lever for professional development Detailed tables
Health and safety at work		
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 the people of MM 4.5 Health and safety at work Reconciliation table with Legislative Decree 254/2016 and the GRI Standards Prioritised list of material topics with description of impacts
GRI 403: Health and safety at work 2018		
403-1	Occupational health and safety management system	4.5 Health and safety at work
403-2	Hazard identification, risk assessment and accident investigation	4.5 Health and safety at work
403-3	Occupational health services	4.4 Inclusion and corporate welfare 4.5 Health and safety at work
403-4	Worker participation and consultation and communication on health and safety at work	4.5 Health and safety at work
403-5	Worker training in occupational health and safety	4.5 Health and safety at work
403-6	Workers' health promotion	4.4 Inclusion and corporate welfare 4.5 Health and safety at work
403-7	Prevention and mitigation of occupational health and safety impacts within business relationships	2.3.1 Mapping of sustainability risks 4.5 Health and safety at work
403-8	Workers covered by an occupational health and safety management system	4.5 Health and safety at work Detailed tables
403-9	Accidents at work	4.5 Health and safety at work Detailed tables
403-10	Occupational diseases	4.5 Health and safety at work Detailed tables
Caring for the city and its citizens		
GRI 3: Material Topics 2021		
3-3	Management of material topics	1.4 The areas of intervention 2.2 Materiality analysis and material topics for MM 6. We take care of the city and citizens 6.1 The care of the public heritage and its infrastructure 6.1.1 Facility management activities 6.1.2 Green care activities 6.2.3 Social initiatives in the Public Residential Housing context

		Reconciliation table with Legislative Decree 254/2016 and the GRI Standards Prioritised list of material topics with description of impacts
Community involvement and development		
GRI 3: Material Topics 2021		
3-3	Management of material topics	2.2 Materiality analysis and material topics for MM 5.3 The sustainability and quality of the integrated water cycle 6.3 Care in relations with the territory 6.3.1 Milan's Centrale dell'Acqua 6.3.2 Activities with schools and families 6.3.3 Site communication: the M4 experience 6.4 Collaborations with associations 6.5 MM and international cooperation Reconciliation table with Legislative Decree 254/2016 and the GRI Standards Prioritised list of material topics with description of impacts
Service quality and customer focus		
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 6.2 Care in customer relations 6.2.1 Services for IWS customers 6.2.2 Services for Public Residential Housing customers Reconciliation table with Legislative Decree 254/2016 and the GRI Standards Prioritised list of material topics with description of impacts
Air quality and pollution control		
GRI 3: Material Topics 2021		
3-3	Management of material topics	2.2 Materiality analysis and material topics for MM 5.2 Air quality and pollution control Prioritised list of material topics with description of impacts
Innovation and digital transformation		
GRI 3: Material Topics 2021		
3-3	Management of material topics	2.2 Materiality analysis and material topics for MM 3.3 Innovation and digital transformation 5.3 The sustainability and quality of the integrated water cycle Prioritised list of material topics with description of impacts



MM SPA

**REISSUANCE OF OUR 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 2023



To the Board of Directors of MM SpA

Foreword

In accordance with the terms of our engagement we undertook a limited assurance engagement on the individual non-financial statement of MM SpA for the year ended 31 December 2023. On that non-financial statement we issued a report dated 8 April 2024 in which we set out an unqualified limited assurance conclusion.

On 23 April 2024 we were informed by management of their intention to modify the aforementioned individual non-financial statement so as to rectify an incorrect quantification of capital expenditure in the period, which had generated the following effects: on the statement of financial position, an overstatement of rights over the infrastructure relating to service concession arrangements for Euro 6,819 thousand, an overstatement of trade payables for Euro 6,887 thousand, an understatement of current tax liabilities for Euro 19 thousand, and consequently an understatement of shareholders' equity for Euro 49 thousand; on the statement of comprehensive income, an overstatement of revenues arising from work on infrastructure subject to service concession arrangements for Euro 6,887 thousand, an overstatement of cost arising from work on infrastructure subject to service concession arrangements for Euro 6,887 thousand, an overstatement of amortisation/depreciation, impairment and other provisions for Euro 68 thousand, an understatement of taxes for Euro 19 thousand, and consequently an understatement of net profit for the year for Euro 49 thousand.

On 29 April 2024, the Board of Directors of MM SpA approved a new individual non-financial statement as of 31 December 2023, amending the previous statement to reflect the adjustments described above. For this reason, we withdrew our auditor's report dated 8 April 2024.

The new individual non-financial statement was submitted for our examination as the statutory auditors for the purpose of our issuing our auditor's report.

Conclusion

Based on the foregoing, below we reissue our report on the individual non-financial statement for the year ended 31 December 2023.

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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

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 2023 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 Environmental Taxonomy" 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.

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 Integrated Water Service division, the Engineering division, the Home division and the Ordinary Plant and Infrastructure Maintenance division, 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 2023 is not prepared, in all material respects, in accordance with article 3 and 4 of the Decree and with the GRI Standards.

Our conclusion on the NFS of MM SpA does not extend to the information set out in the paragraphs of the NSF titled “The European Environmental Taxonomy” and “The European Taxonomy: Supporting Information”, required by article 8 of European Regulation 2020/852.

Milan, 6 May 2024

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 2023 NFS.

**RIEMMISSIONE DELLA RELAZIONE DELLA SOCIETÀ DI REVISIONE INDIPENDENTE
SULLA DICHIARAZIONE DI CARATTERE NON FINANZIARIO AI SENSI DELL'ART. 3,
C. 10, D.LGS. 254/2016 E DELL'ART. 5 REGOLAMENTO CONSOB ADOTTATO CON
DELIBERA N. 20267 DEL GENNAIO 2018**

Al Consiglio di Amministrazione di MM SpA

Premessa

In esecuzione dell'incarico conferitoci, avevamo svolto l'esame limitato della dichiarazione individuale di carattere non finanziario di MM SpA al 31 dicembre 2023. Su detta dichiarazione di carattere non finanziario avevamo rilasciato in data 8 aprile 2024 una relazione nella quale avevamo esposto delle conclusioni senza rilievi.

In data 23 aprile 2024 siamo stati informati dalla direzione aziendale dell'intenzione di modificare la citata dichiarazione individuale di carattere non finanziario al fine di rettificare un'errata quantificazione degli investimenti di periodo che aveva comportato i seguenti effetti: da un punto di vista patrimoniale, una sovrastima dei diritti su beni in concessione di Euro 6.819 migliaia, una sovrastima dei debiti commerciali di Euro 6.887 migliaia, una sottostima delle passività per imposte correnti di Euro 19 migliaia e conseguentemente una sottostima del patrimonio netto di Euro 49 migliaia; dal punto di vista economico, una sovrastima dei ricavi per lavori su beni in concessione di Euro 6.887 migliaia, una sovrastima dei costi per lavori su beni in concessione di Euro 6.887 migliaia, una sovrastima degli ammortamenti di Euro 68 migliaia, una sottostima delle imposte correnti di Euro 19 migliaia e conseguentemente una sottostima del risultato di periodo pari a Euro 49 migliaia.

Il Consiglio di Amministrazione di MM SpA ha provveduto, in data 29 aprile 2024, ad approvare una nuova dichiarazione individuale di carattere non finanziario al 31 dicembre 2023, modificata rispetto alla precedente per il recepimento delle rettifiche sopra descritte. Per tale motivo, abbiamo provveduto a ritirare la nostra relazione di revisione datata 8 aprile 2024.

La nuova dichiarazione individuale di carattere non finanziario è stata sottoposta al nostro esame quali revisori legali dei conti ai fini della emissione della nostra relazione di revisione.

Conclusioni

Tutto ciò premesso riemettiamo nel seguito la nostra relazione sulla dichiarazione individuale di carattere non finanziario al 31 dicembre 2023.

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Ai sensi dell'articolo 3, comma 10, del Decreto Legislativo 30 dicembre 2016, n. 254 (il "Decreto") e dell'articolo 5, comma 1, lett. g) del Regolamento CONSOB n. 20267, siamo stati incaricati di effettuare l'esame limitato ("*limited assurance engagement*") della dichiarazione individuale di carattere non finanziario di MM SpA (la "Società") relativa all'esercizio chiuso al 31 dicembre 2023 predisposta ai sensi dell'art. 3 del Decreto, e approvata dal Consiglio di Amministrazione in data 20 marzo 2024 (la "DNF").

L'esame da noi svolto non si estende alle informazioni contenute nei paragrafi "La Tassonomia ambientale europea" e "La tassonomia europea: informazioni a supporto" della DNF, richieste dall'art. 8 del Regolamento europeo 2020/852.

Responsabilità degli amministratori e del collegio sindacale per la DNF

Gli amministratori di MM SpA sono responsabili per la redazione della DNF in conformità a quanto richiesto dall'articolo 3 del Decreto e dai "Global Reporting Initiative Sustainability Reporting Standards" definiti nel 2016, e aggiornati al 2021, dal GRI – Global Reporting Initiative ("GRI Standards"), da essi individuati come standard di rendicontazione.

Gli amministratori sono altresì responsabili, nei termini previsti dalla legge, per quella parte del controllo interno da essi ritenuta necessaria al fine di consentire la redazione di una DNF che non contenga errori significativi dovuti a frodi o a comportamenti o eventi non intenzionali.

Gli amministratori sono responsabili, inoltre, per l'individuazione del contenuto della DNF, nell'ambito dei temi menzionati nell'articolo 3, comma 1, del Decreto, tenuto conto delle attività e delle caratteristiche della Società e nella misura necessaria ad assicurare la comprensione dell'attività della Società, del suo andamento, dei suoi risultati e dell'impatto dallo stesso prodotti.

Gli amministratori sono, infine, responsabili per la definizione del modello aziendale di gestione e organizzazione dell'attività della Società, nonché, con riferimento ai temi individuati e riportati nella DNF, per le politiche praticate dalla Società e per l'individuazione e la gestione dei rischi generati o subiti dalla stessa.

Il collegio sindacale ha la responsabilità della vigilanza, nei termini previsti dalla legge, sull'osservanza delle disposizioni stabilite nel Decreto.

Indipendenza della società di revisione e controllo della qualità

Siamo indipendenti in conformità ai principi in materia di etica e di indipendenza dell'*International Code of Ethics for Professional Accountants* (including International Independence Standards) (IESBA Code) emesso dall'*International Ethics Standards Board for Accountants*, basato su principi fondamentali di integrità, obiettività, competenza e diligenza professionale, riservatezza e comportamento professionale. Nell'esercizio di riferimento del presente incarico la nostra società di revisione ha applicato l'*International Standard on Quality Control 1 (ISQC Italia 1)* e, di conseguenza, ha mantenuto un sistema di controllo qualità che include direttive e procedure documentate sulla conformità ai principi etici, ai principi professionali e alle disposizioni di legge e dei regolamenti applicabili.

Responsabilità della società di revisione

È nostra la responsabilità di esprimere, sulla base delle procedure svolte, una conclusione circa la conformità della DNF rispetto a quanto richiesto dal Decreto e dai GRI Standards. Il nostro lavoro è stato svolto secondo quanto previsto dal principio “*International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information*” (ISAE 3000 Revised), emanato dall’*International Auditing and Assurance Standards Board* (IAASB) per gli incarichi *limited assurance*. Tale principio richiede la pianificazione e lo svolgimento di procedure al fine di acquisire un livello di sicurezza limitato che la DNF non contenga errori significativi. Pertanto, il nostro esame ha comportato un’estensione di lavoro inferiore a quella necessaria per lo svolgimento di un esame completo secondo l’ISAE 3000 Revised (*reasonable assurance engagement*) e, conseguentemente, non ci consente di avere la sicurezza di essere venuti a conoscenza di tutti i fatti e le circostanze significativi che potrebbero essere identificati con lo svolgimento di tale esame.

Le procedure svolte sulla DNF si sono basate sul nostro giudizio professionale e hanno compreso colloqui, prevalentemente con il personale della Società responsabile per la predisposizione delle informazioni presentate nella DNF, nonché analisi di documenti, ricalcoli e altre procedure volte all’acquisizione di evidenze ritenute utili.

In particolare, abbiamo svolto le seguenti procedure:

1. analisi dei temi rilevanti in relazione alle attività e alle caratteristiche della Società rendicontati nella DNF, al fine di valutare la ragionevolezza del processo di selezione seguito alla luce di quanto previsto dall’art. 3 del Decreto e tenendo presente lo standard di rendicontazione utilizzato;
2. comparazione tra i dati e le informazioni di carattere economico-finanziario incluse nella DNF e i dati e le informazioni inclusi nel bilancio della Società;
3. comprensione dei seguenti aspetti:
 - a) modello aziendale di gestione e organizzazione dell’attività della Società, con riferimento alla gestione dei temi indicati nell’art. 3 del Decreto;
 - b) politiche praticate dalla Società connesse ai temi indicati nell’art. 3 del Decreto, risultati conseguiti e relativi indicatori fondamentali di prestazione;
 - c) principali rischi, generati o subito connessi ai temi indicati nell’art. 3 del Decreto.

Relativamente a tali aspetti sono stati effettuati inoltre i riscontri con le informazioni contenute nella DNF ed effettuate le verifiche descritte nel successivo punto 4, lett. a);

4. comprensione dei processi che sottendono alla generazione, rilevazione e gestione delle informazioni qualitative e quantitative significative incluse nella DNF.

In particolare, abbiamo svolto interviste e discussioni con il personale della Direzione della Società, e abbiamo svolto limitate verifiche documentali, al fine di raccogliere informazioni circa i processi e le procedure che supportano la raccolta, l’aggregazione, l’elaborazione e la trasmissione dei dati e delle informazioni di carattere non finanziario alla funzione responsabile della predisposizione della DNF.

Inoltre, per le informazioni significative, tenuto conto delle attività e delle caratteristiche della Società:

- a) con riferimento alle informazioni qualitative contenute nella DNF, e in particolare al modello aziendale, politiche praticate e principali rischi, abbiamo effettuato interviste e

acquisito documentazione di supporto per verificarne la coerenza con le evidenze disponibili;

- b) con riferimento alle informazioni quantitative, abbiamo svolto sia procedure analitiche che limitate verifiche per accertare, su base campionaria, la corretta aggregazione dei dati.
- per la divisione Servizio Idrico Integrato, la divisione Ingegneria, la divisione Casa e la divisione Manutenzione Ordinaria Impianti e Infrastrutture, che abbiamo selezionato sulla base delle loro attività, del loro contributo agli indicatori di prestazione e della loro ubicazione, abbiamo effettuato interviste nel corso delle quali ci siamo confrontati con i responsabili e abbiamo acquisito riscontri documentali circa la corretta applicazione delle procedure e dei metodi di calcolo utilizzati per gli indicatori.

Conclusioni

Sulla base del lavoro svolto, non sono pervenuti alla nostra attenzione elementi che ci facciano ritenere che la DNF di MM SpA relativa all'esercizio chiuso al 31 dicembre 2023 non sia stata redatta, in tutti gli aspetti significativi, in conformità a quanto richiesto dall'articolo 3 del Decreto e ai GRI Standards.

Le nostre conclusioni sulla DNF di MM SpA non si estendono alle informazioni contenute nei paragrafi "La Tassonomia ambientale europea" e "La tassonomia europea: informazioni a supporto" della stessa, richieste dall'art. 8 del Regolamento europeo 2020/852.

Milano, 6 maggio 2024

PricewaterhouseCoopers SpA



Andrea Crespi
(Revisore Legale)