

Integrated Annual Report 2024 - MM S.p.A.



MM S.P.A.

Registered office in MILAN - VIA DEL VECCHIO POLITECNICO, 8

Share Capital Paid-in Euro 36,996,233

Registered with the Chamber of Commerce, Industry, Crafts and Agriculture of MILAN

Tax Code and Company Register No. 01742310152

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Letter to Stakeholders

2024 was a year of particular strategic significance for MM. In addition to a decidedly positive economic result, growth in the scope of the company's activities continued and the foundations for future development were laid with a view to sustainability in all its meanings: environmental, social, governance and economic.

In this latter respect, the last financial year ended with a marked improvement in the main economic and financial indicators. A particularly significant result, considering the continuing uncertainty of the macroeconomic environment and the high performance already recorded in the previous year. The growth in economic margins testifies to MM's solidity in an increasingly complex operating environment.

In fact, the environment in which MM operates is characterised by far-reaching structural challenges, which manifest themselves locally: climate change with extreme weather events, air pollution and climate-changing gas emissions, the waste of natural resources and the growing need for a circular economy, the commitments laid down by new European regulations, and the opportunities to be seized that may arise from all this.

It is against this backdrop that MM completed the evolution of its mission in 2024, culminating in the approval of the **Business Plan 2024-2028**. The Plan focuses on ecological transition, community and territory, responsible business and the recognition of the right value to the people of MM, translating all this into the motto '**Your city, our commitment**', which reflects MM's constant commitment to Milan and its citizens.

As far as environmental transition is concerned, particular attention is paid to the **Integrated Water Service**, which due to its size and characteristics can clearly contribute to the growth of sustainability in the City of Milan. With this in mind, an initial area of action is related to the company's energy policy, which will continue on the path of operational efficiency and the development of energy self-production initiatives from renewable sources.

Thanks to the future construction of anaerobic digesters at the two main sewage treatment plants, electricity purchases are expected to be reduced by 6 million kWh. Further actions will concern the installation of photovoltaic systems and actions aimed at reducing and improving energy consumption efficiency.

Equally important are the actions for adaptation to climate change, such as the implementation of SUDS (Sustainable Urban Drainage Systems), the upgrading of lamination basins and anti-surge systems, as well as actions for the protection of water resources, an invaluable asset for the Milanese territory and beyond, through objectives of reducing water withdrawals from the environment and strengthening the resilience of the aqueduct system.

The Business Plan also includes ambitious goals for strengthening the relationship with the territory. MM aims to expand the number of user contact points, both physical and digital, to adopt new ways of communicating with citizens and stakeholders, and to improve the quality of its services through the measurement of customer satisfaction. With these actions, MM strengthens its role as a key player in the care and development of the city

As of the last quarter of 2024, MM also integrated **the management and maintenance of the municipal public green assets** into its activities. This new responsibility represents a significant evolution of the company's multiservice model, which will face organisational,

operational and environmental challenges while ensuring high standards of care, sustainability and continuity of service.

*Confirming the growing relevance of the company in the urban and social fabric of MM, MM is expected to reach a total workforce of 1,700 people by 2028. It is in fact **the women and men of MM** who are the real driving force behind the company. It is thanks to them and their daily dedication that we are able to tackle increasingly ambitious goals, in line with the expectations of our Shareholder, the Municipality of Milan, and the needs of the city. The professionalism, technical skills and sense of responsibility of our people constitute an invaluable asset, which MM intends to **protect, enhance and strengthen**.*

*The contribution of the people of MM was also instrumental in the achievement of two significant milestones celebrated in 2024: the opening of the M4 Line of the Milan Metro and the 60th anniversary of the M1 Milan Metro, one of the city's iconic infrastructures. These achievements are a proud moment for the company and testify to the role that MM continues to play **in the development of mobility and progress in Milan**, now preparing to **celebrate its first 70 years** in 2025.*

*MM today confirms itself as a **solid and competent multiservice reality**, capable of facing the challenges of a constantly evolving context according to a **responsible business** approach, taking care of its operational processes and committing itself to accountability towards all its stakeholders, starting with the Municipality of Milan. It is precisely in this perspective of accountability that MM's 2024 Annual Report fits in, which for the first time is prepared by integrating economic-financial and sustainability aspects, according to the perspective defined at EU level with the new **Corporate Sustainability Reporting Directive (CSRD)**.*

We look to the future with determination and confidence, aware that technological innovation, digitalisation, the development of human capital and sustainability in all its forms will be the strategic levers to generate further positive environmental, social and economic impacts, confirming once again MM's key role in supporting the Municipality of Milan in the development of the City.

Simone Dragone
Chairperson
MM Spa

Francesco Mascolo
CEO
MM Spa

Highlights MM 2024

Economics

EUR 320 million

Revenues of which EUR 50 million in revenues for work on goods under concession

EUR 98 million
Gross Operating Margin

EUR 38 million
Net result

EUR 64.5 million

Investments of which EUR 55 million related to the Integrated Water Service

EUR 181 million
Net Financial Position

EUR 305 million
Shareholders' Equity

Taxonomy

Revenues	CapEx	OpEx	
83.3%	78.4%	43.1%	<i>eligible</i>
26.4%	44.2%	15.7%	<i>aligned</i>

Environmental Issues

857 MWh
self-generated
renewable energy
without using fuels

-7%
Total energy
consumption from
2022 to 2024

231.8 million
cubic metres
Water withdrawal of
which 203.3 million
cubic metres from wells
for drinking water use

1,491 km
of aqueduct network
subjected to leakage
research

20%
water discharges
destined for
irrigation use in
agriculture

100%
Of the biological
sludge expressed as
SST sent for recovery
or reuse in
agriculture

38,411 tons CO₂eq
of Scope 1 emissions

39,874 tons CO₂eq
of Scope 2 emissions
location-based

74,036 tons CO₂eq
of Scope 3 emissions

Social Issues

1,381
employees of MM
as at 31.12.2024

157
new recruits, of which **17.1%**
under 30 years of age

0.71%
gender pay gap

30%
of employees in the category of
manager are women.

27,693
training hours provided
(+26% compared to 2023)

ZERO
accidents at work with serious
consequences

Governance

4,172
Economic operators
registered on the e-
procurement platform,
of which 4,143 in Italy

62
No. of days (on
average) taken by the
company to pay an
invoice

118
Employees receiving
training in corruption
matters

Report on Operations as at 31/12/2024

1.1 Company structure and sectors of activity

MM SpA was founded in 1955 as an engineering company wholly owned by the City of Milan, of which it is an industrial partner, with the aim of constructing the city's entire metro network.

Since then **it has been accompanying the development of the Lombardy metropolis** by designing infrastructures and works for public mobility, including urban and suburban road redevelopment, car parks and interchange areas. The services offered by MM cover the entire design cycle (technical and economic feasibility projects - PFTE, final and executive projects), contract management, works management, safety coordination, testing activities and support to the Sole Project Manager (Responsabile Unico del Progetto - RUP), also providing services in 'on-demand' form that can be activated on call according to the needs of the Municipality of Milan.

Subsequently, **MM diversified its business by broadening its field of intervention**, thanks to the skills it had acquired and the increased professionalism within the company.

In 2003, the Municipality of Milan awarded MM with the management of the Servizio Idrico Integrato (SII), or Integrated Water Service (IWS) of the city and some neighbouring municipalities until 2037. Management encompasses all stages of the process: from drawing water directly from the aquifer to drinking water treatment and water quality control before distribution to users; from the collection of wastewater in the sewerage system to purification at the City's service facilities, and finally to the return of the water resource to the environment. Since the 2020-2023 regulatory period, MM's IWS management includes the cleaning of roadside drains and the management of municipal-owned stormwater drainage infrastructure and first groundwater wells for irrigation use.

Since 1 December 2014 MM has been managing the Public Residential Housing (ERP) assets owned by the Municipality of Milan, dealing with administrative, accounting and technical-legal activities, relations with users and ordinary asset maintenance. Since 30 June 2015, the Municipality has confirmed the award on a 30-year basis; in 2018, it also decided to entrust MM with the preparatory activities for the assignment of the managed housing stock, it being understood that the housing assignment function remains the responsibility of the Municipality.

In the following years, MM incorporated by deed of merger:

- in **2015**, the company **M.I.R. Srl**¹, which holds several publicly-owned movable and immovable assets instrumental to the management of the environmental hygiene service leased to Amsa SpA, the pro tempore manager of the service, in return for the payment of an annual fee;
- In **2017**, the subsidiaries **Metro Engineering Srl** and **Napoli Metro Engineering Srl**, established in 2009 to deal with extra moenia activities, were merged.

Starting in 2019, MM developed **additional services for the municipal group** as part of the **Field Operations**:

¹ The merger by incorporation of M.I.R. S.r.l. in MM was resolved by the Municipality of Milan as part of the rationalisation process of participations owned by local authorities.

- Since September 2019, MM has been carrying out works management, operational management and safety coordination for the **facility management of school buildings** of the Municipality of Milan. MM also manages the reporting system for the facility management of the school building stock. At the end of December 2021, a contract was signed with the Municipality for this integrated management service, **under the global service model**, for a duration of 25 years.
- Since November 2019, MM supports the Municipality of Milan in the **management and renovation of the city's underpasses**, for which it takes care of works of an electrical and instrumental nature on pumps and command and control panels, in addition to cleaning and purging of collection tanks. In September 2021, a **service contract was signed with the Municipality of Milan concerning the stormwater lifting stations** of the municipal underpasses, which will last for 4 years².
- Since February 2020, MM is responsible for the **operation and the maintenance of the properties hosting sports facilities** owned by the municipality and entrusted to Milanospport for management; the service includes ordinary maintenance, periodic, scheduled and emergency response work on the facilities; as well as the management of heating systems and energy efficiency of technological installations.
- In 2021, **the management of green areas pertaining to the ERP** assets was initiated: MM is in charge of the ordinary and extraordinary maintenance of the ERP green assets, of Ready Intervention (PI) activities, and of maintaining and updating the ERP green assets census.

Since 1 January 2023, MM SpA has also taken over the **management of the Public Residential Housing assets** owned by the **Municipality of Bergamo**, carrying out the administrative management and maintenance of this real estate, amounting to approximately 1,000 property units.

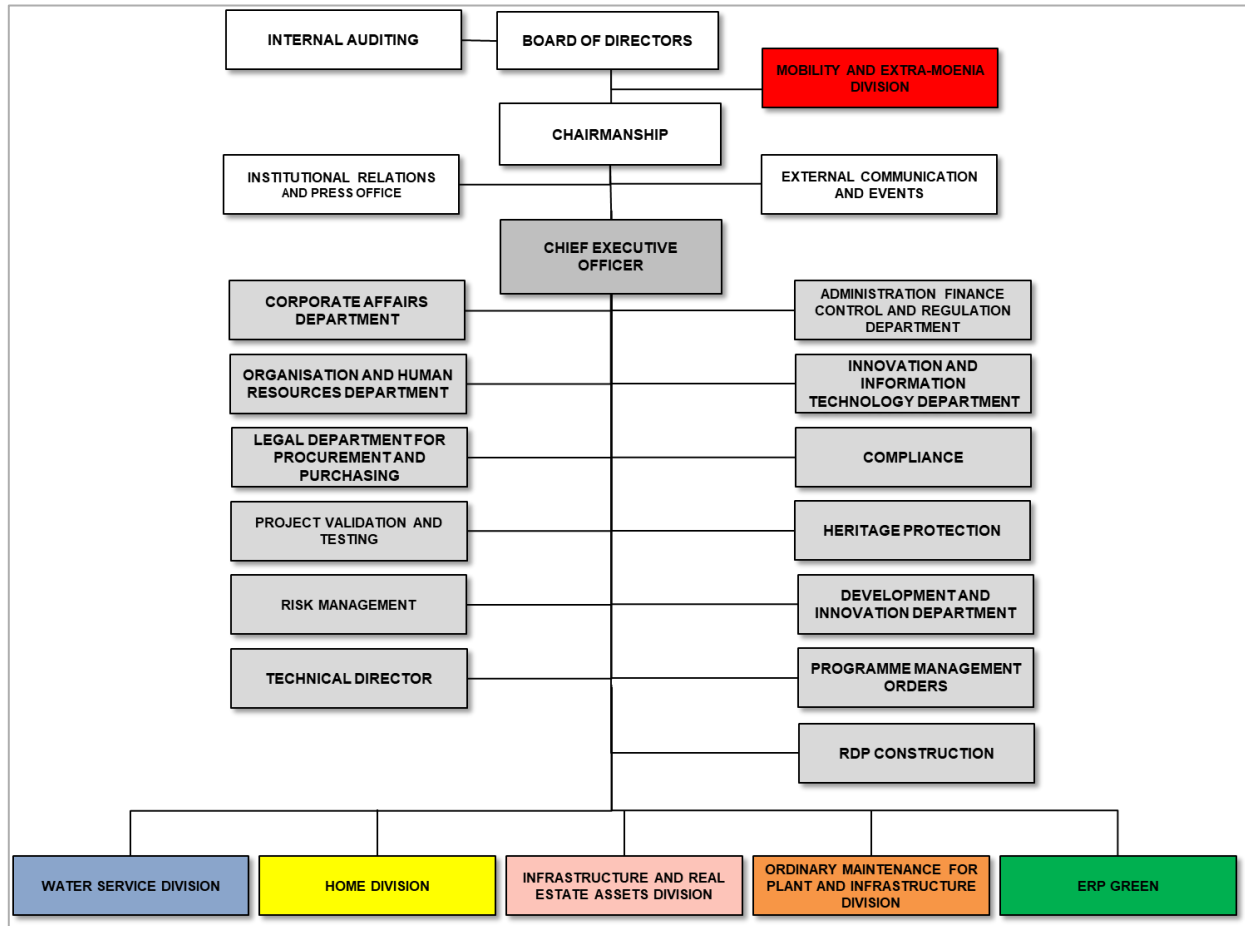
During 2023, MM also started the administrative management of the executive phase for the contracts of **routine maintenance of roads, signposts and bridges** previously managed by the Municipality of Milan.

As of 1 October 2024, MM SpA started the **maintenance service of the public green assets of the Municipality of Milan**, initially by taking over the management of the contract with the current contractor.

² From the second year onwards, the management of the service performed by the Company will continue only upon confirmation by the Municipality of Milan that it has made a commitment for the planned expenditure.

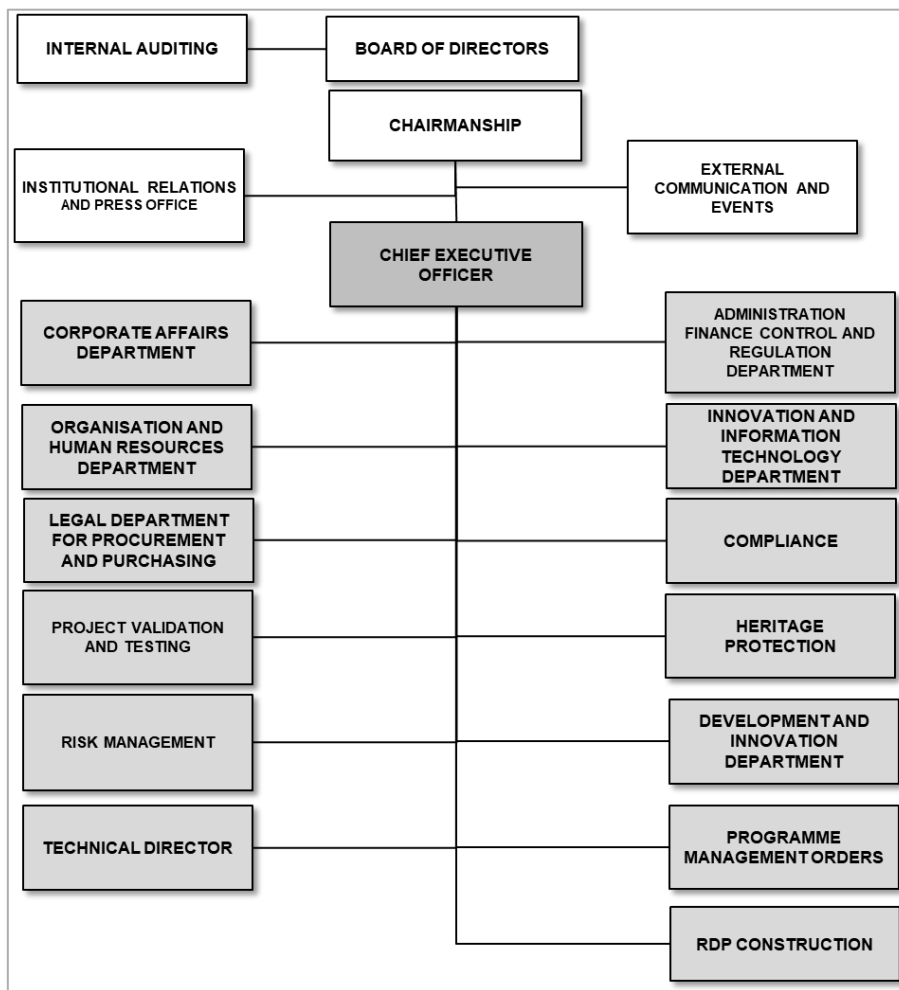
1.2 Organisational Structure

MM's corporate organisation chart as at 31 December 2024 is shown below.



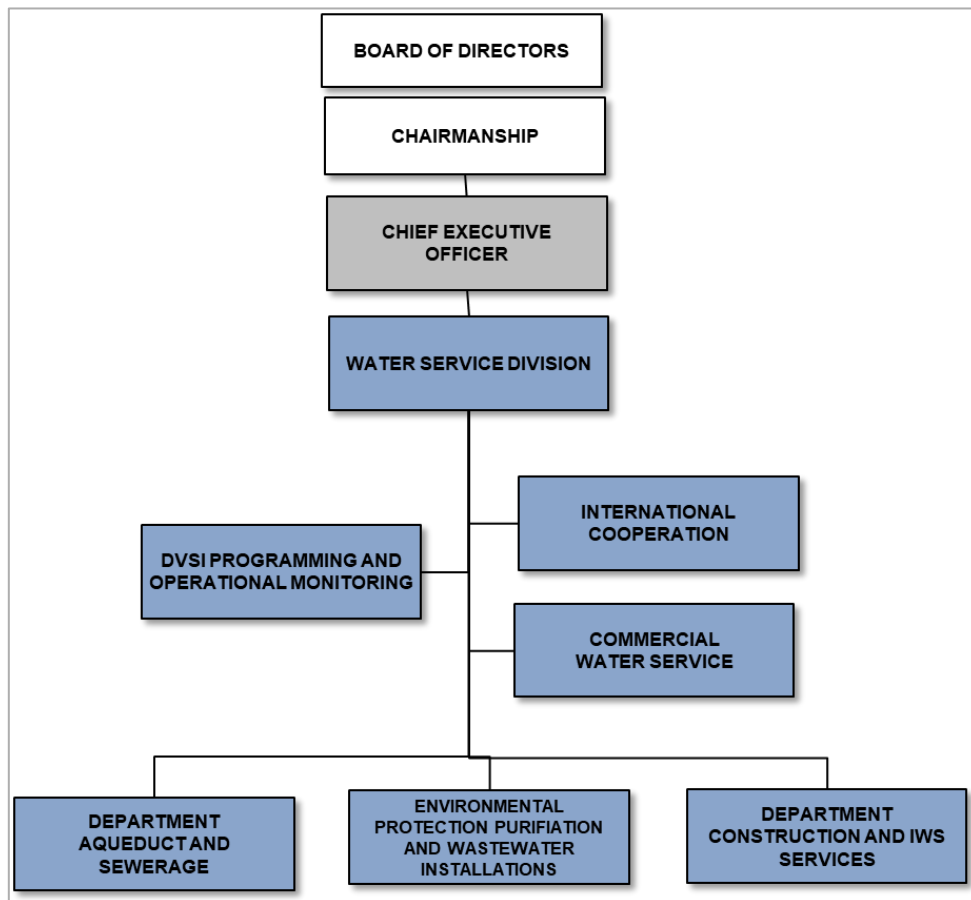
In 2024, the Company, in addition to continuing with the usual change management activities necessary for the effective and efficient implementation of its assigned processes and responsibilities, underwent a number of organisational overhauls to meet business development and operational needs.

Departments and Staff Functions



During the year, within the Organisation and Human Resources Department (DORU), the Prevention and Protection Service (SPP) department was renamed to Health, Safety and Environment (HSE). The Environment function was set to report directly to the Health, Safety and Environment (HSE) department. Within the Innovation and Information Technology Department (DICT), the Infrastructure Management function ceased to exist. The activities managed by the function were allocated to the Asset Protection, Infrastructure and TLC (PPT) function.

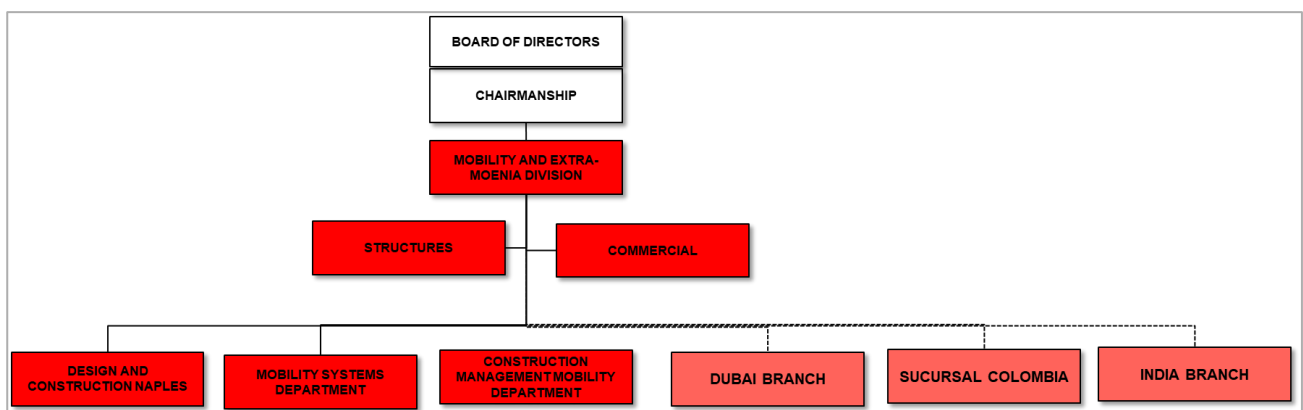
Water Service Division



During 2024, within the Aqueduct and Sewerage Department, the Wastewater Network Management (GAR) function ceased. The **Network Operation (ESR)**, **Ordinary Maintenance (MAO)** and **Environmental Monitoring and Authorisation for Discharges (MAS)** functions were allocated within the Wastewater Network (RAR) function. In addition, the function **Maintenance of Manholes (MAC)** was set up to carry over from RAR. .

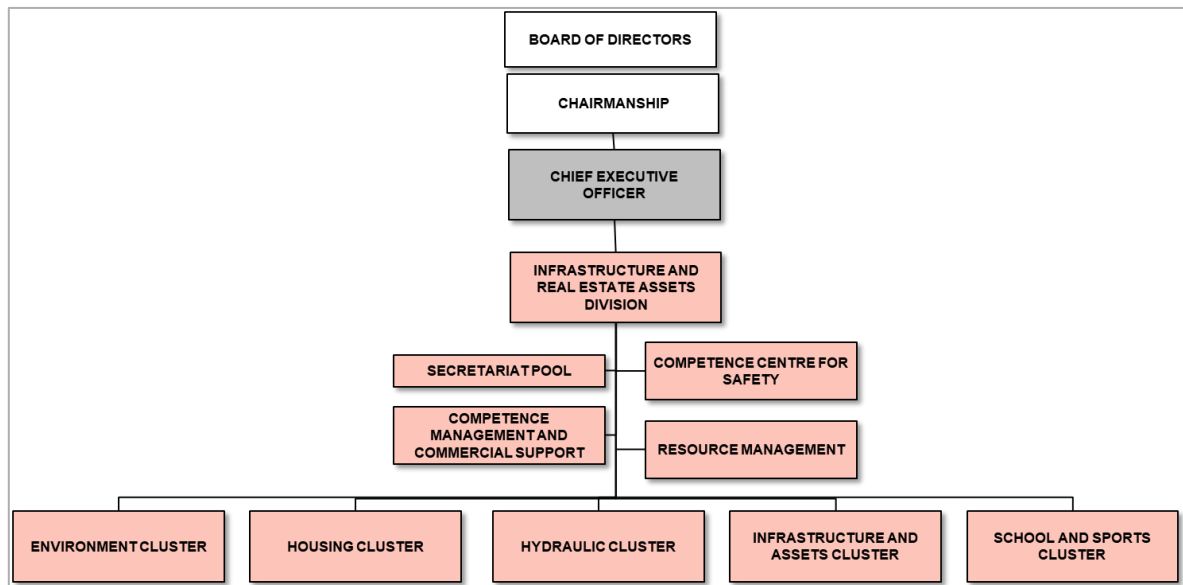
The Department of Construction Management Investment Plan (DCPI) has ceased to exist. The functions and resources were allocated to the **Construction and IWS Services (DCS)** Department, formerly the Water Service Division (SDS) function.

Mobility and Extra Moenia Division



In February 2024, an organisational change was made within the Department for Mobility Systems (DSMO), with the establishment of the Mobility Systems Project Manager (RPM) function. In addition, the Plant Design (PIM), Project Coordination, Environment and Feasibility Studies (CAF) and Civil Design (PCV) functions were established, with separate work teams for each technical area of expertise with the aim of creating specialised resource pools.

Infrastructure and Real Estate Division



In July 2024, the Division underwent a reorganisation involving the termination of the previously existing departments and functions and the establishment of five clusters with the aim of creating centres of competence operating in the comprehensive management of orders by field of activity, namely:

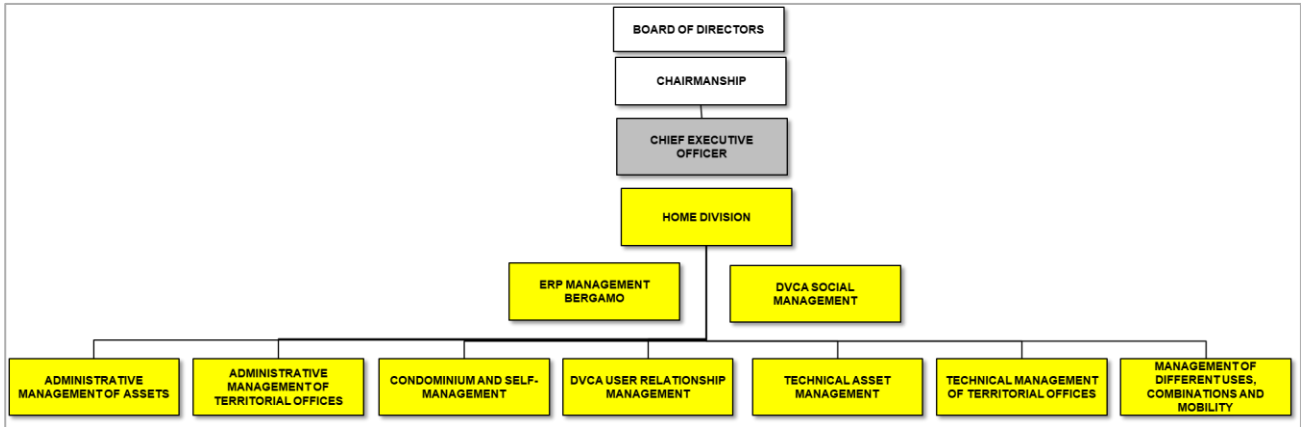
- Hydraulic Cluster (CID)
- Infrastructure and Heritage Cluster (CLP)
- School and Sport Cluster (CSS)
- Housing Cluster (CCA)
- Environment Cluster (CAM)

In addition, three functions were established as staff to the Director:

- the **Competence Management and Commercial Support (GCC)** function with the objective of maintaining and developing the Division's technical know-how in terms of internal procedures and processes and the development of activities external to the Service Contract with the Municipality of Milan;
- The **Safety Competence Centre (CSE)** function with the aim of establishing effective supervision of safety coordination activities for the engineering divisions;

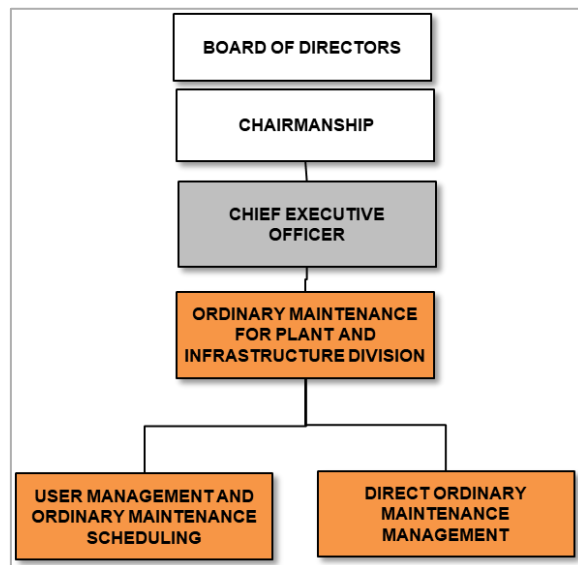
- The **Resource Management (REM)** function was established on an interim basis with the aim of ensuring efficient and effective management of the Division's resources. The construction pool and the design pool, within which the professional figures in the Division are allocated, report to this function.

Housing Division



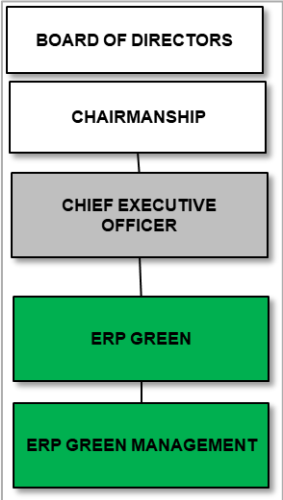
During 2024, there were no major organisational changes for the Division.

Ordinary Plant and Infrastructure Maintenance Division



During 2024, there were no major organisational changes for the Division.

ERP Green Function



The structure did not undergo any organisational changes during the year.

1.3 Management and controlling bodies

Board of Directors

Chairperson	<i>Simone Dragone</i>
Chief Executive Officer	<i>Francesco Mascolo</i>
Director	<i>Roberta Di Vieto</i>
Director	<i>Giuseppina Lanza</i>
Director	<i>Marco Plazzotta</i>

Board of Statutory Auditors

Chairperson	<i>Vittorio Grazi</i>
Standing auditor	<i>Ilaria Moretti</i>
Standing auditor	<i>Andrea Parolini</i>

Auditing Firm **PricewaterhouseCoopers S.p.A.**

1.4 Legal and regulatory aspects

Legal framework

The main legislative measures that were enacted in 2024 and affected the Company are as follows:

- **Supplementary and corrective provisions to the Public Contracts Code, pursuant to Italian Legislative Decree No. 36 of 31 March 2023, impacting existing procedures and contracts as well as new procedures;**
- **Decision of the Director General of the National Cybersecurity Agency referred to in Article 7, paragraph 6, and Article 40, paragraph 5, letter b), of Italian Legislative Decree no. 138 of 4 September 2024, containing terms, modalities and procedures for the use of and access to the digital platform as well as further information to be provided by the entities to the competent national NIS Authority and terms, modalities and procedures for the designation of NIS representatives in the Union as an operational tool for the implementation of the provisions contained in Articles 7 and 40, paragraph 5, letter b), of Italian Legislative Decree No. 138/2024.**

* * *

SUPPLEMENTARY AND CORRECTIVE PROVISIONS TO THE PUBLIC CONTRACTS CODE, AS PER ITALIAN LEGISLATIVE DECREE NO. 36 OF 31 MARCH 2023

On **31 December 2024**, the Italian **Legislative Decree no. 209/2024** - so-called "corrective" decree of the Public Contracts Code (Italian Legislative Decree no. 36/2023) and relative annexes was published in the Official Journal of the Republic of Italy no. 305/2024 (SO 45).

The decree containing '**Supplementary and corrective provisions to the Public Contracts Code, referred to in Italian Legislative Decree No. 36 of 31 March 2023**' came into force on the same **date of publication**. Below are some of the main changes introduced by the so-called '*corrective*' decree.

General Principles

As part of the first general part of the Code dedicated to the general principles applicable to public contracts, **Art. 8** of Italian Legislative Decree no. 36/2023 included the regulation of the **prohibition of free professional services**, which are permitted only in exceptional cases and with adequate justification, in order to ensure the coordination of such prohibition with the new provisions on fair compensation set forth in Article 41, paragraphs 15-*bis* to 15-*quater* of the Code.

In **Art. 11** of the Code, amendments are introduced to the rules for the application of **national collective agreements** (CCNL). These amendments are aimed at facilitating the precise identification and application of CCNLs in the awarding and execution of public works, supplies and services by introducing more detailed criteria for verifying the equivalence of CCNLs. The introduction of Annex I.01 provides a more comprehensive and detailed framework for the application of these provisions.

Tender divided into lots - Rules applicable for awarding lots with a value of 20% or less of the total amount

Article 14, paragraph 11, of the Code is amended in order to provide for the ability to apply the rules set forth by the Code for the awarding of contracts below the EU thresholds (Book II Part I) of the Code also in the case of the awarding of lots whose estimated amount is less than EUR 80,000 for supplies/services or EUR 1,000,000 for works, provided that the aggregate amount of the awarded lots does not exceed 20% of the aggregate amount of all the lots into which the planned work, the project for the acquisition of homogeneous supplies or the project for the provision of services have been divided.

Appointment of the Sole Project Manager (RUP)

In the event of a shortage of qualified staff, **Art. 15** of the Code clarifies the Contracting Authority's right to identify the Sole Project Manager from the staff of another Public Administration.

Maximum time limit to tender the approved project

In **Article 17** of the Code, the new paragraph 3-*bis* is introduced regarding the **maximum time limit that must elapse between the approval of the project and the publication of the contract notice or the sending of invitations to tender**.

To this end, **Annex I.3** provides that:

- the initial tender documents are published, for works contracts, within three months from the date of project approval;
- this time limit may be extended: i) by one month, by reasoned order of the Sole Project Manager (RUP), in the presence of exceptional circumstances; ii) by another month, in the presence of further unforeseeable situations of objective difficulty that make the procedural time limits unsustainable from the point of view of administrative organisation and the particular complexity of the procedure, certified by the RUP by reasoned order.

The amendment under consideration therefore stems from the need to avoid a considerable time lapse between the approval of the project and the start of the tendering procedures, thus preventing project costs from being out of date with respect to the current price lists.

Reduction of the stand still period

With the new **Art. 18, paragraph 3**, of the Code, the stand still period for the stipulation of the contract (starting with the sending of the latest notice of the award decision) is reduced from 35 days to 32 days.

Information obligations related to the National Public Contracts Database (BDNC)

An amendment is introduced to **paragraph 5** of Article 23 of the Code, in order to clarify the applicability of the BDNC disclosure obligations also to assignments to in-house companies.

Design levels and content

The so-called corrective decree also introduced several changes to the regulations on design levels and contents contained in **Art. 41** of the Code. Some of the main innovations in this area are outlined below.

- **Design Guideline Document (DIP): paragraph 3** clarifies that when drawing up the Design Guideline Document (DIP), when methods or tools for digital construction information management are used, an information specification must be drawn up, supervised by the Sole Project Manager - RUP (see Annexes I.7 and I.9). This amendment also clarifies that

the support to the RUP will be provided by the person who has the specific competence in the matter, i.e. the coordinator of the information flows of the contracting authority (whose definition has been included in **Annex I.1**).

- **Ordinary and extraordinary maintenance works:** The new **paragraph 5-bis** introduces simplified rules (alternative to those provided for in paragraph 5) for ordinary and extraordinary maintenance works contracts. In particular, it is envisaged that *'contracts for ordinary and extraordinary maintenance works, with the exception of extraordinary maintenance works involving the renewal or replacement of structural parts of the works or installations, may be awarded, in compliance with the procedures for choosing the contractor, on the basis of the technical-economic feasibility project (PFTE) consisting at least of the documents referred to in Article 6, paragraph 8-bis of Annex I.7. The execution of the aforementioned works may be carried out irrespective of the preparation and approval of the executive project.'*
- **External Design Outsourcing:** in the event of the external award of one or more levels of design, design contracts entered into by contracting authorities shall provide specific clauses for the reinstatement services to be rendered by way of settlement by the designer in the event that it becomes necessary to specifically remedy **errors or omissions in the design that emerged during the executive phase**, such as to prejudice, in whole or in part, the realisation of the work or its future use (**paragraph 8-bis**).
- **Fair Compensation:** the so-called 'corrective' decree introduced amendments aimed at clarifying the terms of applicability of the law on fair compensation (Italian Law No. 49/2023) to the public contracts sector, in order to balance the different interests involved (first and foremost, between the principle of competition and the principle of fair compensation).

Paragraph 15 of Art. 41 of the Code provides that the modalities for determining the fees for the design phases to be used as a basis for the awarding of engineering and architecture services shall be determined in accordance with the modalities set forth in **Annex I.13**.

The new **paragraph 15-bis** provides that the fees determined in accordance with the modalities of Annex I.13 shall be used by the contracting authorities for the purpose of identifying the amount to be set as the basis of the call for tenders for the contracts referred to in Article 108, paragraph 2, letter b) (i.e. the contracts relating to the awarding of engineering and architectural services and all the other services of a technical and intellectual nature for an amount equal to or greater than Euro 140,000), including the fees, as well as the expenses and the accessory charges, both fixed and variable. Contracting authorities award such contracts on the basis of the criterion of the most economically advantageous tender, subject to the following sub-criteria:

- in relation to **65%** of the amount to be tendered, the price element takes the form of a fixed price, in accordance with Article 108(5);
- for the remaining **35%** of the amount to be tendered, which may be subject to a discount when submitting bids. The contracting authority defines the score for the economic offer according to the calculation methods set out in Article 2-bis of Annex I.13 and sets a ceiling for the economic score, not exceeding 30%.

paragraph 15-ter specifies that the provisions on the verification of anomalous tenders, which automatically allow proposals that are inconsistent with the principles of fair compensation to be

excluded from the competitive procedure, apply to the awarding of engineering and architecture service contracts.

Finally, the new paragraph **15-quater** provides that for engineering and architectural service contracts awarded pursuant to Article 50(1)(b) (direct awarding of less than EUR 140,000), the fees determined in accordance with the modalities of Annex I.13 may be reduced by a percentage not exceeding 20%.

- **Design of Services and Supplies:** Annex I.7 provides that the design of services and supplies shall be articulated in a single level and shall be prepared by the contracting stations and granting bodies by means of their own current employees. The minimum contents of the project shall at least consist of a general illustrative report, technical specifications and an economic estimate document in accordance with the provisions of Article 41(13) and (14) of the Code.

Methods and tools for digital construction information management

The 'corrective' measure amends Art. 43 para.1, in order to revise the thresholds for the applicability of BIM (updating the threshold upwards from Euro 1 to 2 million). In addition, para. 4 is amended to introduce the possibility that intervention management platforms may also be interoperable with institutional information systems for reporting on public investments.

Incentives for technical functions

The replacement of paragraph 4 of Art. 45 of the Code removes the exclusion of managerial staff from the group of beneficiaries of incentives for technical functions. Following the amendments to Art. 45, reference is made to the 'staff' of the contracting authority, instead of 'employees', as the beneficiaries of the incentives.

The provision of incentives for technical functions is also envisaged for service and supply contracts within the limits set out in Art. 45 of the Code in conjunction with Annex II.14, i.e. in cases where the Director of Execution (DEC) is appointed. In this regard, Art. 32 of the Annex identifies services of particular importance and supplies that are relevant due to technological aspects, innovation or technical expertise required, for which the appointment of the DEC is required regardless of the value of the award.

Principle of contract rotation

Article 49(4) is amended, providing that in justified cases, with reference to the structure of the market and the actual absence of alternatives, after verifying the accurate performance of the previous contract as well as the quality of the service rendered, the outgoing contractor may be re-invited or be identified as the direct contractor.

Social clauses

In Art. 57 it is stipulated that the measures covered by the specific social clauses, as necessary requirements of the offer, are to be oriented to:

- ensuring equal generational, gender and labour inclusion opportunities for disabled or disadvantaged persons, employment stability of the staff employed, taking into account the type of intervention, with particular reference to the cultural heritage and landscape sector;
- ensuring the application of national and territorial sectoral collective agreements, in accordance with Article 11.

- Social clauses must generally take into account the typology and sector of reference.

In addition, paragraph 2-bis is introduced, which refers to **Annex II.3** on reward mechanisms and instruments to achieve generational and gender equal opportunities and to promote the labour inclusion of persons with disabilities.

Framework Agreement

The changes introduced by the 'corrective' measure to the regulations concerning framework agreements are aimed at ensuring the principle of contractual balance. To this end, **Article 59** of the Code provides that:

- the decision to contract must indicate the planning needs, based on a reconnaissance of the needs for recourse to the market for the procurement of works, services and supplies (para. 1);
- when, **in the stipulation phase of the implementing contracts**, it is not possible to preserve the contractual equilibrium and it is not possible to reinstate it through renegotiation in good faith, the economic operator or the contracting authority has the right to not proceed with the agreement. Similarly, where the impossibility of preserving the contractual equilibrium occurs **during the performance of individual implementation contracts**, the contracting authority or the contractor are entitled to invoke their termination on the ground of supervening excessive onerousness, without prejudice to the contractor's right only to payment for services duly performed (para. 5-bis).

Price revision

The 'corrective' measure confirms the revision system outlined by the Code in **Art. 60**, implementing the relevant calculation criteria.

For works contracts, revision clauses shall be triggered upon the occurrence of special conditions of an objective nature leading to a variation of the cost of the work, either upward or downward, exceeding 3% of the total amount and shall operate to the extent of 90% of the value exceeding the variation of 3% applied to the services to be performed (**paragraph 2(a)**).

For service and supply contracts, on the other hand, there are two different revision mechanisms:

- the first, of a compulsory nature and similar in approach to what is provided for works contracts, resulting in a contractual increase of **5%** and in a remuneration of the excess of the variation in an amount equal to **80%** (**paragraph 2(b)**);
- the second mechanism, of an ordinary but non-compulsory nature, consists in the option of including in the contract **clauses for indexing the cost of the service/supply to the inflation index conventionally identified**, weighted by the contracting authority on the basis of the subject-matter of the contract, its duration and the specific conditions under which the relevant services are to be provided (**para. 2-bis**); in this case, the price increase recognised by virtue of such ordinary contract price adjustment mechanisms shall not be taken into account for the purposes of determining the price variation of the service or supply for the activation of the revision clauses referred to in paragraphs 1 and 2 of Article 60.

In addition, the 'corrective' measure introduces specific changes to paragraphs 3 et seq. as well as the new **Annex II.2-bis** in relation to the new **synthetic indices** to adjust the contractual amounts and the regulation of the **manner of implementation of the revision clauses**, taking into account

the nature and the commodity sector of the contract and the indices available, and it specifies the manner of payment, also in consideration of the possible use of subcontracting.

The regulatory provision in para. 5 is confirmed, where it provides that to meet the higher charges resulting from the price revision, the following are to be used:

- a) within the limit of 50%, the resources specifically set aside for contingencies in the economic framework of each intervention, without prejudice to the sums relating to contractual commitments already undertaken, and any additional sums available to the same contracting authority and allocated annually for the same intervention;
- b) the sums deriving from auction rebates, if no other destination is provided for by the rules in force;
- c) the sums available relating to other completed works falling within the competence of the same contracting authority and for which the relevant inspections have been carried out or regular execution certificates have been issued, in compliance with the expenditure accounting procedures and within the limits of the remaining authorised expenditure available.

Qualified Contracting Authority

The 'corrective' measure also made changes to **Articles 62 and 63** concerning the qualified contracting authority. In particular, in addition to the qualification for design and for the awarding of procedures, there is also the **qualification for the execution of the contract**, the qualification requirements of which are set out separately in **Annex II.4**.

Collaboration Agreement

In order to promote the accountability of all parties with respect to the proper performance of the contract, **Art. 82-bis** has been included along with the related **Annex II.6-bis** governing the possibility of providing, in the tender documents, for the subsequent signing of a **plurilateral cooperation agreement** between the parties involved in the execution phase of a works, service or supply contract.

Subcontracting

In order to facilitate small and medium-sized enterprises, para. 2 of **Art. 119** is amended by providing that subcontracts must be concluded, to the extent of not less than **20%** of the subcontractable services, **with SMEs**. It is specified that economic operators may indicate in their bids a different threshold for the services that can be subcontracted to small and medium-sized enterprises for reasons related to the subject matter or characteristics of the services or the reference market. In this sense, the 20% threshold is not to be understood as an 'a priori' limit, of a general and abstract nature, with respect to the total amount of the works, service or supply contract.

In addition, paragraph 2-bis is inserted in order to provide that the obligation to include **price revision clauses** referring to the services or works that are the subject of the subcontract or sub-subcontract also applies to subcontractors. These clauses shall be determined consistently with the provisions of Articles 8 and 14 of Annex II.2-bis and related to the occurrence of the special conditions of an objective nature set forth in Art. 60, para. 2.

The amendment to para. 12 provides for the possibility for the subcontractor to apply, in addition to the **CCNL** of the main contractor, a different collective agreement, provided that the employees are guaranteed the same protection as that applied by the contractor.

With regard to the so-called **cascade subcontracts**, it is specified that the provisions of Article 119 and, in general, of all the other provisions of the Code relating to this matter also apply with respect to contracts subsequent to 'first level' subcontracting.

Finally, paragraph 20 is amended, providing that the value and category of what has been performed through subcontracting may only be used for the **qualification of subcontractors** and that, consequently, certificates relating to services performed may only be used by subcontractors to obtain or renew the qualification certificate.

Modification of ongoing contracts

The 'corrective' measure redefines the '**unforeseeable circumstances**' for which the introduction of variants during construction is permitted under Art. 120, para. 1(c), that is:

- 1) requirements resulting from new legislative or regulatory provisions or from measures taken by authorities or bodies responsible for the protection of important interests;
- 2) extraordinary and unforeseeable natural events and cases of force majeure affecting the assets concerned;
- 3) discoveries, unforeseen or not foreseeable events with due diligence at the design stage;
- 4) difficulties of execution arising from geological, water and similar causes, not foreseeable by the parties on the basis of the technical-scientific knowledge at the time of the design.

In **Art. 120**, para. 15-*bis* is introduced in order to specify that contracting stations shall verify, liaising with the designer and the contractor, any **errors or omissions in the executive design** (PE) that jeopardise, in whole or in part, the realisation of the work or its future use and promptly identify executive solutions consistent with the principle of the result.

Price advance

Amendments are made to **Art. 125**, para. 1, of the Code by reshaping the **price advance thresholds** and the related discretionary thresholds for larger contracts. Furthermore, it is clarified that, in the case of an **integrated contract**, the advance must be calculated and paid in two stages: separately for the design and the execution of works. It should be noted that in the case of **multi-annual contracts**, the advance to be calculated on the value of the services of each year only concerns services and supplies. For works contracts, on the other hand, the rule remains that it must be calculated in relation to the entire contract value.

Penalties and acceleration bonuses

In order to provide an incentive for contractors to meet deadlines for performance, **Art. 126** provides for:

- an increase in the percentage range for the calculation of penalties for late performance, which are calculated on a daily basis between **0.5 per thousand and 1.5 per thousand** of the net contractual amount;
- the inclusion in the invitation to tender or call for tenders for works contracts of the **acceleration bonus**, amending the rules on the acceleration bonus, as well as making further coordinating amendments;
- the possibility of providing, in the contract notice or call for competition, for the awarding of bonuses also for service and supply contracts, if this is compatible with the subject matter of the contract.

Special Sectors

The so-called 'corrective' decree introduced changes in the discipline of the special sectors aimed at ensuring greater coordination with the ordinary sectors, by including in **Art. 141** specific references to certain institutions relating to the ordinary discipline (e.g. guarantees, testing, advance payments, CCT).

Article 162 recognises the option for contracting authorities to use the **qualification system** set up by another contracting authority, another awarding body or third party body, giving appropriate notice to the economic operators concerned.

Concession and Public Private Partnership (PPP)

The 'corrective' measure fully replaced **Art. 193** with the intention of clarifying the application modalities of the PPP institution and to incentivise its use, in accordance with the arguments made in the European context.

To this end, specific provisions have been introduced to ensure transparency and publicity during the submission and selection procedure of feasibility projects of private initiative. In particular, pursuant to the new Article 193(4), it is provided that, after verifying the public interest in the proposal and its consistency with the programming, the grantor entity shall give notice on its institutional website of the submission of a proposal and provide a deadline, not less than sixty days, for the submission by other economic operators (as proponents) of proposals relating to the same intervention.

Technical Advisory Board

Amendments are made to **Art. 215** in order to limit **the obligatory nature of the establishment of the CCT only to works** intended for the realisation of public works, including those realised through concession contracts or public-private partnership contracts, for an amount equal to or greater than the European thresholds. The compulsory constitution of the Board is therefore excluded for supply and service contracts, in relation to which any activation is left to the will of the parties.

Article 216 also provides that in cases of the registration of reservations, proposals for variants and in relation to any other technical dispute or controversy that arises during the performance of a works contract for an amount equal to or greater than the European thresholds, it is **mandatory to obtain the opinion** or, at the agreement of the parties, a decision of the board. If the parties also agree that the board's decisions are in the nature of a contractual award, the possibility of an amicable settlement is precluded for the decision on the reservations.

For the purposes of the exact identification of the time of **discharge of the CCT**, the new paragraph 1-*bis* of **Art. 219** specifies that the contract shall be deemed to have been performed on the date of the signing of the act of acceptance or regular performance, unless there are no reservations or other claims in respect of such acceptance; in the latter case, the board shall be dissolved with the adoption of the relevant ruling.

In order to resolve critical operational issues that arose during the implementation of the provisions on the functioning of the CCT, specific amendments were also made to the relevant **Annex V.2**.

New Annexes to Italian Legislative Decree No. 36/2023

Finally, the 'corrective' measure introduces the following new annexes to the Public Contracts Code:

- **Annex I.01** on 'Collective Agreements'.
- **Annex II.2-bis** on 'Modalities for the application of price revision clauses'.
- **Annex II-6-bis** on 'Cooperation Agreement'

* * *

DETERMINATION OF THE DIRECTOR GENERAL OF THE NATIONAL CYBERSECURITY AGENCY REFERRED TO IN ARTICLE 7, PARAGRAPH 6, AND ARTICLE 40, PARAGRAPH 5, LETTER B), OF ITALIAN LEGISLATIVE DECREE NO. 138 OF 4 SEPTEMBER 2024, CONTAINING TERMS, MODALITIES AND PROCEDURES FOR THE USE OF AND ACCESS TO THE DIGITAL PLATFORM AS WELL AS ADDITIONAL INFORMATION TO BE PROVIDED BY THE ENTITIES TO THE COMPETENT NATIONAL NIS AUTHORITY AND TERMS, MODALITIES AND PROCEDURES FOR THE DESIGNATION OF NIS REPRESENTATIVES IN THE UNION.

The Decision of the Director General of the Italian Agency for National Cybersecurity (ACN), issued on 26 November 2024, establishes the operational rules for the use of the ACN Digital Portal.

Contact point designation

A central fulfilment of the Decision is represented by the designation of the contact point, a **natural person designated by the NIS subject** who: i) is in charge of the implementation of the provisions of Decree 138/2024 on behalf of the NIS subject; ii) accesses the ACN Portal and performs, on behalf of the subject, the registration on the platform; iii) communicates, on behalf of the subject, with the NIS competent authority.

The contact point functions may be performed by the legal representative of the NIS entity, a general attorney or an employee of the NIS entity delegated by the legal representative. The point of contact reports directly to the top management of the NIS entity as well as to the administrative and management bodies, for the purposes of the provisions of the decree.

User census

Starting **on 1 December 2024 and by 28 February 2025, points of contact will authenticate themselves on the ACN Portal** using their personal credentials from the Sistema Pubblico di Identità Digitale (SPID) (Public Digital Identity System), completing their registration.

Association of the contact point account with the NIS subject

Users counted as contact points then associate their accounts with the NIS entity that designated them by entering their tax code. The association of the account with the NIS subject requires validation by the subject of the relevant request sent to the digital domicile.

NIS subject registration

From 1 December to 28 February 2025, contact points complete, via the NIS/Registration Service, the **declaration for the designating entity for the purpose of its registration**, ensuring that the information provided is correct and up-to-date.

The user, also:

- lists the ATECO codes describing the subject's activity;
- indicates the EU sectoral regulations mentioned in Annexes I and II of the NIS decree to define the types of subjects falling within the scope of the decree (high critical sectors, other critical sectors);
- indicates turnover and financial statement values as well as the number of employees in order to determine whether the NIS entity belongs to the category of medium-sized or large enterprises (PAs may not indicate turnover and financial statement values);
- lists the types of entity in Annexes I, II, III and IV of the NIS decree to which the reporting entity can be traced.

At the end of the process, the user is asked to confirm the preliminary assessment, which is carried out automatically on the basis of the information provided. Declarations may be subject to consistency checks by the Authority on a sample basis.

Updating the list of activities and services

Starting in 2026, between 1 May and 30 June of each year, essential and important entities will have to communicate or update on the ACN platform the list of their activities and services with all the necessary elements for characterisation and attribution of a category of importance.

The final outcome will be a feedback on the conformity of the data communicated by the company.

This is consequently relevant to the proper implementation of technical, operational and organisational measures for the management of IT security risks.

Administrative fines

In the event of **violation of the NIS Decree**, administrative fines shall apply:

- for essential entities: up to EUR 10,000,000 or 2% of the total annual worldwide turnover of the previous year;
- for large entities: up to EUR 7,000,000 or 1.4% of the previous year's total annual worldwide turnover.

In the event of breach of any notice to comply, the ACN may also temporarily suspend a certificate or authorisation relating to part or all of the relevant services or activities performed by the essential person or order the application against the natural persons responsible (including administrative and management bodies) of the ancillary administrative sanction of inability to perform managerial functions within the essential or important person.

Regulatory framework - Integrated Water Service (IWS)

National regulation

During the year 2024, the Regulatory Authority for Energy Networks and the Environment (ARERA) continued its sector regulation activities with the issuance of the following measures that are of particular relevance to the IWS. They are listed below by subject category and, within each category, in chronological order.

Regulation of the Contractual Quality of the Integrated Water Service

- With **Operators' Notice 'Data Collection: Contractual quality of the IWS - year 2023'** of **5 February 2024**, the Authority announced that as of 5 February 2024, the collection of data and information relating to the contractual quality of the integrated water service with reference to the period 1 January 2023 - 31 December 2023 was opened to the operators and the Area Governance Bodies (EGAs), pursuant to Art. 77, para. 77.1, of the regulation of the contractual quality of the IWS, as per Annex A to Resolution 655/2015/R/idr. With the same collection, data on the disbursement of the automatic compensations provided for in the cases referred to in Article 10 of the regulation of arrears in the IWS as set forth in Annex A to Resolution 311/2019/R/idr were also transmitted.
- By means of **Resolution 37/2024/R/idr 'Initiation of proceedings for the quantitative assessments, for the two-year period 2022-2023, provided for by the contractual quality incentive mechanism for the integrated water service, referred to in Title XIII of Annex A to the Authority's Resolution 655/2015/R/idr (RQSII)' of 6 February 2024**, the Authority initiated proceedings on the subject in question, divided into two stages:
 - the identification of the set of operations for which a complete set of information is available for the purpose of the definition of the ranking for Stage III as per Article 94, as well as the attribution of the bonuses and penalties referred to all Stages, for the mentioned performance evaluation period 2022-2023;
 - the attribution of the penalties associated with Stages I and II for all the operators that have not sent - within the deadlines set by the Authority - the data necessary for the assessment of the contractual quality objectives underlying the macro-indicators admitted to the incentive mechanism.
- By means of **Resolution 432/2024/R/ldr 'Approval of the specific regulatory scheme, containing the tariff arrangements for the period 2024-2029, proposed by the Ufficio d'Ambito della Città Metropolitana di Milano (Metropolitan City of Milan Area Territorial Office) for the Operator Metropolitana Milanese S.p.A.', Annex A, Table 2 - Contractual quality macro-indicators as per Resolution 655/2015/R/IDR, as updated - most recently - by Resolution 637/2023/R/IDR, for the managing authority Metropolitana Milanese S.p.A. operating in the Optimum Territorial Area (ATO) of the CMM - Metropolitan City of Milan**, the Authority identified:
 - the value assumed by the same macro-indicators on the basis of the data for the simple indicators recorded, pursuant to the RQSII, in 2023;
 - the class to which each macro-indicator belongs, referring to the same year;
 - the corresponding (maintenance or improvement) targets envisaged for 2024 and 2025, to be assessed, for the purposes of applying the bonus or penalty factors, taking into account the level reached cumulatively at the end of the year 2025, pursuant to the provisions of Article 3 of Resolution 637/2023/R/IDR.

Technical Quality Regulation of the Integrated Water Service

- With **Resolution 26/2024/R/ldr** *'Initiation of proceedings to bring to completion the incentive mechanism for water resilience provided for by the Authority's Resolution 637/2023/R/ldr* of **30 January 2024**, the Authority initiated a procedure aimed at bringing to completion the incentive mechanism for water resilience provided for by Resolution 637/2023/R/IDR, with a view to mitigating, also through the development of large strategic works, the effects resulting from climate change.
- By means of **Resolution 39/2024/R/ldr** *'Initiation of proceedings for the quantitative evaluations, for the two-year period 2022-2023 envisaged by the incentive mechanism for the technical quality of the integrated water service referred to in Title VII of Annex A to the Authority's Resolution 917/2017/R/ldr (RQTI)'* of **6 February 2024**, the Authority initiated a procedure on the subject in question, divided into two stages:
 - a) the identification of the set of operations for which a complete set of information is available for the purpose of the definition of the rankings for Stadiums III, IV and V referred to in Article 26, as well as the attribution of the bonuses and penalties referred to all Stages, for the two-year period 2022-2023
 - b) the attribution of the penalties associated with Stages I, II, III and IV to all the operators that have not sent, by the deadline referred to in point 2 below, the data and documentation necessary for the assessment of the technical quality objectives underlying the macro-indicators admitted to the incentive mechanism.
- By means of **Operators' Notice 'Data Collection 'Technical Quality (RQTI) - monitoring' (RQTI 2024)'** dated **9 February 2024**, the Authority announced the opening of the Data Collection 'Technical Quality (RQTI) - monitoring' (RQTI 2024) - in the collection entitled 'Tariffs and Technical Quality of Water Services', for the online transmission of the data requested within the framework of the procedure, initiated with Resolution 39/2024/R/IDR, aimed at carrying out the quantitative evaluations envisaged by the technical quality incentive mechanism referred to in the RQTI regulations in force.
- With **Operators' Notice 'Data Collection: Technical Quality - Monitoring (RQTI 2024)'** of **5 April 2024**, the Authority announced the opening of the data collection 'Regulatory period 2024-2029: Collection year 2024 - Technical Quality (RQTI) - monitoring' (RQTI 2024) - within the collection entitled 'Tariffe e Qualità tecnica servizi idrici' (Tariffs and Technical Quality of Water Services) - with which the area government bodies or the other competent entities identified by regional law, responsible for tariff preparation have provided for the online transmission of the data requested within the scope of the procedure, initiated by Resolution no. 39/2024/R/ldr, aimed at carrying out the quantitative evaluations envisaged by the technical quality incentive mechanism referred to in Resolution no. 917/2017/R/ldr for the years 2022 and 2023.
- By means of **Resolution 432/2024/R/ldr** *'Approval of the specific regulatory scheme, containing the tariff arrangements for the period 2024-2029, proposed by the Milan Area Territorial Office for the Operator Metropolitana Milanese S.p.A.'*, **Annex A, Table 1 - Technical quality macro-indicators as per Resolution 917/2017/R/IDR, as updated - most**

recently - by Resolution 637/2023/R/IDR, for the operator Metropolitana Milanese S.p.A. operating in the Optimum Territorial Area - A.T.O. CMM - Metropolitan City of Milan, the Authority identified:

- the value assumed by the same macro-indicators in the year 2023;
 - the class (referring to the same year) of each macro-indicator for which the presence of the related prerequisites is noted;
 - the corresponding objectives (of maintenance or improvement, as indicated by the RQTI technical quality) envisaged for 2024 and 2025, to be assessed for the purposes of determining the bonus or penalty factors, taking into account the level reached cumulatively at the end of the year 2025, pursuant to the provisions of paragraph 1.5 of Resolution 637/2023/R/IDR
- By means of **Consultation Document 474/2024/R/idr published on 12 November 2024**, the Authority initiated a procedure aimed at collecting comments on *'the start of the experimental phase of monitoring and collection of the quantities used to construct the 'M0-Water Efficiency' indicator'*.

Following the consultation launched with document 474/2024/R/idr, ARERA approved with **Resolution 595/2024/R/idr of 27 December 2024** the criteria for the determination of the M0b indicator functional to the determination of the M0 macro-indicator. Among the main new elements is the provision, for the transitional phase, that in the event that the value of M0a is less than 0.4 and that of M0b is greater than 0.7 and less than or equal to 1, management will be placed in Class A. Moreover, in consideration of the fact that some of the quantities underlying the construction of the macro-indicator M0 are not - in the initial phase of the introduction of the same macro-indicator - measured or estimated with homogeneous criteria, it is envisaged that the application of the incentive mechanisms for advanced and excellence levels (Stages III, IV and V) be postponed for this macro-indicator to the two-year evaluation period 2026-2027, without prejudice to the reporting obligations.

It is then specified by the Authority that the extension of the perimeter for calculating M0b cannot be less than the extension of the optimum territorial area or sub-area; starting from 1 January 2025, the Area Government Body (EGA) is required to request the District Basin Authority (AdBPo) to define the perimeter on which to calculate M0b, which, pending such definition, coincides with the territory of the Region to which each management belongs.

For the valorisation of the consumption not included in the integrated water service, where data entirely coming from measured sources are not available, estimates may be used, deriving from the application of sufficiently robust methodologies, made available by institutionally appointed Bodies, in accordance with the provisions of paragraph 5-*quater*.5; in particular, with reference to the reuse of purified wastewater, the use of the WDEP,r2 quantity defined within the MTI-4 is confirmed. For the measurement of groundwater volumes, actual measurements are allowed, where available, if supported by adequate information that attests to the soundness of the methodologies adopted; pending a complete three-dimensional reconstruction of the groundwater volumes, a heuristic type of estimation

is allowed, whereby the availability of groundwater is determined according to the critical condition of the area considered (low-medium-high).

It is foreseen that the quantities on which the calculation of the M0b indicator is based are surveyed annually but, with reference to the availability from reservoirs, surface water bodies and groundwater, where the heuristic type methodology is not used, the survey of volumes must be carried out in the time span from 1 June to 30 September; for these types of supply the annual availability must be determined by taking as a reference the moving average of the last 5 years, surveyed in the said time span, reportioned to the reference year.

Lastly, the registration requirements for the data needed to calculate M0b are supplemented, stipulating that as of 1 January 2025, shared registration between the operator and the competent sphere government body is mandatory.

Provisions on Social and Supplementary Bonus

- With **Operators' Notice 'Data Collection: Social water bonus and supplementary water bonus' of 27 March 2024**, the Authority announced that, as of 27 March 2024, the collection of data and summary information referred to in paragraphs 12.3 and 12.4 of the TIBSI (disaggregated by ATO-Optimum Territorial Area) for the year 2023 was open to the operators.

The Milan Area Territorial Office validated the data reported by MM by resolution of its Board of Directors no. 48 of 17/07/2024.

- With **Operators' Notice 'Disbursement of the social water bonus in the cases provided for by the simplified recovery procedure' of 15 April 2024**, the Authority announced that on 1 March 2024 the guidelines were published by the Single Buyer (Acquirente Unico) containing the 'Procedure for publication of the social bonus file. Social water bonus - simplified recovery procedure'.
- By means of **Decision 7/2024 - DICU 'Approval of the communications referred to in Article 21 of Annex A to Resolution 63/2021/R/com' of 6 June 2024**, the Authority determined to approve the communications attached to the Decision itself, concerning the non-recognition of the social bonus for electricity and/or gas, the social bonus for water for direct users, the social bonus for gas for condominium supplies and the methods for collecting the social bonus for water in the case of Water Managers not accredited to the IWS.
- With **Resolution 430/2024/R/IDR 'Simplification and revision of the information obligations regarding the Water Social Bonus referred to in Annex A to the Authority's Resolution 897/2017/R/idr' of 22 October 2024**, ARERA made a simplification to the information obligations referred to the Water Social Bonus, providing for the following amendments and additions to Annex A (TIBSI) to Resolution 897/2017/R/IDR:
 - that the checks carried out by the EGA are aimed at ascertaining the correspondence between the compensation requested by the operator and what results from the difference between the amount of the BSI disbursed to the users in the previous year and the revenue from the UI3 component invoiced in the same year (amendment to

Article 11.3ter) and not also (as hitherto provided for) checks on the data relating to the tariffs applied and the volumes invoiced.

- that the data reporting obligation due on 31.03 each year is only due to the EGA and no longer to the Authority (amendment Art. 12.1), but only from 2026 (on 2025 data);
- that the information contained in the registers referred to in Article 14.1 of TIBSII be transmitted only to the EGA. Also this amendment will take effect in 2026 (introduction of Art. 14.2bis).

Regulation of Arrears in the Integrated Water Service

- By means of **Operators' Notice 'Collection of Arrears Monitoring - Report referred to in Resolution 311/2019/R/idr' dated 18 January 2024**, the Authority announced the opening to the EGAs of the collection of data and information relating to the application of the REMSI provisions with reference to the period 1 January 2023 - 31 December 2023, pursuant to Article 2, para.1, lett. a), and paragraph 2.2 of Resolution 311/2019/R/idr.

Provisions on Separate Accounting Obligations

- By means of **Operator's Notice 'Publication of the Schedules for Separate Annual Accounts - Financial Years 2023 and 2024' dated 14 March 2024**, the Authority published the schedules for the electricity, gas and water sectors relating to the first financial year opening after 31 December 2022 (financial year 2023) and those relating to the first financial year opening after 31 December 2023 (financial year 2024), highlighting the changes and additions to the schedules of the previous editions.
- By means of **Operating communication 'Collection of separate annual accounts for the financial year 2023' dated 17 May 2024**, ARERA announced that the 2023 edition of the collection of separate annual accounts drawn up pursuant to Annex A to ARERA Resolution 137/2016/R/com of 24 March 2016, relating to the financial year following 31 December 2022 (financial year 2023), is now available.

Tariff Regulation of the Integrated Water Service

- By means of **Decision 1/2024 - DTAC 'Definition of the procedures for the collection of technical and tariff data, as well as of the standard outlines for the accompanying report to the programme of interventions and the tariff preparation for the fourth regulatory period 2024-2029, pursuant to Resolutions 917/2017/R/idr, 637/2023/R/idr and 639/2023/R/idr' of 26 March 2024**, the Authority ordered that the area governance entities or other competent entities identified by regional law, for the purpose of approval by the Authority, provide for the transmission of the tariff preparations for the period 2024-2029, the documents and data referred to in para. 5.3, letter d) of Resolution No. 639/2023/R/IDR, by means of a special procedure made available via extranet, with the completion of web masks and the uploading of forms available on the site, as well as the additional documents and information required.

The process for the preparation of the tariff proposal for the fourth regulatory period saw the approval by the Conference of Municipalities of the ATO of the Metropolitan City of Milan with Resolution No. 4 of 30/09/2024 for a mandatory and binding opinion and subsequent approval by ARERA in its own Resolution No. 432/2024/R/idr of 22 October 2024.

- By means of its **Resolution 432/2024/R/idr 'Approval of the specific regulatory scheme, containing the tariff arrangements for the period 2024-2029, proposed by the Milan Area Territorial Office for the operator Metropolitana Milanese S.p.A.'** of **22 October 2024**, the Authority resolved to:
 - conclude, with reference to the period 2024-2029 considered by the MTI-4, the procedure for the verification of the acts that make up the specific regulatory scheme, pursuant to Article 4 of Resolution 639/2023/R/IDR, proposed by the Milan Area Territorial Office for the operator Metropolitana Milanese S.p.A., approving such update in accordance with the terms indicated in Annexes A and B;
 - approve - as maximum values of the tariffs pursuant to Article 2, paragraph 17, of Italian Law 481/95 - the values of the multiplier ϑ set forth in Annex B, for the years 2024, 2025, 2026, 2027, 2028 and 2029 in accordance with the provisions of paragraph 5.4 of Resolution 639/2023/R/IDR;
 - provide, pursuant to Article 6 of Resolution 639/2023/R/IDR, that the values of the multiplier ϑ for the years following 2025 be redetermined following the biennial update governed by the same article

Below are the approved tariff multipliers (with a tariff base of 2023), specifying that for the years 2026-2029 these are provisional values that will be updated according to the tariff method.

Operator	Population served (resident population)	Municipalities served (no.)	Tariff multiplier					
			2024	2025	2026	2027	2028	2029
Metropolitana Milanese S.P.A.	1,369,647	1	1.060	1.124	1.124	1.124	1.124	1.129

Other ARERA measures

- With **Operators' Notice 'Publication of the average cost of the electricity supply in the water sector (year 2023)' dated 12 March 2024**, the Authority, in compliance with the provisions of paragraph 1.2 of the aforementioned Resolution 229/2022/R/idr, as a result of a reconnaissance carried out for this purpose in February 2024, indicated as the value of the average sector cost of the electricity supply for 2023, the following: EUR 0.2436/kWh.
- In view of the future two-yearly updates of the tariff arrangements, with **resolution 570/2024/R/idr of 17 December 2024**, ARERA approved 'the identification of the theoretical purchase mix for the definition of the reference cost of electricity, for the purposes of calculating the adjustments pertaining to electricity for the year 2027, in accordance with the

provisions of the MTI-4 Water Tariff Method'.) In the first application, i.e. for the purpose of calculating the adjustments for the year 2026 relating to the electricity costs of 2024, a theoretical mix was defined with 70% of purchases at variable unit prices and 30% at fixed unit prices. On the basis of the information collected by ARERA on the electricity purchases updated to Q3 2024, the Authority, pursuant to Article 28.1 of the MTI-4, updated the theoretical mix to be applied to the calculation of the 2027 adjustments on the 2025 electricity costs, as follows: 90% variable unit prices and 10% fixed unit prices.

- With **Consultation 190/2024/R/com** 'Guidelines for the alignment of the services provided by the Energy and Environment Consumer Desk to the new dynamics of the energy markets and for the further streamlining of the relevant procedural disciplines' of **21 May 2024**, the Authority illustrated the guidelines aimed at adapting the services provided by the Consumer Desk to the new dynamics of the energy markets.
- With **Consultation 245/2024/R/idr** '*Guidelines for the definition of a model tender scheme for the awarding of the integrated water service*', the Authority illustrated the guidelines for the definition of a model tender scheme for the entrusting of the integrated water service.
- With **Resolution no. 382/2024/A** and subsequent **Resolution no. 91/DAGR/2024**, ARERA initiated the procedure for the payment and annual reporting of the operating contribution. MM paid and reported according to the regulatory deadlines.

Local Regulation

As far as local regulation is concerned, during the year 2024 the Milan Area Territorial Office operated in accordance with the provisions of ARERA, taking steps, among other things, to:

- take note of the half-yearly report pursuant to Article 3 paragraph 4 of the Service Contract;
- take note of the Programme of Interventions 2022-2023: Information on the interventions implemented in the first half of 2023, as well as the interventions implemented in the first half of 2024 in relation to the updated Programme of Interventions for 2024-2029
- approve the Programme of controls on discharges into the public sewerage system 2024 carried out by the Area Office and the IWS Managers in agreement for the Cap Holding SpA and MM SpA tariff area;
- accommodate Objective 1 Performance Plan 2023, steps 2 and 3: Identification of an area near a purification plant where purified water can be made available for compatible uses. Acquisition and restoration by MM S.p.A. of 'Cascina Nosedo', followed by the approval of the updated feasibility study for the 'Cascina Nosedo' project
- approve Objective 3 step 4B) of the Performance Plan 2023: Definition of monitoring procedures for interventions financed with resources from the NRRP. Optimisation of monitoring execution procedures;
- approve the Update of the regulations concerning the reorganisation of the procedures for the re-designation of buffer zones for water intended for human consumption. Objective 3 step 5A) and 5B) of the Performance Plan 2023;
- approve Objective 4 Performance Plan 2023 - 'Actions aimed at environmental protection' - Steps 4 and 5;

- take note of the state of implementation of interventions to achieve compliance with Directive 91/271/EEC of the agglomerations of the ATO (Optimum Territorial Area) for the Metropolitan City of Milan
- approve the Update of the conventional documents regulating the relations between the Area Government Body and the IWS Managers - (Technical Specifications, IWS Regulations and Service Charter) of MM SpA;
- take note of the obligations imposed on the Manager MM SpA by the Technical Specifications annexed to the Convention for the award of the IWS;
- take note of the Cap Holding - MM Convention for the regulation of wholesale services;
- approve the Evaluation of the achievement of technical quality objectives by the IWS operators Cap Holding SpA and MM SpA - two-year period 2022-2023;
- take note of the results of the control/verification activity of the data transmitted by MM within the framework of the monitoring placed by ATO (Optimum Territorial Area) on the contractual quality data (RQSII);
- take note of the results of the control/validation activity of the data transmitted by MM within the framework of the data collection on the Water Bonus (social and supplementary) 2023.
- update the tariffs of the Integrated Water Service for the fourth regulatory period (2024-2029) pursuant to ARERA Resolution No. 639/2023/R/Idr of 28 December 2023, including the Programme of Interventions and the Plan of Strategic Works.
- Approve the ATO-Region agreement for the rehabilitation of sewers and spillways.
- Approve the update of the agreement for the reporting, monitoring and control of the interventions included in the Lombardy Plan 2.
- Adopt budget 2025, multi-year budget '25-'27 and programme plan 2025.

1.5 Significant events during the financial year

Significant facts about the reference context

During 2024, given the continuing international context characterised by conflict situations such as the Russia-Ukraine conflict and the Gaza conflict, MM continued to operate in the presence of raw material and energy carrier prices above the pre-crisis historical series.

Although decreasing compared to the two-year period 2022-2023, the cost of electricity in the year 2024 was significantly higher than the historical series of the previous years, the average cost of electricity was about EUR 204/MWh, down from about EUR 280/MWh in 2023 and EUR 350/MWh in 2022, but still significantly above the approximately EUR 125/MWh recorded in the year 2021.

During the year, the actions of the Water Service Division aimed at energy efficiency, optimisation in the use of infrastructures and the development of energy self-production initiatives from renewable sources continued, and will be implemented during the 2024-2029 regulatory period, also following the application submitted to the Milan Area Territorial Office concerning the recognition of energy costs.

Lastly, a positive element for MM was the reversal of the dynamics of interest rates that occurred during 2024; thanks to the reductions in the ECB reference rates, the value of the 1-month Euribor fell during the year from about 3.9% to about 3.1%, while the 3-month Euribor fell from 3.9% to 3.2%; this helped mitigate the incidence of financial expenses related to MM's short-term financial exposure on variable-rate lines, also strengthening performance with reference to the covenant concerning the ratio between financial expenses and EBITDA (as described in the following chapters).

Significant facts about the Integrated Water Service

The volume of cubic metres disbursed in the year is in line with the volume disbursed in the same period in 2024 and in line with the budget for 2024. The energy indices and pressures recorded maintained the trend of continuous improvement, indicating that the increase recorded can be attributed to increased demand from users.

It should also be noted that in addition to the intense and continuous abnormal rainfall recorded during 2024, extreme phenomena occurred with return times that reached up to 200 years (e.g., the event of 15/05/2024 - flooding of the Lambro river that affected the Ponte Lambro district) with criticalities in the management of the sewerage system, the road stormwater disposal system, underpasses and the Seveso lamination basin.

The heavy rainfall led to an increase in the flow rates sent to purification and a consequent dilution of the effluent, both through direct effect and through an increase in so-called parasitic water even in periods without rainfall, probably due to a rise in the levels of the first water table, affecting the efficiency of purification processes.

During the year, the credit management process was brought up to speed, with actions of increasing severity according to the persistence of arrears. With regard to the consumption measurement process, in particular, the IBM lot Beam platform was adopted, which is currently being implemented in order to make full use of its potential.

In the meeting of 30/09/2024, the Conference of the Municipalities of the Metropolitan City of Milan expressed a binding and favourable opinion on the updating of the tariffs of the Integrated Water Service for the fourth regulatory period (2024-2029) pursuant to ARERA Resolution no.

639/2023/R/Idr of 28 December 2023, including the Programme of Interventions and the Plan of Strategic Works for the operator MM SpA. On 22/10/2024, with its Resolution 432/2024/R/idr, ARERA approved the specific regulatory scheme, containing the tariff arrangements for the period 2024-2029, proposed by the Milan Area Territorial Office for the operator MM S.p.A.

Significant facts about to the management of Public Housing properties

The process of obtaining FPCs was in line with the action plan submitted to the fire brigade command. A new tendering procedure is being set up to obtain the next FPCs.

Illegal occupations decreased to a total of **485** (as at 31.12.2024), with a **net reduction of 29** during 2024.

The setting up of KPIs 2024 with specific measurable criteria was finalised for monitoring the management of the ERP assets owned by the Municipality of Bergamo.

Significant facts about Engineering

With reference to the Engineering business unit, we note the start-up phase of the design and construction of the Tel Aviv Metro Line 1 by MetPro DMY, a general partnership in which MM participates together with its Israeli partners Yaniv Zohar and Dana Engineering. However, the project management activity in this start-up phase was strongly influenced by the geopolitical context in Israel.

Significant events about Plant and Property Management

In order to allow the completion of the fulfilments inherent to the tender procedure for the assignment of the urban waste management service, on 27/03/2024, with Management Decision no. 2413 of the Director of the Water Resources and Environmental Hygiene Area, in agreement with the Green Area, the Municipality of Milan granted Amsa a further technical extension of the Service Contract for the period 01/04/2024 - 30/06/2024.

On 28.03.2024, the Municipality of Milan, with Management Decision no. 2478, approved the final award to Amsa of the tender no. 73/2021 for the entrusting of the urban waste management service and, on 19/09/2024, the Procurement Contract no. 73/2021 was signed between the Municipality of Milan and Amsa S.p. A. for the period commencing on 28/09/2024 and lasting until 27/09/2031.

On 27/09/2024, a new Lease Agreement was concluded between MM S.p. A. and Amsa S. p. A. for the entire duration of the procurement contract.

Significant Facts about the Ordinary Maintenance of Installations and Infrastructures

Ordinary maintenance of schools - the management of the ordinary maintenance of the building and water-sanitary components of the school building assets of the Municipality of Milan continued under the multi-year agreement (25 years) signed on 28.12.2021.

Ordinary maintenance of electrical installations in schools - the so-called Transitory Phase continued, with execution of facility services and administrative management of the contracts tendered by MM for the maintenance of electrical installations in schools in all the municipalities of the city of Milan.

Ordinary maintenance of Milanospoort sports facilities - the new Facility Agreement was signed and ordinary maintenance activities continued at the relevant sports facilities.

Ordinary maintenance of underpasses - the management and maintenance activities of the rainwater lifting systems of the 28 road underpasses of the city of Milan continued; the Municipal Executive Decision was formalised for the approval of the expenditure for repairing maintenance operations for the period January 2024 - September 2024.

Ordinary maintenance of roads, bridges signalling - the operational activities for the management of the procurement contracts and the completion of the support information systems continued, with particular reference to the integration of the information base of the digital road cadastre; with Management Decision no. 5471 of 29.06.2024 of the Area Progettazione e Manutenzione Opere per la Mobilità (Design Area and Maintenance Works for Mobility) of the Municipality of Milan approved the temporal extension until 31/12/2024 of the award of the service for the 'Survey of the maintenance requirements of the road assets, with surveys and monitoring for the implementation of the road cadastre and the planning and management of maintenance activities';. Activities were underway to formulate the offer to the Municipality of Milan for the continuation of additional services related to the support activities for the road asset management system.

Technological tunnels - on 9 May 2024, the Municipality of Milan requested MM to formulate an offer for the management of the technological systems of the San Giusto-Patroclo, Via del Nord, Gattamelata, Cascina Gobba and Boccioni road tunnels. On 28 August 2024, the technical analysis, together with the preliminary economic assessment, of the priority restoration work to be carried out to restore the systems to their original operating conditions in order to guarantee the safety of users and the regular use of the tunnel was delivered to the Municipality of Milan. Work is in progress to formulate the offer to the Municipality of Milan for the operation and routine maintenance of these facilities.

Expansion of the scope of MM SpA's activities related to the management of green areas

- The maintenance service of the green assets in the gardens of the Public Residential Housing condominiums on behalf of the Housing Division continues;
- there is also a maintenance service for the green assets pertaining to the Waterworks, which is synergic with the other activities already under management in relation to the maintenance of the green assets of the Water Service's premises and the sewage treatment plants;
- the service of routine maintenance, periodic inspections and extraordinary maintenance for tactical town planning interventions called 'Piazze Aperte' (Open Squares) continues;
- ordinary maintenance activities continue on the green areas of the Via Pacini parterre (SUDS) following the completion of the works and according to the signed Convention.

On 26.01.2024, the Council of State issued its judgement upholding the appeal filed by the Municipality of Milan and MM against the Lombardy Regional Administrative Court's judgement, deeming fully legitimate the award of the management of the green assets ordered by the Municipality of Milan in favour of MM for the duration of 25 years.

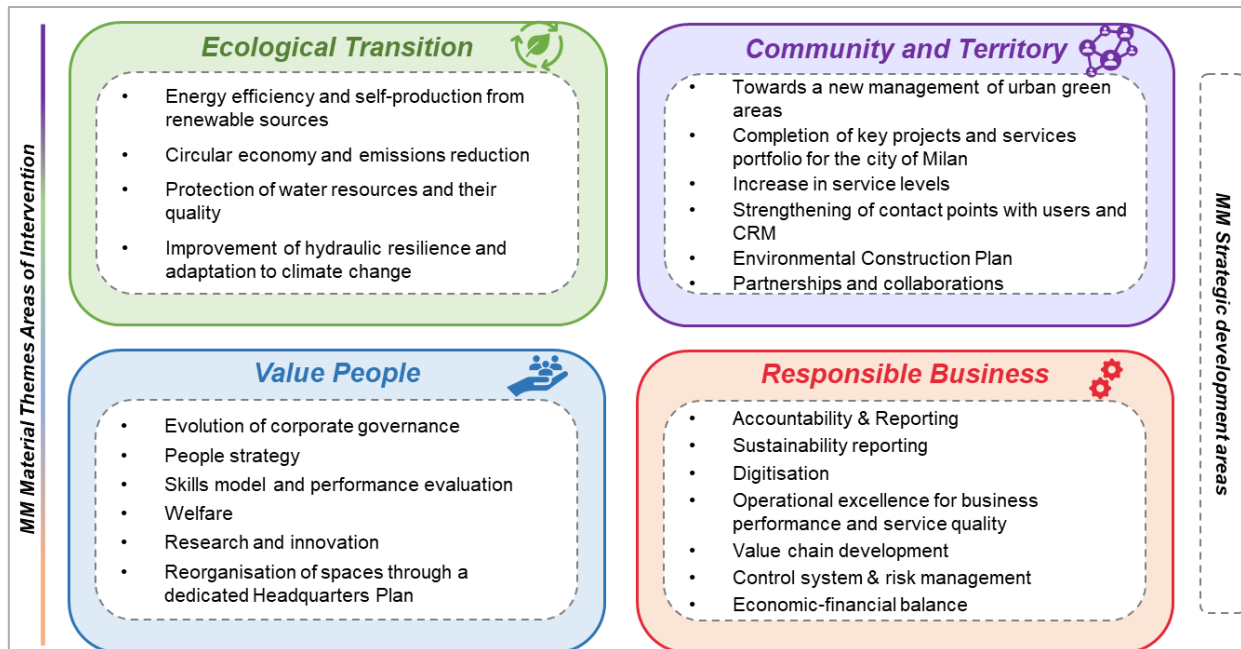
On 30.09.2024, with Management Decision no. 8752, the Municipality of Milan approved the total expenditure of EUR 401,761,112.75 (VAT and charges included) financed with current budget means relating to the integrated management of the green assets of the Municipality of Milan by MM starting from 1 October 2024 until 30 September 2049.

On 1 October 2024, MM started the maintenance service of the green areas of the Municipality of Milan, by taking over the management of the contract with the current contractor; MM will directly manage these maintenance activities with its own resources, starting with the appurtenances of the school buildings (1 January 2025) and of the Municipality 8 (1 April 2025) and, subsequently, of the remaining Municipalities (1 October 2025).

Approval of the MM SpA Business Plan

On 27 November 2024, the Board of Directors of MM SpA approved MM's Business Plan 2024-2028. The Plan was subsequently approved by the Shareholders' Meeting on 17 December 2024.

In its Business Plan, MM has outlined clear macro-objectives for the period 2024-2028, broken down by material issues, designed to take a leading role in Milan's ecological transition and to be realised through investments in its service areas, an increase in the quality of services offered to the community and the territory, attention to its people, and the growth of its responsible business model.



Efficiency and innovation guide MM's action in every area of the Business Plan, starting with the self-production of energy from renewable sources thanks to photovoltaic panels and anaerobic digesters at the purification plants; MM has set the goal of protecting the water resource by reducing the withdrawal from the water table, but also by raising user awareness of responsible water consumption. Particular attention will also be paid to climate adaptation projects, starting with the lamination basin on the Seveso river, the hydraulic system projects on the Lambro river, the depaving and SUDS (Sustainable Urban Drainage Systems), as well as innovative projects for recovering heat from wastewater, but also to the energy efficiency of the municipality's public housing buildings managed by MM, in order to meet the city's evolving needs with a view to environmental and social sustainability.

MM proposes to adopt a new approach to the management of public green areas in the Municipality of Milan, aiming at a transition from the exclusive maintenance of green areas to a real care of the green heritage in an integrated urban vision.

Attention to citizens will also pass through the formalisation of guidelines on site communication addressed to contractors in order to foster dialogue with residents/citizens and to improve coordination between actors operating in the area, also through the drafting and launching of a model Site Environmental Plan on MM's main sites involving mobility or major demolitions and the formalisation of guidelines aimed at adopting sustainability criteria in the design and construction phases of engineering works/infrastructures.

In terms of economic-financial projections, the Business Plan envisages EUR 352 million of investments over the five-year period, with margins expected to grow compared to previous years, both in terms of EBITDA and EBIT, for target values in 2028 of EUR 90 million and EUR 47 million, respectively. Shareholders' equity is also expected to grow (EUR 408 million in 2028), while the net financial position is expected to remain essentially stable, balancing the needs for repayment of financial debts and the requirements of new investments. Total revenues (IFRS) are expected to increase to EUR 364 million per annum in 2028, also due to the expansion of the business scope.

Starting from the results achieved and with the will to implement the guidelines of its shareholder to respond to the needs of the city of Milan, MM aims to become in the next five years, thanks to its Business Plan, even more of a key player in the development and care of the City.

1.6 Management Summary and Economic and Financial Performance

Definition of alternative performance indicators

- *EBITDA* is obtained by adding depreciation, amortisation, provisions and write-downs (also classified in a dedicated item in the Income Statement) to the operating profit, which can be deduced from the Income Statement.
- *Net investments* are the sum of investments in tangible fixed assets, intangible assets net of FoNI (Fondo Nuovi Investimenti) as regulated by the Integrated Water Service tariff regulation).
- *Net fixed assets* are the sum of tangible fixed assets, intangible fixed assets, equity investments, deferred tax assets and liabilities.
- *Net Working Capital* is calculated as the sum of inventories, trade receivables and payables, current tax receivables and payables, other assets and other current liabilities.
- *Provisions* are the sum of 'Severance Pay and Other Benefits' and 'Provisions for Risks and Charges'.
- *Net Invested Capital* is calculated as the sum of Net Fixed Assets, Net Working Capital and Provisions.
- *Net Financial Debt* is the sum of current and non-current financial assets, cash and cash equivalents, current and non-current financial liabilities, current and non-current portion of assets and liabilities for interest rate financial instruments.
- *Sources of Financing* are the sum of Net Financial Debt and Equity.

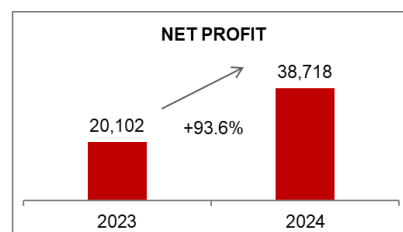
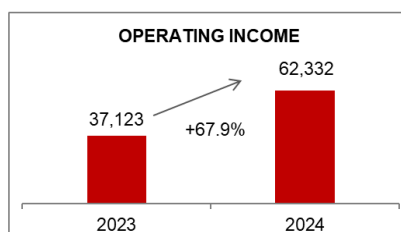
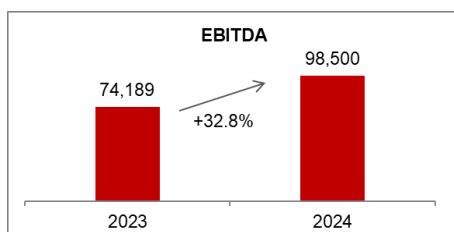
Economic results

The **main indicators of MM** for the year 2024 show an increase in economic margins compared to the previous year; in particular, there is a 33% increase in EBITDA, resulting in a net profit of EUR 38,718 thousand.

The income statement transposes the application of accounting standard IFRIC 12 'Service Concession Arrangements'; therefore, in relation to the Integrated Water Service, investment works are allocated to costs and revenues. This representation does not entail any change in the results.

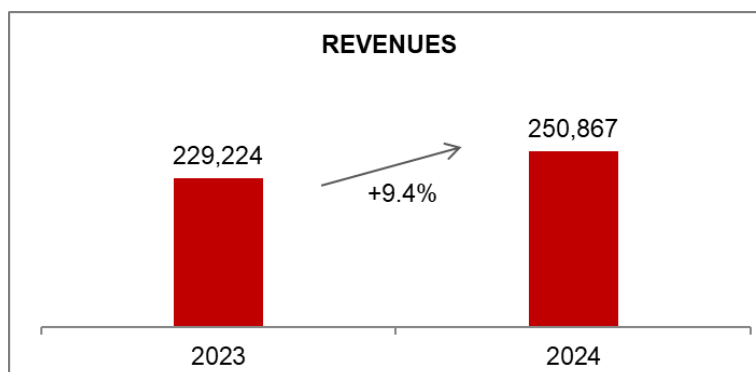
The **comparison between the financial year 2024 and 2023** is presented in the table below:

Income Statement (€/000)	2024	Inc. %	2023	Inc. %	Abs. Chg.	Rate %
Revenues	250,867	100%	229,224	100%	21,643	9%
Revenues for work on goods under concession	50,535	20%	52,977	23%	(2,442)	-5%
Other operating revenue	19,030	8%	25,969	11%	(6,939)	-27%
Raw materials and consumables	(9,501)	-4%	(6,301)	-3%	(3,200)	51%
Costs for services	(85,701)	-34%	(97,040)	-42%	11,339	-12%
Other operating expenses	(3,488)	-1%	(4,660)	-2%	1,172	-25%
Personnel costs	(74,332)	-30%	(74,277)	-32%	(56)	0%
Capitalised costs on goods under concession	(48,808)	-19%	(51,027)	-22%	2,219	-4%
Losses on Disposals and Divestments of Fixed Assets	(101)	0%	(676)	0%	575	-85%
EBITDA	98,500	39%	74,189	32%	24,311	33%
Amortisation/depreciation and provisions	(36,167)	-14%	(37,067)	-16%	899	-2%
Operating Income	62,332	25%	37,123	16%	25,210	68%
Financial management	(8,373)	-3%	(9,293)	-4%	920	-10%
Pre-tax result	53,959	22%	27,829	12%	26,130	94%
Income taxes	(15,241)	-6%	(7,727)	-3%	(7,514)	97%
Net profit for the year	38,718	15%	20,102	9%	18,616	93%



In 2024, there was a **9% increase in revenue** compared to the previous year; this result is the synthesis of differentiated trends by individual business unit, as shown in the table below:

Revenues (€/000)	31.12.2024	Inc. %	31.12.2023	Inc. %	Abs. Chg.	Rate %
Integrated Water Service	179,355	71.5%	169,840	74.1%	9,515	5.6%
Engineering	33,838	13.5%	27,376	11.9%	6,461	23.6%
Housing	17,574	7.0%	17,177	7.5%	397	2.3%
Plant and Property Management	2,038	0.8%	2,031	0.9%	7	0.3%
Ordinary Maintenance Plant and I	12,425	5.0%	11,167	4.9%	1,258	11.3%
Green	5,488	2.2%	1,463	0.6%	4,025	275.1%
Staff	149	0.1%	171	0.1%	(22)	-12.6%
Total	250,867	100.0%	229,224	100.0%	21,643	9%



The main components of the increase relate to the Integrated Water Service (+EUR 9,515 thousand), the Engineering BU (+EUR 6,461 thousand) and the Green BU (+EUR 4,025 thousand).

Other Operating Revenues (EUR 19,030 thousand) show a decrease compared to the previous year (-27%); this decrease is mainly related to the items valued in the year 2023 related to tax credits for electricity and gas and to the premiums related to the Technical Quality of the Integrated Water Service, not present in the 2024 budget.

Costs for raw materials and consumables increased compared to 2023 by EUR 3,200,000.

Costs for services showed a decrease of EUR 11,339,000, down 12% from 2023. This change resulted mainly from the reduction in electricity and gas prices compared to the previous year.

Other operating expenses decreased by EUR 1,172,000 compared to 2023 (-25%).

Cost of labour shows a stable trend compared to 2023:

Cost of labour (€/000)	31.12.2024	31.12.2023	Abs. Chg.	Rate %
Integrated Water Service	28,827	28,985	(158)	-1%
Engineering	20,539	20,716	(176)	-1%
Housing	7,243	7,177	66	1%
Ordinary Maintenance Plant and Infrastructure	3,730	2,890	839	29%
Green	1,029	748	281	38%
Staff	12,964	13,760	(797)	-6%
Total labour costs before capitalised costs	74,332	74,277	56	0%

Compared to the previous year, the increase is minimal (+ EUR 56 thousand), with higher increases in the Ordinary Maintenance Plant and Infrastructure BU (+ EUR 839 thousand) and in the Green BU (+ EUR 281 thousand) against decreases in the Staff BU (- EUR 797 thousand).

Taking the above trends into account, **EBITDA** 2024 amounted to EUR 98,500 thousand, compared to EUR 74,189 thousand in the previous year, posting a significant increase.

Depreciation and amortisation decreased by EUR 899 thousand.

The balance of **financial management** improved by EUR 920 thousand (-10%); the increase in the financial expenses component as a result of the rise in reference interest rates was offset by an increase in the financial income component.

Net Profit for the year therefore amounted to **EUR 38,718 thousand**.

Financial position

The analysis and **comparison for the years 2024 and 2023** are presented in the table below:

Invested Capital and Sources of Financing (€/000)	31.12.2024	Inc. %	31.12.2023	Inc. %	Abs. Chg.	Rate %
Net fixed assets	521,410	107.1%	490,871	103.1%	30,539	6.2%
Net working capital	(22,687)	-4.7%	(3,428)	-0.7%	(19,259)	561.8%
Provisions	(12,013)	-2.5%	(11,442)	-2.4%	(571)	5.0%
Net Invested Capital	486,710	100.0%	476,001	100.0%	10,709	2.2%
Shareholders' Equity	(305,356)	-62.7%	(266,550)	-56.0%	(38,806)	14.6%
Long-Term Financial Debt	(184,047)	-37.8%	(197,971)	-41.6%	13,924	-7.0%
Short-term net financial position	2,693	0.6%	(11,481)	-2.4%	14,174	-123.5%
Total Sources of Financing	(486,710)	-100.0%	(476,001)	-100.0%	(10,709)	2.2%

Net Invested Capital at the end of 2024 amounted to EUR 486,710 thousand (+EUR 10,709 thousand). The increase is attributable to the increase in net fixed assets (+EUR 30,539 thousand) referring in particular to investments in the Integrated Water Service, only partially offset by the decrease in net working capital (from -EUR 3,428 thousand in 2023 to -EUR 22,687 thousand in 2024) due to the effect of credit recovery activities on the Integrated Water Service.

Shareholders' Equity amounted to EUR 305,356 thousand at the end of 2024, an increase of 14.6% compared to the previous year.

The **Net Financial Position** is **EUR 181,354 thousand**; the long-term financial debt component is EUR 184,047 thousand, while the net short-term component is EUR 2,693 thousand (comprised of current financial payables of EUR 75,804 thousand and cash and cash equivalents of EUR 78,497 thousand).

Investments, broken down by business area, are as follows:

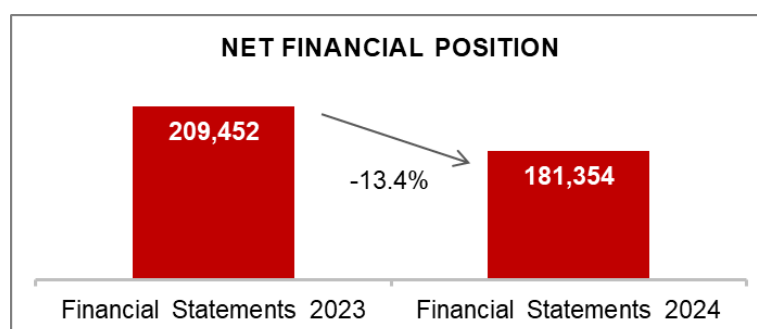
Investments (€/000)	31.12.2024	31.12.2023	Abs. Chg.
Integrated Water Service	54,599	56,220	(1,622)
<i>of which covered by FoNI</i>	(6,364)	(9,692)	3,328
Engineering	1,191	1,384	(193)
Housing	1,450	1,208	242
Plant and Property Management	3,960	1,084	2,876
Ordinary Maintenance Plant and Infrastructure	598	900	(302)
Green	1,203	489	714
Staff	1,520	901	619
Total FoNI gross investments	64,520	62,186	2,334

Analysis of the financial structure

The analysis of **net financial indebtedness** is shown in the table below:

	31.12.2024	31.12.2023
A Liquid funds	78,497	61,000
B Cash and cash equivalents		
C Other current financial assets		
D Cash and cash equivalents (A+B+C)	78,497	61,000
E Current bank loans and borrowings	74,528	71,793
F Current part of non-current financial debt	1,276	688
G Current financial debt (E+F)	75,804	72,481
H Net current financial debt (G-D)	(2,693)	11,481
I Non-current financial debt	181,635	196,848
J Trade and other non-current payables	2,412	1,123
K Non-current financial debt (I+J)	184,047	197,971
L Total financial debt (H+K)	181,354	209,452

The total value of the **Net Financial Position** as at 31 December 2024 was EUR 181,354 thousand, a decrease of EUR 28,098 thousand compared to the previous year (-13.4%). This change is mainly related to the decrease in net working capital, starting from the effect of debt collection activities on the Integrated Water Service.



As at 31 December 2024, medium/long-term debt mainly consisted of the bond issued on the regulated market of the Dublin Stock Exchange (Euronext Dublin) maturing in 2035, the loan from the European Investment Bank (EIB) and the remaining portion of pre-existing loans maturing in 2027 and 2028.

The bond loan, issued by the company on 23 December 2016, and the EIB loan agreement, signed on 18 November 2016, provide for MM's **compliance with specific financial covenants**, calculated as ratios between variables of an economic and equity nature, aimed at monitoring the company's economic and financial sustainability.

The financial covenants in question are as follows:

- Net Financial Position/EBITDA \leq **4.5**
- Net Financial Position/Fixed Assets \leq **70%**
 - EBITDA/Financial Expenses \geq **4.5**

The **detail of the calculations** is shown in the following table:

Covenant (€/000)	2024	2023	Objective
Operating result	62,332	37,123	
Amortisation/depreciation, write-downs and provisions	36,167	37,067	
EBITDA	98,500	74,189	
Non-current financial liabilities	184,047	197,971	
Current financial liabilities	75,804	72,481	
Cash and cash equivalents	(78,497)	(61,000)	
NET FINANCIAL POSITION	181,354	209,452	
NET FINANCIAL POSITION/EBITDA	1.84	2.82	\leq 4.5
Rights on goods under concession	399,237	378,341	
Other Intangible Assets	8,983	9,595	
Property, plant and equipment	71,610	64,031	
<i>Financial Fixed Assets (Security Deposits)</i>		173	
TOTAL FIXED ASSETS	479,831	452,140	
NET FINANCIAL POSITION/FIXED ASSETS	38%	46%	\leq 70%
Financial expenses	9,929	10,104	
EBITDA/FINANCIAL EXPENSES	9.9	7.3	\geq 4.5

The final figures as at 31.12.2024 therefore demonstrate compliance with the financial covenants.

Operating targets assigned to the Company by the Municipality of Milan (period 2023-2025)

In 2021, by Resolution of the Municipal Council no. 350 of 02.04.2021, the Municipality of Milan updated Resolution no. 2379 of 28.12.2018, defining, pursuant to Article 19, paragraph 5, of Italian Legislative Decree No. 175 of 19 August 2016, the annual and multi-annual targets on the total operating costs of the subsidiaries.

In 2022, with City Council Resolution No. 1145 of 4 August 2022, the City Council deemed it appropriate to set new cross-cutting targets for the years 2022-2024, in an update of Resolution 350/2021. By means of Management Decision no. 10013 of 14 November 2022, the Municipality defined the KPIs (Key Performance Indicators) for the years 2022 and 2023 of the cross-cutting targets assigned to the in-house providing companies of the Municipality of Milan and confirmed for the year 2022 the specific expenditure containment targets already defined by Resolution no. 350 for the years 2021-2023.

In 2023, with City Council Resolution No. 1080 of 3 August 2023, the Municipality of Milan decided to **repropose for 2023 the cross-cutting targets assigned with Resolution no. 1145/2022** and to assign **4 new cross-cutting targets relative to the macro-area “Anti-Corruption and Transparency” for the three-year period 2023-2025. For the year 2023, the specific operating target of containing operating costs**, already assigned by Resolution No. 350/2021, was repropose for 2023.

With Management Decision no. 8384 of 3 October 2023 having as its object 'Definition of the KPIs (Key Performance Indicators), for the years 2023 and 2024, of the cross-cutting targets assigned to the in-house providing companies of the Municipality of Milan with the resolution of the Municipal Council no. 1080 of 3 August 2023', the Municipality presented the KPIs (Key performance Indicators) for the years 2023 and 2024 respectively.

Following meetings between the Municipality of Milan and its in-house companies, **the need emerged to define in greater detail the KPIs linked to the Objective 'Rationalisation of expenditure', in particular that relating to the containment of operating costs; it was also necessary to better specify the KPIs established for the Objective 'Air Climate Plan'**. By its own Management Decision no. 3679 of 9 May 2024, the Municipality defined the KPIs (Key Performance Indicators), for the years 2024 and 2025, related to the cross-cutting and specific targets assigned to the in-house providing companies by the resolution of the Municipal Council no. 1080 of 3 August 2023.

Cross-cutting and specific targets

With reference to the **cross-cutting targets** relating to the years 2024 and 2025, the Municipality confirmed the three macro-areas identified by Resolution no. 1145/2022, updating their relative KPIs by means of Management Decision no. 8384/2023 and subsequent Management Decision no. 3679 of 9 May 2024 the relative KPIs and introducing, with reference to the macro-area 'Anti-Corruption and Transparency', four new targets (subject to reporting starting from the first half of 2024):

1st Target 'Rationalisation of Expenditure' across in-house activities				
Description	Dissemination of best practice models for certain management aspects of an economic and financial nature: <ul style="list-style-type: none"> - cash management; - cash pooling. 			
Purpose	Efficiency gains on cash management: <ul style="list-style-type: none"> - Improving treasury management - Investing cash in funds/securities 			
KPI	<ul style="list-style-type: none"> - Development of synergies between investee companies on cash management - Exchange of information on cash management - Identification of best practices 			
Operating target				
Description	Improvement of the ratio of operating costs and focus on personnel costs.			
Purpose	Containment of operating and personnel costs (Art. 19 para. 5 of Italian Legislative Decree 15/2016). Art 19 para. 5: Member public administrations shall set, by their own measures, specific annual and multi-annual targets on overall operating costs, including personnel costs, taking into account the sector in which each entity operates, its subsidiaries, including through the containment of contractual costs and personnel hiring, and taking into account the provisions of Article 25, or any provisions establishing, against them, prohibitions or limitations on personnel hiring.			
MM Targets				
<i>Description and Reporting Frequency</i>	<i>Ratio</i>	<i>Formula</i>	<i>Target 2024 (%)</i>	<i>Target 2025 (%)</i>
<p>For HOUSING, ENGINEERING, WATER: ratio of Target Operating Margin to Revenues.</p> <p>Quarterly - Article 18 Articles of Association</p> <p>Reference: Table 'Analysis by Strategic Business Areas' in the Report on Operations</p>	<p><i>Business Unit ENGINEERING, WATER SERVICE, HOUSING:</i></p> <p>Operating Margin Target/Revenues</p>	<p>TARGET OPERATING MARGIN =</p> <p>+ Revenues (excluding revenues from work on goods under concession and Other revenues and income)</p> <p>+ Intra-industry revenues</p> <p>- Raw materials costs</p> <p>- Intra-industry costs</p> <p>- Costs for services</p> <p>- Staff recharges</p> <p>Personnel costs</p> <p>REVENUES =</p> <p>+ Revenues (excluding revenues from work on goods under concession and Other revenues and income)</p> <p>+ Intra-industry revenues</p>	<p>WATER: 30%</p> <p>HOUSING: 5%</p> <p>Total MM: 12%</p>	<p>WATER: 30%</p> <p>HOUSING: 5%</p> <p>Total MM: 12%</p>

2nd Target 'Air and Climate Plan' across in-house activities	
Description	<p>Within the framework of the Green Public Procurement (GPP) model, the Air and Climate Plan introduced by the Municipality of Milan (Resolution 1653/2019) and Sheet No. 1.7.4 'Programme for the application of Green Criteria to all purchases by the Municipality and its Subsidiaries':</p> <ul style="list-style-type: none"> - encourage policies to promote sustainable consumption and procurement by in-house companies; - promote the application of MEC (minimum environmental criteria) in tendering procedures; - introduce regular monitoring of the dissemination of GPP and MEC within the tendering procedures of in-house companies; - stimulate operational synergies with sharing of best practices between in-house investee companies.
Purpose	Promote market leverage by directing and influencing the power of choice of in-house companies on economic operators pursuing sustainable environmental parameters and supply chains. This action will encourage the establishment of established practices in all possible areas of public spending and those carried out by entities where the municipality has direct influence.

Targets	MM	2024 (in numbers)	2025 (in numbers)
Participation in at least 2 meetings per year related to the exchange of best practices in sustainable procurement	Number of meetings held	2	2
In procurement procedures pursuant to Art. 50 of Italian Legislative Decree 36/2023 for goods and services and works, selection of at least 1 or 2 suppliers with social and/or environmental sustainability criteria as outlined in the MEC (to be included as a technical requirement in the tender/quotation request).	Number of procedures and reference MEC category	1	2
In procurement procedures to be awarded on the basis of the most economically advantageous offer (OEV) criterion, include at least 1 or 2 rewarding criteria of social and/or environmental sustainability as outlined in the MEC.	Number of procedures and reference MEC category.	1	2

With regard to the 3rd Target 'Anti-Corruption and Transparency', there are no updates or specifications provided for in Management Decision no. 3679 of 9 May 2024; therefore, the contents of Management Decision 8384/2023 with respect to the year 2024 are confirmed:

3rd Target 'Anti-Corruption and Transparency' across in-house activities	
Description	Definition of directives to in-house companies on transparency and corruption prevention.
Purpose	Development of group policies on transparency and corruption prevention, through the dissemination of models and best practices

Targets	2024
Regular reporting to the municipal administration on transparency and corruption prevention	Periodic reporting on transparency and corruption prevention
Sharing best practices within in-house companies	Implementation of identified best practice models
Inclusion of transparency and corruption prevention objectives within the corporate incentive system	Implementation within the corporate objectives management system of the section on corruption prevention and transparency activities

Newly adopted targets pursuant to Management Decision 8384/2023:

Targets	2024
Monitoring of litigation involving each company as plaintiff and/or defendant that may give rise to possible claims for damages and/or possible loss of public benefits/funding, possible claims for damages and/or possible loss of public benefits/funding	Monitoring of identified disputes
Adoption of the Administrative Service Centres (CSA) model of the Municipality of Milan with possible adaptation to the areas of operation of individual companies.	Adoption of the Administrative Service Centres (CSA) model of the Municipality of Milan possibly adapted to the areas of operation of individual companies
Appointment of the SOS Officer for suspect operations and AML enforcement.	Appointment of the SOS Officer for suspect operations and AML enforcement
Verification of the correct application by the subcontractors of each company of the collective labour agreements corresponding to the work or service to be provided	Verification of the correct application by the subcontractors of each company of the collective labour agreements corresponding to the work or service to be provided

With regard to **cross-cutting target No. 1 - Rationalisation of Expenditure**, as per the summary table below, the following was achieved:

KPI Rationalisation of Expenditure - Targets 2024	
<i>Development of synergies between investee companies</i>	On 01/10/2024 , a meeting was held, organised by the Budget and Shareholdings Department of the Municipality of Milan, with the Finance Directors of the municipal investee companies covered by the initiative. Each company (including MM) shared their financial characteristics, highlighting their specific needs.
<i>Exchange of information on cash management</i>	
<i>Identification of best practices</i>	

With reference to the operating target *Improving the ratio of operating costs to the focus on personnel costs*, the quantification of the indicators for the financial year 2024 is shown below:

Economic Values 2024 (€/000)	IWS	ENG	HOUSING	MM (IFRS)
Revenues	179,355	33,838	17,574	250,867
<i>Intra-industry revenues</i>	298	2,371		
- Raw materials and consumables	(3,578)	(815)	(1,114)	(9,501)
<i>Intra-industry costs</i>	(1,999)	(16)	(461)	0
Costs for services	(61,478)	(10,185)	(2,410)	(85,701)
<i>Charges for Central Staff Functions</i>	(10,131)	(4,317)	(3,255)	0
Personnel costs	(28,827)	(20,539)	(7,243)	(74,332)
Target Operating Margin - Indicator 2024	41%	1%	18%	32%

Regarding **Cross-Cutting Target No. 2 Air and Climate Plan:**

Air and Climate Plan - Targets 2024	MM	2024 (in numbers)
Participation in at least 2 meetings per year related to the exchange of best practices in sustainable procurement	Number of meetings held	<p style="text-align: center;">2</p> <ul style="list-style-type: none"> 10.05.2024 - a meeting was held on the subject of 'Sharing the targets of the Municipality's Air Climate Plan with an illustration of the expected results'. Attended, in addition to MM, by AMAT (organiser), Sogemi, Milano Ristorazione and MilanoSport; 27.06.2024 - a meeting was organised, once again by AMAT, on the new MEC 'Minimum Environmental Criteria for the awarding of contracts for refreshment services and the distribution of mains water for drinking water purposes (approved by Ministerial Decree of 6 November 2023, in the Official Gazette no. 282 of 2 December 2023, in force since 1 April 2024)'.
In procurement procedures pursuant to Art. 50 of Italian Legislative Decree 36/2023 for goods and services and works, selection of at least 1 or 2 suppliers with social and/or environmental sustainability criteria as outlined in the CAM (to be included as a technical requirement in the tender/quotation request).	Number of procedures and reference MEC category	17
In procurement procedures to be awarded on the basis of the most economically advantageous offer (OEV) criterion, include at least 1 or 2 rewarding criteria of social and/or environmental sustainability as outlined in the CAM.	Number of procedures and reference MEC category.	37

The two targets relating to procurement procedures are detailed below:

In procurement procedures pursuant to Art. 50 of Italian Legislative Decree 36/2023 for goods and services and works, selection of at least 1 or 2 suppliers with social and/or environmental sustainability criteria as outlined in the CAM (to be included as a technical requirement in the tender/quotation request).		
#	procedures	Reference MEC category
14	1/APL, 2/APL, 5/APL, 6/APL, 17/APL, 20/APL, 26/APL, 30/APL, 44/APL, 45/APL, 46/APL, 52/APL, 58/APL,76/APL	Construction
1	18/ACQ	Vehicles
2	40/ACQ Lot 1, 40/ACQ Lot 2	DPI
17		

In procurement procedures to be awarded on the basis of the most economically advantageous offer (OEV) criterion, include at least 1 or 2 rewarding criteria of social and/or environmental sustainability as outlined in the MEC.

#	procedures	Reference MEC category
11	1/APL, 2/APL, 6/APL, 7/APL, 8/APL, 19/APL, 26/APL, 44/APL, 45/APL, 71/APL, 76/APL	Construction
26	9/ACQ, 10/ACQ, 12/ACQ, 13/ACQ, 14/ACQ, 15/ACQ L 1, 15/ACQ L 2, 16/ACQ, 28/ACQ L 1, 28/ACQ L 2, 28/ACQ L 3, 28/ACQ L 4, 28/ACQ L 5, 31/ACQ, 48/ACQ, 49/ACQ L 1, 49/ACQ L 2, 50/ACQ, 51/ACQ L 2, 51/ACQ L 3, 51/ACQ L 4, 51/ACQ L 5, 60/ACQ, 62/ACQ L 1, 62/ACQ L 2, 65/ACQ	n.a. Possession of environmental certifications was included in the evaluation elements of the technical offer, as the relevant sectors are not subject to the product categories of MEC

37

With regard to the **Cross-Cutting Target No. 3 Anti-Corruption and Transparency**, the KPIs defined by the Management Decision no. 8384/2023 were assessed:

Anti-Corruption and Transparency KPIs - Targets 2024	
Periodic reporting on transparency and corruption prevention	The company prepares the models requested by the municipal administration. Quarterly information flows from company departments to the Control Board are implemented.
Implementation Models and Best Practices identified	The company participates in meetings coordinated by the Municipality with the contact persons on corruption prevention and transparency to exchange best practices.
Implementation within the corporate objectives management system of the section on corruption prevention and transparency activities	The Company has foreseen that a share of 5% of the value of the variable remuneration assigned to each manager will consist of the achievement of objectives related to the implementation of activities on transparency and the prevention of corruption, consistent with the Company's policies and procedures on the subject and with the MOGC adopted pursuant to Italian Legislative Decree 231/2001. This objective is assigned to the Managers for the year 2024.
Monitoring of identified disputes	The competent company management monitors all litigation in the Company by preparing a periodic litigation status report that it submits to the internal bodies. Reports on the status of disputes are also sent to the Municipality.
Adoption of the Administrative Service Centres (CSA) model of the Municipality of Milan possibly adapted to the areas of operation of individual companies	The competent company management adopted the Administrative Service Centres (CSA) of the Municipality for Works contracts with the addition of specificities related to the operation and the relevant Business. With regard to contracts for Services and Supplies, the analyses are still ongoing.
Appointment of the SOS Officer for suspect operations and AML enforcement	The Company appointed an Anti-Money Laundering Officer on 15 February 2024 and has a specific Anti-Money Laundering Policy. In the course of the year, special training was provided to employees of the corporate functions most involved in sensitive activities/processes in this area.

Anti-Corruption and Transparency KPIs - Targets 2024	
Verification of the correct application by the subcontractors of each company of the collective labour agreements corresponding to the work	The competent company management has defined the operating procedures to be followed for verifying the correct application by subcontractors of the collective labour agreements and is proceeding with the analysis of the forms sent by the Municipality in order to assess their integration within the internal procedures.

Analysis by strategic business areas

The management results achieved in the business areas are analysed below.

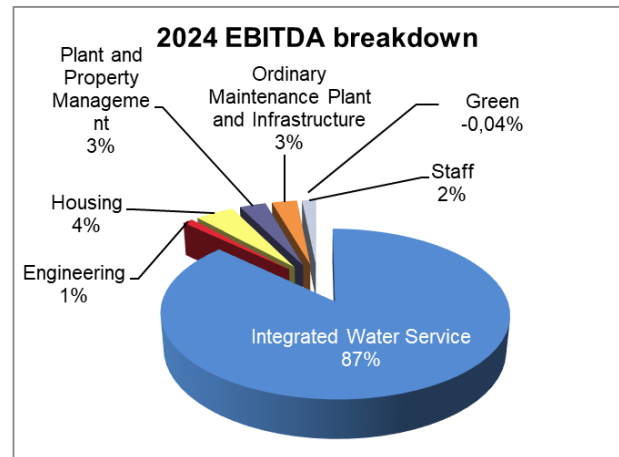
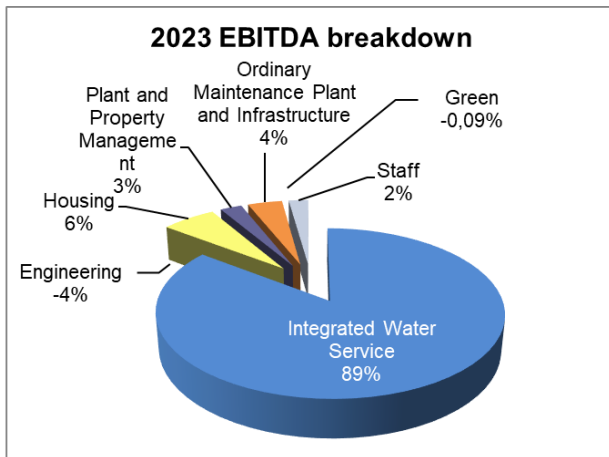
The income statements by area include the **structure costs** and include the **economic exchanges between business areas** valued at market prices.

Income Statement (€/000)	Integrated Water Service	Engineering	Housing	Plant and Property Management	Ordinary Maintenance Installation	Green	Staff	Eliminations	Income statement IFRS
Revenues	179,355	33,838	17,574	2,038	12,425	5,488	149		250,867
<i>Intra-industry revenues</i>	298	2,371			135		2	(2,806)	0
Revenues for work on goods under concession	50,535								50,535
Other operating revenue	11,827	2,406	1,398	1,088	351	845	1,116		19,030
- Raw materials and consumables	(3,578)	(815)	(1,114)	0	(3,221)	(196)	(577)		(9,501)
<i>Intra-industry costs</i>	(1,999)	(16)	(461)		(283)	(47)		2,806	0
Costs for services	(61,478)	(10,185)	(2,410)	(46)	(2,137)	(4,769)	(4,675)		(85,701)
<i>Charges Central Staff Functions</i>	(10,131)	(4,317)	(3,255)	(126)	(707)	(333)	18,869		0
Other operating expenses	(1,313)	(1,599)	(179)	(16)	(20)	(1)	(360)		(3,488)
Personnel costs	(28,827)	(20,539)	(7,243)		(3,730)	(1,029)	(12,964)		(74,332)
Capitalised costs on goods under concession	(48,808)								(48,808)
Losses on Disposals and Divestments of Fixed Assets	(101)								(101)
EBITDA	85,780	1,143	4,309	2,937	2,813	(42)	1,560	0	98,500
Amortisation/depreciation and provisions	(26,408)	(4,373)	(2,202)	(863)	(649)	(118)	(1,555)		(36,167)
Operating Profit	59,372	(3,230)	2,107	2,074	2,163	(160)	6	0	62,332
Financial management	(4,982)	(3,931)	71	495	(11)	(10)	(5)		(8,373)
Pre-tax result	54,390	(7,161)	2,178	2,569	2,153	(171)	1	0	53,959
Income taxes	(13,868)	892	(923)	(623)	(707)	(11)	(1)		(15,241)
Net profit for the year	40,522	(6,269)	1,255	1,947	1,445	(182)	0	0	38,718

MM SpA's EBITDA in 2024 was EUR 98,500,000, a positive change of EUR 24,311,000 (+32.8%) compared to 2023.

EBITDA (€/000)	31.12.2024	31.12.2023	31.12.2022	Abs. Chg.	Rate %
Integrated Water Service	85,780	65,736	47,639	20,043	30%
Engineering	1,143	(2,735)	(2,429)	3,878	-142%
Housing	4,309	4,692	2,452	(382)	-8%
Plant and Property Management	2,937	1,875	1,807	1,062	57%
Ordinary Maintenance Plant and Infrastructure	2,813	2,991	1,716	(178)	-6%
Green	(42)	(69)	(110)	27	-39%
Staff	1,560	1,699	1,965	(139)	-8%
Total	98,500	74,189	53,039	24,311	32.8%

The breakdown of MM SpA's EBITDA in the years 2023 and 2024 is shown below:



The largest contribution to corporate EBITDA is made by the Integrated Water Service (87% in 2024 vs. 89% of the previous year); the contribution of the Engineering BU is growing, contributing 1% to corporate EBITDA in 2024, while the contribution of the other BUs is substantially in line with the 2023 figures.

Integrated Water Service

The Water Service Division is responsible for the management of the integrated water service of the City of Milan, i.e. the set of infrastructures and activities for the collection, treatment and distribution of drinking water with subsequent collection in the sewerage system and final purification before return to the environment.

The Division is organised into two line departments that take care of the management of the water and sewerage networks and water treatment plants, respectively, as well as a department dedicated to construction and divisional services. In 2021, the Water Service Sales function was created, dedicated to meter measurements, customer management, billing and debt collection. The Planning and International Cooperation functions complete the organisation.

Specifically, the line departments are:

- the **Waterworks and Sewerage Department**, which is responsible for managing the water service networks and the pumping and treatment plants for drinking water;
- the **Environmental Protection and Wastewater Plant** function, which manages the sewage lifting plants and the 2 purification plants at Nosedo and San Rocco.

MM is, therefore, responsible for the **safeguarding of the entire integrated water service for Milan**, from the supply of drinking water up to final restitution of purified wastewater and to possible reuse for irrigation purposes.

The year 2024 was characterised by a steady trend in withdrawals and thus in the exploitation of the aquifer, while the improving trend in energy indices continued. In particular, 3.4 million kWh less were consumed in 2024 than in 2023, or more than 4.9% of the total, thanks to energy efficiency and management optimisation measures, while the volumes fed into the distribution network remained stable. The trend of improving and reducing breakage rates in the distribution network also continued, particularly for grey cast iron and steel pipes.

In the area of investments, the extensive programme of **replacement and/or renovation of the water and sewerage networks** for the renewal of infrastructures continued according to a programming logic based on the risk indices characteristic of each network branch. Thanks to the use of trenchless No-Dig technologies, the productivity of construction sites is in fact higher due to the reduction of activities and inconveniences generated on the roadway.

For the improvement of water losses and energy efficiency associated with the operation of the aqueduct's pumping stations, 2024 was marked by the commissioning of the Digital Decision Support System (DSS) and the start of the NNRP Mission 2 - Component 4 - Investment 4.2 project with the execution of physical network districting and pressure reduction works in the Southern District, continuous fibre monitoring and the laying of fibre optics in the large diameters of the city's distribution network.

As regards the **circular economy**, ordinary authorisation was obtained, pursuant to Art. 208 of Italian Legislative Decree No. 152/06 with PAUR procedure, for the sludge mono-incineration plant at the San Rocco sewage treatment plant, and research and development activities continued on the reuse as possible end-of-waste of the ashes produced as well as on the extraction of phosphorus from them.

In the area of environmental sustainability and response to climate change, in 2024 the Seveso torrent flood lamination basin was commissioned, the maintenance and operation of which was

awarded to MM by the Lombardy Region and the Municipality of Milan, being a work outside the perimeter of the Integrated Water Service.

The following table summarises the **results of the Division**:

Integrated Water Service (€/000)	31.12.2024	31.12.2023	Abs. Chg.	Rate %
Revenues	242,015	239,898	2,117	0.9%
Costs	(156,235)	(174,162)	17,927	-10.3%
EBITDA	85,780	65,736	20,043	42.1%
% of revenue	35.4%	27.4%		
Amortisation/depreciation and provisions	(26,408)	(25,296)	(1,112)	4.4%
Operating Profit	59,372	40,441	18,931	46.8%
% of revenue	24.5%	16.9%		
Investments	54,599	56,220	(1,622)	-2.9%

From an economic point of view, the Water Service Division recorded an increase in EBITDA of EUR 20,043,000 (+42.1%) in 2024 compared to 2023.

Revenues increased by EUR 2,117 thousand or 0.9%; **operating expenses** decreased by -EUR 17,927 thousand or -10.3%. As a result, the **Operating Profit** increased compared to 2023 by EUR 18,931,000 or +46.8%.

Investments in the Integrated Water Service amounted to EUR 54,599 thousand, a decrease of EUR 1,622 thousand compared to the previous year (-2.9%).

The following table shows the **main technical data of the Division**:

Technical data of the Integrated Water Service	2024	2023	2022	2021
Territorial area of reference	City of Milan	City of Milan	City of Milan	City of Milan
Housing units	About 800,000	About 800,000	About 800,000	About 800,000
Residents	1,369,715	1,369,647	1,384,249	1,403,314
Demand	About 2,000,000 Users	About 2,000,000 Users	About 2,000,000 Users	About 2,000,000 Users
Water injected into the network (millions m³/year)	202	202	209	211
Total water billed (millions m³/year)*	179	178	179	178
Water losses**	11.3%	11.8%	14.0%	15.5%
Total length of water distribution networks (km)	2,110	2,109	2,150	2,146
Length of adduction networks (km)	100	99.8	99.5	99.8
Total wells (in numbers)	584	584	588	588
Sewerage network length (km)	1,644.2	1,638.9	1,634.7	1,585.0
Purifiers (in numbers)	2	2	2	2
Purifier capacity (population equivalent)	2,286,000	2,286,000	2,286,000	2,286,000

Technical data of the Integrated Water Service	2024	2023	2022	2021
Drinking water analyses				
Number of samplings***	2,936	3,665	3,659	3,701
Number of parameters	132,356	168,674	159,659	211,838
Percentage of compliance	99.99%	99.99%	99.99%	99.99%
Wastewater analyses				
Number of samplings	5,730	6,225	6,850	6,700
Number of analytical decisions	31,800	31,400	37,800	39,200
Compliance percentage (only on discharge)	100%	100%	100%	100%
Per capita daily supply (mc/inhabitant/day)	0.442	0.342	0.343	0.390
Wastewater purification plants				
Plants with a capacity of up to 2,000 p.e.	-	-	-	-
Installations between 2,000 p.e. and 10,000 p.e.	-	-	-	-
Installations between 10,000 p.e. and 1,000,000 p.e.	-	-	-	-
Installations over 1,000,000 p.e.	2	2	2	2
Wastewater purification values				
Plant input and output treated volumes (million cubic metres)	256	207	197	220
Volumes for irrigation use (millions m ³)	51	61	74	62
percentage removal of BOD5 pollutants	98%	99%	99%	98%
percentage removal of SST pollutants	98%	99%	99%	99%
percentage removal of pollutants Total nitrogen	82%	85%	85%	84%
percentage removal of pollutants Total phosphorus	76%	79%	78%	77%
Sludge volume for disposal in agriculture (t/000)	53	55	57	42
Volume of sludge destined for cement works as fuel (t/000)	7.1	8.8	8	15
Theoretical calculation of the dried volume sent to cement plants converted into the equivalent of dewatered sludge for agriculture (t/000)	28.8	33.8	32	35

(*) On 1 January 2023, the Corsico aqueduct infrastructure previously managed by MM SpA was assigned to Cap Holding.

(**) With reference to the leakage data, the value represented refers to the M1b macro indicator 'Percentage leakage index' calculated for the Milan aqueduct network pursuant to Article 8 of Annex A to ARERA Resolution 917/2017/R/idr (RQTI).

(***) The taking of one or more portions of water, at a given sampling point, on a given date, as a single sample, irrespective of the number of containers used according to the sampling methods, is considered as sampling for the purposes of the RQTI (Technical Quality Regulation) rules.

Engineering

Also in 2024, the Engineering Business Unit encompassed the activities carried out by the **Division for Mobility and Extra Moenia (DVME)**, to which the Branch activities also refer, and by the **Division for Infrastructure and Real Estate (DVIP)**:

The **Division Mobility and Extra Moenia (DVME)** consists in turn of two business lines:

- a dedicated line for the design of Mobility Systems (DSMO);
- a line dedicated to Construction Management for Mobility (DCMM).

Also reporting to the DVME Division is the **Progettazione e Costruzione Napoli (PCN)**, Naples Design and Construction structure, as well as the following foreign branches: **Dubai Branch (UAE)**, established in January 2017 in order to develop business initiatives in the Middle East and North Africa (MENA) and South Asia Region and to manage orders in the United Arab Emirates; **Sucursal Colombia**, domiciled in Bogota, established in July 2020. A further Branch (**Branch India**) was set up in Chennai in 2021, following the acquisition of important projects in that country in the context of the Chennai and Mumbai metro lines.

Completing the DVME structure are the Sales function, with national and international business development tasks, and the Technical Structures function.

Reporting to the **Infrastructure and Real Estate Division (DVIP)** are **five clusters** that act as competence centres operating in the comprehensive management of orders per field of activity: Hydraulic Cluster (CID), Infrastructure and Heritage Cluster (CLP), School and Sport Cluster (CSS), Housing Cluster (CCA) and Environment Cluster (CAM).

The Competence Management and Commercial Support (GCC) function, the Safety Competence Center (CSE) function and the Resource Management (REM) function complete the DVIP structure.

The Engineering BU also operates in other international markets, in partnership with other companies, including the MetPro DMY partnership established in 2023 for **Israel** (M1 line of the Tel Aviv metro).

The following table summarises the **results of the Engineering Business Unit**:

Engineering (€/000)	31.12.2024	31.12.2023	Abs. Chg.	Rate %
Revenues	38,615	35,118	3,496	10.0%
Costs	(37,472)	(37,853)	381	-1.0%
EBITDA	1,143	(2,735)	3,878	-142%
% of revenue	3.0%	-7.8%		
Amortisation/depreciation and provisions	(4,373)	(6,505)	2,132	-33%
Operating Profit	(3,230)	(9,240)	6,010	-65%
% of revenue	-8.4%	-26.3%		
Investments	1,191	1,384	(193)	-14%

From an economic point of view, the Engineering BU recorded a significant increase in EBITDA in 2024, from EUR -2,735 thousand in 2023 to EUR + 1,143 thousand.

Revenues increased by EUR 3,496 thousand (+10%), while **operating costs** decreased by EUR 381 thousand or -1%.

The **investments** of the Engineering Division amounted to EUR 1,191,000, slightly down from the previous year. (-14%)

Infrastructure and Real Estate Division

During 2024, the Division's revenues continued to derive not only from **design activities** but also from the numerous **activities during the construction phase (Works Management - DL and Safety Coordination during Execution)** with particular reference to works for which MM also performs the **role of Contracting Authority** for the Municipality of Milan.

The most significant **design** interventions developed in the Division during 2024 on behalf of the Municipality of Milan concerned, among others:

- **Hydraulic works:** Completion of PFTE and Executive Design (PE) of 'Widespread interventions for the reduction of impermeable surfaces and land drainage';
- **Building Assets of the Municipality of Milan:**
 - PE of the 'Requalification and regulatory adaptation of the building and plant components of the Palazzo del Capitano - piazza Beccaria, 19';
 - Final Project (PD- Progettazione Definitiva) to be put out to tender for the 'Adaptation of the installations of the Natural History Museum in Corso Venezia, 55';
 - PFTE development of the 'works aimed at upgrading safety and obtaining the FPC for the Enzo Jannacci shelter, in viale Ortles 69 - Lot 1';
 - PD and start of PE works for the 'construction of new ossuary cells in the Bruzzano cemetery';
 - PE with BIM methodology of the works 'Construction of new ossuary cells in the city cemeteries - Lot IV - Lambrate Cemetery'.
- **Surface and road layouts in the Municipality of Milan:**
 - PE of the 'Extraordinary maintenance and renovation of the Ghisallo overpass' works;
 - PE development for the removal of architectural barriers along city routes of Olympic interest;
- **ERP assets:**
 - PE of the 'S. Erlembaldo 2 ERP Complex Redevelopment';
 - PE of 'Villa Finzi Park and Enhancement of the Access System';
 - PFTE and PE of the 'Extraordinary maintenance works for the restoration of façades, roofing and installations - Via San Romanello no. 34'.
 - PFTE of the M.S. intervention and energy redevelopment of the residential complex in via Cogne, 4;
- **Environmental remediation:** PFTE of land reclamation works within the 'Bovisa La Goccia - Foresta Urbana' project.

In addition, the development activities of the PE continued in the context of the extraordinary maintenance works on the school building heritage, the ERP assets managed by MM (with particular

reference to obtaining the CPI) and the sports facilities managed by Milanospo, as well as the activities related to the development of the PE to be carried out in the context of the Framework Agreements entered into to implement certain NRRP interventions pertaining to the Municipality of Milan, and in particular:

- PE of Sub-Lot 4 - Inner Areas at the Palazzo di Cristallo to be assigned as an Applicative Contract within the Framework Agreement for the 'Rubattino - Lambretta Park Extension - Land Reclamation' works;
- PE areas Via Paravia, Via Aretusa, Piazzale Selinunte and Paravia Case Nuove included in the 'Interventions aimed at the redevelopment of road surfaces for pedestrians, cyclists and public spaces in the San Siro district';
- PE San Dionigi - De Gasperis area included in the "Interventions aimed at the redevelopment of road surfaces for pedestrians, cyclists and public spaces in the Greco and Niguarda district";
- PE 2nd phase of the 'Extraordinary maintenance works of the sports centre Carraro - via dei Missaglia, 146 - Milan'.

With regard to the other clients, in 2024 the PFTE to be used as the basis for the integrated tender for the 'Agrifood Market of the City of Milan - L4 Fruit and Vegetable Logistics Platform' project and the variant design for the construction of the second pavilion of the new fruit and vegetable market (NPO2) were developed for the municipal subsidiary So.Ge.Mi.

In addition, interventions were planned as part of the Programme of Interventions 2024-2029 of the MM Integrated Water Service, including:

- PD of the 'Interventions planned in the rearrangement plan for sewerage network in Milan in compliance with R.R. (Regional Regulation) No. 6/2019: San Rocco sewage treatment plant header basin and Quintosole spillway basin';
- PE under active Framework Agreements such as:
 - Water mains piping replacement works in via Astico, Biomi, Aranci, Jarach and Magistretti; via Silvio Pellico; via Ressi;
 - Refurbishment of the sewerage collector in Via Mambretti; Via Montegani (Lot 1 and Lot 2); Via Porpora between Via Teodosio and Via Ampere; Via D'Intignano, Silvestri and Nota;
 - Refurbishment of the sewerage collector in Via Maffei, Bergamo and Clusone - Lot 2 / Water mains piping replacement works aimed at reducing water losses in Via Maffei, Bergamo and Clusone - Lot 2

In addition to the above, activities were completed to support the Project Manager in monitoring the design developed by the contractor in the following interventions:

- New Citadel of Archives in Via Gregorovius, 15;
- Renovation of a building at 15 Via Pianell for the construction of new residential services;
- Via Rizzoli 13-45 - Via Rizzoli 73-87: general extraordinary maintenance and energy and plant upgrading;

while support activities were started for the following interventions:

- Renovation of the building at 15 Newton Street for the construction of new residential services;
- Integrated social housing programme Corvetto Universal City restructuring and extension ERP complex via Barzoni 11;

- Via Tofano 5 - Tower C: demolition and reconstruction.

With regard to **services under execution**, in 2024 the Division was mainly engaged in the following works for Works Management (DL) and Safety Coordination during Execution activities:

- **Hydraulic works:** Via Negrotto lamination basin, Lambro river floodplain areas;
- **Interventions for the Integrated Water Service:** Electromechanical and building renovation of the Gorla, Suzzani and Cantore drinking water stations; adaptation of the sewerage network in Via Cassinis from Piazza Mistral to the Rogoredo railway station, replacement of the water mains to reduce water losses in Via Paravia and renovation of the sewerage network in Via Narni and surroundings;
- Construction work for the **new market of So.Ge.Mi.** (NPO1 works and heaps, NPO2 works);
- **Building Assets of the Municipality of Milan:** Museum of Visual Arts (CASVA), New Automated Archive, Renovation of Palazzo del Capitano - for which MM also plays the role of SA - as well as the Reception Centre in Via Ortles under a Framework Agreement assigned by the Municipality of Milan;
- **Surface and road system improvements in the Municipality of Milan:** new urban centralities in peripheral areas - participatory creation of public spaces of high environmental and social quality (interventions in Via Padova), cycle route - Eurovelo 5 (Corso Sempione), Ponte Lambro footbridge for which MM also plays the role of SA;
- **ERP Assets:** Demolition and Reconstruction of Towers A and B in Via Tofano, Extraordinary Maintenance in Via Villani Giuffrè, Demolition and Reconstruction of buildings in Via Giaggioli, Extraordinary maintenance and energy and plant upgrading of buildings Via Rizzoli 13-45 - Via Rizzoli 73-87, renovation of buildings in Via Pianell, for which MM also acts as SA;
- **Environmental remediation:** former Innocenti Maserati area in via Rubattino 87 for which MM also acts as SA;
- **Municipal school heritage:** Schools in Via Catone, Via Brunacci for which MM also acts as SA in addition to Via Scialoia (safety coordination during execution only) and a series of minor interventions of the Municipality of Milan's Framework Agreements;
- **Sports facilities:** Work on sports facilities managed by Milanospport and the Carraro Sports Centre

Safety coordination during execution activities also continued with reference to the Framework Agreements for road and signage maintenance awarded by the Municipality of Milan as well as the construction of a new canteen for Milano Ristorazione.

Mobility and Extra-Moenia Division - Department for Mobility Systems (DSMO)

In-house activities for the Municipality of Milan

As regards the **in-house activities for the Municipality of Milan**, in 2024 the main orders in terms of revenues were as follows:

Milan M1 metro line - Extension to Baggio / Valsesia / Olmi

The extension, with three stations and a depot-warehouse, will run for a total length of about 3.5 km, all underground except the depot, starting from the current terminus in Bisceglie to the west side borders of the Municipality of Milan and indirectly serving the neighbouring municipalities, in particular Cesano Boscone.

The project started with the drafting of the Technical Economic Feasibility Project (PFTE) sent to the Ministry of Infrastructure and Transport (MIT) in December 2018. This led in 2019 to the confirmation of a first tranche of state funding in the amount of EUR 270 million (60% of the economic framework). In 2019, at the request of the client, the PFTE was updated and brought to the preliminary Services Conference.

A further update of the PFTE took place in 2020, which was then approved by a Council resolution. In the second part of 2020, the development of the PD was started, which was concluded in 2021 with passage through the decisive Services Conference and approval by a Municipal Council Resolution. Also in 2021, the drafting of the PE was started, with extensive use of the BIM methodology. The project verification process was completed in December 2022.

In 2023, the supplementary financing requested from MIT by the Municipality of Milan to cover the increase in the Economic Framework due to the significant increase in the price of most construction materials was pending. This increase amounted to EUR 145 million (for a total Economic Framework of EUR 543 million).

The supplementary financing of EUR 145 million was granted by the Decree of the Minister of Infrastructure and Transport No. 0000346 of 22-12-2023; following this, the Municipality obtained full financial coverage at the beginning of May 2024, and on 27 May, MM proceeded with the publication of the tender with a deadline for submission of bids of 23 July.

In the light of the outcome of the tender, with only one bid lacking the formal requirements to be considered admissible, and the ensuing confrontation with the Municipality, it had to be acknowledged that the market considered the tender amount to be insufficiently remunerative. It was therefore necessary to redefine the documentation for a new tender to be held in the current year, necessarily adopting the 2024 edition of the regional price list, where applicable, and for the remaining items of the calculation updating the prices to 2024. This resulted in a significant increase in the overall cost of the works and therefore in the Economic Framework, so that the tender could be launched within the currently available funding; the tender documentation was redefined by indicating the deposit as an 'option', which can be activated by the Contracting Authority once the necessary additional funding is obtained.

On 28/11/2024, a new tender for the construction of the M1 extension was therefore launched.

Milan M5 metro line - Extension to Monza

The extension of the line from Bignami to Monza runs almost entirely through tunnels in the Municipalities of Milan, Sesto San Giovanni, Cinisello Balsamo and Monza. It is approximately 13

km long and includes 11 stations and an extensive depot for the storage and maintenance of rolling stock. Together with the 12.6 km of the line already in operation (between the San Siro and Bignami stations), including 19 stations, this extension gives a total line development of approximately 26 km and 30 stations.

Between 2018 and 2019, the PFTE was drafted and updated and the financing of the economic framework (amounting to EUR 1,250 million) was defined with a sharing agreement between the entities involved (the Region and the Municipalities of Milan, Monza, Cinisello Balsamo and Sesto San Giovanni).

In spring 2019, the Preliminary Services Conference was held on the basis of the PFTE. The development of the Final Project (PD) started in 2019. Geognostic investigations continued in 2020. Design activities continued in 2021, including some route optimisations taking into account the results of the geognostic campaign; the functional architectural, structural and plant engineering design of the stations and a workshop depot; and the final surface and greening of some station areas and the depot area. Also in 2021, the preliminary consultation of the entities took place, pursuant to Art. 21 of Italian Legislative Decree 152/2006, through technical meetings with the Regional Environmental Impact Assessment Commission and the authorities.

In 2022, the Final Project (PD) was completed, on the basis of which the regional authorisation procedure (PAUR) was started; discussions continued with the Municipalities affected by surface works and construction sites, and project issues conditioned by constraints on the territory were managed, such as in particular the Monza Institutional Pole (terminus), the interface with the Monza railway station and with the Villa Reale Park in Monza.

In 2023, activities related to the PAUR continued, providing a series of project integrations in response to requests from the Authorities, and the revision of the surface systems within the Municipality of Monza, following a series of meetings with the Municipality.

In the second half of 2023, the project integration activity within the framework of the PAUR was completed and the procedure for the attachment of the expropriation restriction and the declaration of public utility, urgency and non-deferrability of the works was started.

Following the provision of the PD to new Entities/Subjects initially not involved, in February 2024 the Lombardy Region convened the decisive Services Conference under the PAUR, which was positively concluded in July 2024 with a Decree of the Lombardy Region's General Directorate for the Environment and Climate, acquiring the necessary acts of consent for the construction and operation of the project, together with the positive environmental compatibility (VIA) declaration.

In the second half of 2024, the revision of the project was started in order to incorporate the requests expressed by the competent PAUR bodies and to draw up the updated Economic Framework of the Work.

The project was also submitted to the Consiglio Superiore dei Lavori Pubblici (CSLP - Superior Council of Public Works) for its opinion in accordance with the Public Contracts Code (Italian Legislative Decree 36/2023). The opinion of the CSLP was delivered on 30 July 2024, and the requirements formulated were taken into account in the development of the design review.

The updated PD, incorporating the aforementioned requirements/observations/opinions, was formally delivered to the Municipality of Milan on 30 December 2024, with the exception of the Economic Framework and related economic documents, delivered in January 2025.

M5 extension westwards (from San Siro to the Quinto Romano district)

For this important extension of Line 5, which envisages two additional stations to the west, in 2023, investigations were carried out into the possible construction methods of the chosen route alternative on the basis of the DOCFAP (Feasibility Study of Alternative Design Options) and the design development of the chosen solution was deepened. On this basis, the so-called 'second phase' PFTE was developed in 2024.

Several round tables were held with the Municipality and Italia Nostra, with regard to interventions in their areas, and in particular with the Planning Department for the proposed surface arrangement of Trenno Station.

In addition, together with the Urban Planning Department, the intervention to insert the Unareti cabin in the area dedicated to the future Trenno Station was coordinated, including the surface arrangements and the bus interchange.

Finally, the cost-benefit analysis was updated and is currently being assessed by the client for the purpose of a possible subsequent application for funding to the MIT.

The final handover of the PFTE to the Municipality took place in November 2024.

Milan M4 metro line

Activities also continued in 2024, in a twofold manner:

- secondment of personnel to AMAT s.r.l., for a total of 8 specialised resources dedicated to Technical Assistance to the Grantor; these resources also include the Head of the function, who reports directly to AMAT's top management; the cost of the seconded resources is borne entirely by AMAT;
- contract with AMAT for the performance, by MM, of technical support activities on the specific aspects of the construction of the M4 Line, including: rolling stock, system installations, track, railway equipment, ventilation systems and fire prevention issues, escalators and lifts, storage equipment, finishes and technical support to the Safety Commission appointed by the MIT.

In 2024, the process was pursued, including the work of the Ministerial Safety Commission, for the opening of the last functional section which, compared to the 8 stations of the Linate-S. Babila section, saw the activation of a further 13 stations (Sforza Policlinico, S. Sofia, Vetra, De Amicis, S. Ambrogio, Coni Zugna, California, Bolivar, Tolstoj, Frattini, Gelsomini, Segneri and S. Cristoforo). To allow for the maintenance of the operating cadence during peak hours (180 s) against the significant increase in the length of the line (more than doubled), the new activation also saw the commissioning of a further 33 trains in addition to the 14 already in service and the activation of the S. Cristoforo depot, in order to allow for the storage of the fleet, as well as the maintenance of the same and the civil and plant engineering works of the line and stations.

By reason of the aforementioned activations throughout 2024, activities continued at a steady pace for the technical appraisal of the PE, the management of the Ministerial Bodies required to issue the necessary authorisations for the opening of Operations, and participation/supervision on the testing and commissioning activities organised by the M4 Concessionaire. During the same period, technical-economic investigations also continued on the PD packages attached to the variant requests submitted by the Concessionaire.

Extension of the Milan M4 metro line from Linate to Segrate

In 2022, the PFTE of the extension was developed, which, starting from the current terminus at Linate, will pass under Idroscalo and, after the Idroscalo - San Felice stop, will stop at the terminus at Segrate Porta Est, where the new interchange station with HS and SFR services is planned to be built). The economic framework amounts to EUR 470 million, of which EUR 420 million have already been allocated by the state.

In 2023, the in-depth design proceeded; of particular relevance were the relations with the Air Force in relation to the interference with their sports and recreation centre on the edge of the Idroscalo. In December, a contract was signed with the City of Milan for the final design of the contract, safety coordination during the design phase (CSP), validation and assistance to the Sole Project Manager - RUP.

In the course of 2024, the update of the PFTE was completed with respect to the 2022 draft (in particular for the functional/fire protection and surface area aspects) and the preliminary Services Conference was called by the Municipality of Milan (in the role of implementing party), which was closed in September. At the same time, PD activities were started, including BIM modelling, technical coordination tables with administrations and interfering properties, in particular for the definition of the surface arrangements of the two stations, an aspect that will require the transfer or agreement of some areas to allow for the construction of private and LPT interchange car parks.

M3 extension towards Peschiera and the LRT Peschiera Borromeo/Paullo

In December 2022, the Municipality of Milan awarded MM with the drafting of the PFTE, the safety coordination during the design phase, the assistance to the RUP, the surveys and assistance to the investigations of the 'New LPT system for the Paullese route', for a net consideration of approximately EUR 4.2 million. The subject of the assignment is the solution identified by the Municipality, i.e. the extension of the M3 from San Donato to Peschiera and a new LRT line beyond Peschiera, in the direction of Paullo.

In 2023, the first activities were started, working with AMAT and the Milan Polytechnic and holding a series of meetings with the Municipalities concerned, developing the first project hypotheses.

The construction methods and layout of the M3 extension and the new LRT were investigated in depth, and initial demand simulation tests were conducted. In the last months of the year, work continued on cost estimates and solution comparison evaluations, and demand and cost-benefit analyses of project scenarios were completed.

The feasibility study ended with the submission of the supplementary study in February 2024, which awarded the infrastructural solution involving the extension of the M3 to Peschiera, in the Galleria Borromea area, and the reorganisation of the LPT bus lines.

In the months that followed, at the specific request of the Municipal Administration, further focus was placed on the subject of LPT and the functional characteristics of the interchange to be planned at the new Peschiera M3 terminus.

New metro line M6 - South Branch

Following the assignment by the Municipality of Milan in December 2022 for the PFTE (including the DOCFAP-Feasibility Study of Alternative Design Options), assistance to the RUP, investigations and the safety coordination during the design phase, for a net fee of approximately EUR 3.4 million, in 2023 the project activity was started, primarily with the procurement of the necessary data and the

formalisation of the external collaboration assignments with AMAT (demand analysis) and the Politecnico (cost/benefit analysis).

An interim report of the DOCFAP (Feasibility Study of Alternative Design Options) was delivered in January 2024, with an initial assessment of the programme scenarios and proposals for action, as well as the results of the surveys commissioned by AMAT on travelling in the metropolitan area.

DOCFAP (Feasibility Study of Alternative Design Options) activities continued during 2024, with the first socio-economic analyses of the priority project scenarios discussed with the municipal administration. This phase is expected to be completed in early 2025, to be followed by the development of the PFTE for a first batch of the chosen solution.

LRT Milan Comasina - Limbiate hospital

The project envisages the total redevelopment of the existing suburban tramway into a modern LRT. In July 2021, the Final Project (PD) of the entire line (lot 1 + lot 2) was delivered; the decisive Services Conference was concluded in November 2021.

In 2022, following comments from the Services Conference, the PD update was drafted. Subsequently, the significant increase in unit prices necessitated updating the project's Estimated Metric Computation and thus the need to find the resulting additional funding.

In November 2022, MM was assigned the task of integrating the final design for the Integrated Design Contract (PD), Verification for Validation, safety coordination during the design phase, as well as Assistance to the RUP, for a consideration of approx. net EUR 3.5 million of which EUR 2.7 million for the design phase. The assignment does not currently include the implementation phase (works management, safety coordination during execution, testing), which is to be the subject of a further assignment, with a net worth of approximately EUR 4.2 million.

In 2023, the PD was developed and project verification activities for validation purposes started. The tender documents were prepared.

As part of the 'needs reconnaissance' carried out by the MIT in June and October 2023, the increased cost of approximately EUR 29.5 million resulting from the recent increase in the cost of materials was reported. By MIT Decree No. 346 of 22/12/2023, the amount of approximately EUR 88.5 million was allocated. At the beginning of 2024, the validation of the PD to be put out to tender for the integrated contract, to be developed in BIM, was achieved. The notice was published on 14/05/2024.

During the summer of 2024, discussions began with the properties affected by the expropriations, following the start of the expropriation procedure.

Following the closing of the call for tenders, the contract was awarded on the basis of the economically most advantageous tender and subsequently contracted on 18 December 2024.

LRT North districts - Niguarda - Cascina Gobba functional section

The project is included among the works eligible for NRRP funding and consists of two lots: lot 3 (Adriano district-Cascina Gobba M2) and lot 4 (Niguarda Pronto Soccorso-viale Testi).

In December 2022, MM was awarded the contract for the integration of the PD for the purposes of the Integrated Contract, Verification and Validation of the PD and PE, safety coordination during the design phase and safety coordination during execution, Assistance to the RUP, Works Management and Testing for approx. EUR 3.2 million, of which approx. EUR 1.1 million for the design phase only.

In 2023, the verification phase for validation purposes was completed and the documents required for the tender were produced. The activities for the second phase of the restricted tender procedure were then completed. The award was made by formal document dated 18/09/2023. In October 2023, PE was started by the Contractor as a development of the tender PD, subject to the Law as a matter of urgency, pending the signing of the Contract.

During 2024, the Contractor's PE development activity continued, albeit with a few months' delay, in parallel with the project verification activity by the independent verification body MM. The DSMO designers gave their input when the Contractor proposed changes to the project through Works Management (DL). The complete documentation for the Seveso drainage and the footbridge over the Lambro river was delivered.

The postponement of the PE by the Contractor is affecting the work, which started in January 2024 and continues with delays of about 4 months, due to multiple critical issues under reservation. At the same time, the CCT was activated for reserved questions from the Contractor.

LRT North districts - Bausan - Villapizzone F.S. Section

In December 2022, MM was awarded the contract for the complex integrated tender, verification and validation of the PFTE to be put out to tender and of the PE drawn up by the Contractor, Works Management, assistance to the RUP, Testing, of the 'Extension of the Tramway Line no. 2 - Bausan-Bovisa FN-Villapizzone FS section' for an amount of about EUR 3 million net, of which about EUR 1.4 million related to the design phase (Project included in the NRRP).

The project started at the beginning of 2023 with the development of the PFTE, assessing in particular important criticalities along the route. Also in 2023, preliminary activities were carried out on the assessment of route alternatives, in relation to the 'Goccia' masterplan (former gasometers area, with the realisation of the Politecnico's 'Campus Bovisa'), and consistency with what is being developed for the PFTE of the Bovisa - Villapizzone section, and the drafting of the PFTE for the services conference was completed. An EIA exclusion order was also obtained.

In agreement with the Sole Project Manager of the Municipality of Milan, the procurement by framework agreement was identified as the preferred modality and the corresponding call for tenders was issued in June 2022. The award was made by formal document dated 22/12/2023.

In the meantime, the Services Conference on the PFTE was successfully concluded in October 2023, together with the procedure for the realisation of the intervention on the reclaimed areas. At the end of 2023, the PFTE was updated and supplemented as a result of the requirements and conditions adopted at the Services Conference.

During 2024, following the validation of the PFTE of the first section between Piazza Bausan and the Bovisa stop (first phase), the PE phase was started pending the signing of Application Contract no. 1, subsequently signed on 09/07/2024.

The PE was therefore drafted, as stipulated in the specifications, in several stages and the complete handover ended with the Contractor's handover on 19/12/2024.

In the course of the PE, discussions also continued with the operator of Implementation Plan 9 crossed by the tramway line and being executed. The outcome of these discussions led to the signing of Intercoordination Minutes for the management of the construction site areas in terms of space and timing to complete the works within the respective contractual deadlines.

LRT North districts - Niguarda - Durando section

In December 2022, MM was awarded the contract for the PFTE with safety coordination during the design phase, assistance to the Sole Project Manager and execution of investigations for the Niguarda - Durando Emergency Room section for a consideration of approximately EUR 750,000.

In the first half of 2023, the activities of the alternatives analysis study (DOCFAP-Feasibility Study of Alternative Design Options) were carried out; the document was delivered to the Municipality of Milan in June 2023.

Subsequently, a number of design studies and support activities were carried out in order to support discussions with the Municipality for the final choice regarding the crossing of Viale Enrico Fermi by the LRT: in December 2023, the Municipal Administration chose the solution of a level crossing, allowing the resumption of the PFTE development.

The first topics addressed at the beginning of 2024 concerned the main critical issues along the route (land reclamation, urban intervention plans, expropriations, etc.). Following meetings with the municipal administration, it was agreed to carry out a geotechnical and environmental investigation campaign to determine possible remediation/safety measures for the areas.

This campaign, which is still ongoing, has been significantly slowed down by difficulties in accessing private property. Based on the results it will be possible to finalise the planimetric layout, define the interventions necessary to make the Work compatible within the numerous polluted areas crossed and complete the functional design.

LRT North districts - Bovisa - Certosa F.S. Section

In December 2022, MM was awarded the contract for PFTE, safety coordination during the design phase, assistance to the RUP, and surveys for the extension of the Tranvia Interquartiere Nord, in the Campus Bovisa - Certosa F.S. section, for a consideration of approximately EUR 345,000.

In the first quarter of 2023, preliminary activities were carried out on the assessment of route alternatives, in connection with the 'Goccia' master plan (former gasometers area, Politecnico 'Campus Bovisa') and consistently with the PFTE of the Bovisa - Villapizzone section.

Subsequently, the modalities of crossing the 'Goccia' and how to connect to the Villapizzone terminus were examined in detail, and coordination with the Municipality, the Politecnico and RPBW continued regarding the passage of the tramway through the 'Goccia'.

In the course of 2024, the DOCFAP (Feasibility Study of Alternative Design Options) was completed, which, through collaboration with AMAT and the Politecnico, was supplemented with demand analysis and cost-benefit analysis. In anticipation of Phase II of the PFTE, traffic evaluations were also conducted for the precise definition of the adaptation of the road network affected by the tramway.

Extension of tram line 24 from Selvanesco to IEO

On behalf of the Municipality of Milan, between 2022 and 2023, MM was assigned the task of integrating the PFTE for complex integrated procurement, verification and validation of the PFTE to be put out to tender and of the Contractor's PE, Works Management, assistance to the Sole Project Manager, and Testing, for an amount of approximately EUR 1.7 million net. The infrastructure is financed by the fund aimed at reinforcing the interventions of the National Recovery and Resilience Plan (NRRP) by Municipalities with a population of more than five hundred thousand inhabitants,

pursuant to Art. 42, Paragraph 1 of Italian Decree-Law 50/2022, which allocated a contribution of approximately EUR 25.8 million to the intervention.

The project involves the extension of tram 24 along Via Ferrari and Via Ripamonti in the Municipality of Milan, from the existing terminus near Via Selvanesco to the European Oncology Institute (IEO). The extension, which is entirely double-track, is approximately 1.1 km long.

The order started at the beginning of 2023 with the development of the PFTE, for the start of the decisive Services Conference and the EIA screening. In June 2023, the Milan Metropolitan City Council excluded the project from the EIA procedure; in July 2023, the Milan Municipal Council's Territorial Infrastructure Department approved the project and determined the positive conclusion of the Services Conference. The PFTE audit took place at the end of 2023 and was successfully completed in February 2024.

In the same month, the European open call for tenders was launched for the PE and execution of the works, followed by the award in June 2024.

PE is currently being carried out by the contractor, in successive stages, which will be completed in March 2025, while work will begin in February with preventive war reclamation.

Activities outside the Municipality of Milan

During 2024, MM carried out activities also on **extra-moenia projects with respect to the Municipality of Milan**, in other Italian cities, please note, in particular:

LRT SIR2 Padua

In the last quarter of 2022, MM was awarded the tender for the integration of the PFTE and the final design for the Integrated Tender for Line 2 of the Padua Metro in the context of the RTP with E-Farm/ Ingerop/ Parallab/ Pizzin (Project included in the NRRP).

With reference to the activities carried out during 2024, PEs were developed by the successful temporary groupings:

- LOT 1
 - WESTERN SECTION EUR 109,601,733.43 - RUBANO-PADOVA
 - The PE was completed with the final verification report, including the variants approved by the Works Management and Contracting Authority, issued by the verification body on 17.10.2024; the verification of the BIM models is ongoing.
- LOT 2
 - EAST PADUA SECTION EUR 90,420,966.81 - BUSA DI VIGONZA, OPTION 1 GUIZZA, OPTION 2 NOP EXCHANGER
 - The executive project was completed with the final verification report issued on 29.11.2024; the first functional section for the new hospital is being verified by the verification body. Verification activities on BIM models are ongoing.

The works for both lots were handed over on 16.05.2024; it is a PNRR project with an expected end of works at the end of June 2026

Below is a detailed update divided into the two Lots, regarding the progress of the work:

- LOT 1:

- Rubano depot: foundations and stairwell of workshop building and prefabricated shed building;
- Rubano terminus: earthworks and hydraulics;
- Romagnoli Barracks: earth moving in the parking area and connection via Pelosa;
- Running routes in Via Rossi;
- Pad foundations in depot area, Rubano car park, Via Provvidenza (cemetery area) and in Via Rossi;
- Cycle path in Rubano cemetery area.
- LOT 2:
 - Guizza depot: shed foundations;
 - Via Tommaseo (via Gozzi-via Rezzonico section): awaiting sewerage definition;
 - Via Venezia: construction sites set up in the section towards Tommaseo, underground services in the Giotto and section, and polifores and running routes in the Pescarotto area;
 - Via Friburgo: micropile site installation;
 - Via San Marco: construction of polyphore in Tecnomat area

LRT SIR3 Padua

At the beginning of 2023, MM (in RTP with E-Farm/ Ingerop/ Parallab/Pizzin) was awarded the PFTE tender for the extension of the SIR3 tramway line in Padua (under construction) up to Legnaro - Agripolis University Hub, with an option for the PD for the purposes of the Integrated Contract. In April 2023, the contract was signed with the Contracting Authority APS Holding S.p.A.

At the end of 2023, the Sole Project Manager had not yet formally activated the project activities, which first involve the study of route alternatives and then, once the client has chosen a solution, the development of the PFTE.

On 10.05.2024, work started on the PFTE, which was completed at the end of August 2024 with the delivery of the Project to the Municipality of Padua within the contractual deadline. On 29.08.2024 by resolution of the Municipal Council of Padua No. 2024/0471, the project was approved from a technical point of view.

Tram system in the large area of Livorno-Pisa-Lucca

In February 2023, MM was commissioned by the Municipality of Livorno to carry out a transport feasibility study on a tram system for the vast Livorno - Pisa - Lucca and Tuscan metropolitan areas, for a net amount of approximately EUR 83,000. In Q4 2023, the service was formally launched and the preliminary urban planning and transport assessments underlying the study continued.

During 2024, the study was developed through discussions between MM and the client, which were also extended to other parties (Livorno Port Authority, RFI, Tuscany Region). The study was finally delivered on 02/07/2024.

Genoa Underground - Brignole - Martinez extension (design review)

In May 2024, the Municipality of Genoa awarded MM, jointly with RINA Consulting, which in the 2019 assignment set up the temporary grouping (RTI) with MM, with the drafting of the pre-feasibility study and the updating of the PD of the extension of the Genoa Metro from the Brignole station to the Martinez station, following the failure of Trenitalia to transfer the workshop depot areas. As a methodological continuation of the work carried out in 2019-2020, MM took care of the aspects related to Armament, Installations, Fire Protection and Environment.

The pre-feasibility project was delivered in June 2024.

In the months that followed, the final design was carried out, culminating in the delivery of the complete design package at the end of October 2024.

The final project (PD) was subjected to the validation process with the drafting of a validation report, by a body appointed by the client Municipality of Genoa, to which MM gave its feedback in December 2024

Genoa underground - Val Bisagno section (so-called Skymetro)

In May 2023, the Municipality of Genoa awarded MM, in association with RINA Consulting, with the project management, works management and safety coordination during execution services for the construction of the 'Skymetro' work, i.e. the extension of the Genoa metro line in Val Bisagno.

In RTI's activities, the purpose of MM's work is to supervise civil installations, electro-traction (overhead line) installations, electric traction (power supply installations), and fire prevention works.

During the first months of 2024, MM carried out the verification of the PFTE named P1, which the Skymetro designer had revised following the comments of the Superior Council of Public Works. The P1 project was then revised (P2 project) in relation to some additional requirements still noted by the CSLP, the EIA and the findings of the CSLP and was commented on by MM in the last months of the year 2024.

Genoa Underground - Line 1 extension from Canepari to Rivarolo

With the start of activities in December 2024, the Municipality of Genoa awarded MM, in association with RINA Consulting, Exenet, P.Engineering, with the PFTE design, project management, works management and safety coordination during execution services for the realisation of the work.

MM's role within the RTI of designers relates to the development of the PFTE for the environment (excluding noise and vibration) and the drafting of the functional design (in BIM approach) of the Rivarolo station.

The activities were set in 2024 but will be developed in 2025.

FNV - Extension of the Milan-Limbiate tramway in the Varedo FN junction

On 28/03/2024, a Contract was signed with Ferrovienord S.p.A. for the drafting of the DOCFAP (Feasibility Study of Alternative Design Options) for the extension of the tramway in the Varedo FNM junction through the former SNIA areas. The Start of Operations Minutes was signed on 04/06/2024.

The assignment takes the form of a specialised collaboration related to the LRT and the enhancement of public mobility in the Varedo node, and is part of the broader project related to the tripling of the Cormano-Varedo section of the Bovisa-Seveso-Asso line that Ferrovienord is developing on behalf of the Lombardy Region.

In the course of 2024, a large part of the activities envisaged in the assignment were carried out, alongside the work of the technical roundtable managed by the region together with the client. A partial extension of the contractual time frame was agreed for December 2024. The study is expected to be completed in early 2025.

Activities within the Municipality of Naples

The activities are carried out by the 'Naples Design and Construction' function, based locally, with some specialist input from the design functions based in Milan.

Line 1 of the Naples Metro (Design and Works Management)

The current development of Line 1 of the Naples metro is 18.5 km with 19 stations all in operation. Two of these (City Hall and Cathedral) are in a provisional configuration as they are still affected by archaeological excavations, with completion scheduled for 2025.

Soon to open (planned for 2025) are the Centro Direzionale (CDN) and Tribunale stations. Openings at Capodichino and Poggioreale will follow.

Structural and plant engineering design activities are underway for the construction of the multi-storey compensatory car park at Capodichino and the compensatory car park for the fire brigade barracks at Poggioreale; the design for the completion of the external and underground systems of the Municipio, Tribunale and Poggioreale stations is also being developed.

At the end of 2024, work began on the architectural, structural and plant engineering executive project preparatory to the reassembly of the temple dedicated to the Isolimpic Games and the setting up of the museum floor of the Duomo Station.

Following the resumption of operations after the suspension following the accident in 2022, the consolidation work was completely carried out. These activities are preparatory to the commencement of work to widen the odd-numbered tunnel at the Poggioreale station.

Framework Agreement with EAV (Design; in RTP, MM Agent)

In September 2024, EAV sent a request for the following services:

- PFTE development: Baffo di Arzano
- PFTE development: BRT Aversa - Santa Maria Capua Vetere
- PFTE development: completion of line 10
- PD development: phase 2b EAV Giugliano depot
- System designs for the ring closure of the Piscinola-Capodichino and Piscinola-Aversa metro line
- Executive project ACCM system Cumana line.

Following these requests, the RTP delivered the Plan of Activities (PDA); approval and contractualisation are pending.

In October, EAV expressed its interest in adhering to notice no. 3 of the Ministry of Infrastructure (MIT) for the submission of applications for funding in the Mass Rapid Transit (MRT) sector of the previously indicated projects, with the exception of the 'Closing of the Metropolitan Ring' and 'ACCM Cumana Line of the Flegree' projects, for which the established delivery times remain unchanged. The RTP agreed to the request and delivery is scheduled for 31/01/2025.

Line 6 of the Naples Metro (Design)

In May 2024, the Municipality of Naples ordered the final award of the Technical and Economic Feasibility Design contract, with an option for the Final Design (PD) and a further option for the Executive Design (PE) of the extension of Line 6 of the Naples metro - Campegna-Nisida section and Campegna-Posillipo section, to the Temporary Grouping of Enterprises (RTI) consisting of MM (40% contractor) RINA, Tecnosistem and Arch. Pasquale Miano (principals). The design value for the Technical and Economic Feasibility level alone amounts to EUR 1,979,748.08 with MM's share

of EUR 791,899.23. As the contract was tendered under the old Procurement Code (Italian Legislative Decree 50/2016), in July 2024 the Municipality of Naples approved a rescheduling of the timetable in order to align with the new Procurement Code (Italian Legislative Decree 36/2023) that did not lead to changes in the organisational structure of RTI. In August 2024, therefore, the temporary consortium was officially formed and in November 2024 the contract was signed with the Municipality of Naples as Contracting Authority. On 27 December 2024, the minutes for the start of activities were signed.

Mobility and Extra-Moenia Division - Department for Construction Management Mobility (DCMM)

The revenues of the Department in 2024 were mainly related to the following works:

Milan M4 Line - Works Management

On 12 October 2024, the entire M4 line was opened to public operation.

Although the entire line has been opened for commercial operation, marginal works and activities amounting to approximately EUR 70 million remain to be completed, which do not affect the functionality of the line, such as:

1. the surface arrangement of Structures and Stations, as well as MN15 Augusto Structure (partial) and green area outside the perimeter fence of DP01 Depot San Cristoforo;
2. all surface works pertaining to Structure MN20 - Sereni (Pratone) and Structure MN30 Idroscalo;
3. the Fossato della Pusteria, including its Lift;
4. the M3-M4 connection (underground passage and additional access pertaining to the M3 Missori Line) and related surface improvements;
5. the San Cristoforo Footbridge (excluding the AE400 and AE401 systems connecting the ST01 atrium floor to the Footbridge);
6. the Orti Balsamo-Crivelli;
7. the Linate Bicycle Network;
8. the completion of activities under Service Orders No. 95, 101, 105, 109, 111, 113, 114, 115;
9. the definitive sewer connection for MN14; it should be noted that, to date, functionality is guaranteed by the construction site system;
10. the demobilisation of the sites, with their depot areas, and the decommissioning of the Base Camps (CB1 and CB2) and the Presidium Logistics Centre area of the 1st Air Region.

The M2-M4 connecting corridor, including the Automatic Public Toilets System, has been completed and is being inspected and tested for opening to users in February 2025.

The general completion date of the works, which also includes the surface improvements, is scheduled for spring 2025; the general completion date, which will almost certainly extend beyond mid-2025, will be defined after an additional agreement between the parties, which is still under discussion

The deadlines set by Supplementary Agreement No. 2 necessitated the contractualisation of an Addendum for the Works Management activity related to the surface systems in the amount of EUR 559 thousand from 1 November 2023 until 30 June 2025. For the Works Management activity, on the other hand, relating to the completion of the line from March 2024 to June 2025, it was necessary

to negotiate with the Concessionaire, which led to the signing of Addendum No. 3 of EUR 2.5 million, following the CCT's determinations and the revised schedule.

Line 1 extension to Monza Bettola

MM's Contractor (De Sanctis Costruzioni), due to the delays accumulated by the Private Party, formalised on 28.11.2022 the 'Deed of Signification and Contractual Termination'. On 03.07.2024 the contractual termination with De Sanctis was sanctioned and on 18.12.2024 the Final Account for the works was issued for an amount of EUR 44.5 million or 56% of the contractual amount of approx. EUR 77.8 million.

On 22.12.22, the handover of the Cinisello-Monza Station area (station building and paved areas) was formalised to the Actuator (Gallerie Cinisello-ImmobilierEuropea), which completed the main work, relating to the construction of the Cinisello station, in January 2025. Two connecting corridors remain to be executed and are expected to be completed in 2025.

Verona trolleybus

MM acts as works management/safety coordination during execution. At the end of 2024, the works which started in 2016 were under budget recording a surplus of EUR 30.7 million, approx. 23% of the contract total.

The completion date is currently set to 01.04.2026, but due to the Contractor's reduced productivity, a contract extension of approximately 12 months is expected.

Anaxagoras - Hadrian tramway

The work, which was suspended due to the extension of the reclamation activities, was resumed on 29/04/2024 and is expected to be completed in June 2025.

LRT Milan (Paro Nord) - Seregno

The work progress as at 31.12.2024 was about 5.5% compared to the contractual progress of about 68%, therefore the many critical issues under dispute between the Contractor and the Contracting Authority remain. The CCT responded to the Contractor's question on the commencement of the contractual timeframe by acknowledging an extension of the work deadline of approximately 16 months, i.e. 17/09/2026.

Bergamo tramway

On 24 November 2023, the contract specifications for the performance of works management/safety coordination during execution activities were signed between the RTI MM-Proiter-OneWorks and Tranvie Elettriche Bergamasche SpA (TEB Spa).

The related works, amounting to EUR 172 million, were delivered in January 2024 and will be completed in June 2026.

As at 31.12.2024, site production amounted to EUR 48.5 million against an updated contract amount of EUR 190.4 million.

In 2025, the terms of reference between TEB and RTI MM are scheduled to be updated for the increased contractual amount and to formalise some additional services assigned in the meantime.

LRT North districts - Niguarda - Cascina Gobba functional section

The PE development activity by the Contractor has been completed with a delay of about 9 months. This postponement, together with some disputed issues, is causing a 4 to 5 months' delay on the

continuation of the work, which actually started in January 2024. The activated CCT recognised a prolongation of the work deadline of about three months, as well as a share of the abnormal progress and possible acceleration.

Extension of tram line 2 Bausan - Bovisa- FNM - Villa Pizzone FS

Award of Call for Tenders for Framework Agreement by contract of 22/12/2023. Application Contract No. 1 referring to the 1st lot (from Bausan to Bovisa station) concluded on 09/07/2024. Emergency start of the PE as of 13/06/2024; the Contractor's PE activity ended with a delay of approximately 2 months and validation is ongoing.

Branch Activities

Activities in Romania

Administrative activities for the closure of the consultancy contract are ongoing.

Sucursal Colombia

The *Consortio Supervisor* PLMB of which MM is a member, with a 15% share, together with Italferr SpA and two local partners, carried out the supervision activities for the construction of the First Line of the Bogota Metro for the Client EMB S.A., continuing the Construction Phase which started in August 2023, with the activation of the civil works, mainly focused on the viaduct structure and the depot area.

MM is in charge of coordinating the team of experts in charge of the rolling stock and electric railway systems, who will be involved during 2024 in monitoring the construction of the first three trains and in the factory tests of the first train and certain systems, including the platform doors, signalling and electric traction.

For the **Sucursal Colombia** in the year 2024, the net result was EUR 91,000.

Dubai Branch (United Arab Emirates) and India Branch

In early 2017, MM established a Branch at the Special Economic Zone called DWC/Dubai South in the United Arab Emirates, with effective start of operations in August 2017.

In March 2019, the Board of Directors of MM SpA resolved to establish **a branch office in India** for the development of the projects acquired there; the opening of the branch office was authorised by the relevant authority RBI (Reserve Bank of India) in July 2020. In 2021, the process of setting up the India Branch was finally completed.

The Dubai Branch carried out predominantly commercial and business development activities between 2017 and 2018. In 2018, the first three contracts were awarded relating to activities for Expo Dubai 2020 and the development of the Mumbai (India) metro system. During 2019, 3 contracts were acquired relating to:

CMRL - Assignment for the detailed design service of the structures, architecture and civil installations of the underground Lot of the metro named Corridor 4 of the City of Chennai - State of Tamil Nadu (India) in March 2019;

CMRL - Assignment for the detailed design service of the structures, architecture and civil installations of the overpass Lot for completion of the metro named Corridor 5 of the City of Chennai - State of Tamil Nadu (India) in July 2019;

MMRDA - Assignment for the service for the feasibility study of Metro Line 14 in the City of Mumbai - State of Maharashtra (India) in March 2019.

In 2024, in addition to the support in the management of the contracts acquired in India, the Dubai Branch continued its acquisition of additional extra-moenia projects.

For the **Dubai Branch** in the year 2024, the net result was EUR 429,000.

For the **India Branch** in the year 2024, the net result was EUR 132,000.

Activities in Israel

In August 2023, MM, in partnership with Dana Engineering (agent) and Yaniv Zohar Engineering, won the tender launched by NTA-Metropolitan Transit System for the development of the M1 line of the Tel Aviv Metro. The grouping (of which MM holds 30%), called MetPro-DMY, is active in the management, design and construction supervision of an 85 km long line, for 62 stations, 2 depots and the connection of 14 municipalities. In November 2023, the contract was signed with the Contracting Authority.

For this project, MM set up a **specific Branch in Israel**.

Work on the construction of the M1 line of the Tel Aviv metro formally started in January 2024, with MM involved in providing support to the Sole Project Manager and design.

The main deliverables were delivered on schedule, with the first delivery of the preliminary project approved and partially invoiced.

In the course of the activities, NTA awarded MM the additional task of analysing the configuration of the tunnel and station project for an optimisation assessment of the impacts on the local communities in terms of traffic and removal of sub-services.

As of December 2024 - with the truce in place - MM started the process of mobilising personnel, as in previous months the contextual conditions did not allow for the original mobilisation programme to be followed.

For the **Israel Branch** in the year 2024, the net result was EUR 190,000.

Housing

The housing stock owned by the Municipality of Milan includes, as of today, **38,223 housing units** of which:

- **28,488 dwellings** (of which 783 in neighbouring municipalities);
- **8,650** garages and parking spaces;
- **1,085** real estate units intended for **Various Use**.

The year 2024 saw the consolidation of ERP asset management also through interventions on processes and structure (e.g. CRM development, WEB channels such as the online tenant portal <https://casa.mmspa.eu/>, management system, newsletter, etc.). Work continued to acquire an advanced tool for the technical census of assets using innovative technologies and the system for the remote control of facilities using IoT technologies.

During 2024, the Division had a total of **227,884 contacts** with customers, of which:

- **154,979 telephone contacts** on freephone 800 01 31 91 active H24 in Italy;
- **20,696 appointments** at the information desks of the offices or by telephone.
- **52,209 communications** by ordinary and registered mass mail

In 2024, the newsletter service 'La tua Casa' (Your Home) was launched, which had **1,759** subscribers as of 31/12/2024.

Working alongside the Housing Division, MM's specialised staff in the Heritage Protection function is responsible for monitoring buildings under management to detect intervention needs, squatting risks and potential dangers of various kinds. The **prevention of squatting** is the first task of the function and is carried out in coordination with the police. The results observed since the start of management have been remarkable: **reduction in the net balance of illegal occupations from 1,722 to 485** (as at 31.12.2024), with a **net reduction of 29** during 2024.

On 1 January 2023, the support service to the **Municipality of Bergamo** for the management of its owned ERP assets started. The organisation of the contact centre service and the provision of equipment for the start-up of the service (tenders, IT equipment, personnel, etc.) was taken care of.

In 2024, assets comprising **986 dwellings** and **288 parking spaces** were managed for that Municipality, with a user base of 1,512 tenants, totalling **753 active leases**.

Regarding **contacts with tenants**, there were:

- 2,509 calls received on freephone 800 71 40 07
- 869 appointments made, of which 71% at MM offices and 29% by telephone call or digital contact
- 2,509 reports opened by customers (of which 68% administrative, 27% technical, 5% other)
- 295 inspection visits and 173 maintenance interventions
- 1,907 contacts by ordinary and mass registered mail

The main figures for **Ordinary Maintenance** in 2024 are summarised below:

- 35,538 open technical alerts of which 20,078 fee-based, 15,128 non-fee-based and 332 user-based;
- 17,434 fee-based Maintenance Orders and 8,514 non-fee-based.

The main figures for **Extraordinary Maintenance** in 2024 are summarised below:

- 381 refurbished dwellings;
- 24 lift systems made more efficient;
- EUR 14.2 million of works managed.

The following is a summary of the **results of the Division**:

Housing (€/000)	31.12.2024	31.12.2023	Abs. Chg.	Rate %
Revenues	18,972	19,211	(239)	-1.2%
Costs	(14,663)	(14,519)	(143)	1.0%
EBITDA	4,309	4,692	(382)	-8.2%
<i>% of revenue</i>	22.7%	24.4%		
Amortisation/depreciation and provisions	(2,202)	(1,959)	(243)	12.4%
Operating Profit	2,107	2,732	(626)	-22.9%
<i>% of revenue</i>	11.1%	14.2%		
Investments	1,450	1,208	242	20.0%

Revenues decreased by EUR 239 thousand (-1.2%), while operating costs increased by EUR 143 thousand (+1%).

These dynamics led to a decrease in the Operating Result from EUR 2,732 thousand in 2023 to EUR 2,107 thousand (-Euro 626 thousand or -22.9%).

The **investments** of the Housing Division amounted to EUR 1,450 thousand, an increase of EUR 242 thousand compared to the previous year.

Plant and Property Management

The movable and immovable assets of the DVGI accounting division, instrumental to the management of the waste collection and disposal service, are compulsorily made available to the pro tempore manager of the environmental hygiene services (Amsa SpA) through a lease agreement against the payment of an annual fee of EUR 2,030,137 plus VAT. This contract was originally for the period 2017-2021.

In view of the expiry of the contract with Amsa SpA for waste management and urban cleaning on the city territory, the Municipality of Milan prepared a European tender at the end of 2020 to award environmental hygiene services from 2021 for the following 7 years. As a result of the complex development of the tendering procedure, several extensions of the existing lease took place between 2021 and 2023.

On 28 December 2023, a further extension to the existing lease agreement between MM and Amsa was signed for the period 1 January 2024 - 31 March 2024, defined following Management Decision 12161 of the Director of the Water Resources and Environmental Hygiene Area of the Municipality of Milan dated 19 December 2023.

In order to allow for the completion of the fulfilments inherent to the tender procedure for the assignment of the urban waste management service, on 27/03/2024, with Management Decision no. 2413 of the Director of the Water Resources and Environmental Hygiene Area, in agreement with the Green Area, the Municipality of Milan granted Amsa a further technical extension of the Service Contract for the period 01/04/2024 - 30/06/2024.

On 28.03.2024, the Municipality of Milan, with Management Decision no. 2478, approved the final award to Amsa of the tender no. 73/2021 for the assignment of the urban waste management service.

Pursuant to the provisions set forth in the Special Tender Specifications for Tender No. 73/2021 referred to above, the Municipality of Milan, by way of Management Decision no. 5366 dated 27/03/2024 of the Director of the Water Resources and Environmental Hygiene Area, in agreement with the Environment and Green Area Department, approved the extension of the current Service Contract for the period from 01/07/2024 - 27/09/2024.

On 19/09/2024, Procurement Contract no. 73/2021 was signed between the Municipality of Milan and Amsa S.p. A. for the period commencing on 28/09/2024 and lasting until 27/09/2031.

On 27/09/2024, a new Lease Agreement was concluded between MM S.p. A. and Amsa S. p. A. for the entire duration of the procurement contract.

The following table summarises the **results of Plant and Property Management**:

Plant and Property Management (€/000)	31.12.2024	31.12.2023	Abs. Chg.	Rate %
Revenues	3,126	2,072	1,054	50.9%
Costs	(189)	(197)	8	-4.0%
EBITDA	2,937	1,875	1,062	56.6%
<i>% of revenue</i>	94.0%	90.5%		
Amortisation/depreciation and provisions	(863)	(995)	132	-13.3%
Operating Profit	2,074	880	1,194	135.7%
<i>% of revenue</i>	66.3%	42.5%		
Investments	3,960	1,084	2,876	265.2%

From an economic point of view, EBITDA increased from EUR 1,875,000 to EUR 2,937,000 (+56.6 %) in 2024; investments amounted to EUR 3,960,000, an increase over the previous year.

Ordinary Plant and Infrastructure Maintenance (DMOI)

During 2024, the main activities characterising the Business Unit were as follows:

- **School Building Assets**: The **maintenance of the school building assets** continued in 2024 through a gradual transition **from a predominantly 'buy' management** (i.e. using external contractors) **to 'make' management** (i.e. using MM resources), consolidating the processes required to operate the new operating model.
- During 2024, the transitional phase of the **ordinary maintenance service of electrical installations** continued, with an **exclusively "buy" management** (that is with the use of external contractors), for the purpose of a technical-economic evaluation of the transitional process which will lead to the expansion of the perimeter of the maintenance services with **"make"** management from MM.
- **Maintenance of lifting systems serving road underpasses**: activities continued in 2024, as regulated by a specific Contract signed on 9 September 2021 between MM S.p.A. and the Municipality of Milan, for a term of 4 years, renewable for a further 4 years.
- **Sports facilities owned by the Municipality of Milan and managed by Milanosport**: the activities continued in 2024 as regulated by the new **Contract signed on 19.01.2024** between MM and Milanosport, for the performance of Facility Management and Energy Efficiency Services, including the roles of third-party operator for thermal installations (pursuant to Art. 1 of Italian Presidential Decree 412/1993) and conservation and rational use of energy operator (so-called Energy Manager).
- **Roads, signage and bridges**: during 2024, MM continued the 'administrative management' activities of the executive phase for the ordinary maintenance contracts for roads, signage and bridges previously managed by the Municipality of Milan; it also completed the first part of the assessment of the maintenance needs of the road assets for the purpose of implementing the road cadastre and planning and management of maintenance activities.

The following is a summary of the **results of the Division**:

Ordinary Maintenance Plant and Infrastructure (€/000)	31.12.2024	31.12.2023	Abs. Chg.	Rate %
Revenues	12,911	11,659	1,252	10.7%
Costs	(10,098)	(8,668)	(1,430)	16.5%
EBITDA	2,813	2,991	(178)	-6%
% of revenue	21.8%	25.7%		
Amortisation/depreciation and provisions	(649)	(501)	(149)	29.7%
Operating Profit	2,163	2,490	(327)	-13%
% of revenue	16.8%	21.4%		
Investments	598	2,991	(2,393)	-80%

In 2024, there was a slight decrease in EBITDA from EUR 2,991,000 in 2023 to EUR 2,813,000 (-6%); revenues increased by EUR 1,252,000 (+10.7%) and costs increased by EUR 1,430,000 (+16.5%).

Green Asset Management

During 2024, the organisational structure of the function was consolidated, which was awarded the **direct management of the maintenance of the green assets of the Public Residential Buildings (ERP)**, of the **own sites of the Integrated Water Service** and at the Nosedo and San Rocco purification plants.

In 2024, ordinary maintenance, periodic inspections and extraordinary maintenance **for tactical urban planning interventions called 'Piazze Aperte'** (Open Squares) continued, with the execution of various interventions to transform city spaces.

On 30.09.2024, with Management Decision no. 8752, the Municipality of Milan determined the award of the **integrated management of the green assets of the Municipality of Milan to MM effective from 1 October 2024** and until 30 September 2049; therefore, during the last quarter of 2024 the structure of the revenues and costs of the Business Unit was affected by the significant change in the management perimeter.

The following is a summary of the **results of the Business Unit**:

Green (€/000)	31.12.2024	31.12.2023	Abs. Chg.	Rate %
Revenues	6,334	1,739	4,594	264.2%
Costs	(6,376)	(1,809)	(4,567)	252.5%
EBITDA	(42)	(69)	27	-39%
% of revenue	-0.7%	-4.0%		
Amortisation/depreciation and provisions	(118)	(104)	(14)	13.7%
Operating Profit	(160)	(173)	13	-7%
% of revenue	-2.5%	-9.9%		
Investments	1,203	489	714	146%

In 2024, the Business Unit recorded an increase in revenues of EUR 4,594,000 and an increase in operating expenses of EUR 4,567,000; therefore, EBITDA was substantially in line with the previous year, registering a slight increase (+EUR 27,000).

1.7 Operational Outlook

The nature of the services prevalently performed by MM, being related to regulated sectors (Integrated Water Service) or in any case linked to in-house assignments by its sole shareholder, the Municipality of Milan (Engineering, Housing, Ordinary Plant Maintenance and Infrastructure), contributes to confirming expectations of a negative impact mitigated by the consequences of the delicate national and international context from an economic point of view.

With reference to the context of the energy markets, which has put particular pressure on the company's cost structure in previous years, an upward trend in electricity and gas prices was observed in the first quarter of 2025 compared to the previous year, although far from that recorded in the second and third quarters of 2022. With regard to electricity, procurement through variable price contracts is currently the predominant contractual form on the markets; it should be noted that the PUN (wholesale reference price of electricity purchased on the Italian market) fell from an average value of EUR 304/MWh in 2022, to a value of EUR 127/MWh in 2023 and EUR 109/MWh in 2024; while, in the first months of 2025, the PUN Index GME for the Italian electricity market was in a range between EUR 100/MWh in April and EUR 150/MWh in February.

The energy market is constantly evolving, influenced by economic, geopolitical and environmental factors. Looking ahead, a possible slight increase in the cost of electricity and gas is expected for 2025; the combination of multiple factors such as the expansion of renewables, dependence on natural gas and geopolitical tensions will continue to generate volatility in the market and potential fluctuations in the PUN, reducing the possibility of signing fixed-price supply contracts.

The trend macroeconomic framework projected in the Bank of Italy's Economic Bulletin (April 2025) forecasts a slowdown in global economic growth as a result of the direct and indirect effects of the tariffs imposed by the US administration and the uncertainty associated with restrictive trade policies. In the first two months of 2025, the ECB lowered the interest rate on deposits at the central bank by a total of 50 basis points to 2.5 per cent. Markets expect further cuts in official rates between 75 and 100 basis points in total during 2025.

In the first months of 2025, rising energy prices pushed inflation up slightly, to 2.1% in March; services inflation, higher than overall inflation, is gradually decreasing. Inflation is expected to remain low for the current year.

With regard to the national economy, the Bank of Italy's projections foresee an increase in output of 0.6% in the current year, 0.8% in 2026 and 0.7% in 2027. This scenario includes an initial assessment of the effects of the tariffs announced on 2 April by the US administration, but does not take into account the impacts of any retaliatory measures, the possible consequences on international markets, and the temporary and partial suspension of the same tariffs announced on 9 April. GDP is expected to be held back by foreign demand due to the effect of tariffs; instead, it will be supported by the expansion of consumption, boosted by the good performance of real incomes. Investment will benefit from the measures of the NRRP, but will be adversely affected by uncertainty related to trade tensions, as well as by the effects of the withdrawal of incentives for residential construction. Consumer inflation is estimated to remain around 1.5% in both 2025 and 2026, rising to 2.0% in 2027.

1.8 Staff composition

As at 31 December 2024, MM's workforce consisted of **1,374 employees**.

In addition, 21 people work for MM on temporary contracts, six on traineeship contracts and three on collaboration contracts.

The composition of employees by category is as follows:

Staff by category		2022	2023	2024
Managers	No.	33	31	29
Middle managers	No.	77	76	86
Office workers	No.	836	815	823
Apprentices	No.	0	0	0
Blue-collar employees	No.	423	415	436
Total	No.	1,369	1,337	1,374
Foreign Branch Personnel	No.	3	3	7
Total with Branches	No.	1,372	1,340	1,381
Trainee contracts	No.	0	3	6
Temporary contracts	No.	11	9	21
Collaboration contracts	No.	7	6	3
Total	No.	1,390	1,358	1,411

In 2024, the percentage of employees on a **permanent contract** was **99.13%**, an increase from 2023, when it was 99.03%.

MM believes in offering a stable employment contract and pays close attention to the needs of its employees, which is why it accompanies employees through professional development paths within the company.

Staff by type of contract	2022		2023		2024	
	No.	%	No.	%	No.	%
Permanent	1,326	97%	1,324	99%	1,362	99%
Fixed-term	43	3%	13	1%	12	1%
Total	1,369	100%	1,337	100%	1,374	100%

Recruitment policies continued in 2024 in line with business developments.

Relations with trade unions

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

- CCNL Gas Water (for the Water Service Division and some Departments/staff functions),
- CCNL employees of Construction and Related Companies (for the engineering sector and some Departments/staff functions),
- CCNL Federcasa (for the Housing Division and the DMOI Division),
- CCNL Employees of Building Owners (for a part of ERP asset custodians pertaining to the Housing Division),
- CCNL for Industry Executives,
- CCNL Agricultural Middle Managers and Employees and CCNL Agricultural and Floricultural Workers (for employees employed in the management of green areas of the ERP assets).

Safety in the Workplace

At MM Spa, Health and Safety in the workplace and of workers is a founding element of the policy of Top Management and, in cascade, of the Business Departments. The company has always equipped itself with the tools needed to minimise the risk of accidents or injuries in its daily operations. Since 2024, a process of digitisation and reorganisation of the management processes of Health and Safety in the workplace and of Workers has started and is ongoing, which among other things has allowed for greater clarity and awareness of the status of 'safety' to be given to each and every Manager and Worker.

Within this process, the three 'pillars' of the Prevention and Protection Service have been reviewed and implemented:

Each MM Spa has eight Risk Assessment Documents useful for managing its nature as a Multiutility, all issued new or renewed in 2024, from which in-depth training courses and the new health protocol have been derived; through the application of what is analysed and provided for in these documents, the Company makes its employees aware of the risks related to the various tasks, providing appropriate tools to avoid harmful events, improve general working conditions and watch over the health of its workers.

In 2024, 30 'accident' cases were recorded, of which: 12 cases of work-related accidents; the other 18, comprising 'in itinere' accidents and workplace accidents, not work-related.

None of the accidents in 2024 had consequences for periods longer than six months, confirming the trend over the past decade of limiting the number of actually work-related accidents. The accident index defined by the ratio of total absence hours to the number of accidents at work remained more or less constant, actually slightly decreasing, and below 4%.

Also in 2024, in line with the previous three-year period 2021-2023, no cases of occupational diseases on employees or former employees and mobbing cases were recorded. The monitoring and constant analysis of the incidents leading up to an accident allow MM to identify continuous and renewed corrective actions that are disseminated within the company through safety procedures.

Certification according to UNI ISO 45001 for the Engineering and Integrated Water Service sectors was maintained in 2024.

1.9 Risk Management

The Company's activities are exposed to the following financial risks: market risk (defined as exchange and interest rate risk), credit risk (both in relation to normal commercial relations with customers and financing activities) and liquidity risk (with reference to the availability of financial resources and access to the credit market and financial instruments in general).

The Company's objective is to maintain, over time, a balanced management of its financial exposure, capable of guaranteeing a liability structure that is in balance with the composition of the assets in the financial statements and able to ensure the necessary operational flexibility through the use of the liquidity generated by current operating activities and recourse to bank loans.

The Company's ability to generate cash from operations, together with its borrowing capacity, allows it to adequately meet its operating, working capital and investment needs, as well as to meet its financial obligations.

The Company's financial policy and the management of related financial risks are centrally guided and monitored. In particular, the finance function is responsible for assessing and approving forecast financial requirements, monitoring their progress and taking appropriate corrective action where necessary.

The following section provides qualitative and quantitative reference information on the impact of these risks on the Company.

Market risk

Foreign exchange risk

The Company is mainly active on the Italian market and therefore is **exposed to exchange rate risk only limitedly**, only with reference to i) current accounts and commercial credit and debit relations in RON (Romanian Leu) ii), current accounts and commercial credit and debit relations in AED (United Arab Emirates Dirham) iii), current accounts and commercial credit and debit relations in INR (Indian Rupee) iv), current accounts and commercial credit and debit relations in COP (Columbian Peso) and v) current accounts and commercial credit and debit relations in ILS (Israeli New Shekel).

Sensitivity analysis on exchange rate risk

For the purposes of the sensitivity analysis on exchange rates, balance sheet items (financial assets and liabilities) denominated in currencies other than the Company's functional currency were identified.

For the purpose of the analysis, two scenarios were considered that respectively discount an appreciation and a depreciation of 10% of the exchange rate between the currency in which the item of the financial statements is denominated and the reporting currency.

	Impact on profit and equity, net of tax effect													
	<i>(In thousands of EUR)</i>		COP		RON		INR		AED		ILS		Total	
Sensitivity analysis	-10%	10%	-10%	10%	-10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Year 31/12/24	56	(45)	11	(9)	219	(179)	1	(1)	336	(275)	622	(509)		

Note: a positive sign indicates a higher profit and an increase in net equity; a negative sign indicates a lower profit and a decrease in net equity.

Interest rate risk

The company is **exposed to risks related to interest rate fluctuations** as it uses a mix of debt instruments depending on the nature of its financial needs.

In particular, the Company normally resorts to short-term borrowing to finance working capital requirements and to medium- and long-term forms of financing to cover investments made and related to business, as well as extraordinary operations. The financial liabilities that expose the Company to interest rate risk are mostly medium-/long-term variable-rate indexed loans. The interest rate to which the Company is most exposed is Euribor.

The financial transactions finalised in 2016 (EIB structured loan and bond loan), being both fixed-rate, further mitigate the interest rate risk.

To cope with these risks, the Company uses interest rate derivative instruments ('Interest Rate Swaps') with the aim of mitigating, under economically acceptable conditions, the potential impact of interest rate variability on its economic result. The main features of these contracts **until 31 December 2024** are summarised below:

Interest rate swaps (IRS)	Issue	Maturity	Nominal value (in thousands of EUR)	Fair value (in thousands of EUR)
IRS Intesa Sanpaolo	2006	2026	2,726	(61)
IRS BNP Paribas	2009	2028	4,000	(309)

Sensitivity analysis on interest rate risk

With regard to interest rate risk, a sensitivity analysis was performed to determine the effect on the income statement and shareholders' equity that would result from a hypothetical positive and negative change of 100 bps in interest rates compared to those actually recorded in each period.

The analysis was carried out mainly with regard to the following items:

- short and medium/long-term financial liabilities, in connection with related derivative instruments, if any.

With regard to short- and medium-/long-term financial liabilities, the impact was calculated on an ad hoc basis. Fixed-rate financial liabilities were not included in this analysis.

The table below highlights the results of the analysis carried out:

(In thousands of EUR)	Impact on profit, net of tax effect		Impact on shareholders' equity, net of tax effect	
Sensitivity analysis	-100 bps	+100 bps	-100 bps	+100 bps
Year ending 31 December 2024	380	(380)	380	(380)

Note: a positive sign indicates a higher profit and an increase in net equity; a negative sign indicates a lower profit and a decrease in net equity.

Credit risk

Credit risk is the Company's exposure to potential risk losses deriving from counterparties' failure to fulfil their commitments.

With reference to the **Engineering** sector, almost all of the receivables are due from the Municipality of Milan or other public entities or concessionaires of the same, which ensures that the risk in question is mitigated. With regard to receivables due from the Municipality of Milan, during the 2019 financial year, a series of credit positions dating back many years were investigated and verified. The preliminary investigations resulted in the identification of shared criteria ensuring the crystallisation of MM's receivables from the Municipality; in particular, consistent with the documents analysed, it led MM to consider as existing and collectable only those receivables claimed by MM corresponding to amounts that are consistent, for each individual project, in the financial availability provided for by the relevant approved economic frameworks. This activity made it possible to accurately assess credits on the basis of the risk profile.

The above-described analysis, the purpose of which is to verify the quality of receivables, is conducted on an annual basis for the positions claimed from the main debtors and allows for the definition of appropriate collection actions, where possible; it also constitutes the basis for estimating the expected losses on which provisions are made for bad debts.

Instead, with reference to the **Integrated Water Service**, the Company manages credit risk through policies and procedures that regulate the monitoring of expected recovery flows, the issuance of reminders, the granting of payment extensions if necessary, and the implementation of appropriate recovery actions.

The Company's trade receivables, amounting to EUR 197 million as at 31 December 2024 (EUR 206 million as at 1 January 2024), are stated net of advances for works amounting to EUR 2,395 million and are recognised in the financial statements net of the impairment determined by the Company's management by estimating the expected loss differentiated according to the private or public nature of the debtor. The estimate of the expected loss arises from historical experience differentiated by type of debtor, pro-rated on the seniority of past due balances, and on any forward looking elements, which may affect recovery expectations. The valuation of receivables for which objective conditions of partial or total uncollectability were noted, in addition to expected losses, led

to the establishment of a provision for bad debts, which as at 31 December 2024 totalled EUR 52,771,660 (EUR 50,036,448 in the previous year).

With particular reference to the **customers of the Water Service**, considering the high fragmentation of the customer base and the limitations in the possibility of selecting customers given the 'essential' nature of the resource offered, the valuation of the bad debt provision was conducted by the company's management by estimating the expected losses determined on the basis of past experience for similar receivables and monitoring the trend of current and prospective economic conditions of the reference market.

It should also be noted that Water Service receivables are covered by security deposits up to the amount of EUR 14,452 thousand.

Liquidity risk

Liquidity risk is the risk that, due to the inability to raise new funds or liquidate assets on the market, the Company may not be able to meet its payment commitments, resulting in an impact on the economic result if it is forced to incur additional costs to meet its commitments or in its insolvency. The Company's objective is to put in place a financial structure that, consistent with its business objectives and defined limits, ensures an **adequate level of liquidity** pursued through planned tariff increases, minimising the related opportunity cost and maintaining a **balance in terms of duration and debt composition**.

Appropriate assessments have been carried out with reference to liquidity risk, including through the information provided by financial counterparties, which make it possible to exclude that cash and bank deposits may result in potential impairment losses, also taking into account the possibility of on-demand liquidation of deposits at maturity.

The following table provides an analysis of the expected cash flows in the coming years related to financial liabilities **as at 31 December 2024**:

<i>(In thousands of EUR)</i>	Balance as at 31 December 2024	Expected disbursements			
		Within 1 year	Between 1 and 5 years	Beyond 5 years	Total
Financial liabilities	259,851	75,804	88,612	95,435	259,851
Trade payables	174,625	174,625	-	-	174,625
Other liabilities	79,187	34,935	32,281	11,971	79,187

All flows shown are undiscounted nominal future cash flows, determined with reference to the remaining contractual maturities, for both the principal and interest portions.

Financing has been included on the basis of the contractual maturity at which repayment takes place. Flows from financial liabilities include those related to currently outstanding IRSs.

The bond loan, issued by the company on 23 December 2016, and the EIB loan agreement, signed on 18 November 2016, provide that MM must comply with specific financial covenants, calculated

as ratios between variables of an economic and equity nature, aimed at monitoring the company's economic and financial sustainability.

The analysis of the covenants is detailed in the previous sections of the Report on Operations.

1.10 Corporate Governance Report

Information on ownership structure

The share capital is EUR 36,996,233.00 divided into 36,996,233 shares with a nominal value of EUR 1 each, fully subscribed and paid up, held by the Municipality of Milan.

Shares grant equal rights.

Board of Directors

The company is run by a Board of Directors (BoD) consisting of three to five members, including the Chairperson, appointed by the Shareholders pursuant to Art. 2449 of the Italian Civil Code.

The members of the Board serve for a term of three financial years or such shorter period as may be determined at the time of appointment and may be re-elected. Board members lose office on the date of the Shareholders' Meeting convened to approve the financial statements for the last financial year of their term of office.

Within the scope of the company's object and purpose, the Board of Directors is responsible for the management of the company, without prejudice to the powers reserved to the Shareholders' Meeting by law or the Articles of Association.

The Board of Directors ensures the transposition and implementation of the directives, guidelines and policy acts of the Municipality of Milan. It also ensures the pursuit of the management and/or operational objectives entrusted to Board members upon their appointment.

The Chairperson of the Board of Directors legally represents the Company vis-à-vis third parties and in court. The Chairperson has the authority to bring judicial or administrative actions and petitions, at any level and in any forum, including cassation and revocation proceedings, appointing lawyers and attorneys at law. The Chairperson may also appoint attorneys for certain acts and categories of acts.

The Chief Executive Officer and the General Manager, if appointed, are vested with the power to represent the Company, also in court, within the limits of their delegated powers.

Control, Risk and Sustainability Committee

The Control, Risk and Sustainability Committee is the Board committee established in February 2021 by resolution of the Board of Directors, currently composed of three Directors without management powers, with the task of supporting, through the performance of preparatory and preliminary activities of a propositional and consultative nature, the assessments and decisions of the Board of Directors concerning the Internal Control System, risk management and sustainability, with the following functions:

1. examining the content of periodic non-financial information relevant to the internal control and risk management system;
2. giving opinions on specific aspects relating to the identification of the main corporate risks and supporting the evaluations and decisions of the Board of Directors relating to the management of risks arising from prejudicial events of which the latter has become aware;
3. examining periodic and particularly significant reports prepared by the internal audit function;
4. monitoring the autonomy, adequacy, effectiveness and efficiency of the internal audit function;

5. entrusting the internal audit function with the performance of audits on specific operational areas;
6. reporting to the Board of Directors, at least on the occasion of the approval of the annual and semi-annual financial report, on the activities carried out and the adequacy of the internal control and risk management system;

The term of office of the Control, Risk and Sustainability Committee is the same as that of the Board of Directors that appointed its members.

Chairperson

At its meeting on 29.07.2022, the Board of Directors resolved to grant the Chairperson, in addition to the provisions of the Articles of Association, the following powers and proxies:

- managing the company's external relations and institutional relations, making the relevant decisions and entering into the necessary service contracts, up to the amount of EUR 150,000.00 per contract and within the limits of the expenditure budget approved by the Board of Directors. Within the scope of this management, the Chairperson decides on the company's membership in bodies, associations, organisations of a scientific, technical, study and research nature in fields of interest to the company, for an expense commitment not exceeding EUR 100,000.00 per membership, within the limits of the expense budget approved by the Board of Directors and provided that no acquisition of equity interests in the assets of the organisation to which the membership is made is envisaged;
- representing the company in the shareholders' meetings of companies in which MM S.p.A. has an interest, associations, bodies and organisations not constituting corporations of which it is a member, with the power to issue special proxies.

For the exercise of the above-mentioned delegations and powers, the Chairperson shall make use of the resources operating in the organisational units dedicated to this purpose and directly employed by him/her.

The Shareholders' Meeting of 30.09.2022 resolved, pursuant to Article 15.7 of the Articles of Association, to authorise the granting of proxies to the Chairperson of the Board of Directors, confirming the same proxies and powers granted to the Chairperson during the previous term of office.

Chief Executive Officer

The Shareholders' Meeting of 30.09.2022 resolved to provide for the appointment of a Chief Executive Officer in the person of Board Member Francesco Mascolo, authorising the BoD to grant him broad function delegations and wide powers of representation as deemed to be in the best exercise of his management functions.

By the minutes of the Board of Directors' meeting of 30.09.2022, received by the Notary Luca Zona of Milan on 05.10.2022, Notarial register no. 40510 and Collection no. 18473, noting that, in accordance with Article 15.7 of the Articles of Association, the Board of Directors is responsible for appointing and conferring proxies and powers on the Chief Executive Officer proposed by the Shareholder, Director Francesco Mascolo, CEO of MM S.p.A., was appointed and granted a number of attributions and powers.

By subsequent minutes of the Board of Directors' meeting of 30.01.2024, received on the same date by the Notary Luca Zona of Milan, Notarial register no. 42365 and Collection no. 19380, the powers listed below were conferred on the CEO:

- a. managing and coordinating the activities of the organisational structures reporting to him, ensuring the implementation of the policies, guidelines, decisions and resolutions of corporate bodies, ensuring the adequacy of the organisational structure and implementing any necessary implementations and amendments;
- b. formulating proposals to the Board of Directors for the definition of corporate objectives and the planning of related activities;
- c. drawing up and submitting to the Board of Directors, in consultation with the relevant Departments, the financial plans, the annual budget and the final accounts for the financial year, ensuring the adequacy of the Company's administrative and accounting structure and making any necessary implementations and amendments;
- d. ensuring the preparation of the preliminary documentation within his authority for the resolutions of Corporate Bodies;
- e. signing documents that do not bind the Company contractually and that fall within its normal correspondence with third parties, also signing all documents resulting from the execution of the powers delegated to him by the Board of Directors.

In order to execute and implement such powers, the Board of Directors in the same meeting resolved to assign the following proxies and powers to the Chief Executive Officer (CEO):

1. defining and stipulating, with all the appropriate clauses, managing, modifying and terminating, with the power to manage and settle, both in and out of court, any and all related disputes, including through the approval of amicable agreements, procurement contracts, in any case pertaining to the corporate purpose, up to a total amount of EUR 10,000,000.00 per contract, in accordance with the applicable regulations in force and ensuring compliance with all legal obligations;
2. carrying out, subject to the authorisation of the Board of Directors, in accordance with the applicable legislation in force and ensuring compliance with all legal obligations, the entire procedure for the awarding to third parties of procurement contracts worth over EUR 10,000,000.00 per contract, from the preparation of the tender documents up to the awarding and conclusion of the relevant contracts, issuing and signing all the necessary and/or appropriate documents and declarations, with the power to manage and settle, both in and out of court, any and all related disputes;
3. managing, modifying and settling, both in and out of court, any and all related disputes, including through the approval of amicable agreements, procurement contracts exceeding EUR 10,000,000.00 per contract, in accordance with the relevant regulations in force and ensuring compliance with all legal obligations;
4. authorising and revoking subcontracts;
5. adopting all measures and signing all documents concerning Test Certificates, Certificates of Compliance and Certificates of Regular Execution relating to procurement contracts, without limits of amount, proceeding to any consequent fulfilment, including the liquidation of the amounts deriving therefrom;
6. adopting all the measures and signing all the documents relating to the procedures for the permanent and/or temporary acquisition of areas and movable and immovable property, above and below ground, including but not limited to the expropriation, temporary occupation and emergency occupation procedures provided for by the laws in force, aimed at the realisation of public works and the management of public services also in the name and on behalf of the entities

from which the Company has been entrusted with the relevant services, including all preliminary and preparatory measures and deeds, as well as all consequent and related measures and documents aimed at finalising the acquisition procedure, none excluded or excepted, exercising all related and consequent powers all without limitation as to the value of the assets subject of the said procedures. Upon completion of the aforementioned procedures, signing expropriation decrees, deeds of voluntary assignment, deeds of temporary occupation, easement deeds, and any other type of deed; all without limitation of amount, provided that they are within the approved Technical and Economic Framework of the project;

7. in compliance with the annual expenditure budget approved by the Board of Directors, defining and entering into, with all the appropriate clauses, managing, modifying and terminating, with the power to manage and settle, both in and out of court, any and all related disputes, contracts for consideration of any nature whatsoever pertaining to the corporate purpose up to the amount of EUR 5,000,000.00 per contract, with the exception of the purchase and sale of real estate and leases for more than nine years;
8. managing contracts for consideration of any nature whatsoever, other than procurement contracts, entered into as a result of resolutions of Corporate Bodies, authorising amendments and variations thereto up to a total amount of EUR 5,000,000.00 per contract, and ensuring compliance with all legal obligations;
9. adopting all measures and signing all deeds relating to the ordinary management and execution of 'Service Agreements' and/or 'Agreements' in force between the Shareholder Municipality of Milan, or other entities in which the latter holds an interest, and the Company for the assignment to the latter of (i) appointments for professional services (ii) the management of public services (iii) the performance of services, including, by way of example but not limited to: Amendments to the aforementioned 'Service Contracts' and 'Agreements', tenders, assignment specifications, accounting and payment documentation and any other related and connected act;
10. submitting bids, without limit of amount, to take on assignments relating to the performance of activities included in the corporate purpose, either individually or as a member of Temporary Regroupings of Companies, consortia, joint ventures, associations in general and other bodies, all of which, however, without legal personality also by participating in tenders, including negotiated procedures and public evidence procedures in general, and in financed projects, by signing all the necessary, appropriate and consequent deeds and documents, including the relevant contract or assignment specifications, and by issuing all the declarations and guarantees required by current legislation;
11. constituting, modifying and terminating, without limitation, Temporary Groupings of Companies, consortia, joint ventures, associations in general and other bodies, all without legal personality, for the performance of assignments relating to the performance of activities included in the corporate purpose also for the purpose of participating in tenders and financed projects, with the power to grant or receive collective mandates with representation and to manage and settle, both in and out of court, any and all related disputes, defining, with all appropriate clauses, the agreements with the joined or grouped companies;
12. managing, modifying and settling, with the power to manage and settle, both in court and out of court, any and all related disputes, active contracts, other than those indicated in point 9 above, relating to the performance of activities included in the corporate purpose, in accordance with the applicable regulations in force and in compliance with all legal obligations;
13. defining and stipulating, with all appropriate clauses, modifying and terminating, with the power

to settle, both in and out of court, any and all related disputes, legal, administrative, tax and fiscal consultancy contracts in any event pertaining to the corporate purpose, up to the amount of EUR 500,000.00 per contract, relating to the performance of activities included in the corporate purpose, in accordance with the applicable law and in compliance with all legal obligations;

14. within the scope of the functions of management and coordination of the activities of the dependent organisational structures, assigned to the CEO by the Board of Directors, adopting all measures and signing all deeds relating to the definition, implementation and continuous updating of the appropriate organisational structure; also formalising, as a result of the determinations of the Corporate Bodies, all deeds relating to the organisational structures that are not directly dependent; all in compliance with current regulations and taking into account the trend and development of the company's activities;
15. hiring staff in compliance with the annual expenditure budget approved by the BoD; defining, stipulating, modifying and terminating, with the power to manage and settle, both in and out of court, any related disputes for amounts of up to EUR 500,000.00 per settlement, all individual employment contracts of indefinite and/or fixed-term duration and/or in the forms permitted by current legislation, establishing the terms and conditions thereof in compliance with collective labour or employment agreements and, in any event, in compliance with the law; imposing disciplinary measures and carrying out dismissals;
16. defining and stipulating, within the annual expenditure budget approved by the Board of Directors, Trade Union Agreements relating to staff of all levels;
17. representing the Company before all Authorities, Bodies and Institutions in the field of labour, before Insurance and Social Security Bodies and Trade Unions, in accordance with the relevant legislation in force and in compliance with all legal obligations;
18. representing the Company, both in and out of court, in disputes regarding non-contractual civil liability, pursuant to and for the purposes of Article 2043 of the Italian Civil Code, arising from the exercise of the Company's activities, with the power to settle for amounts of up to EUR 500,000.00 per transaction and to perform any appropriate act in the interest of the Company;
19. within the framework of the financial strategy lines approved by the Board of Directors, establishing current account relations with credit institutions, factoring companies and post offices, negotiating and defining, in the best way possible, all related contractual conditions and clauses, including the opening of short- and/or medium-term credit, financial and endorsement lines, also for the purpose of discharging the Company's receivables from third parties, performing any action pertaining to such relations and signing all documents required for their completion;
20. with joint signature with the Administration, Finance, Control and Regulation Director, Mr. Lorenzo Persi or, in the event of his absence, even if not prolonged or momentary, or his temporary impediment, with the Legal, Procurement and Purchasing Director, Mrs. Antonella Cupiccìa, carrying out debit and credit transactions on the Company's current accounts with Credit Institutions and Post Offices, issuing and/or requesting the issue of bank cheques and bank drafts, endorsing and cashing bank cheques and bank drafts;
21. collecting debts, sums, mandates, Treasury bills, money orders, cheques, credit instruments of any kind and security deposits from the Issuing Institution, the Cassa Depositi e Prestiti, the Treasury of the Italian Republic, Regions, Provinces and Municipalities, Post Offices and any Public Office or private parties in general and releasing the paying parties from liability by issuing receipts and releases;

22. representing the Company in insolvency proceedings, filing proofs of claim, signing acceptances of settlement agreements and issuing third party declarations in enforcement proceedings;
23. making security deposits in cash, securities or by means of bank or insurance guarantees;
24. representing the Company with any Public or Government Entity and/or subject, both central and peripheral, with Local and Autonomous Authorities, Associations, Social Security, Welfare and Insurance Funds and Institutions, with Ministries, Prefectures, Chambers of Commerce and all Public Registers as well as at the Optimum Territorial Area Offices, the Regulatory Authority for Energy, Networks and Environment, the National Anti-Corruption Authority and the Health Protection Agencies, ensuring any fulfilment, producing documents and declarations as well as proposing appeals and petitions, also for the purpose of obtaining authorisation acts in general;
25. with reference to reports of administrative offences notified against the Company and/or its employees for violations committed in the performance of their duties, representing the Company, proposing defence writs and documents and authorising the payment of administrative fines imposed by Health Protection Agencies, Environmental Protection Agencies, other Agencies, Local Authorities and/or the Judicial Authority;
26. representing the Company at any Tax and Customs, Government or Local Office, also abroad, ensuring any fulfilment and carrying out any practice related to taxes, duties and contributions, appealing against roles and assessments, issuing direct or indirect tax declarations, certifications, forms and questionnaires, presenting petitions, appeals and complaints, pleadings and documents before any Tax Office or Commission, collecting refunds and interest from the Tax Administration, issuing receipts in the name of the Company;
27. representing the Company before the Postal Administration and with railway, maritime, air and land transport companies, ensuring all fulfilments, with the power to execute any document and request, signing correspondence, collecting from the Post Office and from any other public or private office letters, packages and/or parcels, even if registered and/or insured, collecting reimbursements for any transport and collecting from railway transport companies and from any other carrier and/or courier goods destined for the Company, issuing the corresponding discharges;
28. representing the Company in import and export transactions, signing and withdrawing documents including bank documents relating thereto, affixing endorsements and signatures to invoices, movement certificates and applications and declarations necessary for the aforementioned transactions;
29. all powers attributed to the CEO for the management of the Company extend, within the same limits of authority and value, also to the management of local units abroad (Branches);
30. within the scope of the powers as conferred above, delegating to Managers and employees of the Company or, in any case, to persons with the necessary technical expertise, the powers necessary for the performance of the functions and tasks entrusted to them; revoking, amending, supplementing the powers of attorney and the powers conferred;
31. within the scope of the provisions of the second paragraph of Article 20 of the Articles of Association, representing the Company before social security, tax, arbitration and dispute resolution bodies, the ANAC (Italian National Anti-Corruption Authority) as well as before any judicial, administrative, tax (including the Italian Revenue Agency), trade union authority, within the limits of the powers and proxies as conferred above, with the power to sign, submit and file deeds, petitions, applications, declarations, complaints pleadings, briefs, appeals, claims, complaints, settlements, transactions and waivers to protect and in the interest of the Company,

as well as to take legal action of any kind and nature, and to resist and intervene in trials or proceedings brought by the Judicial Authority or third parties, at any stage and level and in any venue, including cassation and re-examination proceedings, appointing lawyers and attorneys for the proceedings, with the power also to appoint attorneys for specific acts and categories of acts.

On a quarterly basis, the Chief Executive Officer shall provide the Board of Directors with a report on the activities performed in the exercise of the powers and proxies conferred as above, and shall report on the general performance of operations, the foreseeable evolution with respect to the budget and the most significant operations performed, reporting in particular on the following topics:

- procurement contracts,
- personnel and trade union agreements,
- deeds of acquisition of land and movable and immovable property for the purpose of carrying out public works and managing public services,
- contracts for consideration,
- participation in tenders and their outcomes,
- temporary associations of undertakings and bodies without legal personality,
- new current accounts and credit lines.

Pursuant to the last part of Article 15.7 of the Articles of Association, the CEO will also report to the Board of Directors and the Board of Statutory Auditors, at least every six months, on the general performance of operations and their foreseeable evolution, as well as on the most significant transactions, in terms of size and characteristics, carried out by the Company.

In view of the company's organisational structure, in order to ensure the efficient fulfilment of legal obligations in the field of hygiene and safety at work and the proper fulfilment of legal obligations in the field of the environment, the management and organisational powers as well as the decision-making and spending powers conferred, given his experience, skills and professional background:

- a. the CEO, Francesco Mascolo, is identified as the Employer pursuant to and for the purposes of Article 2 letter b) of Italian Legislative Decree No. 81 of 09 April 2008 and Environmental Manager with the right to sub-delegate powers within the limits of what is established by the regulations in force;
- b. the Chief Executive Officer, by virtue and by effect of his identification as Employer, as defined in Article 2, paragraph 1, letter b) of Italian Legislative Decree No. 81 of 9 April 2008, is vested with all the powers listed below, to be exercised without expense limits with single and separate signature, also using consultants and entering into contracts with companies authorised for this purpose, to carry out, pursuant to the provisions of Articles 28 and 29 of the aforesaid regulatory provision the assessment of all risks to the safety and health of workers, as well as, in full compliance with the provisions of Articles 15 and 18 of Italian Legislative Decree no. 81 of 9 April 2008, to assess, foresee and adopt all the measures and carry out all the appropriate fulfilments for the prevention of accidents and fires, as well as for hygiene and safety in the workplace; the Employer ut supra is conferred, in particular, all the powers necessary to organise and coordinate the functions of company security, fire prevention, accident prevention and hygiene and safety in the workplace, with the power to confer specific delegations of powers, by means of specific notarial power of attorney and, in any case, in full compliance with the provisions of Articles 16,

17 of Italian Legislative Decree No. 81/2008, to the figures envisaged by the applicable legislation and to grant them powers of representation and autonomous management of the financial resources that may be necessary for the concrete implementation of the tasks assigned. By way of example, included in the delegation are the powers to:

- i. designate the person(s) in charge of the Risk Prevention and Protection Service, in accordance with the provisions of Articles 31, 32 and 33 of Italian Legislative Decree no. 81/2008; the Competent Doctor(s) in accordance with Articles 38 and 39 of Italian Legislative Decree no. 81/2008; the person(s) in charge of carrying out the supervisory activities referred to in Article 19;
 - ii. supervise all the tasks necessary to ensure compliance with the rules on accident prevention, in general, and against occupational diseases within the company, including those relating to compulsory insurance against accidents at work and occupational diseases, laid down by Italian Presidential Decree no. 1124 of 30.06.1965 as subsequently amended;
 - iii. personally oversee the fulfilment by the Company of its obligations under the regulations on the protection of the health and safety of workers in the workplace, including compliance with the provisions laid down by Italian Legislative Decree no. 81/08 ('Implementation of Article 1 of Italian Law no. 123 of 3 August 2007 on the protection of health and safety in the workplace') as subsequently amended;
 - iv. provide training and information to personnel on the regulations and the correct use of plants, machines and tools, and monitor the efficiency of plants and the behaviour of employees, also for the purposes of the provisions of Italian Legislative Decree No. 81/2008 as subsequently amended, in order to protect workers from risks arising from exposure to chemical, physical and biological substances;
 - v. in the context of the execution of works preparatory to the opening of new Company premises, or ordinary and/or extraordinary maintenance works on existing premises, with express reference to the provisions contained in current safety regulations, represent the Company in relations with the Head of the Prevention and Protection Service;
 - vi. limited to procurement contracts, which fall within the definition of temporary or mobile work-sites as defined in Article 89, paragraph 1, letter a), act as Client as defined in Article 89, paragraph 1, letter b), complying with the obligations set forth in Article 90 et seq. also by appointing a competent Project Supervisor as defined in Article 89, paragraph 1, letter c);
- c. the Chief Executive Officer is also appointed as 'Environmental Manager' and is granted all the necessary powers of representation and expenditure, to be exercised - also through the support of persons appointed for this purpose - with single signature, for the observance of the obligations set forth by European, national and local regulations applicable to environmental protection, including, in particular, Italian Legislative Decree no. 152 of 3.4.2006, as amended and supplemented, as well as all orders, directives, regulations, requirements, circulars, communications, and any similar act, adopted by any competent authority on the matter, as well as all standards operating in the sector (hereinafter, the 'Environmental Regulations'), performing all acts, practices and formalities aimed at guaranteeing the application and constant compliance with the Environmental Regulations and adopting all the necessary control, prevention and safety measures to avoid accidents that may affect the environment and human health; setting up, organising and coordinating, in line with company policies, the various company functions

identified by the same according to criteria of suitability of classification, technical competence and personal capacity to best perform the functions and tasks assigned to him/her in the field of environmental protection and the related authorisation system;

- d. the CEO, Francesco Mascolo is vested with all powers of direction, management, organisation, supervision and control with regard to the protection of personal data pursuant to Italian Legislative Decree No. 196/2003 and EU Regulation 2016/679 and Italian Legislative Decree No. 101/2018, including the necessary and instrumental spending powers as well as the duties and requirements laid down by the regulations on the subject and explained in the resolution passed on the point by the BoD at the meeting of 14.05.2018, which is deemed to be fully referred to herein, as well as in the subsequent resolutions passed on the subject;
- e. in particular, all management, decision-making, managerial, representative powers, with no spending limits, are attributed with single signature, for the performance of the fulfilments and/or activities provided for by the General Data Protection Regulation no. 2016/679, by Italian Legislative Decree no. 196/2003 and subsequent amendments and by any law and provision - national and/or EU - on the protection of personal data applicable from time to time, as well as for the management of relations with the subjects involved in various ways in the personal data processing operations carried out by the Company and/or the competent control Authorities. With the same resolution, the Board of Directors also ruled that all existing delegations of functions, sub-delegations and/or special powers of attorney in the area of health and safety in the workplace pursuant to Article 16 of Italian Legislative Decree No. 81 of 09.04.2008 and in the area of the environment remained valid and effective.

General Manager

- In light of the appointment of the Chief Executive Officer and the authorisation expressed by the Shareholder regarding the revocation or transfer of the functions of the General Management in the most appropriate time and manner in the interest of the Company and the Shareholder, by deed of the Notary Luca Zona dated 14.11.2022 in Notarial register no. 40635 and Collection No. 18547, all powers previously conferred and associated with the office of General Manager were revoked and assumed by the Chief Executive Officer, who therefore acts in continuity with and in lieu of the General Manager, in addition to all his other powers.

Board of Statutory Auditors

The Board of Statutory Auditors consists of the Chairperson, two Standing Auditors and two Alternate Auditors, appointed by the Shareholders pursuant to Art. 2449 of the Italian Civil Code among those registered as statutory auditors.

Statutory Auditors hold office for three financial years, their term expires on the date of the Shareholders' Meeting called to approve the financial statements for their last year of office and they may be re-elected; the Shareholders' Meeting determines their remuneration in accordance with the law.

The Board of Statutory Auditors is entrusted with the task of supervising compliance with the law and the Articles of Association, observance of the principles of good governance and, in particular, the adequacy of the organisational, administrative and accounting structure adopted by the Company and its proper functioning.

The Shareholders' Meeting

The Shareholders' Meeting is ordinary and extraordinary in accordance with the law.

The duly constituted Shareholders' Meeting represents all the Shareholders and resolutions passed in accordance with the law and the Articles of Association are binding on all Shareholders, even if not attending or dissenting.

The Shareholders' Meeting is convened at the registered office or at another location, provided it is in Italy.

Shareholders who have deposited their shares at least three days before the date set for the Shareholders' Meeting at the registered office or at the banks indicated in the notice of meeting are entitled to attend.

Each share gives the right to one vote.

Each Shareholder entitled to participate in the Shareholders' Meeting may be represented, by written proxy, by another person who is not a Director, Statutory Auditor or employee of the Company, without prejudice to the other prohibitions and exclusions set forth in Art. 2372 of the Italian Civil Code.

It is the duty of the Chairperson of the Assembly to ascertain the validity of the proxies and the right to participate in the Assembly.

The Ordinary and/or Extraordinary Shareholders' Meeting may be held with participants attending more than one venue, whether contiguous or distant, audio and/or video connected, provided that the collegial method and the principles of good faith and equal treatment of Shareholders are respected.

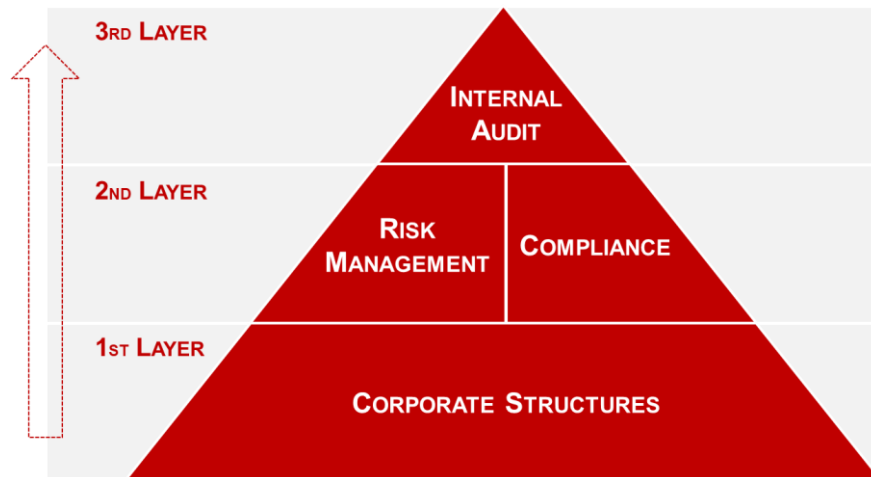
Without prejudice to the matters falling within the authority of the Shareholders pursuant to Art. 2449 of the Italian Civil Code, the Shareholders' Meeting resolves on matters attributed to it by law pursuant to Art. 2364 of the Italian Civil Code, if ordinary, and Art. 2365 of the Italian Civil Code, if extraordinary, as well as any other applicable legal provisions and the Articles of Association.

Internal Control and Risk Management System

The Internal Control System consists of the set of rules, procedures and organisational structures, which aim to achieve the following objectives:

- ensure that corporate strategies are adhered to;
- achieve effectiveness and efficiency in business processes;
- safeguard the value of assets;
- ensure the reliability and integrity of accounting and management information;
- ensure compliance of operations with the entire existing regulatory framework.

MM has built its **Internal Control System (ICS)** based on the classical methodology whereby controls are structured on **three levels according to a pyramid structure**.



The **first level of control** identifies, assesses, manages and monitors the risks for which it is responsible, in relation to which it identifies and implements specific treatment actions.

The **second level of control** has the objective of ensuring the proper implementation of the risk management process, compliance with the operational limits assigned to the various functions, and the compliance of the company's operations with provisions, including self-regulatory ones. The functions responsible for these controls are: Risk Management; Compliance.

The latter, in particular, aims to prevent and manage the risk of non-compliance with regulations and to monitor the occurrence of conflicts of interest.

The aim of the Risk Management function is to improve the process of identifying corporate risks, the related safeguards and how they are managed.

The **third level of control** provides independent and objective assurance on the adequacy and effective operation of the first and second levels of control and, in general, on MM's ICRMS (Internal Control and Risk Management System) as a whole.

Responsibility for this level of control lies with the Internal Auditing function, which assesses the completeness, functionality and adequacy of systems and procedures.

The control system is completed with:

- The **Supervisory Board (SB)**, which has the task, with regard to the Organisation, Management and Control Model, of constantly monitoring its observance by all recipients, its actual effectiveness in preventing offences, the implementation of the provisions contained therein and, finally, its updating, in the event that the Model needs to be amended due to changes in the company organisation or in the regulatory framework of reference. The Supervisory Board has the opportunity to carry out (directly or indirectly under its direct supervision and responsibility) periodic inspections and to access information concerning the company's sensitive activities.
 - At present, the Supervisory Board is composed in collegiate form of three external members who meet the requirements of Italian Legislative Decree no. 231/2001, appointed by the Board of Directors.
 - The Supervisory Board receives whistleblowing reports on the commission, or attempted commission, of offences provided for by the Italian and foreign legislative system or the violation or circumvention of the principles, values and rules of conduct

contained in the Code of Ethics and the Organisation, Management and Control Model, of which it is an integral part. The Supervisory Board guarantees the absolute confidentiality of the identity of the reporting party in good faith, protecting him/her against any form of retaliation, discrimination or penalisation during and after the investigative activity.

- On 23 January 2023, following the dissolution of the **Ethics Committee**, its functions were transferred to the SB. The observance of the rules of the Code of Ethics remains unaffected, which must be considered an essential part of the contractual obligations of its recipients for whom MM also provides, in the relevant contracts, the right to terminate their contract in the event of conduct and actions in breach of the principles contained in the Code.
- The **Board of Statutory Auditors**, which is entrusted with the task of supervising, by means of inspection and control, compliance with the law, the articles of association and the principles of good governance.
- The **Auditing Firm**, which has the task of verifying that the accounts are properly kept and that management events are correctly recorded in the accounting records, as well as that the financial statements comply with the rules governing their preparation and representation, expressing an opinion on both the financial statements and the consistency of the Report on Operations with the financial statements and on the compliance of the Report on Operations with the law.
- The **Data Protection Officer (DPO)**, whose main tasks are those set out in Art. 39 GDPR including informing and advising the data controller or data processor as well as the employees carrying out the processing about the obligations arising from data protection regulations; overseeing compliance with data protection rules as well as the data controller's or processor's policies in this area, including the allocation of responsibilities, awareness-raising and training of staff involved in processing and related control activities; providing, if requested, an opinion on the data protection impact assessment and overseeing its conduct; cooperating with the supervisory authority and acting as a point of contact with it.
- The **Anti-Corruption Contact Person**, who, according to the mandate conferred by the Board of Directors, oversees the design and adoption of the corruption prevention system, supports the Risk Manager, monitors the Policy's compliance with best practices and current regulations on corruption prevention, provides training on corruption prevention, and verifies the effective implementation of the Anti-Corruption Policy according to the Internal Audit Function's control programme approved by the Board of Directors.
- The **Control, Risk and Sustainability Committee**, set up by the Board of Directors, whose task is to support the Board of Directors' assessments and decisions relating to the internal control and risk management system and sustainability. The Control, Risk and Sustainability Committee plays an advisory and proactive role with regard to risk management strategies, receives the annual report on risk mapping and monitoring activities and related mitigation actions.

Enterprise Risk Management (ERM) model

MM SpA is exposed to different types of risks, against which an Enterprise Risk Management (ERM) process has been developed, through which risk examination and monitoring activities are carried

out with a general overview at macro level on the various corporate businesses to ensure their effective control in line with corporate objectives and MM's risk appetite.

The coordination of this process has been entrusted to the **Risk Manager** whose main tasks are to:

- Support the structuring of risk analysis governance that is aligned with the complexity of the business;
- Define, with the CEO, risk management objectives and activities relevant to the company and propose a possible update of the relevant procedure;
- Define, in cooperation with the impacted organisational structures, actions, tools and methodologies useful for the operational supervision of Risk Management activities;
- Contribute to the definition of audit and compliance plans by reporting on the analysis of the activities carried out;
- Inform the CEO in a timely manner when particularly critical risk scenarios are identified;
- Prepare annually the ERM report aimed at informing stakeholders about the development of MM's risk profile, possible impacts on strategic objectives and the implementation of response strategies.

The revision of the risk analysis was carried out on the basis of the previous mapping, updating and supplementing the ERM through interviews with the company risk owners, with the support of special checklists.

To ensure compliance with the new CSRD (Corporate Sustainability Reporting Directive, implemented in Italy with the recent Legislative Decree 125/2024), as of this year the Risk Management function has prepared risk assessment forms, changing the way they are presented and separating the measurement of risk from the related mitigation actions; in this manner, the contribution of safeguards and mitigation actions to risk management or reduction has been made clearer.

The top risk report is made available to the Audit, Risk and Sustainability Committee and the Board of Statutory Auditors and subsequently to the Board of Directors for their consideration.

In 2024 MM continued the process of integrating the risk management system with respect to sustainability risks by including a specific ESG risk classification in the ERM, which focuses on the identification of economic-financial-operational risks.

The main constituent elements of MM's Internal Control System

The Code of Ethics

The Code of Ethics aims to define the **ethical principles** and the **rules of conduct** that MM recognises and assumes as binding values and an expression of its ethical corporate culture.

The set of ethical principles, values and rules of conduct set out in the Code must inspire the activities of all its 'Recipients', i.e. those who operate inside or outside the Company's sphere of action: directors, auditors, control bodies, employees, suppliers and collaborators.

MM operates in accordance with the principle that human dignity is inviolable and must be respected and protected (Art. 1 EU Charter of Fundamental Rights). It follows that MM is committed to providing all its employees with a positive and stimulating working environment, ensuring that their dignity, rights, cultural and individual diversity are recognised and respected, while at the same time striving to create a strong corporate culture.

The code presupposes compliance with the legal provisions in force, as well as observance of internal regulations and procedures: MM is determined to carry out its activities in full compliance with Italian laws and those of the countries in which it already operates and may operate, also in cooperation or association with other companies. In particular, the Company undertakes to conform its activities to the requirements of Italian Legislative Decree 231/2001 no. 231 as amended and supplemented. For this reason, the Code is to be considered an integral part of the Organisation, Management and Control Model adopted by MM and constitutes the basis of the preventive control system for the purposes of the aforementioned Decree.

The current Code of Ethics was approved by the Board of Directors at its meeting on 15 December 2023; the Code is published in the 'Transparency' section of MM's institutional website.

[The Organisation, Management and Control Model](#)

MM's Organisation, Management and Control Model (MOGC) is the document that **defines and formalises** the **rules, principles, the instruments** and the **control mechanisms** adopted by MM to prevent the commission of the offences/crimes envisaged by Italian **Legislative Decree 231/2001**. It is a strategic document for corporate governance and is process-oriented based on the disciplines of risk assessment and risk management.

The Model consists of two parts:

- the General Part, which identifies the Company's governance system, the methodology for preparing the Model, the recipients, the system of sanctions to guard against violations, the composition and functioning of the Supervisory Board, the dissemination of the model and the training activities to be provided to personnel; also attached are: the table of sensitive activities/offences/protocols, the list of protocols/sensitive activities/procedures, examples of relevant predicate offences.
- the Protocols, constituting the Special Part, which contain the regulations of the Sensitive Activities and set out the operational control measures to which all the recipients must adhere in the performance of their activities in order to prevent or mitigate the risk of the perpetration of the predicate offences.

The following also form an integral part of the Model:

- the document 'Control & risk self-assessment and gap analysis, pursuant to Italian Legislative Decree 231/2001', which formalises the results of the control and risk self-assessment activity aimed at identifying Sensitive Activities;
- the Code of Ethics, which defines the general principles and rules of conduct of the Company;
- the Procedures.

The MOGC is published in the '**Transparency**' section of **MM's institutional website** and on the company intranet and is brought to the attention of employees through periodic training initiatives.

All amendments and updates to the Model have been approved by the Board of Directors; the latest update was approved at the meeting of 16 July 2024. At the end of 2024, a review/update of the company's Model 231 and its annexes was initiated.

Anti-Corruption Policy

The Board of Directors has decided to adopt, **on a voluntary basis**, an Anti-Corruption Policy aimed at preventing corrupt acts or in any case conduct referable to corrupt acts, even attempted corrupt acts.

The Policy is based on the analysis and assessment of the risks of corruptive offences being committed and is based on principles, rules of conduct and procedures to protect areas that are sensitive to the commission of corrupt acts. The Policy also mentions information and training activities involving all its recipients and the concept of corporate regulation of processes, structured on the definition of: roles and responsibilities, reporting procedures, monitoring of corruption risks and a disciplinary system for possible violations.

Procedures

To guarantee the integrity, transparency, correctness and effectiveness of its processes, MM adopts specific procedures and operating instructions for the performance of corporate activities, ensuring compliance with the general principles of **traceability and segregation**. In fact, MM is aware of the importance of full compliance with the system of internal rules by corporate bodies, management and all employees.

In addition to compliance with procedures, the roles and responsibilities assigned within the company are well delineated through the system of delegation of powers and the exercise of authority.

In relation to the risk management and internal control system within the financial reporting process, the Company has adopted administrative-accounting procedures, operating practices and an administrative organisation based on the principle of segregation of duties, so as to ensure reliability, accuracy and trustworthiness in the process of preparing the financial statements.

Information flows to top management

In order to monitor the performance of the various corporate structures, with a view to achieving the strategic objectives, top management receives specific reports on its own activities and those of its executive lines. It also receives:

- from the Compliance Function, upon request, the 'Compliance Plan', the 'Half-yearly and Annual Reports of the Compliance Function' and the 'Compliance Reports';
- from the Data Protection Officer (DPO - pursuant to European Regulation 679/2016), the 'Privacy Reports' and the 'Semi-annual and Annual Data Protection Officer Reports' on privacy issues;
- from the Internal Auditing Function, the Audit Plan, audit reports, periodic reports, the Annual Activity Report and the Internal Control System Assessment Report;
- from the Anti-Corruption Contact Person the plan of activities, the results of the checks carried out and the Annual Report on the activities carried out for the purpose of monitoring the Corruption Prevention System adopted by the Company;

- from the Risk Manager the mapping of corporate risks and related mitigation activities.

Finally, the Supervisory Board reports to the Board of Directors and the Board of Statutory Auditors on relevant facts of its office or any urgent critical aspects of the Model arising during the performance of its supervisory activities; it submits a written report every six months, outlining a summary of the activities performed, any discrepancies found in the Model, new offences, the verification of reports if received, an account of expenses incurred and any changes in the regulatory framework.

Information flows to the Supervisory Board

First-level structures report to the Supervisory Board with regard to the **monitoring of risk areas falling within the scope of Decree 231**.

The second-level structure - the Compliance Function - sends out the 'Compliance Plan', the 'Half-yearly and Annual Compliance Reports' and the 'Compliance Reports'.

The DPO submits the 'Privacy Report' and the 'Semi-annual and Annual Data Protection Officer Reports'.

The Internal Audit function submits the Audit Plan, audit reports, periodic reports, the Annual Activity Report and the Internal Control System Assessment Report.

The Anti-Corruption Contact Person submits the results of the checks carried out and the annual report on the activities carried out for the purpose of monitoring the Corruption Prevention System adopted by the Company.

Risk Management conveys the mapping of corporate risks and related mitigation activities.

The Supervisory Board must also promptly obtain other relevant information from the Directors/Managers of the Organisational Structures according to their area of authority.

The Supervisory Board may propose to the Board of Directors the additional types of information that the managers involved in the management of Sensitive Activities must transmit, together with the frequency and manner in which such communications are forwarded to the Supervisory Board itself, also through the definition of a specific operational procedure and/or the integration of existing procedures.

Corporate crisis risk assessment

The assessment of corporate crisis risk cannot disregard the specificities related to the different regulatory frameworks and contract types underlying the activities performed.

The Engineering Business Unit operates in an in house providing context, the Water Service Business Unit operates in a regulated sector where its tariff is determined on the basis of the full cost recovery principle, the Housing Business Unit operates with a multi-year in-house providing contract; even the recent Business Unit for Ordinary Maintenance for Plants and Infrastructures operates according to in house providing logic, similarly to the recently established Green Business Unit.

MM has equipped itself with **planning tools and Budgets** that disregard these specifics and allow for forward-looking monitoring of the performance of the different businesses and the prevention of crisis and insolvency situations.

MM proceeds to the systematic preparation of the Business Plan, which shows debt sustainability, the ongoing concern assumption, the determination of the financial requirements and the resources available to cover them with any corrective actions.

To monitor financial aspects and short-term cash flows, MM uses the annual Budget and a Net Financial Position reporting system on a quarterly basis.

It should also be considered that, within the framework of the ERM model described above, MM, by equipping itself with a process of risk assessment and risk reporting, proposes to make corporate risk management an integral and systematic part of the management processes. MM believes, in fact, that in order to create and protect the value of an organisation, it is essential to manage risks in a structured manner and based on well-defined principles: specifically, the ERM model maps and defines mitigation actions for the various corporate risks; with regard to the corporate crisis risk in particular, all *strategic* risks are addressed.

From a more operational point of view, quarterly economic and financial figures are monitored both at the overall company level and at the individual Division level.

In particular, with **quarterly intervals**, the main results in terms of revenues, EBITDA, EBIT and deviations from the budget are analysed for each Business Unit, as well as the performance of the company's net financial position and investments in the Integrated Water Service.

In addition to measuring the aforementioned quantities at the level of the various corporate businesses, this system also contains operational information that, together with economic and financial data, allows top management to put in place corrective and preventive actions in order to eliminate and/or mitigate phenomena that may lead to particularly critical situations. In particular, each quarter the main operating indicators are analysed for each individual business unit (e.g.: revenues accrued on individual engineering contracts, cubic metres of water injected into the distribution network, electricity consumption, the amount of wastewater treated by purification plants, etc.).

In addition, the bond loan issued by the Company on 23 December 2016 and the EIB loan agreement signed on 18 November 2016, establish that MM must comply with specific **financial covenants**, calculated as ratios between variables of an economic and equity nature, aimed at monitoring the Company's economic and financial sustainability. These parameters, derived from MM's financial statements certified by the Auditing Firm, are verified and transmitted to the financial counterparts every year. The financial covenants in question are as follows:

- **Net Financial Position/EBITDA ≤ 4.5** : this index allows for the sustainability of the company's debt to be assessed based on the gross cash flow produced by operations. In fact, if there are no changes in working capital, EBITDA expresses an indicative summary measure of the operating cash flows generated by core operations, which can thus be used to service financial commitments undertaken;
- **Net Financial Position/Fixed Assets $\leq 70\%$** : it expresses the share of asset financing covered by the net financial position;
- **EBITDA/Financial Expenses ≥ 4.5** : it measures the ability of EBITDA to meet financial expenses.

A further aspect concerning the assessment of corporate crisis risk is monitored at MM through the Company's relations with **Rating Agencies**, which are periodically called upon to make their

considerations regarding the rating issued by them to MM as of the year 2016. Specifically, in the case of MM, a rating from Moody's, a global rating agency, is currently being issued and periodic meetings are held with management in which corporate data and analysis of the net financial position are presented.

On 13 December 2024, Moody's updated MM's credit opinion confirming its credit profile with a Baa3 rating (with stable outlook). With specific reference to the monitoring and verification of the corporate crisis risk for the financial year 2024, please refer to the dedicated sections of the Report on Operations and the chapter 'Summary of Operations and Financial Performance'.

1.11 Environment

During the financial year, there was no damage caused to the environment for which the company was found guilty, nor were there any definitive sanctions or penalties imposed for environmental crimes or damage.

1.12 Branch offices

Pursuant to paragraph 4 of Article 2428 of the Italian Civil Code, it should be noted that the company has established 30 branch offices located in the city of Milan, the municipality of Bresso, the city of Naples and the municipality of Bergamo.

1.13 Relations with parent company and subsidiaries, associated and affiliated companies

Relations with the Municipality of Milan

With reference to Art. 5 of Italian Legislative Decree 50/2016 lett. b) regarding the percentage of activities carried out in the performance of tasks assigned by the Municipality, the following table shows the revenues broken down between the values in favour of the Municipality and those in favour of third parties.

Revenue Breakdown 2024	Municipality	Third parties	Total
€/000	234,805	16,062	250,867
%	93.6%	6.4%	100%

It should be noted that the revenues in favour of the Municipality of Milan indicated above also include those values deriving from the management of services assigned by the Municipality even though they refer to entities other than the same.

As of 31 December 2024, the Company's receivables from the Municipality of Milan totalled EUR 2.4 billion, while its payables to the same amounted to EUR 2.3 billion; the debit and credit items arising from the mandate relationship on behalf of the Municipality of Milan are offset against each other; the Balance Sheet therefore shows the net value of the reciprocal positions. The Company's revenues from the Municipality of Milan for 2024 amounted to EUR 66 million, while the value of costs incurred as contracting station on behalf of the Municipality of Milan amounted to EUR 79 million; revenues and costs deriving from the role of contracting authority are offset against each other and consequently represented in the Income Statement net of reciprocal positions.

During the year, the following **direct relations were maintained with the Municipality of Milan**:

BALANCE SHEET

Trade Receivables

Receivables from parent company for works net of payments on account	17,535,267
Receivables for invoices issued	14,774,751
Receivables for invoices to be issued for services and supplies	54,036,314
Receivables for expenses incurred in the name and on behalf of the municipality net of advances paid	10,450,632
Total trade receivables	96,796,964

Trade Payables

Invoices to be received for services and rents	11,068,067
Payables for invoices issued	2,979,076
Other trade payables	27,399,728
Total trade payables	41,446,871

Other current liabilities

Advances	1,982,799
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INCOME STATEMENT

Revenues from sales and services

Engineering services	22,245,174
Housing Revenues - Property and Facility Management Fees	14,366,731
Other income - supplies and services	27,809,810
Total Revenues	64,421,715

Costs for services	2,354,931
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Relations with investee companies of the Municipality of Milan

Transactions with investee companies of the Municipality of Milan mainly concern:

- Engineering services in favour of Milanospo S.p.a., Arexpo S.p.A., Sogemi SpA, AMAT and M4 S.p.A;
- Costs for removing interferences of transport lines with works in the engineering and/or Integrated Water Service sectors charged by ATM S.p.A. and companies of the A2A Group;
- Administration of water services to all companies in which the Municipality of Milan has an interest;

- Purchase of waste disposal services from the company A2A;
- Income from a lease agreement entered into with AMSA S.p.A., with reference to assets made available to the pro tempore concessionaire of the urban hygiene service of the city of Milan.

Sustainability Statement

2.1 General information

2.1.1 Criteria for drafting

BP-1 General criteria for drafting the sustainability statement

This document represents the first Sustainability Statement of MM SpA ('MM', 'Company', 'Business'), drawn up on an individual basis and referring to the financial year 2024 (1 January - 31 December 2024), in accordance with Italian Legislative Decree 125/2024, implementing the European Directive 2022/2464/EU, known as the Corporate Sustainability Reporting Directive (CSRD), and the European Sustainability Reporting Standards (ESRS).

As required by the Directive, this Statement is included within the Report on Operations and its structure complies with the provisions of ESRS 1 (paragraph 115), which requires the content to be divided into four parts: general information, environmental information, social information and governance information. At the beginning of the environmental information are the disclosures required by Article 8 of EU Regulation 2020/852, known as the Taxonomy Regulation (ESRS 1, para. 113).

BP-2 Disclosure in relation to specific circumstances

The **perimeter** of the sustainability data and information (environmental, social and governance) coincides with that of the Company's Annual Report as at 31 December 2024; any exceptions to this perimeter are reported within the sections. In addition, the disclosures required by other legislation and any inclusions by reference are set out in the appendices to the document. Where possible, comparative information for the two previous years (2022 and 2023) is presented. 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. Any material errors in previous periods have been corrected and reported in the same way as any changes to what was published in the previous year.

There are no omissions concerning EU classified and sensitive information and information on intellectual property, know-how or innovation results. References to time horizons are relevant, where specified, to those of the Business Plan for the period 2024-2028 and where not strictly specified refer to the provisions of ESRS 1 paragraph 6 - which defines the short term as the reporting year of reference, the medium term as the horizon within five years and the long term as the period beyond five years.

Concerning the **coverage of value chain information**, the analysis of the relevance of impacts, risks and opportunities showed that the upstream and downstream value chain is particularly impacted by environmental issues, especially with regard to climate change mitigation. The main impacts identified on suppliers and customers are mostly negative; for a more in-depth discussion on the extent to which the significance of impacts, risks and opportunities covers the value chain see chapter 2.1.3. *Management of impacts, risks and opportunities*. With regard to suppliers, MM does not implement direct involvement of workers in the value chain, but refers to collective bargaining at the national level, to which suppliers undertake to adhere by indicating the CCNL applied when placing orders or participating in tenders. For more details on actions and objectives in this regard,

see Chapter 2.3.2. *Workers in the value chain*. With reference to customers and users, MM, in the Housing, Engineering, Integrated Water Service (IWS), Ordinary Maintenance for Plant and Infrastructure Business Units and the IT Department applies a series of good practices aimed at the management of the impacts generated in the community and organises a series of activities aimed at mitigating negative impacts and promoting greater dialogue and discussion. With reference to objectives, there are several that fall within the 2024-2028 Business Plan and others that fall outside of it, such as social interventions in the ERP context and initiatives at the Milan Waterworks. For a more detailed approach, see chapters 3.3. *Affected communities* and 3.4. *Consumers and end users*.

Metrics disclosures only contain data on MM operations.

The Company, for this first year of reporting, has decided to **phase-in**, in accordance with Appendix C of ESRS 1, the following Disclosure Requirements:

- SBM-3, paragraph 48(e) - Expected financial effects
- E1-9 - Expected financial effects of relevant physical and transition risks and potential opportunities related to climate;
- E2-6 - Expected financial effects of pollution-related impacts, risks and opportunities;
- E3-5 - Expected financial effects of impacts, risks and opportunities related to water and marine resources;
- E5-6 - Expected financial effects of impacts, risks and opportunities related to resource use and the circular economy;
- S1-8 - Coverage of collective bargaining and social dialogue;
- S1-14 - Health and safety metrics (with reference to non-employee workers).

This Sustainability Statement is also subject to limited assurance engagement according to the criteria set out in the Sustainability Reporting Attestation Standard - SSAE (Italy) by PricewaterhouseCoopers. The audit was carried out according to the procedures outlined in the 'Auditing Firm's Report on the Sustainability Statement'.

For any information on the document, please contact MM's Administration, Finance Control and Regulation Department at dacr@mmspa.eu.

2.1.2 Strategy and areas of activity

MM's head office is located in **Milan**, in Via del Vecchio Politecnico, with a second sizeable office in Via Meda/Sforza dedicated to the city's Integrated Water Service. In addition, MM has **other operating sites** in Milan and, more generally, in Italy for the management of its various services (Bergamo and Naples). Internationally, MM handles engineering contracts related to design and/or supervision of works in the field of infrastructure, as in the case of its branches established in the Middle East (Dubai and Israel), India (Chennai) and South America (Bogota).

To date, MM has established: in 2017, the **branch** in **Dubai** to consolidate its strategically significant geographical presence in one of the main global crossroads to the **North Africa** and **South Asia** area; in 2020, the branch in **Colombia** to oversee the construction management project of the Bogota 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 for Line 14 in Mumbai.

In 2023, MM was awarded together with its partners Dana Engineering, Yaniv Zohar Engineering and Levy Shtark Zilberstein Consulting Engineering the tender to build Line 1 in **Tel Aviv in Israel**, which with its 62 stations and 2 depots for a total length of 85 km, will connect 14 municipalities, at a total cost of approximately EUR 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 communities and 4 depots. To follow the design, construction management and testing phases, MM set up a dedicated branch.

SBM-1 Strategy, business model and value chain

MM's areas of activity

Integrated Water Service

Since 2003 MM has managed the Integrated Water Service (IWS) of the City of Milan³, serving a territory of approximately 180 km² with a population of approximately 1.4 million people in terms of residents, reaching approximately 2 million considering also the city users, and taking care of all the stages of the process: from the **withdrawal** of groundwater to **treatment** and **quality control** before distribution, from **collection of wastewater** into the sewerage system to **purification**, including the **management of sludge and process waste**, up to the **restitution of the water resource in the environment** or its **reuse in agriculture** during the irrigation season.

The Milan aqueduct is fed by **deep groundwater**, distributed through pumping stations in the distribution network. The use of **digital solutions for process management** (e.g. smart meters, decision support systems, IoT devices and Analytics) has ensured significant energy efficiency in recent years accompanied by a continuous increase in operational performance (e.g. reduction in water leakage) and consequently a substantial improvement in terms of sustainability.

The City of Milan also boasts a particularly virtuous and efficient **water purification system**: the two purification plants of San Rocco and Nosedo managed by MM treat approximately 90% of the wastewater produced in the Milan area⁴ and are recognised as European-level centres of circular

Integrated Water Service

Aqueduct

584 total wells
 30 total pumping stations (of which 28 are active)
 2,210 km of aqueduct network
 25 drinking water plants
 830,123 water supply users
 52 water houses

Sewage and purification

1,644 km of sewerage network
 2 purification plants
 829,160 sewerage service users
 829,160 purification service users

¹ Purification plants excluding simple disinfection.

³ In addition to the integral 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 Milan-Rho Fairgrounds. On 1 January 2023, the management of the Corsico aqueduct was fully assigned to Cap Holding.

⁴ The Milanese purification system also includes, on a residual basis, the Peschiera Borromeo plant - the management of which is not the responsibility of MM - equipped with a line dedicated to the treatment of sewage from the eastern districts of the city, which represent the remaining 10% or so of the wastewater produced in the Milan area. The city system thus serves up to 2,486,000 population equivalent (authorised capacity).

economy, because in addition to making water resources more efficient, they return purified, quality water that can also be used for irrigation.

The Water Service Division ensures the constant delivery of essential public services of aqueduct, sewerage and purification, including the activities of Emergency Response, 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 (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 their maintenance).

The Division guarantees **high standards in the control of distributed water** through its accredited **ISO 17025** laboratory. Some 3,000 samples are taken annually and more than 132,000 parameters are checked. When it comes to water to be purified, the MM laboratories at the San Rocco and Nosedo purification plants, which are also ISO 17025 accredited, guarantee an average of 5,000 samplings per year for more than 31,000 parameters.

Engineering

The engineering services offered by MM contribute to the **smart transformation and urban redevelopment of cities**, according to an integrated engineering model that adopts **project and construction management logics**. From feasibility studies to final and executive designs, through the preparation of tender documents and tender management to contractualisation and the 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.

Since 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, has been entrusted to two structures:

- the **Mobility and Extra-Moenia Division**⁵ for mobility works, which also takes care of the commercial activity for the promotion and development of projects in Italy and abroad, particularly in Asia, Africa, Oceania, through branches in compliance with the guidelines for extra-moenia commercial activities;

THE WORKS REALISED WITH THE CONTRIBUTION OF MM INCLUDE:

The works realised with the contribution of MM include:

- *Milan metro network (M1, M2, M3, M4, M5, M6)*
- *Urban and suburban metro and tramways*
- *Naples Metro (Line 1, Line 6)*
- *Building Assets of the Municipality of Milan*

⁵ In-house companies, by nature traditionally understood as companies operating outside the market, may allocate a portion of their turnover to 'extra moenia' activities, whether they are activities carried out with other public administrations other than the reference one or with private entities (Italian Legislative Decree 175/2016 bearing the 'Consolidated Act on the subject of companies in which the public administration has a shareholding' in implementation of Article 18 of Italian Law 124/2015 (so-called 'Madia Law').

- the **Infrastructures and Real Estate Division** for contracts concerning urban infrastructures, hydraulic works, building and real estate assigned by the Municipality of Milan and its investee companies, also in 'on demand' mode, i.e., activated on call as required. 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 housing buildings).

For more details, see *Engineering* in Chapter 1.6 *Management Summary and Financial Performance*.

Public Residential Housing

Since 2014, MM has managed the **Public Residential Housing (ERP)** assets owned by the Municipality of Milan⁶, taking care of administrative, accounting and technical-legal activities, relations with users, ordinary and extraordinary maintenance, protection of the assets and preparatory activities for the assignment of housing, in compliance with the Agreement with the Municipality of Milan for a total of almost 39,000 units, divided between dwellings, garages and parking spaces and premises used for various purposes. Approximately 1,500 real estate units are located in several 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).

Since 2023, MM has taken care of the administrative management and maintenance of the public housing stock owned by the Municipality of Bergamo, totalling about 1,300 units.

The Housing Division ensures the proper performance of ERP administration activities, improving management performance in terms of efficiency, effectiveness and cost-effectiveness, also thanks to the development of synergies with other corporate structures, particularly for maintenance activities (from planning, execution of works, testing in the case of redevelopment to the upgrading of buildings, 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 abuse with the support of the police. The relationship with tenants is characterised by a strong presence and proximity on the part of MM: the supervision of activities at each of the territorial offices is entrusted to two contact persons - 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 among tenants.

Public Residential Housing

28,488 dwellings (Milan)
8,650 garages and parking spaces (Milan)
1,085 premises used for other purposes
986 dwellings (Bergamo)
288 garages and parking spaces (Bergamo)

⁶ The Municipality of Milan - following resolution no. 9 of 29 April 2015 issued by the City Council - awarded the management of the ERP 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 entrustment.

Ordinary Plant and Infrastructure Maintenance

Since 2020, MM has been taking care of **facility management** activities of the municipal assets of **school buildings**, of the **lifting plants serving road underpasses** and of the **sports facilities owned by the Municipality of Milan and managed by Milanospport**. These are ordinary, periodic, scheduled and emergency maintenance operations carried out initially with a 'buy' approach, i.e. through external contractors, and later increasingly with a 'make' approach, i.e. directly with own resources, internalising the execution activities.

The Ordinary Maintenance for Plant and Infrastructure Division handles **activities of an administrative, accounting, legal and technical-maintenance nature** with the goal of resolving issues of a varied technical nature encountered in the buildings and

Facility Management

561 school buildings - 6,597 interventions carried out

29 sports facilities - 691 interventions carried out

27 Lifting Installations and Road Underpasses

and infrastructure falling within the MM management perimeter. The services include the management of reports, execution of work orders and compilation of ARES (Anagrafe Regionale Edilizia Scolastica - Regional Register of School Buildings) forms, accounting, structural due diligence activities, documental 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 interventions both in ordinary and emergency regimes with final reporting through a special platform. The service adopts an integrated logic (global service) that rationalises resources and centralises technical and management information, allowing full knowledge of assets and activities and effective and efficient maintenance management in all phases of planning, execution and control.

Since 2023, MM has also been in charge of **routine maintenance and periodic inspection of electrical installations in school buildings**, of **architectural and engineering services** relating to the management of contracts for the **routine maintenance of roads**, signposting and bridges, in progress, and, finally, of the **services for surveying the maintenance needs of road assets**, with surveys and monitoring to develop the road cadastre and to plan and manage maintenance activities.

ERP Green Areas Management

Building on the experience gained in the field of facility management, between the end of 2021 and the beginning of 2022, MM has started the operations of **care and direct maintenance of the green areas pertaining to the ERP assets of the Municipality of Milan managed by the Housing Business Unit**, and, subsequently, that of **some of MM's sites** (Centrale dell'Acqua, Meda-Sforza compartment, Anassagora, Empedocle, Martini, Civitavecchia, Forze Armate, Senigaglia, Espinasse, De

Green Management

17,611,174 km of grassland

251,240 trees

507,368 scrub bushes

37,974 single bushes

220,062 hedges

3,869 play structures

30,232 benches

and the **San Rocco and Nosedo purifiers**. At the end of 2023, the scope of action was extended to include the maintenance (ordinary and extraordinary) of the green areas of the **Water Service Aqueduct and SUDS** (Sustainable Urban Drainage System) in Via Pacini.

Also in 2023, the service of ordinary maintenance, periodic inspections and extraordinary maintenance (i.e. new future realisations) on tactical town planning interventions called '**Piazze Aperte**' (Open Squares) assigned by the Municipality of Milan at the end of 2022 for a total of 52 locations by the end of 2024.

Starting in April 2024, in the light of the Council of State ruling⁷, MM and the Municipality of Milan have organised a series of meetings related to the **subscription of the contract to allow for the start of the maintenance service of the green heritage of the city of Milan** by October 2024.

On 1 October 2024, the contract for the award of the service in question was signed, with simultaneous assignment to MM of the existing procurement contract with the temporary grouping of companies identified in previous years by the Municipality of Milan (RTI AVR).

MM therefore started the activity by taking on, in this first phase, the role of contracting authority for the contract received awarded to RTI AVR.

At the same time, activities are underway to ensure the start-up of the maintenance service of green areas through direct management with MM staff starting with the school buildings (1 January 2025) and City Hall 8 (1 April 2025) and, subsequently, the remaining City Halls (1 October 2025), through the organisation of human resources, the definition of spaces for logistics, the planning of purchases and the management of IT systems.

The Green Business Unit, currently organisationally made up of the ERP Green function, is responsible for ensuring the **management and maintenance of green areas with the aim of improving the usability and functionality of these spaces**, carrying out and keeping up-to-date the **census of stocks** and carrying out **works to reduce the risk of the localised deterioration of green assets**. For the management of the activities, MM has engaged new professionals such as specialised workers, gardeners and area managers, appropriately trained and certified.

In short, the **customer groups served by MM** consist of the customers of the Integrated Water Service, the Home Division and the Ordinary Plant and Infrastructure Maintenance Division. In addition, the citizens of Milan will take over this activity in 2025, as users of the green maintenance function following the signing of the assignment of the maintenance of the green assets of the city of Milan to MM in October 2024.

⁷ Whereas:

- with Resolutions No. 63 of 20/07/2021 of the Municipal Council and No. 989 of 08/07/2022 of the Municipal Council, the guidelines were approved for the subsequent assignment to MM of the management of the green assets of the Municipality of Milan for the duration of 25 years;
- the current contractor AVR brought an appeal before the Lombardy Regional Administrative Court against the Municipality of Milan and against MM Spa for their annulment;
- with Sentence No. 700/2023, the Lombardy Regional Administrative Court upheld the appeal against the assignment to MM of the management service of the green assets of the Municipality of Milan for the duration of 25 years;
- in view of the grounds for the Regional Administrative Court's ruling, published on 20 March 2023, in agreement with the municipal administration, an appeal was lodged before the Council of State;
- on 26 January 2024, the Council of State issued a ruling upholding the appeal filed by the Municipality of Milan and MM against the Lombardy Regional Administrative Court's ruling, deeming fully lawful the assignment of the management of the green assets ordered by the Municipality of Milan in favour of MM for a term of 25 years.

MM's Mission and Business Plan

The objective that MM sets itself with its Business Plan is **to improve the quality of services offered to citizens and the infrastructures managed**, contributing decisively **to the implementation of the ecological transition strategy** defined in its shareholder's plans.

MM's **mission** is encapsulated in the motto '**Your city, our commitment**', which reflects the company's dedication to the Milanese community. MM's renewed mission encompasses a wide range of services, both current and new, with key features that respond to the evolving needs of the city, with a view to environmental and social sustainability. These services include the management of infrastructures (starting with everything including aqueducts, sewers, purification, storm drains, underpasses, roads and sub-services, and green areas), aiming to exploit the synergies that can be achieved in the integrated management of these interconnected systems and pursuing objectives of energy efficiency, mitigation of climate change impacts, and improvement of the quality of urban life.

On **27 November 2024**, the **Board of Directors of MM Spa approved MM's Business Plan 2024-2028**. The Plan was subsequently approved by the **Shareholders' Meeting on 17 December 2024**. In its Business Plan, MM has outlined **macro-objectives** for the 2024-2028 period, according to its material issues established in the previous Non-Financial Statement, inspired to take on a **role as leader of Milan's ecological transition** and to be achieved through investments in order to improve the quality of the services offered to the community and the territory, focusing on its people and fostering the growth of its responsible business model.

In this report, in particular in the paragraphs dedicated to MM's **actions** and **objectives** related to the sustainability issues envisaged in the ESRS, reference will be made to the initiatives and objectives outlined in the 2024-2028 Business Plan, within which **four areas of intervention** have been identified:

- Ecological Transition
- Community and Territory
- Valuing People
- Responsible Business

For further details, see the section *Approval of MM SpA's Business Plan* in the chapter *1.5 Significant events during the year* of the Report on Operations.

MM, as a wholly owned public company, assesses **its own significant services as particularly consistent with sustainability objectives**, in view of the strong social and environmental impact they generate on the territory and the virtuous path undertaken that combines efficiency, effectiveness and soundness.

The **management of the Integrated Water Service** contributes to the protection and efficient use of water resources, to the improvement of the energy efficiency of plants and to the adaptation to climate change, in line with European environmental objectives. The **activities related to public housing** are part of a broader strategy of social inclusion, fostering fair access to housing and urban regeneration; finally, through **engineering and design services**, the Company supports the construction of sustainable and innovative public infrastructures, contributing to the ecological transition.

These activities reflect a **strategic orientation already strongly aligned with environmental, social and governance (ESG) sustainability issues, with a direct impact on communities, public bodies and citizens**.

The MM value chain

MM operates as a complex and integrated multi-service company, generating value along an entire chain structured in three main stages: **upstream value chain**, **own operations** and **downstream value chain**. Each of these contributes in a complementary way to the realisation of the company's mission: to offer high quality, sustainable and citizen-oriented essential public services.

Upstream - Procurement and Resources

This phase includes the acquisition of the goods, materials and skills required for the provision of services. It is divided into three levels:

Tier 1: strategic services and supplies (consulting, reagents, software, vehicles, maintenance);

Tier 2: specialised components (installations, fixtures, signage, street furniture, plants);

Tier 3: raw and general materials (steel, concrete, wood, plastic, etc.).

The efficiency of this phase ensures the operational soundness and sustainability of downstream processes.

Downstream - Service delivery and citizen value

This is the final stage, where the value generated by MM is concretely manifested in people's lives. It includes:

- Direct provision of public services: water distribution, availability of ERP housing, access to safe and functional infrastructure and facilities, care of urban green spaces.
- User experience: relations with citizens through physical and digital offices, rapid intervention, handling complaints, listening to needs and measuring satisfaction.
- Value for the community: urban quality, social cohesion, environmental resilience and a sense of belonging.

In this segment, the value chain is completed, translating investment and labour into public services and collective well-being.

In order to identify MM's **main suppliers**, an analysis was conducted on MM's main cost accounts based on accounting records from 1 October 2023 to 30 September 2024. The analysis made it possible to identify the suppliers on which the different business units of the company spend the most. The suppliers were then classified by economic sector. Thanks to this analysis, it was possible to understand the main impacts of MM providers, with a focus on the macro-themes of governance, climate change adaptation and energy.

As part of its business model, **MM contributes to creating value for the community through the provision of essential services with a high social and environmental impact, guaranteeing concrete benefits for citizens, public bodies and local stakeholders**. In particular, through its water service activities it generates trust and improves the well-being of users, creates qualified employment in the area, promotes responsible purchasing practices and spreads a culture of sustainability within the company and in the area through its relationships.

Stakeholders of MM

SBM-2 Stakeholders' interests and opinions

As part of the drafting of the 2024-2028 Business Plan, MM carried out activities to **involve its stakeholders**. The Plan, in fact, is the result of an activity of dialogue and sharing with the main referents of the corporate structures that started in 2023; its contents were shared during the year 2024 with MM's top management as well as with the Municipality of Milan, MM's main shareholder, prior to the approval of the Plan. A dedicated meeting was held with the trade unions and, following the approval of the plan, it was shared with MM employees in March 2025 through a dedicated company convention. Finally, with regard to the community, the objectives of the plan were communicated through the media.

The actions envisaged in the Business Plan will be **monitored** during their implementation, which is expected to start in 2025, also through the activation of **working tables** with the involvement of representatives from the various corporate areas; lastly, it is envisaged that the CEO and the Board of Directors will be informed on an interim basis regarding the work of the Business Plan monitoring tables.

With regard to sustainability reporting, the administrative, management and control bodies are informed about the opinions and interests of stakeholders regarding MM's sustainability-related impacts through the **Control, Risk and Sustainability Committee**. The bodies are also made aware of the results of stakeholder involvement during the annual sharing of the Sustainability Statement.

The following table lists MM's main stakeholder categories, with details of sub-categories, where present, and a description of the tools adopted by MM for stakeholder involvement, as well as the purpose of the involvement itself, and the information tools available per stakeholder category.

Stakeholder category	Subcategory/Description	Organisation of involvement	Purpose of involvement
Contractors (suppliers)	<ul style="list-style-type: none"> Large and small suppliers Business partners, etc. 	Involvement tools <ul style="list-style-type: none"> E-procurement platform Code of Ethics Organisation, Management and Control Model (MOGC) Information tools <ul style="list-style-type: none"> Integrated Annual Report including Sustainability Statement Anti-Corruption Policy Corporate websites, social profiles and apps 	Ensuring compliance with environmental, social and, in particular, safety standards along the supply chain
Municipality of Milan	The capital of MM is owned entirely by the Municipality of	Involvement tools <ul style="list-style-type: none"> The Shareholders' Meeting Centrale dell'Acqua di Milano Board of Directors 	Align its objectives with territorial priorities and become in the next five years, thanks to the Business Plan, even more of a key player in the

Stakeholder category	Subcategory/Description	Organisation of involvement	Purpose of involvement
	Milan, an expression of the territory served, shareholder, owner of ERP assets and customer/client of MM.	<ul style="list-style-type: none"> • Technical tables Information tools • Integrated Annual Report including Sustainability Statement • Reporting and Accountability • 	development and care of the City
Customers and their representatives	<ul style="list-style-type: none"> • IWS users • Tenants of ERP houses • MOI customers • Tenants' unions • Clients • Consumer Association 	Involvement tools <ul style="list-style-type: none"> • Events and public meetings • Project feedback • Territorial Offices • Customer Service • CRM System Information tools <ul style="list-style-type: none"> • Technical tables • Service Charter • Regulation of the Integrated Water Service • Reporting and Accountability • Corporate websites, social profiles and apps • 	Strengthening the bond with its customers and users Gathering feedback on services provided Fostering the dissemination of a culture of sustainability, adapted to the different areas of intervention and the specific needs of the target groups of the activities
Financial Community	<ul style="list-style-type: none"> • Reference banking system • Investors • Rating agencies 	Involvement tools <ul style="list-style-type: none"> • Rating Information tools <ul style="list-style-type: none"> • Announcements to markets and investors • Integrated Annual Report including Sustainability Statement • Certificates of Compliance • Bond Prospectus 	Giving appropriate evidence of the Company's targets over the next five years
Community and territory	<ul style="list-style-type: none"> • Citizens and their representatives • Committees • Residents near construction sites • World of territorial associations (e.g. environmentalists, farmers) • NGO • Foundations • Non-profit associations • Media • Other reference companies 	Involvement tools <ul style="list-style-type: none"> • Centrale dell'Acqua di Milano • Events and public meetings Information tools <ul style="list-style-type: none"> • Integrated Annual Report including Sustainability Statement • MM Publications (<i>Le Fabbriche dell'Acqua</i>) • Corporate websites, social profiles and apps • Press releases and press reviews 	Promoting awareness of environmental and social sustainability aspects Ensuring constant and inclusive interaction

Stakeholder category	Subcategory/Description	Organisation of involvement	Purpose of involvement
People of MM	<ul style="list-style-type: none"> • Employees • Top management • Collaborators • Trade Unions 	<p>Involvement tools</p> <ul style="list-style-type: none"> • Agreements and union meetings • Centrale dell'Acqua di Milano • Code of Ethics • Dedicated events and meetings • Training • Organisation, Management and Control Model (MOGC) • Performance appraisal system • Corporate Welfare <p>Information tools</p> <ul style="list-style-type: none"> • Integrated Annual Report including Sustainability Statement • 'inMM' intranet • Corporate websites, social profiles and apps • 	<p>Encouraging active involvement in business processes</p> <p>Ensuring clear communication of the company's vision, objectives and priorities at all levels</p> <p>Reinforcing corporate values and activating the entire organisation towards common goals, motivating everyone to work together to achieve the company's preset goals</p>
Bodies and Institutions	<ul style="list-style-type: none"> • Public Administration • Regulatory and control bodies • Certification bodies • Government Agencies • International Organisations 	<p>Involvement tools</p> <ul style="list-style-type: none"> • Centrale dell'Acqua di Milano • Consultations • Conferences and events • Technical tables <p>Information tools</p> <ul style="list-style-type: none"> • Integrated Annual Report including Sustainability Statement • Reporting and Accountability • Certified management systems • Corporate websites, social profiles and apps • 	<p>Ensuring regulatory compliance, service quality and participation in planning and regulatory tables</p>
Partners	<ul style="list-style-type: none"> • Industrial associations • Trade Associations • Professional Orders • Project Partners • Universities, public and private research 	<p>Involvement tools</p> <ul style="list-style-type: none"> • Technical tables • Network Contracts • Code of Ethics • Conferences and events <p>Information tools</p> <ul style="list-style-type: none"> • Integrated Annual Report including Sustainability Statement • Corporate websites, social profiles and apps 	<p>Developing joint projects on innovation and digitisation</p>

Stakeholder category	Subcategory/Description	Organisation of involvement	Purpose of involvement
	centres, the scientific community, etc.		

SBM-2 Stakeholders' interests and opinions S1, S2, S3, S4

MM's strategy and business model are geared towards the **well-being of its workers** through constant attention to the aspects of Engagement, People Strategy and Welfare. This is done through various listening channels, such as an ongoing dialogue with the HR Business Partners (HRBPs, figures within MM's Organisation and Human Resources Department), company climate surveys and specific surveys. As far as **occupational health and safety** is concerned, the Company ensures regular communication with the Workers' Safety Representatives (RLS), actively collaborating with them for the integration of improvement measures into the company's safety plans. These tools and practices are fundamental in orienting corporate strategy towards respect for human rights, protecting workers at all levels.

The interests, opinions and rights of users and **affected communities** are the basis of MM's strategic choices and management. In particular, with regard to the **management of Public Residential Housing**, MM constantly collects and analyses users' opinions and strives to continuously improve the service, both during the allocation of housing and in the management of contracts. Special attention is paid to the individual needs of tenants, to ensure a service that respects the diversity and peculiarities of the different groups. The company has also organised various modes of interaction with users, using different channels and tools to foster effective and inclusive communication, a description of which can be found in section 2.3.4 'Consumers and end users'.

Generally speaking, the development path of the **Business Plan** has taken into consideration the plurality of stakeholders that characterise MM's operations, in order to integrate the interests of workers, both their own and those in the value chain, as well as those of the affected communities and the users served by MM, within the corporate strategy, with particular reference to the users and communities involved by the operations of the Home, Engineering, Ordinary Maintenance of Plants and Infrastructures, Green Management and Integrated Water Service Business Units.

2.1.3 Managing Impacts, Risks and Opportunities

IRO-1 Description of the process to identify and assess relevant impacts, risks and opportunities

In accordance with the ESRS IRO-1 standard, MM undertook a double materiality (or significance) analysis to identify and assess significant impacts, risks and opportunities (IROs) along its value chain. This process integrated both the impact materiality perspective (inside-out perspective), which considers the effects of the company's activities on the environment and society, and the financial materiality perspective (outside-in perspective), which assesses the economic implications for the company arising from sustainability factors. The current financial effects inherent in risks and opportunities (as required by DR SBM-3) were assessed in relation to the materiality thresholds used in the financial materiality analysis; no current financial effects relevant to these ESG risks and opportunities were found for 2024.

1. Understanding the operational context

The analysis began with a thorough reconnaissance of the organisation's operating environment. Business activities, value chain structure and sector-specific ESG dynamics were examined. Particular attention was paid to the strategic priorities outlined in the Business Plan and to mapping relevant stakeholders in order to fully understand the interactions and expectations that influence the company's operations.

Concerning the sources used to understand the context, sustainability reports of a plurality of peers active in Italy mainly in the utilities and infrastructure engineering sectors were first taken into consideration; further consultations concerned the sustainability aspects dealt with in the questionnaires of the main ESG rating agencies, in the disclosure requirements of industry standards in scientific databases concerning environmental impacts (e.g. MSCI, Encore). These specific analyses for CSRD purposes were complemented by context analyses functional to the development of MM's 2024-2028 Business Plan.

2. Value Chain Mapping

Subsequently, interviews were conducted with the business functions involved to analyse business relations both upstream and downstream in the value chain. This made it possible to identify potential sources of impact or risk associated with the different operational phases, providing a comprehensive view of the dynamics that may influence the sustainability of the organisation.

Identification of Impacts, Risks and Opportunities (IRO)

The identification of IROs followed a two-pronged methodological approach.

3. With regard to **impacts**, a top-down approach was adopted, starting with the requirements established by the ESRS and validating the results through internal comparisons.
4. For **risks and opportunities**, however, a bottom-up approach was followed. Opportunities were identified by examining the business plan and strategic business objectives, then classified into the topics, sub-topics and sub-sub-topics identified by the ESRS. The risk analysis was performed by the Risk Management function, and then the risks were associated with the topics, sub-topics and sub-sub-topics of the ESRS.

5. Definition of the Assessment Model (IRO Model)

A specific model for assessing IROs was developed, with separate criteria for impacts, risks and opportunities.

- For impacts, the assessment considered magnitude, understood as size, extent and irretrievability (for negative impacts), and likelihood, applicable only to potential impacts. Each criterion was rated on a scale of 1 to 4, with a relevance threshold set at 6.
- For risks and opportunities, the assessment looked at the magnitude of the financial effect and the probability of occurrence, using a qualitative rating system from 1 (insignificant) to 4 (very relevant), linked to predefined economic thresholds. The economic thresholds used to assess magnitude are as follows: financial economic impact less than EUR 1 million, between EUR 1 and 4 million or between EUR 4 and 8 million. The materiality threshold was set at 8, but also included among the material risks and opportunities those with an impact of 4 and a probability of 1.

In the process of identifying sustainability risks, four types of climate risks (distinguished between physical and transitional risks) were identified: an increase in the frequency and intensity of weather events; the introduction of new policies and regulations at national, EU and international level; changes in rainfall patterns; and reputational damage resulting from an inadequate assessment of the impact of climate change in the business plan.



6. Internal assessment

In the course of the assessment, impacts, risks and opportunities were considered prior to any mitigation action. Managing these impacts, including mitigation actions, is indeed part of the policies, actions and targets. This provides an understanding of both the unmitigated impacts associated with the organisation and how the company is addressing them.

The materiality of the impacts was assessed by the same structures involved in their identification. Specifically, IRO owners within corporate functions were identified, who carried out the assessment of the IROs during one-to-one interviews, following which the IROs were grouped into topics. In cases where an impact affected several business units, materiality assessments were conducted by several internal functions.

7. Stakeholder involvement

Subsequently, a key element of the process was the structured involvement of relevant stakeholders. Through thematic workshops and discussion sessions, the results of the internal assessment were analysed and validated. This made it possible to collect qualitative observations on impacts, risks and opportunities, ensuring that different perspectives were adequately considered in the decision-making process.

8. Consolidation of results and alignment with CSRD

The results of the analysis were consolidated into a framework consistent with the principles of the Corporate Sustainability Reporting Directive (CSRD), ensuring full adherence to ESRS requirements. It should also be noted that there are a number of IROs that were assessed by a plurality of owners belonging to different business units or company departments to cover the management of activities of each of them at the same time.

Approval by the Control, Risk and Sustainability Committee and the Board of Directors

Finally, the results of the double materiality analysis were presented to the Control, Risk and Sustainability Committee (CCRS) on 6 February 2025. Subsequently, these outcomes were submitted to the attention of the Board of Directors (BoD), which resolved to approve them first at its meeting on 18 February 2025, with a second updated version at its meeting on 19 May 2025.

The Double Materiality Analysis (DMA) of MM



The process of identifying, assessing and managing opportunities and risks is structurally integrated into the Company's overall management system. This integration is ensured by the coordinated involvement of different corporate functions, with a view to cross-sectoral and continuous monitoring. In particular, the Risk Management (RMA) function has the task of identifying, assessing and monitoring the main risks to which the Company is exposed, promoting the adoption of appropriate mitigation measures. In parallel, the Strategy, Investor Relations and Regulation (SIR) function

oversees the opportunity analysis process, supporting the definition of strategic directions. This integrated approach strengthens the resilience of the organisation, ensuring that it is managed consciously, proactively and oriented towards sustainable value creation over time. Concerning the description of MM's decision-making process and its internal control procedures, please refer to section GOV-5 *Risk Management and Internal Controls over the Sustainability Statement*.

E1 IRO 1 - Description of the processes to identify and assess material climate-related impacts, risks and opportunities

Impacts

The process of identifying climate change impacts is integrated with that adopted for the overall analysis of business impacts, risks and opportunities.

Physical risks

MM's physical climate-related risks were identified within its own operations. The physical risk related to the adaptation theme (E1) 'Increase and frequency of extreme weather events affecting MM's operations' and the physical risk related to E3 'Reduced/poor availability of water resources due to changes in rainfall patterns' were identified from the analysis that MM carried out in 2022 to identify the main risks related to climate change, inspired by the classification of climate risks proposed by the Task Force on Climate-related Financial Disclosures (TCFD).

The following impacts generated by the acute physical risk 'Increase and frequency of extreme weather events' have been identified, for which no exposure time horizons have been defined:

- Increase in costs and reduction of revenues
- Damage to company assets with business interruption/slowdown
- Reputational damage

The increase in the frequency and intensity of extreme weather events (such as floods, cloudbursts, water bombs), can generate repercussions on the operation and efficiency of the plants and networks managed by MM, particularly in the context of the Integrated Water Service, the maintenance of road infrastructures and the management of public green spaces.

Intense and sudden precipitation events can put pressure on the sewerage system, reducing its capacity to quickly dispose of large volumes of stormwater. In addition, excessive inflow of rainwater to the wastewater treatment plants can compromise their operational efficiency, further affecting the service.

The intensification of extreme events (such as tornadoes) may also lead to physical damage to company assets (premises, equipment, fleet), resulting in the interruption or slowing down of activities and economic damage, depending on the respective level of vulnerability and any insurance contracts taken out to cover them.

In addition, the following impacts generated by the chronic physical risk 'Reduced/lack of water resource availability due to changing rainfall patterns' were identified:

- Increase in costs and reduction of revenues
- Reputational damage

In this case, the magnitude of the impact was classified as very significant, in light of the severity that a possible water emergency - due to prolonged drought or structural changes in the rainfall regime - would entail in economic and social terms. However, the probability of occurrence was

considered low, as the city of Milan is supplied by deep water tables (second and third), which currently show no signs of criticality.

Transition risks and opportunities

Climate-related transition risks were identified within MM's own operations, while no climate-related transition opportunities were identified. The climate-related transition risks identified are "Introduction and development of policies and regulations with an impact on investments and costs" and "Reputational damage resulting from an inadequate assessment of the impact of climate change on the evolution of the macro-economic, geo-political and socio-environmental scenario in the Business Plan, with consequent negative effects on economic and financial performance".

Two impacts that the transition risk (market) 'Introduction and development of policies and regulations with impact on investments and costs' could have on MM's business were identified:

- increased costs and difficulties in accessing finance;
- reputational damage.

Also with regard to the transition (market) risk "Reputational damage resulting from an inadequate assessment of the impact of climate change on the evolution of the macro-economic, geo-political and socio-environmental scenario in the Business Plan", two possible impacts on MM were identified:

- increased costs and difficulties in accessing finance;
- reputational damage.

MM has not identified any assets and business activities that are incompatible with the transition to a neutral economy or that require significant efforts to be compatible with such a transition.

E2 IRO 1 Description of processes to identify and assess relevant pollution-related impacts, risks and opportunities

In the double materiality analysis, the Company examined the location of its sites and business activities to identify impacts, risks and opportunities both in its own operations and along the upstream and downstream value chain. The analysis was carried out by MM following a methodology consisting of three distinct steps and a value chain analysis, for further details see the preceding paragraph E1 IRO 1 - *Description of the processes to identify and assess material climate-related impacts, risks and opportunities*.

Finally, the relevant impacts, risks and opportunities (IROs) were shared with a panel of external stakeholders during a special workshop. During the workshop, invitees were given a preview of MM's relevant IROs and, at the end of the presentation, they were able to ask questions or suggest the inclusion of additional IROs that had not been considered by the company but which were material.

Regarding the issue of pollution, the company sites that MM focused on for the double materiality analysis are:

- the San Rocco and Nosedo purifiers, being plants that are relevant for the purpose of being subject to the European PRTR (Pollutant Release and Transfer Register) regulation;
- the headquarters of MM.

In general, potentially polluting activities were taken into account, thus not only the purification activity but also all MM's maintenance activities and the management of MM's car fleet. In the double materiality analysis, a long list of potential impacts was taken into account in order to ensure completeness of analysis, including impacts concerning emissions to air, water and soil of MM's

suppliers and customers, which, however, did not reach a materiality threshold and are therefore not reported in this Declaration.

E3 IRO-1 Description of processes to identify and assess relevant impacts, risks and opportunities related to water and marine resources

E5 IRO 1 - Description of processes to identify and assess relevant impacts, risks and opportunities related to resource use and the circular economy

G1 IRO-1 Description of processes to identify and assess relevant impacts, risks and opportunities

In relation to the three Topical Standards E3, E5 and G1, no specific elements arose in the course of the double materiality analysis.

2.1.4 Sustainability governance

GOV-1 Role of administrative, management and control bodies

MM's corporate governance system⁸ is of the ordinary type, made up of **two bodies appointed by the Shareholders' Meeting, the Board of Directors and the Board of Statutory Auditors** – the first with a management role, the latter with a supervisory role. By virtue of its nature as a public company, it is up to the Sole Shareholder, the **Municipality of Milan**, to proceed, pursuant to Article 2449 of the Italian Civil Code, to appoint MM's Chairperson and Directors, through the publication of a specific public notice with subsequent evaluation of candidatures. The Municipality of Milan, by Decree appointing the Statutory Auditor, also determines the fixed annual remuneration, pursuant to Article 2364 of the Italian Civil Code and Article 19 of the Articles of Association, in addition to any VAT and accessory charges if and when due, as well as the reimbursement of expenses incurred for reasons of the office, within the limits of the law and the provisions of Article 19, paragraph 2 of the Articles of Association. The Municipality of Milan also establishes the maximum limit of the remuneration to be paid to the Chief Executive Officer for the performance of his delegated functions, having regard to the number and nature of such functions.

Appointment of the **Board of Directors** (BoD) takes place in compliance with current legislation on equal access between genders for companies controlled by public administrations. The five members⁹ of the Board 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. MM's Board of Directors is characterised by a composition that is representative of the employees and other workers and thus of the different business and strategic and control areas in which the company operates, and has diversified experience in the company's various business sectors. In particular, managerial and operational experience gained in publicly controlled companies, in the fields of economics, finance, law and organisational models, in the management of the integrated water service and related operational activities, and in financial and insurance services, characterise the Board.

The **Board of Statutory Auditors** is composed of a Chairperson, two Standing Auditors and two Alternate Auditors; in addition to monitoring compliance with the law and the Articles of Association, it supervises compliance with the principles of good governance, the adequacy of the organisational, administrative and accounting structure adopted by the Company and its proper functioning. The members of the Board of Statutory Auditors have experience gained in similar roles in private and public companies; they also have expertise in statutory auditing and as directors of companies.

In order to ensure the strategic and operational coordination of the various corporate areas, specific **Committees** have been set up, which meet periodically or on a specific need basis to analyse the activities and performance of the various corporate areas; the most relevant of these are:

- the **Investment Evaluation Committee** to oversee the activities of evaluating investment proposals made on the company's own initiative and having significant amounts in terms of alignment with the company's profitability parameters and risk profile;
- the **Interdisciplinary Technical Committee on Procurement (CTIA)** with the task of following up, in a proactive and controlling capacity, all tenders and contracts that MM awards

⁸ Corporate governance is the set of corporate tools, rules, relationships, processes and systems aimed at proper and efficient management of the company. The structure of corporate governance thus expresses the rules and processes by which decisions are made in a company, the ways in which corporate objectives are decided and the means of achieving and measuring the results achieved.

⁹ Of which one Chairperson and four Directors, some of whom also serve on the Boards of Directors of other companies.

to third parties in its capacity as Client (see chapter 2.4.1 *Business Conduct*, under *The Management of Relations with Suppliers*);

- the **Control, Risk and Sustainability Committee (CCRS)**, made up of 3 to 5 members of the Board of Directors, the only governance committee at MM set up by resolution of the Board of Directors with the task of providing support, through the performance of preparatory activities, for the assessments and decisions of the governing bodies regarding the internal control system, risk management and sustainability.

Considering that there are two women and three men on the Board of Directors and one woman and two men on the Board of Statutory Auditors, the **female presence in MM's governing bodies is 38%** - a figure higher than the national average of 37%¹⁰ and lower than that of water utilities in the North-West at 46%¹¹. With reference to the Board of Directors only, female representation is 40%.

In the current governance structure, the only member of the Board of Directors with executive powers is the CEO, while the other members of the Board of Directors exercise non-executive roles. This structure ensures a certain degree of autonomy in the strategic and operational management of the Company. With regard to the requirements of **professionalism** and **honourableness** 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 other special regulations in force on the subject in relation to the type of Company, the nature of the office and the corporate purpose¹² apply.

With regard to the management of the Company's impacts on the environment, economy and people, MM does not perform due diligence and the Board of Directors' role in managing them is carried out through the Control, Risk and Sustainability Committee; it remains the Board of Directors' responsibility to approve the dual significance analysis process (see paragraph 2.1.3. *Management of Impacts, Risks and Opportunities*) and the content of the Sustainability Statement. **Delegated authority** concerning responsibility for the management of the Company's impacts on the economy, environment and people is **assigned by the Chief Executive Officer to other employees**¹³, who report directly to him for their actions.

Monitoring the definition of sustainability targets.

The **MM Business Plan** was **subject to approval by the Board of Directors** in November 2024 and subsequently submitted, pursuant to the provisions of the Articles of Association, for approval by the Shareholders' Meeting in December 2024. The **document outlines clear macro-objectives for the 2024-2028 period**, presented in accordance with the issues established in the previous Non-Financial Statement, inspired to take on a guiding role in Milan's ecological transition and to be achieved through: investments in its service areas, increase in the quality of the services offered to the community and the territory, attention towards its people and growth of its responsible business model¹⁴.

¹⁰ Source: REF Research on the data of 42 Italian water utilities (2023 data).

¹¹ Source: REF Research on the data of 12 Italian water utilities in the North-West (2023 data).

¹² In addition, the spouse, ascendants, relatives and relatives-in-law up to the third degree of kinship of the Statutory Auditor, of the members of the Council and other members of the Board of Directors cannot hold the office of Director.

¹³ The delegations of authority in environmental and occupational health and safety matters (pursuant to Art. 16 of Italian Legislative Decree 81 of 9 April 2008) are published on www.mmspa.eu (Home > Transparency > Other Content - Safety and Environment Delegations).

¹⁴ For a more in-depth discussion of the Business Plan, see the paragraphs 'MM's Mission and Business Plan' in the Sustainability Statement and 'Approval of MM SpA's Business Plan' in the Management Report.

Also for the purpose of assessing the appropriate skills to monitor sustainability issues within the company, a **self-assessment of the Board of Directors** (board review) was carried out, which showed that sustainability issues, including the main ones on safety, the environment, respect for human rights and combating active and passive corruption, are integrated into the company strategy.

The board review process consists of a professionally guided analysis with the help of an external consultant of the composition, structure and functioning of the company's top management, also aimed at verifying the implementation of the improvement actions suggested by the previous analysis. In view of the renewal, some councillors suggested the importance of including figures with skills identified by the same councillors in the following different order of priority:

PRIORITY SCALE OF EXPERTISE EMERGING FROM THE BOARD REVIEW

High priority	<ul style="list-style-type: none"> • Experience in the engineering and infrastructure business and/or specific sectors (integrated water service, property management, major works design, ...) • Experience with public companies or companies with public shareholders • Procurement and Tenders • Risk management • Legal, corporate
Medium priority	<ul style="list-style-type: none"> • Skills gained at senior management level in the company • Administration and Finance • Human Resources and Organisation • Sustainability, Social Responsibility, <i>Climate change</i>
Low priority	<ul style="list-style-type: none"> • Internal control • IT and digital • Communication

With regard to **sustainability expertise**, the Board of Directors makes use of the expertise possessed in its own areas of professionalism as well as the function of the Corporate Structure dedicated to sustainability issues that supports and reports to the Board of Directors. It is considered that this expertise is adequate in that the aforementioned topics are subject to a preliminary examination by the Control, Risk and Sustainability Committee, which assesses the methodology used, the completeness of the analysis and compliance with the applicable regulations, reporting back to the Board of Directors in this regard. Some Board members, in the context of their professional practice or because of other positions they hold, have specific expertise in sustainability issues. Finally, the Company also makes use of external consultants where deemed necessary.

GOV-2 Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies

The Board of Directors **receives periodic updates** from the reference Corporate Structure, specifically from the CEO, every quarter, half-year and/or if significant events take place. Communications concern the general course of business, its foreseeable development and the most important activities. In the Control, Risk and Sustainability Committee, the Risk Manager, on a six-monthly basis, and the Internal Auditing function, on a quarterly basis, report to the Board of Directors on the reporting and progress of the activities performed and on the double materiality analysis (see paragraph 2.1.3 *Management of Impacts, Risks and Opportunities*) reviewed and then approved annually. The results of these audits are presented at the meetings of the Board of Directors.

In monitoring the Company's strategy, decisions on material transactions and the risk management process, the Board of Directors uses the **support provided by the Control, Risk and Sustainability Committee** to consider the Company's impacts, risks and opportunities. The Control, Risk and Sustainability Committee, among other functions (as resolved by the Board of Directors), examines the content of periodic sustainability information relevant to the internal control and risk

management system; expresses opinions on specific aspects relating to the identification of the main corporate risks and supports the assessments and decisions of the Board of Directors relating to the management of risks arising from prejudicial events of which the latter has become aware; examines periodic reports and those of particular importance prepared by the Internal Auditing function; entrusts the Internal Auditing function with the performance of checks on specific operational areas; reports to the Board of Directors, at least on the occasion of the approval of the annual and half-yearly financial report, on the activities carried out and the adequacy of the internal control and risk management system.

In the reporting period, the administrative, management and control bodies - also through the relevant committees - addressed relevant **impacts, risks and opportunities** in the following areas:

Environment

- Safety and environmental protection, with special attention to:
 - the management of FPCs (Fire Prevention Certificates);
 - to climate change impacts.
- Design and construction of climate-resilient infrastructure (e.g. lamination basins).
- Development of plants for the production of energy from renewable sources, in a logic of self-consumption.
- Prevention of environmental damage and inconvenience to citizens resulting from inefficient management of emergencies and infrastructure works (e.g. work stoppages, poor site communication).

People and organisational structure

- Enhancement of merit and promotion of professional growth through performance appraisal systems.
- Strengthening the health and safety culture among employees and suppliers through training, prevention and awareness-raising activities.
- Promotion of organisational well-being and a sense of belonging:
 - inclusive and stimulating working environments;
 - valuing diversity and equal opportunities;
 - retention policies (e.g. corporate welfare, bonuses);
 - work-life balance initiatives (e.g. remote work).
- Digital skills development, including cybersecurity training.

Community and procurement

- Spreading the culture of caring for the city and its citizens:
 - greater knowledge about the interventions carried out and their benefits;
 - promoting greater awareness of collective needs.
- Reducing the socio-environmental impact of goods and services provided through more responsible procurement choices.

Strategy

- Expansion of the company perimeter and start-up of new business, with impact assessment of new related risks;
- Approval of the Business Plan 2024-2028.

GOV-3 Integration of sustainability-related performance in incentive schemes

At MM, no incentive schemes related to sustainability issues (including climate) are offered to members of its administrative, management and supervisory bodies. Pursuant to Article 2449 of the Italian Civil Code, the Sole Shareholder, the Municipality of Milan, is responsible for appointing the Chairperson and the Board Members through the publication of a specific public notice and subsequent evaluation of the candidatures. The Municipality of Milan, by Decree appointing the Statutory Auditor, also determines the fixed annual remuneration, pursuant to Article 2364 of the Italian Civil Code and Article 19 of the Articles of Association. With regard to management incentive schemes, please refer to the *Box - Management Performance Monitoring* below.

Management performance monitoring

With regard to performance monitoring, a **system of specific annual objectives** (MBO - management by objectives) is in place, as assigned by the Board of Directors to the Chief Executive Officer, who in turn attributes them to the Corporate Management structure that reports functionally and hierarchically to him. The system provides for the determination of a total annual bonus (accounted for with the approval of the financial statements for the year) distributed in percentage terms over the various objectives assigned, which, upon their achievement, determines the disbursement of the MBO bonus.

GOV-4 Statement on due diligence

With reference to the key elements of the due diligence procedure (due diligence), the relevant paragraphs in this Sustainability Report are set out below:

Basic elements of due diligence	Paragraphs of the Sustainability Disclosure
a) Integrating due diligence in the governance, strategy and business model	<ul style="list-style-type: none"> • GOV-1 The role of the administrative, management and supervisory bodies • GOV-2 Information provided to and sustainability matters addressed by the undertaking’s administrative, management and supervisory bodies • E1-2 Policies related to climate change mitigation and adaptation • E2-1 E2-1 Pollution-related policies • E3-1 Policies related to water and marine resources • S1-1 Policies related to own workforce • S2-1 Policies related to value chain workers • S4-1 Policies related to consumers and end-users • G1-1 Business conduct policies and corporate culture

	<ul style="list-style-type: none"> • G1-3 Prevention and detection of corruption and bribery • Privacy management • Compliance with tax regulations • G1-2 Management of relationships with suppliers
<p>b) Involving stakeholders at all key stages of the due diligence</p>	<ul style="list-style-type: none"> • SBM-2 Interests and views of stakeholders • GOV-2 Information provided to and sustainability matters addressed by the undertaking’s administrative, management and supervisory bodies • S1-2 Processes for engaging with own workers and workers' representatives about impacts, S1-3 Processes to remediate negative impacts and channels for workers to raise concerns • S1-2 Processes for engaging with own workers and workers' representatives about impacts regarding health and safety • S1-3 Processes to remediate negative impacts and channels for workers to raise concerns about health and safety • S2-3 Processes to remediate negative impacts and channels for value chain workers to raise concerns • S3-2 Processes for engaging with affected communities about impacts • S3-3 Processes to remediate negative impacts and channels for affected communities to raise concerns • S4-2 Processes for engaging with consumers and end-users about impacts • S4-3 Processes to remediate negative impacts and channels for consumers and end-users to raise concerns
<p>c) Identifying and assessing negative impacts</p>	<ul style="list-style-type: none"> • 2.1.3 Managing Impacts, Risks and Opportunities • All paragraphs ESRS 2 SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model of Chapters 2.2.2, 2.2.3, 2.2.4, 2.2.6, 2.3.1, 2.3.2, 2.3.3, 2.3.4, 2.4.1
<p>d) Intervening to address negative impacts</p>	<ul style="list-style-type: none"> • All 'Actions and Resources' paragraphs of Chapters 2.2.2 (E1-3), 2.2.3 (E2-2), 2.2.4 (E3-2), 2.2.6 (E5-2) • All paragraphs 'Actions on relevant impacts and approaches for the management of relevant risks and the achievement of relevant opportunities, (...) as well as the effectiveness of such actions' of Chapters 2.3.1 (S1-4), 2.3.2 (S2-4), 2.3.3 (S3-4), 2.3.4 (S4-4)
<p>e) Monitoring the effectiveness of interventions and communicating</p>	<ul style="list-style-type: none"> • MM's system of internal controls (paragraph GOV-5 Risk Management and Internal Controls over the Sustainability Statement and paragraph Climate Change Resilience Model) • Health and safety audits (paragraphs S1-3 Processes to remediate negative impacts and channels for own workers to raise concerns about health and safety) • Monitoring system with regard to data on workers in the value chain (S2-4 Actions on relevant impacts on workers in the value chain and approaches for managing relevant risks and achieving relevant opportunities for workers in the value chain, as well as effectiveness of these actions and S2-5 Objectives related to

	<p>managing relevant negative impacts, enhancing positive impacts and managing relevant risks and opportunities)</p> <ul style="list-style-type: none"> • Monitoring of customer reports (S3-4 Actions on relevant impacts on affected communities and approaches to manage relevant risks and achieve relevant opportunities for affected communities, as well as the effectiveness of such actions and S4-2 Processes for engaging consumers and end users on impacts) • Presence of the Anti-Corruption Contact Person and the Internal Auditing function (paragraphs G1-1 Policies on Corporate Culture and Business Conduct and G1-3 Prevention and Detection of Active and Passive Corruption) • Audit activities by the DPO (Privacy Management section) • All 'Objectives' paragraphs of Chapters 2.2.2 (E1-4), 2.2.3 (E2-3), 2.2.4 (E3-3), 2.2.6 (E5-3), 2.3.1 (S1-5), 2.3.2 (S2-5), 2.3.3 (S3-5), 2.3.4 (S4-5)
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GOV-5 Risk management and internal controls over the sustainability reporting process

MM has developed and perfected a **system of internal controls to ensure that the company's activities are in line with business strategies and corporate policies** through rules, procedures and organisational structures that guide the proper functioning and good 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 to long term, and compliance with current regulations and company directives and procedures.

The main supporting elements are:

- Organisation, Management and Control Model (MOGC)
- Code of Ethics

The **system of internal controls**¹⁵ is also supported by:

- The **Board of Statutory Auditors**: the control board that supervises, through inspection and control activities, compliance with the laws, the Articles of Association and the principles of good governance (see paragraph GOV-1 *Role of administrative, management and control bodies*).
- **Compliance**: A staff function reporting directly to the CEO that verifies compliance with hetero- and self-regulation rules, with the aim of preventing the risk of judicial or administrative sanctions, significant financial losses or reputational damage.
- **Data Protection Officer**: Figure established in accordance with Reg. EU 2016/679 ('GDPR')¹⁶ to verify compliance with its provisions and the correct application of the law, as well as to provide advice to the Controller and the Company.

¹⁵ For a more detailed discussion, see the Corporate Governance Report section '*Internal Control and Risk Management System*'.

¹⁶ 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, repealing Directive 95/46/EC.

- **Internal Auditing:** 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 evaluates the risks associated with business processes and activities, supporting risk owners in developing the most appropriate strategies to govern them.
- **Auditing Firm:** External body responsible for verifying the regular and correct recording of management events in the accounting records, the conformity of the information provided therein with the provisions of Italian Legislative Decree 125/2024 and to the reporting standard adopted ('limited assurance engagement' according to the Sustainability Reporting Standard - SSAE Italy).

As far as the **sustainability statement** is concerned, the double materiality analysis is submitted to the Board of Directors for its prior approval and is audited by the auditing firm. Information is collected by means of data collection forms, which are sent to the relevant contact persons. Once completed, the forms are examined individually, also with the support of thematic advisors, requesting any additions to the contact persons. The updated versions are then validated by the relevant managers and forwarded, together with the text of the report, to the auditing firm for its limited assurance. The Sustainability Statement, thus formed, is finally presented to the Control, Risk and Sustainability Committee in advance and then submitted to the Board of Directors for its final approval. There is currently no formalised procedure defining specific roles and responsibilities for drafting the Sustainability Statement. However, a well-established practice, derived from previous experience in Non-Financial Statement drafting, has been implemented to ensure the completeness and reliability of the data, reducing the risk of omissions or information gaps.

2.2 Environmental information

2.2.1 EU Taxonomy Information

The EU Action Plan for Sustainable Finance is a strategic tool to redirect capital flows towards investments that contribute to the sustainable development and ecological transition of the European economy. In this context, one of the central elements is the European Taxonomy, introduced by Regulation (EU) 2020/852, which aims to create a uniform and transparent classification system to identify economic activities that can be considered truly environmentally sustainable.

This classification system is designed to provide a clear and shared reference for companies, investors and policy-makers, thus fostering more informed investment choices aligned with sustainability objectives. In particular, the European Taxonomy is a key tool for directing both public and private funding towards economic activities that have a positive impact on the environment, contributing significantly to the achievement of the ambitious goals set by the European Green Deal. Among these goals, the goal of making the European Union climate-neutral by 2050, to be pursued through the reduction of greenhouse gas emissions and the transition to renewable sources, is particularly important. Among the various initiatives promoted by the European Green Deal, the climate change adaptation strategy, aimed at strengthening the resilience of infrastructures and territories particularly exposed to the risks and effects of global warming, plays a central role. Alongside this, the protection of biodiversity, the restoration of natural ecosystems and the sustainable management of water resources are of importance, along with efforts to combat pollution and safeguard human health. The Green Deal strategy also includes objectives related to sustainable mobility, with the expansion of public transport and the promotion of zero-emission vehicles, and the energy upgrading of buildings, to improve their efficiency and reduce emissions. In this context, material reuse and recycling practices are encouraged, as well as the use of products with a longer lifespan. This is all part of the broader vision of the circular economy, which aims to reduce waste, promote recycling and extend the life cycle of products.

In this scenario, the European Taxonomy and the Green Deal closely complement each other: the Green Deal sets out the policies to be implemented to foster sustainability, while the European Taxonomy defines the regulatory framework needed to identify and economically support activities that concretely contribute to environmental objectives, while also ensuring that the Green Deal policies are effectively implemented.

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

- 1) it contributes substantially, through compliance with the technical screening criteria, to at least one of the six European environmental objectives
- 2) it does not cause significant harm to other environmental objectives (principle of Do No Significant Harm - DNSH);
- 3) it is carried out in compliance with minimum social guarantees.

EUROPEAN ENVIRONMENTAL OBJECTIVES



1. *Climate change mitigation*



2. *Adaptation to climate change*



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*

Regulation (EU) 2020/852 on the European Taxonomy not only facilitates the creation of a shared language and the protection of investors from greenwashing, but also promotes a reporting system, as stipulated in Article 8 of the Regulation. For non-financial companies, the disclosure obligation on the European Taxonomy concerns those falling under the reporting obligations of the Corporate Sustainability Reporting Directive (CSRD).

Following the entry into force of Regulation (EU) 2020/852 in July 2020, the first regulatory developments focused on climate change mitigation and adaptation targets and reporting. In this initial phase, Delegated Regulation (EU) 2021/2139 ('Climate Delegated Act'), Delegated Regulation (EU) 2021/2178 ('Disclosure Delegated Act') and, subsequently, Delegated Regulation (EU) 2022/1214 ('Complementary Delegated Act') were adopted, which also included specific energy activities related to the gas and nuclear sectors in the Taxonomy.

In 2023, the European Union approved Delegated Regulation 2023/2486 ('Environmental Delegated 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, and the update of Delegated Regulation (EU) 2021/2178 ('Disclosure Delegated Act'). In addition, Delegated Regulation 2023/2485 was published in 2023, which made further amendments to Delegated Regulation (EU) 2021/2139 ('Climate Delegated Act'), both in terms of new activities and in terms of technical screening criteria.

As of 1 January 2025, non-financial enterprises must report the share of turnover, capital expenditure (CapEx) and relevant operating expenditure (OpEx) attributable to eligible economic activities and aligned with the European Taxonomy¹⁷, with reference to all six environmental objectives.

In this context, as early as 2024 MM started a preliminary analysis on the 2023 financial year of its business activities, preparatory to the entry into force of the new reporting obligations, in order to assess their admissibility and alignment with the criteria set forth in the Delegated Regulations and the interpretative notes published by the European Commission also for the additional four environmental objectives, with respect to the climate objectives. Given the absence of established practice and the partly still evolving nature of the regulatory framework, the analysis was conducted using its own technical and interpretative judgement of the currently available information. Please note that any future regulatory updates or clarifications by the European Commission may lead to a revision of the assessments made, with potential impacts on the reported KPIs.

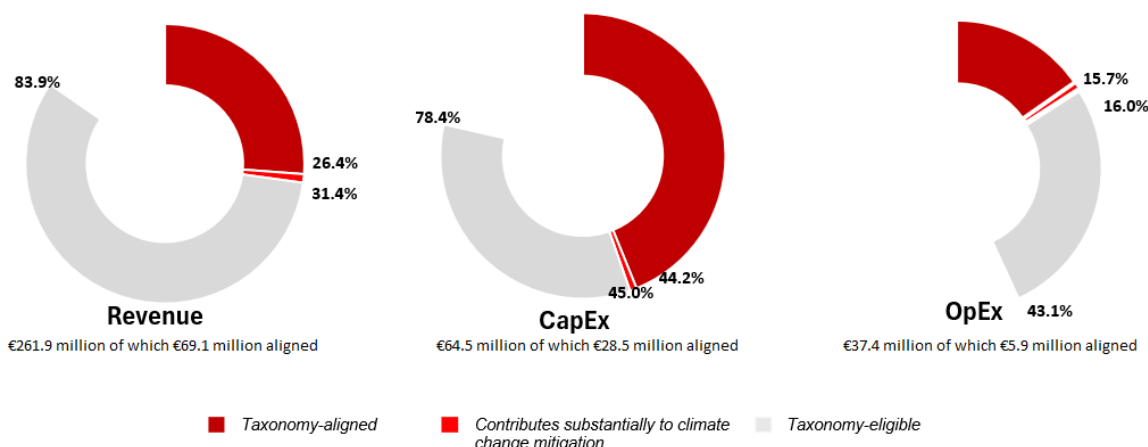
With reference to the disclosure pursuant to Article 8(6) and (7) of Delegated Regulation (EU) 2021/2178, which provides for the use of the templates provided in Annex XII for the disclosure of

¹⁷ As defined in Delegated Regulation (EU) 2021/2178 of 6 July 2021.

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 2024 showed that 83.9% of revenues, 78.4% of capital expenditure (CapEx) and 43.1% of operating expenditure (OpEx) were eligible for the European Taxonomy. The assessment showed, in particular, that 26.4% of revenues, 44.2% of capital expenditure (CapEx) and 15.7% of operating expenditure (OpEx) were in line with the European Taxonomy.

PERCENTAGES OF ALIGNMENT WITH EU TAXONOMY



Compared to last year's disclosure, the alignment share of the CapEx indicator increased from 12% in 2023 to 44.2% in 2024, although the eligibility share dropped by about 7 percentage points. This was achieved mainly by reaching the performance thresholds set for the renewal activities of the MM-managed waterworks system, assessed through the Infrastructure Leakage Index¹⁸ (ILI).

In contrast, the OpEx indicator decreased both in terms of eligibility, falling from 50% in 2023 to 43.1% in 2024, and in terms of alignment, from 26.4% to 15.7%. This decrease is mainly attributable to the lower incidence, compared to the previous year, of the operating costs recognised by the EU Taxonomy for activities related to the water sector.

With regard to turnover, on the other hand, the eligibility and alignment percentages are broadly in line with the 2023 results.

The activities that are aligned with the requirements of the European Taxonomy in 2024 concern some activities of the water service and engineering. The water service sector has the largest share of alignment, mainly due to the performance, management and efficiency improvements conducted on water collection, treatment and supply systems. As far as engineering activities are concerned, there are more and more interventions and projects that can be defined as environmentally

¹⁸ The Infrastructure Leakage Index (ILI) is an indicator measuring the efficiency of water networks in terms of leakage management. It is calculated as the ratio of actual network leakage to technically unavoidable leakage under optimal conditions.

sustainable: in 2024, it was possible to declare several metro-tramway interventions, the construction of new buildings and the renovation of existing buildings aligned, 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 European Taxonomy already at the design stage. Finally, aligned activities include projects for the construction of two anaerobic digestion plants for sewage sludge at the Nosedo and San Rocco purification plants.

There are also activities that make a substantial contribution to at least one of the six environmental objectives, but cannot be considered aligned due to non-compliance with certain DNSH criteria. These include a number of photovoltaic energy production projects and several projects related to the construction of infrastructure and works for low-carbon cycling and public transport (metro and tram lines, urban/extra-urban road redevelopment, car parks and interchange areas), projects for the construction of low-energy buildings, energy-efficient building renovation and remediation, sustainable urban drainage systems (SUDS), and projects related to the remediation of contaminated sites and areas.

The European Taxonomy: Supporting Information

PROCESS FOR DEFINING ACTIVITIES ALIGNED WITH TAXONOMIC REQUIREMENTS

For the first year since Regulation (EU) 2020/852 came into force, reporting on the European Taxonomy for the fiscal year 2024 covered eligibility and alignment with all six environmental targets.

In order to verify the eligibility and subsequent alignment of its business activities to the European 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 European Taxonomy consistently with the definitions and qualitative descriptions of the activities set out in the Annexes to the Delegated Regulations. The activities that arose were subsequently discussed in detail with the relevant company contact persons.
- 2) **Evaluation of the technical criteria of substantial contribution and DNSH, as well as of the minimum social safeguards:** for each eligible activity, the specific criteria of substantial contribution and DNSH requirements ('Do no significant harm') of the European Taxonomy were assessed. Individual assets, service perimeters and orders were taken into account, depending on the eligible activities 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-financial performance indicators (KPIs):** identification for each individual activity of the relevant economic values generated in 2024 with reference to revenue, capital expenditure and operating costs as recognised by the European Taxonomy by means of an analysis of account items and cost accounting.
- 4) **Reporting of results** by preparing the reporting schemes listed in the section 'European Taxonomy 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 Housing Management (Housing), Ordinary Maintenance of Installations and Infrastructures (Schools, Sports, Underpasses, Roads, Signs and Bridges), Installations and Buildings Management, ERP Green Management, and the 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 deepened and refined by analysing projects through the involvement of the contact persons of each Business Unit. In addition to activities strictly related to MM's core businesses, the analysis also included additional areas of investment and operations identified by the European Taxonomy as having the potential to contribute substantially to the various environmental objectives recognised by the European Taxonomy, such as the production of electricity for self-consumption with photovoltaic solar technology and the management of the company's vehicle fleet. Although these activities do not represent the core of the company's operations, they were assessed as being among those recognised by the regulatory framework as eligible for environmental sustainability. To ensure a correct representation and interpretation of the results of this analysis, it should be noted that the turnover, OpEx and CapEx data eligible for the European Taxonomy refer to the following environmental objectives: climate change mitigation, sustainable use and protection of water and marine resources, transition to a circular economy, and pollution prevention and reduction. It is also specified that no activities were identified that are related to the objectives of adaptation to climate change¹⁹ and protection 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 2024:

ELIGIBILITY FOR THE CLIMATE CHANGE MITIGATION OBJECTIVE		
Business Unit	MM Activities	Taxonomic activities
Water Service	<i>Investments for the installation of photovoltaic systems</i>	<i>4.1. Production of electricity with photovoltaic solar technology</i>
Water Service	<i>Investments for the Salemi cogeneration plant</i>	<i>4.30. High-efficiency cogeneration of heat/cold and energy from gaseous fossil fuels</i>
Water Service	<i>Management of the water supply system of the City of Milan and expansion and management investments</i>	<i>5.1. Construction, expansion and operation of water collection, treatment and supply systems</i>
Water Service	<i>Investments to renew the aqueduct system of the City of Milan</i>	<i>5.2. Renewal of water collection, treatment and supply systems</i>
Water Service	<i>Management of the sewerage and wastewater purification system of the City of Milan and investments in expansion and management</i>	<i>5.3. Construction, expansion and operation of wastewater collection and treatment systems</i>
Water Service	<i>Investments for the renewal of the sewerage and wastewater purification system in the City of Milan</i>	<i>5.4. Renewal of wastewater collection and treatment systems</i>
Water Service	<i>Investment in anaerobic digesters</i>	<i>5.6. Anaerobic digestion of sewage sludge</i>
Water Service	<i>Using leased electric bicycles</i>	<i>6.4. Management of personal mobility devices, cycling</i>
All BUs	<i>Company fleet management</i>	<i>6.5. Transport by motorbikes, cars and light commercial vehicles</i>

¹⁹ In the absence of a climate change adaptation plan that identifies specific interventions aimed at reducing the impacts of climate hazards on MM's managed assets, it was not possible to identify investments or costs that could be considered eligible for the economic activities of the climate change adaptation objective.

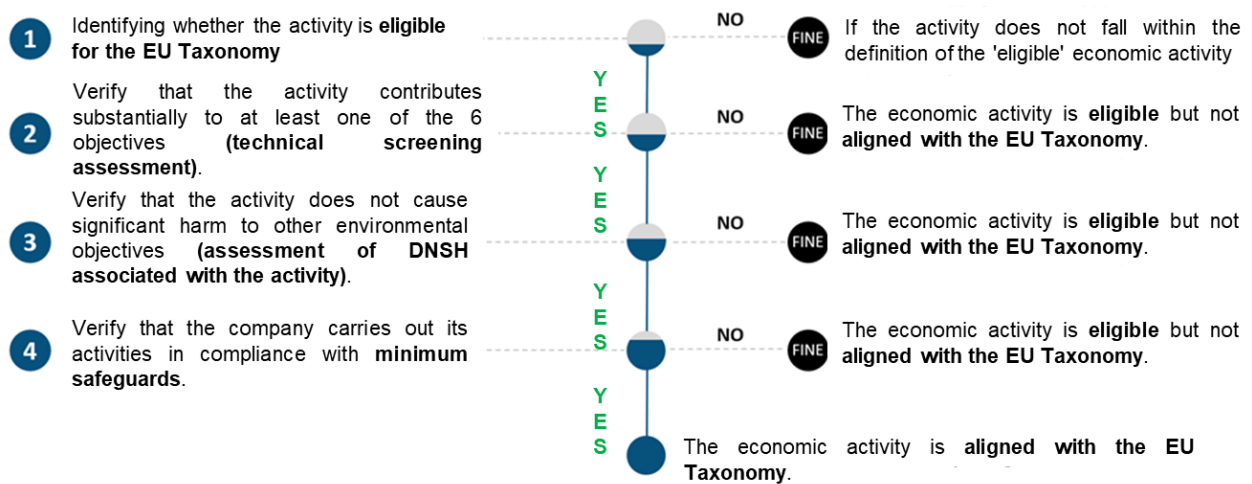
Engineering	Urban transformation projects related to the construction of cycle and pedestrian routes	6.13. Infrastructure for personal mobility, cycling
Engineering	Design and supervision of public mobility infrastructures and works (metro and tram lines, urban/extra-urban road rehabilitation, parking and interchange areas)	6.15. Infrastructure enabling low-carbon road and public transport
Engineering	Designs for the construction of schools and public buildings	7.1. Construction of new buildings
Engineering, Housing, Water Service	Design and execution of renovation works for public housing and housing units under management	7.2. Renovation of existing buildings
Plant and Property Management	Property management	7.7. Purchase and ownership of buildings
ELIGIBILITY FOR THE SUSTAINABLE USE AND PROTECTION OF WATER AND MARINE RESOURCES OBJECTIVE		
Business Unit	MM Activities	Taxonomic activities
Water Service	Management of the water supply system of the city of Milan and investments in expansion, management and renewal	2.1. Water supply
Water Service	Management of the sewerage and wastewater purification system of the City of Milan and investments in expansion, management and renovation	2.2. Urban wastewater treatment
Water Service, Engineering	Interventions for the installation of urban drainage systems that reduce pollution and flooding risks from urban runoff and improve urban water quality and quantity by exploiting natural processes such as infiltration and retention.	2.3. Sustainable urban drainage systems
ELIGIBILITY FOR THE TRANSITION TO A CIRCULAR ECONOMY OBJECTIVE		
Business Unit	MM Activities	Taxonomic activities
Engineering	Designs for the construction of schools and public buildings	3.1. Construction of new buildings
Water Service, Engineering, Housing	Design and execution of renovation works for public housing and housing units under management	3.2. Renovation of existing buildings
Engineering	Design and execution of demolition works for schools and public buildings	3.3. Demolition of buildings and other structures
Engineering, Ordinary Maintenance Plant and Infrastructure	Maintenance work on city streets	3.4. Road and motorway maintenance
Engineering	Design and construction supervision of metro lines	3.5. Use of concrete in civil engineering
ELIGIBILITY FOR THE POLLUTION PREVENTION AND REDUCTION OBJECTIVE		
Business Unit	MM Activities	Taxonomic activities
Engineering, Housing	Land reclamation and asbestos removal work	2.4. Remediation of contaminated sites and areas

2. ANALYSIS OF COMPLIANCE WITH TECHNICAL SCREENING, DNSH REQUIREMENTS AND MINIMUM SOCIAL SAFEGUARDS

Following the identification of the activities eligible for the European Taxonomy, an analysis of their substantial contribution to the various environmental objectives and the criteria for verifying that no significant harm was caused to the other environmental objectives of the European Taxonomy, according to the Do No Significant Harm (hereinafter also DNSH) principle, was then carried out to assess their effective alignment with the European Taxonomy. 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 project analysed, depending on the requirements of the European Taxonomy and the characteristics of the business conducted.

The alignment assessment took place according to the steps shown in the following graph.

ALIGNMENT ASSESSMENT PATHWAY



Article 18.1 of the EU Taxonomy Regulation describes so-called Minimum Safeguards as procedures implemented by a company to ensure that it carries out its activities in accordance with an internationally recognised set of social standards. In line with the Platform on Sustainable Finance's 'Final Report on Minimum Safeguards' of October 2022, MM made an assessment of the four areas of minimum safeguards: i.e. human rights, anti-corruption, taxation, fair competition practices. Over the years, the company has put in place adequate processes to manage these issues and received no significant sanctions in relation to them in the reporting year.

For more information on how MM deals with these issues, please refer to Chapter 2.3.1 'The People of MM' (paragraphs S1-1, S1-3, S1-17) and Chapter 2.4.1 'Business Conduct' (paragraphs G1-1, G1-2 and 'Tax Compliance').

3. KPI CALCULATION METHODOLOGY

The economic and financial indicators, on which the allowable and aligned asset shares are based, are determined on the basis of data from MM's annual financial statements, prepared in accordance with IFRS international accounting standards.

1) KPI - Revenues

$$\text{Revenues KPI (\%)} = \frac{\text{Revenue from activities aligned with the EU Taxonomy.}}{\text{Total revenue}}$$

Consistent with the provisions of Delegated Regulation 2021/2178, the revenue KPI is calculated as the ratio of revenue from economic activities aligned with the European Taxonomy to the total revenue recognised by MM's European Taxonomy. 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 for work on goods under concession' to avoid double counting with CapEx quotas 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 allowable and aligned revenue shares for the different activities, the revenues directly attributable to plants, service perimeters and projects were taken into account with the help of cost accounting. In particular, in the absence of direct connection with the service perimeters, the allocation of revenues between the sewerage and wastewater purification systems was carried out on the basis of the population equivalent collected and treated. In order to have an estimate of the income from the rental of owned buildings only, 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 allowable on the total property depreciation from the asset book was used as a proxy.

2) KPI - Capital Expenditure (CapEx)

$$\text{KPI Capex (\%)} = \frac{\text{Capex from activities aligned with the EU Taxonomy}}{\text{Total Capex}}$$

The CapEx KPI was quantified in line with the provisions of Delegated Regulation 2021/2178, as the ratio of CapEx related to aligned activities and MM's total CapEx. The total denominator was calculated considering the value of the increase in tangible and intangible assets during the year for IAS 16 - Property, Plant and Equipment, IFRIC 12 - Rights on goods under concession, IAS 38 - Other Intangible Assets, and IFRS 16 - Leases with Right of Use. It should be noted, however, that items relating to decreases due to adjustments, write-downs and foreign branch exchange differences were not measured for the purpose of quantifying MM CapEx.

CapEx were 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 intervention and the alignment assessed according to the process described in the previous sections.

3) KPI - Operating Expenses (OpEx)

$$KPI\ Opex\ (\%) = \frac{Recognised\ Opex\ from\ activities\ aligned\ with\ the\ EU\ Taxonomy}{Opex\ recognised\ by\ EU\ Taxonomy}$$

The OpEx KPI is calculated as the ratio of OpEx related to economic activities aligned with the European Taxonomy to the total OpEx recognised by MM's European Taxonomy. 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 OpEx, 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 assessment, where necessary, with the help 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 projects that clearly refer to maintenance activities or 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 Annual Report. 'Changes in inventories' have been included in the operating costs recognised by the European Taxonomy, as they relate to materials used for the routine maintenance of the water service assets managed by MM. It should be noted that the denominator does not coincide with the totals of the items taken into account because they also include types of operating costs not recognised by the European Taxonomy.

In order to identify the allowable and aligned shares of operating costs for the different activities, where the OpEx component was directly allocable, the amount was allocated punctually to the individual activity of the European Taxonomy, in cases where the component impacted on several activities, drivers were used to reallocate the amount between activities. In particular, in the absence of a direct connection with the service perimeters, the allocation of the recognised operating costs between the sewerage and wastewater purification systems was made on the basis of the equivalent inhabitants collected and treated, while in the specific case of the maintenance costs of the fleet vehicles, the allocation was made on the basis of the kilometres travelled by each vehicle in relation to the total kilometres travelled by the entire fleet in the year of reporting.

European Taxonomy Reporting Schemes

Share of turnover deriving from products or services associated with economic activities aligned with the taxonomy - disclosure for the year 2024

Economic activities	Code	Turnover in absolute terms [euro]	Share of turnover [%]	Substantial contribution						DNSH criteria						Share of turnover aligned (A1) or eligible (A2) to the Taxonomy, year 2023 [%]	Enabling activities E	Transition activities T
				Climate change mitigation YES;N O; N/ELIG	Adaptation to climate change YES;N O; N/ELIG	Sustainable use and protection of marine resources YES;N O; N/ELIG	Transition to the circular economy YES;N O; N/ELIG	Pollution prevention and reduction YES;N O; N/ELIG	Restoring biodiversity and ecosystems YES;N O; N/ELIG	Climate change mitigation [YE S/ NO]	Adaptation to climate change [YE S/ NO]	Sustainable use and protection of marine resources [YE S/ NO]	Transition to the circular economy [YE S/ NO]	Pollution prevention and reduction [YE S/ NO]	Restoring biodiversity and ecosystems [YE S/ NO]			

A. ACTIVITIES ELIGIBLE FOR TAXONOMY

A.1 Environmentally sustainable activities (aligned with taxonomy)

Construction, extension and operation of water collection, treatment and supply systems/Water supply	CCM 5.1./WTR 2.1.	€64,994,699	24.8%	YES	N/ELIG	NO	N/ELIG	N/ELIG	N/ELIG	YES	YES		YES	YES	25.4%		
Infrastructure for personal mobility, cycling	CCM 6.13.	€445,016	0.2%	YES	N/ELIG	N/ELIG	N/ELIG	N/ELIG	N/ELIG	YES	YES	YES	YES	YES	-	E	
Infrastructure enabling low-emission road and public transport	CCM 6.15.	€805,284	0.3%	YES	N/ELIG	N/ELIG	N/ELIG	N/ELIG	N/ELIG	YES	YES	YES	YES	YES	0.9%	E	
Infrastructure enabling low-emission road and public transport ¹	CCM 6.15. ¹	€1,633,012	0.6%	YES	N/ELIG	N/ELIG	N/ELIG	N/ELIG	N/ELIG	YES	YES	YES	YES	YES		E	

Construction of new buildings	CCM 7.1./CE 3.1.	€711,145	0.3%	YES	N/ELIG	N/ELIG	NO	N/ELIG	N/ELIG	YES	YES	YES	YES	YES	YES	YES	0.1%	
Renovation of existing buildings	CCM 7.2./CE 3.2.	€592,226	0.2%	YES	N/ELIG	N/ELIG	NO	N/ELIG	N/ELIG	YES	YES	YES	YES	YES		YES	0.1%	T
Turnover of environmentally sustainable activities (aligned with taxonomy) (A.1)		€69,181,382	26.4%	26.4%	0.0%	0.0%	0.0%	0.0%	0.0%	YES	YES	YES	YES	YES	YES	YES	26.5%	
of which enabling		€2,883,312	1.1%	1.1%	0.0%	0.0%	0.0%	0.0%	0.0%								0.9%	E
of which transitional		€592,226	0.2%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%								0.1%	T
A.2. Activities eligible for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy)																		
Infrastructure for personal mobility, cycling	CCM 6.13.	€18,288	0.0%	YES	N/ELIG	N/ELIG	N/ELIG	N/ELIG	N/ELIG		NO	YES	YES	YES	YES	YES	0.0%	
Infrastructure for personal mobility, cycling	CCM 6.13.	€97,591	0.0%	YES	N/ELIG	N/ELIG	N/ELIG	N/ELIG	N/ELIG		NO	NO	YES	YES	NO	YES	0.0%	
Infrastructure enabling low-emission road and public transport	CCM 6.15.	€139,261	0.1%	YES	N/ELIG	N/ELIG	N/ELIG	N/ELIG	N/ELIG		YES	YES	YES	YES	NO	YES	0.2%	
Infrastructure enabling low-emission road and public transport	CCM 6.15.	€45,043	0.0%	YES	N/ELIG	N/ELIG	N/ELIG	N/ELIG	N/ELIG		YES	YES	NO	YES	YES	YES	0.0%	
Infrastructure enabling low-emission road and public transport	CCM 6.15.	€1,832,368	0.7%	YES	N/ELIG	N/ELIG	N/ELIG	N/ELIG	N/ELIG		NO	YES	YES	YES	YES	YES	1.2%	
Infrastructure enabling low-emission road and public transport	CCM 6.15.	€2,849,938	1.1%	YES	N/ELIG	N/ELIG	N/ELIG	N/ELIG	N/ELIG		NO	YES	YES	YES	NO	YES	1.2%	
Infrastructure enabling low-emission road and public transport	CCM 6.15.	€82,957	0.0%	YES	N/ELIG	N/ELIG	N/ELIG	N/ELIG	N/ELIG		NO	YES	NO	YES	NO	YES	0.2%	
Infrastructure enabling low-emission road and public transport	CCM 6.15.	€112	0.0%	YES	N/ELIG	N/ELIG	N/ELIG	N/ELIG	N/ELIG		NO	YES	NO	YES	YES	YES	-	
Infrastructure enabling low-emission road and public transport	CCM 6.15.	€242,870	0.1%	YES	N/ELIG	N/ELIG	N/ELIG	N/ELIG	N/ELIG		NO	YES	NO	NO	YES	YES	1.2%	

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Infrastructure enabling low-emission road and public transport	CCM 6.15.	€2,387,379	0.9%	YES	N/ELIG	N/ELIG	N/ELIG	N/ELIG	N/ELIG	NO	NO	NO	NO	NO	YES	0.1%	
Infrastructure enabling low-emission road and public transport ²	CCM 6.15. ²	€3,154,240	1.2%	YES	N/ELIG	N/ELIG	N/ELIG	N/ELIG	N/ELIG	NO	YES	YES	YES	YES	YES	0.6%	
Infrastructure enabling low-emission road and public transport ³	CCM 6.15. ³	€1,295,457	0.5%	YES	N/ELIG	N/ELIG	N/ELIG	N/ELIG	N/ELIG	YES	YES	NO	YES	YES	YES	0.4%	
Construction of new buildings	CCM 7.1./CE 3.1.	€68,423	0.0%	YES	N/ELIG	N/ELIG	NO	N/ELIG	N/ELIG	YES	NO	YES	YES	YES	YES	0%	
Renovation of existing buildings	CCM 7.2./CE 3.2.	€95,624	0.0%	YES	N/ELIG	N/ELIG	NO	N/ELIG	N/ELIG	YES	NO	YES	YES	NO	YES	0.1%	
Renovation of existing buildings	CCM 7.2./CE 3.2.	€381,177	0.1%	YES	N/ELIG	N/ELIG	NO	N/ELIG	N/ELIG	YES	NO	YES	NO	YES	YES	0.0%	
Renovation of existing buildings	CCM 7.2./CE 3.2.	€54,707	0.0%	YES	N/ELIG	N/ELIG	NO	N/ELIG	N/ELIG	YES	NO	YES	NO	NO	YES	0.2%	
Sustainable urban drainage systems	WTR 2.3.	€65,083	0.0%	N/ELIG	N/ELIG	YES	N/ELIG	N/ELIG	N/ELIG	NO			YES	YES	YES	-	
Remediation of contaminated sites and areas	PCC 2.4.	€71,250	0.0%	N/ELIG	N/ELIG	N/ELIG	N/ELIG	YES	N/ELIG	YES	NO	YES	YES		YES	YES	-
Remediation of contaminated sites and areas ⁵	PCC 2.4. ⁵	€263,258	0.1%	N/ELIG	N/ELIG	N/ELIG	N/ELIG	YES	N/ELIG	NO	NO	YES	NO		YES	YES	-
Turnover of eligible activities contributing substantially to at least one objective of the Taxonomy, but not aligned (A.2.1)		€13,146,322	5.0%	4.9%	0.0%	0.0%	0.0%	0.1%	0.0%								
Construction, extension and operation of wastewater collection and treatment systems/ Municipal wastewater treatment	CCM 5.3./WTR 2.2.	€120,899,100	46.2%	NO	N/ELIG	NO	N/ELIG	N/ELIG	N/ELIG							49.1%	
Infrastructure for personal mobility, cycling	CCM 6.13.	€8,014	0.0%	NO	N/ELIG	N/ELIG	N/ELIG	N/ELIG	N/ELIG							0.0%	
Infrastructure enabling low-emission road and public transport	CCM 6.15.	€7,947,839	3.0%	NO	N/ELIG	N/ELIG	N/ELIG	N/ELIG	N/ELIG							1.1%	

Infrastructure enabling low-emission road and public transport ⁴	CCM 6.15. ⁴	€39,853	0.0%	NO	N/ELIG	N/ELIG	N/ELIG	N/ELIG	N/ELIG		0.0%	
Construction of new buildings	CCM 7.1./CE 3.1.	€1,598,968	0.6%	NO	N/ELIG	N/ELIG	NO	N/ELIG	N/ELIG		0.5%	
Renovation of existing buildings	CCM 7.2./CE 3.2.	€4,314,078	1.6%	NO	N/ELIG	N/ELIG	NO	N/ELIG	N/ELIG		1.6%	
Renovation of existing buildings ⁵	CCM 7.2./CE 3.2. ⁵	€264,552	0.1%	NO	N/ELIG	N/ELIG	NO	N/ELIG	N/ELIG		0.0%	
Purchase and ownership of buildings	CCM 7.7./CC A 7.7.	€1,014,745	0.4%	NO	N/ELIG	N/ELIG	N/ELIG	N/ELIG	N/ELIG		0.3%	
Demolition of buildings and other structures	CE 3.3.	€278,179	0.1%	N/ELIG	N/ELIG	N/ELIG	NO	N/ELIG	N/ELIG		0.2%	
Road and motorway maintenance	CE 3.4.	€1,259,284	0.5%	N/ELIG	N/ELIG	N/ELIG	NO	N/ELIG	N/ELIG		0.3%	
Road and motorway maintenance ⁴	CE 3.4. ⁴	€39,853	0.0%	N/ELIG	N/ELIG	N/ELIG	NO	N/ELIG	N/ELIG		-	
Use of concrete in civil engineering ²	CE 3.5. ²	€2,928,470	1.1%	N/ELIG	N/ELIG	N/ELIG	NO	N/ELIG	N/ELIG		-	
Use of concrete in civil engineering ^{1:3}	CE 3.5. ^{1:3}	€3,154,240	1.2%	N/ELIG	N/ELIG	N/ELIG	NO	N/ELIG	N/ELIG		-	
Remediation of contaminated sites and areas	PPC 2.4.	€11,121	0.0%	N/ELIG	N/ELIG	N/ELIG	N/ELIG	NO	N/ELIG		0.0%	
Turnover of eligible activities but not contributing substantially to the objectives of the Taxonomy (A.2.2)		€143,758,296	54.9%	52.0%	0.0%	71.0%	6.0%	0.0%	0.0%		-	
Turnover from activities eligible for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy) (A.2.1. + A.2.2.)		€150,517,503	57.5%	56.8%	0.0%	71.0%	6.0%	0.1%	0.0%		58.9%	
Total (A.1 + A.2.1. + A.2.2.)		€219,698,885	83.9%	83.2%	0.0%	71.0%	6.0%	0.1%	0.0%		85.5%	
B. ACTIVITIES NOT ELIGIBLE FOR TAXONOMY												
Turnover from activities not eligible for taxonomy (B)		€42,216,686	16.1%									
TOTAL (A+B)		€261,915,571	100%									

^{1,2,3}Amount related to the same interventions concerning CCM 6.15. and EC 3.5. activities. To be counted only once to avoid double counting

⁴Amount related to the same interventions concerning CCM 6.15. and EC 3.4. activities. To be counted only once to avoid double counting

⁵Amount related to the same interventions concerning CCM 7.2. and PCC 2.4. activities. To be counted only once to avoid double counting

NOTES:

CCM: Climate change mitigation

CCA: Adaptation to climate change

WTR: Sustainable use and protection of marine resources

CE: Transition to the circular economy

PPC: Pollution prevention and reduction

BIO: restoring biodiversity and ecosystems

YES: the activity is eligible for eco-sustainability status and meets the criteria for substantial contribution or DNSH with reference to the relevant environmental objective

NO: the activity is eligible for eco-sustainability status but does not meet the criteria for substantial contribution or DNSH with reference to the relevant environmental objective

N/ELIG: the activity is not eligible for eco-sustainability qualification for the relevant objective

In order for an activity to be included in section A.1, it must fulfil the criterion of substantial contribution to at least one environmental objective, all DNSH criteria and the relevant minimum safeguards. Non-financial enterprises may indicate in section A.2 the substantial contribution and the DNSH criteria fulfilled or not fulfilled, using, for the substantial contribution, the labels YES/NO or N/ELIG and for the DNSH the labels YES/NO.

In the event that an economic activity contributes substantially to more than one environmental objective, the objective considered as a priority has been highlighted in **bold**, applying the following relevance criteria:

- a. Where only one of the objectives met the substantial contribution criteria, the objective for which the substantial contribution criteria set by the European Taxonomy were met was considered relevant (highlighted in bold);
- b. Where the substantive contribution was verified for several objectives, relevance (highlighted in bold) was attributed to the objective most consistent with the nature and purpose of the activity performed.

Below, the degree of eligibility and alignment to each environmental objective is shown, considering for each objective also activities that contribute substantially to more than one objective. The total is calculated excluding double counting, i.e. counting once only the amounts that meet the sustainability criteria for several objectives.

Share of Turnover/Total Turnover

Objective	Aligned with taxonomy by objective	Eligible for taxonomy by objective
CCM	26.4%	83.2%
CCA	0.0%	0.0%
WTR	0.0%	71.0%
CE	0.0%	6.0%
PPC	0.0%	0.1%
BIO	0.0%	0.0%
TOTAL	26.4%	83.9%

Share of operating expenses associated with economic activities aligned with the taxonomy - disclosure for the year 2024

Economic activities	Code	Operating expenses in absolute terms [euro]	Share of operating expenses [%]	Substantial contribution						DNSH criteria						Share of operational expenditure aligned (A1) or eligible (A2) to Taxonomy, year 2023 [%]	Enabling activities E	Transition activities T
				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	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			
				YES;NO; N/ELIG	YES;NO; N/ELIG	YES;NO; N/ELIG	YES;NO; N/ELIG	YES;NO; N/ELIG	YES;NO; N/ELIG	[YES/ NO]	[YES/ NO]	[YES/ NO]	[YES/ NO]	[YES/ NO]	[YES/ NO]	[YES/ NO]		

A. ACTIVITIES ELIGIBLE FOR TAXONOMY
A.1 Environmentally sustainable activities (aligned with taxonomy)

Construction, extension and operation of water collection, treatment and supply systems/Water supply	CCM 5.1./WTR 2.1.	€5,892,843	15.7%	YES	N/ELIG	NO	N/ELIG	N/ELIG	N/ELIG	YES	YES		YES	YES	26.4%			
Transport by motorbikes, cars and light commercial vehicles	CCM 6.5.	€7,660	0.0%	YES	N/ELIG	N/ELIG	N/ELIG	N/ELIG	N/ELIG	YES		YES	YES		YES	0.0%		

Operating expenses of environmentally sustainable activities (aligned with taxonomy) (A.1)		€5,900,502	15.7%	15.7%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	YES	YES	YES	YES	YES	YES	YES	26.4%	
of which enabling		€0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%								0.0%	A
of which transitional		€0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%								0.0%	T
A.2. Activities eligible for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy)																			
Management of personal mobility devices, cycling	CCM 6.4.	€8,702	0.0%	YES	N/ELIG	N/ELIG	N/ELIG	N/ELIG	N/ELIG	N/ELIG	NO	NO			YES			0.0%	
Transport by motorbikes, cars and light commercial vehicles	CCM 6.5.	€1,645	0.0%	YES	N/ELIG	N/ELIG	N/ELIG	N/ELIG	N/ELIG	N/ELIG	NO	YES	NO		YES			0.0%	
Infrastructure enabling low-emission road and public transport	CCM 6.15.	€5,842	0.0%	YES	N/ELIG	N/ELIG	N/ELIG	N/ELIG	N/ELIG	N/ELIG	YES	YES	NO	YES	YES	YES	YES	-	
Infrastructure enabling low-emission road and public transport	CCM 6.15.	€73,971	0.2%	YES	N/ELIG	N/ELIG	N/ELIG	N/ELIG	N/ELIG	N/ELIG	NO	NO	NO	NO	NO	YES	YES	-	
Operating expenses of eligible activities that contribute substantially to at least one objective of the Taxonomy, but are not aligned (A.2.1)		€90,160	0.2%	0.2%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%									
Construction, extension and operation of wastewater collection and treatment systems/ Municipal wastewater treatment	CCM 5.3./WTR 2.2.	€6,649,496	17.7%	NO	N/ELIG	NO	N/ELIG	N/ELIG	N/ELIG	N/ELIG								15.6%	
Transport by motorbikes, cars and light commercial vehicles	CCM 6.5.	€493,241	1.3%	NO	N/ELIG	N/ELIG	N/ELIG	N/ELIG	N/ELIG	N/ELIG								0.8%	

Infrastructure enabling low-emission road and public transport	CCM 6.15.	€781	0.0%	NO	N/ELIG	N/ELIG	N/ELIG	N/ELIG	N/ELIG		0.3%	
Renovation of existing buildings	CCM 7.2./CE 3.2.	€2,338,901	6.1%	NO	N/ELIG	N/ELIG	NO	N/ELIG	N/ELIG		6.7%	
Road and motorway maintenance	CE 3.4.	€668,871	1.7%	N/ELIG	N/ELIG	N/ELIG	NO	N/ELIG	N/ELIG		0.6%	
Operating expenses of eligible activities but which do not contribute substantially to the objectives of the Taxonomy (A.2.2)		€10,151,288	27.1%	25.3%	0.0%	33.5%	8.0%	0.0%	0.0%			
Operating expenses of activities eligible for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy) (A.2.1. + A.2.2.)		€10,241,448	27.3%	25.6%	0.0%	33.5%	8.0%	0.0%	0.0%		23.6%	
Total (A.1 + A.2.1. + A.2.2.)		€16,141,950	43.1%	41.3%	0.0%	33.5%	8.0%	0.0%	0.0%		50.0%	
B. ACTIVITIES NOT ELIGIBLE FOR TAXONOMY												
Operating expenses of activities not eligible for taxonomy (B)		€21,345,664	56.9%									
TOTAL (A+B)		€37,487,615	100%									

NOTES:

CCM: Climate change mitigation

CCA: Adaptation to climate change

WTR: Sustainable use and protection of marine resources

CE: Transition to the circular economy

PPC: Pollution prevention and reduction

BIO: restoring biodiversity and ecosystems

YES: the activity is eligible for eco-sustainability status and meets the criteria for substantial contribution or DNSH with reference to the relevant environmental objective

NO: the activity is eligible for eco-sustainability status but does not meet the criteria for substantial contribution or DNSH with reference to the relevant environmental objective

N/ELIG: the activity is not eligible for eco-sustainability qualification for the relevant objective

In order for an activity to be included in section A.1, it must fulfil the criterion of substantial contribution to at least one environmental objective, all DNSH criteria and the relevant minimum safeguards. Non-financial enterprises may indicate in section A.2 the substantial contribution and the DNSH criteria fulfilled or not fulfilled, using, for the substantial contribution, the labels YES/NO or N/ELIG and for the DNSH the labels YES/NO.

In the event that an economic activity contributes substantially to more than one environmental objective, the objective considered as a priority has been highlighted in **bold**, applying the following relevance criteria:

- a. Where only one of the objectives met the substantial contribution criteria, the objective for which the substantial contribution criteria set by the European Taxonomy were met was considered relevant (highlighted in bold);
- b. Where the substantive contribution was verified for several objectives, relevance (highlighted in bold) was attributed to the objective most consistent with the nature and purpose of the activity performed.

Below, the degree of eligibility and alignment to each environmental objective is shown, considering for each objective also activities that contribute substantially to more than one objective. The total is calculated excluding double counting, i.e. counting once only the amounts that meet the sustainability criteria for several objectives.

Share of Opex/Total Opex

Objective	Aligned with taxonomy by objective	Eligible for taxonomy by objective
CCM	15.7%	41.3%
CCA	0.0%	0.0%
WTR	0.0%	33.5%
CE	0.0%	8.0%
PPC	0.0%	0.0%
BIO	0.0%	0.0%
TOTAL	15.7%	43.1%

Share of capital expenditure associated with economic activities aligned with the taxonomy - disclosure for the year 2024

Economic activities	Code	Capital expenditure in absolute terms [euro]	Share of capital expenditure [%]	Substantial contribution						DNSH criteria					Minimum safeguards	Share of CapEx aligned (A1) or eligible (A2) to Taxonomy, year 2023 [%]	Enabling activities E	Transition activities T
				Climate change mitigation YES;NO; N/ELIG	Adaptation to climate change YES;NO; N/ELIG	Sustainable use and protection of marine resources YES;NO; N/ELIG	Transition to the circular economy YES;NO; N/ELIG	Pollution prevention and reduction YES;NO; N/ELIG	Restoring biodiversity and ecosystems YES;NO; N/ELIG	Climate change mitigation [YES/ NO]	Adaptation to climate change [YES/ NO]	Sustainable use and protection of marine resources [YES/ NO]	Transition to the circular economy [YES/ NO]	Pollution prevention and reduction [YES/ NO]				

A. ACTIVITIES ELIGIBLE FOR TAXONOMY

A.1 Environmentally sustainable activities (aligned with taxonomy)

Construction, extension and operation of water collection, treatment and supply systems/Water supply	CCM 5.1./WTR 2.1.	€7,153,423	11.1%	YES	N/ELIG	NO	N/ELIG	N/ELIG	N/ELIG	YES	YES		YES	YES	YES	8.4%		
Renewal of water collection, treatment and supply systems/Water supply	CCM 5.2./WTR 2.1.	€21,254,610	32.9%	YES	N/ELIG	YES	N/ELIG	N/ELIG	N/ELIG	YES	YES		YES	YES	YES	3.4%		
Anaerobic digestion of sewage sludge	CCM 5.6.	€119,907	0.2%	YES	N/ELIG	N/ELIG	N/ELIG	N/ELIG	N/ELIG	YES	YES		YES	YES	YES	0.3%		
Capital expenditures of environmentally sustainable activities (aligned with taxonomy) (A.1)		€28,527,940	44.2%	44.2%	0.0%	32.9%	0.0%	0.0%	0.0%	YES	YES	YES	YES	YES	YES	12.0%		
of which enabling		€0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%							0.0%	A	
of which transitional		€0	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%							0.0%		T

A.2. Activities eligible for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy)

Generating electricity with photovoltaic solar technology	CCM 4.1.	€212,414	0.3%	YES	N/ELIG	N/ELIG	N/ELIG	N/ELIG	N/ELIG	NO	YES	YES	YES	0.5%	
Generating electricity with photovoltaic solar technology	CCM 4.1.	€217,490	0.3%	YES	N/ELIG	N/ELIG	N/ELIG	N/ELIG	N/ELIG	NO	NO	YES	YES	0.1%	
Transport by motorbikes, cars and light commercial vehicles	CCM 6.5.	€20,276	0.0%	YES	N/ELIG	N/ELIG	N/ELIG	N/ELIG	N/ELIG	NO	YES	NO	YES	-	
Renovation of existing buildings	CCM 7.2./CE 3.2.	€2,192	0.0%	YES	N/ELIG	N/ELIG	NO	N/ELIG	N/ELIG	YES	NO	YES	NO	1.8%	
Sustainable urban drainage systems	WTR 2.3.	€54,954	0.1%	N/ELIG	N/ELIG	YES	N/ELIG	N/ELIG	N/ELIG	NO		YES	YES	YES	-
Capital expenditures of eligible activities contributing substantially to at least one objective of the Taxonomy, but not aligned (A.2.1)		€507,326	0.8%	0.7%	0.0%	0.1%	0.0%	0.0%	0.0%						
High-performance cogeneration of heat/cool and electricity from gaseous fossil fuels	CCM 4.30.	€103,536	0.2%	NO	N/ELIG	N/ELIG	N/ELIG	N/ELIG	N/ELIG					0.7%	
Construction, extension and operation of wastewater collection and treatment systems/ Municipal wastewater treatment	CCM 5.3./WTR 2.2.	€3,694,181	5.7%	NO	N/ELIG	NO	N/ELIG	N/ELIG	N/ELIG					2.0%	
Renewal of wastewater collection and treatment systems/ Municipal wastewater treatment	CCM 5.4./WTR 2.2.	€15,425,134	23.9%	NO	N/ELIG	NO	N/ELIG	N/ELIG	N/ELIG					29.9%	
Transport by motorbikes, cars and light commercial vehicles	CCM 6.5.	€1,157,291	1.8%	NO	N/ELIG	N/ELIG	N/ELIG	N/ELIG	N/ELIG					0.1%	
Renovation of existing buildings	CCM 7.2./CE 3.2.	€10,895	0.0%	NO	N/ELIG	N/ELIG	NO	N/ELIG	N/ELIG					0.3%	
Purchase and ownership of buildings	CCM 7.7./CCA 7.7.	€1,164,129	1.8%	NO	N/ELIG	N/ELIG	N/ELIG	N/ELIG	N/ELIG					-	
Capital expenditures of eligible activities but not contributing substantially to the objectives of the Taxonomy (A.2.2)		€21,555,166	33.4%	33.4%	0.0%	40.7%	0.0%	0.0%	0.0%						
Capital expenditures of activities eligible for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy) (A.2.1. + A.2.2.)		€22,062,492	34.2%	34.1%	0.0%	40.8%	0.0%	0.0%	0.0%					73.3%	

Total (A.1 + A.2.1. + A.2.2.)	€50,590,432	78.4%	78.3%	0.0%	73.7%	0.0%	0.0%	0.0%	85.3%
B. ACTIVITIES NOT ELIGIBLE FOR TAXONOMY									
Capital expenditures of activities not eligible for taxonomy (B)	€13,946,628	21.6%							
TOTAL (A+B)	€64,537,060	100%							

NOTES:

CCM: Climate change mitigation

CCA: Adaptation to climate change

WTR: Sustainable use and protection of marine resources

CE: Transition to the circular economy

PPC: Pollution prevention and reduction

BIO: restoring biodiversity and ecosystems

YES: the activity is eligible for eco-sustainability status and meets the criteria for substantial contribution or DNSH with reference to the relevant environmental objective

NO: the activity is eligible for eco-sustainability status but does not meet the criteria for substantial contribution or DNSH with reference to the relevant environmental objective

N/ELIG: the activity is not eligible for eco-sustainability qualification for the relevant objective

In order for an activity to be included in section A.1, it must fulfil the criterion of substantial contribution to at least one environmental objective, all DNSH criteria and the relevant minimum safeguards. Non-financial enterprises may indicate in section A.2 the substantial contribution and the DNSH criteria fulfilled or not fulfilled, using, for the substantial contribution, the labels YES/NO or N/ELIG and for the DNSH the labels YES/NO.

In the event that an economic activity contributes substantially to more than one environmental objective, the objective considered as a priority has been highlighted in **bold**, applying the following relevance criteria:

- Where only one of the objectives met the substantial contribution criteria, the objective for which the substantial contribution criteria set by the European Taxonomy were met was considered relevant (highlighted in bold);
- Where the substantive contribution was verified for several objectives, relevance (highlighted in bold) was attributed to the objective most consistent with the nature and purpose of the activity performed. For example, for investments in the renewal of

water collection, treatment and supply systems, relevance was given to the objective of sustainable use and protection of water and marine resources (WTR), as opposed to the objective of climate change mitigation (CCM), because the primary purpose of these interventions was to reduce network leakage.

Below, the degree of eligibility and alignment to each environmental objective is shown, considering for each objective also activities that contribute substantially to more than one objective. The total is calculated excluding double counting, i.e. counting once only the amounts that meet the sustainability criteria for several objectives.

Share of CapEx/Total CapEx

Objective	Aligned with taxonomy by objective	Eligible for taxonomy by objective
CCM	44.2%	78.3%
CCA	0.0%	0.0%
WTR	32.9%	73.7%
CE	0.0%	0.0%
PPC	0.0%	0.0%
BIO	0.0%	0.0%
TOTAL	44.2%	78.4%

2.2.2 Combating climate change

E1-1 Transition Plan for Climate Change Mitigation

The implementation of a transition plan for climate change mitigation has been scheduled for 2027.

ESRS 2 SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model

The double materiality analysis highlighted climate change as one of the most relevant topics, outlined in the following sub-topics: climate change mitigation, adaptation to climate and energy.

The table below shows the IROs identified specifically for the **Integrated Water Service (IWS)**, and, where applicable, a description of their content and potential implications, both favourable and unfavourable, arising from their occurrence.

Negative impacts mainly concern climate change mitigation, i.e. the generation of climate-changing emissions in MM's own activities, upstream and downstream in the value chain. Positive impacts focus mainly on energy recovery, while risks and opportunities affect energy, climate change mitigation and adaptation in different ways.

IROs related to climate change	Sub-topic	IRO typology	Effective/Potential	Value chain	Time horizon
<p>Generation of GHG emissions related to energy consumption and MM's car fleet Generation of direct GHG emissions (Scope 1 and 2) resulting from the use of non-renewable energy sources for corporate activities, such as the operation of premises, IWS plants (for the highly energy-intensive processes of water abstraction, purification and treatment) and the car fleet</p>	<p>Climate change mitigation</p>	<p>Negative impact</p>	<p>Effective</p>	<p>Own operations</p>	<p>-</p>
<p>Generation of GHG emissions by suppliers with whom MM cooperates Contribution by suppliers with whom MM collaborates to climate change through the use of non-renewable energy sources and the resulting generation of greenhouse gases in their respective activities (Scope 3 emissions due to e.g. the purchase of supplies for plant construction, ...)</p>	<p>Climate change mitigation</p>	<p>Negative impact</p>	<p>Effective</p>	<p>Suppliers</p>	<p>-</p>

IROs related to climate change	Sub-topic	IRO typology	Effective/Potential	Value chain	Time horizon
<p>Generation of GHG emission by customers using water combined with energy carriers to transfer thermal energy to the environment Contribution by customers to climate change through the generation of greenhouse gases in the process of heating water to transfer thermal energy to the environment (e.g. thermal plants, domestic hot water, etc., granular activated carbon regeneration)</p>	Climate change mitigation	Negative impact	Effective	Downstream Value Chain	-
<p>Generation of climate-changing emissions by farmers for the transport of compost and fertilisers and their spreading on agricultural land Contribution of customers to climate change through the generation of greenhouse gases due to the transport of compost and fertilisers for agriculture and their spreading on agricultural land</p>	Climate change mitigation	Negative impact	Effective	Downstream Value Chain	-
<p>Contribution to the climate change adaptation capacity of the territories in which MM operates through the design and implementation of infrastructure and interventions that increase their resilience Design and implementation of infrastructures and interventions to increase the capacity to adapt to climate change-related risks in the areas in which MM operates (e.g. Seveso river lamination basin, SUDS sustainable urban drainage system in Via Pacini, restructuring of the road drainage network, reinforcement of drain cleaning and purging activities)</p>	Adaptation to climate change	Positive impact	Effective	Own operations	-
<p>Energy and heat recovery from the waste-to-energy transformation of sewage sludge and heat reuse from water Energy and heat recovery from the waste-to-energy transformation of sewage sludge and the reuse of heat from sewerage, groundwater and wastewater</p>	Energy	Positive impact	Effective	Own operations	-

IROs related to climate change	Sub-topic	IRO typology	Effective/ Potential	Value chain	Time horizon
<p>Energy recovery from renewable sources Designing and installing plants for the production of energy from renewable sources to cover the company's energy needs in a logic of self-consumption</p>	Energy	Positive impact	Effective	Own operations	-
<p>Energy recovery through the improvement of the energy efficiency of the IWS Energy efficiency measures carried out at the purification plants and power stations of the Integrated Water Service in order to reduce energy consumption</p>	Energy	Positive impact	Effective	Own operations	-
<p>Energy risk with possible slowdown of activities and some non-essential services and with economic consequences such as extra costs not foreseen in the budget The risk is twofold: from the point of view of energy supply with possible slowdown of activities and some non-essential services and from the economic point of view with consequences such as extra costs not foreseen in the budget.</p>	Energy	Transition risk	Potential	Own operations	-
<p>Increase in frequency and intensity of extreme weather events with repercussions on the operations of MM The increase in the frequency and intensity of extreme meteorological events can have repercussions on the operations and efficiency of Integrated Water Service plants and networks, road maintenance and green management, causing physical damage to structures, flooding and spills of untreated sewage into the soil and water bodies, and disruption to the territory.</p>	Adaptation to climate change	Acute physical risk	Potential	Own operations	-
<p>Introduction and development of policies and regulations with impacts on investments and costs The introduction and development of policies and regulations at the international, European and national level to promote the fight against climate change may have impacts on</p>	Climate change mitigation	Transition risk	Potential	Own operations	-

IROs related to climate change	Sub-topic	IRO typology	Effective/ Potential	Value chain	Time horizon
investment and operating costs. In particular, the European Commission's commitments to climate neutrality by 2050, compliance with the Paris Agreements and the adoption of the new Corporate Sustainability Reporting Directive (CSRD) may cause damage (reputational and/or legal) for failing to meet the applicable targets; in addition, insufficient investment in innovation towards low-emission technologies and solutions might cause an inability to adapt and anticipate market demands, with consequences in terms of loss of competitiveness and reduced availability of financing from banks and institutional investors.					
Access to financing with subsidised cost of capital Access to financing with subsidised cost of capital for the implementation of projects promoting climate change mitigation (e.g. large projects financed by the NRRP, renovation of ERP assets e.g. through incentives in the field of energy efficiency, ...)	Climate change mitigation	Opportunities	Potential	Own operations	Long-term
Self-production of renewable energy through waste-to-energy processing Increase in the share of energy consumption covered by self-production of renewable energy through waste-to-energy transformation of sewage sludge and reuse of heat from the sewerage network, groundwater and wastewater, resulting in reduced energy costs	Energy	Opportunities	Potential	Own operations	Medium-term

With regard to the activities of the **Engineering Business Unit**, four IROs on climate change were identified from conducting the double materiality analysis. In particular, there are two impacts, one negative and one positive, and two opportunities concerning the sub-topic of climate change mitigation.

The table below shows, for each IRO, where applicable, a description of its content and potential implications, both favourable and unfavourable, arising from its occurrence.

IROs related to climate change	Sub-topic	IRO typology	Effective/ Potential	Value chain	Time horizon
<p>Generation of climate-changing emissions by suppliers with whom MM cooperates Contribution of suppliers with whom MM collaborates to climate change through the use of non-renewable energy sources and the resulting generation of greenhouse gases in their respective activities (Scope 3 emissions due to e.g. the purchase of supplies for plant construction, ...)</p>	Climate change mitigation	Negative impact	Effective	Suppliers	-
<p>Design and implementation of sustainable mobility interventions that disincentivise the use of private vehicles and promote the transition of the cities in which MM operates Design and implementation of sustainable mobility (cycle paths and metros) that discourage the use of private vehicles and promote the transition of the cities in which MM operates</p>	Climate change mitigation	Positive impact	Effective	Own operations	-
<p>Access to financing with subsidised cost of capital Access to financing with subsidised cost of capital for the implementation of projects promoting climate change mitigation (e.g. large projects financed by the NRRP, renovation of ERP assets e.g. through incentives in the field of energy efficiency, ...)</p>	Climate change mitigation	Opportunities	Potential	Own operations	Long-term
<p>Design and implementation of sustainable mobility projects Design of sustainable mobility infrastructures (cycle paths and metros) assigned by the Municipality of Milan, with a consequent increase in revenues from these projects</p>	Climate change mitigation	Opportunities	Potential	Own operations	Short-term

Climate change resilience model

Governance

As described in the paragraph GOV-2 Information provided to and sustainability matters addressed by the undertaking’s administrative, management and supervisory bodies, the BoD uses the support of the Control, Risk and Sustainability Committee to implement the various activities related to impact management, including examining the content of the Sustainability Statement and expressing opinions

on the specific aspects related to the identification of the main business risks. In addition, the Board of Directors annually approves the double materiality analysis, which aims to identify the main positive and negative impacts, risks and opportunities in the reporting year.

The Risk Management function performs risk analysis through the Enterprise Risk Management (ERM) process, through which risk examination and monitoring activities are carried out with a general overview at macro level on the various corporate businesses to ensure their effective control in line with corporate objectives.

The Enterprise Risk Management Report provides an overview of MM's risk profile. In particular, ERM aims to:

- identify risks potentially impacting the company (Risk Identification);
- systematically assess, measure and manage identified risks in terms of their impact and likelihood of occurrence on business objectives and performance (Risk Assessment);
- mitigate risks by identifying appropriate management strategies and related countermeasures (Risk Response);
- monitor the evolution of the risk profile and the effectiveness of identified responses (Risk Monitoring). ERM envisages the adoption of a common methodology and the implementation of a continuous, cross-company process.

The Risk Manager makes the Enterprise Risk Management report available annually to the Control, Risk and Sustainability Committee, for any evaluations within its authority, prior to forwarding it to the Board of Directors²⁰, the Board of Statutory Auditors and the Supervisory Board. The complete risk map is forwarded to the Internal Audit, Compliance, Quality and Processes functions, with which the results of their respective analyses are periodically shared during the year in order to implement audit plans, monitor the results of the actions carried out and, if necessary, provide for its updating. In addition, on a six-monthly basis, a summary document on the main risks - the Top Risks Report - and related mitigation actions, updated to the first half of each year, is submitted to the Control, Risk and Sustainability Committee.

MM uses an **internal control system**, which consists of three levels according to a pyramid structure:

- LEVEL I - It identifies, assesses, manages and monitors the risks within its responsibility in relation to which it identifies and implements specific treatment actions. Level I controls are carried out directly by the Divisions/ Departments/Functions engaged in the direct management of activities and consequent risk control;
- LEVEL II - Its objective is to ensure the proper implementation of the risk management process, compliance with the operational limits assigned to the various functions and compliance of the company's operations with regulations, including self-regulatory ones. The functions responsible for these controls are Risk Management and the Compliance Function. The objective of Risk Management is to improve the process of identifying corporate risks, the related safeguards and how they are managed together with the Structures involved in the activity;

²⁰ The powers of the Board of Directors can be defined as appropriate for dealing with risk aspects, including climate risks: the CEO, Francesco Mascolo, obtained an Executive Master in Circular Economy Management at the Luiss Business School in 2021. In addition, Roberta Di Vieto, Chairwoman of the Risk and Sustainability Control Committee, has her own professional activity in the field of sustainability compliance.

- LEVEL III - It provides independent 'assurance' on the adequacy and operability of the internal control system. The Internal Auditing function is responsible for this level of control.

Finally, the Board of Statutory Auditors is the supervisory body that monitors, through inspection and control, compliance with the laws of the articles of association and the principles of good governance. Italian Legislative Decree 125/2024 identifies the Audit Committee as being responsible, among other tasks, for monitoring the effectiveness of the company's internal quality control and risk management systems and for monitoring the financial reporting and sustainability statement process.

Regarding the assessment of climate change impacts, in 2024 the Board of Directors approved the **Business Plan** through which MM outlines its **objectives** for the period **2024-2028**. For each section into which the Plan is structured (Ecological Transition; Community and Territory; Giving Value to People; Responsible Business), an action plan is defined with targets to be achieved in the period 2024-2028. Climate issues are addressed in the section 'Ecological Transition'; there are actions within it that deal with adaptation and mitigation to climate change, but their impact in climate terms is not explicitly measured. For more information on the 2024-2028 Business Plan, see *MM's Mission and Business Plan*.

In general, MM's corporate governance is considered suitable to support the integration of climate resilience into strategic decisions when defining the double materiality analysis and CSRD-relevant content.

Climate Risk Assessment

In 2022, MM conducted an initial analysis to identify the main risks related to climate change and the related impacts associated with its activities, based on the classification of climate-related 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. In addition, a study is underway to identify climate risks in relation to the current IWS intervention programme in order to have the elements available to assess the DNSH requirements of the European Taxonomy Regulation.

In 2024, the following **risks** were found to be relevant through the double materiality analysis:

- **increase and frequency of extreme weather events** --> physical risk
- **variation of rainfall patterns** --> physical risk
- **reputational damage resulting from inadequate assessment of climate change impacts in the business plan** --> transition risk
- **introduction of policies with impact on investments and costs** --> transition risk

The contents of these risks can be made explicit according to the following declarations:

- The increase in the frequency and intensity of extreme weather events can have **repercussions on the operation and efficiency of plants and networks of the Integrated Water Service**, road maintenance and green management, causing physical damage to structures, flooding and spills of untreated sewage into the soil and water bodies, and inconvenience to the territory.
- Variation in rainfall patterns (e.g. quantitative and temporal distribution of rainfall) can cause a **reduced/shortage 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 result in the need to **modify water treatment**, distribution and drinking water technologies and practices.

- An inadequate assessment within the Business Plan of the impact of climate change on the evolution of the macro-economic (e.g. the energy market crisis), geo-political (e.g. the Russian-Ukrainian conflict) and socio-environmental (e.g. the Covid-19 pandemic) scenario might have **negative impacts on economic and financial performance** in terms of loss of competitiveness and reputational damage.
- The introduction and development of policies and regulations at the international, European and national level to promote the fight against climate change may have an impact on investments and operating costs for the Company. In particular, the European Commission's commitments to climate neutrality by 2050, compliance with the Paris Agreements and the adoption of the Corporate Sustainability Reporting Directive (CSRD) may cause damage (reputational and/or legal) for failing to meet the targets; in addition, insufficient investment in innovation towards low-emission technologies and solutions might cause an **inability to adapt and anticipate market demands**, with consequences in terms of loss of competitiveness and reduced availability of financing from banks and institutional investors.

Taking the above four risks into consideration, the first three risks are linked to certain actions set out in the **Business Plan** adopted. The fourth transition risk, related to the inadequate assessment within the Business Plan of the impact of climate change, has no explicit actions linked to it, but the actions included in the Plan imply its non-occurrence.

At present, MM has not developed ad hoc quantitative climate risk models; relevance is based on quantifying the magnitude and probability of occurrence of the risk, which is inherent only in MM's own operations and not in its value chain.

For the risk analysis, reference was made to the reference documents drawn up by the **IPCC** (Intergovernmental Panel on Climate Change) and with regard to water supply, the **Water Safety Plan** was adopted.

Below are the **opportunities** identified during the double materiality process:

- **Access to financing with subsidised capital costs** for the implementation of projects to promote climate change mitigation (e.g. large projects financed by the NRRP, renovation of ERP assets e.g. through incentives in the field of energy efficiency);
- **Design of sustainable mobility infrastructures** (cycle paths and metros) awarded by the Municipality of Milan, with a consequent increase in revenues for engineering services from these projects;
- **Increase in the share of energy consumption covered by self-generation of renewable energy** through energy recovery of sewage sludge and reuse of heat from the sewerage system, groundwater and wastewater, resulting in reduced energy costs;

- **Preservation of water resource availability through a water loss recovery plan** and investment in innovative technologies to optimise operating pressures, resulting in reduced losses and increased water resource availability, with a parallel reduction in operating costs.

Strategy

MM's 2024-2028 Business Plan defines a series of actions linked to environmental issues such as adaptation to climate change (e.g. implementation of SUDS or sustainable urban drainage systems), energy efficiency (e.g. heat pumps, water purification and aqueduct process efficiency), self-production from renewable sources (e.g. implementation of anaerobic digesters), circular economy (e.g. reduction of sewage sludge) and protection of water resources (e.g. reduction of water withdrawals from the environment), as well as social issues such as actions to increase employees' awareness of environmental sustainability issues (e.g. sustainable mobility incentive, sustainability training).

In formulating the basic macroeconomic assumptions at country level (GDP, energy consumption, technological development) for the Business Plan, scenarios including the impact of the transition to a low-carbon economy were not considered. The current mitigation strategies defined by MM are not based on the outcome of transition risk analyses. In addition, there are currently no specific climate risk analyses, but climate change adaptation actions are planned such as:

- Implementation of sustainable urban drainage systems (SUDS) and participation in the depaving processes promoted by the Municipality of Milan to improve stormwater drainage and reduce flooding;
- Adaptation of spillways and upgrading of lamination tanks and anti-flooding systems connected to sewerage networks;
- In the operation of the Water Business Unit, the cleaning and purging of roadside drains and gullies will be strengthened.

The strategic and investment decisions **for water infrastructures** consider the historic and forecast exposure level to climate change for business assets and activities, in particular for those relative to the sewerage infrastructure (e.g. return periods for extreme weather events).

Objectives and Monitoring

With regard to specific greenhouse gas (GHG) emission reduction targets, MM has defined a number of actions and targets that indirectly lead to a reduction in GHG emissions. A transition plan is to be implemented by MM by 2027. See section E1-4 *Climate Change Mitigation and Adaptation Objectives* of this chapter for more details. The progress of the sustainability goals is reported in this document. In 2025, a number of internal MM working tables will be set up to define intermediate targets and monitor the implementation status of the Business Plan.

In relation to the risk elements included in the risk map that may have an impact on climate aspects and that involve mitigation actions, as well as the mitigation or adaptation actions included in the MM

Business Plan, the Control, Risk and Sustainability Committee carries out a follow-up activity on the progress of the planned actions.

With regard to the company's expertise required to adapt its strategy to climate change, MM is considered to have the necessary capabilities in terms of skills²¹, procedures and resources. The main challenges in integrating climate risk management into corporate business include:

- increasing the awareness of company owners for aspects related to these risks;
- the future procedural formalisation of climate-related elements;
- increased capacity for operational planning of activities, which will have to be progressively set with climate resilience targets in mind;
- the development of IT systems, as they provide crucial support for risk management and assessment.

E1-2 Climate change mitigation and adaptation policies

Energy policy

To manage the impacts, risks and opportunities related to climate change, MM has adopted an ISO 50001-compliant **Energy Policy** and is committed to keeping its Energy Management System active and up-to-date in line with the applicable requirements. The policy covers the activities of all corporate business units and defines a number of **business objectives**, including:

- the continuous improvement of overall energy performance;
- the guaranteed availability of information and resources necessary to achieve energy objectives;
- compliance with applicable regulatory requirements;
- the adoption of energy efficiency criteria in the procurement of goods and services;
- the integration of energy performance in the design of new installations or modifications to existing ones.

The Energy Policy, formulated by the **Energy management team**, specifies the involvement of top management in the achievement of its objectives. In particular, the Chief Executive Officer (appointed as a member of the Corporate Energy Team) is responsible, by way of example, for choosing strategies for the purchase of energy vectors and the signing of proxies for the publication of the relevant tenders for the procurement of energy vectors, the approval of which is submitted to the Board of Directors given the economic dimension of the contracts. In addition, all MM personnel contribute to the achievement of the objectives of the above-mentioned Policy.

In the definition of the document, MM considers the collective interests of the community and the territory, such as the achievement of EU targets for CO₂ reduction; moreover, it participates in the power

²¹ The following will be necessary:

- technical and analytical skills in the field of climate (both through the introduction of internal figures and external supplies) for the interpretation of climatic and meteorological data and skills in the use of software and tools to simulate impacts and risks, expert figures in climate change risk management, etc.)
- collaborations with research centres/participation in networks and initiatives
- internal training to increase awareness and soft skills on climate issues, staff engagement, continuous communication between functions.

purchase group, with the possibility of purchasing energy with a guarantee of origin from renewable sources, promoted by the Lombardy Water Alliance network of Water Service Providers, sharing with others the commitment to climate change mitigation. The Policy highlights aspects related to the energy efficiency of the Integrated Water Service (IWS) plants, monitored through KPIs defined within the Energy Management System. Although the Policy does not contain an explicit reference to the issue of adaptation to climate change, MM has nevertheless undertaken several actions aimed at managing the impacts related to this area - for example, sustainable urban drainage systems (SUDS) or the realisation of future lamination basins - and, taking into account the regulatory limits of the context and the territory in question, it deals with the issue of the diffusion of renewable energy (see paragraph E1-3 *Actions and resources related to climate change policies*).

The main contents of the Energy Policy are summarised on the company website www.mmspa.eu (Home > Our Commitment > Sustainability>Certifications>Energy) and on the company intranet.

MM currently has no formalised policies in place to manage climate change-related IROs affecting the activities of the **Engineering Business Unit**. However, there are several **established practices** in place by the Department for Mobility Systems (DSMO), which include the **release of various documents**, giving instructions on how to reduce emissions and suggesting good practices. The main contents of the reports concern the objective of designing and contracting works that reduce the production of greenhouse or climate-changing gases through:

- use of materials and technologies with a low carbon footprint;
- optimisation of the life cycle;
- optimisation of energy consumption and transition to renewable energy production systems;
- main or ancillary works that discourage the use of CO₂ producing means of transport

The projects developed require suppliers to introduce solutions in the execution of works that mitigate emissions during construction activities and, more generally, the negative impact on the environment (e.g. Site Environmental Plans or Minimum Environmental Criteria).

The scope of these reports includes all engineering projects under MM's responsibility, also involving contractors and subcontractors along the value chain. The geographical areas of reference are mainly Milan and its hinterland, with the inclusion of other contexts, including international ones, classified as 'extra-moenia'.

Within the tender specifications of each work, the reference regulations are indicated; in addition, contractors undertake to apply the requirements of the various Minimum Environmental Criteria (MEC) applicable to the project. The interests of people and the community on a local and global level are taken into account in the drafting of sustainability reports, as the objective pursued is the reduction of climate-changing gas emissions. This requires the joint contribution of the successful contractor and all suppliers of materials, products, technologies and energy.

In order to design works with a view to both **mitigation** and **adaptation** to climate change, building designs seek to optimise the following aspects as far as possible: the inertia of the dispersing envelope with regard to the external components of the buildings, the presence of permeable surfaces, energy and water requirements. As far as adaptation to climate change is concerned, when applicable, all principles of adaptability are reported in the relevant sustainability reports, which are developed for the different projects on a case-by-case basis. With regard to **energy efficiency**, as already emphasised,

the design phase is guided by an approach geared towards improving energy efficiency. In particular, in building renovations, the aim is to integrate, where possible, solutions aimed at improving the energy performance of both the building envelope and the systems serving the buildings being renovated. Finally, the **diffusion of renewable energies** is promoted both by establishing, at the planning stage, the integration of plants for production from renewable sources, and by ensuring that the works in operation are powered exclusively by renewable energy, as in the case of public transport in the Milan area. For new building constructions, the integration of renewable energy sources is established; in building renovations, on the other hand, the opportunity to adopt solutions based on renewable energy sources is always assessed, taking into account the type of intervention and available technologies.

E1-3 Climate Change Policy Actions and Resources

The actions carried out by the **Integrated Water Service (IWS)** are included within MM's Business Plan with reference to the period 2024-2028, partly related to the objective inherent to energy efficiency and self-production from renewable sources, and partly to the objective of hydraulic resilience - both set out in the Business Plan.

In various ways, the actions concern MM's own activities and the geographical area of the Municipality of Milan; furthermore, the actions envisage the involvement of various strategic interest groups, including the municipalities, as competent territorial public bodies; citizens, the final recipients of the benefits of the intervention; energy suppliers, for the implementation of the technical solutions; and general contractors, to ensure compliance with the project and environmental standards envisaged. For the two activities, presented below, related to the implementation of depaving works, there are no particular interest groups involved.

The actions introduced to increase **self-production of electricity from renewable sources** include:

- the construction of photovoltaic systems at the San Rocco and Nosedo purification plants;
- the implementation of photovoltaic systems at the Centrali AP Suzzani and Baggio stations, the latter to be completed in 2024.

For the construction of the photovoltaic systems at the San Rocco and Nosedo wastewater treatment plants, an investment of EUR 6.82 million is planned from 2025 to 2028; in 2024 an amount of EUR 0.09 million was put into operation and for assets, an amount that is in line with the European Taxonomy of Environmentally Sustainable Activities regulation with respect to the climate change mitigation objective (see Chapter 2.2.1 *EU Taxonomy Information*, Activity 4.1. Solar photovoltaic electricity generation - Capex of EUR 0.08 million²²)

For the Suzzani and Baggio power stations, the investment until 2024 was estimated at EUR 0.35 million. As the Baggio intervention terminated in 2024, investments in 2025 alone for the Suzzani PV plant are expected to amount to EUR 0.35 million, an amount that is aligned with the EU Environmental Taxonomy Regulation with respect to the climate change mitigation objective (see chapter 2.2.1 *EU*

²² The amount in the EU Taxonomy differs slightly from reporting according to the CSRD as some amounts considered ineligible were not included in the Taxonomy.

Taxonomy Information, Activity 4.1. Production of electricity using photovoltaic solar technology - Capex of EUR 0.35 million).

The third action concerns the **realisation of anaerobic digesters** at MM's two purification plants, which will contribute, among the expected positive impacts, to the reduction of the quantity of sludge produced and to the generation of biogas that will be sent to cogeneration for the self-production of thermal and electric energy from renewable sources, thus representing a lever for decarbonisation through the replacement of fossil fuels with more sustainable sources.

The investment for the Nosedo and San Rocco sewerage treatment plants is estimated at EUR 30.79 million as of 2028, while ongoing work of EUR 0.120 million was reported for 2024. The investments accounted for under the EU Environmental Taxonomy compared to the climate change mitigation target are EUR 0.119 million²³ (see chapter 2.2.1 *EU Taxonomy Information*, Activity 5.6. Anaerobic digestion of sewage sludge).

A further action concerns the **production of energy from wastewater heat** with the installation of heat pumps to replace gas boilers. Benefits such as reducing CO₂ through heat recovery projects by heat exchange with the sewerage system are expected. It should be noted that a support policy in terms of energy efficiency/thermal account 3.0²⁴ incentives is likely to be needed for the deployment of this technology. The investment for this action is estimated to be EUR 1.40 million in 2028, in 2024 work in progress of EUR 1,641 was reported.

In the course of 2024, numerous interventions **aimed at energy efficiency in waterworks** were carried out. In particular, 37 well pumps were replaced, helping to improve performance and reduce consumption. In addition, the upgrade of switchboards at the Centrali AP Vialba and Comasina stations was completed, ensuring greater reliability and operational safety. Lighting fixtures were replaced with new LED technology fixtures at Vialba, Salemi and Comasina, resulting in significant energy savings. The DSS Energia software was adopted to optimise the operation of the thrust units, a tool that ensures more efficient and dynamic management of the systems, further contributing to the reduction of overall consumption. The works carried out resulted in a reduction of energy consumption: the overall average KPI kWh/m³ of the power plants affected by the works went from 0.364 for 2022 to 0.339 for 2024, a reduction of about 7% in the last 3 years. In the future, a gradual reduction to a target of 10.1% for annual consumption over the Plan period (2024-2028) is expected. The investment in the energy efficiency of waterworks power plants is estimated at EUR 10.66 million from 2025 to 2028. In the year 2024, investments of approximately EUR 3.07 million were reported. Investments under the European Taxonomy compared to the climate change mitigation target are EUR 2.58 million²⁵ (see chapter 2.2.1

²³ The amount in the EU Taxonomy differs slightly from reporting according to the CSRD as some amounts deemed ineligible were not included in the Taxonomy. Relevant CapEx amounts were also included. For more information on OpEx amounts related to Activity 4.1. please refer to Chapter 2.2.1 *EU Taxonomy Disclosure*.

²⁴ The renewal of the support mechanism incentivises actions to increase energy efficiency and the production of thermal energy from renewable sources.

²⁵ The amount in the EU Taxonomy differs slightly from reporting according to the CSRD as some amounts deemed ineligible were not included in the Taxonomy.

EU Taxonomy Information, Activities 5.1 and 5.2. Construction, expansion, operation, renovation of water collection, treatment and supply systems).

Next, work is underway to reduce the electricity consumption of the purifiers thanks to the **removal of MBBR**²⁶ (Moving Bed Biofilm Reactor) technology in the biological basins of the San Rocco purifier and the replacement of diffusers in both purifiers. In fact, the reduction of electricity consumption in the activated sludge biological compartment is achieved through the adoption of fine bubble diffusers instead of medium bubble diffusers and the elimination of the need to mix the biomass-bonded media (MBBR) by means of air insufflation²⁷. These actions will improve the efficiency of the ventilation process, contributing to significant energy savings. The planned investment amounts to EUR 1.95 million from 2025 to 2028; during 2024, it amounted to EUR 15,309.

In the next few years (2026-2027), an investment of EUR 10.30 million will be made to **reduce the use of fossil fuels as an energy source for sludge treatment processes in sewage treatment plants**. In fact, it is expected that low-temperature dryers will be able to utilise low-temperature heat sources recovered from the biogas cogenerator and/or heat pumps with exchange with treated wastewater, reducing the use of natural gas purchased from the grid. At the same time, this action contributes to energy efficiency, a switch to more sustainable fuels and the spread of renewable energy sources. The amount for 2024 was EUR 0.03 million.

The eighth action concerns the **discontinuation of the use of fossil fuels** as an energy source for the air-conditioning of sewerage treatment plant buildings by means of heat pumps. It is both a decarbonisation action and an action in favour of the use of energy from renewable sources. The use of heat pumps with heat exchange with the treated wastewater will make it possible to eliminate the current natural gas boiler and air/air exchangers currently used for air-conditioning the buildings of the San Rocco purification plant. The amount invested in 2024 was approximately EUR 0.07 million and will be EUR 1.05 million in the years 2025-2028.

Actions related to **adaptation to climate change** include:

- the **creation of sustainable urban drainage systems (SUDS)** and participation in the depaving processes promoted by the Municipality of Milan to improve stormwater drainage and reduce flooding. SUDS are nature-based solutions as they mimic natural processes to manage rainwater runoff. The investment for 2024 was EUR 0.05 million, while the planned investment for the period 2025-2028 amounts to EUR 1.6 million. In addition, operating costs of EUR 0.06 million are expected in the period 2025-2028, while the amount of EUR 171,497 was reported in 2024. Investments pursuant to the EU Environmental Taxonomy regarding the target of sustainable use and protection of water and marine resources amount to EUR 0.05 million (see Chapter 2.2.1 Information on EU Taxonomy Activities 2.3 Sustainable urban drainage systems);
- the **adaptation of the spillways and enhancement of the lamination basins and anti-spillway systems**. In 2024, the adaptation of the 2a1c V. Col Moschin and the project of the anti-flood system and lifting tank to protect the Ponte Lambro district from flooding were started. This is a

²⁶ Biological wastewater treatment plant.

²⁷ Air is introduced into a system in a controlled manner, usually under pressure.

technology-based solution, i.e. traditional 'grey' infrastructure for flood prevention (2024 investment of EUR 0.13 million and projected 2025-2028 investment of EUR 14.30 million). Investments under the EU Environmental Taxonomy with respect to the climate change mitigation target are EUR 0.13 million (see chapter 2.2.1 *EU Taxonomy Information*, Activities 5.3 and 5.4. Construction, expansion, operation, renovation of wastewater collection and treatment systems).

- the reinforcement of the **cleaning and purging of road drains and gullies**: during 2024, the plan to reinforce the service with effects in 2025 was started and the infrastructure investments were increased (doubling of structural works on the network compared to previous years). This is a technology-based solution, i.e. operational preventive maintenance work that improves the efficiency of the drainage system (2024 investment of EUR 0.08 million and planned 2025-2028 investment of EUR 7.75 million).

MM's Business Plan includes **five main actions** related to as many climate change mitigation objectives concerning the work of the **Engineering Business Unit**. All actions refer to the period 2024-2028, as set out in the Business Plan.

It should be noted that each action is aimed at achieving the corresponding objective described in section E1-4 *Climate Change Mitigation Objectives*:

1. **Special Tender Specifications**: MM intends to **revise the special tender specifications** in order to include the obligation to comply with the **'Sustainable Impact Site'** protocol. This action, the expected result of which is compliance by the companies cooperating with MM with the above-mentioned protocol, concerns MM's supply chain (upstream value chain), and is aimed at achieving greater control over climate-changing gas emissions produced at construction sites. That said, 'Sustainable Impact Site' contains a broader vision, not only related to aspects of decarbonisation and reduction of waste production on the construction site, but considers all ESG criteria, covering aspects such as labour contract enforcement, construction site safety, governance and social aspects that are relevant and distinctive for the construction sector. It should be noted that no operational or investment expenditure is foreseen for this action, as it is planned to make use of the company's internal know-how and resources.
2. **Sustainability Guidelines**: MM intends to formalise the **guidelines for the adoption of sustainability criteria in the design and construction phases of engineering works and infrastructures**, also by joining Assimpredil's Cantiere Impatto Sostenibile initiative. With this initiative, which covers the execution of works and everything related to the environmental impact of construction sites, **a set of indicators will be monitored**, including water consumption, energy consumption, air emissions from machinery, and the amount of waste recovered and sent for recycling. The aim is to contribute to climate change mitigation by acting on energy efficiency, the use of renewable sources and the revision of materials used. The achievement of this objective is, however, subject to preconditions related to suppliers, in particular the evolution of market policies and their level of training and awareness on sustainability issues. Also in this case, there is no operational or investment expenditure.

3. **Life Cycle Assessment of works:** MM intends to carry out detailed **Life Cycle Assessments (LCA)** in relation to the works developed, in order to maximise the share of recycled or recyclable components among the materials and products used in the construction of the works. This action concerns the design activity and includes the purchase of software, estimated at around EUR 93,000 by 2028.
4. **Use of concrete:** MM intends to promote the **minimisation of the use of concrete in works**. This action, which relates to design activity, does not involve dedicated operational or investment expenditure.
5. **Economic soundness of projects:** MM intends to focus on projects that have a solid cost/benefit analysis, for example **financing more metro and tramway projects**. To this end, no operational or investment expenditure is foreseen to date; however, it should be noted that the implementation of this action is partly conditioned by market developments. The action aims to contribute to climate change mitigation through the construction of infrastructure that discourages the use of private transport.

E1-4 Climate change mitigation and adaptation objectives

As mentioned earlier, there are two crucial objectives identified by MM in the Business Plan to manage climate change-related IROs inherent in the IWS.

The first objective concerns the focus area of **ecological transition** outlined in **energy efficiency and self-production from renewable sources**. This objective is translated into a series of targeted interventions in the territory of the Municipality of Milan concerning the activities related to MM and the electricity and gas suppliers in the value chain. These include the construction of photovoltaic plants at the San Rocco and Nosedo purification plants, as well as at the Suzzani and Baggio stations. In addition, the construction of anaerobic digesters at the sewerage treatment plants is planned, along with the production of thermal energy through the installation of heat pumps fed by the heat of the wastewater. In addition to these actions, there are energy efficiency measures in the aqueduct plants and the reduction of electricity consumption in the biological basins of the San Rocco purification plant, achieved through the removal of MBBR technology.

Below are the **targets identified by 2028 broken down into three sub-targets:**

- increased self-produced energy: 9,925 MWh in 2028, from a base value of 580 MWh in 2023;
- reduction in energy consumed by 2028, starting from a base value of 133,986 in 2023:
 - reduction in central aqueduct consumption: reduction of 0.000036 Mwh/cubic meter of water fed into the network by 2028;
 - Reduction in electricity consumption due to the removal of MBBR technology in the biological basins of the San Rocco wastewater treatment plant: reduction of 2,300 MWh of energy consumed by 2028;
 - installed capacity from heat pumps: increase of 0.5 MWh;

- reduction in methane gas consumption by 2028:
 - reduction in the use of fossil fuels as an energy source for sludge treatment processes in sewerage treatment plants: reduction of 1,142 kSmc by 2028;
 - decommissioning of the use of fossil fuels as an energy source for the air conditioning of sewerage treatment plant buildings: reduction of 33,000 Smc by 2028.

The three sub-targets can be defined as GHG (Greenhouse Gas) emission reduction targets of **different areas** (or Scopes):

The **increase in self-generated energy: Scope 2 (location-based)**: this objective concerns the increase of energy produced internally by MM. The reduction in emissions is related to energy production, and being internally produced energy could reduce Scope 2 emissions compared to energy purchased from the grid.

The **reduction in energy consumption: Scope 2 (location-based)**: this objective concerns the reduction of energy consumption (which therefore leads to a reduction in indirect Scope 2 emissions). The reduction in electricity consumption (especially for the heat pump and MBBR technology part) concerns the reduction of the energy used, and thus the lower demand for energy from the grid. Since the location-based calculation is based on the carbon intensity of energy consumed in the region, the reduction of energy consumption leads to a reduction of energy-related emissions in the area where the intervention takes place.

The **reduction of methane gas consumption: Scope 1**: since methane gas is a fossil fuel and emissions result directly from the combustion of gas in company operations (sludge treatment and building air conditioning), these are direct emissions. Hence, it is classified as Scope 1, as these are emissions generated directly from business processes using fossil gases.

The **rate of GHG emission reductions**²⁸ for the different sub-targets is shown below:

- Increase in self-generated energy (scope 2, location-based): 3,021 tCO₂eq²⁹;
- Reducing the energy consumed (scope 2, location-based): 700 tCO₂eq;
- Reduction of methane gas consumption (scope 1): 2,387 tCO₂eq , of which 2,320 related to the reduction of methane gas consumption by sewage treatment plants and 67 related to air conditioning in buildings.

The reduction of GHG emissions described concerns the scope 1 and scope 2 emissions of certain areas of MM's activity (waterworks, sewage treatment, building heating) which **are included within the boundaries of the GHG emission inventory**, which covers the entire scope of MM. Reduction in these areas therefore contributes to the overall reduction of MM scope 1 and scope 2 emissions.

The second objective, i.e. **adaptation to climate change**, concerns **hydraulic resilience**, this meaning the capacity of the aqueduct, sewerage and purification system to anticipate, cope with and adapt to the

²⁸ There are no plans to adopt new technologies in order to achieve the GHG reduction targets.

²⁹ Due to the reduction of 0.000036 MWh/m³ of water fed into the grid and the increase of 0.5 MWh (installed capacity from heat pumps), it is currently not possible to provide an accurate estimate of tCO₂eq savings.

impacts of climate change. It represents a key element of climate change adaptation strategies, in fact, the sub-objectives cover activities, all present in the Municipality of Milan, such as

- the **realisation of SUDS**;
- **depaving works**;
- the upgrading of the **lamination basins**, starting from a baseline with one Seveso basin and a target to 2030 of 32,200 cubic metres of built basins.

For both of the two macro-objectives relating to energy efficiency and self-production from renewable sources and hydraulic resilience, working tables are currently being set up to identify intermediate monitoring KPIs.

Scope of reporting and information sources

For the calculation of the target-related share of GHG emission reductions, the factors included in Annex 6 of the NIR 2024 and the GWP - Global Warming Potential - values as given by the IPCC in the Sixth Assessment Report (AR6) WG1 Climate Change 2021 were used for Scope 1: The Physical Science Basis, Chapter 7. For the calculation of Scope 2 emissions in 2024, the coefficients of the ISPRA (Italian Higher Institute for Environmental Protection and Research) 'National inventory report 2024' (Annex 6) were used for the location-based method.

Five climate change mitigation commitments have been identified that also concern the work of the Engineering Business Unit. It should be noted that all targets have as their period of application the five-year period 2024-2028 and are intended to contribute to the reduction of MM's Scope 3 emissions, i.e. emissions generated along the Company's value chain. In order to achieve these objectives, actions have been identified, which are listed in section E1-3 *Actions and resources related to climate change policies*. The effectiveness of these actions will be monitored as part of the implementation of MM's Business Plan.

1. **Special Tender Specifications:** MM intends to evaluate the possibility of **requiring companies participating in tenders to comply with the Sustainable Impact Site Protocol** (Assimpredil). The aim is to ensure that consumption, emissions and waste produced on construction sites are monitored in order to avoid excesses that are not in keeping with a policy of reducing climate-changing effects. Ultimately, the aim is to ensure compliance by companies with the protocol, or else they will be excluded from the tender; this is expected to be implemented starting with small tenders and assessing the consequences, and then possibly expanding the scope. The obligation will be activated on new tenders, so that in the first years of implementation there will be work sites, especially infrastructure, that do not envisage this obligation. This is a greenhouse gas emission reduction target, with particular reference to the reduction of Scope 3 emissions of MM, as it relates to the reduction of emissions generated along the value chain. It should however be clarified that compliance with the protocol by companies does not only entail the control of emissions, direct or indirect, but also requires a broader vision on site actions that allows them to act on sustainability across the board, on the three ESG areas: Environmental, Social, Governance.

2. **Sustainability Guidelines:** MM intends to prepare **guidelines on the environmental management of construction sites** addressed to contractors, in order to limit the environmental impact of works in the relevant context, with particular reference to the emissions of climate-changing gases generated in meeting the energy needs related to construction site activities. Achieving the target prepares for the application of the required Environmental Sustainability Criteria (CAM), which will be applied to new construction sites. Also in this case, as with the previous objective, in the first years of application there will be construction sites contracted earlier than the guidelines for which the benefits will not be enjoyed.

3. **Life Cycle Assessment of works:** MM intends to design **works that maximise recycling and reuse**, both for construction and at the end of life of the work, through the use of materials with a high recycled content, through **LCA analyses** at the design stage and through the use of technologies that allow for disassembly and reuse at the end of life of the work.

This will reduce the production of greenhouse gases through a system-wide approach, controlling the entire life cycle of the planned work; to do this, integrating LCA analysis with **Building Information Modelling** (BIM) design is planned. As it is a systemic approach, the objective concerns both the design and the upstream (suppliers) and downstream value chain of MM. Similar to the previous two objectives, the analyses will be applied to new projects; consequently, construction sites already contracted before the introduction of these provisions will not be subject to LCA and BIM analyses.

4. **Use of concrete:** MM intends to promote the **reduction of the use of high carbon footprint concrete in projects**, through:

- use of cement with a low clinker content (e.g. from blast furnace slag or pozzolan);
- use of delayed-setting concrete (90 days) where there is no need for immediate loading of structures;
- optimisation of concrete sections while respecting safety margins;
- use of high-strength concrete (e.g. fibre-reinforced) capable of reducing the required volumes;
- optimisation of delivery times and distances;
- use of building materials, other than concrete, with a lower carbon footprint.

This objective stems from the realisation that concrete, a material widely used in MM projects, has a very high carbon footprint, linked to the production and transport cycle. Reducing the use of concrete therefore reduces carbon dioxide emissions. The achievement of the goal requires the certification by suppliers of the use of alternatives to concrete or its less emission-impacting versions, which must also be verified through the compilation of data sheets. The target, which concerns MM's suppliers and the entire upstream value chain, will be pursued starting with new contracted projects, while it will not apply to already contracted construction sites.

5. **Economic soundness of projects:** MM intends to promote the **design and construction of sustainable mobility infrastructures** by:

- actively contributing to the planning process of administrations, to identify and define possible areas of intervention;
- strengthening projects through cost-benefit analyses, with the aim of promoting interventions with the greatest impact on modal shift;
- establishing alliances and collaborations with private actors responsible for major urban transformations, in order to develop studies in the field of sustainable mobility.

This is aimed at encouraging as many **sustainable mobility infrastructure projects and realisations** as possible. In particular, the aim is to achieve greater funding, public or private, for works planned by MM, compared to the average of recent years. The target is defined by indicators calculated on a three-year basis (2022-2024), which provide data on the number of projects actually funded. Both individual projects and the overall economic framework are taken into account, calculating the average annual value of the financed works. The result will be evaluated at the end of the three-year period. The implementation of sustainable mobility infrastructures concerns both the design phase of the works, which is carried out by MM, and the downstream value chain, as public transport users contribute with their sustainable mobility to the eventual reduction of CO₂ emissions into the air.

E1-5 Energy consumption and energy mix

MM consumed **159,454 MWh** of energy in 2024, down 5% from last year, of which 82.7% came from electricity and 17.3% from the consumption of fuel from crude oil and petroleum products and natural gas.

Almost all electricity (99.5%) is consumed within the **IWS Business Unit** for the commissioning of activities related to the Integrated Water Service, while residual consumption is attributable to Staff, Housing, Engineering and Plant and Infrastructure Maintenance (MOI), respectively. In particular, there was a significant reduction in consumption in Engineering as a result of the divestment of the Via Gioia, Via Monviso and EXPO sites, and a significant increase in the MOI Business Unit due to the acquisition of the Cusano Milanino operating site.

In line with the Energy Policy, MM **purchases certified energy from renewable sources** covered by Guarantees of Origin³⁰ (GO), amounting to approximately 99% of the volumes purchased in 2024. The remaining part, not covered by GOs, is purchased by A2A as it is produced by the cogenerator installed at the Salemi power plant, and a residual part comes from the consumption of the Housing division, for a total of 1,374 MWh in 2024.

The **fuel share** is related to the use of **pellets** in the IWS Business Unit, which doubled compared to 2023³¹, of **natural gas** in the IWS and Staff, and the use of **fuel oil and gasoline** for automotive use, for a total consumption of **24,539 MWh for natural gas** and **3,052 for fuels** from petroleum products.

³⁰ A 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 being powered by renewable sources for the purpose of issuing the GO.

³¹ The value for 2024 was in line with 2022, though doubled compared to 2023 due to a plant failure that required shutdown.

All in all, the **total energy consumption from fossil fuels** for 2024 was **28,965 MWh** or 18.2% of the total energy consumed, down 13% compared to 2023 due mainly to the decrease in natural gas consumption. There is no consumption inherent in the use of coal or coal products.

Vehicle fleet

MM's vehicle fleet as of 2024 counts **352 vehicles**, including 4 electric cars, 2 'full electric' quadricycles and 15 electric bicycles. Then there are 231 vehicles belonging to the Euro 6 environmental class, 94 to the Euro 5 class and 6 company vehicles belonging to the lower classes. In total, there are 269 light vehicles and 83 heavy vehicles.

The **consumption of energy from renewable sources** is equal to **81.8%** of total energy consumption, a slight increase (+2%) compared to 2023, resulting from the **purchase of energy with Guarantee of Origin from renewable sources** and the **consumption of self-generated energy from renewable sources** amounting to **857 MWh** in 2024.

Energy consumption and energy mix (MWh)

MWh	2022	2023	2024
1) Consumption of coal fuel and coal products	0	0	0
2) Fuel consumption from crude oil and petroleum products	2,678	2,693	3,052
<i>of which pellets</i>	215	55	217
<i>of which automotive petrol</i>	781	800	996
<i>of which automotive diesel</i>	1,682	1,838	1,839
3) Fuel consumption from natural gas	28,984	30,455	24,539
4) Fuel consumption from other non-renewable sources	0	0	0
5) Consumption of electricity, heat, steam and cooling from fossil sources, purchased or acquired	23	42	1,374
6) Total energy consumption from fossil sources	31,685	33,190	28,965
Share of fossil sources in total energy consumption (%)	18.4%	19.8%	18.2%
7) Consumption from nuclear sources	0	0	0
Share of nuclear sources in total energy consumption (%)	0.0%	0.0%	0.0%
8) Fuel consumption for renewable sources, including biomass (including industrial and municipal waste of biological origin, biogas, renewable hydrogen, etc.)	0	0	0

9) Consumption of electricity, heat, steam and cooling from renewable sources, purchased or acquired	140,556	134,188	129,632
10) Consumption of self-produced renewable energy without using fuels	0	580	857
11) Total energy consumption from renewable sources	140,556	134,768	130,490
Share of renewable sources in total energy consumption (%)	81.6%	80.2%	81.8%
Total energy consumption	172,241	167,958	159,454

The **energy intensity ratio** on net revenues related to the IWS Business Unit³² was 731.89 MWh/>, an improvement of 7% year-on-year due to an increase in net revenues³³ (+6%) and a slight decrease in energy consumption (-2%).

Energy intensity (Mwh/millions of euro)

Energy intensity	2022	2023	2024
Total energy consumption of activities in high climate impact sectors (MWh)	139,931	134,233	131,268
Net revenues from activities in high climate impact sectors (millions of euro)	157.11	169.84	179.36
Total energy consumption of activities in high climate impact sectors compared to net revenues from these activities (Mwh/millions of euro)	890.64	790.45	731.89

³² The Company specifies the energy intensity of the integrated water service as a sector with a high climate impact.

³³ Net revenues of IWS BU.

Scope of reporting and information sources

Data on energy consumption were collected from the following sources: supplier billing, internal readings and the electrical workshop register. Energy from renewable sources is purchased in the three-year period from the following suppliers: A2A, Edison and Engie. The values for 2022 and 2023 differ from those published in the Non-Financial Statement 2023 in that they have been supplemented for the three-year period with the natural gas consumption of a utility operated by the Housing Division and some branch offices not included in the reporting scope of previous years. For the conversion of natural gas (Smc-MWh) the PCI factor indicated in the annual tables published by ISPRA 'Table of National Standard Parameters' multiplied by the GJ-MWh conversion factor was used; for the conversion of pellets (kg-MWh) an average market value of 5 kWh/Kg was used; for the conversion of petrol and diesel for motor vehicles (l-MWh) the value in GJ published in the Non-Financial Statement 2023 (by DEFRA) multiplied by the GJ-MWh conversion factor was used.

E1-6 Gross GHG emissions of scope 1, 2, 3 and total GHG emissions

The **direct emissions** of **Scope 1** for 2024 are **38,411 tCO₂eq**. Part of these emissions can be traced back to biogenic sources, in particular to the gases produced in the treatment processes of the Integrated Water Service (methane CH₄ and nitrous oxide N₂O). These emissions have been included in Scope 1, along with those from fossil fuels, as they have a real impact on the environment and, unlike biogenic CO₂, are not rapidly reabsorbed by natural cycles. It should be noted that no biogenic CO₂ emissions were accounted for in 2024.

MM also calculates the **indirect Scope 2** emissions, i.e. those associated with the purchase of electricity. For their calculation, two approaches are adopted: the location-based methodology, which is based on the use of national average emission factors relative to the country where the energy was purchased, and the market-based methodology, which considers the specific emission factors specified in supply contracts, if supported by guarantees of origin (GOs). In the absence of such guarantees, the average emission factor of the national residual energy mix applies.

In 2024, based on the **location-based** methodology, MM's Scope 2 emissions amounted to **39,874 tCO₂eq**, marking a 10.3% increase over the previous year. Applying the **market-based** methodology, the emissions amounted to **687 tCO₂eq** resulting from some consumption by the Housing Division and the purchase of energy produced by the cogenerator installed at the Salemi power plant.

Scope 1 emissions (tCO₂eq), in 2024

	2024
Total gross GHG Scope 1 emissions (tCO₂eq)	38,411
Natural gas	5,044
Petrol	243
Diesel	491
Pellets	2
Biogenic CH ₄ emissions (from treatment/disposal system)	445
Biogenic N ₂ O emissions (from wastewater treatment system)	32,185

Scope of reporting and information sources

For the calculation of Scope 1 emissions, the factors included in ISPRA's National inventory report (NIR) 2024 (Annex 6) and the GWP - Global Warming Potential - values as given by the IPCC in the Sixth Assessment Report (AR6) WG1 Climate Change 2021: The Physical Science Basis, Chapter 7 were used.

The perimeter of the biogenic emissions CH₄ and N₂O is represented by the Nosedo and San Rocco purification plants. For the calculation of the aforementioned emissions, the IPCC report, chapter 6 was used; specifically for the calculation of CH₄ equation 6.1 was used, for the calculation of N₂O equation 6.9 was used. For the conversion to tonnes of CO₂ equivalent, the GWP - Global Warming Potential - values were used for CH₄ and N₂O respectively, as indicated by the IPCC in the Sixth Assessment Report (AR6) WG1 Climate Change 2021: The Physical Science Basis, Chapter 7.

Scope 2 emissions (tCO₂eq), in 2024

	2024
Gross GHG Scope 2 location-based emissions (tCO₂eq)	39,874
Gross GHG Scope 2 market-based emissions (tCO₂eq)	687

Scope of reporting and information sources

For the calculation of Scope 2 emissions in 2024, GWP - Global Warming Potential - values were used, as indicated by the IPCC in the Sixth Assessment Report (AR6) WG1 Climate Change 2021: The Physical Science Basis, Chapter 7 and the coefficients of the ISPRA National Inventory Report (NIR) 2024 (Annex 6) for the Location-based method and the European residual mixes results for the calendar year 2022 of AIB for the market-based method, expressed in tonnes of CO₂eq (are published in CO₂, not computing the emissions quota of methane (CH₄) and nitrous oxide (N₂O), which however have a negligible consistency (0.45%) on the total emissions of greenhouse gasses measured in CO₂ equivalents). It should be noted that the emission factors applied (ISPRA and AIB) do not distinguish the percentage of biomass or biogenic CO₂.

In 2024, MM reported its **Scope 3** emissions for the first time, i.e. indirect greenhouse gas emissions (which are not part of Scope 2 GHG emissions) generated in its **Value Chain**, including upstream and downstream emissions. They were broken down by significant category as represented in the following table.

In 2024, **74,036 tCO₂eq Scope 3** emissions were accounted for. In particular, four Scope 3 categories goods and services purchased, capital goods, fuel and energy use of products sold, accounted for 93% of the total Scope 3 categories. Purchased goods and services accounted for 43%, totalling 23,760 tCO₂eq in MM's 2024 inventory and represent the second most significant Scope 3 emission in the Company's inventory.

Scope 3 emissions (tCO₂eq), in 2024

	2024
Total gross indirect GHG emissions (Scope 3) by significant category (tCO₂eq)	74,036
1. Purchased goods and services	23,760
2. Capital goods	8,524
3. Fuel and energy-related activities	25,327
4. Upstream transport and distribution	-
5. Waste generated during operations	2,968
6. Business trips	114
7. Employee commuting	161

8. Leased assets upstream	380
9. Downstream transport	-
10. Processing of products sold	-
11. Use of products sold	11,557
12. End-of-life treatment of products sold	-
13. Leased assets downstream	1,245
14. Franchising	-
15. Investments	-

Scope of reporting and information sources

Scope 3 emissions data were calculated in accordance with the Protocol WRI/WBCSD Greenhouse Gas (GHG) - Corporate Value Chain (Scope 3) Accounting and Reporting Standard and Corporate Value Chain (Scope 3) Standard. All Scope 3 emission categories relevant to the Company were assessed. Scope 3 emissions were obtained by linking input data on the Company's activities and expenditures to a combination of economic input-output data and process life-cycle inventory data. The input data required to operate the tool are mainly procurement data for the main purchases and services acquired during the reference year. The tool is aligned with the GHG Protocol guidelines for screening Scope 3 emissions and identifying Scope 3 material categories.

Adjustments were made to the original expenditure data to align them with the US EPA EEIO emission factors. A price index adjustment was made: to take into account price changes from 2018, US EPA EEIO determined a price index until 2021. Inflation adjustments from 2022 to later years were made using the US Bureau of Labour Statistics (BLS) inflation calculator.

For the comparison in tonnes of CO₂ equivalent, the GWP - Global Warming Potential - values were used, as indicated by the IPCC in the Sixth Assessment Report (AR6) WG1 Climate Change 2021: The Physical Science Basis, Chapter 7.

For Category 1 and Category 2, the financial data provided refer to the period from 1 October 2023 to 30 September 2024, assuming reasonable comparability of this period with the size corresponding to the calendar year 2024.

Total emissions and GHG intensity compared to net revenue

The **total GHG emissions** of **Scope 1, Scope 2 and Scope 3** of MM are 152,320 tCO₂eq if location-based emissions are considered, while they amount to 113,134 tCO₂eq if market-based emissions are considered.

Greenhouse gas intensity (GHG) measures the amount of CO₂ emitted per euro of revenue generated. An increase in this value may indicate a reduction in the environmental efficiency of the activity performed. The emission intensity index on the net revenues³⁴ of MM in 2024 was 607 tonnes per million for the location-based calculation, and 451 for the market-based calculation.

Intensity of GHG emissions to net revenues (tCO₂eq/ millions of euro)

	2024
Total GHG emissions (location-based) (tCO ₂ eq)	152,320
Total GHG emissions (market-based) (tCO ₂ eq)	113,134
Net revenues (in millions of euro)	251
Intensity of GHG to net revenues - Location-based (tCO ₂ eq/millions of euro)	607
Intensity of GHG to net revenues - Market-based (tCO ₂ eq/millions of euro)	451

Scope of reporting and information sources

For the emission data of Scope 1, 2 and 3, MM made use of the Transitional Provision on Section 7.1 concerning the Presentation of Comparative Information: for this reason, only values referring to the financial year 2024 are shown.

³⁴ The total revenues of MM, item - 'Revenues' of the Financial Statements - Comprehensive Income Statement (Revenues net of 'Revenues for work on goods under concession' and 'Other revenues and income') have been considered.

2.2.3 Pollution prevention

ESRS 2 SBM-3 - Relevant impacts, risks and opportunities and their interaction with the strategy and business model

The double materiality analysis highlighted several negative material impacts and risks related to pollution, specifically broken down in the following sub-topics: air pollution, water pollution and soil pollution.

The table below shows the IROs identified and, where applicable, a description of the content and potential implications arising from their occurrence.

Impacts are mainly generated during MM's operational activities, mainly related to the **Integrated Water Service**, with the exception of a negative impact originating in the construction phase, upstream in the value chain, at suppliers.

Pollution-related IROs	Sub-topic	IRO typology	Effective/Potential	Value chain	Time horizon
<p>Emission of pollutants into the air from purifiers, including odour emissions Production and dispersion of air polluting emissions from company operations, including odorous emissions caused by purifiers.</p>	Air pollution	Negative impact	Effective	Own operations	-
<p>Emission of pollutants into the air from the car fleet and from heating the premises Production and dispersion of air pollutant emissions from company operations, including air emissions (such as nitrogen oxides (Nox), sulphur oxides (Sox) and particulate matter (PM10)) caused by its car fleet and by heating the premises.</p>	Air pollution	Negative impact	Effective	Own operations	-
<p>Emission of pollutants into the air from maintenance activities, including vibro-acoustic emissions Production and dispersion of air polluting emissions from company operations, including vibro-acoustic emissions caused by maintenance activities.</p>	Air pollution	Negative impact	Effective	Own operations	-
<p>Emission of pollutants into the air generated at construction sites during the execution of works designed by MM Production and dispersion of air polluting emissions from company operations by suppliers with whom MM collaborates, including atmospheric emissions from the</p>	Air pollution	Negative impact	Effective	Suppliers	-

Pollution-related IROs	Sub-topic	IRO typology	Effective/Potential	Value chain	Time horizon
operation of machinery and vehicles (such as nitrogen oxides (Nox), sulphur oxides (Sox) and particulate matter (PM10)), as well as vibro-acoustic emissions generated at construction sites during the realisation of works designed by MM					
<p>Water pollution due to potential disruptions in wastewater treatment and distribution</p> <p>Contamination of aquifers and surface water bodies due to accidental spills of wastewater and failure to promptly deal with any malicious acts or insufficient treatment of wastewater by sewerage treatment plants</p>	Water pollution	Negative impact	Potential	Own operations	Short-term
<p>Reputational damage resulting from the possibility that MM does not adequately plan land reclamation activities</p> <p>The risk represents the possibility that MM may not adequately plan land reclamation activities, with consequences such as: longer timeframes for project completion; extra costs; reputational damage.</p> <p>This risk concerns the activities carried out by the Engineering business unit, which also handles remediation activities performed by contractors. MM also provides engineering services in relation to remediation activities, working on areas potentially polluted by previous activities such as: petrol pumps, industries, chemical plants, etc.</p>	Soil pollution	Risk	Potential	Own operations	-

E2-1 Policies related to pollution

1. Environmental Policy

In 2024, MM implemented an Environmental Policy in accordance with Section 5.2 of the UNI EN ISO 14001 standard and the relevant legislation, which was introduced and implemented as of 2018.

In this Policy, MM acknowledges the commitment to environmental protection and pollution prevention, in particular it promotes the sustainable use of water resources, implementing conscious water management and constant monitoring of network losses, and promotes the reuse of wastewater in agriculture with the aim of preventing the dispersion of wastewater into the subsoil and contributing to the protection of the water table.

The following are the **key principles** of the Policy in force until 2024:

- compliance with applicable laws and regulations, through increased awareness by all personnel of the environmental risks associated with their work;
- continuous effort to reduce its environmental impacts through a proactive commitment to the continuous improvement of its performance;
- guarantee of the product/service rendered to stakeholders across the various stages with particular regard to compliance with input data, compliance with deadlines, liaising and assistance, and evaluation of the environmental aspects involved;
- promotion of the image of the Company's operational validity, this meaning the projection of its skills and attention to environmental protection;
- promotion of the development of the effectiveness and efficiency of business processes, as an expression of the ways in which the Company guarantees a result consistent with the needs and expectations of stakeholders and attention to the rational use of available natural resources;
- promotion of the consolidation and extension of the Environmental Management System;
- support for research and technical, theoretical and practical training courses aimed at the constant enhancement of environmental skills.

The Policy applies to all business divisions of MM and is signed by the Legal Representative, who is responsible for its implementation. Active stakeholders with a direct interest in the implementation of the Environmental Policy are the same as those who have a specific interest in its promotion: Municipality of Milan, authorities and institutions, community and territory, partners and collaborators. Other stakeholders are beneficiaries and have a mainly indirect interest in the Policy.

The Policy in force in 2024 has been replaced by the new Integrated HSE Policy, approved in March 2025 and available on the company website www.mmspa.eu³⁵.

2. Quality policy for testing laboratories

One of the main activities of MM's Integrated Water Service Division (IWS) is to guarantee a constant and continuous supply of drinking water by ensuring quality control through its **Laboratories engaged in analysis activities** according to the quality criteria laid down by the following standards: **UNI CEI EN ISO/IEC 17025, UNI EN ISO 9001** and the document **ACCREDIA RT-08** as the basis for the control of chemical, chemical-physical and microbiological parameters on samples of water intended for human consumption and wastewater. It follows that it is absolutely necessary that the above-mentioned activities be carried out with a high level of professionalism and that any declaration coming from MM's analysis laboratories be based on certain, reliable data and achieved in compliance with the regulatory requirements in force, also in consideration of the reference role that the Company plays in the context of the Municipality of Milan.

The quality policy for testing laboratories adopted by MM applies to the Integrated Water Service activity carried out by the Company in the city of Milan. In this context, the main stakeholders involved are the citizens of Milan, who directly benefit from the services provided. The implementation of the policy is assigned to the CEO. Through the implementation of the policy, MM is committed to ensuring compliance with the following provisions:

³⁵ Available at the following link https://www.mmspa.eu/wp-content/uploads/2025/04/Politica_HSE.pdf.

- Italian Legislative Decree no. 18 of 23 February 2023, for drinking water;
- Legal limits provided by the discharge authorisation, regional regulation no. 6 of 29 March 2019, Italian Legislative Decree no.152/2006 and Italian Ministerial Decree no.185/2006 for the regulation of discharges;
- Technical regulations and quality standards UNI CEI EN ISO/IEC 17025, UNI EN ISO 9001 and ACCREDIA document RT-08, applied to all the company's laboratories.

In defining the policy, the interests of the citizens of Milan, its member municipalities, authorities and regulators were considered. The effective implementation of this policy requires the active involvement of all actors in the value chain, starting with the employees of the laboratories, up to the municipalities and competent authorities, through structured collaboration and shared responsibility.

The Policy in force in 2024 has been replaced by the new Testing Laboratory Quality Policy, approved in February 2025 and available on the company's website www.mmspa.eu³⁶.

The Quality Policy Mission for MM's Integrated Water Service Division

Water intended for human consumption is monitored on a daily basis, and the work of the MM Quality and Product Laboratory ensures the detection of any non-conformities, enabling the IWS Division to intervene promptly in the event that water quality needs to be brought back into compliance with current regulations. Water collected in the sewers is sent to the city's three purification plants, **Milano San Rocco, Milano Nosedo and Peschiera Borromeo**.

MM's Integrated Water Service Division undertakes to:

- offer its users, as a minimum level for accredited tests, **a service that complies with the requirements of UNI CEI EN ISO/IEC 17025** and, where applicable, complies with all the requirements set out in the 'ACCREDIA' documents as the competent accreditation body, in compliance with the other company policies present;
- guarantee a **high standard of laboratory analyses** through the use of equipment, with modern and advanced technology, adapted to the requirements of customers, laws, standards and test methods and aimed at obtaining analytical results in the shortest possible time;
- guarantee and maintain all the resources necessary to **ensure the achievement of all pre-set objectives**, including the achievement of and compliance with the requirements of the standards laid down by UNI CEI EN ISO/IEC 17025 and the mandatory requirements of the sector and for the continuous improvement of the effectiveness of the QMS (Quality Management System) itself;
- guarantee a **constant quality of service delivery by its laboratories**, through continuous verification of the performance of test methods, compliance with the calibration/maintenance schedule of equipment; dissemination of technical and legislative documentation;
- ensure the **continuous review of the risk analysis** in order to identify opportunities for improvement or potential critical issues and implement appropriate actions;
- directly involve the staff of the Laboratories (whether or not responsible) by implementing a **policy of continuous technical training and preparation** and of information and awareness of the staff on the importance of the meaning, obtaining and maintaining accreditation, according to the UNI CEI EN ISO/IEC 17025 standard;

³⁶ Available at the following link <https://sportellonline.mmspa.eu/wps/wcm/connect/milanoblu/affbcffe-5d82-46a6-94b4-b2235e4f3b11/Politica+for+the+quality%C3%A0+of+the+laboratories+of+the+test+rev+4.pdf?MOD=AJPERES&CVID=pkjHg8m>.

- **optimise processes**, using quality and performance indicators that are objective and measurable;
- **verify**, also through scheduled and/or extraordinary Internal Audits, **monitor, review and improve the QMS, aimed at achieving quality and competence in the service offered**, reassessing external and internal factors that may influence the performance and effectiveness of the QMS, as well as the risks for MM and considering internal and external non-conformities and reports as opportunities for improvement;
- **not influence or condition the technical activity** and opinions of the staff of the MM Laboratories, being certain that staff independence and impartiality is an essential requirement for the quality of its service, in particular, in relation to the activities of the Laboratories, connected to the other functions of MM, of which the Laboratories are part;
- **communicate and make staff understand** the content and importance of the quality policy;
- publicise and **make known to the public the evidence** for which such recognition was granted.

The pursuit of these objectives enables the laboratories of the Integrated Water Service Division to provide a service based on performing repeatable, accurate tests with the lowest possible instrumental sensitivities.

3. Other environmental policies

Currently, MM does not have specific policies on air and soil pollution.

E2-2 Pollution-Related Actions and Resources

Investments for the different phases of water resource management are guided by the Area Plan which establishes (with a time horizon to 2037) the lines of intervention to improve service levels, protect the environment and rationalise the use of water resources in terms of both conservation and improved quality.

The investments required to achieve the pre-set objectives are identified on the basis of an analysis of the state of the works and facilities. In 2024, the main actions implemented by MM with regard to pollution were aimed at maintaining the achievements of two **ARERA Technical Quality Indicators**³⁷.

In particular, to maintain the macro-indicator **M3 Quality of water supplied** in class A, the Company invested EUR 6,944,456 in 2024 and plans to invest EUR 76,948,000 in the next few years (2025-2028), in line with the provisions of the 2024-2029 programme of interventions³⁸.

Also with regard to the macro-indicator **M6 Water Quality**, the Company continues to be actively committed to maintaining it in class A, with investments in 2024 amounting to EUR 4,425,208 and forecasting for future years (2025-2028) a further EUR 12,215,800 of investment, once again in line with the provisions of the 2024-2029 Programme of Interventions.

³⁷ Technical Quality Regulation as per ARERA Resolution 917/2017/R/idr, updated in 2024 by the subsequent Resolution 637/2023/R/idr of 29/12/2023.

³⁸ ARERA Resolution 432/2024/R/idr dated 22 October 2024 *Approval of the specific regulatory scheme, containing the tariff arrangements for the period 2024-2029, proposed by the Milan Area Territorial Office for the Operator MM SpA.*

E2-3 Pollution-related goals

The actions implemented by MM ensure the achievement of its objectives associated with the **ARERA macro-indicators for Technical Quality** and are closely **connected to the Environmental Policy**, since they are aimed at ensuring that business activities are carried out in compliance with applicable laws and regulations, through increased awareness by all personnel of the environmental risks associated with their work and on the proper and safe way to carry it out.

The first objective is related to the macro-indicator **M3 Quality of water delivered**, which assesses the ability of operators to prevent and monitor pollutants in distributed water, based on three simple indicators. These monitor, on the one hand, the presence and magnitude of the **non-potability orders** issued during the year by the authorities in charge (indicator **M3a**), equal to 0% at MM in 2023, the base year used to calculate the target; and, on the other hand, the **rate of non-compliance of the samples carried out and of the parameters** analysed with the relevant regulations (indicators **M3b and M3c**), equal to 0.20% and 0.010% respectively in 2023.

Following the results achieved in 2023, the Company is in Class A. The objective for the two-year period 2024-2025, as set out in the RQTI framework, is therefore the **maintenance** of this level of excellence, consistent with the performance thresholds set out in Table 5.bis of the RQTI Technical Quality Regulation. For 2024, the values were 0% for the M3a indicator, 0.22% for the M3b indicator and 0.007% for the M3c indicator. For additional information on the calculation of the indicators and on the pollutants monitored thanks to them, please see the paragraph on *Quality and safety of water distributed to citizens* in this chapter.

The second objective is related to the macro-indicator **M6 Water Quality**, which assesses the quality of purified wastewater leaving treatment plants on the basis of whether samples exceed the limits set by

Technical Quality Objectives

The objectives of the Technical Quality Regulation (RQTI) defined by ARERA (Regulatory Authority for Energy, Networks and Environment) are part of a regulatory system introduced to progressively improve the efficiency, sustainability and reliability of the Integrated Water Service. These targets refer to **specific indicators** and measure the technical performance of the operator in the various IWS areas. They are progressive over time and **are monitored annually** based on data provided by the operators and validated by the competent authorities. An incentive mechanism managed by ARERA is in place, which provides for rewards and penalties to stimulate investment and attention to service quality.

Italian Legislative Decree 152/2006 for certain parameters. Also with regard to this indicator, the Company achieved excellent results in 2023, with an M6 value of 0.83%, placing it in class A. Therefore, also in this case, as envisaged by the RQTI Technical Quality Regulations, the objective for the two-year period 2024-2025 is **class maintenance**, consistent with the performance thresholds envisaged in Table 8.bis of the RQTI. The MM value for 2024 for the exceedance rate in discharged wastewater samples was 0.60%.

Quality and safety of water distributed to citizens

S4-4 User Safety

The water withdrawn by MM comes from hydropotable wells (second water table) and first water table sources, as described in detail in Chapter 2.2.4 *Water Resource Management*. The water taken from the water table is a **quality water, naturally purified** since it is filtered through permeable layers of the soil (often already drinkable from a chemical-physical point of view), better **protected** from contamination and basically unaltered during times of drought. Before distribution, MM uses potabilisation treatments (filtration on activated carbon and aeration towers) and disinfection with sodium hypochlorite.

Water from the aqueduct is subject to constant monitoring through a **sampling programme shared with ATS** (Health Protection Agency), which uses methodologies approved by the Istituto Superiore di Sanità (Higher Institute of Health) and conforming to the directives of the Area Office. MM carries out checks at several points: before supply (at the extraction wells), before delivery to check the effectiveness of treatment and the quality of delivery (at the inlet and outlet and at the intermediate points of the treatment plants, on the pumping stations and at the outlet of the storage tanks) and finally during delivery at the taps at the entrance to the water houses. The results of the analyses are included within bills and made available online, with specific reference to the area³⁹ of origin.

To ensure that water supplied through the city's aqueduct and water released into the environment downstream of purification processes meet the quality standards required by current regulations, MM uses **three in-house laboratories accredited in compliance with UNI CEI EN ISO/IEC 17025⁴⁰** (location A at the Aqueduct, location B at San Rocco and location C at Nosedo). These laboratories are equipped to conduct analyses on chemical, chemical-physical and microbiological parameters.

In addition, MM has developed a **Water Safety Plan (WSP)** to ensure the safety of water intended for hydropotable use, in accordance with the principles established by international and national standards, norms and guidelines for risk assessment and management along the hydropotable supply chain according to the Water Safety Plan model (Italian Ministerial Decree 14/06/2017). For more information on the WSP, see Chapter 2.2.4 *Water Resource Management*.

In 2024, MM's 'Aqueduct' laboratory ensured **compliance of the regulatory parameters established for water intended for human consumption**, carrying out a total of **2,936 samplings**, of which only 0.14% were non-compliant, and analysing a total of **132,356 parameters**, of which 0.004% were non-compliant.

³⁹ On the corporate website www.mmspa.eu: Home > What We Do > Integrated Water Service > Your water, information is provided on the quality of water in Milan starting from the address of interest.

⁴⁰ Italian Legislative Decree no. 18 of 23 February 2023, in Annex III (Article 7) has established that the laboratories of operators of the IWS engaged in performing analysis on the drinking water must be accredited in compliance 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, Regional Regulation, 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.

Quality of water supplied over the three-year period

	2022	2023	2024
Minimum number of samples to be taken by the operator	1,755	1,688	1,685
Total number of drinking water samples analysed	3,659	3,665	2,936
Total number of non-compliant drinking water samples analysed	7	4	4
% non-compliance of samples	0.19%	0.11%	0.14%
Total number of drinking water parameters analysed	159,659	168,674	132,356
Total number of non-compliant drinking water parameters analysed	7	7	5
% non-compliance of parameters	0.004%	0.004%	0.004%

MM also provided ARERA with data on sampling and parameters for the calculation of the **M3 Water Quality** macro-indicator, which includes only the checks carried out at the taps controlling the quality of water supplied by the active AP stations and at the entrances to the water houses; this number differs from the total samples and parameters carried out by the Company, which are necessary for the proper management of the water service. According to the ARERA method, the **samples carried out** by the Company in 2024 amounted to **1,796**, with a **rate of non-compliance with regulations of 0.22%** (M3b indicator), lower than the average of Italian operators of 3.39% and the average of North-West operators of 4.64%⁴¹. The **parameters analysed** in 2024 according to ARERA's methodology amounted to **71,039**, with a **non-compliance rate of 0.007%** (M3c indicator), lower than the average of Italian operators of 0.22% and of North-West operators of 0.28%⁴². Lastly, **the incidence of non-potability orders** was **0%**, once again lower than the average for Italian operators of 0.071% and for North-Western operators of 0.060%⁴³. These data confirm MM in **class A** for the **M3 macro-indicator**, achieving the objective of **class maintenance**, described in more detail in the paragraph *E2-3 Pollution related goals* in this chapter.

Non-conformities detected as a result of exceeding the limits indicated in the mandatory regulations, in the tables of Annex 1 of Italian Legislative Decree no. 18/23 Part A and Part C, were found in only three AP plants; details are given below:

- Centrale Linate - Part A and Part C⁴⁴: 1 Escherichia coli and 3 Coliform bacteria;
- Centrale Salemi - Part C: 43 Coliform bacteria
- Centrale San Siro - Part C: 2 and 4 Coliform bacteria

⁴¹ Source: ARERA - Annual Report on the State of Services 2023 - data based on a panel of 156 utilities, covering about 85% of the resident population in Italy (49.2 million inhabitants).

⁴² Source: ARERA - Annual Report on the State of Services 2023 - data based on a panel of 156 utilities, covering about 85% of the resident population in Italy (49.2 million inhabitants).

⁴³ Source: ARERA - Annual Report on the State of Services 2023 - data based on a panel of 156 utilities, covering about 85% of the resident population in Italy (49.2 million inhabitants).

⁴⁴ Limit values of the parameters indicated in Part A and Part C of Annex 1 of Italian Legislative Decree No. 18 of 23 February 2023.

In summary, only the first non-compliant result showed *Escherichia coli* contamination (Part A - microbiological parameters), while the other three non-compliant results belonged to Part C (indicator parameters).

Water quality delivered according to ARERA methodology over the three-year period (M3 Water quality delivered macro-indicator)

	2022 ⁴⁵	2023	2024
Incidence of non-potability orders (M3a)	0%	0%	0%
Minimum number of samples (from internal controls) to be taken by the operator per year	1,755	1,688	1,685
Number of samples (from internal controls) distributed downstream of any drinking water plants	2,040	1,955	1,796
Number of samples (from internal controls) taken in distribution downstream of any drinking water plants that do not comply with Italian Legislative Decree 31/2001	7	4	4
Sample rate from non-compliant internal controls (M3b)	0.34%	0.20%	0.22%
Number of parameters analysed in samples (from internal controls) taken in distribution downstream of any drinking water plants	65,053	67,942	71,039
Number of parameters that do not comply with Italian Legislative Decree 31/2001 in samples (from internal controls) taken in distribution downstream of any drinking water plants	7	7	5
- of which <i>chemical-physical</i>	0	0	0
- of which <i>microbiological</i>	7	7	5
Rate of parameters from non-compliant internal controls (M3c)	0.011%	0.010%	0.007%

Following the entry into force of Italian Legislative Decree 18/2023⁴⁶, the new legislation on the quality of water intended for human consumption, MM has integrated the monitoring of perfluoroalkyl substances (PFAS) in both water intended for human consumption and raw water 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 network⁴⁷.

⁴⁵ For the purposes of the ARERA evaluation, until 2022 the data and performance on indicators were reported separately by MM, for ACQ Milan and ACQ Corsico; in the table they are shown together. Furthermore, it should be noted that MM also operated four wells in the city of Corsico until 2022.

⁴⁶ The new provisions laid down by Italian Legislative Decree 18/23 include: research and analysis of new control parameters; risk assessment through Water Safety Plans (WSPs); identification of possible emerging pollutants in supply sources; assessment of distribution risks, including the domestic section between the meter and the tap; and the demand for effective and transparent communication to citizens about the quality of the water supplied.

⁴⁷ Leaving aside 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 Sustainability Report.

Below is the range of values of the so-called 'water labelling' of MM according to Italian Legislative Decree No. 18/2023.

MM water labelling in 2024

	Unit of Measurement	Italian Legislative Decree No. 18/2023	Range of values	
			min	max
Hydrogen ion concentration (pH)	pH scale	6.5 - 9.5	6.7	8.0
Dry residue at 180°	mg/l	No Limit	267.7	534.1
Hardness	°F	No Limit	15	41
Calcium	mg/l	No Limit	42	130
Magnesium	mg/l	No Limit	11	31.6
Ammonium	mg/l	0.50	<0.05	<0.05
Aluminium	µg/l	200	1.4	60.0
Chlorides	mg/l	250	10.3	47.5
Sodium	mg/l	200	5.2	33.4
Sulphates	mg/l	250	27.9	71.2
Iron	µg/l	200	2.5	72.6
Manganese	µg/l	50	<1.3	4.7
Nitrates	mg/l	50	11.9	49.4
Nitrites	mg/l	0.50	<0.03	0.11
Total PFAS	µg/l	0.10	<0.01	0.04

E2-4 Air, water and soil pollution

MM monitors **the emission of pollutants into water** according to current sector regulations and periodically reports their quantities in accordance with Annex II of Regulation (EC) No 166/2006 of the European Parliament and of the Council. It should be noted that the regulation only requires the reporting of parameters that exceed certain thresholds; there are no pollutants in the air above the thresholds, and there are no active discharges to soil.

Emissions of pollutants into water over the three-year period

Pollutant	Water emission threshold kg/year	2022		2023		2024	
		quantity	threshold exceedance (yes/no)	quantity	threshold exceedance (yes/no)	quantity	threshold exceedance (yes/no)
Total nitrogen	50,000	996,001.00	yes	1,004,371.79	yes	1,254,397.00	yes
Total phosphorus	5,000	184,245.96	yes	181,232.89	yes	218,926.42	yes
Zinc and compounds (expressed as Zn)	100	3,754.28	yes	6,766.15	yes	7,683.42	yes
Total Organic Carbon (TOC) (expressed as	50,000	863,468.69	yes	912,300.41	yes	1,092,828.00	yes

total C or COD/3)							
Chlorides	2 million	17,025,027.00	yes	18,004,028.70	yes	20,280,116.00	yes
Fluorides (expressed as total F)	2,000	30,046.13	yes	52,289.02	yes	78,632.73	yes

Quality of water discharges

E3-4 Sewage and wastewater

MM collects water from the public waterworks after it has been used for civil and industrial purposes, via the **sewerage system**.

In order to monitor operators' progress in the management of sewerage networks, ARERA requires the reporting of data related to the **M4 macro-indicator Sewerage system adequacy**, composed of three indicators. Firstly, the **frequency of flooding and sewerage spills (M4a)** is assessed, which in 2024 for MM were **6.143 per 100 km**, a figure higher than the average for Italian operators of 5.0 and North-West operators of 4.1⁴⁸. Secondly, the **regulatory adequacy of flood dischargers (M4b)** was assessed to be 0.0% non-compliant dischargers in MM⁴⁹ in 2024, which is significantly better than the average for Italian operators of 22% and for North-West operators of 23%⁵⁰. Finally, the **monitoring of non-inspected flood dischargers (M4c)** was assessed to be 0.0% in MM in 2024⁵¹, lower than the average of Italian operators of 7% and of North-West operators of 4%⁵².

Sewerage quality over the three-year period (M4 macro-indicator Sewerage system adequacy - calculation methodology up to 2023)

	2022	2023
M4a - frequency of flooding and/or sewerage spills (no./100 km)	0.673	0.549
M4b - regulatory adequacy of floodgates (%)	41.7%	16.7%
M4c - flood arrester control (%)	0%	0%

⁴⁸ Source: ARERA - Annual Report on the State of Services 2023 - data based on a panel of 143 utilities, covering 78.0% of the Italian resident population (45.1 million inhabitants).

⁴⁹ All the managed spillways are compliant as they meet the requirements of the RQTI Technical Quality Regulations, as amended by ARERA Resolution 637/2023/R/ldr, Art. 16.1 letter a), and comply with the provisions of the Rearrangement Plan issued by the Area Office pursuant to Regional Regulation 6/2019.

⁵⁰ Source: ARERA - Annual Report on the State of Services 2023 - data based on a panel of 143 utilities, covering 78.0% of the Italian resident population (45.1 million inhabitants).

⁵¹ It should be noted that the floodgates are all equipped with automatic activation detection systems and have been inspected.

⁵² Source: ARERA - Annual Report on the State of Services 2023 - data based on a panel of 143 utilities, covering 78.0% of the Italian resident population (45.1 million inhabitants).

Sewerage quality over the three-year period (M4 macro-indicator Sewerage system adequacy - calculation methodology from 2024)⁵³.

	2024
M4a - frequency of flooding and/or sewerage spills (no./100 km)	6.143
M4b - regulatory adequacy of flood drains (%)	0%
M4c - flood drain control (%)	0%

MM carries out wastewater treatment entirely through tertiary plants. The Company carries out daily checks on wastewater and purified water, through automatic sampling carried out at a frequency of approximately 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 purified water, the concentrations of pollutants in the effluent feeding the purification plant, as well as the performance of biological reactors, and the quality and solids content of the biological sludge produced in the process. The results of the analyses are published on the analytical reports and made available on the SireAcque online portal of the Lombardy Region.

The following table shows the sampling data, with details of the parameters analysed. In 2024, **5,730 samplings** were carried out, all of which complied with current discharge permit limits. The same applies to all **31,800 parameters analysed**.

The quality of purified water over the three-year period

	2022	2023	2024
Total number of samples carried out on discharged wastewater	6,850	6,225	5,730
Total number of samples taken of non-compliant discharged wastewater	0	0	0
% non-compliance of samples	0%	0%	0%
Total number of parameters analysed on discharged wastewater	37,800	31,400	31,800
Number of total parameters analysed on non-compliant discharged wastewater	0	0	0
% non-compliance of parameters	0%	0%	0%

ARERA has established the minimum number of samples that operators are required to take, on the basis of which the analysis and subsequent assessment of the quality of purified water, summarised in

⁵³ ARERA Resolution of 28 December 2023 637/2023/R/idr, following which flood drains that comply with the implementation deadlines of the adaptation plans provided for by the regional regulations in force are considered adapted.

M6 macro-indicator Purified Water Quality, is conducted. The following tables show the data concerning the sampling carried out by MM in compliance with the ARERA methodology and the related values of the M6 macro-indicator: the data are shown in two separate tables because in 2024 the calculation methodology for M6 was changed, in compliance with Resolution 637/2023/R/idr. The M6 indicator for 2024 was **0.60%**, confirming the downward trend in place since 2022: macro-indicator M6 expresses the percentage of non-compliant samples out of the total number of samples taken, so this trend indicates a steady improvement in the quality of water purified according to the Authority's criteria. In addition, MM's results are significantly better than the average of Italian operators, which is 7.1%, and that of North-West managers, which is 7.0%⁵⁴.

Purified water quality in 2022 and 2023 according to ARERA methodology (M6 macro-indicator Purified water quality - calculation methodology up to 2023)

	Unit of Measurement	2022	2023
Number of samples carried out by the operator on wastewater discharged by the treatment plants with reference to the parameters in Tables 1 and 2	No.	673	481
Number of samples carried out by the operator on wastewater discharged by the sewage treatment plants with exceedance of at least one limit for the parameters in Tables 1 and 2, according to para. 19.3 RQTI Technical Quality Regulation	No.	18	4
M6 - Quality of purified water	%	2.67%	0.83%
Number of parameters analysed in the samples taken by the operator on the wastewater discharged by the treatment plants with reference to Tables 1, 2, 3, or Table 4	No.	16,465	11,231
Number of parameters exceeding the limits of Tables 1, 2 and 3, or Table 4, in samples taken by the operator on wastewater discharged by the treatment plants	No.	67	8
Rate of Parameters Resulting Above Limits	%	0.41%	0.07%

⁵⁴ Source: ARERA - Annual Report on the State of Services 2023 - data based on a panel of 132 water utilities, covering 74.6% of the Italian resident population (43.2 million inhabitants).

Purified water quality in 2024 according to ARERA methodology (M6 macro-indicator Purified water quality - calculation methodology from 2024)⁵⁵

	Unit of Measurement	2024
Number of samples carried out by the operator on the wastewater discharged by the treatment plants with reference to the parameters set out in para. 19.3(a)	No.	501
Number of samples taken by the operator on wastewater discharged by the treatment plants with exceedance of at least one limit for the parameters in Tables 1 or 2 or 3 (nitrogen forms)	No.	3
M6 - Quality of purified water	%	0.60%
Number of parameters analysed in the samples taken by the operator on the wastewater discharged by the treatment plants with reference to Tables 1, 2, 3, or Table 4	No.	13,347
Number of parameters exceeding the limits of Tables 1, 2 and 3, or Table 4, in samples taken by the operator on wastewater discharged by the treatment plants	No.	27
Rate of Parameters Resulting Above Limits	%	0.20%

The difference in the conformity of parameters and samples shown in the tables above lies in the fact that the limits set by ARERA for the calculation of the M6 macro-indicator are more restrictive than the limits of the discharge authorisations. In particular, the exceedances of the limits measured according to ARERA methodology are mainly attributable to the parameters phosphorus and ammonium, probably due to the fact that the purifiers are not set up for a thorough treatment of nitrogen and phosphorus in order to reach the ARERA limits. The following table shows the data on water quality at discharge, expressed as the average percentage of abatement of substances in wastewater leaving the treatment plants compared to the inlet.

Water quality at discharge over the three-year period - Average percentage of abatement of substances in wastewater leaving treatment plants compared to input

	Unit of Measurement	2022	2023	2024
BOD5	%	99%	99%	98%
CODE	%	96%	97%	96%
SST	%	99%	99%	98%
Total phosphorus	%	78%	79%	76%
Total nitrogen	%	85%	85%	82%

⁵⁵ ARERA Resolution 28 December 2023 637/2023/R/ldr.

2.2.4 Water resource management

ESRS 2 SBM-3 - Relevant impacts, risks and opportunities and their interaction with the strategy and business model

The double materiality analysis identified the issue of water and marine resources as material, particularly in relation to the water sub-topic. The table below shows the IROs identified, all of which refer to the **Integrated Water Service Division (IWS)**, and, where applicable, a description of their content and potential implications, both favourable and unfavourable, arising from their occurrence.

IROs related to waters and marine resources	Sub-topic	IRO typology	Effective/Potential	Value chain	Time horizon
<p>Excessive withdrawal from the water table due to large-scale leakage of drinking water Excessive withdrawal from the water table due to large losses of drinking water that may occur between withdrawal, injection and distribution in the networks.</p>	Water	Negative impact	Potential	Own operations	Long-term
<p>Purification of wastewater allowing for its reuse for irrigation purposes by farmers, delivering water of higher quality than surface water bodies Purification of waste water allowing for its reuse for irrigation purposes by farmers, delivering water of higher quality than surface water bodies</p>	Water	Positive impact	Effective	Own operations	-
<p>Inability to supply the water network and economic damage following blackouts and power outages The risk consists in the possibility that MM may not be able to guarantee its service optimally following blackouts, as the purifiers have no other source of energy; the generators only supply the remote control; Nosedo is powered by high voltage pylons so the risk is remote; San Rocco is powered by a medium voltage line supplied directly by A2A and in the event of a power outage the restoration times are short. Not all lifting stations have generators. If there is little inflow, the risk is small; if there is heavy rain, the risk is greater. Events of this kind are particularly critical for components powered by large amounts of energy, such as purifiers. The scenario of a complete inability to supply the water network is unrealistic, except in the case of an unlikely nationwide power outage</p>	Water	Risk	Potential	Own operations	-

IROs related to waters and marine resources	Sub-topic	IRO typology	Effective/Potential	Value chain	Time horizon
<p>Reduced/shortened water resource availability due to variation in rainfall patterns 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, affecting 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.</p>	Water	Risk	Potential	Own operations	-
<p>Preservation of the water table Preservation of the availability of water resources through a water loss recovery plan and investments in innovative technologies aimed at optimising operating pressures, reducing losses and increasing availability of water resources, and thus causing a reduction in operating costs</p>	Water	Opportunities	Potential	Own operations	Long-term

E3-1 Policies related to water and marine resources

Water Safety Plan

In order to secure water distribution and service reliability, MM has adopted the **Water Safety Plan (WSP)**, which can be consulted on the company website www.mmspa.eu (Home > What We Do > Integrated Water Service > Your Water). In addition to the WSP, MM applies further policies, in accordance with the regulations of the Po River Basin Authority, the Lombardy Region and the ATO, which supervise the activities of the water operator.

The WSP has the priority objective of **protecting human health** through a thorough risk analysis along the entire water supply chain: from capture to distribution. It aims to **prevent and reduce** the risk of environmental contamination by eliminating - where possible - hazardous agents of a chemical, microbiological, physical or radiological nature. It is not limited to the parameters set out in the regulations, but considers **all potential hazards and vulnerabilities of the drinking water system**.

The effectiveness of the WSP is based on the implementation of the following actions:

- critical analysis of the system and evaluation of its ability to deliver water to standards;
- identification of critical issues and possible causes of contamination;
- validation of control and monitoring measures;
- preparation of corrective actions in case of anomalies;
- regular updating of the plan.

The PSA, which sees the CEO as the highest level of management responsible for its implementation, is a tool introduced by the World Health Organisation (WHO); it responds to the principles established by international and national standards, norms and guidelines for risk assessment and management

along the water supply chain according to the Water Safety Plan model (Italian Ministerial Decree 14/06/2017). The plan analyses the processes and status of the assets of Milan's aqueduct network, divided into four sections: **capture, treatment, storage and distribution**. It accurately identifies risks, both man-made and environmental, and describes the control measures already in place, as well as proposing improvement actions to protect the safety of the end user.

During its drafting, the interests of integrated water service users, regulatory authorities and the Optimum Territorial Area (ATO) were taken into account. For its successful implementation, the collaboration between MM's Integrated Water Service Business Unit and the regulatory authorities is crucial.

The WSP is based on a **preventive approach**, aimed at identifying and assessing in advance any possible risk along the drinking water route, from source to tap. Once risks are identified, specific **control measures** are established to minimise them. The WSP also provides for effective **emergency management**: in the event of contamination or breakdowns, targeted actions are activated to ensure continuity and safety of the service. A **continuous monitoring and review system** is envisaged to check the effectiveness of the measures over time and to update the Plan in case of new needs. The WSP also promotes **transparency, participation and training** of personnel, fostering responsible management of the water resource. Although not directly involved in infrastructure design, the WSP helps to **direct structural interventions** where vulnerabilities in the network or facilities are identified. In this sense, it favours the adaptation of works to strengthen the resilience of the system. The WSP also supports the achievement of environmental quality objectives, contributing to the **protection of surface and groundwater**, both qualitatively and quantitatively.

An application example is the **hydraulic risk mitigation plan for water wells**, designed to manage the risk of flooding in the Seveso and Lambro river areas. In 2021, the WSP was revised by a team composed of MM, ATS (Health Protection Agency), ARPA (Regional Agency for Environmental Protection, CNR (Italian National Research Council), the University and the Municipality of Milan, and in 2022 it was submitted to the Italian National Institute of Health for approval. In February 2023, Italian Decree Law No. 18 established the **Centro Nazionale per la Sicurezza delle Acque (CeNSIA)**, responsible for the validation of Safety Plans.

In addition to the WSP, MM has adopted a **Water Supply Emergency Management Plan**, which defines the operational procedures to be followed in case of a hazardous event. This plan is updated every three years⁵⁶, or following significant changes in the network, facilities or water quality parameters.

E3-2 Actions and Resources related to water and marine resources

The actions carried out by the **Integrated Water Service (IWS) Business Unit** for the protection of the water resource are included in MM's Business Plan with reference to the 2024-2028 period and contribute to the achievement of the objectives described in paragraph E3-3 *Objectives related to water and marine resources*. All the actions listed below are part of the **ecological transition** intervention

⁵⁶ Updating takes place every three years, as per the Specifications: Aqueduct emergency management and network and facility safety plan (Technical Specification, Chapter 5.3 - *by 31 December 2018 and at least every three years thereafter*).

area, and concern the geographical area of the Municipality of Milan, on which MM operates, involving the municipality, citizens and general contractors for the construction of plants.

First, the installation of **totems and infrastructures for the use of 'technical water'** (water taken from the water table and not subject to drinking water treatment, resulting from purification processes and destined for reuse, or coming from first groundwater wells) is planned. This action contributes to achieving the objective of reducing water withdrawals from the environment while protecting groundwater. In 2024, just under 2 million cubic metres of technical water from wells were distributed, reducing the distribution of water for human consumption. The achievement of this action does not depend on specific preconditions, and involves investment expenditure of EUR 80,000 in the period 2025-2028 (EUR 20,851 in 2024).

Second, the **installation and implementation of devices and technologies to control the pressure of water fed into the network** is planned; during 2024, the development of the **DSS** (Decision Support System) **Aquadvanced water network** with a water loss pre-localisation system continued. The new technologies installed will allow for greater control of water pressure and, consequently, more timely detection of water leaks. In this way, the action, which is part of MM's **Loss Reduction Plan**, contributes to the achievement of the objectives of reducing water breaks and losses, and optimising operating pressures. Furthermore, the action indirectly contributes to the reduction of water consumption by adopting efficiency-oriented measures in the use of the resource. The achievement of this action does not depend on specific preconditions.

Third, **the installation of fibre optics in the aqueduct network** is planned, together with **the installation of 300 noise loggers** and the **physical districtisation of the network**. In the course of 2024, the **NRRP project which envisages the implementation of these three interventions**, which will allow the collection of information aimed at reducing the M1b macro-indicator of ARERA's Technical Quality through the identification of holes or leaks along the pipeline, as envisaged in the Leakage Reduction Plan, was launched. In order to be able to realise the described measures, investment expenditure of EUR 9.78 million is planned between 2025 and 2028 (in 2024, EUR 1.32 million was invested).

Although MM operates in a **territory that is not classified as a water stress area**⁵⁷, MM has nevertheless chosen to take measures to protect the groundwater resource, confirming its commitment to responsible and sustainable water management.

Finally, a further significant action concerns the purification of civil and industrial water discharges, so that treated water can be reused by farmers for irrigation purposes. MM manages the purification service through technologically advanced plants, which guarantee a higher quality standard of outgoing water than that of surface water bodies, making it suitable for agricultural irrigation in accordance with current regulations. To support this activity, MM is setting up technical water dispensing totems positioned at

⁵⁷ According to the World Resources Institute (Aqueduct Water Risk Atlas).

the outlet of the purification plants, intended for tanker loading, potentially usable for non-drinking uses in addition to irrigation reuse.

E3-3 Objectives related to water and marine resources

As mentioned earlier, MM has identified **three main strategic objectives** in the area of water resource protection within the Business Plan referring to the period 2024-2028. These objectives concern MM's own activities, with a territorial area limited to the Municipality of Milan. In addition to these, there are the objectives defined by the ARERA regulation, which constitute further binding guidelines which operators should comply with, helping to strengthen the overall effectiveness of the actions put in place to safeguard the water resource.

The objectives to reduce the consumption of water resources have been set with reference to the **Water Protection and Use Plan - PTUA** (DGR 29 March 2006 no. 8/2244), i.e. the Lombardy Region's instrument that identifies the measures and interventions required to ensure the protection and qualitative and quantitative safeguarding of Lombardy's regional water bodies, both surface and underground. By Resolution No. 6990 of 31 July 2017, the PTUA 2016 was approved, establishing the revision of the previous PTUA 2006. The regulatory authority and the ATO are involved in the definition of the objectives, while the users of the IWS are not directly involved.

The first objective concerns the **reduction of water withdrawals from the environment and the protection of the groundwater resource**. It consists of two sub-objectives to be achieved:

- a reduction of 6.5 million cubic metres over five years in the volumes of water withdrawn annually from the environment and fed into the network, corresponding to a target of 197,215,766 cubic metres withdrawn to be reached, starting from a 2023 baseline of 203,715,766 cubic metres;
- a reduction of 6.5 million cubic metres over five years in the volumes of water withdrawn annually from the environment and fed into the network, corresponding to a target of 195,233,218 cubic metres of water withdrawn if technical water is excluded, to be achieved from a 2023 baseline of 201,733,218 cubic metres.

The first sub-objective relates to the reduction of withdrawals due to the reduction of water losses, while the second sub-objective relates to the reduction of withdrawals due to the reuse of technical water. As described in section E3-2 *Water-related actions and resources*, in fact, the installation of totems and infrastructures for the use of 'technical water', i.e. water taken from groundwater and not subject to purification treatment, resulting from purification processes and destined for reuse, from first groundwater wells, is planned.

The second objective relates to **increasing the resilience of the aqueduct system by achieving fewer pipe breaks and lower network losses**. It consists of two sub-objectives to be achieved:

- number of pipe breaks per Km (N/Km): 0.200 in 2028, to be reached from the initial value (average 2021-2023) of 0.214;
- percentage leakage index (Indicator M1b) (%): 10% in 2028, to be reached from the initial value (2023) of 11.78%.

The third objective concerns the **optimisation of operating pressures**. It envisages reaching a ratio of water injected into the network to water billed of 1.10 in 2028, from a value (2023) of 1.13. This will be done by installing and implementing devices and technologies to control the pressure of water fed into the network.

While the first objective is directly aimed at reducing water withdrawals from the environment, both the second and third objectives indirectly concern the reduction of water consumption, as less water is withdrawn from the network to meet user needs.

In addition, the first objective contributes to the achievement of the objectives set by ARERA concerning the **M0 macro-indicator on water resilience**⁵⁸, while the second and third contribute to the achievement for **the indicator M1b for the percentage leakage index**.

The following table shows the figures for the **leakage research activity** carried out by MM in the three-year period 2022-2024. In this regard, it should be noted that, over the past few years, various **activities have been implemented in preparation for the reduction of M1 macro-indicator Water Losses**, such as the reduction of night-time pressures in the network the installation of network pressure optimisation software (DSS), constant leak detection monitoring activities on the small-diameter distribution network⁵⁹, the replacement of utility meters with Smart meters, and the renewal of the distribution network.

Leak detection activities	2022	2023	2024
Kilometres of aqueduct network monitored ⁶⁰	19.40	834.81	1,490.75
Kilometres of pipeline replaced or rehabilitated ⁶¹	4.85	6.62	4.56

With regard to the **objectives defined by the ARERA regulation** for the aqueduct sector, in 2024 MM achieved a result of 23.45 mc/km/day for the **M1a indicator**, for the **linear leakage index**, outperforming the average of North-West water operators (15.4) and Italian water operators (17.9)⁶²; the **M1b indicator**, for the **percentage leakage index**, was equal to 11.3%, a value lower than both the average of North-West water operators (33.4%) and the average of Italian water operators (41.8%)⁶³. The two indicators make up the **M1 macro-indicator**, for which MM in 2024 was placed in class C. The **objective** of MM in this case is to progressively improve its performance to achieve a **class advancement RQTI Technical Quality Regulation by 2028**⁶⁴.

⁵⁸ Macro-indicator introduced by ARERA Resolution 637/2023/R/idr.

⁵⁹ Nominal diameter <450 mm, i.e. for a length of approximately 1.923 km.

⁶⁰ Network length searched for leaks using acoustic techniques or different techniques/technologies with the same purpose.

⁶¹ Total length of pipelines replaced, including pipelines replaced or rehabilitated using trenchless techniques.

⁶² Source: ARERA - Annual Report on the State of Services 2023 - data based on a panel of 158 utilities, covering 85.7% of the Italian resident population (49.6 million inhabitants).

⁶³ Source: ARERA - Annual Report on the State of Services 2023 - data based on a panel of 158 utilities, covering 85.7% of the Italian resident population (49.6 million inhabitants).

⁶⁴ Class C positioning includes a target of -4% M1a per year. The thresholds in Table 2bis of the RQTI Technical Quality Regulation must be reached in order to obtain a higher class.

In addition, MM in 2024 confirmed its position in class A for the **M2 macro-indicator**, relating to interruptions in the aqueduct service, which had a value of **0.36 hours**, well below the national value of 59.02, and slightly lower than that of the North-West operators, which was 0.89⁶⁵. The **objective** of MM, as in the case of M3, M5 and M6 indicators, is the **maintenance of the result in class A**.

E3-4 Water consumption

The following tables show MM's water consumption data. The first table shows the figures for **total internal consumption**, expressed in cubic metres, which are entirely attributable to consumption for civil use. In 2024, total consumption amounted to **594,973 cubic metres** of water.

Total internal consumption (cubic metres)			
	2022	2023	2024
Total consumption ⁶⁶	474,459	533,453	594,973 ⁶⁷

The following table shows the calculation of **water intensity**, which is the ratio of total water consumption in own operations to net revenues⁶⁸, and is expressed in cubic metres per million. In 2024, MM's water intensity was **2,372 cubic metres/million euro**.

	Unit of Measurement	2022	2023	2024
Total water consumption	cubic metres	474,459	533,453	594,973
Net revenues	million euro	213	229	251
Total water consumption in own operations versus net revenues	cubic metres/million euro	2,225	2,327	2,372

MM **takes water entirely from aquifers or underground sources**, making use of **584 wells**⁶⁹, grouped into 28 power stations. There is also a wholesale aqueduct supply agreement regulating inlet and outlet volumes between the aqueduct system of the Municipality of Milan and the aqueduct system of the Municipality of Corsico (MI). The Company makes use of a **2,210 km long aqueduct network**, of which the majority (2,110 km) is a distribution network and a very small part (100 km) of an adduction network, to serve **830,123 users**⁷⁰, with a resident population of 1,369,715.

⁶⁵ Source: ARERA - Annual Report on the State of Services 2023 - data based on a panel of 156 utilities, covering about 85% of the resident population in Italy (49.1 million inhabitants).

⁶⁶ The consumption of HOUSING utilities in the name of and on behalf of the Municipality of Milan, over the three-year period, has been separated from the total, which includes only the consumption of utilities in the name of MM.

⁶⁷ The upward trend recorded (+12% per year) over the three-year period is mainly linked to three factors: the increase in the number of water houses installed, the extension of metering coverage through the installation of meters at drinking fountains, and, finally, the effect of seasonality linked to irrigation use.

⁶⁸ The total revenues of MM, item - 'Revenues' of the Financial Statements - Comprehensive Income Statement (Revenues net of 'Revenues for work on goods under concession' and 'Other revenues and income') have been considered.

⁶⁹ Number of sources of water supply for human consumption.

⁷⁰ Total number of end users served by the operator for the aqueduct service (including indirect users).

In 2024 the **water withdrawn** was **231,777,012 cubic metres**, almost all of which came from groundwater (99.96%) divided into wells for drinking water use and first groundwater wells operated by MM. The residual share of withdrawals comes from the Corsico wells operated by Cap Holding.

Water taken from the water table is of high quality, being naturally filtered by the permeable layers of soil, which act as a natural purification system. It is often already potable from a chemical-physical point of view, is less exposed to external contamination and maintains constant characteristics even in times of drought. Before distribution, MM treats the water for potability - with filtration on activated carbon and aeration through towers - and applies a disinfection process using sodium hypochlorite. The company promotes the use of drinking water from the urban aqueduct, which is also made accessible through the 659 public drinking fountains and 52 Water Houses distributed in town halls and highly frequented areas, such as university campuses and parks. This network also helps mitigate the effects of heat waves, especially when seasonal average daytime temperatures exceed 36.6 °C.

Water injected into the distribution network in 2024 amounted to 201,949,532 cubic metres, while water billed, i.e. actually measured by meters and invoiced to end users, amounted to 179,184,943 cubic metres.

Fountains and water houses

Milan's 'fontanelle' fountains (called 'vedovelle' for the incessant trickle of water compared to a widow's cry) are made of green cast iron with a dragon-shaped brass mouth inspired by the rainwater drains visible on the sides of the Milan Cathedral. Almost all of them are equipped with meters with remote reading, just like private utilities. **Continuous water supply** is functional in preventing bacterial growth, preserving freshness and quality, and facilitating the venting of any air pockets in the pipes that may cause malfunctions along the network. Moreover, 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 ensuring better protection for citizens.

In turn, the **Water Houses provide free fresh water**, still or sparkling, 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 water 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 water 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 various parameters, using real-time measurements via IoT (Internet of Things) and fibre optic systems.

Water withdrawal				
Type of source	Unit of Measurement	2022	2023	2024
Groundwater or underground sources	cubic metres	243,516,342	232,587,523	231,675,072
<i>of which wells for drinking water use</i>	<i>cubic metres</i>	<i>209,198,262</i>	<i>203,712,643</i>	<i>203,299,152</i>
<i>of which first groundwater wells</i>	<i>cubic metres</i>	<i>34,318,080</i>	<i>28,874,880</i>	<i>28,375,920</i>
Purchased in bulk	cubic metres	960,814	3,123	101,940
Total	cubic metres	244,477,157	232,590,646	231,777,012

Scope of reporting and information sources

The 2022 water withdrawal data also include data from the Corsico Aqueduct, the management of which passed to CAP Holding on 1 January 2023. As regards water purchased in bulk, the figure relates to meters in Corsico. MM does not withdraw water from water-stressed areas, and imported water is not imported from water-stressed areas (exchange with CAP Holding, water leaving the Corsico municipality's aqueduct system to the Milan municipality's aqueduct system). The 2022 and 2023 water withdrawal data differ from what was reported in the Non-Financial Statement 2023 in that data on the volume of water purchased from third parties was integrated in 2024.

As can be deduced from the data shown in the table, the **trend towards a decrease in the volume of water withdrawn from the aquifer** for aqueduct distribution is confirmed, to further protect the availability of the water resource, already classified with **low criticality level** based on the criteria identified by the Po River Basin Authority⁷¹. This downward trend is also linked to the reduction in consumption by users, attributable to the external context that has changed habits leading to a general reduction in demand, particularly from commercial establishments (e.g. offices, gyms and swimming pools).

⁷¹ It should be noted that, with the adoption of the 2015 Po Management Plan, Resolution no. 8 , the 'Technical directive containing the criteria for the assessment of the impact of in situ uses and withdrawals on the status of surface and groundwater bodies for the purpose of issuing and renewing public water concessions in the Po River Basin District' and its annexes referring to surface water and groundwater, updated with subsequent Resolution no. 3/2017 of 14 December 2017. On the basis of this Directive, within the environmental impact study prepared within the scope of the aqueduct derivation concession for the 584 wells, the quantitative criticality status of the groundwater body represented by the simultaneous assessment of the values of the three indicators provided (subsidence absent, piezometric trend rising, submergence in equilibrium) was classified as 'low'.

According to the intrinsic **Vulnerability Map** of Lombardy's aquifers, the Municipality of Milan is divided in relation to vulnerability zones, which can be identified by different colours:

- Green - medium degree of vulnerability;
- Yellow - high degree of vulnerability;
- Orange - elevated degree of vulnerability;
- Red - very high degree of vulnerability.

Generally speaking, it can be seen that, on the one hand, the northern territory of the Municipality of Milan is characterised by a medium intrinsic vulnerability of the aquifers, while, on the other hand, the central-southern sector falls mainly in the high intrinsic vulnerability zone and, in some sectors, in the elevated zone. Relating to waterworks:

- 8 of them fall within the medium vulnerability zone (Bicocca, Bruzzano, Comasina, Gorla, Salemi, Suzzani, Testi and Vialba);
- 17 in the high vulnerability zone (Abbiategrasso, Anfossi, Armi, Baggio, Cantore, Chiusabella, Cimabue, Corsico, Crema, Este, Espinasse, Feltre, Italia, Martini, Parco, San Siro and Vercelli) and 1 in the elevated intrinsic vulnerability zone (Naples);
- 5 plants fall partly within the medium class and partly within the high class of aquifer vulnerability (Crescenzago, Lambro, Novara, Ovidio and Padova);
- 3 fall partly within the high and partly within the elevated aquifer vulnerability class (Assiano, Linate and Tonezza).

E3-4 Sewage and wastewater

MM collects and purifies water from the public waterworks after it has been used, treating it appropriately and then returning it to the environment. In order to do so, it makes use of a **sewerage network of 1,644 km**, serving **829,160 utilities**⁷², corresponding to a population of 1,320,209 people. In contrast, the population served by the purification service is 1,292,620.

Purified wastewater is discharged entirely into surface water bodies, with the exception of the component that is treated for irrigation reuse in agriculture, which accounted for 20% of the total in 2024. The following tables show the water discharge values for the three-year period 2022-2024, with details of the type of discharge and the reference plant. In 2024, MM has **discharged 256,114,001 cubic metres** of water. Variations in discharged water volumes, as measured by installed flow meters, depend mainly on the variability of rainfall events.

Water drainage by type	Unit of Measurement	2022	2023	2024
Surface water bodies	Cubic metres	123,055,083	146,220,534	205,115,749
Irrigation reuse in agriculture	Cubic metres	74,088,098	61,319,408	50,998,252
Total	Cubic metres	197,143,181	207,539,942	256,114,001

⁷² Number of end-users served by the operator for the sewerage service (including indirect users).

As for the San Rocco purification plant, after being treated, water is released into the Southern Lambro collector and into the Pizzabrasa and Carlesca irrigation ditches. The Nosedo water purification plant, on the other hand, discharges treated water mainly into the Vettabbia canal, into the Cavo Redefossi and feeds the hydrographic network serving Vettabbia Park.

Water drainage by system	Unit of Measurement	2022	2023	2024
Milan Nosedo	Cubic metres	120,399,990	122,570,740	147,903,010
Milan San Rocco	Cubic metres	76,743,191	84,969,202	108,210,991
Total⁷³	Cubic metres	197,143,181	207,539,942	256,114,001

2.2.5 Biodiversity

No relevant IROs related to the topic of biodiversity were identified within the double materiality analysis. This is the only topical standard within the meaning of the CSRD framework that was not material for MM in the financial year 2024. In any case, two actual impacts (one of a positive and one of a negative nature) and one potential positive impact related to the topic were identified; however, even following the assessment conducted with the involvement of internal and external stakeholders, no impact reached the materiality threshold necessary to be included in the relevant IROs. As confirmation of this assessment, it is noted that MM also has no eligible activities under the EU Taxonomy for the contribution to the objective of protecting and restoring biodiversity and ecosystems.

2.2.6 Development of the circular economy

ESRS 2 SBM-3 - Relevant impacts, risks and opportunities and their interaction with the strategy and business model

The double materiality analysis identified three IROs related to the issue of the circular economy, specifically concerning the sub-topic of resource inflows and resource use. These are **two impacts**, one positive and one negative, and one **risk** generated in MM's operations. The table below shows the IROs identified and, where applicable, a description of their content and potential implications, both favourable and unfavourable, arising from their occurrence.

⁷³ Total volume of purified effluent leaving purification.

IROs related to the circular economy	Sub-topic	IRO typology	Effective/Potential	Value chain	Time horizon
<p>Consumption of materials by suppliers with whom MM collaborates that do not promote the use of recycled, regenerated, recovered raw materials Consumption of materials by suppliers with whom MM works for the construction of buildings, mobility infrastructure and the laying of new networks etc. according to linear economy logics to the detriment of recycled, regenerated, recovered raw materials</p>	<p>Inflows of resources, including use of resources</p>	<p>Negative impact</p>	<p>Effective</p>	<p>Suppliers</p>	<p>-</p>
<p>Reduction of the total quantities of sludge produced by the purification process and valorisation of the same with energy recovery projects Reduction of the total quantities of sludge produced by the purification process and valorisation of the same with energy recovery projects (e.g. the anaerobic digestion plants of Nosedo and San Rocco)</p>	<p>Inflows of resources, including use of resources</p>	<p>Positive impact</p>	<p>Potential</p>	<p>Own operations</p>	<p>Medium-term</p>
<p>Loss/difficulty in finding compliant critical suppliers The risk represents the possibility that MM may fail to identify suppliers in the marketplace complying with what is required; it may have to face the failure of one or more critical suppliers with consequences such as: economic damage; disservice to third parties; inability to complete activities on time; reputational damage. Please also note that MM, as the contracting company, has joint and several liability towards the contractors. This implies that failure to pay subcontractors and employees constitutes a serious breach of contract and may be grounds for termination of the contract.</p>	<p>Inflows of resources, including use of resources</p>	<p>Risk</p>	<p>Potential</p>	<p>Own operations</p>	<p>-</p>

E5-1 Resource use and circular economy policies

Regarding the management of the IROs identified as material within the double materiality analysis, MM in 2024 applied the **Environmental Policy** described in section E2-1 *Policies Related to Pollution*.

E5-2 Actions and resources related to resource use and the circular economy

Within MM's Business Plan, in the area of interventions relating to the **ecological transition** and in the sphere of strategic development of the circular economy and reduction of emissions, an action has been identified concerning the implementation of the Cascina Nosedo project, whose planned investment over the years 2025-2028 amounts to EUR 7.50 million (for more details please refer to paragraph E5-3 *Objectives related to resource use and the circular economy*).

In addition, there is a further action concerning the circular economy, identified within the Business Plan in the strategic development area of **energy efficiency and self-production from renewable sources**. This is the construction of anaerobic digester at the sewerage treatment plants of Nosedo and San Rocco, action described in detail in the paragraph E1-3 *Climate change policy actions and resources*.

For employees, it then promotes **training activities** aimed at updating skills on waste management methods, as well as **awareness-raising 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** (intermediary without detention) in the collection, transport and disposal of special waste, hazardous and non-hazardous, at cost and value, generated as part of network and plant maintenance activities, extended to several Integrated Water Service sites from 2020, after an initial experimental phase, as well as to the Ordinary Plant and Infrastructure Maintenance Division. This management approach for routine waste disposal and valorisation activities, including ferrous scrap, has proven to be efficient and effective from the point of view 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.

Finally, it should be noted that in 2025 MM plans to issue/update system documentation on waste management in line with the new traceability regulations following the registration of MM's Local Units in the **RENTRI** (National Electronic Waste Traceability Register). In particular, the Operating Procedure *Waste Management* will be revised; the Operating Instruction *Waste Management DTA*, the Operating Instruction *Waste Identification Form* and the Operating Instruction *Self-Control Procedure for the management of waste fed to and produced by the San Rocco Sludge Monoincineration Plant* will be issued.

E5-3 Resource use and circular economy targets

MM's Business Plan identifies **three strategic objectives** related to the circular economy and resource use, all of which refer to the period 2024-2028.

The first objective, for which no quantitative targets have yet been set, concerns the **development of critical raw materials**, in particular with regard to:

- Evaluation of possible alternative uses for sewage sludge (e.g. compost or fertiliser);
- end of waste: recovery of materials and substances from purification processes, such as phosphorous and other nutrients;
- production of conglomerates from sand, through the involvement of industry.

The second objective envisages the **reduction of the total amount of sludge produced as dry matter** by decreasing the sludge quota of the Nosedo wastewater treatment plant (at which approximately 13,600 tonnes of dry matter were produced in 2023) by 25% as a result of the anaerobic digester. MM's target for 2028 is to achieve a production of 17,386 tonnes of total dry matter.

The third objective concerns the circular economy and the reduction of emissions, and consists in the realisation of the **Project Cascina Nosedo**, dedicated to experimentation and research on the circular economy, as well as a valid example of **urban regeneration**. Quantitative targets for this objective have not yet been defined.

These objectives concern both MM activities and the downstream value chain (first and second objective), with particular reference to waste disposal operators. The perimeter of reference is the City of Milan and more broadly the Region of Lombardy.

E5-4 Resource inflows

MM's double materiality analysis identifies a material IRO of incoming resource flows in respect of its own operations. However, the activities that make up the Company's business, as described in paragraph SBM-1 *Strategy, Business Model and Value Chain*, require the use of goods and materials that consist mainly of technical supplies, operating equipment and ordinary consumables, which are not significant from an environmental or social sustainability perspective, nor are they the subject of particular attention by stakeholders. The main natural resource used by the company is water withdrawn for the provision of water service, the quantity of which is already reported in detail under thematic principle E3 - Water and Marine Resources. In light of these considerations, MM concludes that the issue of 'inflows' (E5-4) is not a material issue with respect to its own operations, neither in terms of actual or potential impacts on the environment or society, nor with respect to sustainability-related financial risks and opportunities.

With regard to the material risk 'Loss or difficulty in procuring critical suppliers', it should be noted that this concerns purely contractual and managerial aspects related to the continuity of supplies, so the reporting of associated environmental metrics is not relevant. Concerning the negative impact 'Material consumption by suppliers with whom MM cooperates who do not promote the use of recycled, reclaimed or regenerated raw materials', it should be noted that it is currently not possible to accurately report data on resource inflows from suppliers, as no systematic data collection on this is yet available. MM is committed, for the future, to developing a monitoring and reporting system to obtain all necessary information on its upstream value chain.

E5-5 Resource outflows

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 **operational 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.

The following tables provide details of the **waste produced by MM** in the course of its activities, covering the three-year period 2022-2024. In the first table, waste is divided by composition (between hazardous and non-hazardous), and by destination (destined for disposal and not destined for disposal). The second and third tables also give details of the types of recovery and disposal to which the waste was subjected.

In 2024, MM produced **67,933.78 tonnes of waste**, of which 19.48 tonnes was hazardous waste and 67,914.30 tonnes of non-hazardous waste. Out of the total, **99.47%** (67,572.67 tonnes) **was sent to recovery operations**, while the remaining 0.53% (361.11 tonnes) was destined for disposal.

Waste generated, broken down by composition (t)									
	2022			2023			2024		
	Waste not intended for disposal	Waste for disposal	Total	Waste not intended for disposal	Waste for disposal	Total	Waste not intended for disposal	Waste for disposal	Total
Hazardous	5.60	2.90	8.50	14.10	8.80	22.90	10.01	9.48	19.48
Non-hazardous	69,007.60	451.60	69,459.20	68,172.70	428.00	68,600.70	67,562.67	351.63	67,914.30
Total	69,013.20	454.50	69,467.70	68,186.80	436.80	68,623.60	67,572.67	361.11	67,933.78
%	99.35%	0.65%		99.36%	0.64%		99.47%	0.53%	

Recovery details

The following table gives details of the recovery operations to which part of the waste produced by MM was subjected. In 2024, 3,629.56 tonnes of waste were sent to **recycling**, while 63,933.11 tonnes were subject to **other recovery operations**, of which 151 tonnes were used as fuel.

Waste sent for recovery - details (t)							
ESRS classification	Classification of recovery or disposal operation	2022		2023		2024	
		Hazardous	Non-hazardous	Hazardous	Non-hazardous	Hazardous	Non-hazardous
Recycling	R3 - Recycling/reclamation of organic substances which are not used as solvents (including composting and other biological transformation processes)	-	-	-	-	-	3,629.56

Other recovery operations	R1 - Use as fuel	-	-	-	-	-	151.00
	R12 - Exchange of wastes for submission to any of the operations numbered R1 to R11	-	-	-	-	-	7,663.82
	R13 - Storage of wastes pending any of the operations numbered R1 to R12 (excluding temporary storage, pending collection, on the site where it is produced)	5.60	69,007.60	14.10	68,172.70	10.01	56,118.29

Disposal details

The following table gives details of the disposal operations to which part of the waste produced by MM was subjected. In 2024, 89.08 tonnes of waste were disposed of by **incineration**, while 262.55 tonnes were subject to **other disposal operations**.

Waste sent for disposal - details (t)							
ESRS classification	Classification of recovery or disposal operation	2022		2023		2024	
		Hazardous	Non-hazardous	Hazardous	Non-hazardous	Hazardous	Non-hazardous
Incineration	D10 - Incineration on land	-	105.30	-	116.40	-	89.08
Other disposal operations	D8 - Biological treatment	-	-	-	-	-	15.18
	D9 - Physical-chemical treatment	2.90	346.30	8.80	311.60	-	-
	D15 - Inventory and/or preliminary storage	-	-	-	-	9.48	247.37

Finally, the following table shows the quantity and percentage of total **non-recycled waste**, which for MM in 2024 was **64,304.22 tonnes**, or 95% of the total.

Non-recycled waste		2022	2023	2024
Total non-recycled waste	t	69,467.70	68,623.60	64,304.22
% non-recycled waste	%	100%	100%	95%

The **sewage sludge** is the main waste produced by MM from the wastewater treatment process. The remaining waste component derives from **maintenance activities on Water Service networks and plants, laboratory activities** and additional waste, compared to sludge, produced by sewerage treatment plants (e.g. sands, oils/grease, materials sieved out).

The following tables show the details of sludge production and sludge destination respectively, with a breakdown of the sludge expressed as 'as is' and 'total dry matter' (SST). In 2024, **63,485.50 tonnes of**

sludge were produced, of which 18,490.00 tonnes were total dry matter (SST). The table also shows the breakdown between dewatered and dried sludge, both for sludge expressed as 'as is' and as total dry matter (SST).

Of the total sludge produced, the majority, 52,777.86 tonnes, was destined for **re-use in agriculture**, while 10,707.00 tonnes was sent for **waste-to-energy** transformation. No sludge component was destined for landfill; thanks to this approach aimed at reusing sludge, MM achieved a value of **0%** for the **M5 technical quality indicator**, ranking in **class A**. With regard to the management of waste generated by the treatment of wastewater (not only sludge, but also sieved materials, oils/fats, sands), it should be noted that this is managed by means of tenders aimed directly at suppliers engaged in waste transport and recovery activities, thus guaranteeing a plurality of contracts and suppliers with a view to diversification and cost-effectiveness thanks to direct contracting.

Sludge production (t)	2022	2023	2024
Sludge expressed as 'as is'	64,604.00	63,964.00	63,485.50
<i>dewatered sludge</i>	<i>57,036.00</i>	<i>55,156.00</i>	<i>56,368.04</i>
<i>dried sludge</i>	<i>7,568.00</i>	<i>8,808.00</i>	<i>7,117.46</i>
Sludge expressed as 'SST'	19,202.00	20,771.00	18,490.09
<i>dewatered sludge</i>	<i>12,448.00</i>	<i>12,860.00</i>	<i>12,182.31</i>
<i>dried sludge</i>	<i>6,754.00</i>	<i>7,911.00</i>	<i>6,307.79</i>

Sludge destination (t)	2022	2023	2024
Sludge expressed as 'as is'	64,604.00	63,964.00	63,485.50
<i>agriculture</i>	<i>57,036.00</i>	<i>55,035.00</i>	<i>52,777.86</i>
<i>waste-to-energy</i>	<i>7,568.00</i>	<i>8,929.00</i>	<i>10,707.64</i>
Sludge expressed as 'SST'	19,202.00	20,771.00	18,490.09
<i>agriculture</i>	<i>12,448.00</i>	<i>12,833.00</i>	<i>11,460.42⁷⁴</i>
<i>waste-to-energy</i>	<i>6,754.00</i>	<i>7,938.00</i>	<i>7,029.68</i>

⁷⁴ The total amount of sludge expressed as 'SST' intended for agriculture includes the production of compost (equal to 94.31 tonnes SST).

2.3 Social information

2.3.1 The People of MM

Own workforce

S1-SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

The double materiality analysis revealed both **negative impacts** and **positive impacts**, both **opportunities** and **risks** related to MM's own workforce as material. In particular, the IROs listed in the table below refer to the ESRS sub-topics **working conditions** including health and safety, **equal treatment and opportunities for all** and **other work-related rights**. All IROs concern MM's **own** operations.

In particular, negative impacts related to workers' health and safety are neither systemic nor related to accidental events. In contrast, the other three negative impacts - namely, the potential loss of key resources and worsening of the corporate climate due to the divergence between corporate expectations and practices on well-being, potential incidents of discrimination based on gender, disability or other personal conditions, and the potential accidental loss of sensitive data of the company's own workforce - are potentially attributable to generalised dynamics that might affect the company across the board.

The table below shows, for each IRO, where applicable, a description of its content and potential implications, both favourable and unfavourable, arising from its occurrence.

IROs related to own workforce	Sub-topic	IRO typology	Effective/Potential	Value chain	Time horizon
<p>Loss of key resources and worsening of the corporate climate caused by the divergence between corporate expectations and practices in terms of well-being Negative effects in terms of satisfaction and turnover due to the adoption of practices relating to well-being, remuneration, retention policies and contractual clauses that do not respect employees' expectations</p>	<p>Working conditions</p>	<p>Negative impact</p>	<p>Potential</p>	<p>Own operations</p>	<p>Medium-term</p>
<p>Incidents of discrimination in the workforce due to gender, disability or other personal conditions Incidents of discrimination in the work environment due to specific personal conditions of workers, including but not limited to gender and disability, in the processes of personnel selection and gender-based remuneration that might cause dissatisfaction, discontent and stress in the workforce.</p>	<p>Equal treatment and opportunities for all</p>	<p>Negative impact</p>	<p>Potential</p>	<p>Own operations</p>	<p>Short-term</p>

IROs related to own workforce	Sub-topic	IRO typology	Effective/Potential	Value chain	Time horizon
<p>Accidental loss of sensitive data concerning own workforce Accidental disclosure of workers' personal and/or sensitive data due to non-compliance with privacy procedures, non-compliance with the GDPR, as well as inadequate cybersecurity safeguards (e.g. training and awareness)</p>	Other work-related rights	Negative impact	Potential	Own operations	Medium-term
<p>Damage to workforce health and safety Occurrence of occupational accidents, occupational diseases and/or damage to psycho-physical and mental health to the detriment of workers, due to inadequate monitoring of occupational health and safety aspects with regard to potentially unhealthy and/or unsafe workplaces, as well as inadequate risk assessment of work-related stress in the design, organisation and management of workloads and the socio-environmental work environment</p>	Working conditions	Negative impact	Potential	Own operations	Short-term
<p>Work-life balance of own workforce Protection of the well-being of MM's own workforce through the development of work-life balance initiatives (time flexibility, smart-working, family leave, childcare support) to ensure the psycho-physical well-being and satisfaction of workers and their families</p>	Working conditions	Positive impact	Effective	Own operations	-
<p>Promoting a quality working environment that enhances D&I Increase in the well-being of workers through the development of a quality working environment and a corporate culture that values diversity and inclusion, including through training, information and awareness-raising activities.</p>	Equal treatment and opportunities for all	Positive impact	Potential	Own operations	Medium-term
<p>Professional and personal growth of own workforce through training initiatives Promotion of the professional and personal growth of workers through training courses aimed at enhancing their knowledge and skills, both soft and technical</p>	Equal treatment and opportunities for all	Positive impact	Effective	Own operations	-
<p>Opportunities for professional growth through performance review systems Promotion of opportunities for professional growth through the adoption of performance review systems</p>	Equal treatment and opportunities for all	Positive impact	Potential	Own operations	Medium-term

IROs related to own workforce	Sub-topic	IRO typology	Effective/ Potential	Value chain	Time horizon
<p>Definition of a rewarding policy consistent with development and succession plans Enhancement of employee motivation and commitment through the definition of a rewarding policy in the short and medium term consistent with the company's development and succession plans that contributes to increasing job satisfaction and well-being</p>	<p>Equal treatment and opportunities for all</p>	<p>Positive impact</p>	<p>Potential</p>	<p>Own operations</p>	<p>Medium-term</p>
<p>Raising awareness of health and safety issues among the workforce Strengthening the culture and awareness of employees on health and safety issues through training, prevention and awareness-raising initiatives</p>	<p>Working conditions</p>	<p>Positive impact</p>	<p>Effective</p>	<p>Own operations</p>	<p>-</p>
<p>Attracting talent Consolidation of MM's reputation as an organisation committed to promoting the educational development and professional growth of its employees, resulting in greater attractiveness to potential talent and increased productivity and competitiveness</p>	<p>Equal treatment and opportunities for all</p>	<p>Opportunities</p>	<p>Potential</p>	<p>Own operations</p>	<p>Medium-term</p>
<p>Loss of key company figures with consequences such as difficulties in finding replacements and managing and/or distributing workloads The risk is the possibility of MM having to deal with the turnover of key company figures (e.g. qualified figures - selected and trained by MM - for all the professions required by the NRRP) with consequences such as: lack of internal back-up; difficulties in finding replacement figures; difficulties in managing and/or distributing workloads. It should also be noted that MM carried out a benchmark analysis which confirms that mobility has increased in general in the labour market and that MM is below the averages provided by Assolombarda. Currently, the greatest difficulty lies in finding figures such as: safety coordination during execution, DO, Site Inspectors</p>	<p>Equal treatment and opportunities for all</p>	<p>Risk</p>	<p>Potential</p>	<p>Own operations</p>	<p>-</p>
<p>Loss of own workforce information as a result of cyberattacks The risk represents the possibility that MM may face cyber attacks with consequences such as: system interruption; loss of information; economic damage; partial/total blocking of applications/infrastructures/networks.</p>	<p>Other work-related rights</p>	<p>Risk</p>	<p>Potential</p>	<p>Own operations</p>	<p>-</p>

IROs related to own workforce	Sub-topic	IRO typology	Effective/Potential	Value chain	Time horizon
<p>Non-compliance with occupational health and safety regulations, with possible reputational damage As of 1 October 2024, the Municipal Administration has entrusted MM with the integrated management of the Municipality of Milan's green assets for a period of 25 years. The risk represents the possibility that, given the complexity and number of activities, the vastness of the perimeter and the type of 'green' area to be maintained, MM might face risks of a various operational nature, such as, but not limited to, occupational health and safety risks; mismanagement of teams for both ordinary emergency interventions; mismanagement of the purchase of dedicated goods and vehicles and the related maintenance programme/spare parts; inefficient management of the warehouse for fuels, agricultural products; inefficient scheduling of the various activities according to the seasons. With negative consequences such as: - failure to achieve expected service levels; - reputational damage.</p>	<p>Working conditions</p>	<p>Risk</p>	<p>Potential</p>	<p>Own operations</p>	<p>-</p>

S1-1 Policies related to own workforce

MM has policies in place to manage the impacts, risks and opportunities associated with its own workforce, specifically the **Staff Selection Procedure** and the **Staff Training Procedure**.

The **Personnel Selection Procedure** adopted by MM describes the guidelines for MM's personnel search and selection process, in compliance with the principles of transparency, publicity and impartiality⁷⁵, and with the regulations in force. It applies both to internal staff involved in the search, selection and recruitment of personnel and to external candidates wishing to participate therein. The Procedure provides that the selection process must be carried out in accordance with Art. 35 of Italian Legislative Decree 165/2001, paying particular attention to the prevention of all forms of discrimination and in compliance with the obligations for the inclusion of persons with disabilities under Law 68/1999.

MM's **Personnel Training Procedure** describes the process and activities relating to corporate training. It applies to all company personnel involved in the training process and in the performance of specific company activities. However, it does not apply to compulsory training in occupational health and safety, which follows procedures governed by Italian Legislative Decree 81/08 and the State/Region agreements.

⁷⁵ Principles both of EU derivation and contained in Article 35 of Italian Legislative Decree No. 165/2001 (as amended by Italian Legislative Decree No. 75/2017) and Italian Legislative Decree 231/01.

The implementation of the procedures is the responsibility of the CEO. To ensure effective implementation of the defined policies, the cooperation of MM's human resources function and all personnel is crucial.

To ensure the transparency and accessibility of information, the Procedures are published on the Company's intranet.

It should be noted that the procedures currently in force do not contain an explicit reference to respect for human rights since the same is already contained in the Company's Code of Ethics to which all internal Procedures refer.

Health and safety policies

MM has adopted a **Company Policy for Workplace Protection**, with the aim of protecting its own workforce and reducing the risks identified, and provides for an organisational structure appropriate to the nature of the activity carried out, the size of the Company, the level of work-related risks and the objectives it aims to achieve. Through the implementation of the Policy, the Company is committed to complying with national occupational health and safety legislation, in particular the Consolidated Occupational Safety Act (Italian Legislative Decree 81/2008).

The Policy applies to MM's entire workforce and comes in two specific versions for the Engineering and Integrated Water Service sectors. For these two sectors, MM also has an **Occupational Health and Safety Management System (OHSMS)** certified according to the UNI ISO 45001 standard, which consists of a manual and 33 procedures and which ensures careful monitoring of the causes that can lead to accidents or injuries at work. For more information on the coverage of the OHSMS, please refer to the section *Health and Safety at Work* in this chapter. The implementation of the Policy takes place according to national legislation under the responsibility of the 'employer', which is represented by the CEO at MM.

The policy is based on **three principles**: strengthening the safety culture, ensuring the efficiency of services to citizens and empowering the MM workforce. This Policy, valid for the reporting year 2024, is published on the company intranet, while an updated version of this document has been published⁷⁶ (in 2025) and more information on the subject can be found on the company website www.mmspa.eu (Home > Transparency > Safety and Environment Delegations).

The proper implementation of the listed policies requires the **contribution of the stakeholders** involved, including the employer, RSPP (Prevention and Protection Service Manager) and ASPP (Prevention and Protection Service Officer), RLS (Workers' Safety Representative), supervisors, managers, workers, external technical consultants, the competent doctor, the local ASL (local health authority), INAIL (National Institute for Insurance against Accidents at Work), the legislator, suppliers and building owners. Policies are also developed and shared in particular with the most directly involved stakeholders, i.e. employer, RLS, RSPP, ASPP and managers.

⁷⁶ Available at the following link https://www.mmspa.eu/wp-content/uploads/2025/04/Politica_HSE.pdf.

S1-2 Processes for engaging with own workers and workers' representatives about impacts
S1-3 Processes to remediate negative impacts and channels for own workers to raise concerns

With regard to the involvement of its own workforce in relation to the impacts, risks and opportunities that have been identified as material, MM has put in place several listening and communication channels, the operational responsibility for which lies with the Department of Organisation and Human Resources (DORU).

The main tools available are:

- **organisational climate analysis**, which led to the introduction of welfare and well-being tools, selected on the basis of the results of the organisational climate analysis;
- **direct relationship with HR business partners (HRBP)**, through individual interviews with employees to anticipate needs and promote corrective actions, such as development, retention or training plans; needs are also continuously monitored by obtaining feedback from directors or managers;
- **periodic trade union meetings**, which led to the signing of several agreements, including the second-level supplementary agreement concerning the performance bonus, the agreement on remote work and the supplementary agreement dedicated to managerial staff;
- **Corporate Convention**, which is held periodically and is a relevant event for internal dialogue: in 2024 it was held on 9 July in hybrid mode and was dedicated to the topic 'Trajectories of Corporate Development', with participation extended to the entire workforce.

The handling of reports is ensured through discussions with HR Business Partners and Trade Unions. The company monitors the critical issues raised through a structured system of tools and processes, including HRBP reports and trade union discussions.

The availability and accessibility of discussions with HRBPs and trade unions is also ensured through institutional internal communication channels (intranet, targeted communications).

To assess the **efficiency of workforce engagement activities** realised during the year, MM uses and monitors KPIs including the turnover rate, the absenteeism rate and the level of workforce participation in employer branding initiatives.

MM has also adopted **specific measures to protect potentially more vulnerable workers** or those at risk of marginalisation. In particular, with a view to fostering an inclusive and respectful environment, the Company recognises transgender employees who request an alias identity, in compliance with the provisions of Resolution no. 1702 of 22 December 2023 of the Municipal Council of Milan, concerning "Guidelines for the activation and management of Alias Identity within the Municipality of Milan".

People in vulnerable situations are involved through an ongoing and direct relationship with the relevant HRBPs. To overcome potential obstacles to workforce engagement, such as language or cultural differences or gender imbalances, MM uses **differentiated and appropriate communication channels**, ensuring access to information and the opportunity to express needs and expectations, including through relations with HRBPs or facility managers. Respect for the human rights of stakeholders involved in diversity policies, such as the right to privacy, freedom of expression, peaceful assembly and protest, is ensured through the careful assessment of individual situations.

Organisational climate analysis

In 2024, MM conducted an organisational climate analysis with the aim of understanding the perceptions and needs of employees working in the company regarding the main aspects of working life. The survey was sent to all MM¹ employees via an e-mail containing a link to an anonymous questionnaire. 517 people responded, representing 39% of the company population.

The questionnaire included 77 closed statements, assessable on a five-level scale (from 'disagree' to 'agree'), with the aim of investigating the following dimensions: sense of belonging, organisation and change, one's own work, remuneration, direct manager, team, training and growth, inclusion and fairness of behaviour, stress and evaluation.

The results were also analysed in the light of three different categories: the division staff belong to (Staff, DVME/DVIP, DVSI, DMOI, VER, DVCA), the age group (less than 30 years, 30-40, 41-50, 51-60, over 60) and the company seniority (less than 2 years, 2-5, 5-10, 10-20, over 20).

The results confirmed the presence of some needs already intercepted by MM, on which concrete actions were initiated. A significant example concerns people's growth: it was with this in mind that the new performance review system was implemented, which is discussed in more detail in the section on Skills and Performance Review and Remuneration in this chapter.

¹ Excluding foreign branches.

S1-2 Processes for engaging with own workers and workers' representatives about impacts regarding health and safety

Workers' engagement in occupational health and safety takes place mainly through opportunities dedicated to **consultation of Workers' Safety Representatives** (RLS), as provided for by Italian Legislative Decree 81/2008. These figures are appointed by the workers and are trained according to the State/Regions agreement on health and safety. They are in charge of reporting workers' petitions to the Prevention and Protection Service (SPP), the competent doctor or the employer, ensuring the

anonymity of petitioners. In addition to the RLS, MM has set up **five formal joint management-worker committees** in the area of health and safety.

Meetings with the RLSs are held on specific topics, either at the initiative of the SPP Manager (RSPP), or at the request of the RLSs themselves. These meetings are held at least four times a year, without a fixed schedule, but following the evolution of issues relevant to workers' health and safety.

The operational responsibility for ensuring that this engagement takes place and that its outcomes help to guide the company's approach to safety at work lies with the RSPP. The effectiveness of employee engagement is monitored, inter alia, by tracking the progression of the actions agreed between the RSPP and RLS.

S1-3 Processes to remediate negative impacts and channels for own workers to raise concerns about health and safety

In the case of significant negative health and safety impacts, MM's approach is to **analyse the event, remediate it and introduce changes so that it does not happen again.**

MM describes and examines the main risks from its business activity in the **risk assessment template (DVR)**, undertaking to **identify and assess the risks** to which workers are exposed through specific risk assessments and to **analyse any accidents and “near misses”**, with the goal of understanding their possible causes and establish adequate 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 **case of serious or imminent danger**, employees are required to leave the workplace and report the incident to their supervisors, while **when an accident** occurs, this is reported and described on a special form, in order to entrust the SPP with investigating its causes.

The anonymous **communication channels** set up for reporting are those provided for by national legislation, i.e. **through the Workers' Safety Representatives or competent external bodies**, as indicated in **Italian Legislative Decree 81/2008**. MM makes sure that workers are aware of the mechanisms provided for in Italian Legislative Decree 81/08 through the **production of specific training courses.**

S1-4 Taking action on material impacts on own workforce and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

By listening to the company population through the different channels described above, MM is implementing and planning a series of initiatives aimed at continuously improving the satisfaction of its employees.

In particular, the Company has implemented two actions to **increase employee retention**. The first action to this end is the **implementation of an employer branding** strategy aimed at strengthening the Company's image as an attractive place to work. The objective is twofold: on the one hand, to reduce the staff turnover rate; on the other hand, to improve the results of the company climate survey, thus

fostering a more positive and engaging working environment. The action will be completed by 2026 and resulted in operating costs of EUR 12,250 in 2024, and projected costs of EUR 37,650. The results of this action will be assessable in the long term as it is change management and cultural change process. The second action related to employee retention concerns the **implementation of a rewarding policy** (*anticipated in 2024 by guidelines intended to guide management*) linked to the new performance review system, which will begin during 2025. Currently, the new performance system is in its first application phase, with targets being set in 2024 for 1,246 resources, and its effects will be seen from 2025. Upstream of the performance appraisal and development process, a Job evaluation process was carried out. The performance system development projects cost approximately EUR 37,000, aimed at better defining the company's organisational structure and salary alignment with the reference labour market. The performance review and development process based on objectives and skills will then be completed, cross-referenced with tools to assess the growth potential of human capital and, finally, through the implementation of effective and rational succession tables.

The Company has also started implementing a **managerial training plan** aimed at supporting the **cultural change of managers**, to achieve the objectives of the strategic plan. In particular, an increase in leadership and people management skills is expected. The implementation of the plan will be completed by the end of 2025 and cost EUR 9,840 in 2024; costs of EUR 108,960 are planned for the future. The efficiency and effectiveness of the action is monitored through attendance registers and learning and satisfaction questionnaires.

The Company is also committed to ensuring the **continuous improvement of the personal and professional quality of life of its employees**: in 2025, **a yearly subscription plan to the local public transport will be made available to the entire workforce of the company**, this leading, with the introduction of this additional welfare instrument, to an expected increase in employee satisfaction. The company has allocated EUR 2,324,605 for this action and will monitor the results by verifying the use of the benefit by employees in 2025. In addition, the Company has launched a **redefinition of its workspaces** through the adoption of a MM Location Plan.

Finally, the Company will strive in the future to **increase employee awareness on D&I, Sustainability and Welfare**, through the development of a training and awareness programme on these issues by 2028. In addition, since 2019 MM has been one of the signatory companies of the '**Utilitalia Pact - Diversity Makes the Difference**', actively participating in the work of the committee on a common programme of principles and commitments to support diversity management. This represents a joint effort between 26 utility companies associated with Utilitalia to **promote strategic diversity management** and **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 different professional skills and competences within the organisations involved. Finally, no actions related to relevant risks and opportunities were identified.

S1-4 Taking action on material impacts on own workforce and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions with regard to health and safety

With regard to the prevention of risks and negative impacts concerning occupational health and safety, the Company has undertaken many improvement actions aimed at increasing awareness and decreasing the likelihood of risks. These actions have involved the RLSs. Every worker and every manager has deadlines, appointments and documentation for Safety Training and Occupational Medicine under control.

Some of the improvement actions taken include some key steps.

Firstly, in 2024, the company completed the **transition of paper schedules to an IT system**, which also includes the input of historical data (INAZ prevention and protection package). The action cost EUR 18,000, and another EUR 18,500 is planned for the future.

Secondly, the Company has drawn up a **new training plan** and is organising and delivering, as per Italian Legislative Decree 81/2008, **courses** for RLS, CSE (Safety Coordinator in the Execution Phase), ASPP managers, and basic courses for employees and new recruits. A tender is being awarded to identify a suitable economic operator to carry out the training courses. The new training course will be fully provided by June 2025 and will involve future expenditure of EUR 377,539, while the amount of EUR 34,963 was spent in 2024.

The third action relates to the **revision of confined space safety operating procedures** and the **analysis of near misses**, which is now scheduled and to be completed by the end of 2025.

In 2024, the RSPP and the company doctor **reorganised the company medical service** with an expenditure of EUR 87,905. The action is ongoing, so it will also be carried out in the future, for which EUR 537,280 of costs are foreseen.

Finally, the Company plans to cover the entire company population with **health insurance** by 2025, with an investment of EUR 1.5 million.

S1-5 Targets related to managing material negative impacts, advancing positive impacts and managing material risks and opportunities

With the Business Plan 2024-2028 approved in 2024, MM defined a series of objectives for human resources, with the involvement of the main stakeholders: a meeting dedicated to the presentation of the Business Plan was held with the trade unions, a meeting dedicated to the presentation of the Business Plan was organised with top management (executives), as well as a company convention dedicated to the presentation of the Business Plan, open to all MM employees.

The first objective the Company has set itself is to **improve retention** through actions, described in the previous paragraphs, that improve the work-life balance. A turnover rate of 11% in 2024 was taken as the baseline for monitoring this target, and the goal is to reduce the rate to 5% by 2028.

Secondly, MM intends to **increase employee awareness of D&I, Sustainability and Welfare**, aiming to train at least 70% of the corporate population on these topics by 2028. For the definition of this goal, employees were involved through the company climate survey and through discussions with trade unions and HR Business Partners.

Thirdly, the Company intends to **modify and complete the performance review process**, with the corresponding recognition of training needs and the resulting implementation of development plans. The new appraisal system, described in *The Appraisal of Skills and Performance and Remuneration* within this chapter, is based on the principle of meritocracy relaunched in the Company and on methodologies found in the scientific literature in the field of Human Resources.

S1-5 Targets related to managing material negative impacts, advancing positive impacts and managing material risks and opportunities with regard to health and safety

MM's Business Plan 2024-2028 includes the goal of improving the quality of professional and personal life through the introduction of new welfare tools and initiatives aimed at improving the benefits package offered to MM's employees. With regard to employee health, the objective monitors **voluntary adherence to the 'medicine benefit package'**, hoping that more and more employees will adhere thereto.

Who are the people of MM

In 2024, MM had a total of **1,381 employees**, a slight increase over 2023 (+3%). Of these, 7 people (6 men and 1 woman) are part of the foreign **branches** (India and the United Arab Emirates) under a permanent, full-time contract. In addition to employees, there are 30 non-employees (trainees, collaborators and temporary workers) working in Italy, a 67% increase over the previous year, reaching a **total workforce of 1,411 people**.

In 2024, MM confirmed its commitment to employment stability, maintaining a solid working relationship with its employees: 99.1% of the total (or 1,369 employees) are employed on **permanent contracts**.

With 423 women in the workforce, **MM recorded a female presence of 30.6%**, in line with the previous year. As regards the distinction between Italy and abroad, the female presence is 30.7% in Italy and 14.3% in the foreign branches. The gender gap is attributable to the peculiar nature of MM's business, which has traditionally attracted mainly male professionals. For example, among blue collar workers, men account for 87.2% of the total.

Among top management, the **female presence** stands at 30%, an increase of 2 percentage points compared to 2023. In this case, there is a 31% representation in Italy, while in the foreign branches there are no female top management figures.

During 2024, **152** new employees were hired in Italy, of which **17% were under 30**, 67% were between 30 and 50 and 16% were over 50. In the foreign branches, five employees were hired, all between 30 and 50. This brings the **company population** that is under 30 to 4.4% and that under 50 to 60.3%, in

line with 2023. For information on personnel selection policies, please refer to the opening paragraphs of this chapter.

In 2024, there were **115 terminations** in Italy, a significant decrease compared to 2023 (-23%). The exit turnover rate in Italy thus decreased to 8.4% from 11.1% in 2023, resulting in MM making positive progress on one of its main goals, namely to reduce the exit turnover rate to 5% by 2028, as described in the opening paragraphs of this chapter. On the other hand, there was 1 termination at MM's foreign branches, resulting in a turnover rate of 14.3%. This value is high due to the very small number of employees in this area, so that even a single exit has a significant impact on the indicator.

S1-6 Characteristics of the undertaking's employees

MM's employees over the three-year period

	2022	2023	2024
Number of employees	1,372	1,340	1,381
Women	427	409	423
Men	945	931	958
< age 30	67	64	61
age 30 - 50	837	810	833
> age 50	468	466	487
Number of permanent employees	1,329	1,327	1,369
Women	412	407	418
Men	917	920	951
Number of fixed-term employees	43	13	12
Women	15	2	5
Men	28	11	7
Number of full-time employees	1,334	1,305	1,347
Women	390	376	391
Men	944	929	956
Number of part-time employees	38	35	34
Women	37	33	32
Women (%)	8.7%	8.1%	7.6%
Men	1	2	2
Men (%)	0.1%	0.2%	0.2%

Scope of reporting and information sources

The number of employees is reported at the end of the reporting period.

The three-year employee figures differ from those of previous editions in that they also include employees of foreign branches.

There are no variable-hour employees.

Hires over the three-year period - ITALY

	1 January to 31 December 2022				1 January to 31 December 2023				1 January to 31 December 2024			
	< age 30	age 30 - 50	> age 50	Total	< age 30	age 30 - 50	> age 50	Total	< age 30	age 30 - 50	> age 50	Total
Men	29	105	12	146	17	59	11	87	18	73	19	110
Women	11	23	3	37	7	21	2	30	8	29	5	42
Total	40	128	15	183	24	80	13	117	26	102	24	152

Rate of new hires over the three-year period - ITALY

	1 January to 31 December 2022				1 January to 31 December 2023				1 January to 31 December 2024			
	Men	%	Women	%	Men	%	Women	%	Men	%	Women	%
< age 30	29	2.1%	11	0.8%	17	1.3%	7	0.5%	18	1.3%	8	0.6%
age 30 to 50	105	7.7%	23	1.7%	59	4.4%	21	1.6%	73	5.3%	29	2.1%
> age 50	12	0.9%	3	0.2%	11	0.8%	2	0.1%	19	1.4%	5	0.4%
Total	146	10.7%	37	2.7%	87	6.5%	30	2.2%	110	8.0%	42	3.1%
Total men and women	13.4%				8.8%				11.1%			

Hires over the three-year period - FOREIGN BRANCHES

Number of people	1 January to 31 December 2022				1 January to 31 December 2023				1 January to 31 December 2024			
	< age 30	age 30 - 50	> age 50	Total	< age 30	age 30 - 50	> age 50	Total	< age 30	age 30 - 50	> age 50	Total
Men	-	-	-	-	-	-	-	-	-	4	-	4
Women	-	-	-	-	-	-	-	-	-	1	-	1
Total	-	-	-	-	-	-	-	-	-	5	-	5

Rate of new hires over the three-year period - FOREIGN BRANCHES

Rate of new hires	1 January to 31 December 2022				1 January to 31 December 2023				1 January to 31 December 2024			
	Men	%	Women	%	Men	%	Women	%	Men	%	Women	%
< age 30	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
age 30 to 50	-	0.0%	-	0.0%	-	0.0%	-	0.0%	4	57.1%	1	14.3%
> age 50	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%	-	0.0%
Total	-	0.0%	-	0.0%	-	0.0%	-	0.0%	4	57.1%	1	14.3%
Total men and women	0.0%				0.0%				71.4%			

Terminations in the three-year period - ITALY

	1 January to 31 December 2022				1 January to 31 December 2023				1 January to 31 December 2024			
	< age 30	age 30 - 50	> age 50	Total	< age 30	age 30 - 50	> age 50	Total	< age 30	age 30 - 50	> age 50	Total
Men	9	48	34	91	4	55	42	101	7	55	25	87
Women	3	31	11	45	3	36	9	48	2	14	12	28
Total	12	79	45	136	7	91	51	149	9	69	37	115

Terminations for cause over the three-year period - ITALY

	1 January to 31 December 2022			1 January to 31 December 2023			1 January to 31 December 2024		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Resignations	-	-	-	-	-	-	2	1	3
Terminations	4	-	4	8	1	9	2	-	2
Natural termination of contract	7	1	8	2	1	3	1	-	1
Failure to pass the test	3	-	3	5	-	5	3	1	4
Deaths, retirement, voluntary resignation	77	44	121	86	46	132	79	26	105
Total	91	45	136	101	48	149	87	28	115

Exit turnover rate over the three-year period - ITALY

	1 January to 31 December 2022				1 January to 31 December 2023				1 January to 31 December 2024			
	Men	%	Women	%	Men	%	Women	%	Men	%	Women	%
< age 30	9	0.7%	3	0.2%	4	0.3%	3	0.2%	7	0.5%	2	0.1%
age 30 to 50	48	3.5%	31	2.3%	55	4.1%	36	2.7%	55	4.0%	14	1.0%
> age 50	34	2.5%	11	0.8%	42	3.1%	9	0.7%	25	1.8%	12	0.9%
Total	91	6.6%	45	3.3%	101	7.6%	48	3.6%	87	6.3%	28	2.0%
Total men and women	9.9%				11.1%				8.4%			

Terminations over the three-year period - FOREIGN BRANCHES

	1 January to 31 December 2022				1 January to 31 December 2023				1 January to 31 December 2024			
	< age 30	age 30 - 50	> age 50	Total	< age 30	age 30 - 50	> age 50	Total	< age 30	age 30 - 50	> age 50	Total
Men	1	3	-	4	-	-	-	-	-	-	1	1
Women	1	-	-	1	-	-	-	-	-	-	-	-
Total	2	3	-	5	-	-	-	-	-	-	1	1

Terminations for cause over the three-year period - FOREIGN BRANCHES

Number of terminations	1 January to 31 December 2022			1 January to 31 December 2023			1 January to 31 December 2024		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Resignation, death	4	1	5	-	-	-	1	-	1
Total	4	1	5	-	-	-	1	-	1

Exit turnover rate over the three-year period - FOREIGN BRANCHES

Turnover	1 January to 31 December 2022				1 January to 31 December 2023				1 January to 31 December 2024			
	Men	%	Women	%	Men	%	Women	%	Men	%	Women	%
< age 30	1	33.3%	1	33.3%	-	0.0%	0	0.0%	-	0.0%	0	0.0%
age 30 to 50	3	100.0%	-	0.0%	-	0.0%	0	0.0%	-	0.0%	0	0.0%
> age 50	-	0.0%	-	0.0%	-	0.0%	0	0.0%	1	14.3%	0	0.0%
Total	4	133.3%	1	33.3%	-	0.0%	0	0.0%	1	14.3%	0	0.0%
Total men and women	166.7%				0.0%				14.3%			

Scope of reporting and information sources

For the sake of clarity and representativeness, the data on hirings and terminations have been presented separately for Italy and abroad, in order to highlight the differences linked to the distinct economic, regulatory and social contexts in which the various company locations operate.

The data on turnover rates differ from those published in the Sustainability Report 2023 due to an updated calculation method. The denominator used to calculate the employee turnover rate (both in Italy and foreign branches) is the total number of employees as at 31.12 of the reference year.

S1-7 Characteristics of non-employee workers in the undertaking's own workforce

MM's non-employee workers over the three-year period

	as at 31 December 2022			as at 31 December 2023			as at 31 December 2024		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Interns	-	-	-	3	-	3	5	1	6
Collaborators	6	1	7	5	1	6	2	1	3
Temporary	8	3	11	3	6	9	15	6	21
Total	14	4	18	11	7	18	22	8	30

Scope of reporting and information sources

The number of non-employees are reported at the end of the reporting period.

S1-9 Diversity metrics

Distribution of senior management by gender and age group over the three-year period (in numbers)

	as at 31 December 2022			as at 31 December 2023			as at 31 December 2024		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
< age 30	0	0	0	0	0	0	0	0	0
age 30 to 50	9	6	15	7	3	10	4	2	6
> age 50	14	5	19	16	6	22	17	7	24
Total	23	11	34	23	9	32	21	9	30

Distribution of senior management by gender and age group over the three-year period (%)

	as at 31 December 2022			as at 31 December 2023			as at 31 December 2024		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
< age 30	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
age 30 to 50	26.5%	17.6%	44.1%	21.9%	9.4%	31.3%	13.3%	6.7%	20.0%
> age 50	41.2%	14.7%	55.9%	50.0%	18.8%	68.8%	56.7%	23.3%	80.0%
Total	67.6%	32.4%	100.0%	71.9%	28.1%	100.0%	70.0%	30.0%	100.0%

Distribution of employees by professional category and gender (no.)

	as at 31 December 2022			as at 31 December 2023			as at 31 December 2024		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Managers	23	11	34	23	9	32	21	9	30
Middle managers	55	22	77	55	21	76	60	26	86
Office workers	501	337	838	494	323	817	497	332	829
Blue-collars	366	57	423	359	56	415	380	56	436
Total	945	427	1,372	931	409	1,340	958	423	1,381

Distribution of employees by professional category and gender (%)

	as at 31 December 2022			as at 31 December 2023			as at 31 December 2024		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Managers	1.7%	0.8%	2.5%	1.7%	0.7%	2.4%	1.5%	0.7%	2.2%
Middle managers	4.0%	1.6%	5.6%	4.1%	1.6%	5.7%	4.3%	1.9%	6.2%
Office workers	36.5%	24.6%	61.1%	36.9%	24.1%	61.0%	35.9%	24.0%	60.0%
Blue-collars	26.7%	4.2%	30.8%	26.8%	4.2%	31.0%	27.5%	4.1%	31.6%
Total	68.9%	31.1%	100.0%	69.5%	30.5%	100.0%	69.4%	30.6%	100.0%

Distribution of employees by professional category and age group (no.)

	as at 31 December 2022				as at 31 December 2023				as at 31 December 2024			
	< age 30	age 30 - 50	> age 50	Total	< age 30	age 30 - 50	> age 50	Total	< age 30	age 30 - 50	> age 50	Total
Managers	0	15	19	34	0	10	22	32	0	6	24	30
Middle managers	0	30	47	77	0	30	46	76	0	38	48	86
Office workers	53	568	217	838	50	557	210	817	46	564	219	829
Blue-collars	14	224	185	423	14	213	188	415	15	225	196	436
Total	67	837	468	1,372	64	810	466	1,340	61	833	487	1,381

Distribution of employees by professional category and age group (%)

	as at 31 December 2022				as at 31 December 2023				as at 31 December 2024			
	< age 30	age 30 - 50	> age 50	Total	< age 30	age 30 - 50	> age 50	Total	< age 30	age 30 - 50	> age 50	Total
Managers	0.0%	1.1%	1.4%	2.5%	0.0%	0.7%	1.6%	2.4%	0.0%	0.4%	1.7%	2.2%
Middle managers	0.0%	2.2%	3.4%	5.6%	0.0%	2.2%	3.4%	5.7%	0.0%	2.8%	3.5%	6.2%
Office workers	3.9%	41.4 %	15.8 %	61.1%	3.7%	41.6 %	15.7 %	61.0%	3.3%	40.8 %	15.9 %	60.0%
Blue-collars	1.0%	16.3 %	13.5 %	30.8%	1.0%	15.9 %	14.0 %	31.0%	1.1%	16.3 %	14.2 %	31.6%
Total	4.9%	61.0 %	34.1 %	100.0 %	4.8%	60.4 %	34.8 %	100.0 %	4.4%	60.3 %	35.3 %	100.0 %

Training as a strategic lever for professional development

S1-13 Training and skills development metrics

MM's growth is also and above all achieved through the **professional and personal growth of the people** who daily contribute 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 cross-cutting skills** of its employees, as well as at **mitigating the risks** related to its operational activities, with particular reference to occupational health and safety and environmental issues. Staff training follows a specific procedure, adopted in 2018 and updated in 2023, for which reference should be made to the previous paragraphs.

In 2024, **27,693 training hours** were provided to employees, an increase of 26% compared to 2023, and with **20.1 average hours per person overall**.

In per capita terms, the professional categories most involved were **executives** (with 35.4 hours per person) and **middle managers** (with 27.0 hours per person). With regard to specific training, **9,137 hours** of training in **health and safety** were provided in 2024, 7% more than in 2023, **1,679 hours** in **cybersecurity awareness** and **96 hours** in **Energy**.

Training activities aim to **value people, create opportunities for growth and invest in their knowledge and skills**. The **training plan** other than mandatory training is drawn up on the basis of the strategic objectives of the Business Plan, the needs expressed by the corporate structures and the results of internal or external audits that highlight the need to examine specific topics in depth. 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 **draw up training paths for homogeneous categories, across business areas**. Out of the training hours provided, **25,128 hours** concerned **mandatory training**, whereas **2,565 hours** concerned **non-mandatory training**.

Also in 2023, the use of **remote training** was promoted, with benefits in terms of optimisation of investment, increased usability of content and the size of the reachable corporate population. In addition, **asynchronous training** was successfully used, i.e. training pills flanked by tests of acquired knowledge,

made available for self-learning by employees. This mode has been particularly effective for mandatory training on the topics of Italian Legislative Decree 231/2001 and computer 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 resources, MM periodically organises **induction activities** presenting the Company, which also accompany mandatory training on anti-corruption, with the objective of promoting integration and knowledge on the company. This helps to make the process of joining the company easier and more stimulating.

Training hours provided in the three-year period by gender

	1 January to 31 December 2022	1 January to 31 December 2023	1 January to 31 December 2024
Hours - men	19,952	14,642	19,146
Hours per capita men	21.1	15.7	20.0
Hours - women	9,660	7,380	8,547
Hours per capita women	22.6	18.0	20.2
Total hours	29,612	22,022	27,693
Total hours per capita	21.6	16.4	20.1

Training hours provided in the three-year period by professional category

	2022		2023		2024	
	Hours per capita	Total hours	Hours per capita	Total hours	Hours per capita	Total hours
Managers	47.8	1,626	18.0	577	35.4	1,061
Middle managers	46.0	3,632	17.9	1,363	27.0	2,319
Office workers	22.3	18,665	19.8	16,155	22.1	18,336
Blue-collars	13.3	5,617	9.5	3,926	13.7	5,976

Training hours by type of course in 2024⁷⁷

	Hours Men	Hours per capita men	Hours Women	Hours per capita women	Total Hours	Hours per capita
Mandatory	17,665	18.4	7,463	17.6	25,128	18.2
Not mandatory	1,481	1.5	1,084	2.6	2,565	1.9
TOTAL	19,146	20.0	8,547	20.2	27,693	20.1

⁷⁷ The calculation of training hours includes hours provided to employees in Italy only.

<i>of which on Health and Safety at Work</i>	7,089	7.4	2,048	4.8	9,137	6.6
<i>of which on Cybersecurity awareness</i>	1,163	1.2	516	1.2	1,679	1.2
<i>of which on Energy</i>	96	0.1	0	0.0	96	0.1

Skills and performance appraisal and remuneration

S1-10 Adequate wages

S1-13 Training and skills development metrics

S1-16 Compensation metrics (pay gap and total compensation)

In recent years, MM has significantly renewed its approach to human resources management, thanks in part to a profound internal reorganisation of the Organisation and Human Resources Department, which has introduced a new figure in the company: the HRBP. The objective that Management pursues to date is to foster the personal and professional development of company resources, in a meritocratic climate of well-being and professional awareness, thanks to proximity and continuous support, and renewed skills.

The first tool introduced to support the change process is the Performance Review Process, which will ensure the enhancement of the company's resources, through the evaluation of objectives in line with the company strategy and the continuous observation of certain behavioural skills that can guide performance. Completing the process is the understanding of availability and training needs, which will provide the necessary information to ensure that MM's resources are offered customised and coherent development plans and to keep up-to-date information on the human assets at the company's disposal.

The **new Review Process**, introduced in 2024, includes the following steps:

- Phase 1: Target allocation and competence sharing 2024 (deadline: May 2024);
- Phase 2: Intermediate feedback;
- Phase 3: Self-evaluation and final evaluation of the manager, with drafting of the Development Plan (expected deadline: February 2025).

The new Performance Review Process aims at valuing people through a new approach, marking a shift from a culture based on the concept of judgement to one based on the responsible and conscious evaluation of the Company's resources.

The new Process introduces a number of **new features**:

- **skills model**: resources will be evaluated on all the skills set out in the reference model, with different weights assigned according to their role and the division they belong to;
- **introduction of the pentenary scale**: objectives and skills will be evaluated on a five-level scale;
- **introduction of the development plan**: in addition to the performance review process, the appraisee together with the appraiser will share information and elements useful for drawing up the appraisee's development plan, such as training needs and availability;

- **new weights assigned for objectives and skills:** the weights assigned to objectives and skills in the model on which the review process is based have been recalibrated.

In 2024, 1,246 employees were evaluated during the Review Process while 936 employees completed it.

Employees who participated in the Performance Review Process (%)

Type	2022		2023		2024	
	Men	Women	Men	Women	Men	Women
Managers	ND	ND	ND	ND	0.9%	1.1%
Middle managers	ND	ND	ND	ND	5.8%	6.4%
Office workers	ND	ND	ND	ND	57.8%	92.1%
Blue-collars	ND	ND	ND	ND	35.5%	0.4%
Total	ND	ND	ND	ND	100.0%	100.0%

Scope of reporting and information sources

Data for 2022 and 2023 are not available because the Review Process was reintroduced in 2024. Data for 2024 refer to those who had completed the performance review process as of 16/04/2025. As is customary, evaluations are necessarily concluded at the beginning of the following year to allow for a complete assessment of the reporting period.

The review process excluded the following: caretakers, temporary employees, employees of foreign branches, interns and temporary workers. The percentages in the tables were in fact calculated excluding these categories.

As far as **compensation** is concerned, all employees in Italy receive compensation in line with the relevant CCNLs (for details on the CCNLs, see *The relations between MM and the trade unions* in this chapter). As far as employees abroad are concerned, all employees receive a salary in line with the applicable standards⁷⁸.

The **gender pay gap** at MM, which defines the difference between the average pay levels paid to male and female workers, expressed as a percentage of the average pay level of male workers, was 0.71% in 2024, down sharply from 2023.

Gender pay gap over the three years (gender pay gap - %)

⁷⁸ In particular, there is no national minimum wage set by law in the United Arab Emirates, but the wages paid by MM are higher than the average wage in the country. An in-depth study carried out by MM shows that the average annual salary in the UAE is AED 179,229 corresponding to EUR 42,939, while for University Graduates the threshold is AED 12,000 per month, or EUR 2,875 per month.

As far as India is concerned, the national basic minimum wage in the country, i.e. the 'National Floor Level Minimum Wage', is 178 Indian rupees per day, or 5,340 rupees per month, or EUR 55 per month. Indian states, however, set minimum wages that often exceed the national basic level. For example, in Delhi as of 1 October 2024, the minimum monthly wage for skilled workers was increased from NIR 21,215 to NIR 21,917, or EUR 225.

Category considered	2022	2023	2024
Total	-0.64	1.29	0.71
Managers	8.69	14.11	17.10
Middle managers	8.07	3.41	3.92
Office workers	4.11	4.68	5.28
Blue-collars	20.31	21.99	21.01

Another important metric concerning compensation is the **annual total compensation rate**, which calculates the ratio of the annual total remuneration of the person with the highest salary to the median annual total remuneration of all employees (excluding the person with the highest salary).

Total rate of compensation over the three-year period

	2022	2023	2024
Total	5.57	6.04	7.02

Inclusion and corporate welfare

S1-11 Social protection

S1-12 Persons with disabilities

S1-15 Work-life balance metrics

S1-17 Incidents, complaints and severe human rights impacts

MM recognises that the principle of **equality** underlies **human dignity and the possibility for everyone to have access to the same opportunities**, regardless of their personal or social characteristics.

But equality is not merely a legal concept: it also represents a fundamental element of cohesion and valorisation of differences, which are capable of generating innovation, creativity and cultural richness,

especially when they are welcomed in a truly inclusive context, where each person can feel valued and fully express their potential.

The plurality of skills, experiences and points of view is an added value for the growth of the business and its environment. For this reason, MM has strengthened policies and practices over time geared towards the recognition and development of talent, **promoting inclusive environments that respect and value diversity**, without any discrimination based on gender, age, origin or other personal characteristics. The company's **Code of Ethics** also emphasises that valuing diversity is a strategic element in improving effectiveness in goal setting and service delivery.

As a demonstration of this commitment, in 2024, as in the entire three-year period, there were no incidents of discrimination against workers, no complaints were received, and no severe human rights incidents occurred.

MM complies with current regulations on **vulnerable categories**, having 38 civil invalids and 2 belonging to other protected categories according to Art. 18 of Law 68/99⁷⁹ in force in 2024.

Employees with disabilities

	2022	2023	2024
Total - ITALY	38	43	40
Of which protected categories under Art. 18	2	2	2
Of which disabled civilians	36	41	38
Total - FOREIGN BRANCHES	0	0	0
Of which protected categories under Art. 18	0	0	0
Of which disabled civilians	0	0	0

MM offers all its employees **benefits** such as meal vouchers, mobile phones and company PCs (the latter depending on the task performed) and an annual production bonus. Moreover, a **supplementary system to the health monitoring system** is also in operation. In addition to what is required by current regulations, it not only provides for a doctor to be on rotation at the company locations, but also provides for a preventive medicine service with specific testing for men and women. Finally, a supplementary health fund is available for employees hired at middle management and executive level, and life insurance for executives only.

Employees in Italy are also covered by **social protection** against loss of income due to the following events, as provided for by law: illness, unemployment⁸⁰, industrial injury and acquired disability, parental leave, retirement. As far as employees in the United Arab Emirates are concerned, the company must provide health insurance to its employees, which includes work-related injuries. Parental leave is regulated by Labour Law, like paid sick leave. As far as unemployment is concerned, every worker must

⁷⁹ Orphans and surviving spouses of those who have died as a result of work, war or service, or as a consequence of the worsening of the disability suffered for such causes; persons treated as such, i.e. spouses and children of persons recognised as severely disabled for reasons of war, work and service; repatriated Italian refugees.

⁸⁰ Only for employees who are entitled to it, as provided by the Salary Integration Fund (SIF) regulations.

join the government's ILOE (Involuntary Loss Of Employment) programme: this policy is compulsory and is paid for by the worker. Finally, there is no pension in this country.

As for parental leave taken by MM's employees, in 2024 in Italy **6% of men and 14% of women made use of this type of leave**, with 100% of them returning to work in both cases.

Data on parental leave over the three-year period (%)

	2022		2023		2024	
	Men	Women	Men	Women	Men	Women
ITALY						
Employees entitled to leave for family reasons	ND	ND	ND	ND	100%	100%
Eligible employees who took leave for family reasons	ND	ND	ND	ND	6%	14%
Rate of return to work of employees who took leave	ND	ND	ND	ND	100%	100%
FOREIGN BRANCHES						
Employees entitled to leave for family reasons	ND	ND	ND	ND	0%	0%
Eligible employees who took leave for family reasons	ND	ND	ND	ND	0%	0%
Rate of return to work of employees who took leave	ND	ND	ND	ND	0%	0%

Scope of reporting and information sources

All MM employees are entitled to family leave when the conditions therefor are met. The hours of employees who left during the year are also included in the employee count. For 2022 and 2023, data are not available due to a system change.

Relations between MM and trade unions

S1-8 Collective bargaining coverage and social dialogue

THE VALERIA SOLESIN AWARD

MM has been supporting for years the Valeria Solesin Award, the competition promoted by the Forum della Meritocrazia and Allianz Partners and carried out 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 2024, MM awarded a student's thesis entitled: 'Understanding Childlessness: A Longitudinal Study of Reproductive, Work, and Union Trajectories in Italy' which, through a longitudinal approach, studied childlessness in relation to the life trajectories of individuals, considering the reproductive sphere, the work sphere and the union sphere as interconnected worlds whose interaction provides an overall picture of the life path that characterises the individual.

MM **engages in an open and transparent dialogue with trade unions** for the purpose of reconciling employee rights with business needs, promoting a constructive exchange on working conditions and on the quality of the work environment. With this in mind, MM operates in full compliance with current regulations and collective bargaining agreements, informing and involving trade unions in negotiations in a continuous and proactive manner.

The **panorama of labour relations in MM is diverse** and reflects the heterogeneity of the sectors in which the Company operates. Indeed, employees are covered by **seven collective agreements**:

- CCNL Gas-Water (for the Water Service Business Unit and some Departments/staff functions),
- CCNL 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 ERP asset custodians pertaining to the Housing Business Unit),
- CCNL for Industry Executives,
- CCNL Agricultural Middle Managers and Employees and CCNL Agricultural and Floricultural Workers (for employees employed in the management of green areas of the ERP assets).

Also in 2024, **100% of MM's employees in Italy were covered by collective bargaining agreements**. In addition, all employees in Italy (100%) work in plants with employee representatives.

Collective bargaining coverage and social dialogue

Coverage rate ⁸¹	Collective Bargaining Coverage - Employees - EEA	Social Dialogue - Workplace Representation (EEA only)
0-19%	-	-
20-39%	-	-
40-59%	-	-
60-79%	-	-
80-100%	Italy	Italy

Synergy with trade unions and trade union representatives

In its Non-Financial Statement 2023, MM formalised its willingness to increase the synergy between the Trade Unions (and their Representatives) and the Company, also by informing them in advance of any substantial organisational changes affecting its various Divisions.

In this regard, it should be noted that the Company has implemented this strategy, introducing the practice in the Company whereby, even for Trade Union Representatives in collective bargaining agreements that do not require it, the Organisations themselves are duly informed before any reorganisation.

Health and safety at work

S1-14 Health and safety metrics

In order to safeguard the health and integrity of workers, by protecting them from any risks, 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 avoid a harmful event; on the other hand to protect, by limiting the consequences of a harmful event should it occur.

MM has designated and trained its personnel by preparing special proxies for managers and directors⁸² and has set up the **Prevention and Protection Service (SPP)** in charge of, inter alia, the prevention of accidents and occupational diseases. Health and safety issues have long been integrated at the organisational level thanks to an **Occupational Health and Safety Management System (OHSMS)** covering 71% of employees and 57% of non-employees. For additional information on the OHSMS, please refer to the initial paragraphs of this chapter, *2.3.1. The People of MM*.

⁸¹ For employees working outside Italy (all in non-EEA countries), the Company makes use of phase-in regarding communication of information on collective bargaining coverage and social dialogue.

⁸² The delegated authority on health and safety in the workplace (pursuant to Article 16 of Italian Legislative Decree No. 81 of 9 April 2008) and the environment is published on the website www.mmspa.eu (Home > Company > Transparency > Safety and Environmental Delegations).

The Health and Safety Management System

Workers covered by UNI ISO 45001-certified OHSMS⁸³			
	2022	2023	2024
Employees covered (no.)	826	961	969
Employees covered (%)	60%	72%	71%
Non-employees covered (no.)	9	3	17
Non-employees covered (%)	50%	17%	57%
Covered by the OHSMS and internally audited			
	2022	2023	2024
Employees covered (no.)	826	961	969
Employees covered (%)	60%	72%	71%
Non-employees covered (no.)	9	3	17
Non-employees covered (%)	50%	17%	57%
Covered by the OHSMS and certified by an external third party			
	2022	2023	2024
Employees covered (no.)	826	961	969
Employees covered (%)	60%	72%	71%
Non-employees covered (no.)	9	3	17
Non-employees covered (%)	50%	17%	57%

In 2024, **11 cases of occupational injuries** to employees occurred, with an **injury frequency index of 1.20**, given by the ratio of occupational injuries to hours worked.

In cooperation with the competent doctors and the SPP, systematic monitoring aimed at **preventing the occurrence of occupational diseases continued**, confirming the **absence of cases** recorded in 2024 in line with the last two financial years.

⁸³ The number of total employees does not include employees of foreign branches during the three-year period.

Accident data over the three-year period

	1 January to 31 December 2022	1 January to 31 December 2023	1 January to 31 December 2024
	employees	employees	employees
Total no. of recordable occupational accidents	2	7	11
<i>of which minor injuries</i>	2	7	10
<i>of which serious injuries (excluding deaths)</i>	0	0	1
<i>of which deaths due to accidents</i>	0	0	0
<i>of which deaths from work-related illnesses</i>	0	0	0
No. of cases of work-related illnesses	0	0	0
No. of days lost due to work-related injuries, work-related illnesses and deaths as a result of illnesses	10	77	191

Employee accident indices over the three-year period

	1 January to 31 December 2022	1 January to 31 December 2023	1 January to 31 December 2024
Recordable occupational accident rate	0.16	0.56	1.20
Rate of serious occupational accidents (excluding deaths)	0.00	0.00	0.11
Rate of deaths due to occupational accidents	0.00	0.00	0.00

Scope of reporting and information sources

As for Workers covered by the UNI ISO 45001-certified OHSMS, employees of foreign branches over the three-year period were excluded from the total employees.

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).

Serious injuries are defined as injuries from which the worker cannot recover, does not recover or cannot realistically be expected to recover within 6 months, excluding death.

The calculation of the 'Recordable Work Accident Rate' is based on 200,000 hours worked, according to the following formula:

$$(\text{Total recordable accidents at work}) / (\text{Hours worked}) \times 200,000.$$

The calculation of the 'Serious Accident Rate at Work (excluding fatalities)' is based on 200,000 hours worked, according to the following formula:

$$(\text{Total serious accidents at work}) / (\text{Hours worked}) \times 200,000.$$

The calculation of the 'Occupational Accident Fatality Rate' is based on 200,000 hours worked, according to the following formula:

$$(\text{Total deaths}) / (\text{Hours worked}) \times 200,000.$$

During 2024, **9,137 hours of health and safety training were delivered in accordance with the training plan, a 7% increase** over the previous year. The training plan is drawn up annually and reviewed quarterly when the actual schedule is drawn up. Training is kept up-to-date and includes non-statutory in-depth courses in addition to 'basic' worker training, general and job-specific training as per current legislation, and 'qualifying' courses for both occupational safety roles and specific activities.

OSH training for employees over the three-year period

	2022			2023			2024		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Total hours of health and safety training	5,448	998	6,446	6,287	2,244	8,531	7,089	2,048	9,137
Managers	28	24	52	28	28	56	392	156	548
Middle managers	338	51	389	211	60	271	604	100	704
Office workers	2,057	903	2,960	3,701	2,145	5,846	3,178	1,196	4,374
Blue-collars	3,026	20	3,046	2,347	11	2,357	2,916	596	3,512
<i>of which mandatory</i>	5,448	998	6,446	6,287	2,244	8,531	7,089	2,048	9,137
<i>of which voluntary</i>	0	0	0	0	0	0	0	0	0

2.3.2 Workers in the value chain

S2-SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

Following the double materiality analysis, four negative impacts and one relevant risk were identified related to workers in the value chain in connection with workplace safety or the possible loss of sensitive data along the supply chain. In this regard, workers in the upstream value chain were taken into account, with particular reference to the workforce of suppliers performing contract work for MM⁸⁴. Furthermore, with regard to the negative impact concerning the possibility of child and/or forced labour along the supply chain, it should be noted that workers at MM's foreign branches may be more susceptible to such occurrences due to the socio-economic context in which they operate.

The table below shows, for each IRO, where applicable, a description of its content and potential implications, both favourable and unfavourable, arising from its occurrence.

IROs related to workers in the value chain	Sub-topic	IRO typology	Effective/Potential	Value chain	Time horizon
Labour and human rights violations along the supply chain Infringement of human and labour rights along the supply chain as a result of working with suppliers that do not offer their workers stable and secure employment, adequate working hours and wages, the exercise of the right to freedom of association and collective bargaining, as well as adequate opportunities for social dialogue	Working conditions	Negative impact	Potential	Suppliers	Long-term
Damages to health and safety along the supply chain Occurrence of occupational accidents, occupational diseases and/or psycho-physical and mental health damage to the detriment of workers along the supply chain, due to inadequate monitoring of occupational health and safety aspects of potentially unhealthy and/or unsafe workplaces, as well as inadequate risk assessment of work-related stress in the design, organisation and management of workloads and the socio-environmental work environment	Working conditions	Negative impact	Potential	Suppliers	Short-term
Incidents of child and/or forced labour along the supply chain. Violation of human and labour rights of workers in the supply chain due to the collaboration with suppliers employing forced and/or child labour.	Other work-related rights	Negative impact	Potential	Suppliers	Long-term

⁸⁴ For more information on the process of identifying workers most exposed to risks, see paragraph 2.1.3 *Managing Impacts, Risks and Opportunities*.

IROs related to workers in the value chain	Sub-topic	IRO typology	Effective/Potential	Value chain	Time horizon
<p>Loss of sensitive data along the supply chain. Accidental disclosure of workers' personal and/or sensitive data along the supply chain due to non-compliance with privacy procedures, non-compliance with the GDPR, as well as inadequate cybersecurity safeguards (e.g. training and awareness-raising) put in place by the suppliers with whom MM collaborates</p>	Other work-related rights	Negative impact	Potential	Suppliers	Long-term
<p>Occupational accidents and diseases concerning MM contractors The risk concerns all occupational accidents and the resulting reputational damage.</p>	Working conditions	Risk	Potential	Suppliers	-

S2-1 Policies related to value chain workers

MM S.p.A. has adopted several policies that ensure the management of the identified impacts on value chain workers. Firstly, MM has adopted the **'Tender Management and Direct Awarding' Procedure**, which regulates the process of purchasing goods, services and works within the Company subject to the Public Contracts Code. The Legal, Procurement and Purchasing Department (DLAP) manages the procedure for the purchase of goods, services and works contracts from the preparation of the procedure for the selection of the contractor up to the conclusion of the contract on the basis of the specifications received from the Requesting Structure. Secondly, MM requires compliance with its **Code of Ethics** and **the Organisation, Management and Control Model (MOGC)** (see 4.1 *Business Conduct*) from all its suppliers of goods and services. Finally, MM acts in accordance with the provisions of Italian Legislative Decree 36/2023, the new Public Contracts Code, which lays down the obligation to indicate the CCNL applied to workers providing goods or services under contract, in particular to ensure the protection of workers in public contracts (ref Art. 11 para. 2). The principle of decent work and the proper application of the collective agreement is also mentioned in the articles dealing with contract performance, social clauses and award criteria.

The application of the **'Tender Management and Direct Awarding'** procedure is under the responsibility of the **Legal, Procurement and Purchasing Manager**, this being the person responsible for the implementation of the company's procurement and purchasing procedures. Verification and monitoring during the execution phase are the responsibility of the **Contract Management Officers**. There are **perimeter exclusions** regarding the application of this procedure, as it does not apply in the following circumstances:

- extra-moenia purchases, for which reference is made to the 'Branch Constitution and Management' procedure;
- donations, partnerships and other initiatives that fall under the exclusive authority of the Chairperson of MM, for which reference should be made to the procedure for managing Donations and Partnerships;

- orders for the resolution of interferences during the execution of works for the relocation of sub-services owned by third-party operators (Unareti, Telecom, ENEL, A2A, etc.) or arising from the costs of diverting urban public transport (ATM) lines;
- petty cash purchases of goods and/or services for the offices for which, due to their nature of minute expenditure, immediate payment is indispensable, as well as expenses of a bursary nature within the maximum limit for each expense of EUR 2,000.00 (two thousand/00) (total per year per supplier), which may be taken from MM's budget. Examples include the following: retail purchase of printed matter, forms, stationery; mission and travel expenses; registration fees; radio, television and internet subscriptions; purchase of books, newspapers, magazines and publications; entertainment expenses and reimbursements to members of the Board of Directors; expenses for participation in and/or organisation of conferences, exhibitions, events (e.g. attendance fees for speakers); expenses for MM staff participation in training courses.

With regard to the **application of the CCNL** of reference, the scope and exclusion are set out in Italian Legislative Decree 36/2023. Finally, with reference to the obligation to comply with the MOGC and Code of Ethics, the scope is extended to all contracts and purchases of works, services and supplies, as well as operators registered on the MM supplier list and subcontractors.

The proper implementation of the listed policies requires the **contribution of the stakeholders** involved, i.e. MM's suppliers, contractors and subcontractors, who have access to MM's MOGC and Code of Ethics, as well as to the Public Contracts Code as a legal text.

With regard to **respect for the human rights** of value chain workers, it is noted that the Contracts Code, to which MM is subject, although not explicitly referring to the protection of human rights, indirectly promotes such rights through the enhancement of principles such as non-discrimination, fairness and transparency in public procurement procedures. In particular, the Code is in line with the European directives on public procurement, which in turn are inspired by the principles of respect for human rights. In this regard, reference is made to Article 1(3), which provides that *'the principle of the result constitutes implementation, in the field of public contracts, of the principle of good performance and the related principles of efficiency, effectiveness and economy. It is pursued in the interest of the community and for the achievement of the objectives of the European Union'*. MM promotes respect for the human rights of value chain workers by requesting a commitment from its suppliers to respect MM's Code of Ethics, which takes place at the time the contract is signed.

The double materiality analysis has identified **two potential negative impacts related to the violation of human rights along the value chain**: firstly, the possibility of 'Injury to human and labour rights along the supply chain due to working with suppliers that do not offer their workers stable and secure employment, adequate working hours and wages, the exercise of the right to freedom of association and collective bargaining as well as adequate opportunities for social dialogue', and secondly the possibility of 'violation of human and labour rights of workers in the supply chain due to the collaboration with suppliers employing forced and/or child labour'. Should such negative impacts actually occur, the MOGC (in Appendix 3 to the MOGC) identifies the offence and the relevant sanction.

S2-2 Processes for engaging with value chain workers about impacts

As regards the engagement of value chain workers about material impacts, MM does not engage these workers directly, though refers to collective bargaining at the national level, which suppliers undertake to comply with by indicating the CCNL applied when acquiring orders or participating in tenders.

S2-3 Processes to remediate negative impacts and channels for value chain workers to raise concerns

MM has an internal whistleblowing platform, which is also accessible to employees in its value chain, who can submit anonymous reports of unlawful or non-compliant conduct, in the event that it has been carried out by MM personnel. In compliance with Italian Legislative Decree 24/2023 (transposing Directive (EU) 2019/1937 on the protection of whistleblowers), such reports can also be forwarded directly to the Italian National Anti-Corruption Authority (ANAC) through dedicated channels. Prior to the conclusion of each new supply contract, the contracting party must certify that it has informed its employees of the existence of such a whistleblowing platform.

The '**Management of whistleblowing reports and protection of the whistleblower**' procedure, updated on 19/02/2025, governs the whistleblowing process within MM, from the time of the report to the management of its outcome. In particular, the procedure describes which violations can be reported, denounced or publicly disclosed, how the reporting process is carried out (channels, reception modalities, preliminary investigations), what the whistleblower's rights are and how whistleblowing training is provided. In this regard, it should be noted that the reporting modalities protect the anonymity of workers who make use of them, and that complaints are treated confidentially and complying with confidentiality and data protection rights. For more information, see Chapter 2.4.1 *Business Conduct*.

S2-4 Taking action on material impacts on value chain workers, and approaches to mitigating material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions

S2-5 Targets related to managing material negative impacts, advancing positive impacts and managing material risks and opportunities

MM's goal is to develop **systems for the collection of supply value chain information**, through the implementation of a monitoring system (ESGEO and OPEN-ES) concerning value chain workers. In particular, it aims to obtain a mapping of the Company's supply chain by analysing the suppliers entered in MM's Supplier Register. In order to implement its sustainability goals, MM plans to join a collaborative digital platform, making the tool available to all its suppliers, with the aim of:

- 1) tracing the supply chain from an ESG perspective;
- 2) stimulating a virtuous system aimed at increasing the knowledge and skills of the entire supply chain from an ESG perspective;
- 3) engaging its suppliers in a path of sustainable measurement and development from a supply chain perspective;

- 4) having ESG data and profiles of its value chain.

The implementation of the monitoring system, which is part of the objectives of the Company's **Business Plan**, is scheduled to take place between 2024 and 2028. The Business Plan, approved in December 2024, was defined with top management and shared with the trade unions; in addition, selected contact persons for each function and company management were involved in the construction of the Business Plan. In order to be able to implement the monitoring system, the amount of EUR 65,303 was invested in 2024, and further investments of EUR 73,597 are planned for the future. Finally, roundtables are currently being planned for the monitoring of the objectives and actions included in the plan, within which the monitoring process of the implementation of the MM value chain information collection system will be defined.

2.3.3 Affected communities

S3-SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

Following the double significance analysis, one opportunity concerning the activities of the **Housing unit**, one negative impact concerning the activities of the **Engineering**, and four IROs, two negative impacts and two risks, concerning the communities affected by the **Integrated Water Service**, were identified. The tables below shows, for each IRO, where applicable, a description of its content and potential implications, both favourable and unfavourable, arising from its possible occurrence.

Housing

The interests, opinions and rights of the communities of **ERP tenants** are an essential component in guiding MM's strategy and operating model with regard to its Housing activities. Their collection and analysis are structurally integrated into the housing service offer, both during the access (allocation) phase and during contract management. MM adopts a continuous improvement approach aimed at ensuring effective and satisfactory responses to tenants' needs, taking into account their particularities and social, economic and cultural diversities. Consistent with this orientation, the service model is designed to ensure constant and inclusive interaction with users, through a variety of channels and tools for communication, participation and active listening.

IROs related to affected communities	Sub-topic	IRO typology	Effective/Potential	Value chain	Time horizon
<p>Management and redevelopment of public housing properties Consolidation of a reputation as an organisation committed to contributing to the well-being and development of the city's social structure, through the management and redevelopment of public housing properties and their outdoor areas</p>	<p>Economic, social and cultural rights of communities</p>	<p>Opportunities</p>	<p>Potential</p>	<p>Own operations</p>	<p>Medium-term</p>

Engineering

The negative impact that arose as material is **strictly related to the core business of MM**. For this reason, the 2024-2028 Business Plan includes a series of actions aimed at strengthening contact points with citizens, these being understood as communities directly affected by the Company's activities. The Business Plan includes a specific section entitled **'Community and Territory'**, which brings together initiatives aimed at improving the overall quality of the service provided, increasing MM's widespread presence in the Milan area and strengthening its interaction with local stakeholders.

Some buildings, due to their specific use, may be affected more than others by the presence of a construction site in the vicinity. This is the case, for example, of facilities whose use by the public takes place within a short time frame compared to the duration of the works, such as hotels or hospitality venues, where the guest suffers inconvenience during their entire stay, regardless of the overall duration

of the work site. Businesses can also suffer, especially when the construction site limits accessibility or makes the business less visible.

Particular attention must be paid to buildings such as nursing homes, residences for the elderly or healthcare facilities, which must also guarantee continuous access for people with reduced mobility.

Finally, some buildings are particularly sensitive to noise and vibrations, which can compromise the usability of interior spaces and negatively affect the well-being of occupants.

IROs related to affected communities	Sub-topic	IRO typology	Effective/Potential	Value chain	Time horizon
<p>Disruptions and inconveniences impacting the community related to the duration of construction sites Disruptions for the community related to the duration of construction sites, such as traffic problems and difficult access to homes and businesses</p>	<p>Economic, social and cultural rights of communities</p>	<p>Negative impact</p>	<p>Effective</p>	<p>Suppliers</p>	<p>-</p>

S3-1 Policies related to affected communities

Housing

MM manages the relationship with Housing users, which include the tenants of the ERP assets, by referring to the convention stipulated between the Municipality of Milan and the Company for the management of the housing assets owned by the Municipality. The agreement, which is not a policy of MM, rather a **document assigning the service thereto**, describes in detail the activities that MM, as the entrusted party, is required to perform in the management of ERP assets, specifying the operating methods to be followed and the service levels to be provided. When defining this document, the interests of the citizens of Milan were taken into account, with particular reference to those who meet the requirements for the assignment of ERP housing. The subject of the assignment is facility and property management activities, through the use of a plurality of tools. In addition, special attention is paid to the issue of managing sociality and communication with users. What is established by the agreement contributes to compliance with the regulations in force in Lombardy for the assignment of council housing, ensuring in particular equal access rights for all those who meet the requirements for being assigned and living in public houses. Housing is allocated through public tenders, after which a variety of channels and tools are made available to users to be able to interact with the operator.

Finally, it should be noted that the contribution of the municipality, tenants, committees and tenants' unions is necessary for the proper implementation of the agreement. The highest management levels responsible for the implementation of the agreement within MM are the Director of the Housing Division and the CEO.

Engineering

While MM has not adopted a formal policy for managing impacts on affected communities, it does apply a number of **good practices in site management**, with the aim of minimising disruption to citizens.

During the design phases, the impacts that construction activities may generate on the community, such as dust, noise and pollution, as well as temporary inconveniences for those who use the targeted assets, are carefully assessed and, where possible, mitigated. Where the interventions have a particular impact on the territory, public meetings are organised to inform and discuss with those directly involved, illustrating the characteristics and timing of the works.

Contractors are required to prepare environmental site plans, aimed at limiting the sources of site-related pollution.

These good practices involve all those involved in the design and implementation of works and interventions, including both MM's workforce and suppliers and contractors.

Successful implementation of the described good practices requires the **contribution of the stakeholders** involved, i.e. the MM designers, project coordinators, contractors and suppliers. In addition, the interests of the communities living in the vicinity of MM's construction sites, relating to infrastructure, water supply, housing and maintenance works, were also taken into account in their definition.

No formal commitments were made regarding respect for the human rights of communities, as the impacts noted relate only to inconveniences and disruptions, which do not constitute human rights violations.

S3-2 Processes for engaging with affected communities about impacts

Housing

In the context of public housing service management, the engagement of affected communities plays a fundamental role in guaranteeing continuity in access to and permanence in housing, even in situations of reduced income and asset capacity of the assignee household.

One of the main tools of engagement is the **user registry**, a compulsory process provided for in the assignment agreement, which takes place every **two years**. On this occasion, tenants of ERP housing are required to submit a number of documents to verify that they meet the requirements for continuing to enjoy the service. On the basis of the submitted documentation, rents are also updated, adjusting them to the economic and property situation of each household. In 2023, approximately 75% of users participated in the procedure when the most recent user registry (AU) was updated. In order to facilitate communication between tenants and the manager, several channels and relational tools have been made available, through which it is also possible to submit party claims. Finally, in order to better understand the needs and prospects of resident communities, situations of fragility are constantly monitored; when necessary, they are reported to the relevant public services in order to activate appropriate responses.

Engineering

As regards engagement with affected communities about material impacts, **the community affected** by significant interventions on ERP buildings **is always involved**. This is done in several ways:

- **group meetings** during which MM - as both organiser (DVCA for ERP buildings) and designer - presents projects to the community, illustrating the interventions that will directly affect them;
- **individual meetings** aimed at handling specific needs of building users;

Engagement takes place directly with both the affected communities and their representatives. Engagement takes place under the responsibility of the CEO.

It is not possible to measure the effectiveness of community engagement and there are no measures to better understand the perspectives of communities particularly vulnerable to impacts.

S3-3 Processes to remediate negative impacts and channels for affected communities to raise concerns

Housing

MM adopts **processes to remedy** actual or potential negative impacts generated on the communities living in the ERP buildings (regarding the identified negative impacts, please refer to the IRO table 'Housing Division' in chapter 2.3.4 *Consumers and End Users*). First, this takes place through the **management and updating of project planning for the renovation of vacant housing**, the improvement of KPIs relating to **ordinary maintenance management** and the **mapping and monitoring of requests for assistance**.

To this end, **initiatives are organised to present extraordinary maintenance projects**, in the form of public assemblies, and **multi-modal reporting channels** are made available through which tenants can make reports, complaints and reminders. MM, in fact, provides several **channels for resident communities to raise concerns, report critical issues or file complaints**, ensuring transparency, accessibility and protection from retaliation, and promoting awareness of these channels among affected communities. Tenants can directly access **digital and telephone channels**, such as the **Contact Centre** - operated by external providers - or go in person to **territorial offices, special information desks or condominium caretakers**. A further tool available to users is the **Tenant Portal**, a platform whose content is updated by the Company, while technical design is outsourced. MM is committed to ensuring that customers are **aware of the channels available to report concerns or needs** through the description given in the Service Charter, through the newsletter sent out and through paper communications (the freephone number of MM's Contact Centre is listed on the bill).

Reports collected through these tools are managed through a **structured ticketing system**, which allows the Company to continuously monitor the progress of requests, including through audits and KPI analysis. This approach allows not only for the **traceability of works**, especially maintenance works, but also the **early detection of any recurring criticalities**. 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 take care, from a technical point of view, of the buildings of the ERP assets (both inside and outside the borders of the Milan Municipality) and activate the maintenance interventions deemed necessary, by sending technical feedback to colleagues in the

Housing Division, in fact performing a function of supervision and liaison on the territory, interfacing directly with the tenants. It is reported that 2,203 complaints were received in 2024, of which 1,223 (56%) related to neighbourly behaviour and indiscipline.

Engineering

Currently, no structured processes have been identified to remedy any disruptions and inconveniences that may impact the communities of residents and traders in the vicinity of the construction sites.

S3-4 Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions

Housing

The main actions implemented by MM to manage the impacts, risks and opportunities related to the communities affected by the ERP service are discussed in chapter 2.3.4 *Consumers and End Users* and in the section 'Social interventions in the ERP context' within this chapter.

Engineering

MM is committed to managing and mitigating the negative impact identified, developing community actions that contribute to improving its presence in the area in which it operates. Specifically, the Company has implemented **four actions**, to be completed by 2028 and currently underway, which concern the execution of the works. The actions involve MM employees as well as value chain workers and communities affected by the site activities. No operational or capital expenditure is foreseen for the performance of the above activities.

As a **first action, preparing within the project for sets of specifications for the implementation of a site environmental plan**, aimed at limiting the environmental impacts of the works on the community, is planned. The initiative aims to mitigate the negative environmental impacts resulting from the execution of the works - such as noise and dust and, specifically, to reduce pollution and improve the management of construction site waste.

As a **second action, the holding of meetings with the communities affected by the interventions** is planned, in order to share the project choices and their impacts. The initiative aims to mitigate the negative impacts of the works on the communities directly affected by the work. The action also aims to create positive impacts, such as increased transparency with the community, improved quality of life and reduced conflict.

As a **third action, the study of compensatory measures for long-term construction sites** is planned. The initiative aims to mitigate the negative impacts of the works on the communities directly affected and to generate positive impacts by providing cover in the event of any economic losses.

As a **fourth action**, it is planned to **apply the UNI 11728 standard for noise reduction on the largest, most impactful and longest-lasting construction sites**. The aim is to mitigate the negative impacts of the works on the communities directly affected, helping to improve the liveability of the area even during the presence of the construction site.

Please note that no issues or incidents were reported regarding human rights in relation to the interested communities. It should also be noted that all actions are related to the objectives set by MM to mitigate the negative impact (see section *S3-5 Objectives related to managing relevant negative impacts, enhancing positive impacts and managing relevant risks and opportunities*).

Finally, given the nature of the actions undertaken, there are currently no specific processes in place to verify the actual contribution to reducing impacts on communities.

S3-5 Targets related to managing material negative impacts, advancing positive impacts and managing material risks and opportunities

Housing

MM has set for itself several goals to improve its service to the ERP tenant community. In particular, such goals concern the completion of a number of key projects and the portfolio of services carried out for the city of Milan, both through the refurbishment and the full-scale management of assets, with the aim of pursuing the preservation of the value of the housing stock and the increase of the housing supply for households that do not have the possibility of accessing rent on the open market or at a subsidised price.

Firstly, following appropriate decisions by the Municipality of Milan and, where applicable, positive legal verifications, in 2025 MM plans to carry out **rehabilitation activities with its own resources**. This is intended to achieve an increase in housing supply, which is necessary to meet the high demand. To this end, the Service Level Agreement is intended to maintain an annual ratio of executed to planned reactivations of more than 80%.

Secondly, **electrical and building maintenance activities** will be carried out between 2025 and 2026 on the ERP assets, relying on suppliers selected by tender. Through these interventions, MM intends to respond to requests for maintenance ; in this regard, the goal is to maintain an annual intervention resolution rate of more than 80%, in order to contribute to improving user experience and quality of life.

Finally, MM intends to respond to the needs of different target groups through the **simplification of access to services and the improvement of the administrative management of leases**. The objective is to keep the time between the booking and the performance of an appointment requested by the user under 20 days.

Engineering

MM has defined **four non-measurable objectives for the 2024-2028 period**, for the purpose of managing the negative impact associated with the difficulties affecting the community due to

construction sites designed by MM. The scope of intervention concerns the individual work in progress and the areas directly or indirectly affected. The planned actions involve MM employees, value chain workers and affected communities down the chain. The intention is to offer better services to the communities affected, while minimising the impacts of the works on the territory.

Firstly, MM plans to **formulate guidelines on site communication**, to be addressed to contractors, with the intention of fostering dialogue with residents and citizens, as well as improving coordination between those involved in activities in the area.

Secondly, MM proposes to initiate **information and engagement activities for affected communities** as early as the preliminary stages of project design, holding meetings aimed at presenting projects.

Thirdly, MM intends, particularly for long-term construction sites (e.g. metros), to **provide economic compensation for businesses which**, due to the construction site perimeter, **are confined or isolated**. Alternatively, options for the temporary relocation of businesses to more visible areas will be evaluated. The recipients of the measures will be actively involved in assessing the appropriateness of compensations.

Fourthly, MM intends to **apply**, for the largest, most impactful and longest-lasting construction sites, **the UNI Standard 11728 for Construction Site Noise Reduction**. This provides for a structured monitoring system geared towards continuous performance improvement and includes different ways of involving citizens. In particular, it requires the census and assessment of receptors in order to calibrate engagement according to the degree of exposure. In addition, it promotes preventive information actions - indicating the planned noisy workings - and final information, communicating the results of noise monitoring to the community.

All objectives are related to the actions implemented by MM to mitigate the negative impact (see Section S3-4 *Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions, Engineering*).

Social actions in the ERP context

'*Having good neighbours is a bit like having a bigger house*'. With this ancient Chinese proverb, the mission of the GSD-Sociality Management office, which aims at participation, integration and above all empowerment of all the inhabitants of Milan's working-class neighbourhoods could be summarised in this way. The aim is to **create a sense of identity and belonging to the places where the tenants live**, because this is the only way to give these fragile and varied contexts a new strength, a new vigour.

When a place begins to be perceived as 'one's home', its inhabitants often also tend to develop a sense of belonging, which translates into greater awareness and empowerment and thus a more attentive care of both private and communal environments. This is a very important aspect, since better care contributes to reducing degradation, and reducing degradation also influences the perception of safety: a virtuous circle that can only be activated, however, if everyone is more involved.

How to achieve this sense of belonging and participation when the realities on which to operate are so diverse and multifaceted? The path chosen by MM is one of inclusion: giving new life to non-housing public spaces and reopening courtyards by creating moments of encounter and aggregation, ranging from music initiatives, theatre workshops, book readings and film screenings. We do not want to make the mistake of considering organised events as mere events for their own sake, since they represent initiatives with a deeper meaning. These are, in fact, occasions for meeting and gathering that generate a real sense of participation in neighbourhood and 'popular' life, proudly claiming a reality so rich in different cultures and customs. All too often, action is taken as a result of vandalism, or lack of care by residents for yards and structures. Very often vandalism is due to the sense of detachment of some tenants towards the neighbourhood they live in. If this trend could be reversed, creating a true neighbourhood identity, the attention and care of the spaces by the inhabitants themselves could also increase proportionally. The GSD - Sociality Management office was created precisely with the intention of experimenting with an innovative management model, in which the traditional functions of property and facility management are integrated with the functions of social and territorial accompaniment and promotion. There is a deep-rooted conviction that the sustainability of public housing is closely linked to its inhabitants and their behaviour.

❖ TAKING CARE OF BLOCKS OF FLATS

Objective: To improve the quality of living in public housing neighbourhoods, fostering safety, security and social cohesion, and providing support to those living in socially and economically fragile situations.

Activities:

- Giving support to those in situations of social and economic fragility;
- Making tenants actors of change, capable of defending the place they live in from decay and improving it over time;
- Acting as a link between tenants and organisations operating in the area.

Fighting Energy Poverty

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

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

The project, which will continue over time, includes the creation of an office to 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.

Energy Poverty 0

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

Partners: SNAM Foundation, Milan City Council - Urban Resilience Project Management, La Strada Cooperative, Avanzi - Sostenibilità per Azioni, in collaboration with MM.

The project, launched in 2022 and winner of a tender 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 2024, the initiative focused on information and awareness-raising activities for tenants 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 for energy, and thus economic, savings in housing.

❖ RELATIONS WITH TENANTS

Objective: To integrate housing interventions with solidarity-oriented tenant engagement pathways, favouring collective regenerative actions capable of redesigning the way people live in their homes.

Activities:

- Coordinating housing services and generating value for tenants and the territory;
- Promoting social accompaniment and outreach interventions.

Health-Sanitation Criticalities

Objective: To identify critical situations and providing support to tenants with psychiatric frailty and tenants identified as serial accumulators of objects, rubbish and/or animals.

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

Activation of a network of actors in the territory for the implementation of coordinated intervention actions in the most fragile situations, monitoring their development over time. In this context, MM, as soon as an alert is received, intervenes by organising joint inspections with the relevant bodies and implementing targeted remedial actions quickly. In 2024, 14 new alerts were handled.

Lifts for people with disabilities

Objective: To provide a non-emergency transport service to tenants with disabilities or mobility difficulties (including temporary) in ERP 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 2024, 318 requests were handled and 262 services were performed. 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 Information Desk

Objective: To provide clarification and technical assistance on works of particular impact at some ERP buildings.

Partners: MM.

In 2024, activities continued at the Giuffrè Villani information desk aimed at providing information to tenants on the extraordinary maintenance works underway, which began in 2020 at the residential complex at Via Giuffrè, 8 and Via Villani, 3 (Municipality 9). During the year 2024, the results of the work done emerged and the relationship with the building's tenants was strengthened. The information desk has proved to be a point of reference for the inhabitants, who often rely on it, both with regard to extraordinary maintenance work and for administrative practices and matters more closely related to living and MM's management. During the year, 927 tenants turned to the information desk. The information desk responds to the commitment to be close to the community by leveraging the direct knowledge of tenants and their problems.

Energy Poverty Information Desk

Objective: To implement tools that help tenants - at risk of energy poverty/vulnerability - to adopt virtuous behaviours and train them to be more aware of how their habits impact their energy consumption and thus their bills.

Partners: AMAT (Agenzia Mobilità Ambiente e Territorio) and Social Caretakers

With a view to addressing the growing problem of energy poverty, and more generally the social aspects of energy, the Municipality of Milan has involved MM in the design of an integrated model of an information office to combat energy poverty. The experimental project thus saw the launch, in cooperation with AMAT and the M7 and M9 social guardians, of the first two information office at two buildings we manage: via Saint Bon, 6 and the block of flats via Giuffrè, 8 / via Villani, 3. A meeting to present the project was organised at the information office in Saint Bon in cooperation with the M7 Social Guardians and the Saint Bon Tenants' Committee.

On the other hand, the information office is physically located at the Giuffrè Villani building where, from June to December, in collaboration with AMAT staff, the following were organised: 4 plenary meetings with tenants + 29 individual meetings with residents who specifically requested to receive information on reading bills, the free market, monitoring consumption and a more conscious use of energy in their homes.

❖ OPENNESS TO THE NEIGHBOURHOOD AND COMMUNITY

Objective: To satisfy the widespread need for sociality, enhancing living places that become unconventional spaces for gathering, where culture can be disseminated.

Activities:

- Organising artistic and cultural events and initiatives in blocks of flats;
- Creating leisure opportunities for tenants;
- Making culture accessible to all.

Urban Art

Objective: To encourage the creation of narrative walls on social houses owned by the Municipality of Milan, both as an urban regeneration intervention and for a positive social impact.

Partners: Associations and artists, in collaboration with MM.

Among the most significant projects in 2024:

- UN NOME IN OGNI QUARTIERE (A NAME IN EACH DISTRICT) (via S. Mamete, 8 - City Hall 2 and via Bottoni, 18 - Municipality 5): The project, from the implementation and artistic point of view, is supervised by the Art in Public Spaces Office of the City of Milan, which ensures the quality of the interventions and the social inclusion of the territories in mural design and realisation. During 2024, two interventions were carried out at the SAP buildings managed by MM: the 'Crescenzago' mural and the 'Vigentino' mural, both with the aim of generating a territorial narrative that contributes to the construction of the identity of the neighbourhoods involved.

The intervention in via S. Mamete involved not only the inhabitants, but also the children living in the neighbourhood: the subject of the work was realised during workshops with the neighbourhood associations and some students from the San Mamete School.

The work in Via Bottoni, 18 is a mural of historical memory 'of the Vigentino district' that wanted to restore the agricultural identity of the area, involving the memories of the inhabitants of the district in sketching the work.

Qui Milano - Ricicliamo (Here Milan - Let's Recycle)

Objective: To promote 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; Via Gandino, 12 and Via Pescara, 44, 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 SAP blocks.

PIDS events in SAP building courtyards

Objective: To authorise and support the implementation of PIDS events in the courtyards of social housing.

Partners/Authorising Bodies: Municipality of Milan, MM.

PIDS are 'small widespread initiatives of a socio-cultural and entertainment nature', small in size (maximum 100 participants), free of charge, which do not require a performing arts licence and have as their main purpose sociability, meeting among 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 council houses it manages, for a total of 72 PIDS organised in 2024.

Paths of justice and legality

Objective: to promote identity-building pathways in the suburbs to enhance the memory of the main places of historical-cultural-artistic relevance in the city of Milan.

Partners: Carlo Pierini Foundation with the patronage of Municipality 2, in collaboration with MM.

The project envisaged the realisation of historical and cultural itineraries for the citizens of the Milanese municipality on the occasion of the Centenary of the Old Milanese Municipalities 1923-2023. During 2024, these were followed by three walks with a guided historical-cultural itinerary on the theme of 'South of the Ancient Via Palmanova, between Cimiano and Crescenzago', 'The Ancient Village of Villapizzone in Musocco' and 'Itineraries in the Northwest between History and Modernity', and the disseminated photographic exhibition 'The Ancient Village of Villapizzone in Musocco' at the gate of the building in Via Console Marcello, 19-21.

Promotion of cultural-artistic events and support for film productions

Objective: To facilitate and support the organisation of artistic and cultural events and initiatives in the popular housing estates managed by MM.

Partners: Fidelio Srl.

Cultural and artistic events, as well as television and film productions, provide leisure and entertainment opportunities for tenants by making culture accessible. In addition, they are opportunities to enhance the living space and, specifically for film productions, can also become an income opportunity for tenants who are invited to participate. In 2024, the Fidelio Production was engaged in the production of the film entitled 'Hype' at the premises at Via Appennini 66, Via Appennini 68, Via Appennini 92 and Via Consolini 4.

The Integrated Water Service and the Territory

MM promotes dialogue with the territory and citizens through dissemination and participation initiatives organised at the **Centrale dell'Acqua** in Milan, offering cultural programmes, exhibitions, educational activities and guided tours. In addition, it takes care of site communication in order to keep citizens constantly informed about the ongoing work on urban transformation.

Milan's Centrale dell'Acqua

Milan's Centrale dell'Acqua (known as 'CAMI') is one of the city's oldest waterworks, operating from 1906 until the 1980s. MM oversaw the redevelopment project that transformed the Centrale into a cultural and multifunctional space entirely dedicated to water and sustainability issues (<https://www.centraleacquamilano.it/>). Since its inauguration in 2018, the Centrale has become a place of inclusion, dissemination, culture and encounter for Milan, at the complete service of citizenship and in continuous dialogue with the territory and institutions.

As a business museum of MM, the Centrale is a member of the Associazione Italiana Archivi e Musei d'Impresa, 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, safeguarding its memory and enhancing the testimonies of manufacturing capacity that is the engine of sustainable development and the cornerstone of a widespread economic, social and civil culture.

The year 2024 confirmed the vocation of the Centrale as a cultural and educational centre of international standing, for the benefit of the entire citizenry. The cultural programme, which MM has named '**#InCentrale**', is packed with appointments and guests, with at least one event per week in attendance and live on the Centrale's social channels, and many collaborations.

An important part of the programme schedule consists of **exhibitions**. In 2024, the following **exhibitions** were held:

- the exhibition of artist Claudio Onorato, 'Città d'Acqua' (Cities of Water);
- the exhibition of the international 'World Water Day Photo Contest', 'Acqua come leva di pace' (Water as a Lever of Peace);
- the Italian Institute of Photography exhibition, 'Biodiversità, il motore della vita' (Biodiversity, the engine of life);
- the exhibition by *The River Journal Project*, 'La forza narrativa dell'acqua' (The Narrative Power of Water);
- the exhibition -realised by MM- dedicated to the 60th anniversary of the inauguration of the Milan metro line M1, 'Dal progetto alla città: 1964 - 2024 60 anni di M1' (From project to city:

1964 - 2024 60 years of M1).

In addition, from the end of 2023 until February 2024, the exhibition 'La fabbrica dell'acqua' (The Water Factory), curated by MM, was set up with the aim of recounting the history of the Aqueduct, managed by the company since 2003, and enhancing the Historical Fund kept in its Archives.

During 2024, through **#InCentral**, MM organised **65 events**, involving over **5,000 participants**.

Activities with schools and families

MM continues to invest in **scientific outreach and awareness-raising on the importance of water resources**: in 2024, the Milan Centrale dell'Acqua welcomed **6,549 students** from primary and secondary schools for a total of **300 classes involved and 1,000 visits to the facilities**. Thanks to the well-established collaboration with Verdeacqua, a social enterprise specialising in environmental education and scientific outreach, the activities offered a comprehensive training course that turned the MM Business Museum into a veritable laboratory of knowledge.

Thematic paths and workshops

Students were able to explore numerous topics related to water management through **seven targeted learning paths**, adapted to the different school levels. For pre-schools, '**Green Dragons and Blue Water - Walking with Water**' was developed, a narrative and sensory workshop that introduces young children to the water cycle through stories and interactive games. For primary schools, the '**The water cycle**' path, differentiated between first and second cycles, allowed them to explore the journey of water from its source to its distribution, with practical experiments to understand phenomena such as percolation and capillarity. Secondary schools took part in the '**Milan's Centrale dell'Acqua**' tour, which combined a guided tour with an analysis of historical machinery and modern water management technologies. For secondary schools, on the other hand, '**Vie d'acqua**' was proposed, an itinerary linking the past and present of Milan's water system, highlighting the role of infrastructure in urban sustainability.

A further enhancement to the offer were the **historical-scientific workshops called 'Time flows - the water of Milan from the Romans to the present day'**, in cooperation with Milan's Archaeological Museum. Thanks to this project, classes were able to learn about water management in ancient Mediolanum and compare it with modern supply and purification technologies. This double tour allowed students to visit both museums in an immersive experience, combining the viewing of archaeological finds with direct observation of contemporary water infrastructure.

The focus on education extended beyond curricular activities, with **initiatives** that further enriched the experience. These included the **Plant Notebook**, an interactive notebook distributed to visiting children, which offered a playful and engaging way to explore the museum with quizzes, games and hands-on activities, rewarding participants with a final gadget. Of particular note was also the initiative '**From the project to the city**', which was part of the exhibition on the 60th anniversary of Milan's first metro, and which turned the visit to the station into a step-by-step game between science and town planning, allowing children to interact with the themes of the exhibition through experiments and practical tests.

Summer camps: an educational opportunity for young children

The cultural commitment did not stop during the summer holidays either, thanks to the campuses organised at the Centrale dell'Acqua: a valuable opportunity to bring young people closer to science and sustainability, strengthening the link between the Centrale dell'Acqua and the community.

In summer 2024, the programme was attended by over **300 children**, offering them a unique opportunity to explore the world of water through interactive activities, science games and field trips.

The main theme, "**Storia Semi Seria del Pensiero Scientifico**" (Semi-Serious History of Scientific Thinking), allowed participants to learn about the scientific method through the adventures of Linnaeus, Darwin and Galileo, stimulating curiosity and active learning. The initiative was a great success, with a significant increase in registrations compared to previous years. The families also expressed a **high level of satisfaction, over 90%**, appreciating the quality of the activities and the attention given to the children.

A replicable dissemination model

These initiatives turned 2024 into a **year of great growth for MM's** dissemination purposes, which was able to significantly expand its educational offerings. The increase in participation by secondary schools - which together accounted for **59% of the total number of classes involved** - demonstrates the Company's ability to adapt to educational needs, offering increasingly structured and stimulating courses.

The approach taken is a virtuous model that can also be applied in other contexts. The ability to combine technical knowledge, practical experience and innovative teaching methods has made it possible to transform the Centrale dell'Acqua into a 'permanent laboratory' of ideas, where science, art and history dialogue with an increasingly broad and diverse public.

2.3.4 Consumers and end users

S4 - Consumers and end users

S4-SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model

Housing

Following the double materiality analysis, three negative impacts, three positive impacts, three risks and three relevant opportunities were identified for users. In particular, these IROs refer to sub-topics related to information-related impacts on customers, their social inclusion and their personal safety.

The table below shows, for each IRO, where applicable, a description of its content and potential implications, both favourable and unfavourable, arising from its occurrence.

IROs related to consumers and end users	Sub-topic	IRO typology	Effective/Potential	Value chain	Time horizon
<p>Accidental loss of sensitive consumer and/or end-user data Accidental disclosure of consumers and/or end users' personal and/or sensitive data due to non-compliance with privacy procedures, non-compliance with the GDPR, as well as inadequate cybersecurity safeguards, with possible inefficiencies related to the unreachability of digital channels made available to users</p>	<p>Information-related impacts for consumers and/or end users</p>	<p>Negative impact</p>	<p>Potential</p>	<p>Own operations</p>	<p>Long-term</p>
<p>Increasing the digital divide of consumers and/or end users due to the digital transition of user dialogue channels, with possible discrimination An increase in the digital divide with consumers and/or end users, caused by an excessive and sudden digital transition of the channels of dialogue with users and by the inadequacy of the accompanying path towards the use of new technologies, with particular reference to the most vulnerable segments of the population</p>	<p>Social inclusion of consumers and/or end users</p>	<p>Negative impact</p>	<p>Potential</p>	<p>Own operations</p>	<p>Medium-term</p>
<p>Widespread distribution of contact and criticality reporting points with the various users of the Water Service and the ERP assets, through both physical and digital channels Widespread distribution of contact and criticality reporting points with the various</p>	<p>Information-related impacts for consumers and/or end users</p>	<p>Positive impact</p>	<p>Effective</p>	<p>Own operations</p>	<p>-</p>

IROs related to consumers and end users	Sub-topic	IRO typology	Effective/Potential	Value chain	Time horizon
users of the IWS and the Housing, through both physical and digital channels, guaranteeing timeliness in the collection and subsequent management of problems and complaints from consumers and/or end users					
<p>MM taking responsibility in the event of absence or non-renewal of fire prevention certificates in Public Residential Housing (ERP) buildings</p> <p>Absence/non-renewal of fire prevention certificates (FPC) in ERP buildings resulting in liability for MM in case of fire.</p> <p>The consequences arising from this risk are: damage to persons and/or property; inefficiencies; civil and/or criminal proceedings; economic damage; reputational damage.</p>	Personal safety of consumers and/or end users	Risk	Potential	Own operations	-
<p>Reputational damage due to the lack of timely resolution of faulty lift systems in ERP buildings, especially in case of disabled tenants</p> <p>The risk refers to the possibility of faulty lift systems, in view of the age of the systems and possible vandalism, with consequences such as: interruption of service, inconvenience to tenants, especially disabled tenants, long lead times for the procurement of spare parts no longer available on the market that have to be custom-made and reputational damage.</p>	Social inclusion of consumers and/or end users	Risk	Potential	Own operations	-
<p>Loss of consumer and/or end-user information as a result of cyberattacks</p> <p>This risk represents the possibility that MM may face cyberattacks with consequences such as: system interruption; loss of information; economic damage; partial/total blocking of applications/infrastructures/networks.</p>	Information-related impacts for consumers and/or end users	Risk	Potential	Own operations	-
<p>Further development of systems for receiving reports from consumers and/or end users, with consequent reputational benefits</p> <p>Further development of systems for receiving reports from consumers and/or end users, also in an integrated logic between physical and digital tools, with consequent reputational benefits due to greater timeliness in</p>	Information-related impacts for consumers and/or end users	Opportunities	Potential	Own operations	Medium-term

IROs related to consumers and end users	Sub-topic	IRO typology	Effective/Potential	Value chain	Time horizon
intercepting and resolving critical issues, and greater efficiency in managing activities in synergy					
Social inclusion of consumers and/or end users Increased consumer satisfaction due to the physical and economic accessibility of the services offered, resulting in reputational benefits	Social inclusion of consumers and/or end users	Opportunities	Potential	Own operations	Medium-term

Ordinary Plant and Infrastructure Maintenance

Following the double materiality analysis, **two negative impacts, one opportunity and one risk** were identified in relation to consumers and end users. The first negative impact, opportunity and risk fall under the ESRS sub-topic 'Information-related impacts for consumers and/or end users', while the second negative impact concerns the widening of the digital divide, which is included in the sub-topic 'Social inclusion of consumers and/or end users'.

The negative impacts are of a generalised nature and concern the category of consumers and/or end users of services that might have a negative impact on their rights to privacy, protection of personal data, freedom of expression and non-discrimination⁸⁵. For this category of users, no specific risks emerged in connection with the use of the services offered. Both the risk and the opportunity originate from the impacts that the Company might have on users, with possible negative economic and operational consequences in the first case, or reputational benefits in the second.

The table below shows, for each IRO, where applicable, a description of its content and potential implications, both favourable and unfavourable, arising from its occurrence.

⁸⁵ As stated in ESRS Regulation, S4, ESRS 2 SBM-3 data point 10 ii.

IROs related to consumers and end users	Sub-topic	IRO typology	Effective/Potential	Value chain	Time horizon
<p>Accidental loss of sensitive consumer and/or end-user data Accidental disclosure of consumers and/or end users' personal and/or sensitive data due to non-compliance with privacy procedures, non-compliance with the GDPR, as well as inadequate cybersecurity safeguards, with possible inefficiencies related to the unreachability of digital channels made available to users</p>	<p>Information-related impacts for consumers and/or end users</p>	<p>Negative impact</p>	<p>Potential</p>	<p>Own operations</p>	<p>Long-term</p>
<p>Increasing the digital divide of consumers and/or end users due to the digital transition of user dialogue channels, with possible discrimination An increase in the digital divide with consumers and/or end users, caused by an excessive and sudden digital transition of the channels of dialogue with users and by the inadequacy of the accompanying path towards the use of new technologies, with particular reference to the most vulnerable segments of the population</p>	<p>Social inclusion of consumers and/or end users</p>	<p>Negative impact</p>	<p>Potential</p>	<p>Own operations</p>	<p>Medium-term</p>
<p>Further development of systems for receiving reports from consumers and/or end users, with consequent reputational benefits Further development of systems for receiving reports from consumers and/or end users, also in an integrated logic between physical and digital tools, with consequent reputational benefits due to greater timeliness in intercepting and resolving critical issues, and greater efficiency in the management of activities in synergy</p>	<p>Information-related impacts for consumers and/or end users</p>	<p>Opportunities</p>	<p>Potential</p>	<p>Own operations</p>	<p>Medium-term</p>
<p>Loss of consumer and/or end-user information as a result of cyberattacks The risk represents the possibility that MM may face cyber attacks with consequences such as: system interruption; loss of information; economic damage; partial/total blocking of applications/infrastructures/networks.</p>	<p>Information-related impacts for consumers and/or end users</p>	<p>Risk</p>	<p>Potential</p>	<p>Own operations</p>	<p>-</p>

Integrated Water Service

As a result of the double materiality analysis, significant impacts, risks and opportunities related to the management of the Integrated Water Service Business Unit emerged, concerning both **affected communities** and **users**.

Specifically, two **negative impacts** and two **risks emerged for affected communities**. The two negative impacts related to the effects of increasing water scarcity directly affect business operations, have a generalised scope and are closely related to MM's business. The two **risks** are monitored within the Company, which has planned several mitigation actions within the Business Plan.

With regard to **consumers and end users**, negative and positive **impacts, opportunities and a risk** have been identified that relate to MM's own activities and are aimed at users of the IWS.

The ESRS sub-topic 'Information-related impacts for consumers and/or end users' was considered relevant, as IROs related to user data management and contact and information points emerge. The sub-topic 'Social inclusion of consumers and/or end users' was considered relevant, as IROs related to service accessibility emerged. Finally, the sub-topic 'Personal safety of consumers and/or end users' was found to be relevant, as both a negative impact and an opportunity related to the quality of the water supplied and the implications for users are highlighted.

The tables below, the first relating to affected communities and the second to users, show, for each IRO, where applicable, a description of the content and potential implications, both favourable and unfavourable, arising from its occurrence.

IROs related to affected communities ⁸⁶	Sub-topic	IRO typology	Effective/Potential	Value chain	Time horizon
<p>Failure to meet the community's water resource needs due to the progressive scarcity of water resources Difficulties in meeting water needs in the medium to long term due to the progressive scarcity of water resources, with possible economic consequences (increase in tariffs) and a general deterioration in the quality of life of the community</p>	<p>Economic, social and cultural rights of communities</p>	<p>Negative impact</p>	<p>Potential</p>	<p>Own operations</p>	<p>Long-term</p>
<p>Disruptions and inconveniences impacting the community related to the lack of responsiveness to emergencies Possible inconveniences to the community related to the lack of timeliness in responding to emergencies, such as extreme weather events, or to critical situations in the management of infrastructural works (e.g. possible interruptions in the supply of drinking water, etc.)</p>	<p>Economic, social and cultural rights of communities</p>	<p>Negative impact</p>	<p>Potential</p>	<p>Own operations</p>	<p>Short-term</p>
<p>Reputational damage due to the possibility of MM having to deal with unforeseen problems in the management of culverts and underpasses, with consequent disruptions and repercussions for citizens The risk represents the possibility that MM may be faced with unforeseen events in the management of culverts and underpasses with consequences such as: flooding of roads; reputational damage; possible damage to third parties; inefficiency and fallout for citizens. The risk also concerns light wells and grids with possible damage to third parties, both material and physical. The underpasses were taken over by MM in 2021. On this last point, it should be noted that the SAS function (through MM's insurance policy)</p>	<p>Economic, social and cultural rights of communities</p>	<p>Risk</p>	<p>Potential</p>	<p>Own operations</p>	<p>-</p>

⁸⁶ The IROs in the following table have been identified in the thematic principle S3 Affected Communities and will be dealt with in the following chapter on Consumers and End-Users.

IROs related to affected communities ⁸⁶	Sub-topic	IRO typology	Effective/Potential	Value chain	Time horizon
takes into account claims arising from the business activities of the various Business Units.					
<p>Reputational damage due to the possibility that MM might not adequately manage the routine maintenance of road assets, resulting in inefficiencies and repercussions for citizens</p> <p>The risk is related to the possibility that MM may not be able to effectively/efficiently manage the day-to-day maintenance of traffic assets (e.g. roads, parking areas, pavements, cycle paths, squares, signs).</p>	Economic, social and cultural rights of communities	Risk	Potential	Own operations	-

IROs related to consumers and end users	Sub-topic	IRO typology	Effective/Potential	Value chain	Time horizon
<p>Accidental loss of sensitive consumer and/or end-user data</p> <p>Accidental disclosure of consumers' and/or end-users' personal and/or sensitive data due to non-compliance with privacy procedures, non-compliance with the GDPR, as well as inadequate cybersecurity safeguards, with possible inefficiencies related to the unreachability of digital channels made available to users</p>	Information-related impacts for consumers and/or end users	Negative impact	Potential	Own operations	Long-term
<p>Damage to the health and safety of consumers and/or end users, caused by the supply of poor quality water</p> <p>Damage to the human health of consumers and/or end users caused by the supply of poor quality water due to inadequate treatment systems, inadequate controls on the quality of the water supplied, and untimely handling of malicious acts, with possible difficulty in identifying the presence of harmful substances and consequent supply of contaminated water</p>	Personal safety of consumers and/or end users	Negative impact	Potential	Own operations	Medium-term
<p>Increasing the digital divide of consumers and/or end users due to the digital transition of user dialogue channels, with possible discrimination</p> <p>An increase in the digital divide with consumers and/or end users, caused by an excessive and sudden digital transition of the channels of dialogue with users and by the inadequacy of the accompanying path towards the use of new</p>	Social inclusion of consumers and/or end users	Negative impact	Potential	Own operations	Medium-term

IROs related to consumers and end users	Sub-topic	IRO typology	Effective/Potential	Value chain	Time horizon
technologies, with particular reference to the most vulnerable segments of the population					
<p>Widespread distribution of contact and criticality reporting points with the various users of the Water Service and the ERP assets, through both physical and digital channels</p> <p>Widespread distribution of contact and criticality reporting points with the various users of the IWS and the Housing, through both physical and digital channels, guaranteeing timeliness in the collection and subsequent management of problems and complaints from consumers and/or end users</p>	Information-related impacts for consumers and/or end users	Positive impact	Effective	Own operations	-
<p>Increased customer awareness of ESG issues through the adoption of transparent practices</p> <p>Increased awareness of the community served on ESG issues through the adoption of transparent practices (e.g. billing, Service Charter, ...).</p>	Information-related impacts for consumers and/or end users	Positive impact	Effective	Own operations	-
<p>Physical and economic accessibility of services offered to consumers and/or end users</p> <p>Physical and economic accessibility of the services offered, e.g. with reference to tariffs and widespread distribution of the water resource service (e.g. drinking fountains, water houses)</p>	Social inclusion of consumers and/or end users	Positive impact	Effective	Own operations	-
<p>Further development of systems for receiving reports from consumers and/or end users, with consequent reputational benefits</p> <p>Further development of systems for receiving reports from consumers and/or end users, also in an integrated logic between physical and digital tools, with consequent reputational benefits due to greater timeliness in intercepting and resolving critical issues, and greater efficiency in the management of activities in synergy</p>	Information-related impacts for consumers and/or end users	Opportunities	Potential	Own operations	Medium-term

IROs related to consumers and end users	Sub-topic	IRO typology	Effective/Potential	Value chain	Time horizon
<p>Improving the quality of distributed water Consolidation of MM's reputation as an organisation committed to maintaining the already high results in terms of safety and quality of water distributed in the City of Milan's aqueduct.</p>	Personal safety of consumers and/or end users	Opportunities	Potential	Own operations	Long-term
<p>Social inclusion of consumers and/or end users Increased consumer satisfaction due to the physical and economic accessibility of the services offered, resulting in reputational benefits</p>	Social inclusion of consumers and/or end users	Opportunities	Potential	Own operations	Medium-term
<p>Loss of consumer and/or end-user information as a result of cyberattacks The risk represents the possibility that MM may face cyber attacks with consequences such as: system interruption; loss of information; economic damage; partial/total blocking of applications/infrastructures/networks.</p>	Information-related impacts for consumers and/or end users	Risk	Potential	Own operations	-

IT management and digital services

With reference to IT and digital service management, the double materiality analysis identifies one **negative impact and two risks** related respectively to the accidental loss of sensitive user data and the loss of information as a result of cyberattacks, with reference to both the internal workforce and end users.

The table below presents, for each IRO, where applicable, a description of the content and potential implications of its occurrence.

IROs related to consumers and end users	Sub-topic	IRO typology	Effective/Potential	Value chain	Time horizon
<p>Inadvertent loss of sensitive consumer and/or end-user data Accidental loss of consumers and/or end-users' personal and/or sensitive data due to non-compliance with privacy procedures, non-compliance with the GDPR, as well as inadequate cybersecurity safeguards, with possible inefficiencies related to the unreachability of digital channels made available to users</p>	Information-related impacts for consumers and/or end users	Negative impact	Potential	Own operations	Long-term

IROs related to consumers and end users	Sub-topic	IRO typology	Effective/Potential	Value chain	Time horizon
<p>Loss of own workforce information as a result of cyberattacks The risk represents the possibility that MM may face cyberattacks with consequences such as: system interruption; loss of information; economic damage; partial/total blocking of applications/infrastructures/networks.</p>	Other work-related rights	Risk	Potential	Own operations	-
<p>Loss of consumer and/or end-user information as a result of cyberattacks The risk represents the possibility that MM may face cyberattacks with consequences such as: system interruption; loss of information; economic damage; partial/total blocking of applications/infrastructures/networks.</p>	Information-related impacts for consumers and/or end users	Risk	Potential	Own operations	-

S4-1 Policies related to consumers and end-users

Housing

The practices adopted by MM with regard to the customers of the Housing Business Unit are covered in Chapter 2.3.3 *Affected Communities*, under section S3-1 *Policies Concerning Affected Communities*.

Ordinary Plant and Infrastructure Maintenance

The procedures adopted by MM relative to privacy are mentioned in Chapter 2.4.1 *Business conduct*, in the paragraph on *Privacy Management*

Integrated Water Service

MM has equipped itself with a document dedicated to users, the **Service Charter**, which represents the operator's commitments to its users with regard to the services offered, the methods of delivery, the quality standards guaranteed (**Contractual Quality Standards**) and the protections provided for users. The Service Charter is intended for all the citizens of the city of Milan, with particular reference to the users of the Integrated Water Service, and allows each citizen to know in a clear and transparent manner what the commitments undertaken by the Company are, while at the same time representing a tool for verifying their effective compliance. It has **two main objectives: improving the relationship between users and the operator and improving the quality of services provided**. In particular, the Service Charter defines the principles for the provision of water, sewerage and purification services, and the related quality standards that the operator undertakes to guarantee.

The document also incorporates all the protections provided for by national sector regulations, in compliance with the ARERA authority, and adheres to the provisions of the Ufficio d'Ambito Territoriale Ottimale (ATO), the Optimum Territorial Area Office, of the Metropolitan City of Milan.

The Service Charter was revised in 2024 and is available on the online portal www.latuaacqua.it (Home > Useful information - Service Charter); furthermore, the relevant articles referring to the services provided are also promptly included in the drinking water bill.

For the proper implementation of the Service Charter, the **contribution of the stakeholders involved** is necessary, i.e. ARERA, the Milan Metropolitan City Territorial Area Office (ATO), the Consumer Protection Associations and the Ombudsman for the city of Milan. At the time of its definition, the interests of the Municipality of Milan, as shareholder, water service users, consumer associations and trade associations such as Utilitalia and Water Alliance, of which MM is a member, were taken into account.

Principles of the Service

1. *Equality and impartiality of treatment*
2. *Continuity of service*
3. *Customer participation*
4. *Courtesy towards the customer*
5. *Effectiveness and efficiency of the service*
6. *Clarity and comprehensibility of messages*
7. *Main supply conditions*
8. *Protection of Human Rights*
9. *Sustainability of the service*

The implementation of the Service Charter is the responsibility of the CEO.

Although it does not formally constitute a MM policy, the **Regulation of the Integrated Water Service of the City of Milan** regulates the relations between the operator and the user, regulates the supply of water and the conditions for making or modifying the connection to the distribution network, establishing the rules for the introduction of wastewater into the sewerage system and the purification of the water collected.

With regard to commitments to **respect human rights** relevant to users, the Company guarantees compliance by ensuring that everyone has access to adequate amounts of safe and affordable drinking water, promoting sustainable water management to prevent water scarcity and pollution, thereby protecting local communities and the environment. It also strives to foster community engagement in the management of the service, ensuring that opinions and concerns are heard, and to ensure fair and non-discriminatory **access** regardless of ethnicity, gender, economic status or other personal characteristics. Engagement is ensured through **consultations made accessible through all available communication channels**.

MM informs users about their rights and good practices through **awareness-raising campaigns** that promote responsible water use and the **adoption of sustainable solutions**, such as paper kettles and free access to the Water Houses distributed throughout the Milan area. In addition, users are involved in **water quality monitoring**, thanks to the availability of up-to-date data on the characteristics of the water supplied⁸⁷ at each supply point and the possibility of reporting any criticalities.

⁸⁷ This information can be found on the online portal www.latuaacqua.it (Home > L'Acqua di Milano).

IT management and digital services

MM has long been pursuing a digital transformation path, investing in the creation of the **Department of Innovation and Information Technology** (DICT). The experience of the pandemic further accelerated this evolution, making it necessary to carry out activities remotely and fostering the development of the Digital Workplace project. The latter was designed to introduce a new digital working model, focused on the centrality of persons within the change process.

Digitisation is one of the pillars of the *Responsible Business* area of intervention in the Business Plan, which envisages highly transformational initiatives, process transformation, service quality improvement and cross-company process automation initiatives.

In 2024, MM achieved **ISO/IEC 20000-1** certification, the international standard for IT service management. The adopted certification reflects MM's policy for managing the negative impacts and risks encountered in digitisation. It concerns in particular the IT service management model and is specifically applied to the digital services provided by the DICT Department. The Director of Management is primarily responsible for the implementation of this policy. To ensure its effective implementation, the active involvement of the staff of the DICT Department, the staff of the other Departments using the IT services, as well as the suppliers involved in their provision, is crucial.

The policy is published on the corporate intranet, the certification logo can be used in corporate communications, and the management system procedures are communicated to IT service providers. Moreover, the policy is shared with MM's main stakeholders through an approach that involves the dissemination of targeted communications, the organisation of dedicated training sessions and the publication of content on the Company's institutional channels, ensuring transparency and awareness of the objectives and commitments undertaken in the field of digital management and IT services.

S4-2 Processes for engaging with consumers and end-users about impacts

Housing

Customers are involved both directly and in a mediated way, through the Tenants' Committee and through trade unions. Tenants and committees, in fact, can report, petition, complain and request information through different channels and tools. Trade unions can make demands and requests of the member, since they are delegated by the member. The responsibility for ensuring customer engagement lies with the Director of the Housing Division (DVCA) and the CEO.

The effectiveness of this engagement is evaluated through the analysis of the results of user relationship management (calls, appointments, reports, requests, maintenance work, etc.). A Customer Satisfaction project is also being implemented to monitor levels of satisfaction and to incorporate suggestions for improving the service provided.

Furthermore, in order to meet the needs of vulnerable customers, an agreement with the Municipality of Milan and the Social Guardians has been activated and a service is in place in cooperation with the Italian Red Cross to overcome architectural barriers by transporting disabled persons to the upper floors when the lift service is interrupted and where there is no lift.

Ordinary Plant and Infrastructure Maintenance

With regard to engagement with consumers and end users about the impacts, risks and opportunities that have been identified as material, MM envisages **specific listening and evaluation actions**. These include the **provision of a Customer Satisfaction questionnaire** aimed at collecting and analysing user satisfaction with the services offered. The questionnaire is conducted at least once a year and contains a series of questions aimed at assessing the perception of the quality of the services received. MM organises specific **training sessions** with users, i.e. with headmasters and school facility managers, dedicated to the use of digital tools for sending reports via the Web Portal, with the aim of strengthening participants' digital skills and bridging any gaps in their knowledge.

To assess the effectiveness of engagement, which takes place under the control of the MOI Business Unit Manager, MM carries out an analysis of the participation in the questionnaire and the use of reporting tools - such as the Web Portal.

Customer Satisfaction

A **Customer Satisfaction survey was sent to all schools**, for the year 2023, in May. A total of 87 responses were received. Considering the schools associated with each e-mail address from which a response was received, it can be estimated that 185 schools were represented, for a response rate of 38%. The questionnaire consisted of seven questions and completion was optional:

- **Waiting times for communicating with the freephone number:**
It turned out that users were satisfied with the waiting time to talk to an operator;
- **New Schools Web Portal in terms of user-friendliness:**
The almost 9,000 reports sent through the Schools Portal confirmed the trust of the users, but also revealed the usefulness of interventions to improve and optimise the user experience;
- **Expertise in the various stages of routine maintenance work:**
Users appreciated the competence and helpfulness of operators, fostering a relationship of trust with the school staff, which should be strengthened by increased cooperation between the parties;
- **Time for resolution of maintenance request following the opening of a report:**
The average contractual timeframe was met, but users perceived intervention times as problematic; awareness-raising work is therefore needed to improve this perception;
- **MM's ability to solve the emergency generated by last summer's cloudbursts:**
Following the severe weather emergency between July and August 2023, 553 actions were carried out; all facilities were safely reopened on time, except for one school that suffered structural damage;
- **Experience with MM:**

The experience with MM in the year under review generated a fair level of satisfaction among users. It is believed that the process of improvement and efficiency can always be in continuous renewal and development.

The feedback gathered confirms the trust and esteem of the Schools towards MM and the work carried out by its collaborators. Over the past three years, **the overall level of satisfaction has remained stable**, with a **perceived improvement in the management of emergency interventions**, which is also due to the work done to quickly deal with the damage caused by the 2023 summer storms. The feeling of worsening timelines, despite meeting contractual standards, reflects growing expectations on the part of schools, which is a constant incentive for MM to improve.

Among the contributions received, useful and interesting insights related to the School Portal stand out. To this end, a series of actions have already been initiated to improve user experience with the Portal, in line with the needs expressed by users.

Integrated Water Service

With regard to community and user involvement in relation to the impacts, risks and opportunities that have been identified as material, MM provides **specific tools and activities**:

- **surveys and inquiries on Customer Satisfaction:** user satisfaction is constantly monitored through surveys. The feedback gathered enables the identification of areas for improvement and the definition of strategies to optimise the quality of the services provided;
- **Classification and evaluation of requests:** user requests are classified and evaluated to guide management choices, improve internal procedures and ensure that needs and criticalities are taken into account;
- **transparent communication:** transparency of information is ensured through clear communication about the initiatives implemented. Furthermore, the use of digital platforms, social media and apps ensures continuous communication and engagement;
- **Regular examination of complaints and conciliation:** the types of complaints and requests for conciliation submitted by users are periodically examined to identify any recurring critical issues and make improvements to upstream processes where necessary.

In order to **evaluate the effectiveness of user engagement**, MM conducts **periodic surveys** to collect user feedback on the perceived quality of the service and their level of satisfaction, and **analyses the complaints** received to identify critical areas for action. It also **monitors the response time** to requests and complaints, as well as the **ease of access** to services and information by users. At the same time, **operational indicators** such as the average execution time of connections or timeliness in handling emergencies are evaluated. These activities are supported by monthly, quarterly or annual reporting systems, as well as the use of digital channels - such as apps and websites - that allow for real-time feedback. In addition, MM involves key user representatives, such as the Condominium Association, in order to strengthen dialogue and transparency in the relationship between the operator and citizens.

Finally, in order to monitor any issues raised by users, **MM carries out regular internal audits** to assess compliance with internal procedures and to identify any shortcomings, and oversees the development of the **digital satisfaction form** that users can use to report problems anonymously.

The effectiveness of the channels and practices adopted by MM is checked through:

- the use of **performance indicators (KPIs)** to measure the effectiveness of individual activities;
- the publication of the **Sustainability Report**, documenting progress and performance;
- **verification and validation by accredited bodies**, to confirm the truthfulness of the information communicated on the services.

Engagement with end-users, which takes place under the control of the CEO and the Board of Directors, takes place through direct contact with both end-users and their legal representatives, such as condominium administrators. This dialogue is structured in accordance with the demands of users and the applicable legal requirements.

Communication channels

MM provides users with **physical and digital channels** through which they can manage communications, including complaints, specific requests and observations, ensuring simple and direct access to support services.

The physical channels include the **physical information office** located in Via Borsieri 4, open to the public from Monday to Saturday to both Integrated Water Service customers and tenants of the ERP assets, with offices dedicated to the two areas of activity and specialised staff; **dedicated email addresses** (servizio.clienti@mmspa.eu), registered mail and fax and **free call centre** (freephone number for Italy 800.021800).

Among the most innovative communication tools is the **online helpdesk 'LaTuaAcqua'**, to which 37,322 users have registered, a 25% increase over the previous year. The percentage of participation in relation to the total number of users is 73%.

The digital tools also include the **'LaTuaAcqua'** app, used by 801 users, a sharp increase over the previous year (+172%), the **institutional website** (Online information desk) with a system of **live chat** with operators (Monday to Friday from 8.15 a.m. to 4.15 p.m.) to request information, forms and assistance in initiating dossiers before they are submitted to the Service.

MM promotes access to its communication channels on its website, invoices and also through links posted on the ATO website, the Water Alliance portal and **social media accounts** such as Instagram, LinkedIn and Twitter.

Social media

Users increasingly resort to social media to communicate, which is also why the company actively presides over these channels, offering additional spaces for dialogue and interaction. Analysed data on social media show an increase in the number of users using them during 2024: in particular, the number of people following MM's **Facebook** page increased by 5% compared to the previous year. This increase was also recorded for the **Instagram** page (+7% compared to 2023). As far as **LinkedIn** is concerned, the company registered 23,086 followers in 2024.

In 2024, **5,157 self-readings** were reported and **41,063 customer service requests** were received, of which 38,710 were in digital format⁸⁸, 907 telematic via the 'LaTuaAcqua' portal and 1,446 via the physical office. In total, MM served **51,478 end users** through its Customer Service, in line with the previous year. The percentage of successful calls was 97%.

Data on contacts with IWS users

	2022	2023	2024
Users subscribed to the 'LaTuaAcqua' online helpdesk	36,302	29,774	37,322
Percentage of users registered at the Online information desk	69%	58%	73%
Users using the 'LaTuaAcqua' app	111	294	801
Self-reported readings	3,434	4,012	5,157
Customer service requests	33,743	36,957	41,063
<i>of which digital communications (including telephone requests via call centre)</i>	31,870	34,539	38,710
<i>of which telematic requests via LaTuaAcqua</i>	755	989	907
<i>of which contacts (paper files) via the physical office</i>	1,118	1,429	1,446
End users served by the Customer Service	52,612	51,335	51,478
Percentage of successful calls	96%	96%	97%

⁸⁸ This figure also includes telephone requests via call centres.

With regard to the management of negative impacts resulting from MM's activities, they are mainly detected through the monitoring of deviations from the technical and contractual quality standards set by ARERA. If these thresholds are exceeded, an **indemnity** is payable to the user. MM carries out a monthly analysis of the results in order to promptly identify any critical issues and initiate corrective actions at the root of the processes, with the aim of preventing and mitigating future risks.

To support these activities, the Company uses monitoring systems that can detect problems at an early stage. An analysis of the complaints received is also conducted to identify the causes and assess the severity of any disservices.

The effectiveness of this approach is reflected in a steady improvement, demonstrated by the progressive reduction of overruns. However, MM is aware that new causes of criticality may emerge; also in these cases, the same structured methodology is applied, which includes monitoring, analysing the causes, implementing corrective actions and verifying the effectiveness of interventions.

Social benefits

One of the main projects currently underway to ensure greater transparency for users concerns the **revision of the consumption bill** for the Integrated Water Service, following Tender 46/2023, Lot 1, awarded in June 2024. The requests made by MM to economic operators include:

- **the simplification of the format and content of invoices**, in order to facilitate user understanding, also in relation to reminders and notifications of default;
- **bill reading support for disabled users**;
- **Operational simplifications for users** for acquiring or updating preferred contact details, preference for receiving bills digitally, transmission of self-reading and other commercial data. These simplifications result in less burdens for users.

MM takes several measures to understand the point of view of potentially vulnerable users, such as the provision of the **Social Water Bonus**⁸⁹ and the **Supplementary Water Bonus**. Furthermore, the **inclusion bill/invoice** is under development and **payment soliciting roll-outs** are underway.

In 2024, **the rate of arrears** decreased significantly to **4%**, down -61% compared to 2023. This decrease is the result of targeted investments in resources, business tools and processes, which have strengthened the debt collection procedure. The recovery process has evolved from a simple formal reminder of the overdue to a series of incremental actions, including soft collection, phone collection, regulatory reminders, compulsory recovery, and supply suspension, restriction or deactivation measures, applied according to the evolution of the arrears.

MM implements a series of **economic support measures** for users with difficulties in paying their bills. The Company avails itself of **instalment plans** as far as possible: in 2024, **922 instalment plans** (against 1,105 applications) were granted for a total of **EUR 11,900,376**.

⁸⁹ The Water Social Bonus, regulated by ARERA with Resolution no. 897/2017/R/IDR, is the facilitation aimed at reducing expenditure for the water service of households in economic and social hardship. The Bonus allows domestic users not to pay the quantity considered vital for the satisfaction of essential needs set at 50 litres per day per person. The discount is applied directly in the bill for those with a direct contract or through bank transfer for indirect ones (e.g. condominium).

In 2024, **56,755 applications for the Water Bonus** were processed for a total amount of **EUR 2,932,745** (+32% compared to 2023), while for the **Supplementary Water Bonus** the amount disbursed was **EUR 3,277,479** (+36% compared to 2023).

Social benefits implemented over the three-year period

	2022	2023	2024
% arrears (according to ARERA definition)	12%	11%	4%
Requests for instalment plans received during the year (no.)	643	841	1,105
Instalment plans granted during the year (in numbers)	374	1,076	922
Amount of instalment plans granted (Euro)	6,163,465	14,268,038	11,900,376

Water bonus

	2022	2023	2024
Requests processed (in numbers)	50,808	61,370	56,755
Total amount - water social bonus (Euro)	2,722,748	2,223,241	2,932,745
Total amount - supplementary water social bonus (Euro)	3,331,868	2,402,861	3,277,479

The ARERA conciliation service

The Conciliation Service provided by ARERA is an extra-judicial protection tool available to all end users. It can be activated directly or through a delegate if a response received to a complaint is deemed unsatisfactory, or if no response is given within 50 days of the complaint being sent. The procedure is free of charge, carried out online and is managed by a third, impartial conciliator. Although the conciliator has no decision-making powers, he supports the parties in reaching an agreed solution to the dispute⁹⁰.

With Resolution 233/2023/E/com, ARERA introduced, as of 30 June 2023, the obligation to attempt conciliation, which must be carried out through ARERA's Conciliation Service or other accredited bodies. This attempt is necessary before legal action can be taken; the end user may not, therefore, initiate legal proceedings without first having attempted conciliation. In the event of a successful outcome, the conciliator draws up an agreement protocol which, if signed by the parties, is enforceable in court in the event of non-performance. If no agreement is reached, a negative outcome report is drawn up, certifying that the conciliation attempt has been made, thus allowing access to ordinary justice.

⁹⁰ The third-party conciliator is appointed on a rotation basis and is bound by the Code of Ethics of the Service (Annex sub A to Resolution 05 May 2016 209/2016/E/com).

In order to manage the fulfilments related to conciliation, MM set up a dedicated function and regulated the process in the 'Water Service Customer Management'⁹¹ process. Each year, a report is drawn up on the number of conciliation requests received by ARERA, with their outcome, to be submitted to the corporate functions involved, to the Water Service Business Unit and to the CEO. In 2024, **24 requests for conciliation** were received, of which 19 were concluded, and an agreement was reached for about 53% of them.

Conciliation requests (in numbers)

	2022	2023	2024
Conciliation requests	19	18	24
<i>of which concluded</i>	<i>11</i>	<i>13</i>	<i>19</i>
<i>of which concluded, for which an agreement was reached</i>	<i>10</i>	<i>6</i>	<i>10</i>
<i>of which concluded, for which no agreement was reached</i>	<i>1</i>	<i>7</i>	<i>9</i>

S4-3 Processes to remediate negative impacts and channels for consumers and end-users to raise concerns

Housing

The processes adopted by MM to remediate any negative impacts relative to the customers of the Housing Business Unit and the communication channels available to customers are covered in *Chapter 2.3.3 Interested communities, paragraph S3-3 Processes to remediate negative impacts and channels for affected communities to raise concerns.*

Ordinary Plant and Infrastructure Maintenance

With regard to the privacy of user data, this is managed with reference to the **Data retention policy**. For more information, please refer to *Chapter 2.4.1 Business Conduct, under Privacy Management.*

Concerning the **accessibility of communication channels**, if it is found that part of the users do not consider these channels accessible, MM initiates an evaluation for the implementation of suitable alternative tools in order to meet the needs of all users.

⁹¹ The process for handling conciliations 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, sets the conciliatory meetings in which MM is required to participate and whose non-fulfilment is liable to be sanctioned by ARERA itself; the timeframe is therefore contingent;
 b. the commencement of each conciliation procedure entails the analysis of the compliance or non-compliance 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 in court.

Active communication channels related to the management of routine maintenance of school buildings are:

- **Call Centre** (freephone number): managed by a contractor external to MM;
- **Email**: managed directly by MM;
- **Web Portal**: managed directly by MM.

Only previously authorised users have access to the information channels provided by MM.

The problems raised by users are monitored through the e-mails received at MM's official address about the difficulties encountered by users in using the channels made available, the periodic analysis of the Call Centre's performance (in particular the average waiting time before speaking to the operator), and the number of accesses to the Web Portal.

The Company ensures that users are aware of the existence of these mechanisms through the communications published on the Web Portal and during the training sessions with managers and school facility managers.

Integrated Water Service

Processes and channels to remediate negative impacts have been addressed in section S4-2 *Processes for engaging with customers and end-users about impacts.*

S4-4 Taking action on material impacts on consumers and end-users and approaches to mitigating material risks and pursuing material opportunities related to consumers and end users, and effectiveness of those actions

Housing

The actions concerning Housing are described in MM's 2024-2028 business plan, which was approved in 2024 and for the drafting of which the main directors and function heads were involved. The actions described are aimed at preventing the negative impact regarding **the widening of the digital divide of customers due to the digital transition of user dialogue channels**. In fact, in addition to digital channels, MM has territorial offices, located in the different areas of the city for a widespread coverage of the municipal area, which provide clarifications on rent and ancillary charges, update information on tenants, handle technical-administrative activities as well as service-related reports and complaints.

First of all, the Company strives to facilitate communication and relations with Tenants, **overcoming difficulties due to different ethnicity/nationality of origin and different languages spoken**. To facilitate awareness of the services provided by MM and to give the possibility of choosing the communication tool best suited to the different needs of customers, the Company has developed several communication tools, including the multilingual Tenant Portal and the newsletter, and is training operators and caretakers in appropriate communication. To monitor results, data on multilingual translations and data on the consultation of Portal content are analysed, so that customers' areas of interest can be monitored. In the implementation of the action, the Housing Division User Relations

Management (DVCA-GRU), Communication and DICT are involved. For the newsletter and caretaker training, the company spent EUR 12,474 on operating costs and is expected to spend EUR 37,422 in the future. This activity is expected to be completed by 2025. For details on communication channels and interactions between customers and the Company, please refer to the section *Customer Data* within this chapter.

Another action that the Division carries out concerns the **collection and analysis of data and information on assets and households**, in order to identify target users, their specific needs and develop the offer, seeking to improve the perceived usefulness of the services offered. Since 2015, MM has been updating the **User Register** 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 households, 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 tenant committees and trade unions or by sending a registered letter to the address of MM Spa. Updating the User Register is also preparatory to the activities of **debt recovery and stipulation of settlement agreements** provided for by municipal resolutions (no. 27/2017 and 36/2020) and agreements with tenants' trade unions. For details on the data, please refer to the section *Customer Data* within this chapter.

Finally, the Company is engaged in updating and **improving of the content of the Tenant Portal**. In particular, the areas concerning forms and guides for accessing digital services are being strengthened and the way of accessing thematic sections and main information is being simplified. This is expected to increase the number of visitors and activities within the restricted area (such as, for example, the download of forms and the uploading of petitions and reports), increasing the number of users using the digital tools ensuring access to services 24/7. Operating costs of EUR 79,118 were spent on the action, and an investment of EUR 180,261 is planned for the future. The functions involved in the action are DVCA-GRU, Communication and DICT. Please refer to *Customer Data* within this chapter for details on portal usage data.

Ordinary Plant and Infrastructure Maintenance

With regard to the Ordinary Plant and Infrastructure Maintenance Division, no specific actions were developed within the 2024-2028 Business Plan. The actions outlined in this chapter also transversally involve areas and issues within the remit of the aforementioned Business Unit, contributing to the achievement of its objectives and to the integrated management of corporate activities.

Integrated Water Service

MM's actions regarding the management of the Integrated Water Service users are set out in MM's 2024-2028 Business Plan, approved in 2024. The internal company figure mainly involved in the development of the actions described is the COS (Customer Operation Support).

The first action, which is still ongoing, involves **awareness-raising activities aimed at reducing consumption by users**. This action aims to reduce misuse of water resources (positive impact 'Increased customer awareness of ESG issues through the adoption of transparent practices'), as well as to reduce leakage in a timely manner. In fact, awareness-raising activities include the reporting by MM of any abnormal consumption, following which the user can submit rectification requests for hidden water loss and obtain a reduction in the invoiced amount. Awareness-raising activities entail operational costs related to communications to the public, involving approximately 4,000 communications per year, for which a tender for managing such mailing procedures is currently in progress. For the implementation of this action, the company spent EUR 10,884 in operating costs and is expected to spend a further EUR 43,536 in the years 2025-2028.

The second action currently underway includes MM's routine activities for **compliance with ARERA contractual quality standards**. This action aims to generate positive impacts through the reduction of ARERA's contractual quality indicator overruns, with a particular focus on compliance with the timing and quality of the Manager's activities. In addition, the action leads to a reduction of penalties for MM, due to the reduction of compensation for the overruns of the specific indicators towards the users.

The third action currently underway is aimed at **developing a new inclusive and interactive bill**, in order to **reach the highest possible number of users** through effective communications, to encourage increased user interaction with MM, to improve awareness of their consumption and to reduce complaints and burdensome user requests. This action therefore aims to generate positive impacts in line with the impact 'Widespread distribution of contact points and reporting of critical issues with users of the Water Service and ERP assets, through both physical and digital channels'. For the implementation of this action, the Company incurred operating costs absorbed in the outsourced invoice pre-processing service (normalisation of delivery addresses, registry reconciliations, layout generation for each issuing cycle, PEC search and digital delivery, flow and document interchange service).

Lastly, MM has planned a fourth action, associated with the objective of **measuring customer satisfaction**, consisting in the **development of the "Voice of the customers" system**. This action aims to generate positive impacts such as reaching as many users as possible and acquiring feedback to improve processes and conduct within the company. In particular, user feedback ensures that the emerging needs of users can be identified, guiding the interventions implemented by the Company. For the implementation of this action, the company expects future capital costs of EUR 40,000.

It should also be noted that all actions are related to the objectives set by MM (see section S4-5 *Targets related to managing material negative impacts, advancing positive impacts and managing material risks and opportunities*).

Paper Saved

MM has made available to users the **digital billing service**, whereby they can receive their bills by e-mail instead of the traditional paper version sent by post. This action promotes digitisation and, at the same time, supports environmental protection by reducing paper use and carbon dioxide emissions. This service is appreciated by MM users; in fact in 2024 there was a 44% increase in digitally sent bills, amounting to **97,225**. This action resulted in **paper savings of 2.72 tonnes**.

¹: Data sample: FE (Electronic Billing) and FEPA (PA Electronic Billing) customers.

IT management and digital services

In order to **mitigate its potential negative impact related to the loss of sensitive data** of end users, MM carries out several **training and awareness** activities for employees⁹² each year through awareness campaigns on digitisation issues and unauthorised behaviour by staff, such as unauthorised access to certain premises or copying data not relevant to their duties (so-called Cybersecurity awareness). These activities, which involve the DICT, Compliance and Human Resources Department, are transversally addressed to all employees involved in the provision of IT services⁹³. For more information on employee training activities, see section S1-13 *Training and Skills Development Metrics*.

The activities recorded a **high participation**, with more than half of the participants involved in the information pills. The phishing campaigns received positive feedback, showing good awareness: less than 15% of users displayed risky behaviour. Trial tests are conducted at the end of training and recorded on the IT platform. To confirm the effectiveness of these activities, MM constantly monitors the trend of reports on phishing attempts, which are on the rise, indicating increased attention and awareness. Moreover, the results of ethical phishing campaigns show a progressive improvement, with a reduction in the rate of recidivism. EUR 30,000 was spent on training and awareness-raising activities in 2024, and operating costs of EUR 131,576 (period 2025-20208) are planned for the future.

MM is in the process of being **ISO/IEC 27001:2022** certified; this international standard defines the requirements for the creation, implementation and management of an Information Security Management System (ISMS), or ISMS. The main objective is to **ensure the protection of corporate data and information** (cyber security), making them confidential, intact and available, and **reduce the risk associated with cyberattacks**, preventing potential consequences such as operational disruption of systems, loss of sensitive data, economic damage and the partial or total blockage of applications, infrastructure and networks.

⁹² All employees (branches excluded) having an email address with the domain mmspa.eu.

⁹³ IT suppliers are also involved in training activities, not on cyber awareness content, but on ISO procedures.

The action, limited to the perimeter of IT activities, managed by the IT Department (DICT) and Water Service Department (DVSI), is included in the Business Plan and will be completed by 2025. Principles of resilience and Security by Design are expected to be adopted, with investments aimed at ensuring the continuous availability of infrastructure, applications and data. In addition, cybersecurity and data protection measures will be enhanced to ensure a safe and secure environment, minimising the risk of disruptions and breaches. In 2024, the amount of EUR 83,830 was invested in these activities, and in the coming year there is an estimated investment of EUR 120,000.

The actions presented also contribute to the definition of objectives linked to digitalisation and, in particular, training and awareness-raising activities are linked to the objectives of extending the principles of digital sustainability in the supply chain and raising the level of cyber security of the Company, and the implementation of ISO/IEC 27001:2022 is linked to the development of the path of cyber awareness to the entire corporate population (see section S4-5 *Targets related to managing material negative impacts, advancing positive impacts and managing material risks and opportunities*).

S4-5 Targets related to managing material negative impacts, advancing positive impacts and managing material risks and opportunities

Housing

The Business Plan for the years 2024-2028 sets out a number of objectives for Housing. The objectives and actions envisaged in the Plan will be monitored during their implementation, which is expected to start in 2025, also through the activation of working tables involving representatives of the various corporate areas.

The first objective that Housing set itself concerns the **carrying out of structured Customer Satisfaction** surveys, to be disseminated to users through both physical and digital channels. The aim is to measure the service and satisfaction of tenants. In particular, ease of access to the service and tenants' appreciation of the satisfaction of their needs are measured. The project will start in 2025 and will be implemented until 2028; prior to this period, periodic sampling was carried out to assess the improvement in the level of satisfaction of needs.

The second objective concerns the **enhancement of user contact channels**, both traditional and digital, and the **definition of new modes of communication** with citizens and stakeholders (e.g. apps, reporting channels, digital notice boards), to improve customer experience and enable customers to save time in travelling and access services more frequently. The target covers the years 2024-2028 and each year an annual target will be set, taking the number of contact channels of the previous year as a reference value.

The third objective concerns the **improvement of service quality**, in particular:

- increasing the response rate at the Call Centre so that it is higher than 80%;
- reducing the time between the booking and the appointment to less than 20 days.

Finally, the fourth objective concerns the **creation of a sense of community among ERP tenants** through ad hoc Community building initiatives. The aim is to involve a growing number of tenants in the

events, initiatives and activities promoted in the building and neighbourhood and to launch new projects (such as the Community hub).

Ordinary Plant and Infrastructure Maintenance

With reference to Ordinary Plant and Infrastructure Maintenance, **two measurable objectives from the Business Plan 2024-2028** have been defined, aimed at managing the impacts, risks and opportunities related to consumers and end users. The areas of intervention concern both the Company's own activities and the downstream value chain, with reference to the perimeter of the Municipality of Milan.

The first objective is to **maintain the annual volume of maintenance work for all types**. The base value for measuring progress is 6,598, which represents the annual number of interventions implemented. The target for 2028 is to achieve an 11% increase.

The second target concerns **compliance with the annual quota of planned maintenance interventions, in relation to the target number of annual maintenance interventions**. The base value for measuring progress is 7.23%, which represents the percentage of planned maintenance interventions compared to the target annual maintenance interventions. The target for 2028 is to achieve a 0.75% increase.

For both targets, the base year for measuring progress is 2024 and intermediate targets have been set with annual measurements.

Integrated Water Service

With reference to the management of the users of the Integrated Water Service, **four objectives from the 2024-2028 Business Plan** have been defined, aimed at managing the impacts, risks and opportunities related to consumers and end users. The objectives set out in the Business Plan in the **community and territory** focus area, for the drafting of which the main directors and function heads were involved, will be monitored continuously during their implementation, starting in 2025. No intermediate objectives or targets are currently defined. To this end, setting up working tables involving contact persons from the various company areas is planned. Furthermore, the Business Plan has been shared with the trade unions. The objectives concern the business processes and users of the IWS and are part of the commitments made by the company through the Service Charter.

The first objective concerns the **reduction of consumption by users through awareness-raising activities** in order to preserve water resources. The base year for measuring progress is 2024, and the base value is determined by comparing the volumes delivered and the volumes billed in the previous year with those recorded in the current year, net of water losses.

The second objective concerns the **improvement of service quality**. The base year for measuring progress is 2024 and the base value is determined by comparing the previous year's indemnities and penalties with those of the current year. The internal target for the reduction of indemnities and penalties is 25%.

The third objective concerns the **increase in user contact points**. The base year for measuring progress is 2024 and the base value is determined by comparing the previous year's contacts, requests, complaints and conciliations with those recorded in the current year. This objective is aimed at reaching as many users as possible through effective and useful communications, with the intention of reducing the number of complaints and queries that place a burden on users.

The fourth objective concerns the **measurement of Customer Satisfaction**. The base year for measuring progress is 2024 and the base value is determined by comparing the contacts and Customer Satisfaction outcomes of the previous year with those recorded in the current year. This objective is aimed at gathering feedback on service quality and user needs in order to target interventions.

It should be noted that the aforementioned objectives are linked to the actions implemented by MM (See section S4-4 - *Taking action on material impacts on consumers and end users and approaches to mitigating material risks and pursuing material opportunities related to consumers and end users, and the effectiveness of those actions*).

IT management and digital services

Digitisation-related targets are included in the Business Plan 2024-2028. All objectives concern the management of corporate information systems and thus MM's own activities, and are not explicitly related to ISO/IEC 20000-1 certification.

The first two objectives concern the **promotion of digital sustainability culture and awareness**, this being understood as the fourth dimension of sustainability and an enabler of sustainable development. Both objectives are consistent with MM's membership of the **Foundation for Digital Sustainability**, which commits participants to the dissemination of sustainability practices. Specifically:

- the **Decalogue of Digital Sustainability** will be published by 2025, setting dissemination targets every year;
- a **training course on digital sustainability will be provided to the entire corporate population** by 2028. A timetable is currently being drawn up for the involvement of staff divided into working groups in order to spread the commitment over several years. MM intends to reach 25% of staff annually from 2025 onwards with the help of specific digital channels (benchmark KPIs: Trained employees/total employees (%) with a 100% target objectives).

Two objectives are related to reducing **the environmental impact of MM** through:

- the **longer life cycle of electronic devices**;
- the **reduction of paper use**.

In the **first case**, the target concerns the extension of the life cycle of products (1,000 units - in use today) and mobile devices (1,400 units in use today) with a target of 50% of the equipment by 2025, from 3 to 4 years (relevant KPI: assets included in the project to extend the life cycle of IT devices/total assets, in %). Please note that any interim targets are associated with the expiry dates of rental contracts and that each year, for a portion of the expiring devices, the duration will be extended by a minimum of 12 months.

As for the **reduction of paper use**, MM intends to increase the digitisation perimeter in order to reduce the number of printed pages. The initial value was 2.25 million printed copies in 2023 and the Company intends to reach the target value of 2.10 million copies by 2025 (reference KPI: number of printed copies). The goal is to print every year approximately 100,000 fewer copies than the previous year.

The fifth and sixth targets focus on the **extension of digital sustainability principles in the supply chain** by 2028. In particular, a first qualitative sub-objective consists of the definition of sustainability indicators to be integrated into the qualification process of IT suppliers, with a target represented precisely by the identification of such criteria by 2025. A second sub-target concerns the achievement by 2028 of +30% (compared to 2023) of qualified IT suppliers with a digital sustainability profile adhering to the sustainability indicators.

The seventh objective focuses on **raising the level of cyber security of the Company**, through the adoption of resilience principles and Security by Design, and is closely related to the future adoption of ISO/IEC 27001 certification by 2025. This objective is part of the path started by MM in this field, the first step of which was achieved in 2024 by obtaining ISO/IEC 20000-1 certification.

The last objective is related to the implementation of a **training and awareness-raising course on cybersecurity in the Company (cybersecurity awareness)**, and also envisages obtaining ISO/IEC 27001 certification by 2025. Training on cybersecurity has been classified as compulsory; for more on employee training activities, see section S1-13 *Training and Skills Development Metrics*.

Customer data

Housing

Thanks to the user registry update conducted biannually and last carried out in 2023, the Company is able to have the details of the ERP tenants, which in 2024 consisted of **21,146 units and 44,835 tenants** as follows:

	2022	2023	2024
Distribution of tenants (Milan)	37,435	37,435	44,835
<i>Over 65</i>	11,231	11,231	14,079
<i>Minors</i>	4,492	4,492	5,427
<i>Adults</i>	21,712	21,712	25,329
Household composition	18,308	18,308	21,146
<i>Only over 65</i>	1,648	1,648	1,803
<i>Adults only</i>	2,746	2,746	3,337
<i>Single over 65</i>	4,577	4,577	5,828
<i>Adults plus over 65</i>	2,746	2,746	3,423
<i>Families with minors</i>	2,929	2,929	3,425
<i>Single adult</i>	3,662	3,662	3,330

In 2024, the **digitisation activity** initiated by MM continued so as to **make 100% of administrative files accessible**, including both those produced by MM's Housing Business Unit in the current year (8,085 scans) and the previous paper files inherited from previous managements (1,446 scans), kept within the robotised archive at the Municipality of Milan's Archive Citadel.

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

<p>4 TERRITORIAL OFFICES</p> <p>3 BRANCH OFFICES</p> <p>1 OFFICE MISCELLANEOUS USES</p>	<p>Located in the different areas of the city for widespread coverage of the municipal area, they provide clarification on rent and ancillary charges, update information on tenants, handle technical-administrative activities as well as service-related reports and complaints⁹⁴.</p>
<p>CONTACT CENTRE (800 013 191)</p>	<p>Freephone number, which can be used to request information, make an appointment at a territorial office and report emergency and/or squatting situations⁹⁵</p>
<p>PORTALE DELL'INQUILINO (TENANT PORTAL) www.casa.mmspa.eu</p>	<p>Portal through which contract holders, by accessing the restricted area, can view general information and contract data, submit administrative applications, download payment slips, make reports and monitor their progress, as well as manage appointments at the territorial offices.</p>
<p>OTHER CHANNELS</p>	<p>Personalised correspondence, e-mail address of territorial offices, home inspections and audits, condominium assemblies, meetings with tenants' committees and local associations, caretakers, etc.</p>

In 2024, **the number of contacts with tenants** through the main instruments was **227,884**:

- 20,696 appointments managed by the territorial offices (-19% vs 2023) of which 38% managed virtually and 62% at the information desks of the territorial offices
- 154,979 contacts via call centres (-2% vs. 2023) or about 68% of total contacts

⁹⁴ The offices of MM's 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) opened in 2018 and viale Faenza (branch office) opened in 2019. For information: <https://www.mmspa.eu/wps/portal/mmspa/it/home/mm-per-milano/casa/dove-siamo>.

⁹⁵ The Contact Centre operates 7 days a week to handle administrative and technical reports, while emergencies are handled 24/7 and may concern occupation attempts and emergencies of a technical nature.

- 52,209 contacts by ordinary and registered mail (-28% vs. 2023), representing about 23% of total contacts

In 2024, **20,696 appointments were made**, of which 62% were in person and 38% via telephone and/or digital contact. The average processing time, i.e. the period between the dates of the request and the appointment, averaged 10 days (12 for in-person appointments and 5 for telephone appointments), reducing the time by 5 days compared to the previous year.

In addition, **154,979 calls** were received in 2024, with a 73% response rate and **30% of calls answered within 30 seconds**. Overall, the average waiting time was about 4.9 minutes and the average talk time was 3.9 minutes. Among the reports received by the Contact Centre, there were 30,638 technical reports, 65% of which then generated a maintenance order for the supplier company.

With regard to digital tools, through the **Tenant Portal** in 2024, 16% of contract holders accessed their reserved area at least once, while the number of subscribers to the **newsletter** grew to 1,759.

Finally, in 2024, the function responsible for Housing and User Relations Management 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 ERP assets, 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 application forms for tenants, and in the communication of the change in the management of the service.

In 2024, the number of contacts with **tenants of the Bergamo Municipality ERP assets** was **5,769**, managed through the following channels:

- 2,509 calls were received on the freephone number 800 71 40 07;
- 869 appointments made of which 71% at MM's offices and 29% by telephone call or digital contact;
- 2,509 reports opened by users, of which 68% were administrative, 27% technical and 5% other;
- 295 inspection visits followed by 173 maintenance interventions.

The caretakers of the ERP assets

The high number of caretakers (127 in 2024), all of whom are MM employees, makes them an invaluable 'human' asset, and represents a uniqueness compared to other ERP service providers in the local and national landscape. These figures have the task of carrying out a widespread surveillance of the housing stock by ensuring the decorum of the guardhouse and access areas; checking the presence of service providers and the quality of their work; managing the correct posting and detecting situations of danger and/or illegality, as well as informing MM in a timely manner.

In 2024, field instruments were consolidated to improve and simplify the performance of caretakers' tasks and activities. A training project was also carried out for them in order to enrich and better manage their relationship with tenants.

2.4 Governance information

2.4.1 Business Conduct

ESRS 2 SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model

Business Conduct

The double materiality analysis identified the issue of business conduct as material, as outlined in the sub-topic related to **bribery and corruption**, through two negative impacts and one risk concerning both MM's own activities and the upstream activities of its suppliers. The sub-topic related to the **management of relations with suppliers** emerged as material as the Company contributes to the strengthening of the entrepreneurial structure also through the creation of employment opportunities. In addition, a risk was defined related to the **business culture** sub-topic linked to a lack of integration of climate awareness into corporate culture and strategic decision-making processes.

The table below shows, for each IRO, where applicable, a description of its content and potential implications, both favourable and unfavourable, arising from its occurrence.

IROs relating to the conduct of enterprises	Sub-topic	IRO typology	Effective/Potential	Value chain	Time horizon
<p>Involvement of MM in corruption and misconduct Involvement of MM in incidents of corruption and unlawful conduct, possibly damaging its relationship of trust with stakeholders</p>	Bribery and corruption	Negative impact	Potential	Own operations	Medium-term
<p>Contribution to the strengthening of the entrepreneurial structure through the promotion of employment along the supply chain Contribution to the strengthening of the entrepreneurial structure in the territory through the creation of employment opportunities at suppliers and the exchange of skills and knowledge</p>	Management of relations with suppliers, including payment practices	Positive impact	Effective	Suppliers	-
<p>Corruption of MM's suppliers Corruption and misconduct by suppliers, intermediaries and any business partner dealing with MM</p>	Bribery and corruption	Negative impact	Potential	Suppliers	Long-term

IROs relating to the conduct of enterprises	Sub-topic	IRO typology	Effective/Potential	Value chain	Time horizon
<p>Involvement of MM in acts of corruption involving MM's employees and partners, resulting in economic and reputational damage The risk represents the possibility of MM becoming involved in acts of corruption involving its employees and/or partners with consequences such as: economic damage; possible legal proceedings; reputational damage.</p>	Bribery and corruption	Risk	Potential	Own operations	-
<p>Reputational damage resulting from an inadequate assessment of the impact of climate change on the evolution of the macro-economic, geo-political and socio-environmental scenario in the Business Plan, with consequent negative effects on economic and financial performance An inadequate assessment within the Business Plan of the impact of climate change on the evolution of the macro-economic (e.g. the energy crisis), geo-political (e.g. the Russian-Ukrainian conflict) and socio-environmental (e.g. the Covid-19 pandemic) scenario might have negative impacts on economic-financial performance in terms of loss of competitiveness and reputational damage.</p>	Business culture	Risk	Potential	Own operations	-

G1-1 Business conduct policies and corporate culture

G1-3 Prevention and detection of corruption and bribery

MM has adopted a set of policies aimed at ensuring compliance with the principles of ethics, legality, honesty, fairness and transparency, with the aim of promoting its corporate culture and ensuring the proper operation and effective performance of business processes. It makes use of several operational and regulatory tools presented below.

The **Code of Ethics**, approved by the Board of Directors, aims to define the ethical principles and rules of conduct that MM recognises and takes on as binding values and an expression of its ethical corporate culture. The set of ethical principles, values and rules of conduct set out in the Code must inspire the activities of all its recipients, i.e. those who operate inside or outside the Company's sphere of action: directors, auditors, control bodies, employees, suppliers and collaborators of MM.

MM operates in accordance with the principle that human dignity is inviolable and must be respected and protected (Art. 1 EU Charter of Fundamental Rights). Furthermore, it is committed to providing all its employees with a positive and stimulating working environment, ensuring that their dignity, rights, and cultural and individual diversity are recognised and respected, while striving to create a strong corporate culture. The Code of Ethics presupposes compliance with current legal provisions as well as observance of internal regulations and procedures. In particular, the Company undertakes to conform

its activities to the provisions of Italian Legislative Decree No. 231 of 8 June 2001 and subsequent amendments and additions. For this reason, the Code is to be considered an integral part of the Organisation, Management and Control Model (MOGC) adopted by MM and forms the basis of the preventive control system for the purposes of the Decree. Please note that the document is available to stakeholders on the company website www.mmspa.eu (Home > Transparency> Legislative Decree 231/01) and on the company intranet.

The **Organisation, Management and Control Model**, approved by the Board of Directors, defines and formalises the rules, principles, tools and control mechanisms adopted by MM in order to prevent or mitigate the risk of offences set out in Italian Legislative Decree No. 231/2001, according to a risk-based approach. The Model consists of two sections:

- General Part: it identifies the structural characteristics of the organisation, the methodology for preparing and updating the model, the system of sanctions in the event of violations, the operations of the Supervisory Board, the obligations of disclosure and staff training;
- Special Part (Protocols): it regulates 'sensitive activities', reporting the control measures aimed at preventing or reducing the risk of the offences covered by the Decree, 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 meeting the conditions of 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 regular training and is updated periodically. It was last updated in July 2024 with reference to regulatory changes introduced during the year, as well as organisational changes affecting the Company. The general part of the MOGC and the Annexes are available on the company website www.mmspa.eu (Home > Transparency> Legislative Decree 231/01) and on the company intranet, while the special part is published on the intranet only.

The **Anti-Corruption Policy**, in coordination with the principles set out in the Code of Ethics, inspired by best practice in the prevention of corruption, was approved by the Board of Directors in order to prevent corrupt acts, in any form or manner, as well as to minimise the risk of conduct that may be attributable to corrupt practices. A system of rules and controls aimed at preventing corruption offences has therefore been defined through the policy, also defining the procedures necessary to verify compliance with the policy through the checks that the Anti-Corruption Contact Person (RAC) carries out with the help of the Internal Auditing function (INA). The above-mentioned Anti-Corruption Contact Person, appointed by the Board of Directors, is responsible, with the support of Internal Auditing, for:

- overseeing the design and adoption of the corruption prevention system;
- providing advice and guidance to recipients on the content of the Policy and the corruption prevention system both in person and through the e-mail account RAC@mmspa.eu;
- ensuring that the policy complies with best practices and current regulations on the prevention of corruption.

In addition, the Contact Person implements a periodic verification activity on compliance with the principles and rules of conduct contained in the Policy or on their effectiveness and adequacy for the purposes of containing corruption risks. This activity is carried out within the framework of the audit plan,

to an extent and frequency commensurate with the risk by the Internal Audit Function, consistent with the assurance activities on the overall Internal Control and Risk Management System.

The recipients of this Policy are: the Board of Directors, the Board of Statutory Auditors, all other corporate bodies, employees, collaborators, temporary staff, consultants, intermediaries, suppliers (including subcontractors), customers and business partners with whom business relations or relationships are established that, for any reason and regardless of the type of contractual relationship, operate in the name of or on behalf of the Company. The implementation of the Policy complies with regulations such as Italian Legislative Decree No. 231/2001 and the Procurement Code and is inspired by the following normative and documentary references:

- in relation to the corporate context: the Organisation, Management and Control Model (MOGC) adopted pursuant to Italian Legislative Decree No. 231/2001, the Code of Ethics and the corporate body of procedures;
- in relation to the national context: for crimes against public administration, both active and passive, regulated by Book II - Title II of the Italian Criminal Code, for crimes of corruption between private parties (Art. 2365 of the Italian Civil Code), incitement to corruption between private parties (Art. 2365 bis of the Italian Civil Code) both active and passive regulated by the Italian Civil Code, by Italian Legislative Decree no. 231/2001 on the "*Regulation of the administrative liability of legal entities, companies and associations, even those without legal personality*" and by the Public Contracts Code;
- in relation to the international context: to the international principles contained in the OECD Convention '*Combating Bribery of Foreign Public Officials in International Business Transactions*' (Paris 1997); in the '*Civil and Criminal Law Conventions on Corruption*' (Strasbourg 1999); in the '*United Nations Convention against Corruption*' (Merida, 2003) and in the EU Framework Decision 2003/568/JHA on combating corruption in the private sector.

The Policy is available on the company website www.mmspa.eu (Home > Transparency> Corruption) and on the company intranet.

The **Whistleblowing Policy** (Management of whistleblowing and protection of whistleblowers) was drafted with the aim of regulating the whistleblowing⁹⁶ process (from reporting to outcome) as well as the requirements necessary to ensure compliance of processes with the applicable regulations. The document, approved by the DORU function and the CEO, identifies the Board of Directors as the highest management level responsible for its implementation. Its application is extended to MM SpA and provides for use of this system by both MM employees and external parties. The document has been updated pursuant to Italian Legislative Decree No. 24/2023, implementing Directive (EU) No. 1937/2019⁹⁷. The document is available on the corporate intranet and within the Report Offences section of the corporate website www.mmspa.eu (Home > Report Offences>) and is also made known to all

⁹⁶ Whistleblowing is an act of civic-mindedness, through which the whistleblower (the person reporting violations or irregularities committed in his own public or private employment context to competent bodies) contributes to the disclosure and prevention of risks and situations detrimental to the administration to which he belongs and, by extension, to the collective public interest. All appropriate measures are 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.

⁹⁷ Concerning the protection of persons who report breaches of Union law and laying down provisions on the protection of persons who report breaches of national laws.

economic operators entered in the suppliers' register by means of an 'integrity pact' signed by them. In addition, a specific '231 clause' is entered into contracts with suppliers.

Reports can be received internally through one of the following channels:

- by means of an IT platform specifically dedicated to whistleblowing⁹⁸; the platform constitutes a service provided as a SaaS. (Software as a Service), which guarantees the third party nature of the system;
- by means of a voice messaging system, managed within the same platform as above⁹⁹; with a view to fully protecting the whistleblower, the whistleblower's voice will be unrecognisable thanks to an integrated voice distortion system;
- at the request of the whistleblower, through a confidential face-to-face meeting;
- by internal/external postal service¹⁰⁰; in this case, in order to ensure confidentiality, the report must be placed in a sealed envelope marked 'confidential/personal' on the outside.

With regard to external reporting channels, ANAC has set up a special reporting channel that can be accessed on an ad hoc platform, in accordance with the provisions of Italian Legislative Decree no. 24/2023 and the GDPR.

With regard to measures designed to protect whistleblowers from retaliation, the Policy contains an in-depth section on the 'Rights of the whistleblower' whereby the identity of the whistleblower is protected and cannot be disclosed without his or her consent, except to the persons responsible for handling the report. Personal data is processed in accordance with the GDPR. Any form of retaliation or discrimination, direct or indirect, affecting working conditions for reasons directly or indirectly related to the complaint shall not be permitted or tolerated. Discrimination and retaliation against whistleblowers means unjustified disciplinary actions, which include (in addition to dismissal, suspension, demotion or reduction of salary), harassment in the workplace, change of function or workplace, suspension of training, intimidation and any other form of retaliation resulting in intolerable working conditions, as well as discrimination and reputational damage, in particular through social media.

The competent body for receiving reports is the Supervisory Board (SB), which, upon receipt of the report, carries out an in-depth preliminary analysis, in order to verify the validity of the facts referred to in the report. If it emerges that there are no sufficiently circumstantiated elements or, in any case, that the facts are unfounded, the Supervisory Board files the report and informs the whistleblower thereof. Conversely, where, following the preliminary analysis, useful and sufficient elements emerge or are in any case inferable for an investigation of the case, the Supervisory Board instructs the competent Functions to carry out the necessary in-depth investigations. Following the investigation, the Supervisory Board provides feedback to the reporting person (the feedback may consist of notification of dismissal, initiation of an internal investigation and, where appropriate, its findings, measures taken to address the issue raised, referral to a competent authority for further investigation).

⁹⁸ Reachable at the following link: <https://mmspa.segnalazioni.net>.

⁹⁹ Using the link <https://mmspa.segnalazioni.net>.

¹⁰⁰ To the following address: MM S.p.A., via del Vecchio Politecnico 8 - 20121 Milan.

Business conduct training

MM believes that one of the main tools for disseminating its corporate culture is the provision of **training** (see chapter 2.3.1. *The People of MM*). In this perspective, the following training courses have been delivered via the company's e-learning platform, for the benefit of the entire company population:

- The new discipline regarding Whistleblowing
- Conflicts of interest
- Code of Ethics and Protocols of Model 231
- Italian Legislative Decree 231/01 - the criminal liability of entities and Latest updates in the field of 231/2001: tax offences and crimes against cultural heritage

The courses are compulsory for all new hires (they are supposed to be completed within 2 months of hiring) and are always available on the e-learning platform for all MM employees. They are aimed at ensuring appropriate general training, for all employees, on the main regulatory provisions and updates, the requirements, and the relevant company procedures and processes.

For all courses, there is a final quiz with a 30% wrong answer bar. An automatic alert system has been activated via the platform that alerts students both when courses are soon due (as a reminder of completion) and after they are due (as a reminder of completion). The competent function periodically monitors the progress of the courses and organises in-person remedial sessions for colleagues who have not taken or passed the online courses (4 sessions already held in 2024 and 3 more scheduled by June 2025).

In addition, the following training courses have been delivered through the Teams platform by a leading external consultancy company, aimed at the company's most impacted employees (so-called 'risk functions') - i.e., employees belonging to: the Legal, Procurement and Purchasing Department, the Organisation and Human Resources Department, the Administration, Finance, Control and Regulation Department, the Mobility and Extra Moenia Division, Infrastructure and Real Estate, Green, Water Service, Housing, Ordinary Maintenance of Plants and Infrastructure Divisions, and in particular persons with technical roles (DL-RUP-COL) in addition to top management roles:

- Specialist course on **anti-money laundering** (200 hours delivered)
- **Training Course 231/01** - Case Law on Occupational Health and Safety Offences and Transnational crimes and offences under Articles 353 and 353-bis of the Italian Criminal Code (1,251 hours provided)

As for **specific training on the Anti-Corruption Policy**, an internal one-hour induction course is provided to new employees in a physical or virtual classroom. The agenda of topics includes: the definition of corruption in the Italian context and in the world, the Corruption Perception Index in Europe and in Italy, the prevention of corruption in MM, the definition of corruption in MM's Anti-Corruption Policy, the role of the Anti-Corruption Contact Person (RAC), MM's Anti-Corruption Policy (general principles, objectives), MM's Corruption Risk Areas, the recipients of the Policy, the disciplinary system, communication and training activities, the management of conflicts of interest, the Whistleblowing channel for reporting offences. The training material - updated at least once a year - is sent to course participants at the end of the session.

G1-4 Confirmed incidents of corruption or bribery

In 2024 and in the previous two years **there were no confirmed incidents of corruption or bribery** and no convictions for violations of laws against bribery and corruption. With respect to possible procedures in the event of an incident, there are none; generally, where further investigation is required, on the audit side, special investigations are carried out.

Training on corruption¹⁰¹ provided in the three-year period

2024	Managers	Junior managers	Office workers	Blue-collars
Total (excluding foreign branch employees) (in numbers)	29	86	823	436
Total training recipients (no.)	0	3	76	39
%	0%	3%	9%	9%
Classroom training (h)	0	1	15	29
Computer-based training (h)	0	2	61	10
Voluntary computer-based training (h)	0	0	0	0

2023	Managers	Junior managers	Office workers	Blue-collars
Total (excluding foreign branch employees) (in numbers)	31	76	815	415
Total training recipients (no.)	1	2	61	3
%	3%	3%	7%	1%
Classroom training (h)	1	0	0	2
Computer-based training (h)	0	2	61	1
Voluntary computer-based training (h)	0	0	0	0

2022	Managers	Junior managers	Office workers	Blue-collars
Total (excluding foreign branch employees) (in numbers)	33	77	836	423
Total training recipients (no.)	0	4	103	84
%	0%	5%	12%	20%
Classroom training (h)	0	3	25	83
Computer-based training (h)	0	1	78	1
Voluntary computer-based training (h)	0	0	0	0

¹⁰¹ Reference is made to the hours provided to new recruits on **Anti-Corruption Policy Training**; therefore, the reference of the intense recipients as 'functions at risk' and members of governing bodies is not applicable.

Privacy Management¹⁰²

Following the entry into force of the GDPR (General Data Protection Regulation)¹⁰³, MM as a public interest business operator appointed in 2018 the **Data Protection Officer (DPO)** to ensure regulatory compliance with a view to the principle of accountability¹⁰⁴, as well as to verify compliance with and periodically update the system for the protection of natural persons with regard to the processing and free movement of personal data.

Also in 2024, the DPO provided support to the various corporate structures in **meeting the obligations required by current privacy regulations** including, essentially:

- the preparation and updating of privacy policies;
- support in the preparation of appointments under Article 28 GDPR;
- the preparation of privacy documentation for events;
- supervising the activity of updating the Electronic Register of Processing;
- the supervision of the updating of the Data Protection Impact Assessment ('DPIA') with reference to the processing of personal data resulting from the activation of the video surveillance system of the buildings belonging to the Public Housing Service of the Municipality of Milan, managed by MM, etc.

In addition, it offers support through advice whenever required - for example on geolocalisation of company vehicles, extension of retention times for video surveillance images, management of e-mail in the work context and processing of metadata, etc.

In the course of 2024, the DPO, with the support of the Compliance Function, reorganised the procedural body on privacy matters, updating the **procedure 'Appointments and Privacy Responsibilities'** in July 2024 and introducing 'Privacy Checklists' to assess the privacy compliance of suppliers and third parties already at the bidding stage. This procedure defines privacy obligations arising from the hiring of new personnel or the transfer of resources between MM's organisational structures, and from the management of third parties (e.g. for the assessment of the supplier's privacy compliance and appointment as controller/sub-controller for processing).

It participated in the drafting of the Operational Instruction 'Management and Updating of the Processing Register' and adopted the **'Data Retention Policy'** (July 2024), which aims to define the duration and criteria for the retention of personal data, establishing principles and rules for their processing by the Data Controller and authorised parties. The privacy policy is made available in the Transparency section of the company website www.mmspa.eu (Home > Transparency>Privacy) and is communicated to the

¹⁰² Privacy management includes the management of IROs present in S1 Own Workforce, S2 Workers in the Value Chain and S4 Consumers and End Users.

¹⁰³ 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, repealing Directive 95/46/EC.

¹⁰⁴ According to 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.

user when accessing the call centre services. The implementation of the policy takes place under the control of the appointed Data Manager and the Data Controller.

In addition, the DPO was responsible for the preparation of MM's Privacy Organigram.

During 2024, the DPO also carried out **audit activities on privacy** both internally, with the support of the Compliance Function ('Verification of privacy obligations during recruitment and termination of employment' and 'Verification of Management of Utilities'), on external suppliers with the support of specialist consultancy companies ('Audit on Data Processors pursuant to Art. 28 GDPR').

In addition, **two training courses** were prepared and delivered for all employees on privacy issues covering the following areas:

- GDPR - General Part, on the main provisions and privacy obligations arising from the GDPR regulation;
- GDPR - Special Part, on company procedures and processes.

In 2024, three cyberattacks occurred on third-party vendor systems, which were also notified to MM as Data Controller:

- in only one case - a cyberattack suffered by the supplier of the platform used by MM for the selection and accreditation of professional firms - did the DPO, as a precautionary measure, notify the data subjects under Article 34 GDPR and the Italian Data Protection Authority of the personal data breach. The data breach concerned personal, contact, identification/recognition data and data contained in professional policies. The DPO contacted the supplier and received regular updates on the technical and organisational measures implemented to remedy the breach;
- in one case, the notification was made by the supplier (insurance agency) to MM as a mere precautionary measure, since MM's registry was one of the agency's 'prospect' customers. There was therefore no need to notify the Italian Data Protection Authority or any data subjects;
- in the last case, internal discussions with the same supplier showed that the breach notified to MM did not involve personal data, but only technical data. There was therefore no need to notify the Italian Data Protection Authority or any data subjects.

In 2024 and in the previous two years, there were no leaks, thefts or losses of MM's customer data, nor were there any complaints about breaches of customer privacy.

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 taxation governance system ensures that this issue 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 relies on local tax and accounting consultants in the

management of its foreign branches. With the support of external consultants and the supervision of the Administration, Finance, Control and Regulation Department, MM has adopted a **transfer pricing policy** compliant with the OECD Guidelines, including through the development of benchmark analyses, aimed at ensuring that the prices applied in intra-group transactions respect the principles of free competition

MM promotes **training interventions** for personnel responsible for tax management, in order to update their skills and comply with any new tax regulations. In its relations with the tax authorities, MM observes the principles of conduct and control protocols defined in the Code of Ethics and the MOGC with regard to relations with the Public Administration, aimed at maintaining a climate of dialogue and cooperation marked by fairness, transparency and professionalism. For more details on revenues and taxes paid during the year, please refer to the Report on Operations and Notes to the Financial Statements.

G1-2 Management of relationships with suppliers

MM contributes to the strengthening of the entrepreneurial structure, especially at local level, by promoting employment through the involvement of a plurality of economic operators, selected through a careful evaluation of the purchase of goods and the awarding of works, commissions and services, with the aim of guaranteeing their quality and competitiveness.

MM operates in compliance with the current legislation on public contracts, subject to the provisions of Italian Legislative Decree 36/2023, and has adopted specific operating procedures such as the '**Tender and Direct Award Management**' procedure, which supplement and implement the principles contained in the **Code of Ethics** and the **MOGC**, compliance with which is contractually required of all suppliers of goods and services, together with the Anti-Corruption Policy. To this end, the Company ensures the transparent and responsible management of its supply chain, undertaking to prevent any reputational risks arising from the selection of suppliers that are not aligned with the company's values or with its requirements. In fact, MM does not entertain relations with entities whose activities are incompatible with ethical business standards, whether they be national or international, on worker protection, or are such as to suspect collusive or evasive tax conduct. See S2-1 *Policies related to value chain workers* for a more detailed discussion of MM's supply chain policies.

In accordance with the laws, regulations and administrative provisions concerning the determination of prices for specific supplies or the remuneration of specific services (pursuant to Article 108 of the Public Contracts Code), the awarding of contracts is based on the **criterion of the most economically advantageous offer**, identified on the basis of the best quality/price ratio in which it is possible to include sustainability award criteria. Recourse to the **criterion of the lowest price** is limited exclusively to the cases provided for by the Code and the regulations in force, where it is considered appropriate in relation to the needs to be satisfied.

Moreover, an **e-procurement platform**¹⁰⁵ is active for the electronic management of the award procedure and for the registration processes and updating of the List of Economic Operators, who, if interested, can apply by filling out a form on the platform based on their product categories and amount

¹⁰⁵ MM's e-procurement platform can be accessed from the corporate website www.mmspa.eu (Home > Tender Procedures > Tenders) or directly at the link <https://mm.pro-q.it/>.

classes. Registration on the List is a necessary requirement in order to be invited to submit bids and participate in negotiated procedures or direct awards promoted by the Company, in accordance with the provisions of the Public Contracts Code and **in compliance with the principles of transparency, equal treatment, non-discrimination and proportionality**.

In this regard, the Company has defined a series of **strategic objectives and actions** aimed at strengthening the efficiency of the procurement system and at promoting an increasingly responsible supply chain, in line with its business.

The first objective concerns the **evolution of procurement tools**. In this context, the Procurement Planning Procedure is expected to be implemented to ensure more effective visibility on purchasing needs and improve the ability to anticipate requests and needs before they turn into operational criticalities, thus contributing to risk mitigation and reduction in the number of purchase orders (POs). In addition, the development of the **e-procurement supplier qualification platform** with five-year validity is underway, together with the updating of staff skills in the field of works and services contracting, in order to maintain the necessary requirements to operate as a Qualified Contracting Authority.

The second objective concerns the **optimisation of purchasing processes**, through the gradual reduction of POs by increasing the use of multi-annual contracts and better planning, as well as populating and expanding the qualification systems of economic operators. In this context, a process is also being defined for requesting more advantageous after-sales conditions for the company, such as 'full service' formulas.

In line with the company's **Enterprise Risk Management** system, a number of mitigation actions have also been identified with respect to the risk of loss or procurement difficulties from critical suppliers. These include the publication on the institutional website of notices to update the Regulations concerning the list of Economic Operators and the operation of the Purchase Planning procedure, with specific requests for requirements to the various Departments and a prior market audit.

The third objective concerns the **encouragement of sustainable consumption and purchasing policies**. In this context, the Company has initiated the integration of sustainability criteria, both environmental and social, as requirements or rewarding criteria in calls for tenders and contracts above the direct award thresholds. The main KPIs concern:

- the number of calls for tenders and contracts that include rewarding or binding sustainability criteria out of the total number of calls for tenders and contracts identified, with a target increase of +5% over the target set by the CoM;
- the amount of calls for tenders and contracts that include rewarding or binding sustainability criteria out of the total amount of calls for tenders and contracts identified, with a target increase of +5% over the target set by the CoM.

In 2024, the threshold of 90% of the economic value of tenders awarded that include the application of sustainability criteria (environmental and social certification) in the award criteria or tender specifications was reached. Of the 673 new enrollees to the List of Economic Operators in 2024, there were 261 with

environmental certification (including ISO 14001 and ISO 50001), 218 with health and safety certification (ISO 45001), 413 with quality certification (ISO 90001) and 83 with social responsibility certification (SA 8000).

In addition, MM has adopted a **Vendor Management** procedure, updated to May 2023, which defines the operational modalities for the qualification of Economic Operators, the management of activities subject to the Public Contracts Code and the evaluation of the quality of the services provided. This last phase is aimed at constantly monitoring the quality and reliability of contracted suppliers, through a performance evaluation and control activity carried out by the contract manager during the execution phase, with particular attention to service levels and compliance with contractual clauses. In the event of sanctions, penalties, fines or serious and repeated formalised breaches of contract, the supplier may be suspended from the List by entering the relevant assessments in the platform.

As at 2024, MM's e-procurement platform included a total of **4,172 registered economic operators**, almost all of whom were based in Italy (99%) and more than half (52% or 2,170) had their registered office in Lombardy. 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 providers of works, goods, services and NRRPs.

	Unit of Measurement	2022	2023	2024
Number of suppliers	No.	3,412	3,744	4,172
Italy	No.	3,388	3,718	4,143
<i>of which Lombardy</i>	No.	<i>1,813</i>	<i>1,963</i>	<i>2,170</i>
<i>of which Province of Milan</i>	No.	<i>1,078</i>	<i>1,189</i>	<i>1,328</i>
Other	No.	24	26	29

Qualified suppliers broken down by product category (no.) ¹⁰⁶	2022	2023	2024
Services	1,368	2,194	2,520
Supplies	605	1,268	1,299
Works	1,121	1,843	1,968
NRRP	31	65	76

Number of suppliers ¹⁰⁷	2022	2023	2024
New suppliers that have been assessed using environmental criteria			
<i>of which ISO 14001</i>	313	332	261
<i>of which ISO 50001</i>			
New suppliers that have been assessed using social criteria			
<i>of which ISO 45001</i>	283	287	218
<i>of which ISO 9001</i>	469	487	413
<i>of which SA 8000</i>	106	122	83
Total new entries in the List of Economic Operators in the year	653	718	673

Scope of reporting and information sources

It should be noted that for the year 2024, the total number of suppliers included the Expired Suppliers because with the transition, at the end of 2021, from the old I-Faber platform to the new Pro-Q platform, the registration date of all economic operators was set by default to 15/12/2021 and, due to this fact, all the migrated operators expired at the same time on 14/12/2024 taking on the status of Expired. As of today, the re-crediting of all suppliers that have expired for technological reasons due to the migration is in progress. In this respect, these operators, operational until the end of 2024, have been counted for counting purposes.

G1-6 Payment practices

With reference to supplier invoice payment practices, the Company provides for standard **contractual payment terms** differentiated according to the type of contract:

- in the case of **supplies and services**, they are set at 30 or 60 days from the date of issue of the invoice;
- the payment deadline for **works contracts** is 30 days from the date of issue of the payment certificate, which is issued following completion of work progress reports.

¹⁰⁶ Some suppliers may be entered in one or more of the product categories provided for in the List of Economic Operators.

¹⁰⁷ Some suppliers may have multiple certifications and/or management systems.

Currently, MM does not have a formalised policy for the prevention of late payment of suppliers, with particular reference to SMEs.

Compliance with supplier payment deadlines over the three-year period

	2022	2023	2024
No. of days (on average) taken by the company to pay an invoice from the date on which the contractual or legal payment deadline begins to be calculated	86	70	62
No. of standard company days to pay an invoice	46	45	43
% payments meeting standard terms	32%	39%	54%
No. of court proceedings currently pending due to late payments	1	1	3

Scope of reporting and information sources

The figure for the 'average number of days taken to pay the invoice since the payment deadline' was calculated as a function of the number of days between the actual date of payment and the date on which the invoice was issued. The figure to be entered in the field 'standard days to pay the invoice' was calculated according to the number of days between the due date of the invoice in the accounting management system and the date on which the invoice was issued. The following were excluded from the sample:

- the items relating to the management of housing in the name and on behalf of the Municipality of Milan, since these are invoices addressed to the Municipality itself;
- internal-consumption invoices;
- invoices from foreign branches.

The three disputes opened by contractors against MM, relating to payment delays, are currently pending before the Court of Milan.

2.5 Appendices

Index of Contents - IRO-2 - List of Disclosure Requirements in Sustainability Reporting

The materiality assessment led to the identification of the Company's relevant IROs associated with the sustainability issues listed by ESRS (ESRS 1, AR 16). The general criterion followed to determine the relevance of individual items of information was as follows: MM took into account the information contained in the thematic principles corresponding to sustainability issues associated with IROs that were found to be relevant following the materiality assessment.

Disclosure requirements	Paragraph	Notes
ESRS 2 General Information		
BP-1 - General basis for preparation of sustainability statements	2.1.1 Drafting Criteria - BP-1 General basis for preparation of sustainability statements	
BP-2 - Disclosure in Relation to Specific Circumstances	2.1.1 Drafting Criteria - BP-2 Disclosure in Relation to Specific Circumstances	
GOV-1 The role of the administrative, management and supervisory bodies	2.1.4 Sustainability Governance - GOV-1 - The role of administrative, management and supervisory bodies	
GOV 2 - Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	2.1.4 Sustainability Governance - GOV 2 - Information provided to and sustainability matters addressed by the undertaking's administrative, management and supervisory bodies	
GOV-3 - Integration sustainability-related performance in incentive schemes	2.1.4 Sustainability Governance - GOV-3 - Integration of sustainability-related performance in incentive schemes	
GOV-4 Statement on due diligence	2.1.4 Sustainability Governance - GOV-4 - Statement on due diligence	
GOV-5 - Risk management and internal controls over sustainability reporting	2.1.4 Sustainability Governance - GOV-5 - Risk management and internal controls over sustainability reporting	
SBM-1 - Strategy, Business Model and Value Chain	2.1.2 Strategy and Areas of Activity - SBM-1 - Strategy, Business Model and Value Chain	
SBM-2 Interests and views of stakeholders	2.1.2 Strategy and Areas of Activity - SBM-2 - Interests and views of stakeholders	
SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	2.2.2 Combating Climate Change - SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model	
	2.2.3 Pollution Prevention - SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model	

Disclosure requirements	Paragraph	Notes
	<p>2.2.4 Water Resource Management - SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model</p> <p>2.2.6 Development of the Circular Economy - SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model</p> <p>2.4.1 Business Conduct - SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model</p>	
IRO-1 - Description of the processes to identify and assess material impacts, risks and opportunities	2.1.3 Managing impacts, risks and opportunities - IRO-1 - Description of the processes to identify and assess material impacts, risks and opportunities	
IRO-2 - Disclosure requirements in ESRS covered by the undertaking's sustainability statement	Table of Contents	
ESRS E1 Climate change		
E1-1 Transition Plan for Climate Change Mitigation	2.2.2 Combating Climate Change - E1-1 Transition Plan for Climate Change Mitigation	
E1 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	2.2.2 Combating Climate Change - SBM-3 - Material impacts, risks and opportunities and their interaction with strategy and business model	
E1 IRO-1 Description of the processes to identify and assess material climate-related impacts, risks and opportunities	2.1.3 Managing Impacts, Risks and Opportunities - E1 IRO-1 Description of the processes to identify and assess material climate-related impacts, risks and opportunities	
E1-2 Policies related to climate change mitigation and adaptation	2.2.2 Combating Climate Change - E1-2 Policies related to climate change mitigation and adaptation	
E1-3 Actions and resources in relation to climate change policies	2.2.2 Combating Climate Change - E1-3 Actions and resources in relation to climate change policies	
E1-4 Targets related to climate change mitigation and adaptation	2.2.2 Combating Climate Change - E1-4 Targets related to climate change mitigation and adaptation	
E1-5 Energy consumption and energy mix	2.2.2 Combating climate change - E1-5 Energy consumption and energy mix	
E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions	2.2.2 Combating climate change - E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions	
ESRS E2 Pollution		
E2 IRO-1 Description of the processes to identify and assess material pollution-related impacts, risks and opportunities	2.1.3 Managing Impacts, Risks and Opportunities - E2 IRO-1 Description of the processes to identify and assess material pollution-related impacts, risks and opportunities	

Disclosure requirements	Paragraph	Notes
E2-1 Pollution-related policies	2.2.3 Pollution Prevention - E2-1 Policies Related to Pollution	
E2-2 Actions and Resources related to pollution	2.2.3 Pollution Prevention - E2-2 Actions and Resources related to pollution	
E2-3 Targets related to pollution	2.2.3 Pollution prevention - E2-3 Targets related to pollution	
E2-4 Air, water and soil pollution	2.2.3 Pollution Prevention - E2-4 Air, Water and Soil Pollution	
ESRS E3 Water and Marine Resources		
E3 IRO-1 Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities	2.1.3 Managing impacts, risks and opportunities - E3 IRO-1 Description of the processes to identify and assess material water and marine resources-related impacts, risks and opportunities	
E3-1 Policies related to water and marine resources	2.2.4 Water resource management- E3-1 Policies related to water and marine resources	
E3-2 Actions and Resources related to water and marine resources	2.2.4 Water Resource Management - E3-2 Actions and resources related to water and marine resources	
E3-3 Targets related to water and marine resources	2.2.4 Water Resource Management - E3-3 Targets related to water and marine resources	
E3-4 Water consumption	2.2.3 Pollution Prevention - E3-4 Sewage and Wastewater 2.2.4 Water resource management- E3-4 Water consumption	
ESRS E4 Biodiversity and ecosystems		
E4 IRO-1 Description of processes to identify and assess material biodiversity and ecosystem-related impacts, risks and opportunities	2.2.5 Biodiversity	No material IROs were identified under the issue of Biodiversity and Ecosystems.
ESRS E5 Resource use and circular economy		
E5 IRO-1 Description of processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	2.1.3 Managing impacts, risks and opportunities - E5 IRO-1 Description of processes to identify and assess material resource use and circular economy-related impacts, risks and opportunities	
E5-1 Resource use and circular economy policies	2.2.6 Development of the Circular Economy - E5-1 Resource Use and Circular Economy Policies	
E5-2 Actions and resources related to resource use and the circular economy	2.2.6 Development of the Circular Economy - E5-2 Actions and Resources Related to Resource Use and the Circular Economy	
E5-3 Targets related to resource use and circular economy	2.2.6 Development of the Circular Economy - E5-3 Targets related to resource use and circular economy	
E5-4 Resource inflows	2.2.6 Development of the Circular Economy - E5-4 Resource Inflows	

Disclosure requirements	Paragraph	Notes
E5-5 Resource outflows	2.2.6 Development of the Circular Economy - E5-5 Resource Outflows	
ESRS S1 Own workforce		
S1 SBM-2 Interests and views of stakeholders	2.1.2 Strategy and areas of activity - SBM-2 Interests and views of stakeholders S1, S2, S3, S4	
S1 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	2.3.1 The People of MM - S1 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	
S1-1 Policies related to own workforce	2.3.1 People of MM - Own workforce	
S1-2 Processes for engaging with own workers and workers' representatives about impacts	2.3.1 People of MM - Own workforce	
S1-3 Processes to remediate negative impacts and channels for own workers to raise concerns	2.3.1 People of MM - Own workforce	
S1-4 Taking action on material impacts on own workforce and approaches to mitigating material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions	2.3.1 People of MM - Own workforce	
S1-5 Targets related to managing material negative impacts, advancing positive impacts and managing material risks and opportunities	2.3.1 People of MM - Own workforce	
S1-6 Characteristics of the undertaking's employees	2.3.1 The People of MM - Who are the People of MM	
S1-7 Characteristics of non-employee workers in the undertaking's own workforce	2.3.1 The People of MM - Who are the People of MM	
S1-8 Collective bargaining coverage and social dialogue	2.3.1 The people of MM - the relationship between MM and the trade unions	
S1-9 Diversity metrics	2.3.1 The People of MM - Who are the People of MM	
S1-10 Adequate wages	2.3.1 The People of MM - Skills and Performance Appraisal and Remuneration	
S1-11 Social protection	2.3.1 The People of MM - Inclusion and Well-Being	
S1-12 Persons with disabilities	2.3.1 The People of MM - Inclusion and Well-Being	
S1-13 Training and skills development metrics	2.3.1 The People of MM - Training as a strategic lever for professional development; Skills and performance appraisal and remuneration	
S1-14 Health and safety metrics	2.3.1 The People of MM - Health and Safety at Work	
S1-15 Work-life balance metrics	2.3.1 The People of MM - Inclusion and Well-Being	

Disclosure requirements	Paragraph	Notes
S1-16 Compensation metrics (pay gap and total compensation)	2.3.1 The People of MM - Skills and Performance Appraisal and Remuneration	
S1-17 Incidents, complaints and severe human rights impacts	2.3.1 The People of MM - Inclusion and Well-Being	
ESRS S2 Workers in the value chain		
S2 SBM-2 Interests and views of stakeholders	2.1.2 Strategy and areas of activity - SBM-2 Interests and views of stakeholders S1, S2, S3, S4	
S2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	2.3.2 Value Chain workers- S2 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	
S2-1 Policies related to value chain workers	2.3.2 Value Chain workers - S2-1 Policies related to value chain workers	
S2-2 Processes for engaging with value chain workers about impacts	2.3.2 Value chain workers -2-2 Processes for engaging with value chain workers about impacts	
S2-3 Processes to remediate negative impacts and channels for value chain workers to raise concerns	2.3.2 Value chain workers - S2-3 Processes to remediate negative impacts and channels for value chain workers to raise concerns	
S2-4 Taking action on material impacts on value chain workers, and approaches to mitigating material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions	2.3.2 Value Chain workers -S2-4 Taking action on material impacts on value chain workers, and approaches to mitigating material risks and pursuing material opportunities related to value chain workers, and effectiveness of those actions	
S2-5 Targets related to managing material negative impacts, advancing positive impacts and managing material risks and opportunities	2.3.2 Value chain workers - S2-5 Targets related to managing material negative impacts, advancing positive impacts and managing material risks and opportunities	
ESRS S3 Affected communities		
S3 SBM-2 Interests and views of stakeholders	2.1.2 Strategy and areas of activity - SBM-2 Interests and views of stakeholders S1, S2, S3, S4	
S3 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	2.3.3 Affected Communities - S3 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	
S3-1 Policies related to affected communities	2.3.3 Affected Communities - S3-1 Policies related to Affected Communities	
S3-2 Processes for engaging with affected communities about impacts	2.3.3 Affected communities - S3-2 Processes for engaging with affected communities about impacts	
S3-3 Processes to remediate negative impacts and channels for affected communities to raise concerns	2.3.3 Affected Communities - S3-3 Processes to remediate negative impacts and channels for affected communities to raise concerns	
S3-4 Taking action on material impacts on affected communities, and approaches to managing material risks	2.3.3 Affected Communities -S3-4 Taking action on material impacts on affected communities, and approaches to managing material risks and	

Disclosure requirements	Paragraph	Notes
and pursuing material opportunities related to affected communities, and effectiveness of those actions	pursuing material opportunities related to affected communities, and effectiveness of those actions	
S3-5 Targets related to managing material negative impacts, advancing positive impacts and managing material risks and opportunities	2.3.3 Affected Communities - S3-5 Targets related to managing material negative impacts, advancing positive impacts and managing material risks and opportunities	
ESRS S4 Consumers and end users		
S4 SBM-2 Interests and views of stakeholders	2.1.2 Strategy and areas of activity - SBM-2 Interests and views of stakeholders S1, S2, S3, S4	
S4 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	2.3.4 Consumers and End Users - S4 SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model	
S4-1 Policies related to consumers and end-users	2.3.4 Consumers and End Users - S4-1 Policies related to consumers and end-users	
S4-2 Processes for engaging with consumers and end-users about impacts	2.3.4 Consumers and end users - S4-2 Processes for engaging with consumers and end-users about impacts	
S4-3 Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	2.3.4 Consumers and End Users - S4-3 Processes to remediate negative impacts and channels for consumers and end-users to raise concerns	
S4-4 Taking action on material impacts on consumers and end-users and approaches to mitigating material risks and pursuing material opportunities related to consumers and end users, and effectiveness of those actions	2.2.3 Pollution Prevention - S4-4 User Safety 2.3.4 Consumers and End Users - S4-4 Taking action on material impacts on consumers and end-users and approaches to mitigating material risks and pursuing material opportunities related to consumers and end users, and effectiveness of those actions	
S4-5 Targets related to managing material negative impacts, advancing positive impacts and managing material risks and opportunities	2.3.4 Consumers and End Users - S4-5 Targets related to managing material negative impacts, advancing positive impacts and managing material risks and opportunities	
ESRS G1 Business Conduct		
G1 GOV-1 The role of the administrative, management and supervisory bodies	2.1.4 Sustainability Governance - G1 GOV-1 The Role of Administrative, Management and Supervisory Bodies	
G1 IRO 1 - Description of the processes to identify and assess material impacts, risks and opportunities	2.1.3 Managing Impacts, Risks and Opportunities - G1 IRO-1 Description of the processes to identify and assess material impacts, risks and opportunities	
G1-1 Business conduct policies and corporate culture	2.4.1 Business Conduct - G1-1 Business conduct policies and corporate culture	
G1-2 Management of relationships with suppliers	2.4.1 Business Conduct - G1-2 Management of relationships with suppliers	
G1-3 Prevention and detection of corruption and bribery	2.4.1 Business Conduct - G1-3 Prevention and detection of corruption and bribery	

Disclosure requirements	Paragraph	Notes
G1-4 Confirmed incidents of corruption or bribery	2.4.1 Business Conduct - G1-4 Confirmed incidents of corruption or bribery	
G1-6 Payment Practices	2.4.1 Business Conduct - G1-6 Payment Practices	

List of information elements referred to in cross-cutting and thematic principles stemming from other EU legislative acts (ESRS 2-Appendix B)

Disclosure requirement and corresponding information element	SFDR Reference ¹⁰⁸	Third Pillar Reference ¹⁰⁹	Reference Index Regulation ¹¹⁰	EU Climate Law Reference ¹¹¹	Relevant/Non-relevant	Paragraph
ESRS 2 GOV-1 Gender diversity in the council, paragraph 21(d)	Annex I, Table 1, Indicator No. 13		Commission Delegated Regulation (EU) 2020/1816 ¹¹² , Annex II		Relevant	GOV-1 The role of the administrative, management and supervisory bodies
ESRS 2 GOV-1 Percentage of independent board members, paragraph 21 (e)			Commission Delegated Regulation (EU) 2020/1816, Annex II		Relevant	GOV-1 The role of the administrative, management and supervisory bodies
ESRS 2 GOV-4 Statement on Due Diligence, paragraph 30	Annex I, Table 3, Indicator No. 10				Relevant	GOV-4 Statement on due diligence

¹⁰⁸ Regulation (EU) 2019/2088 of the European Parliament and of the Council of 27 November 2019 on sustainability reporting in the financial services sector (SFDR) (OJ L 317, 9.12.2019, p. 1)

¹⁰⁹ Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and amending Regulation (EU) No 648/2012 (Capital Requirements Regulation) (OJ L 176, 27.6.2013, p. 1).

¹¹⁰ Regulation (EU) 2016/1011 of the European Parliament and of the Council of 8 June 2016 on indices used as benchmarks in financial instruments and financial contracts or to measure the performance of investment funds and amending Directives 2008/48/EC and 2014/17/EU and Regulation (EU) No 596/2014 (OJ L 171, 29.6.2016, p. 1).

¹¹¹ Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 establishing a framework for achieving climate neutrality and amending Regulation (EC) No 401/2009 and Regulation (EU) 2018/1999 ('European Climate Regulation') (OJ L 243, 9.7.2021, p. 1).

¹¹² Commission Delegated Regulation (EU) 2020/1816 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council with regard to the explanation in the benchmark index statement of how environmental, social and governance factors are reflected in each benchmark index provided and published (OJ L 406, 3.12.2020, p. 1).

Disclosure requirement and corresponding information element	SFDR Reference ¹⁰⁸	Third Pillar Reference ¹⁰⁹	Reference Index Regulation ¹¹⁰	EU Climate Law Reference ¹¹¹	Relevant/Non-relevant	Paragraph
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities, paragraph 40(d)(i)	Annex I, Table 1, Indicator No. 4	Article 449 bis of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 ¹¹³ , Table 1 - Qualitative Information on Environmental Risk and Table 2 - Qualitative Information on Social Risk	Commission Delegated Regulation (EU) 2020/1816, Annex II		Non-relevant	
ESRS 2 SBM-1 Involvement in activities related to chemical production, paragraph 40(d)(ii)	Annex I, Table 2, Indicator No. 9		Commission Delegated Regulation (EU) 2020/1816, Annex II		Non-relevant	
ESRS 2 SBM-1 Involvement in activities related to controversial weapons, paragraph 40(d)(iii)	Annex I, Table 1, Indicator No. 14		Article 12(1) of Delegated Regulation (EU) 2020/1818 ¹¹⁴ and Annex II of Delegated Regulation (EU) 2020/1816		Non-relevant	

¹¹³ Commission Implementing Regulation (EU) 2022/2453 of 30 November 2022 amending the implementing technical standards laid down in Implementing Regulation (EU) 2021/637 as regards disclosure of environmental, social and governance risks (OJ L 324, 19.12.2022, p. 1).

¹¹⁴ Commission Delegated Regulation (EU) 2020/1818 of 17 July 2020 supplementing Regulation (EU) 2016/1011 of the European Parliament and of the Council with regard to minimum standards for EU reference indices for climate transition and for EU reference indices aligned with the Paris Agreement (OJ L 406, 3.12.2020, p. 17).

Disclosure requirement and corresponding information element	SFDR Reference ¹⁰⁸	Third Pillar Reference ¹⁰⁹	Reference Index Regulation ¹¹⁰	EU Climate Law Reference ¹¹¹	Relevant/Non-relevant	Paragraph
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco, paragraph 40(d)(iv)			Article 12(1) of Delegated Regulation (EU) 2020/1818 and Annex II of Delegated Regulation (EU) 2020/1816		Non-relevant	
ESRS E1-1 Transition Plan to achieve climate neutrality by 2050, paragraph 14				Article 2(1) of Regulation (EU) 2021/1119	Relevant	E1-1 Transition Plan for Climate Change Mitigation
ESRS E1-1 Undertakings excluded from EU Paris-aligned Benchmarks, paragraph 16(g)		Article 449 bis of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, Model 1: Banking portfolio - Indicators of potential transition risk related to climate change: Credit quality of exposures by sector, issuance and residual maturity	Article 12(1)(d) to (g) and (2) of Delegated Regulation (EU) 2020/1818		Non-relevant	

Disclosure requirement and corresponding information element	SFDR Reference ¹⁰⁸	Third Pillar Reference ¹⁰⁹	Reference Index Regulation ¹¹⁰	EU Climate Law Reference ¹¹¹	Relevant/Non-relevant	Paragraph
ESRS E1-4 GHG emission reduction targets, paragraph 34	Annex I, Table 2, Indicator No. 4	Article 449 bis of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, Model 3: Banking portfolio - Indicators of potential climate change-related transition risk: alignment metrics	Article 6 of Delegated Regulation (EU) 2020/1818		Relevant	E1-4 Targets related to climate change mitigation and adaptation
ESRS E1-5 Energy consumption from fossil fuels disaggregated by source (high climate impact sectors only), para. 38	Annex I, Table 1, Indicator No. 5 and Annex I, Table 2, Indicator No. 5				Relevant	E1-5 Energy consumption and mix
ESRS E1-5 Energy consumption and mix, paragraph 37	Annex I, Table 1, Indicator No. 5				Relevant	E1-5 Energy consumption and mix
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors, paragraphs 40 to 43	Annex I, Table 1, Indicator No. 6				Relevant	E1-5 Energy consumption and mix

Disclosure requirement and corresponding information element	SFDR Reference ¹⁰⁸	Third Pillar Reference ¹⁰⁹	Reference Index Regulation ¹¹⁰	EU Climate Law Reference ¹¹¹	Relevant/Non-relevant	Paragraph
ESRS E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions, para. 44	Annex I, Table 1, Indicators No. 1 and No. 2	Article 449 bis of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, Model 1: Banking portfolio - Indicators of potential transition risk related to climate change: Credit quality of exposures by sector, issuance and residual maturity	Articles 5(1), 6 and 8(1) of Delegated Regulation (EU) 2020/1818		Relevant	E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions
ESRS E1-6 Intensity of gross GHG emissions, paragraphs 53 to 55	Annex I, Table 1, Indicator No. 3	Article 449 bis of Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453, Model 3: Banking portfolio - Indicators of potential climate change-related transition risk: alignment metrics	Article 8(1) of Delegated Regulation (EU) 2020/1818		Relevant	E1-6 Gross Scopes 1, 2, 3 and Total GHG emissions
ESRS E1-7				Article 2(1) of Regulation (EU) 2021/1119	Non-relevant	

Disclosure requirement and corresponding information element	SFDR Reference ¹⁰⁸	Third Pillar Reference ¹⁰⁹	Reference Index Regulation ¹¹⁰	EU Climate Law Reference ¹¹¹	Relevant/Non-relevant	Paragraph
GHG removals and carbon credits, paragraph 56						
<p>ESRS E1-9</p> <p>Exposure of the benchmark index portfolio to physical climate-related risks, paragraph 66</p>			<p>Annex II of Delegated Regulation (EU) 2020/1818 and Annex II of Delegated Regulation (EU) 2020/1816</p>		Phase-in	
<p>ESRS E1-9</p> <p>Disaggregation of monetary amounts by acute and chronic physical risk, paragraph 66(a)</p> <p>ESRS E1-9</p> <p>Location of Significant Assets at Material Physical Risk, paragraph 66(c)</p>		<p>Article 449 bis of Regulation (EU) No 575/2013; points 46 and 47 of Commission Implementing Regulation (EU) 2022/2453; Model 5: Banking portfolio - Indicators of potential physical risk related to climate change: exposures subject to physical risk</p>			Phase-in	
<p>ESRS E1-9 Breakdown of the carrying value of real estate assets by energy-efficiency classes, paragraph 67(c)</p>		<p>Article 449 bis of Regulation (EU) No 575/2013; point 34 of Commission Implementing Regulation (EU)</p>			Phase-in	

Disclosure requirement and corresponding information element	SFDR Reference ¹⁰⁸	Third Pillar Reference ¹⁰⁹	Reference Index Regulation ¹¹⁰	EU Climate Law Reference ¹¹¹	Relevant/Non-relevant	Paragraph
		2022/2453; Model 2: Banking portfolio - Indicators of potential climate change-related transition risk: loans secured by real estate - Energy efficiency of collateral				
ESRS E1-9 Degree of portfolio exposure to climate-related opportunities, para. 69			Annex II to Delegated Regulation (EU) 2020/1818		Phase-in	
ESRS E2-4 Amount of each pollutant listed in Annex II of E-PRTR (European Pollutant Release and Transfer Register) emitted to air, water and land, para. 28	Annex I, Table 1, indicator No 8; Annex I, Table 2, indicator No 2; Annex 1, Table 2, indicator No 1; Annex I, Table 2, indicator No 3				Relevant (with the exception of (b) on micro-plastics)	E2-4 Pollution of air, water and soil
ESRS E3-1 Water and marine resources, paragraph 9	Annex I, Table 2, Indicator No. 7				Relevant	E3-1 Policies related to water and marine resources

Disclosure requirement and corresponding information element	SFDR Reference ¹⁰⁸	Third Pillar Reference ¹⁰⁹	Reference Index Regulation ¹¹⁰	EU Climate Law Reference ¹¹¹	Relevant/Non-relevant	Paragraph
ESRS E3-1 Dedicated policy, paragraph 13	Annex I, Table 2, Indicator No. 8				Non-relevant	
ESRS E3-1 Sustainability of the oceans and seas paragraph 14	Annex I, Table 2, Indicator No. 12				Non-relevant	
ESRS E3-4 Total water recycled and reused, paragraph 28(c)	Annex I, Table 2, Indicator No. 6.2				Non-relevant	
ESRS E3-4 Total water consumption in m3 per net turnover in own operations, para. 29	Annex I, Table 2, Indicator No. 6.1				Relevant	E3-4 Water consumption
ESRS 2 - SBM-3 - E4 paragraph 16(a)(i)	Annex I, Table 1, Indicator No. 7				Non-relevant	
ESRS 2 - SBM-3 - E4 paragraph 16 (b)	Annex I, Table 2, Indicator No. 10				Non-relevant	
ESRS 2 - SBM-3 - E4 paragraph 16 (c)	Annex I, Table 2, Indicator No. 14				Non-relevant	

Disclosure requirement and corresponding information element	SFDR Reference ¹⁰⁸	Third Pillar Reference ¹⁰⁹	Reference Index Regulation ¹¹⁰	EU Climate Law Reference ¹¹¹	Relevant/Non-relevant	Paragraph
ESRS E4-2 Sustainable agricultural/land-use policies or practices, paragraph 24(b)	Annex I, Table 2, Indicator No. 11				Non-relevant	
ESRS E4-2 Sustainable sea/ocean use practices or policies, paragraph 24(c)	Annex I, Table 2, Indicator No. 12				Non-relevant	
ESRS E4-2 Policies to address deforestation, paragraph 24(d)	Annex I, Table 2, Indicator No. 15				Non-relevant	
ESRS E5-5 Non-recycled waste, paragraph 37(d)	Annex I, Table 2, Indicator No. 13				Relevant	E5-5 Resource outflows
ESRS E5-5 Hazardous waste and radioactive waste, paragraph 39	Annex I, Table 1, Indicator No. 9				Relevant	E5-5 Resource outflows
ESRS 2 - SBM3 - S1 Risk of forced labour, paragraph 14(f)	Annex I, Table 3, Indicator No. 13				Not relevant	

Disclosure requirement and corresponding information element	SFDR Reference ¹⁰⁸	Third Pillar Reference ¹⁰⁹	Reference Index Regulation ¹¹⁰	EU Climate Law Reference ¹¹¹	Relevant/Non-relevant	Paragraph
ESRS 2 - SBM3 - S1 Risk of child labour, paragraph 14(g)	Annex I, Table 3, Indicator No. 12				Non-relevant	
ESRS S1-1 Human rights policy commitments, paragraph 20	Annex I, Table 3, Indicator No. 9 and Annex I, Table 1, Indicator No. 11				Non-relevant	
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labour Organisation Conventions 1 to 8, para. 21			Commission Delegated Regulation (EU) 2020/1816, Annex II		Non-relevant	
ESRS S1-1 Processes and measures for preventing trafficking in human beings, paragraph 22	Annex I, Table 3, Indicator No. 11				Non-relevant	
ESRS S1-1 Occupational accident prevention policy or management system, paragraph 23	Annex I, Table 3, Indicator No. 1				Relevant	Health and safety policies

Disclosure requirement and corresponding information element	SFDR Reference ¹⁰⁸	Third Pillar Reference ¹⁰⁹	Reference Index Regulation ¹¹⁰	EU Climate Law Reference ¹¹¹	Relevant/Non-relevant	Paragraph
ESRS S1-3 Grievance/complaints handling mechanisms, paragraph 32(c)	Annex I, Table 3, Indicator No. 5				Relevant	S1-2 Processes for engaging with own workers and workers' representatives about impacts S1-3 Processes to remediate negative impacts and channels for own workers to raise concerns, S1-3 Processes to remediate negative impacts and channels for own workers to raise concerns about health and safety
ESRS S1-14 Number of deaths and number and rate of work-related injuries, para 88(b) and (c)	Annex I, Table 3, Indicator No. 2		Commission Delegated Regulation (EU) 2020/1816, Annex II		Relevant	Health and safety at work
ESRS S1-14 Number of days lost due to injury, accident, fatality or illness, para 88(e)	Annex I, Table 3, Indicator No. 3				Relevant	Health and safety at work
ESRS S1-16 Unadjusted gender pay gap, paragraph 97(a)	Annex I, Table 1, Indicator No. 12		Commission Delegated Regulation (EU) 2020/1816, Annex II		Relevant	Skills and performance appraisal and remuneration

Disclosure requirement and corresponding information element	SFDR Reference ¹⁰⁸	Third Pillar Reference ¹⁰⁹	Reference Index Regulation ¹¹⁰	EU Climate Law Reference ¹¹¹	Relevant/Non-relevant	Paragraph
ESRS S1-16 Excessive CEO pay ratio, para. 97 (b)	Annex I, Table 3, Indicator No. 8				Relevant	Skills and performance appraisal and remuneration
ESRS S1-17 Discrimination-related incidents, paragraph 103(a)	Annex I, Table 3, Indicator No. 7				Relevant	Inclusion and corporate welfare
ESR S1-17 Non-compliance with the UN Guiding Principles on Business and Human Rights and OECD, paragraph 104(a)	Annex I, Table 1, Indicator No. 10 and Annex I, Table 3, Indicator No. 14		Annex II of Delegated Regulation (EU) 2020/1816 and Article 12(1) of Delegated Regulation (EU) 2020/1818		Relevant	Inclusion and corporate welfare
ESRS 2 SBM-3 - S2 Significant risk of child labour, or of forced labour in the labour chain, para. 11(b)	Annex I, Table 3, Indicators No. 12 and No. 13				Relevant	S2-SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model
ESRS S2-1 Political commitments to human rights, paragraph 17	Annex I, Table 3, Indicator No. 9 and Annex I, Table 1, Indicator No. 11				Relevant	S2-1 Policies related to value chain workers
ESRS S2-1	Annex I, Table 3, Indicators				Relevant	S2-1 Policies related to value chain workers

Disclosure requirement and corresponding information element	SFDR Reference ¹⁰⁸	Third Pillar Reference ¹⁰⁹	Reference Index Regulation ¹¹⁰	EU Climate Law Reference ¹¹¹	Relevant/Non-relevant	Paragraph
Policies related to value chain workers, para. 18	No. 11 and No. 4					
ESRS S2-1 Failure to comply with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines, para. 19	Annex I, Table 1, Indicator No. 10		Annex II of Delegated Regulation (EU) 2020/1816 and Article 12(1) of Delegated Regulation (EU) 2020/1818		Non-relevant	
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labour Organisation Conventions 1 to 8, para. 19			Commission Delegated Regulation (EU) 2020/1816, Annex II		Non-relevant	
ESRS S2-4 Human rights issues and incidents in its upstream and downstream value chain, para. 36	Annex I, Table 3, Indicator No. 14				Non-relevant	
ESRS S3-1 Human rights policy commitments, paragraph 16	Annex I, Table 3, Indicator No. 9 and Annex I, Table 1, Indicator No. 11				Relevant	S3-1 Policies related to affected communities

Disclosure requirement and corresponding information element	SFDR Reference ¹⁰⁸	Third Pillar Reference ¹⁰⁹	Reference Index Regulation ¹¹⁰	EU Climate Law Reference ¹¹¹	Relevant/Non-relevant	Paragraph
ESRS S3-1 Failure to comply with the UN Guiding Principles on Business and Human Rights, the ILO Principles or the OECD Guidelines, para. 17	Annex I, Table 1, Indicator No. 10		Annex II of Delegated Regulation (EU) 2020/1816 and Article 12(1) of Delegated Regulation (EU) 2020/1818		Non-relevant	
ESRS S3-4 Human Rights Issues and Incidents, paragraph 36	Annex I, Table 3, Indicator No. 14				Relevant	S3-4 Taking action on material impacts on affected communities, and approaches to managing material risks and pursuing material opportunities related to affected communities, and effectiveness of those actions
ESRS S4-1 Consumer and End User Related Policies, para. 16	Annex I, Table 3, Indicator No. 9 and Annex I, Table 1, Indicator No. 11				Relevant	S4-1 Consumer and End User Related Policies
ESRS S4-1 Failure to comply with the UN Guiding Principles on Business and Human Rights and the OECD Guidelines, para. 17	Annex I, Table 1, Indicator No. 10		Annex II of Delegated Regulation (EU) 2020/1816 and Article 12(1) of Delegated Regulation (EU) 2020/1818		Non-relevant	

Disclosure requirement and corresponding information element	SFDR Reference ¹⁰⁸	Third Pillar Reference ¹⁰⁹	Reference Index Regulation ¹¹⁰	EU Climate Law Reference ¹¹¹	Relevant/Non-relevant	Paragraph
ESRS S4-4 Human Rights Issues and Incidents, paragraph 35	Annex I, Table 3, Indicator No. 14				Non-relevant	
ESRS G1-1 United Nations Convention against Corruption, paragraph 10(b)	Annex I, Table 3, Indicator No. 15				Relevant	G1-1 Business conduct policies and corporate culture G1-3 Prevention and detection of corruption and bribery
ESRS G1-1 Protection of whistleblowers, paragraph 10(d)	Annex I, Table 3, Indicator No. 6				Non-relevant	
ESRS G1-4 Fines imposed for violations of laws against corruption and bribery, para. 24(a)	Annex I, Table 3, Indicator No. 17		Annex II to Delegated Regulation (EU) 2020/1816		Relevant	G1-4 Confirmed incidents of corruption or bribery
ESRS G1-4 Rules for combating corruption or bribery, paragraph 24(b)	Annex I, Table 3, Indicator No. 16				Non-relevant	

Allocation of the profit for the year

It is proposed to the Shareholders' Meeting to allocate the profit for the year of EUR 38,717,891 as follows:

- to the extraordinary reserve in the amount of EUR 37,555,500;
- for EUR 1,162,391, equal to the portion of the net result for the year attributable to the Housing Division for the activities pertaining to the Municipality of Milan, to the Optional Reserve to be used to carry out specific interventions that the Housing Division's strategic plan envisages or for the activities to complete the documentation pertaining to the real estate assets managed.

Considering also that, at the indication of the Municipality of Milan, projects pertaining to these specific investments were implemented during the year for the amount of EUR 190,970 and operating costs were incurred pertaining to the management of the ERP assets for EUR 1,500, which were borne by the Housing Division, it is proposed to release the amount of EUR 192,470 the Optional Reserve established with the portion of profits from previous years, attributable to the Housing Division itself.

Thank you for the trust placed in us. You are kindly invited to approve the Financial Statements as submitted.

For the Board of Directors

CEO

FRANCESCO MASCOLO

Financial Statements MM SpA as at 31/12/2024

STATEMENT OF FINANCIAL POSITION

ASSETS	Notes	31/12/2024	31/12/2023
ASSETS			
<i>NON-CURRENT ASSETS</i>			
Property, plant and equipment	1.1	71,611,473	66,973,863
Rights on goods under concession	1.2	399,500,870	375,398,344
Other Intangible Assets	1.3	8,718,406	9,595,486
Deferred tax assets	1.4	37,558,942	36,673,761
Total non-current assets	1.5	4,019,973	2,229,615
Total non-current assets		521,409,664	490,871,061
<i>CURRENT ASSETS</i>			
Inventories	1.6	5,618,658	4,533,501
Trade receivables	1.7	197,061,855	205,861,111
Cash and cash equivalents	1.8	78,497,179	61,000,428
Other assets	1.9	35,769,523	34,163,907
Total current assets		316,947,215	305,558,946
TOTAL ASSETS		838,356,879	796,430,014

STATEMENT OF FINANCIAL POSITION

LIABILITIES	Notes	31/12/2024	31/12/2023
SHAREHOLDERS' EQUITY AND LIABILITIES			
<i>SHAREHOLDERS' EQUITY</i>			
Share capital		36,996,233	36,996,233
Reserves		229,641,596	209,451,190
Net profit		38,717,891	20,101,937
Total shareholders' equity	1.10	305,355,720	266,549,359
<i>NON-CURRENT LIABILITIES</i>			
Non-current financial liabilities	1.11	184,047,022	197,970,734
Provisions for risks and charges	1.12	7,658,127	6,765,038
Employee benefits	1.13	4,354,718	4,676,907
Other non-current liabilities	1.14	44,251,998	38,866,392
Total non-current liabilities		240,311,865	248,279,071
<i>CURRENT LIABILITIES</i>			
Current financial liabilities	1.11	75,804,460	72,481,383
Current tax liabilities	1.15	7,324,651	4,361,415
Trade payables	1.16	174,625,390	172,204,510
Other current liabilities	1.17	34,934,793	32,554,276
Total current liabilities		292,689,294	281,601,584
TOTAL LIABILITIES		533,001,159	566,144,390
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		838,356,879	796,430,014

COMPREHENSIVE INCOME STATEMENT

	Notes	31/12/2024	31/12/2023
REVENUES		320,432,005	308,171,086
Revenues	2.1	250,867,023	229,224,266
Revenues for work on goods under concession	2.2	50,535,045	52,977,482
Other revenue and income	2.3	19,029,937	25,969,338
OPERATING COSTS		258,099,729	271,048,534
Costs for raw materials, consumables and goods	2.4	9,501,099	6,300,780
Other operating costs	2.5	3,488,197	4,660,416
Costs for services	2.6	85,700,853	97,040,080
Costs for work on goods under concession	2.7	48,808,227	51,027,415
Personnel costs	2.8	74,332,491	74,276,796
Amortisation/depreciation, write-downs and accruals	2.9	36,167,431	37,066,581
Losses on disposals and divestments of fixed assets	2.10	101,431	676,466
OPERATING RESULT		62,332,276	37,122,552
Financial income	2.11	1,555,278	810,186
Financial expenses	2.11	9,928,729	10,103,661
NET FINANCIAL INCOME AND EXPENSES		(8,373,451)	(9,293,475)
PRE-TAX RESULT		53,958,825	27,829,077
Income taxes	2.12	15,240,934	7,727,141
NET RESULT		38,717,891	20,101,937
Other comprehensive income components that will not be reclassified into the income statement at a later date			
Actuarial gains/(losses) for employee benefits		(17,085)	(26,228)
Tax effect on actuarial gains/(losses) for employee benefits		4,778	7,361
Other comprehensive income components that will be reclassified into the income statement at a later date			
Change in fair value of cash flow hedge derivatives		132,601	208,395
Tax effect on change in fair value of cash flow hedge derivatives		(31,824)	(50,015)
Total other comprehensive income components, net of tax effect (B)		88,470	139,513
COMPREHENSIVE INCOME FOR THE YEAR (A)+(B)		38,806,361	20,241,450

CASH FLOW STATEMENT

<i>(amounts in Euro)</i>	2024	2023
OPERATING ACTIVITIES		
Pre-tax profit	53,958,825	27,829,077
<i>Adjustments for:</i>		
Amortisation/Depreciation of fixed assets	29,605,787	29,425,390
Provisions for bad debts	3,784,700	5,913,434
Provisions for risks and charges	2,776,944	1,727,757
Provisions for inventory devaluation	-	(397,025)
Net finance costs	8,373,451	9,293,475
Other non-monetary components	568,126	2,640,342
Cash flows from operating activities before changes in working capital	99,067,833	76,432,450
Cash flow generated/(absorbed) by the change in working capital:	3,468,639	22,215,402
- Trade receivables and other assets	1,600,646	37,671,702
- Inventories	(660,623)	(835,289)
- Trade payables and other liabilities	2,528,616	(14,621,011)
Taxes paid	(10,270,096)	-
Financial expenses paid	(8,755,496)	(7,453,312)
Use of funds	1,962,633	1,752,776
Cash flow generated/(absorbed) from operating activities (A)	85,473,513	92,947,316
INVESTING ACTIVITIES		
Net investments in fixed assets	(57,476,903)	(61,490,930)
Cash flow generated/(absorbed) from investment activities (B)	(57,476,903)	(61,490,930)
FINANCING ACTIVITIES		
Taking out medium- and long-term financing	10,000,000	-
Repayment of medium- and long-term financing	(18,376,306)	(9,234,446)
Changes in net equity	-	-
Other changes in financial liabilities	(2,123,553)	(20,625,066)
Cash flow generated/(absorbed) by financing activities (C)	(10,499,859)	(29,859,512)
Increase/(decrease) in cash and cash equivalents (A) + (B) + (C)	17,496,751	1,596,874
Cash and cash equivalents at the beginning of the year	61,000,428	59,403,554
Cash and cash equivalents at the end of the year	78,497,179	61,000,428

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

<i>(in Euro)</i>	Share capital	Cash Flow Hedge Reserve	Other reserves	Net profit	Total shareholders' equity
As at 1 January 2023	36,996,233	(540,460)	203,856,570	5,995,566	246,307,909
Change in fair value of cash flow hedge derivatives, net of tax effect	-	158,380	-	-	158,380
Destination of the result	-	-	5,995,566	(5,995,566)	-
Net result	-	-	-	20,101,937	20,101,937
Actuarial gain/(loss) for employee benefits - tax effect	-	-	(18,867)	-	(18,867)
At 31 December 2023	36,996,233	(382,080)	209,833,269	20,101,937	266,549,359

<i>(in Euro)</i>	Share capital	Cash Flow Hedge Reserve	Other reserves	Net profit	Total shareholders' equity
As at 1 January 2024	36,996,233	(382,080)	209,833,269	20,101,937	266,549,359
Change in fair value of cash flow hedge derivatives, net of tax effect	-	100,777	-	-	100,777
Destination of the result	-	-	20,101,937	(20,101,937)	-
Net result	-	-	-	38,717,891	38,717,891
Actuarial gain/(loss) for employee benefits - tax effect	-	-	(12,307)	-	(12,307)
At 31 December 2024	36,996,233	(281,303)	229,922,899	38,717,891	305,355,720

CEO
FRANCESCO MASCOLO

Notes to the Financial Statements as at 31/12/2024

Company Structure and Activities

MM S.p.A. (hereinafter referred to as 'MM' or the 'Company') is a company incorporated and domiciled in Italy - with its registered office in MILAN, VIA DEL VECCHIO POLITECNICO 8 which is organised according to the legal system of the Italian Republic.

The sole shareholder of the Company is the Municipality of Milan.

The company manages the Integrated Water Service ('IWS') of the city of Milan, by virtue of the concession signed on 28 November 2007 with the Optimum Territorial Area Authority for the City of Milan ('ATO'), today EGATO of the metropolitan city; as a result of an amendment made on 28 September 2015, the concession terms were extended to 2037.

The Company also operates in the field of engineering services, and carries out property and facility management activities for the assets of the Municipality of Milan.

Approval of the Financial Statements

The draft financial statements for the year ending 31/12/2024 were approved by the Board of Directors on 19 May 2025.

The audit is carried out by PricewaterhouseCoopers S.p.A. in execution of the shareholders' resolution of 20 May 2016 that granted the appointment to said company for the three-year period 2016/2018, subsequently extended for a further six years as a result of the completion of the bond issue transaction.

Statement of compliance with International Financial Reporting Standards

These financial statements have been prepared in accordance with the International Financial Reporting Standards (hereinafter referred to as IFRS or IAS) issued by the International Accounting Standards Board (IASB), as interpreted by the International Financial Reporting Interpretation Committee (IFRIC) and adopted by the European Union.

The financial statements are compared with the financial statements of the previous year, and consist of the balance sheet, income statement, cash flow statement, statement of changes in equity and

statement of comprehensive income, as well as these explanatory notes, and are accompanied by the directors' report on operations.

Accounting Principles and Financial Statements

The financial statements as at 31.12.2024 have been prepared in accordance with the International Financial Reporting Standards - IFRS issued by the International Accounting Standards Board, as published in the Official Journal of the European Communities (OJEU).

Adopted budget schemes

The Company has adopted the balance sheet structure with a breakdown between current and non-current assets and liabilities and the income statement structure with cost components broken down by nature.

In the cash flow statement, cash flows from operating activities are presented using the indirect method, whereby the result for the year is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments, and items of income or expense related to cash flows from investing or financing activities.

Furthermore, the financial statements as at 31 December 2024 were prepared in accordance with the provisions adopted by Consob on financial statement formats.

Measurement criteria are consistent with those used to prepare the financial statements of the previous year.

Measurement criteria

General Principles

These Financial Statements have been prepared on a going concern basis as there is a reasonable expectation that the Company will continue its operations in the foreseeable future, and in any case with a time horizon equal to, but not limited to, twelve months after the end of the administrative period.

The presentation currency of the financial statements is the Euro. Balances are expressed in Euro units. The notes to the financial statements are expressed in Euro units unless otherwise indicated.

Property, plant and equipment

Property, plant and equipment are recognised at cost and recorded at purchase price or production cost including directly attributable incidental costs necessary to make these assets ready for use. Cost includes financial charges directly attributable to the acquisition, construction or production of the asset.

Charges incurred for maintenance and repairs of an ordinary and/or cyclical nature are charged to the income statement in the year in which they are incurred. The capitalisation of costs relating to the expansion, modernisation or improvement of structural elements owned or used by third parties is made to the extent that these meet requirements for being separately classified as an asset or part of an asset applying the component approach criteria.

Property, plant and equipment are systematically depreciated each year on a straight-line basis at economic-technical rates determined in relation to the remaining useful life of the assets. The depreciation rates for the various categories of property, plant and equipment are listed below:

Engineering/Housing/Maintenance/Green	Depreciation rates
Buildings for direct use	3%
Building-related installations	15%
Furniture and equipment	12%
Telephone system	25%
Processors	20%
Cars	25%

Integrated Water Service	Depreciation rates
Buildings for direct use	3%
Light construction	10%
Furniture and equipment	12%
Telephone system	25%
Processors	20%
Cars	25%
Transport vehicles	20%

Installations and buildings	Depreciation rates
Buildings for direct use	3%
Light construction	10%
Specific waste treatment plants	10%
Waste collection containers	15%-20%
Equipment	20%

Depreciation begins when the asset is available for use, taking into account the actual time at which this condition arises.

Leased Assets

Leased property, plant and equipment are accounted for as a right of use in accordance with IFRS 16 with a balancing entry as a financial liability.

Assets for 'rights of use' refer to assets held under rental or lease agreements, through which the Company is substantially granted the rights to control the use of a specified asset for a period of time; they are recognised as assets of the Company and measured at fair value at the date the agreement is entered into or, if lower, at the present value of the minimum lease payments due, including any amount to be paid for exercising the purchase option. The corresponding liability to the lessor is shown in the balance sheet under liabilities of a financial nature.

The cost of the lease is broken down into its components of a finance charge, which is recognised in the income statement over the term of the contract, and of capital repayment, which is recognised as a reduction of the financial liability.

The assets in question are depreciated by applying the criterion and rates indicated above, unless the duration of the leasing contract is less than the useful life represented by these rates and there is no reasonable certainty of the transfer of ownership of the leased asset at the natural expiry of the contract; in this case, the depreciation period is represented by the duration of the leasing contract. The term of the lease is determined as the non-cancellable period of the lease, to which both of the following periods are added:

- periods covered by a lease extension option if the Company is reasonably certain to exercise the option; and
- periods covered by the lease termination option, if the Company is reasonably certain not to exercise the option.

In assessing whether the Company is reasonably certain to exercise the lease extension option or not to exercise the lease termination option, all relevant facts and circumstances that create an economic incentive for the Company to exercise the lease extension option or not to exercise the lease termination option are considered. The Company must redetermine the term of the lease in the event of a change in the non-cancellable term of the lease. On the effective date of the contract, the Company recognises the right-of-use asset and the related lease liability.

At the effective date of the contract, the right-of-use asset is valued at cost. The cost of the asset per right of use includes:

- a) the amount of the initial valuation of the lease liability;
- b) lease payments made on or before the effective date net of lease incentives received;
- c) directly attributable ancillary charges;
- d) estimated costs for dismantling or restoration.

On the effective date of the contract, the Company values the lease liability at the present value of the unpaid lease payments due at that date. The lease payments due include the following amounts:

- a) fixed payments, net of any leasing incentives to be received;
- b) variable lease payments that depend on an index or rate, initially measured using an index or rate at the effective date;
- c) the amounts that the Company is expected to pay by way of residual value guarantees;
- d) the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- e) lease termination penalty payments, if the lease term takes into account the lessee's exercise of the lease termination option.

Lease payments are discounted using the interest rate implicit in the lease, if this can be easily determined. If this is not possible, the Company uses its marginal financing rate, i.e. the incremental interest rate the company would have to pay to obtain financing of the same duration and amount as the lease.

After initial recognition, the right-of-use asset is measured at cost:

- a) net of accumulated depreciation and accumulated impairment losses; and
- b) adjusted for any restatement of the lease liability.

Subsequent to initial recognition, the lease liability is measured:

- a) increasing the book value to account for interest on the lease liability;
- b) decreasing the book value to reflect payments due for leases made; and
- c) restatement of the carrying amount to reflect any new lease valuations or changes in lease payments due for fixed leases in substance.

It should be noted that the Company avails itself of two exemptions provided by IFRS 16, with reference to short-term leases (i.e. leases with a term of 12 months or less from the effective date) and leases of low-value assets (i.e. when the value of the underlying asset, if new, is indicatively less than USD 5,000). In such cases, the asset consisting of the right of use and the related lease liability is not recognised, and the lease payments due are recognised in the income statement.

In the presence of specific indicators of the risk of non-recovery of the carrying value of tangible assets, these are subject to an impairment test, as described in the specific paragraph below.

Tangible assets are no longer shown in the financial statements following their disposal; any gain or loss (calculated as the difference between the disposal value, net of selling costs, and the carrying value) is recognised in the income statement for the year of disposal.

Intangible assets

Intangible assets consist of non-monetary items that are identifiable and without physical substance, controllable and capable of generating future economic benefits. These items are initially recognised at purchase and/or production cost, including directly attributable expenses to prepare the asset for use.

Any interest expenses accrued during and for the development of intangible assets are considered part of the acquisition cost. In particular, within the company's scope, the following main intangible assets can be identified:

Rights on goods under concession

'Rights on goods under concession' represent the Company's right to use the assets under concession of the Integrated Water Service (the so-called intangible asset method) in consideration of the costs incurred for the design and construction of the asset, with the obligation to return them at the end of the concession.

The value corresponds to the 'fair value' of the design and construction activity plus capitalised borrowing costs, in accordance with the requirements of IAS 23, during the construction phase.

The fair value of the construction services of the Integrated Water Service is determined on the basis of actual costs incurred with a 3.42% mark up that represents the best estimate of the remuneration of internal costs for the activity of works management and design carried out by the Company, equal to the mark up that a third-party general contractor would require to carry out the same activity, as provided for by IFRIC 12. The mark-up is redetermined annually and the impact on the value of the investments shown above is for the financial year 2024.

The rationale for determining the fair value is that the concessionaire must apply the provisions of paragraph 67 of IFRS 15 and therefore if the fair value of the services received (in this case the right to use the asset) cannot be reliably determined, the revenue is calculated on the basis of the fair value of the construction services performed.

Assets for construction services in progress at the reporting date are measured on the basis of the stage of completion in accordance with IFRS 15, and this measurement is included in the income statement item 'Revenue from work on goods under concession'. Goods under concession are depreciated over the life of the concession, as it is assumed that the future economic benefits of the asset will be utilised by the concessionaire. The value to be depreciated is the difference between the acquisition value of the goods under concession and their residual value that is expected to be realised at the end of their useful life, according to the regulations currently in force. If events occur that give rise to the presumption of impairment of such intangible assets, the difference between the book value and the recovery value is charged to the income statement.

Software and other intangible assets

Software and other intangible assets are recognised at cost, as described above, net of accumulated amortisation and any impairment losses. Amortisation begins when the asset is available for use and is allocated on a systematic basis in relation to its remaining useful life. The useful life estimated by the Company for software is three years.

Impairment of intangible and tangible assets

At each reporting date, a test is conducted to determine whether there are any indicators of impairment of tangible and intangible assets. For this purpose, both internal and external sources of information are considered. With regard to internal sources, consideration is given to factors such as obsolescence or physical deterioration of the asset, any significant changes in the use of the asset, and the economic performance of the asset compared to expectations. With regard to external sources, consideration is given to factors such as trends for market prices of assets, any technological, market or regulatory changes, trends for market interest rates or the cost of capital used to evaluate investments. Goodwill and other intangible assets with an indefinite useful life are not subject to amortisation, but are subject to an impairment test whenever specific events indicate that they may be impaired.

If any such indications are identified, the recoverable amount of these assets is estimated, and any write-down from the relevant book value is charged to the income statement. The recoverable amount of an asset is the higher of its fair value, net of ancillary sales costs, and its value in use, the

latter being the present value of the estimated future cash flows for that asset. In defining the value in use, expected cash flows are discounted using a discount rate gross of taxes that reflects the current market valuations for the cost of money at the time and risks specific to the asset. For an asset that does not generate broadly independent cash flows, the recoverable amount is determined in relation to the CGU to which that asset belongs.

An impairment loss is recognised in the income statement if the carrying amount of the asset, or the CGU to which it is allocated, is greater than its recoverable amount. Impairments of a CGU are first recognised as a reduction in the carrying amount of any goodwill allocated to it, and then as a reduction of the assets, in proportion to their carrying amount and up to the limits of their recoverable amount. If the conditions for a previously recognised impairment loss no longer apply, the carrying amount of the asset is reinstated and charged to the income statement, to the extent of the net carrying amount the asset in question would have had if the impairment loss had not been recognised and the relevant amortisation/depreciation had been made.

Trade Receivables and Other Assets

Depending on the characteristics of the instrument and the business model adopted for its management, trade receivables and other financial assets are classified into the following three categories:

- i. financial assets measured at amortised cost;
- ii. financial assets measured at fair value with the effects recognised in other comprehensive income (hereinafter also referred to as OCI);
- iii. financial assets measured at fair value through the income statement.

Trade receivables and other financial assets are initially recorded at fair value and subsequently measured at amortised cost using the effective interest rate method.

Trade receivables and other financial assets are included in current assets, with the exception of those with a contractual maturity of more than 12 months after the reporting date, which are classified as non-current assets.

Trade receivables are tested for recoverability by applying an 'expected credit loss' ('ECL' or 'Expected credit losses') impairment model. The estimate of the expected loss arises from historical experience differentiated by type of debtor, pro-rated on the seniority of past due balances, and on any forward looking elements, which may affect recovery expectations.

The amount of the write-down is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows and recognised in the income statement. If, in

subsequent periods, the reasons for previous write-downs no longer apply, the value of the assets is reinstated up to the value that would have resulted from the application of amortised cost.

Financial assets representing debt instruments whose business model provides for both the possibility of collecting the contractual cash flows and the possibility of realising capital gains on disposal (so-called hold-to-collect and sell business model), are measured at fair value with the effects recognised in OCI (hereinafter also FVTOCI).

A financial asset that is not measured at amortised cost or FVTOCI is measured at fair value through profit or loss (hereafter FVTPL).

Inventories

Inventories are stated at the lower of purchase cost, determined using the weighted average cost method, and realisable value based on market trends.

Obsolete and slow-moving inventories are written down in relation to their possibility of use or realisation by setting up a special provision, which is directly deducted from the corresponding asset item.

Financial liabilities, trade payables and other liabilities

Financial liabilities (excluding derivative financial instruments), trade payables and other payables are initially recognised at fair value, net of directly attributable ancillary costs, and are subsequently measured at amortised cost, applying the effective interest rate method. If there is an estimable change in the expected cash flows, the value of the liabilities is recalculated to reflect that change, based on the present value of the new expected cash flows and the initially determined internal rate of return. Financial liabilities are classified as current liabilities unless the Company has an unconditional right to defer their payment for at least 12 months after the reporting date.

Financial liabilities are removed from the financial statements when they are extinguished and when the Company has transferred all risks and charges relating to the instrument.

Derivative financial instruments

Derivatives are assets and liabilities recognised at fair value. The Company uses them to hedge interest rate risk.

Derivative financial instruments are accounted for in accordance with hedge accounting only when, at the inception of the hedge, there is a designation of the hedging relationship itself. The hedge is assumed to be highly effective: effectiveness can be reliably measured during the various accounting periods for which it is designated. All derivative financial instruments are measured at fair value.

When financial instruments qualify for hedge accounting, the following accounting treatments apply:

- fair value hedge: where a derivative financial instrument is designated as a hedge of the exposure to changes in the fair value of a recognised asset or liability attributable to a particular risk that may affect the income statement, the gain or loss from remeasuring the hedging instrument at fair value is recognised in the income statement; the gain or loss on the hedged item attributable to the hedged risk is recognised as part of the carrying amount of that item and recognised in the income statement;
- cash flow hedge: if a financial instrument is designated as a hedge of the exposure to variability in future cash flows of a recognised asset or liability or a highly probable forecast transaction that could affect the income statement, the effective portion of any gain or loss on the financial instrument is recognised in other comprehensive income; the cumulative gain or loss is removed from equity and recognised in the income statement in the same period in which the hedged transaction affects the income statement; the gain or loss associated with a hedge, or that portion of the hedge that has become ineffective, is recognised in the income statement when the ineffectiveness is recognised.

If the hedged transaction is no longer considered probable, unrealised gains or losses suspended in equity are recognised in the income statement.

If hedge accounting cannot be applied, the gains or losses resulting from the valuation at fair value of the derivative instrument are immediately recognised in the income statement

Conversion of transactions in currencies other than the functional currency

Transactions in currencies other than the functional currency of the entity entering into the transaction are translated using the exchange rate prevailing on the date of the transaction. Foreign exchange gains and losses generated by the closing of the transaction or the year-end translation of assets and liabilities in currencies other than the euro are recognised in the income statement.

Employee benefits

Short-term benefits consist of wages, salaries, related social security charges, allowances in lieu of holidays and incentives paid in the form of bonuses payable within twelve months of the reporting date. These benefits are recognised as a component of personnel expenses in the period in which the work is performed.

Post-employment benefits are divided into two types: defined contribution programmes and defined benefit programmes.

In defined contribution programmes, contribution costs are charged to the income statement when they are incurred, based on their nominal value.

In defined benefit plans, which also include TFR severance pay due to employees pursuant to Article 2120 of the Italian Civil Code ('TFR'), the amount of the benefit to be paid to the employee is quantifiable only after the termination of employment, and is linked to one or more factors such as age, years of service and salary; therefore, the related expense is charged to the income statement on an actuarial basis. The liability recognised in the financial statements for defined benefit plans corresponds to the present value of the obligation at the reporting date. Obligations for defined benefit plans are determined annually by an independent actuary using the projected unit credit method.

The present value of the defined benefit plan is determined by discounting future cash flows at an interest rate equal to that of high-quality corporate bonds issued in Euro and taking into account the duration of the relevant pension plan.

As of 1 January 2007, the 2007 Finance Act and its implementing decrees introduced significant changes to the rules governing TFR, including the employee's choice as to the allocation of his/her accrued severance pay. In particular, new TFR flows may be directed by the worker to chosen pension schemes or kept in the company. In the case of allocation to external pension schemes, the company is only subject to the payment of a defined contribution to the chosen fund, and from that date the newly accrued amounts represent defined contribution plans not subject to actuarial valuation.

Following the adoption, as of 1 January 2013, of the revised version of IAS 19 (Employee Benefits), changes in actuarial gains/losses are recognised in other comprehensive income. The revised version of IAS 19 (Employee Benefits), as governed by EC Regulation No. 475-2012, was applied. IAS 19 requires the recognition of changes in actuarial gains/losses in other comprehensive income for defined benefit plans. The cost related to labour services as well as interest expenses related to the time value component in actuarial calculations remain recognised in the separate income statement.

Provisions for risks and charges

Provisions for risks and charges are set aside to cover specific losses or charges whose existence is certain or likely, but whose amount or timing is not yet known at the reporting date. Amounts are recognised only when a current legal or implicit obligation exists for a future outflow of economic resources as a result of past events and it is probable that such an outflow will be required to settle the obligation. This amount represents the best discounted estimate of the expense required to settle the obligation.

When the financial effect of time is significant and the payment dates of the obligations can be reliably estimated, provisions are valued as the present value of the expected outlay using a rate that reflects market conditions, the change in the cost of money over time and the specific risk associated with the obligation. The increase in the value of provisions, resulting from changes in the cost of money over time, is accounted for as interest expense.

Contributions

Equipment grants are recognised in the income statement over the period necessary to match them with the related costs; in the statement of financial position, equipment grants are shown by recording the grant as a decrease in the value of the investment to which they relate.

Water connection fees are recorded under other non-current liabilities and released to the income statement over the life of the concession.

The 'Fondo Nuovi Investimenti' (FoNI) is a component of the annual tariff of the integrated water service, itself made up of a number of sub-components, aimed at incentivising investments, net of the corresponding coverage of the tax burden for the years in which this effect has been provided for by the tariff regulation defined by the sectoral regulatory authority (ARERA). This contribution is accounted for according to the following methodology:

- direct recognition in the Income Statement of only the component covering the tax burden for the years in which the regulatory method calls for it, assimilating its accounting treatment to the form of the grant for the year;
- allocation of the remainder of FoNI (including the AMM FoNI component) as a direct reduction in the value of fixed assets recorded in the balance sheet, i.e., reducing the value of individual assets entering into service from year to year, in the same way as public grants for plant.

Revenue recognition

Revenues are initially recognised at the fair value of the consideration received net of rebates and discounts.

Revenues from the sale of goods are recognised when the customer obtains control of the goods. Revenues from services are recognised at an amount reflecting the consideration the Company expects to be entitled to receive for the transfer of services.

Revenues related to water supplies are recognised and accounted for at the time of disbursement and include the provision for disbursements made but not yet invoiced (estimated on the basis of historical analyses determined in relation to past consumption).

Revenues from users' connections to the Integrated Water Service are recognised on the basis of the duration of the assimilated supply relationship equal to the duration of the concession.

Revenues accrued during the year related to design and construction management activities are recognised in relation to the progress of works according to the percentage-of-completion method determined on the basis of the ratio of costs incurred to costs expected.

Revenues accrued in the year relating to the construction activities of the Integrated Water Service are recognised on the basis of the costs incurred for these activities increased by a mark-up of 3.42 % representing, for the year 2024, the remuneration of the internal costs of the works management and design activities carried out by the Company, equal to the mark-up that would have been applied by a general constructor (as provided for by IFRIC 12).

In accordance with IFRS, fees collected on behalf of third parties, as in agency relationships that do not lead to an increase in the company's equity, are excluded from revenue, which is instead represented solely by the premium accrued on the transaction.

Costs for the purchase of goods and services

The costs of the purchase of goods and services are recognised in the income statement on an accrual basis.

Taxes

Current taxes are calculated on the basis of taxable income for the year, applying the tax rates in force at the reporting date.

Deferred tax assets and deferred tax liabilities are calculated for all differences arising between the tax value of an asset or liability and its book value. Deferred tax assets, for the portion not offset by deferred tax liabilities, are recognised to the extent that it is probable that future taxable income will be available against which they can be recovered. Deferred tax assets and deferred tax liabilities

are determined using the tax rates that are expected to apply in the years in which the differences will be realised or extinguished, based on tax rates in effect or substantially in effect at the reporting date.

Current, deferred and prepaid taxes are recognised in the income statement, except for those relating to items directly debited or credited to equity, in which case the related tax effect is also recognised directly in equity. Taxes are offset when they are levied by the same tax authority and there is a legal right of set-off.

Changes in International Accounting Standards

Pursuant to IAS 8, the following section 'Accounting standards, amendments and interpretations that apply for the first time on or after 1 January 2024' sets out and briefly explains the amendments effective from 1 January 2024. In the following paragraph, 'Accounting standards, amendments and interpretations applicable after the end of the financial year and not adopted in advance', details are given of accounting standards and interpretations that have already been issued, whether endorsed or not yet endorsed by the European Union, but which are not applicable for the preparation of the financial statements as at 31 December 2024, and whose impact, if any, will therefore be transposed starting with the financial statements of future financial years.

Accounting standards, amendments and interpretations first applicable as from 1 January 2024

Amendments to IAS 1 - Presentation of Financial Statements - Classification of Liabilities as Current or Non-Current

On 23 January 2020, 15 July 2020 and 31 October 2022, the International Accounting Standards Board (IASB) issued three supplements to IAS 1 'Presentation of Financial Statements', which aim to better define the concept of liabilities and their classification between short- and medium-term. The supplements were endorsed on 20 December 2023. Specifically, the amendments clarify the criteria to be applied for classifying liabilities as current or non-current and specify that the classification of a liability is not affected by the likelihood that settlement of the liability will be deferred for 12 months after the reporting period. The Company's intention to liquidate the liability in the short term has no impact on the classification.

There is no impact on the Company's financial statements.

Amendments to IAS 1 - Presentation of Financial Statements - Non-Current Liabilities with Covenants

On 23 January 2020, 15 July 2020 and 31 October 2022, the International Accounting Standards Board (IASB) issued three supplements to IAS 1 'Presentation of Financial Statements', which aim to better define the concept of liabilities and their classification between short- and medium-term. The supplements were endorsed on 20 December 2023.

These amendments specify that covenants to be met after the financial statements date do not affect the classification of debt as current or non-current at the reporting date. Instead, the amendments require the company to disclose information on these covenants in the notes to the financial statements.

There is no impact on the Company's financial statements.

Amendments to IFRS 16 Leases: Lease Liabilities in a Sale and Leaseback Transaction

On 22 September 2022, the IASB issued a supplement to IFRS 16 'Leases' clarifying how to account for a sale and leaseback transaction that provides for variable payments based on the performance or use of the asset subject to the transaction. The supplement was endorsed on 21 November 2023 and is applicable to financial statements as of 1 January 2024.

These amendments specify the requirements for accounting for a sale and leaseback after the transaction date.

In particular, in the subsequent measurement of the lease liability, the seller-lessee determines 'lease payments' and 'revised lease payments' in such a way that no gain or loss is recognised in respect of the retained right of use.

There is no impact on the Company's financial statements.

Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Supplementary Information - Supplier Finance Arrangements

On 25 May 2023, the IASB issued a supplement to IAS 7 'Statement of Cash Flows' and IFRS 7 'Financial Instruments: Disclosures'. The amendments introduce new disclosure requirements to improve the transparency of information provided about supplier financing arrangements, particularly with regard to the effects of such arrangements on the entity's liabilities, cash flows and exposure to liquidity risk.

There is no impact on the Company's financial statements.

Accounting standards, amendments and interpretations applicable after the end of the financial year and not adopted early

As required by IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors', details are given below on new Standards or Interpretations that have already been issued, but have not yet come into force or have not yet been endorsed by the European Union as at 31 December 2024 and are therefore not applicable, and on their foreseeable impact on the Company's Financial Statements.

None of these Principles and Interpretations have been adopted by the Company in advance.

Amendments to IAS 21 - The Effects of Changes in Exchange Rates: Lack of Exchangeability

These amendments clarify when a currency is exchangeable for another currency and, consequently, when it is not. When one currency is not exchangeable for another, these changes define how the exchange rate to be applied is to be determined. The amendments also specify the information to be provided when a currency is not exchangeable.

These amendments, which will enter into force on 1 January 2025, were endorsed by the European Union on 12 November 2024.

This change is not expected to have an impact on the Company's financial statements.

Introduction of IFRS 18 'Presentation and Disclosure in Financial Statements'.

On 9 April 2024, the IASB issued IFRS 18 to replace IAS 1. In particular, in order to increase comparability and transparency of information, IFRS 18 establishes requirements for the presentation of information in financial statements by requiring:

- 1) the presentation of specific partial results in the income statement, making limited changes to the balance sheet and cash flow statement;
- 2) it introduces specific disclosures, to be provided in the notes to the financial statements, on management - defined performance measures;
- 3) it introduces new principles of aggregation and disaggregation of information presented in financial statements.

The provisions of IFRS 18 will be effective for financial years beginning on or after 1 January 2027. The Company is currently assessing the impacts of these changes.

Introduction of IFRS 19 'Subsidiaries without public accountability: Disclosure'.

On 9 May 2024, the IASB published the new standard IFRS 19. The standard applies to subsidiaries without public accountability, belonging to a group that prepares consolidated financial statements according to IAS/IFRS, and allows them to use IFRS accounting standards by adopting simplified financial reporting based on the provisions of the new standard instead of those of the other standards.

The provisions of IFRS 19 will be effective for financial years beginning on or after 1 January 2027. The Company does not expect the introduction of the new standard to have an impact on its financial reporting.

Risk management

The Company's activities are exposed to the following financial risks: market risk (defined as exchange and interest rate risk), credit risk (both in relation to normal commercial relations with customers and financing activities) and liquidity risk (with reference to the availability of financial resources and access to the credit market and financial instruments in general).

The Company's objective is to maintain, over time, a balanced management of its financial exposure, capable of guaranteeing a liability structure that is balanced with the composition of the assets in the financial statements and of ensuring the necessary operational flexibility through the use of the liquidity generated by current operating activities and recourse to bank loans.

The Company's ability to generate cash from operations, together with its borrowing capacity, allows it to adequately meet its operating, working capital and investment needs, as well as to meet its financial obligations.

The Company's financial policy and the management of related financial risks are centrally guided and monitored. In particular, the finance function is responsible for assessing and approving forecast financial requirements, monitoring their progress and taking appropriate corrective action where necessary.

The following section provides qualitative and quantitative reference information on the impact of these risks on the Company:

Market risk*Exchange rate risk*

The Company is mainly active in the Italian market and is therefore only exposed to the exchange rate risk to a limited extent:

- (i) bank accounts and commercial credit and debit transactions denominated in RON (Romanian Leu)
- (ii) bank accounts and commercial credit and debit transactions denominated in AED (UAE Dirham)
- (iii) bank accounts and commercial credit and debit transactions denominated in INR (Indian Rupee)
- (iv) bank accounts and commercial credit and debit transactions denominated in COP (Colombian Peso)
- (v) bank accounts and commercial credit and debit transactions denominated in ILS (Israeli New Shekel).

Sensitivity analysis on exchange rate risk

For the purposes of the sensitivity analysis on exchange rates, balance sheet items (financial assets and liabilities) denominated in currencies other than the Company's functional currency were identified.

For the purpose of the analysis, two scenarios were considered that respectively discount an appreciation and a depreciation of 10% of the exchange rate between the currency in which the item of the financial statements is denominated and the reporting currency.

		Impact on profit and equity, net of tax effect										Total	
		COP		RON		INR		AED		ILS			
Sensitivity analysis		-10%	10%	-10%	10%	-10%	10%	10%	10%	10%	10%	10%	10%
Year 31/12/24		56	(45)	11	(9)	219	(179)	1	(1)	336	(275)	622	(509)

Note: A positive sign indicates a higher profit and an increase in net equity; a negative sign indicates a lower profit and a decrease in net equity.

Interest rate risk

The company is exposed to risks related to interest rate fluctuations as it uses a mix of debt instruments depending on the nature of its financial needs.

In particular, the Company normally resorts to short-term borrowing to finance working capital requirements and to medium- and long-term forms of financing to cover investments made and related to business, as well as extraordinary operations. The financial liabilities that expose the Company to interest rate risk are mostly medium-/long-term variable-rate indexed loans. The interest rate to which the Company is most exposed is Euribor.

The financial transactions finalised in 2016 (EIB structured loan and bond loan), being both fixed-rate, further mitigate the interest rate risk.

To cope with these risks, the Company uses interest rate derivative instruments ('Interest Rate Swaps') with the aim of mitigating, under economically acceptable conditions, the potential impact of interest rate variability on its economic result. The main features of these contracts are summarised below:

At 31 December 2024

Interest rate swaps (IRS)	Issue	Maturity	Nominal value (in thousands of EUR)	Fair value (in thousands of EUR)
IRS Intesa Sanpaolo	2006	2026	2,726	(61)
IRS BNP Paribas	2009	2028	4,000	(309)

Sensitivity analysis on interest rate risk

With regard to interest rate risk, a sensitivity analysis was performed to determine the effect on the income statement and shareholders' equity that would result from a hypothetical positive and negative change of 100 bps in interest rates compared to those actually recorded in each period.

The analysis was carried out mainly with regard to the following items:

- short and medium/long-term financial liabilities, in connection with related derivative instruments, if any.

With regard to short- and medium-/long-term financial liabilities, the impact was calculated on an ad hoc basis. Fixed-rate financial liabilities were not included in this analysis.

The table below highlights the results of the analysis carried out:

<i>(In thousands of EUR)</i>	Impact on profit, net of tax effect		Impact on shareholders' equity, net of tax effect	
	-100 bps	+100 bps	-100 bps	+100 bps
Year ending 31 December 2024	380	(380)	380	(380)

Note: A positive sign indicates a higher profit and an increase in net equity; a negative sign indicates a lower profit and a decrease in net equity.

Credit risk

Credit risk is the Company's exposure to potential risk losses deriving from counterparties' failure to fulfil their commitments.

With reference to the Engineering sector, almost all of the receivables are due from the Municipality of Milan or other public entities or concessionaires of the same, which ensures that the risk in question is mitigated. With regard to receivables due from the Municipality of Milan, during the 2019 financial year, a series of credit positions dating back many years were investigated and verified. The preliminary investigations resulted in the identification of shared criteria ensuring the crystallisation of MM's receivables from the Municipality; in particular, consistent with the documents analysed, it led MM to consider as existing and collectable only those receivables claimed by MM corresponding to amounts that are consistent, for each individual project, in the financial availability provided for by the relevant approved economic frameworks. This activity made it possible to accurately assess credits on the basis of the risk profile.

The above-described analysis, the purpose of which is to verify the quality of receivables, is conducted on an annual basis for the positions claimed from the main debtors and allows for the definition of appropriate collection actions, where possible; it also constitutes the basis for estimating the expected losses on which provisions are made for bad debts.

Instead, with reference to the Integrated Water Service, the Company manages credit risk through policies and procedures that regulate the monitoring of expected recovery flows, the issuance of reminders, the granting of payment extensions if necessary, and the implementation of appropriate recovery actions.

Trade receivables in the amount of EUR 197 million as of 31 December 2024 (EUR 206 million as of 1 January 2024) are stated net of advances invoiced on long-term contracts for the construction of infrastructures on behalf of the Municipality of Milan, for a total amount of EUR 2,395 million and are recognised in the financial statements net of the impairment loss determined by the company's management by estimating the expected loss differentiated according to whether the debtor is

private or public. The estimate of the expected loss arises from historical experience differentiated by type of debtor, prorated on the seniority of past due balances, and on any forward looking elements, which may affect recovery expectations. The valuation of receivable positions for which objective conditions of partial or total uncollectability were noted, in addition to expected losses, led to the establishment of a provision for bad debts, which as at 31 December 2024 totalled EUR 52,771,660 (EUR 50,036,448 in the previous year).

With particular reference to the customers of the Water Service, considering the high fragmentation of the customer base and the limits in the possibility of selecting customers given the 'essential' nature of the resource offered, the valuation of the bad debt provision was conducted by the company's management by estimating the expected losses determined on the basis of past experience for similar receivables and monitoring the trend of current and prospective economic conditions of the reference market.

It should also be noted that Water Service receivables are covered by security deposits up to the amount of EUR 14,452 thousand.

Liquidity risk

Liquidity risk is the risk that, due to the inability to raise new funds or liquidate assets on the market, the Company may not be able to meet its payment commitments, resulting in an impact on the economic result if it is forced to incur additional costs to meet its commitments or in its insolvency. The Company's objective is to put in place a financial structure that, consistent with its business objectives and defined limits, ensures an adequate level of liquidity pursued through planned tariff increases, minimising the related opportunity cost and maintaining a balance in terms of duration and debt composition.

Appropriate assessments have been carried out with reference to liquidity risk, including through the information provided by financial counterparties, which make it possible to exclude that cash and bank deposits may result in potential impairment losses, also taking into account the possibility of on-demand liquidation of deposits at maturity.

The following table provides an analysis of the expected cash flows in the coming years related to financial liabilities as at 31 December 2024:

(In thousands of EUR)	Balance at 31 December 2024	Expected disbursements			Total
		Within 1 year	Between 1 and 5 years	Beyond 5 years	
Financial liabilities	259,851	75,804	88,612	95,435	259,851
Trade payables	174,625	174,625	-	-	174,625
Other liabilities	79,187	34,935	32,281	11,971	79,187

All flows shown are undiscounted nominal future cash flows, determined with reference to the remaining contractual maturities, for both the principal and interest portions.

Financing has been included on the basis of the contractual maturity at which repayment takes place. Flows from financial liabilities include those related to currently outstanding IRSs.

The bond loan, issued by the company on 23 December 2016, and the EIB loan agreement, signed on 18 November 2016, provide for MM to comply with specific financial covenants, calculated as ratios between variables of an economic and equity nature, aimed at monitoring the company's economic and financial sustainability.

Below are the three economic and financial indicators whose attainment is stipulated in the above-mentioned financing agreements:

1. Net Financial Position/EBITDA \leq **4.5**
2. Net Financial Position/Fixed Assets \leq **70%**
3. EBITDA/Financial Expenses \geq **4.5**

In the current year, all financial covenants were met as specified in the table below:

Covenant	Target Index	Index as at 31/12/2024
1 - Net Financial Position/EBITDA	• \leq 4.5	1.84
2 - Net Financial Position/Fixed Assets	\leq 70%	38%
3 - EBITDA/Financial Expenses	\geq 4.5	9.9

For a more detailed analysis, please refer to the Report on Operations in the section 'Analysis of the Financial Structure'.

Financial assets and liabilities by category

Below is a classification of financial assets and liabilities by category as at 31 December 2024:

<i>(In thousands of EUR)</i>	At 31 December 2024				
	Financial assets and liabilities at fair value with changes at OCI	Financing and receivables	Available-for-sale financial assets	Financial liabilities measured at amortised cost	Total
ASSETS:					
Other non-current assets	-	4,019	-	-	4,019
Trade receivables	-	197,062	-	-	197,062
Cash and cash equivalents	-	78,497	-	-	78,497
Other assets	-	35,769	-	-	35,769
LIABILITIES:					
Non-current financial liabilities	370	-	-	183,677	184,047
Other non-current liabilities	-	-	-	44,252	44,252
Trade payables	-	-	-	181,949	181,949
Current financial liabilities	-	-	-	75,804	75,804
Other current liabilities	-	-	-	34,935	34,935

For trade and other short-term receivables and payables, the carrying value is deemed to be a reasonable approximation of their respective fair value. It is also considered that the book value of the bond loan recorded under financial liabilities and which was issued at the end of December 2016 is also a reasonable approximation of its fair value, also considering that no market quotations are available for this financial instrument in the absence of transactions.

Estimation of fair value

The fair value of financial instruments listed in an active market is based on market prices at the reporting date. The fair value of instruments that are not listed in an active market is determined using valuation techniques based on a variety of methods and assumptions related to market conditions at the reporting date.

The following is a classification of the fair value of financial instruments based on the following hierarchical levels:

Level 1: Fair value determined by reference to listed prices (unadjusted) in active markets for identical financial instruments;

Level 2: Fair value determined using valuation techniques with reference to observable variables in active markets;

Level 3: Fair value determined using valuation techniques with reference to unobservable market variables.

The following table summarises the assets and liabilities that are measured at fair value as at 31 December 2024, based on the level reflecting the inputs used in the determination of fair value:

<i>(In thousands of EUR)</i>	At 31 December 2024		
	Level 1	Level 2	Level 3
Derivative financial instruments (IRS)	-	(370)	-

Estimates and Assumptions

The preparation of these financial statements requires the directors to apply accounting principles and methodologies that, in certain circumstances, are based on difficult and subjective valuations and estimates based on historical experience and assumptions that are considered reasonable and realistic at a given time and based on the relevant circumstances. The application of these estimates and assumptions affects the amounts reported in the financial statements as well as the disclosures provided. The final results of the financial statement items for which the above estimates and assumptions have been used may differ from those reported in the financial statements that reflect the effects of the occurrence of the event being estimated, due to the uncertainty characterising the assumptions and conditions on which the estimates are based.

The following is a brief description of the areas requiring relatively more subjectivity on the part of the directors in the preparation of estimates and for which a change in the conditions underlying the relevant assumptions could have a significant impact on the financial data.

Depreciation/amortisation of tangible and intangible assets

The cost of tangible and intangible assets is depreciated/amortised on a straight-line basis over the estimated useful life of each asset. The economic useful life of tangible and intangible assets is determined at the time they are acquired, based on historical experience for similar assets, market conditions and expectations regarding future events that might have an impact thereon, including changes in technology. Therefore, the actual economic life may differ from the estimated useful life. The Company annually assesses changes in technology and industry, any changes in contractual terms and regulations related to the use of tangible and intangible assets, and the recovery value to update the remaining useful life. The result of these analyses can change the depreciation period and thus also the depreciation charge for the year and future years.

Mark-up IFRIC 12

The fair value of the construction services of the Integrated Water Service is determined on the basis of actual costs incurred with a 3.42% mark up that represents the best estimate redetermined for 2024 for the remuneration of internal costs for the activity of works management and design carried

out by the Company, as provided for by IFRIC 12. The valuation of the mark-up is based on factors and estimates that may change over time, which may lead to a change in this value in the financial statements.

Residual value at the end of the Concession

MM will receive compensation at the end of the Concession in an amount equal to the residual value of the works and assets realised during the concession period. This value, determined according to the rules defined by the Regulatory Authority for Energy Networks and the Environment (ARERA), is based on factors and estimates that may change over time.

Write-down/reversal of fixed assets

Non-current assets are tested for impairment, which, if there are indicators that they will be difficult to recover, is recognised through a write-down of their net book value. Verification of the existence of the above indicators requires subjective assessments based on information available within the Company and on the market, as well as on historical experience. Furthermore, when a potential impairment is deemed to have occurred, it is determined using appropriate valuation techniques. The correct identification of the elements indicating the existence of a potential reduction of value, as well as the estimates for determining the extent of this, depend on factors that may change over time, thus affecting the valuations and estimates made. Similar considerations in terms of the existence of indicators and the use of estimates in the application of valuation techniques can be found in the assessments to be made with regard to the possible reversal of write-downs made in previous years.

Deferred tax assets

Deferred tax assets are recognised on the basis of expected income in future years. The assessment of expected income for the purpose of accounting for deferred tax assets depends on factors that may vary over time and have a significant effect on the measurement of this item.

Provisions for risks and charges

The Company recognises, under provisions for risks and charges, any likely liabilities arising from disputes with personnel, suppliers, third parties, and, in general, charges arising from obligations undertaken. The determination of these provisions involves making estimates based on current

knowledge of factors that may change over time, and may therefore generate final outcomes that are also significantly different from those taken into account when preparing the financial statements.

Bad debt provision

The bad debt provision reflects the estimated losses expected on the loan portfolio. Provisions for expected losses express the estimated credit risk arising from past experience for similar receivables, from the analysis of past due (current and historical) losses and collections, and finally from the monitoring of trends in the economic conditions, current and prospective, of the reference markets.

Measurement of derivative financial instruments

The fair value of unlisted financial assets, such as derivative financial instruments, is measured using commonly used financial measurement techniques that require basic assumptions and estimates. Such assumptions may not be in accordance with planned schedules and procedures. Therefore, estimates of these derivative instruments may differ from the actual figures.

Determination of Revenues

As far as the Engineering Sector is concerned, revenues related to design and/or works supervision contracts are allocated in proportion to the percentage progress of the work, determined by the ratio between the direct hours already spent on contractual activities and the total estimated hours including those to be finished.

With reference to the IWS division, the revenues include the estimated income accrued for the supplies made between the date of the last recording of actual consumption and the year-end date. The recognition of these revenue components is determined on the basis of tariff regulation, using algorithms and includes an estimative component.

Segment reporting

Segment reporting has been prepared in accordance with the provisions of IFRS 8 'Operating Segments', which requires reporting to be consistent with the manner in which management makes operating decisions. Therefore, the identification of the operating segments and the information presented are defined on the basis of the internal reporting used by management for the allocation of resources to the various segments and for the analysis of their performance.

An operating segment is defined by IFRS 8 as a component of an entity that:

- (i) engages in entrepreneurial activities that generate revenues and costs (including revenues and costs relating to transactions with other components of the same entity);
- (ii) whose operational results are periodically reviewed at the highest operational decision-making level of the entity for the purpose of making decisions on resources to be allocated to the sector and assessing performance;
- (iii) for which separate financial statement information is available.

Management has identified the following areas:

- **Integrated Water Service (IWS)** includes integrated water services mainly for users in the city of Milan
- **Engineering:** it includes the provision of engineering, works management and contracting authority services for works concerning transport and mobility systems and infrastructures mainly for the Municipality of Milan;
- **Housing:** it includes property management and facility management activities carried out in the name and on behalf of the Municipality of Milan, with reference to some of the latter's real estate properties; starting from the current financial year, it also includes the management of the Public Housing assets owned by the Municipality of Bergamo;
- **Plant and Property Management:** it includes the assets and public asset management activities previously carried out by MIR prior to the merger with MM;
- **Ordinary Maintenance of Installations and Infrastructures:** it includes facility management and work supervision activities carried out on the school building assets of the Municipality of Milan and on the installations managed by other companies in which the Municipality of Milan has an interest;
- **Green:** it includes public green maintenance activities both for areas pertaining to the public housing stock and, from the year 2024, for green areas whose management is the responsibility of the Municipality of Milan;
- **Staff:** it includes the activities performed by the functions serving the operating divisions whose costs are allocated parametrically to each division.

Operating segments are monitored on the basis of: i) revenue; ii) EBITDA and iii) EBIT, iv) Net Financial Position.

Management believes that EBITDA provides a good indication of performance as it is not affected by tax regulations and depreciation policies.

For further information at company level and by business segment, please refer to the Report on Operations.

Notes to Balance Sheet Items

Assets

1.1 Property, plant and equipment

Property, plant and equipment amounted to EUR 71,611,473 (EUR 66,973,863 in the previous year). The composition, changes during the year and other information are set out and commented on below.

	Land and buildings	Plant and machinery	Industrial and commercial equipment	Tangible fixed assets under development	Leasehold improvements	Other property, plant and equipment	IFRS 16 - Rights of Use	Total
Historical cost as at 31.12.2023	75,010,453	25,720,966	4,530,997	11,777,682	3,028,996	10,873,218	7,195,602	138,137,914
Accumulated depreciation as at 31.12.2023	(24,369,038)	(25,408,547)	(4,491,477)	-	(2,440,945)	(8,812,965)	(5,641,079)	(71,164,051)
Balance as at 31.12.2023	50,641,415	312,419	39,520	11,777,682	588,051	2,060,253	1,554,523	66,973,863
Increases for the year	2,987,815	972,702	-	169,587	-	1,255,200	2,953,772	8,339,075
Decreases for the year	-	-	-	-	(6,932)	-	(19,868)	(26,800)
Reclassifications	-	3,196,733	-	(3,196,733)	-	-	-	-
Other changes	-	-	-	-	-	(8,010)	-	(8,010)
Depreciation/a mortisation for the year	(1,384,422)	(243,010)	(6,467)	-	(99,111)	(878,845)	(1,054,801)	(3,666,656)
Balance as at 31.12.2024	52,244,808	4,238,844	33,053	8,750,536	482,008	2,428,598	3,433,626	71,611,473
Historical cost as at 31.12.2024	77,998,268	29,890,401	4,530,997	8,750,536	3,022,064	12,128,418	10,129,506	146,450,190
Accumulated depreciation as at 31.12.2024	(25,753,460)	(25,651,557)	(4,497,944)	-	(2,540,056)	(9,699,820)	(6,695,880)	(74,838,717)

Increases for the year, totalling EUR 8,399,075 thousand, mainly refer to:

- improvements to owned properties
- purchase of furniture, office machines;
- transport vehicles
- increase in the value of 'Rights of Use' accounted for in accordance with IFRS 16.

Tangible Assets under development include EUR 1,811 thousand for the net book value of investments made by AMSA with which a lease agreement is in place with a commitment to purchase the improvements made by the lessee. The remainder of Tangible fixed assets under development mainly refers to the value of renovation work in progress on owned real estate.

1.2 Rights on goods under concession

'Rights on goods under concession' amounted to EUR 399,500,870 (EUR 375,398,344 in the previous year).

Changes in the item for the period from 1 January 2024 to 31 December 2024 are shown below:

Rights on goods under concession	
Historical cost	549,148,396
Accumulated depreciation	(173,750,052)
Balance as at 01 January 2024	375,398,344
Increases	50,533,777
Other - Reclassifications	-
FoNI	(6,363,557)
Decreases	(679,586)
Amortisation/depreciation	(19,388,108)
Balance at 31 December 2024	399,500,870
Historical cost	592,639,030
Accumulated depreciation	(193,138,160)

In accordance with IFRIC 12, rights on goods under concession amounting to EUR 399,500 thousand were recognised as at 31 December 2024. These rights are amortised on a straight-line basis over the term of the concession; the residual value of EUR 89.3 million, which represents the value of the assets to be transferred to the grantor at the end of the concession, is not amortised.

The item 'Rights on goods under concession' is shown net of the 'FoNI' (Fondo Nuovi Investimenti) tariff component; this component, which constitutes an advance for the financing of new works, is subject to a restriction on its use. The value of FoNI accumulated from the date of first recognition to 31 December 2024 and accounted for as a reduction of the value of the Rights on Goods under Concession is a total of EUR 116,100,096 (EUR 109,736,539 in the previous year).

Capital expenditure in the financial year 2024 amounted to EUR 50,533,777 (gross of the increase in the Fondo Nuovi Investimenti - New Investment Fund) and mainly concerned pipelines, work on the sewage treatment plant, and power stations.

Impairment test on goods under concession

As at 31 December 2024, a review was conducted to ascertain whether there were any indicators of impairment of the 'Rights on Goods under Concession'. Both internal and external sources of information were considered, such as any significant changes in the use of the assets, economic business performance compared to what was expected, any technological, market or regulatory discontinuities, trends in market interest rates or the cost of capital used to evaluate investments. Since the sources of information used did not reveal any indicators of impairment, no impairment test was performed and, therefore, no impairment losses were recognised with reference to the amounts recognised in the accounts under rights on goods under concession for the financial year 2024 and, consequently, no write-downs were made on these assets.

1.3 Other intangible assets

Other intangible assets amounted to EUR 8,718,406 (EUR 9,595,486 in the previous year).

Changes in the item 'Other intangible assets' for the period from 1 January 2024 to 31 December 2024 are shown below:

	Balance as at	Increases	Amortisation/depreciation	Balance as at
	31/12/2023	2024	2024	31/12/2024
Software	9,539,151	5,673,993	(6,551,073)	8,662,071
Other Intangible Assets	56,335	-	-	56,335
Total	9,595,486	5,673,993	(6,551,073)	8,718,406

The investments made in 2024 mainly relate to the upgrading and fine-tuning of the new integrated business process management software. In particular, a significant component of the year's increase relates to the enhancement and development of the management software already in use.

1.4 Deferred tax assets

Deferred tax assets amounted to EUR 37,558,942 (EUR 36,673,761 in the previous year).

They were calculated on the temporary differences between the asset values recorded in the financial statements and the corresponding values recognised for tax purposes, based on the rates that are expected to be applied when these differences reverse.

This item is broken down as follows:

Deferred tax assets	2023		2024	
	Temporary differences amount	Tax effect	Temporary differences amount	Tax effect
Provisions for risks and charges	6,686,409	1,968,810	7,615,609	2,273,992
Write-down provision	20,602,388	4,944,573	21,106,704	5,065,609
Recognition of fair value of IRS derivatives	502,735	120,656	370,134	88,832
FoNI contributions	102,614,033	28,937,157	104,978,898	29,613,600
Prepayments for connections	10,524,423	2,496,920	9,772,678	2,284,928
Other items	340,436	81,704	334,711	76,011
Total Company	141,270,422	38,549,821	144,178,733	39,402,972
Deferred taxes	2023		2024	
	Temporary differences amount	Tax effect	Temporary differences amount	Tax effect
Default interest	497,251	148,866	497,251	117,519
Tangible fixed assets	6,723,647	1,669,067	5,982,320	1,669,066
Employee benefits	242,204	58,129	244,633	57,445
Total Company	7,463,102	1,876,062	6,724,204	1,844,030
Total deferred tax assets/liabilities	133,807,320	36,673,760	137,464,529	37,558,942

As required by IAS 12, deferred tax assets are reported net of deferred tax liabilities, as deferred tax assets and liabilities relate to income taxes levied by the same tax jurisdiction.

1.5 Other non-current assets

Non-current assets amounted to EUR 4,019,973 (EUR 2,229,615 in the previous year) and are broken down as follows:

	Current year	Prior year
Accrued income and prepayments	3,787,437	2,056,957
Guarantee deposits	232,536	172,658
Total	4,019,973	2,229,615

The increase in prepaid expenses is mainly attributable to the advance payment of deferred costs incurred during the year.

1.6 Inventories

Inventories amounted to EUR 5,618,658 (EUR 4,533,501 at the previous reporting date).

This item refers mainly to spare parts and maintenance materials for the Integrated Water Service.

The value of inventories is shown net of the write-down provision, which amounts to EUR 1,148,725.

The change from the previous year relates to the combined effect of the increase in inventories and a decrease in the write-down provision attributable to the normal rotation of inventories; inventories at the end of the year mainly refer to piping and measuring instruments in stock at the end of the year, which were installed on the water mains during the first few months of the following year.

Inventories are broken down as follows:

	As at 01 January 2024	As at 31 December 2024
Raw materials, consumables and goods	6,106,760	6,767,382
Write-down provision for inventory	(1,573,259)	(1,148,725)
Total	4,533,501	5,618,658

1.7 Trade Receivables

Trade receivables, net of the corresponding allowance for doubtful accounts, amounted to EUR 197,061,855 (EUR 205,861,111 in the previous year).

The composition is detailed below.

	Current period	Prior year
From third parties	153,036,550	166,470,045
From parent companies	96,796,964	89,427,517
Total trade receivables - gross	249,833,515	255,897,562
Bad debt provision	(52,771,660)	(50,036,451)
Total trade receivables	197,061,855	205,861,111

Receivables from third parties

This item includes receivables of the Engineering and Staff Sector for EUR 27,042,100 (EUR 26,267,684 in the previous year) related to services rendered to third parties, receivables arising

from the management of the Integrated Water Service for EUR 123,265,787 (EUR 138,578,176 in the previous year), receivables of Ordinary Maintenance for Plant and Infrastructure for EUR 1,035,000 (EUR 460,060 in the previous year) and receivables related to the Housing and Plant and Property Management segments for the remaining EUR 1,693,663 (EUR 1,164,125 in the previous year).

Receivables from subsidiaries

Receivables from Parent Companies refer to the Engineering and Staff Sector for services rendered, invoiced and to be invoiced for EUR 56,810,778 (EUR 54,962,871 in the previous year), to the Integrated Water Service for EUR 11,337,540 (EUR 12,150,289 in the previous year), to the Housing Sector for EUR 19,600,996 (EUR 17,643,688 in the previous year), to the Ordinary Maintenance for Plant and Infrastructure in the amount of EUR 7,213,452 (EUR 4,012,460 in the previous year) and to the Green Sector in the amount of EUR 1,834,198 (EUR 658,208 in the previous year).

The value of receivables is shown net of advances received from the City of Milan in the amount of EUR 2,395 million.

Bad debt provision

The nominal amount of receivables adjusted to their estimated realisable value is obtained through the bad debt provision, which changed as follows during the year:

Description	Total
Balance as at 01 January 2024	50,036,448
Utilisation of the year	(1,049,489)
Allocation for the year	3,784,701
Balance at 31 December 2024	52,771,660

The aforementioned provision of EUR 31,005,395 (EUR 28,520,573 in the previous year) relates to the write-down of receivables from customers of the Water Service; EUR 21,619,850 (EUR 21,515,875 in the previous year) relates to the write-down of receivables claimed by the Engineering Division mainly from its Parent Company, and EUR 146,415 relates to the write-down of receivables for invoices to be issued by the Housing Division to the Parent Company.

During the year, a total provision of EUR 3,784,701 was set aside; this provision is EUR 3,000,000 to cover receivables arising from the management of the Water Service and is related to items for water consumption; the provision is estimated on the basis of expected losses.

For the remainder, amounting to EUR 784,701, the provision, related to the Engineering Sector, was determined by estimating probable losses on invoices to be issued for work in progress. In fact, contracts in the execution phase were analysed and a detailed reconnaissance of the positions claimed against the main clients was conducted in order to define their actual recoverability; the provision made reflects the outcome of this analysis.

1.8 Cash and cash equivalents

Cash and cash equivalents amounted to EUR 78,497,179 (EUR 61,000,428 at the previous reporting date).

They are broken down as follows.

	Current period	Prior year
Cash	7,672	9,861
Bank deposits	78,489,507	60,990,567
Total	78,497,179	61,000,428

1.9 Total other current assets

Other assets amounted to EUR 35,769,523 (EUR 34,163,907 at the previous reporting date).

This item is broken down as follows.

	Current period	Prior year
Tax credits	4,631,560	5,074,693
Advances	29,568,689	27,511,298
Receivables from social security institutions	495,892	495,892
Other current receivables	1,473,383	1,482,024
Bad debt provision	(400,000)	(400,000)
Total	35,769,523	34,163,907

The item 'tax credits' mainly refers to the residual portion of tax credits arising from the application of the 'Superbonus' accrued for works carried out on public residential buildings owned by the municipality and for which MM is the operator, the value of which amounts to EUR 3,327,748; the residual portion refers to credits for taxes paid on account in the amount of EUR 1,303,812.

The item 'Advances', amounting to EUR 29,568,689, refers to contractual advances paid to contractors in accordance with the provisions of the Tender Code.

Equity and Liabilities

1.10 Equity

The share capital consists of 36,996,233 ordinary shares with a nominal value of EUR 1, fully subscribed and paid up, held by the Municipality of Milan.

Equity - origin, utilisation and distributability

Below is the information required by Article 2427, No. 7 bis, which provides for the indication of shareholders' equity items, breaking them down according to their availability, origin and use in previous years to cover losses.

	Amount	Origin/Nature	Possibility of use	Available portion	Summary of utilisations in the previous year
Share capital	36,996,233	subscription/capital reserves	Loss coverage		
Legal reserve	7,399,247	Profit reserves	Loss coverage		
Other reserves					
Negative goodwill	47,193,065	Negative goodwill	capital increase, loss coverage, distribution	47,193,065	
Extraordinary reserve	177,247,847	Profit reserves	capital increase, loss coverage, distribution	177,247,847	
Housing Division Reserve	4,543,843	Profit reserves	capital increase, loss coverage, distribution	4,543,843	
IFRS Transition Reserve	4,369,648	IFRS Transition Reserve	capital increase, loss coverage, distribution	4,369,648	
Cash Flow Hedge Reserve	(281,300)			(281,300)	
Fondo Nuovi Investimenti Reserve	(10,830,754)			(10,830,754)	
Total other reserves	222,242,349			222,242,349	
Total Shareholders' Equity (excluding Profit/(Loss) for the Year)	266,637,829				

The 'New Investment Fund Reserve' includes the adjustment resulting from the retroactive application, effective 1.1.2021, of the change in the accounting treatment of the FoNI (Fondi Nuovi Investimenti) tariff component in the billing of the Water Service.

1.11 Current and non-current financial liabilities

Financial liabilities amounted to EUR 259,851,482 (EUR 270,452,117 at the previous reporting date). The composition and distinction between current and non-current portions are set out and commented on below.

Current and non-current financial liabilities	At 31 December 2024		At 31 December 2023	
	Current share	Non-current share	Current share	Non-current share
Bank loans	18,361,910	59,060,304	18,209,033	77,421,583
Bonds	1,881,015	97,205,074	-	98,962,104
Other loans	48,507,865	25,000,000	50,948,313	19,960,940
Current account overdrafts	4,672,831	-	449,161	-
Fair value IRS derivatives	-	370,132	-	502,733
Payables for financial charges	1,105,207	-	2,186,937	-
Financial payables for rights of use	1,275,632	2,411,512	687,939	1,123,374
Total	75,804,460	184,047,022	72,481,383	197,970,734

The costs incurred by the Company for bank loans and bonds are initially recorded as a reduction of financial liabilities and subsequently charged to the Income Statement using the amortised cost method in accordance with the provisions of IFRS 9.

The item 'Other loans' refers to the debt for the use of 'Hot Money' lines and for 18-month loans.

'Financial payables for rights of use' to third parties refer to the discounted value of payables arising from the application of IFRS 16 for leases previously classified as operating leases.

Information on the bank loans and the bond is summarised in the table below:

	Nominal value	Issue	Maturity	Interest rate	At 31 December 2024			
					Total	expiring within 1 year	expiring in 2-5 years	expiring after 5 years
Bank loans:								
Floating Rate Loan -BNL	20,000,000	2008	2028	Euribor 6m + 0.25%	4,000,000	1,000,000	3,000,000	-
Floating Rate Loan - Banca Intesa	20,000,000	2006	2026	Euribor 6m + 0.12%	2,725,878	1,337,795	1,388,081	-
Variable rate financing CREDEM	20,000,000	2022	2025	Euribor 3m + 0.7	10,000,000	10,000,000	-	-
Amortised cost					(39,696)	(39,696)	-	-
Fixed rate Loan BEI	70,000,000	2018	2034	1.757%	60,869,565	6,086,956	24,347,82	30,434,783
Amortised cost					(133,534)	(23,145)	(74,260)	(36,129)
Bonds:								

Senior secured amortising Fixed rate notes	100,000,000	2016	2035	3.15%	100,000,00	2,000,000	33,000,000	65,000,000
Amortised cost					(913,911)	(118,985)	(440,267)	(354,659)
Total					176,508,30	20,242,925	61,221,382	95,043,995

1.12 Provisions for risks and charges

Provisions for risks and charges amounted to EUR 7,658,127 (EUR 6,765,038 at the previous reporting date).

The composition and movements during the year are set out and commented on below.

	Balance as at 1 January 2024	Increase	Utilisations/Releases	Balance at 31 December 2024
Provisions for risks	2,955,675	2,776,944	(1,092,532)	4,640,087
Provision for future charges	3,809,362	0	(791,322)	3,018,040
Total	6,765,037	2,776,944	(1,883,854)	7,658,127

The 'Provision for risks', which totalled EUR 4,640,087, includes EUR 1,698,193 to cover estimated future losses on orders in progress in the Engineering segment for which negative margins have been recognised, and EUR 2,277,961 to cover lawsuits and disputes with companies and personnel, for which the risk of losing the case is considered probable. For the remainder, the provision is set aside for deductibles to be paid to insurance companies for outstanding claims.

The accrual for the year is EUR 200,000 related to insurance deductibles calculated on outstanding claims, and EUR 1,267,753 related to the recognition of future losses on ongoing job orders. The remainder of the provision is attributable for EUR 1,176,191 to the risk of penalties to be paid to a client in the execution of a specific project, and EUR 133,000 is attributable to interest expense to be paid to third parties.

The provision for future charges amounting to EUR 3,018,040 refers to charges not recognised by the Municipality of Milan in its capacity as client, amounting to EUR 2,845,087, and that is estimated to be incurred to complete some projects for the Engineering Sector. These charges, which were assessed on the basis of the redefinition of the economic framework of certain contracts, were accounted for in previous years following the finalisation of a 'Deed of Assessment' signed in 2020 with the Municipality of Milan and aimed at defining and crystallising certain credit positions claimed and dating back a long way in time.

During the year, the sum of EUR 791,322 set aside in the previous year was released for charges to be paid to the users of the Water Service according to the provisions of the Regulatory Authority.

1.13 Employee benefits

This item, including severance pay and other employee benefits, amounted to EUR 4,354,718 (EUR 4,676,907 in the previous year).

	Current period	Prior year
Employee Severance Indemnity	3,591,634	3,860,802
Other benefits	763,084	816,105
Total	4,354,718	4,676,907

Employee Severance Indemnity

The composition and movements during the year are set out and commented on below

Employee benefits	
Balance at 31 December 2023	3,860,802
Financial expenses	111,237
Actuarial losses	17,085
Liquidated sums	(397,489)
Balance at 31 December 2024	3,591,634

The provision for severance pay reflects the effects of discounting in accordance with IAS 19. The economic and demographic assumptions used for actuarial valuation purposes are detailed below:

Actualisation/discount rate	3.18% div. Engineering, Water, Housing and Staff 3.38% Ordinary Maintenance for Plant and Infrastructure and Green Areas
Inflation rate	2.00%

Expected mortality rate	State General Accounting Tables RG48
Expected disability rate	INPS1998M/INPS1998F Tables
Demographic assumptions: probability of exit/early retirement	3.00% - 3.10%
Annual rate of increase of severance indemnity	3.00%

Other employee benefits

This item amounting to EUR 763,804 refers to the amount set aside to date for capitalisation policies that will be paid to executives at the end of their employment as provided for in their supplementary contract.

1.14 Other non-current liabilities

Other non-current liabilities amounted to EUR 44,251,998 (EUR 38,866,392 at the previous reporting date).

They are broken down as follows:

	Current period	Prior year
Security deposits	23,882,140	20,659,453
Deferred income	20,369,858	18,206,939
Total	44,251,998	38,866,392

Security deposits refer to sums paid by tenants in the Housing Sector and users of the Water Service in accordance with the regulations in force.

Deferred income mainly refers to contributions for connections and network consolidation work that will be released annually in constant instalments by the expiry date of the Water Service concession.

1.16 Trade payables

Trade payables amounted to EUR 174,625,390 (EUR 172,204,510 at the previous reporting date).

They are broken down as follows:

	Current period	Prior year
To third parties	133,178,519	130,093,122
To parent companies	41,446,871	42,111,388
Total	174,625,390	172,204,510

This item includes payables related to the Company's ordinary business for the supply of goods, fixed assets and services. As at 31 December 2024, there were no payables with a residual maturity of more than five years on the financial statements.

Payables to third parties

The balance as at 31 December 2024 includes payables related to the Engineering and Staff Sector for EUR 48,233,216 (EUR 49,000,445 in the previous year), payables related to the Integrated Water Service for EUR 48,607,874 (EUR 50,115,113 in the previous year), related to the Housing Sector for EUR 18,533,745 (EUR 21,723,561 in the previous year), relative to the Plant and Property Management for EUR 8,968,495 (EUR 5,008,501 in the previous year), for EUR 4,559,154 (EUR 335,838 in the previous year) relative to the Green Sector and for EUR 4,276,036 (EUR 3,909,664 in the previous year) relative to the M.O. Plant and Infrastructure Sector.

This balance also includes the contractual deductions made on the works progress, which will only be paid once the work has been accepted.

Payables to parent companies

Payables to parent companies are entirely attributable to the Municipality of Milan.

The balance as at 31 December 2024 includes payables to the Engineering and Staff Sector for EUR 63,969 (EUR 63,336 in the previous year), to the Integrated Water Service for EUR 40,608,587 (EUR 41,294,762 in the previous year) and to the Housing Sector for EUR 774,316 (EUR 753,290 in the previous year).

Payables for the Integrated Water Service include, in addition to the service fee, the portion pertaining to the Municipality of Milan of the bills issued by the Company after 30 June 2003 and the purification fee to be paid to it in its capacity as Commissioner for the construction of the purification plants.

1.17 Other current liabilities

Other current liabilities amounted to EUR 34,934,793 (EUR 32,554,276 at the previous reporting date).

They are broken down as follows:

Other current liabilities	Current year	Prior year
Payables to employees	10,455,168	9,919,922
Payables to users of the Integrated Water Service	223,138	223,138
Advances	8,427,718	6,595,650
Payables to social security institutions	4,783,695	5,311,353
VAT and other tax payables	7,297,670	5,162,441
Payables to cash for energy and environmental services	1,142,496	2,859,218
Other liabilities	2,604,908	2,482,555
Total	34,934,793	32,554,276

The item 'Payables to employees' mainly includes payables for untaken holiday days, deferred remuneration, contractual bonuses and unpaid redundancy incentives.

The item 'Payables to users of the Integrated Water Service' refers to the portion of the A.T.O. tariff billed in 2012/13 to be returned to users.

The item 'Advances' includes the value of amounts invoiced on account from customers, of which Euro 6,444,919 from third parties and Euro 1,982,799 from the Parent Company.

The item 'Payables to cash for energy and environmental services' amounting to EUR 1,142,496 is inherent to the sums collected from the users of the Water Service through the tariff and periodically to be reversed to Cash for the purpose of implementing forms of equalisation and financing projects benefiting consumers.

Notes to items in the Income Statement

2.1 Revenues

Revenues amounted to EUR 250,867,023 (EUR 229,224,266 at the previous reporting date).

They are broken down by sector as follows:

	Current period	Prior year
Integrated Water Service	179,355,096	169,839,676
Engineering and Staff	33,986,757	27,546,834
Housing	17,573,739	17,176,639
Plant and Property Management	2,038,209	2,031,406
Ordinary Plant and Infrastructure Maintenance	12,424,958	11,166,637
Green	5,488,264	1,463,075
Total	250,867,023	229,224,266

The increase in the item 'Revenues' is mainly attributable to the updating of the Water Service tariffs following their approval in the current year by the regulatory body ARERA. With reference to the Water Service revenues, which totalled EUR 179,355,096, it should be noted that they incorporate a component referring to end-of-period consumption, accrued during the year and estimated through the use of billing calculation algorithms, the amount of which is EUR 28,756 thousand.

The increase in revenues is also attributable to the takeover of the management of public green spaces of the Municipality of Milan operated by MM as of 1 October 2024.

Revenues are shown net of costs for contracted works on behalf of third parties, which are repeated to clients on the basis of the concession deeds and service contracts, in the amount of EUR 78,956 thousand for the year ended 31 December 2024.

The breakdown by geographical area is shown below:

<i>Values in thousands of euros</i>	Current period	Prior year
Italy	243,901	227,532
Europe	0	0
Rest of the world	6,966	1,693
Total	250,867	229,224

Foreign revenues relate to engineering activities carried out through the Company's foreign offices.

2.2 Revenues for work on goods under concession

Revenues for work on goods under concession amounted to EUR 50,535,045 for the year ended 31 December 2024. These revenues correspond, in application of IFRIC 12, to the works realised on the goods under concession of the Integrated Water Service plus 3.42%, representing the best estimate of the remuneration of internal costs for the works management and design activities performed by the Company, equal to the mark-up that a general constructor would require to perform the same activity. The mark-up is restated on an annual basis and the value shown above relates to the year 2024.

2.3 Other revenues and income

Other revenues and income amounted to EUR 19,029,937 (EUR 25,969,338 at the previous reporting date).

They are broken down as follows:

	Current period	Prior year
Miscellaneous services performed by the IWS	3,300,849	1,767,317
Chargebacks and Expense Reimbursements	1,015,171	1,304,088
Increases for internal work	7,981,389	6,928,738
Release of Risk Provisions	1,754,235	2,163,967
Charges for seconded personnel costs	725,716	674,576
Contingent assets	32,307	656,651
Sundry income	4,209,167	12,451,795
Capital grants	11,103	22,206
Total	19,029,937	25,969,338

The item 'Increases for internal work' mainly refers to the recognition of the value of internal personnel employed to implement the investments of the Water Service.

The decrease in the item 'Sundry income' is mainly attributable to the loss of the tax credit accrued in relation to the costs of electricity and gas in accordance with the 'Decreto Aiuti' aid decree, which expired on 30 June 2023; the decrease is also attributable to the loss of extraordinary income recognised by ARERA and related to the achievement of technical quality standards for the Water Service.

The increase in the item 'Release of risk provisions' is mainly due to the release of the provision for future charges accrued in the previous year against the application of contractual regulation penalties determined in 2023 by the Water Service Regulation Authority and applied to the calculation of water tariffs in force in the current year.

The dynamics of the item 'Release of risk provisions' are also influenced by the release of losses on orders of the Engineering Business Unit as a result of the progress of work in progress during the year.

2.4 Costs for raw materials, consumables and goods

Raw materials and goods amounted to EUR 9,501,099 (EUR 6,300,780 at the previous reporting date).

They are broken down as follows.

	Current period	Prior year
Consumables and miscellaneous	10,586,256	7,533,094
Change in inventory of raw and auxiliary materials, consumables	(1,085,157)	(1,232,314)
Total	9,501,099	6,300,780

2.5 Other operating costs

Other operating costs amounted to EUR 3,488,197 (EUR 4,660,416 at the previous reporting date).

They are broken down as follows.

	Current period	Prior year
Membership fees	317,592	370,662
Taxes and other deductible taxes	198,206	186,338
IMU property tax	384,264	360,962
Donations	3,000	-
Losses on receivables	-	908,575
Other operating expenses	2,585,135	2,833,879
Total	3,488,197	4,660,416

2.6 Costs for Services

Costs for services amounted to EUR 85,700,853 (EUR 97,040,080 at the previous reporting date).

They are broken down as follows.

	Current period	Prior year
Utilities (water, electricity)	27,868,672	38,512,018
Gas	1,575,600	2,121,169
External processing	372,487	365,136
Maintenance	9,124,352	10,429,692
Technical and legal advice	6,901,019	7,814,249
Directors' fees	252,597	253,422
Remuneration of Statutory Auditors	52,000	53,650
Advertising and promotions	113,188	106,285
Postal and telephone	469,411	566,306
Insurance	3,255,976	3,089,610
Travel and business trips	291,597	184,781
Other costs for services	15,916,281	10,579,367
Activated carbon regeneration costs	1,214,969	2,211,929
Canteen and vouchers	2,102,616	1,789,793
Services provided by the Municipality of Milan	2,339,571	2,946,939
Sewerage and purification service fee	4,857,902	4,847,060
Waste disposal	6,934,149	8,223,294
Use of third-party assets	2,058,465	2,945,379
Total	85,700,853	97,040,080

The decrease in the item 'Costs for Services' is mainly attributable to the reduction in energy and gas prices during the year; this change is attributable to the significant changes in the international context and the consequent reflection in the domestic energy market.

The item 'Other costs for services' mainly includes costs incurred for various types of consultancy activities, for bank fees and commissions, for contributions to cover the operating expenses of the regulatory bodies (ATO and ARERA), for IT services, and for maintenance services.

The item 'Use of third-party assets' is broken down as follows:

	Current period	Prior year
Leases and rentals	1,210,546	1,001,323
Rights and Patents	768,759	1,892,763
Other costs for use of third-party assets	79,160	51,293
Total	2,058,465	2,945,379

2.7 Costs for work on goods under concession

Costs for work on goods under concession amounted to EUR 48,808,227 for the year ended 31 December 2024. This item represents the cost of works carried out on goods under concession.

2.8 Personnel Costs

They amounted to EUR 74,332,491 (EUR 74,276,796 at the previous reporting date).

The breakdown of labour costs is set out and commented on below.

	Current period	Prior year
Wages and salaries	54,142,933	53,587,823
Social security contributions	16,486,123	16,556,064
Employees' leaving entitlement (TFR)	3,248,920	3,611,639
Other costs	454,515	521,270
Total	74,332,491	74,276,796

Personnel are broken down by category as follows:

No. of employees		
	Average number for the year	At the end of the year
Managers	31	30
Middle managers	83	87
Office workers	822	828
Blue-collars	426	436
Total	1,361	1,381

Other personnel costs include charges for agreed terminations paid to employees under individual agreements.

2.9 Amortisation/depreciation, write-downs and accruals

This item amounted to EUR 36,167,431 (EUR 37,066,581 in the previous year).

The composition is set out and commented on below.

	2024	2023
Amortisation/depreciation of tangible and intangible assets	29,605,787	29,425,390
Provisions and impairment losses	6,561,644	7,641,191
Total	36,167,431	37,066,581

Amortisation/depreciation for tangible and intangible assets is broken down as follows:

	Current period
Property, plant and equipment	3,666,656
Rights on goods under concession	19,388,108
Other Intangible Assets	6,551,023
Total	29,605,787

The item 'Provisions and impairment losses', amounting to EUR 6,561,644, includes EUR 2,776,943 in provisions for risks and charges.

Provisions, as more fully described in section '1.12 Provisions for Risks and Charges', were made for EUR 1,176,191 against the risk of penalties to be paid to a client in connection with the performance of a specific contract. In addition, a provision of EUR 1,267,753 was set aside to cover future losses on projects of the Engineering Business Unit, and EUR 200,000 refers to provisions for insurance deductibles.

For the remainder, amounting to EUR 3,784,701, an allocation was made to the bad debt provision as detailed in section '1.7 Trade Receivables'.

2.10 Loss on disposals of fixed assets

The impairment loss on goods under concession, tangible and intangible assets amounted to EUR 101,431 (EUR 676,466 in the previous year).

It is broken down as follows:

	Current period	Prior year
Impairment losses on assets included in 'Rights on Goods Under Concession'	101,431	676,466

The significant increase in this item is mainly attributable to the decommissioning of meters and systems belonging to the Water Service.

2.11 Financial income and expenses

Financial expenses net of income amounted to EUR 8,373,451 (EUR 9,293,475 in the previous year). The composition is set out and commented on below.

Financial income and expenses	Current year	Prior year
Interest on trade receivables and penalties for late payment	207,457	58,852
Interest income on bank accounts	809,889	376,577
Exchange rate gains	537,932	374,757

Total financial income	1,555,278	810,186
Interest expenses on mortgages and loans	7,367,724	7,262,271
Bank interest expense	1,561,605	1,830,058
Interest cost - employee benefits	110,752	140,130
Exchange rate losses	535,928	426,037
Other financial expense	352,720	445,164
Total financial charges	9,928,729	10,103,661
Net financial income/(expenses)	(8,373,451)	(9,293,475)

The value of financial expenses mainly relates to the Water Service Sector and is attributable to interest on the bond loan and other loans taken out to implement the investment plan.

The item 'Other Financial Expense' mainly refers to interest recognised for lease contracts in accordance with IFRS 16 and interest paid to the factoring company for Water Service receivables assigned during the year.

2.12 Income Taxes

Income taxes amounted to EUR 15,240,934 (EUR 7,727,141 at the previous reporting date).

The composition, changes during the year and other information are set out and commented on below.

Below is a breakdown of 'Taxes' for the year ended 31 December 2024:

	Current period	Prior year
Current IRES taxes	13,081,082	7,773,975
Current IRAP taxes	2,837,258	2,046,201
Deferred tax assets/liabilities	(677,406)	(2,093,035)
Total	15,240,934	7,727,141

The following table shows the reconciliation of the theoretical tax rate with the actual impact on the result for the period:

	Year ending 31 December 2024	
		%
Pre-tax profit	53,958,825	
Theoretical income taxes (IRES)	12,950,118	24.00%
Tax effect permanent differences	(546,442)	
IRAP	2,837,258	
Income taxes	15,240,934	
Effective tax rate		28.25%

Other information

Off-balance sheet agreements

It should be noted that the company has no agreements in place that are not reflected in the balance sheet.

Sureties and guarantees granted in favour of third parties

As at 31 December 2024, guarantees issued by third parties amounted to a total of EUR 21,692,000 and referred to:

- the guarantee in favour of ATO in accordance with the provisions of the agreement for the concession of the Integrated Water Service for EUR 3,400 thousand;
- the guarantee issued to the Municipality of Milan for the regular execution of works for the modernisation of the water network for EUR 100 thousand;
- guarantees to entities and clients for the performance of contracts for EUR 18,192 thousand

It should also be noted that, in accordance with the document registered on 22/12/2016, the Company establishes a general lien in favour of Bond Loan subscribers and in favour of the EIB to secure fulfilment of the latter's claims.

Litigation

The Company is a party in civil proceedings and legal actions related to the normal course of its business. On the basis of the information currently available, taking into account the funds allocated, it is believed that no significant negative effects are likely to result from these proceedings. In addition to what is indicated in note '1.12 - Provisions for liabilities and charges', below is an indication of a proceeding for which no allocation to the provision for risks has been made because an unfavourable outcome is deemed unlikely.

We refer in particular to a civil case that was brought in 2022 with reference to an important procurement contract signed in 2003 concerning the construction of the extension of Line 1 of the Milan Metro. The plaintiff, suing MM, requests the recognition of the reserves set out in the site account register in the amount of approximately EUR 24 million. In 2023, MM entered an appearance in court contesting the other party's claims. Despite the fact that the latter had repeatedly requested that a Court-appointed Technical Consultation (CTU) be ordered, on 29 January 2025, the Judge did not admit either CTU or any other evidence put forward by the parties, and adjourned the case for the specification of conclusions to the next hearing to be held in 2026. For this litigation, the risk of MM losing the case is considered unlikely at present.

In addition to the proceedings described above, there are additional pending disputes concerning claims brought by companies and arising from the performance of procurement contracts executed on behalf of entities for which MM is the contracting authority; the value of these pending disputes as at 31.12.2024 totalled approximately EUR 5.9 million at historical prices.

It should be noted that in the event of a loss, the relevant costs will be recoverable from the grantor bodies as they are connected with and result from the works carried out.

Related party transactions

The Municipality of Milan holds 100% of the company's share capital, therefore, the Company is wholly owned by the Municipality of Milan.

The Company has availed itself of the exemption provided by paragraph 25 of IAS 24, and is therefore exempt from the disclosure requirements of paragraph 18 of IAS 24 concerning related party transactions and outstanding balances, including commitments, with the Municipality of Milan and its subsidiaries.

The following is a description of the Company's relations with the Municipality of Milan and its subsidiaries.

Transactions with the Municipality of Milan during the financial year 2024 mainly related to:

- engineering services for technical assistance to the Municipality of Milan;
- property management services (administrative management, accounting management, mobility management, communication and user relations management) and facility management services (services, supplies and technical maintenance management) of municipally owned housing stock;
- public green management services of the Municipality of Milan.

As of 31 December 2024, the Company's receivables from the Municipality of Milan totalled EUR 2.4 billion, while its payables to the same amounted to EUR 2.3 billion; the debit and credit items arising from the mandate relationship on behalf of the Municipality are offset against each other; the Balance Sheet therefore shows the net amount of the reciprocal positions. The Company's revenues from the Municipality of Milan amounted to EUR 66 million, while the value of costs incurred as contracting station on behalf of the Municipality of Milan amounted to EUR 79 million; revenues and costs deriving from the role of contracting authority are offset against each other and consequently represented in the Income Statement net of reciprocal positions. The value of service costs recharged by the parent company to MM amounted to EUR 2.3 million. It should be noted that the Company, for engineering services, has offset receivables and payables to the Municipality of Milan

as well as revenues and related costs in the financial statements, as the Company represents a mere intermediary between the Municipality of Milan and third-party contractors.

In accordance with the provisions of IFRS 15, in fact, since for engineering services the Company acts as an agent between the Municipality of Milan and its suppliers, the revenues and receivables related to the construction of the assets are offset against the related costs and payables.

Transactions with companies controlled by the Municipality of Milan mainly concern:

- engineering services for Milanospo S.p.a., Arexpo S.p.A., Sogemi SpA, AMAT and M4 S.p.A;
- costs for removing interferences of transport lines with works in the engineering and/or Integrated Water Service sectors charged by ATM S.p.A. and companies of the A2A Group;
- administration of water services to all companies in which the Municipality of Milan has an interest;
- purchase of waste disposal services from A2A;
- income from a lease contract entered into with AMSA S.p.A., with reference to assets made available to the pro tempore concessionaire of the urban hygiene service of the city of Milan.

Significant events after 31 December 2024

No significant events occurred after the end of the financial year.

Remuneration of corporate bodies and the auditing firm

Directors' and statutory auditors' fees

The following information about directors and statutory auditors is provided below pursuant to Article 2427(16) of the Italian Civil Code.

	Current year	Prior year
Directors	252,597	253,422
Board of Statutory Auditors	52,000	53,650

Fees to the auditing firm

For the financial year ending 31 December 2024, the fees payable to the auditing firm amounted to a total of EUR 150,933. This amount is attributable to the activities summarised in the table below.

	Amount
Statutory Audit of Financial Statements and Related Activities	60,984
Audit of Separate Annual Accounts	4,949
Non-Financial Declaration control activities and other activities	85,000
Balance as at 31 December 2024	150,933

Allocation of the profit for the year

It is proposed to the Shareholders' Meeting to allocate the profit for the year of EUR 38,717,891 as follows:

- to the extraordinary reserve for EUR 37,555,500
- for EUR 1,162,391, equal to the portion of the net result for the year attributable to the Housing Division for the activities pertaining to the Municipality of Milan, to the Optional Reserve to be used to carry out specific interventions that the Housing Division's strategic plan envisages or for the activities to complete the documentation pertaining to the real estate assets managed.

Considering also that, at the indication of the Municipality of Milan, projects pertaining to these specific investments were implemented during the year for the amount of EUR 190,970 and operating costs were incurred pertaining to the management of the ERP assets for EUR 1,500, which were borne by the Housing Division, it is proposed to release the amount of EUR 192,470 the Optional Reserve established with the portion of profits from previous years, attributable to the Housing Division itself.

For the Board of Directors

CEO

FRANCESCO MASCOLO



Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014

To the shareholders of MM SpA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of MM SpA (the Company), which comprise the statement of financial position as of 31 December 2024, the the statement of comprehensive income, statement of changes in equity, cash flows statement for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 December 2024, and of the result of its operations and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of this report. We are independent of the Company pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers SpA

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Key Audit Matters**Auditing procedures performed in response to key audit matters**

Measurement of the bad debt provision for the water segment

Note 1.7 to the financial statements “Trade receivables”

The item ‘Trade receivables’ of the financial statements as of 31 December 2024 includes receivables referred to the Integrated Water Service equal to Euro 123,266 thousand, with the relevant bad debt provision amounting to Euro 31,005 thousand.

We focused on this line item in consideration of the materiality of the balance and the high degree of judgement and subjectivity intrinsic to the valuation of that bad debt provision, mostly related to the extreme fragmentation of receivables and to the peculiarity of the segment, which is characterised by its nature of ‘essential service’.

The Company estimates the non-recoverable amount of trade receivables in accordance with the new international financial reporting standard IFRS 9 - Financial Instruments.

The measurement of the bad debt provision was performed by management through an estimate of the expected credit loss based on different criteria depending on the debtor being a private-sector or public-sector entity. The expected credit loss estimate is based on past experience, adjusted to reflect the age of overdue balances, and on forward looking elements that may affect the estimated recovery.

We paid special attention to our audit procedures in this area; in detail:

- We understood and evaluated the credit management process and the treasury cycle (collections) and verified, on a test basis, the operating effectiveness of relevant controls;
 - We performed a critical analysis of management’s assessments, through discussion with the credit manager;
 - We performed a critical analysis of the estimated loss rate, based on the nature of the debtor and the age of the overdue balance;
 - We verified, on a test basis, the classification of receivables in the various overdue categories;
 - We analysed guarantees in place, if any;
 - Finally, we verified the consistency of the method used by the Company with the requirements of IFRS 9, and the mathematical accuracy of the calculation of expected credit losses.
-



Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board and adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05 and, in the terms prescribed by law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the Company's ability to continue as a going concern and, in preparing the financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised our professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- We obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- We concluded on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial



- statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;
- We evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate the related risks, or safeguards applied.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

Additional Disclosures required by Article 10 of Regulation (EU) No 537/2014

On 20 May 2016, the shareholders of MM SpA in general meeting engaged us to perform the statutory audit of the Company's financial statements for the years ending 31 December 2016 to 31 December 2024.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to the board of statutory auditors, in its capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinions and statement in accordance with article 14, paragraph 2, letters e), e-bis) and e-ter) of Legislative Decree No. 39/10

The directors of MM SpA are responsible for preparing a report on operations of MM SpA as of 31 December 2024, including its consistency with the relevant financial statements and its compliance with the law.



We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to:

- express an opinion on the consistency of the report on operations, with the financial statements;
- express an opinion on the compliance with the law of the report on operations, excluding the section on the individual sustainability reporting;
- issue a statement on material misstatements, if any, in the report on operations.

In our opinion, the report on operations is consistent with the financial statements of MM SpA as of 31 December 2024.

Moreover, in our opinion, the report on operations, excluding the section on the individual sustainability reporting, is prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e-ter), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Our opinion on compliance with the law does not extend to the section of the report on operations relating to the individual sustainability reporting. The conclusions on the compliance of that section with the rules governing its preparation and on compliance with the disclosure requirements established by article 8 of Regulation (EU) 2020/852 are expressed by ourselves in the report prepared in accordance with article 14-bis of Legislative Decree No. 39/10.

Milan, 10 June 2025

PricewaterhouseCoopers SpA

Signed by

Andrea Crespi
(Partner)

This independent auditor's report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

Relazione della società di revisione indipendente

ai sensi dell'articolo 14 del DLgs 27 gennaio 2010, n° 39 e dell'articolo 10 del Regolamento (UE) n° 537/2014

All'azionista di MM SpA

Relazione sulla revisione contabile del bilancio d'esercizio

Giudizio

Abbiamo svolto la revisione contabile del bilancio d'esercizio della società MM SpA (la "Società"), costituito dalla situazione patrimoniale-finanziaria al 31 dicembre 2024, dal conto economico complessivo, dal prospetto delle variazioni del patrimonio netto, dal rendiconto finanziario per l'esercizio chiuso a tale data e dalle note al bilancio che includono le informazioni rilevanti sui principi contabili applicati.

A nostro giudizio, il bilancio d'esercizio fornisce una rappresentazione veritiera e corretta della situazione patrimoniale e finanziaria della Società al 31 dicembre 2024, del risultato economico e dei flussi di cassa per l'esercizio chiuso a tale data in conformità ai principi contabili IFRS emanati dall'International Accounting Standards Board e adottati dall'Unione Europea nonché ai provvedimenti emanati in attuazione dell'articolo 9 del DLgs n° 38/05.

Elementi alla base del giudizio

Abbiamo svolto la revisione contabile in conformità ai principi di revisione internazionali (ISA Italia). Le nostre responsabilità ai sensi di tali principi sono ulteriormente descritte nella sezione *Responsabilità della società di revisione per la revisione contabile del bilancio d'esercizio* della presente relazione. Siamo indipendenti rispetto alla Società in conformità alle norme e ai principi in materia di etica e di indipendenza applicabili nell'ordinamento italiano alla revisione contabile del bilancio. Riteniamo di aver acquisito elementi probativi sufficienti e appropriati su cui basare il nostro giudizio.

Aspetti chiave della revisione contabile

Gli aspetti chiave della revisione contabile sono quegli aspetti che, secondo il nostro giudizio professionale, sono stati maggiormente significativi nell'ambito della revisione contabile del bilancio dell'esercizio in esame. Tali aspetti sono stati da noi affrontati nell'ambito della revisione contabile e nella formazione del nostro giudizio sul bilancio d'esercizio nel suo complesso; pertanto, su tali aspetti non esprimiamo un giudizio separato.

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Aspetti chiave

Procedure di revisione in risposta agli aspetti chiave

Valutazione della congruità del fondo svalutazione crediti del settore idrico

Nota Esplicativa n.1.7 del bilancio d'esercizio "Crediti Commerciali"

Nella voce "Crediti commerciali" del bilancio al 31 dicembre 2024 sono iscritti crediti riferiti al Servizio Idrico Integrato pari a Euro 123.266 migliaia, il cui relativo fondo svalutazione crediti è pari a Euro 31.005 migliaia.

Ci siamo focalizzati sul fondo svalutazione crediti in considerazione della significatività dello stesso e dell'elevato grado di giudizio professionale e complessità insito nella sua valutazione in buona parte correlato all'estrema frammentazione dei crediti e alla tipicità del settore, che si contraddistingue per la "natura essenziale" del servizio offerto.

La Società stima il valore inesigibile dei crediti commerciali sulla base delle prescrizioni dettate dal principio contabile internazionale IFRS 9 "Financial Instruments".

La valutazione del fondo svalutazione crediti è stata condotta dal management della società mediante la stima dell'aspettativa della perdita attesa (expected loss) differenziata in base alla natura privata o pubblica del debitore. La stima dell'aspettativa di perdita attesa scaturisce dall'esperienza storica, riparametrata sull'anzianità dei saldi, e, se applicabile, su elementi prospettici (*forward looking elements*), che possano inficiare le aspettative di recupero.

Particolare attenzione è stata prestata alle procedure di revisione in tale area, che hanno compreso:

- la comprensione e valutazione del processo di gestione del credito e del ciclo tesoreria (incassi) e la verifica, su base campionaria, dell'efficacia operativa dei controlli rilevanti;
- l'analisi critica delle valutazioni effettuate dalla Società tramite colloqui con il credit manager;
- l'analisi critica della stima del tasso di perdita atteso, differenziato in base alla natura del debitore e all'anzianità dello scaduto;
- la verifica su base campionaria dell'imputazione dei crediti alle differenti fasce di scaduto;
- l'analisi delle garanzie eventualmente in essere;
- infine, abbiamo verificato la coerenza della metodologia utilizzata dalla Società con le prescrizioni dettate dal principio contabile internazionale IFRS 9 e l'accuratezza del calcolo matematico di determinazione delle perdite attese.

Responsabilità degli amministratori e del collegio sindacale per il bilancio d'esercizio

Gli amministratori sono responsabili per la redazione del bilancio d'esercizio che fornisca una rappresentazione veritiera e corretta in conformità ai principi contabili IFRS emanati dall'International Accounting Standards Board e adottati dall'Unione Europea nonché ai



provvedimenti emanati in attuazione dell'articolo 9 del DLgs n° 38/05 e, nei termini previsti dalla legge, per quella parte del controllo interno dagli stessi ritenuta necessaria per consentire la redazione di un bilancio che non contenga errori significativi dovuti a frodi o a comportamenti o eventi non intenzionali.

Gli amministratori sono responsabili per la valutazione della capacità della Società di continuare a operare come un'entità in funzionamento e, nella redazione del bilancio d'esercizio, per l'appropriatezza dell'utilizzo del presupposto della continuità aziendale, nonché per una adeguata informativa in materia. Gli amministratori utilizzano il presupposto della continuità aziendale nella redazione del bilancio d'esercizio a meno che abbiano valutato che sussistono le condizioni per la liquidazione della Società o per l'interruzione dell'attività o non abbiano alternative realistiche a tali scelte.

Il collegio sindacale ha la responsabilità della vigilanza, nei termini previsti dalla legge, sul processo di predisposizione dell'informativa finanziaria della Società.

Responsabilità della società di revisione per la revisione contabile del bilancio d'esercizio

I nostri obiettivi sono l'acquisizione di una ragionevole sicurezza che il bilancio d'esercizio nel suo complesso non contenga errori significativi, dovuti a frodi o a comportamenti o eventi non intenzionali, e l'emissione di una relazione di revisione che includa il nostro giudizio. Per ragionevole sicurezza si intende un livello elevato di sicurezza che, tuttavia, non fornisce la garanzia che una revisione contabile svolta in conformità ai principi di revisione internazionali (ISA Italia) individui sempre un errore significativo, qualora esistente. Gli errori possono derivare da frodi o da comportamenti o eventi non intenzionali e sono considerati significativi qualora ci si possa ragionevolmente attendere che essi, singolarmente o nel loro insieme, siano in grado di influenzare le decisioni economiche prese dagli utilizzatori sulla base del bilancio d'esercizio.

Nell'ambito della revisione contabile svolta in conformità ai principi di revisione internazionali (ISA Italia), abbiamo esercitato il giudizio professionale e abbiamo mantenuto lo scetticismo professionale per tutta la durata della revisione contabile. Inoltre:

- abbiamo identificato e valutato i rischi di errori significativi nel bilancio d'esercizio, dovuti a frodi o a comportamenti o eventi non intenzionali; abbiamo definito e svolto procedure di revisione in risposta a tali rischi; abbiamo acquisito elementi probativi sufficienti e appropriati su cui basare il nostro giudizio. Il rischio di non individuare un errore significativo dovuto a frodi è più elevato rispetto al rischio di non individuare un errore significativo derivante da comportamenti o eventi non intenzionali, poiché la frode può implicare l'esistenza di collusioni, falsificazioni, omissioni intenzionali, rappresentazioni fuorvianti o forzature del controllo interno;
- abbiamo acquisito una comprensione del controllo interno rilevante ai fini della revisione contabile allo scopo di definire procedure di revisione appropriate nelle circostanze e non per esprimere un giudizio sull'efficacia del controllo interno della Società;
- abbiamo valutato l'appropriatezza dei principi contabili utilizzati nonché la ragionevolezza delle stime contabili effettuate dagli amministratori, inclusa la relativa informativa;
- siamo giunti a una conclusione sull'appropriatezza dell'utilizzo da parte degli amministratori del presupposto della continuità aziendale e, in base agli elementi probativi acquisiti, sull'eventuale esistenza di un'incertezza significativa riguardo a eventi o circostanze che



possono far sorgere dubbi significativi sulla capacità della Società di continuare a operare come un'entità in funzionamento. In presenza di un'incertezza significativa, siamo tenuti a richiamare l'attenzione nella relazione di revisione sulla relativa informativa di bilancio ovvero, qualora tale informativa sia inadeguata, a riflettere tale circostanza nella formulazione del nostro giudizio. Le nostre conclusioni sono basate sugli elementi probativi acquisiti fino alla data della presente relazione. Tuttavia, eventi o circostanze successivi possono comportare che la Società cessi di operare come un'entità in funzionamento;

- abbiamo valutato la presentazione, la struttura e il contenuto del bilancio d'esercizio nel suo complesso, inclusa l'informativa, e se il bilancio d'esercizio rappresenti le operazioni e gli eventi sottostanti in modo da fornire una corretta rappresentazione.

Abbiamo comunicato ai responsabili delle attività di governance, identificati a un livello appropriato come richiesto dagli ISA Italia, tra gli altri aspetti, la portata e la tempistica pianificate per la revisione contabile e i risultati significativi emersi, incluse le eventuali carenze significative nel controllo interno identificate nel corso della revisione contabile.

Abbiamo fornito ai responsabili delle attività di governance anche una dichiarazione sul fatto che abbiamo rispettato le norme e i principi in materia di etica e di indipendenza applicabili nell'ordinamento italiano e abbiamo comunicato loro ogni situazione che possa ragionevolmente avere un effetto sulla nostra indipendenza e, ove applicabile, le azioni intraprese per eliminare i relativi rischi o le misure di salvaguardia applicate.

Tra gli aspetti comunicati ai responsabili delle attività di governance, abbiamo identificato quelli che sono stati più rilevanti nell'ambito della revisione contabile del bilancio dell'esercizio in esame, che hanno costituito quindi gli aspetti chiave della revisione. Abbiamo descritto tali aspetti nella relazione di revisione.

Altre informazioni comunicate ai sensi dell'articolo 10 del Regolamento (UE) 537/2014

L'assemblea degli azionisti di MM SpA ci ha conferito in data 20 maggio 2016 l'incarico di revisione legale del bilancio d'esercizio della Società per gli esercizi dal 31 dicembre 2016 al 31 dicembre 2024.

Dichiariamo che non sono stati prestati servizi diversi dalla revisione contabile vietati ai sensi dell'articolo 5, paragrafo 1, del Regolamento (UE) 537/2014 e che siamo rimasti indipendenti rispetto alla Società nell'esecuzione della revisione legale.

Confermiamo che il giudizio sul bilancio d'esercizio espresso nella presente relazione è in linea con quanto indicato nella relazione aggiuntiva destinata al collegio sindacale, nella sua funzione di comitato per il controllo interno e la revisione contabile, predisposta ai sensi dell'articolo 11 del citato Regolamento.

Relazione su altre disposizioni di legge e regolamentari

Giudizi e dichiarazione ai sensi dell'articolo 14, comma 2, lettere e), e-bis) ed e-ter), del DLgs 39/10

Gli amministratori di MM SpA sono responsabili per la predisposizione della relazione sulla gestione di MM SpA al 31 dicembre 2024, incluse la sua coerenza con il relativo bilancio d'esercizio e la sua conformità alle norme di legge.

Abbiamo svolto le procedure indicate nel principio di revisione (SA Italia) n° 720B al fine di:

- esprimere un giudizio sulla coerenza della relazione sulla gestione, con il bilancio d'esercizio;
- esprimere un giudizio sulla conformità alle norme di legge della relazione sulla gestione, esclusa la sezione relativa alla rendicontazione individuale di sostenibilità;
- rilasciare una dichiarazione su eventuali errori significativi nella relazione sulla gestione.

A nostro giudizio, la relazione sulla gestione è coerente con il bilancio d'esercizio di MM SpA al 31 dicembre 2024.


Inoltre, a nostro giudizio, la relazione sulla gestione, esclusa la sezione relativa alla rendicontazione individuale di sostenibilità, è redatta in conformità alle norme di legge.

Con riferimento alla dichiarazione di cui all'articolo 14, comma 2, lettera e-ter), del DLgs 39/10, rilasciata sulla base delle conoscenze e della comprensione dell'impresa e del relativo contesto acquisite nel corso dell'attività di revisione, non abbiamo nulla da riportare.

Il nostro giudizio sulla conformità alle norme di legge non si estende alla sezione della relazione sulla gestione relativa alla rendicontazione individuale di sostenibilità. Le conclusioni sulla conformità di tale sezione alle norme che ne disciplinano i criteri di redazione e all'osservanza degli obblighi di informativa previsti dall'articolo 8 del Regolamento (UE) 2020/852 sono formulate da parte nostra nella relazione di attestazione ai sensi dell'articolo 14-bis del DLgs 39/10.

Milano, 10 giugno 2025

PricewaterhouseCoopers SpA



Andrea Crespi
(Revisore legale)



Independent auditor's limited assurance report on the sustainability report

in accordance with article 14-bis of Legislative Decree No. 39 of 27 January 2010

To the shareholders of MM SpA

Conclusion

In accordance with article 8 of Legislative Decree No. 125 of 6 September 2024 (hereinafter also the "Decree"), we have undertaken a limited assurance engagement on the sustainability report of MM SpA (the "Company") for the year ended 31 December 2024 prepared in accordance with article 3 of the Decree, presented in the specific section of the report on operations.

Based on the procedures performed, nothing has come to our attention that causes us to believe that:

- the sustainability report of MM SpA for the year ended 31 December 2024 is not prepared, in all material respects, in accordance with the reporting criteria adopted by the European Commission pursuant to Directive (EU) 2013/34/UE (*European Sustainability Reporting Standards*, hereinafter also the "ESRS");
- the information set out in paragraph "2.2.1 EU Taxonomy Information" of the sustainability report is not prepared, in all material respects, in accordance with article 8 of Regulation (UE) No. 852 of 18 June 2020 (hereinafter also the "Taxonomy Regulation").

Basis for conclusion

We conducted our limited assurance engagement in accordance with the Standard on Sustainability Assurance Engagements - SSAE (Italia). The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Our responsibilities under this Standard are further described in the *Auditor's Responsibilities for the Limited Assurance Conclusion on the Sustainability Report* section of this report.

We are independent in accordance with the principles of ethics and independence applicable to assurance engagements on sustainability reporting under Italian law.

Our firm applies International Standard on Quality Management 1 (ISQM Italia 1), which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

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We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Other matters

The comparative information presented in the sustainability report in relation to the year ended 31 December 2023 and 31 December 2022 was not subjected to any assurance procedures.

Responsibilities of the directors and the board of statutory auditors of MM SpA for the sustainability report

The directors of MM SpA are responsible for developing and implementing the procedures adopted to identify the information included in the sustainability report in accordance with the provisions of the ESRS (hereinafter the “materiality assessment process”) and for describing those procedures in the “IRO 1 - Description of the processes to identify and assess material impacts, risks and opportunities” note of the sustainability report.

The directors are also responsible for preparing the sustainability report, which contains the information identified through the materiality assessment process, in accordance with the provisions of article 3 of the Decree, including:

- its compliance with the ESRS;
- its compliance with article 8 of the Taxonomy Regulation of the information set out in paragraph “2.2.1 EU Taxonomy Information”.

That responsibility involves designing, implementing and maintaining, in the terms prescribed by law, such internal control as they determine is necessary to enable the preparation of a sustainability report in accordance with article 3 of the Decree that is free from material misstatement, whether due to fraud or error. That responsibility also involves selecting and applying appropriate methods for processing the information, as well as developing hypotheses and estimates about specific items of sustainability information that are reasonable in the circumstances.

The board of statutory auditors is responsible for overseeing, in the terms prescribed by law, compliance with the Decree.

Inherent limitations in the preparation of the sustainability report

For the purpose of reporting forward-looking information in accordance with ESRS, the directors are required to prepare such information on the basis of assumptions, described in the individual Sustainability Report, about future events and possible future actions by the Company. Because of the uncertainty connected with any future event, in terms both of occurrence and of the extent and timing of occurrence, variances between actual results and forward-looking information may be significant.

The disclosure about Scope 3 emissions is subject to greater inherent limitations compared with Scope 1 and 2 emissions, because of the poor availability and relative accuracy of the information used to define both qualitative and quantitative information on Scope 3 emissions related to the value chain.



Auditor's responsibilities for the limited assurance conclusion on the sustainability report

Our objectives are to plan and perform procedures to obtain limited assurance about whether the sustainability report is free from material misstatement, whether due to fraud or error, and to issue a limited assurance report that contains our conclusion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of the sustainability report.

As part of our engagement designed to achieve limited assurance in accordance with the Standard on Sustainability Assurance Engagements - SSAE (Italia), we exercised professional judgement and maintained professional scepticism throughout the engagement.

Our responsibilities include:

- Performing risk assessment procedures to identify the disclosures where a material misstatement, whether due to fraud or error, is likely to arise;
- Designing and performing procedures to verify the disclosures where a material misstatement is likely to arise. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Summary of the work performed

An engagement designed to obtain limited assurance involves performing procedures to obtain evidence as a basis for our conclusion.

The procedures performed were based on our professional judgement and included inquiries, primarily of personnel of MM SpA responsible for the preparation of the information presented in the sustainability report, analyses of documents, recalculations and other procedures designed to obtain evidence considered useful.

We performed the following main procedures:

- we understood the Company's business model and strategies, and the environment in which it operates with reference to sustainability issues;
- we understood the processes underlying the generation, collection and management of the qualitative and quantitative information included in the sustainability report;
- we understood the process implemented by the Company to identify and assess the material impacts, risks and opportunities, in accordance with the double materiality principle, related to sustainability issues and, based on the information thus obtained, we considered whether any contradictory items emerged that could point to the existence of sustainability issues not considered by the Company in the materiality assessment process;
- we identified the disclosures where a material misstatement is likely to arise;
- we defined and performed procedures, based on our professional judgement, to address the risks of material misstatement identified;



- we understood the process implemented by the Company to identify the eligible economic activities and to determine whether they are aligned in accordance with the provisions of the Taxonomy Regulation, and we verified the related disclosures in the sustainability report;
- we reconciled the information reported in the sustainability report with the information reported in the annual financial statements in accordance with the applicable financial reporting framework, or with the accounting information used for the preparation of the annual financial statements, or with management accounting information;
- we verified the structure and presentation of disclosures included in the sustainability report in accordance with the ESRS;
- we obtained management's representation letter.

Milan, 10 June 2025

PricewaterhouseCoopers SpA

Signed by

Andrea Crespi
(Partner)

This report has been translated into the English language solely for the convenience of international readers. Accordingly, only the original text in Italian language is authoritative.

Relazione della società di revisione indipendente sull'esame limitato della rendicontazione individuale di sostenibilità

ai sensi dell'art. 14-bis del D.Lgs. 27 gennaio 2010, n. 39

All'azionista di MM SpA

Conclusioni

Ai sensi dell'art. 8 del D.Lgs. 6 settembre 2024, n. 125 (di seguito anche il "Decreto"), siamo stati incaricati di effettuare l'esame limitato ("limited assurance engagement") della rendicontazione individuale di sostenibilità di MM SpA (la "Società") relativa all'esercizio chiuso al 31 dicembre 2024 predisposta ai sensi dell'art. 3 del Decreto, presentata nella specifica sezione della relazione sulla gestione.

Sulla base del lavoro svolto, non sono pervenuti alla nostra attenzione elementi che ci facciano ritenere che:

- la rendicontazione individuale di sostenibilità di MM SpA relativa all'esercizio chiuso al 31 dicembre 2024 non sia stata redatta, in tutti gli aspetti significativi, in conformità ai principi di rendicontazione adottati dalla Commissione Europea ai sensi della Direttiva (UE) 2013/34/UE (*European Sustainability Reporting Standards*, nel seguito anche "ESRS");
- le informazioni contenute nel paragrafo "2.2.1 Informativa sulla Tassonomia UE" della rendicontazione individuale di sostenibilità non siano state redatte, in tutti gli aspetti significativi, in conformità all'art. 8 del Regolamento (UE) n. 852 del 18 giugno 2020 (nel seguito anche "Regolamento Tassonomia").

Elementi alla base delle conclusioni

Abbiamo svolto l'incarico di esame limitato in conformità al Principio di Attestazione della Rendicontazione di Sostenibilità - SSAE (Italia). Le procedure svolte in tale tipologia di incarico variano per natura e tempistica rispetto a quelle necessarie per lo svolgimento di un incarico finalizzato ad acquisire un livello di sicurezza ragionevole e sono altresì meno estese. Conseguentemente, il livello di sicurezza ottenuto in un incarico di esame limitato è sostanzialmente inferiore rispetto al livello di sicurezza che sarebbe stato ottenuto se fosse stato svolto un incarico finalizzato ad acquisire un livello di sicurezza ragionevole. Le nostre responsabilità ai sensi di tale Principio sono ulteriormente descritte nella sezione "*Responsabilità della società di revisione per l'attestazione sulla rendicontazione individuale di sostenibilità*" della presente relazione.

Siamo indipendenti in conformità alle norme e ai principi in materia di etica e di indipendenza applicabili all'incarico di attestazione della rendicontazione individuale di sostenibilità nell'ordinamento italiano.

PricewaterhouseCoopers SpA

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La nostra società di revisione applica il Principio internazionale sulla gestione della qualità (ISQM Italia) 1 in base al quale è tenuta a configurare, mettere in atto e rendere operativo un sistema di gestione della qualità che includa direttive o procedure sulla conformità ai principi etici, ai principi professionali e alle disposizioni di legge e regolamentari applicabili.

Riteniamo di aver acquisito evidenze sufficienti e appropriate su cui basare le nostre conclusioni.

Altri aspetti

Le informazioni comparative presentate nella rendicontazione individuale di sostenibilità riferite all'esercizio chiuso al 31 dicembre 2023 e al 31 dicembre 2022 non sono state sottoposte a verifica.

Responsabilità degli amministratori e del collegio Sindacale di MM SpA per la rendicontazione individuale di sostenibilità

Gli amministratori sono responsabili per lo sviluppo e l'implementazione delle procedure attuate per individuare le informazioni incluse nella rendicontazione individuale di sostenibilità in conformità a quanto richiesto dagli ESRS (nel seguito il "processo di valutazione della rilevanza") e per la descrizione di tali procedure nel paragrafo "IRO-1 Descrizione del processo per individuare e valutare gli impatti, i rischi e le opportunità rilevanti" della rendicontazione individuale di sostenibilità.

Gli amministratori sono inoltre responsabili per la redazione della rendicontazione individuale di sostenibilità, che contiene le informazioni identificate mediante il processo di valutazione della rilevanza, in conformità a quanto richiesto dall'art. 3 del Decreto, inclusa:

- la conformità agli ESRS;
- la conformità all'art. 8 del Regolamento Tassonomia delle informazioni contenute nel paragrafo "2.2.1 Informativa sulla Tassonomia UE".

Tale responsabilità comporta la configurazione, la messa in atto e il mantenimento, nei termini previsti dalla legge, di quella parte del controllo interno ritenuta necessaria dagli amministratori al fine di consentire la redazione di una rendicontazione individuale di sostenibilità in conformità a quanto richiesto dall'art. 3 del Decreto, che non contenga errori significativi dovuti a frodi o a comportamenti o eventi non intenzionali. Tale responsabilità comporta altresì la selezione e l'applicazione di metodi appropriati per elaborare le informazioni nonché l'elaborazione di ipotesi e stime in merito a specifiche informazioni di sostenibilità che siano ragionevoli nelle circostanze.

Il collegio Sindacale ha la responsabilità della vigilanza, nei termini previsti dalla legge, sull'osservanza delle disposizioni stabilite nel Decreto.

Limitazioni intrinseche nella redazione della rendicontazione individuale di sostenibilità

Ai fini della rendicontazione delle informazioni prospettiche in conformità agli ESRS, agli Amministratori è richiesta l'elaborazione di tali informazioni sulla base di ipotesi, descritte nella rendicontazione individuale di sostenibilità, in merito a eventi che potranno accadere in futuro e a



possibili future azioni da parte della Società. A causa dell'aleatorietà connessa alla realizzazione di qualsiasi evento futuro, sia per quanto concerne il concretizzarsi dell'accadimento sia per quanto riguarda la misura e la tempistica della sua manifestazione, gli scostamenti fra i valori consuntivi e le informazioni prospettiche potrebbero essere significativi.

L'informativa fornita dalla Società in merito alle emissioni di Scope 3 è soggetta a maggiori limitazioni intrinseche rispetto a quelle Scope 1 e 2, a causa della scarsa disponibilità e precisione delle informazioni, sia di natura quantitativa sia di natura qualitativa, relative alla catena del valore.

Responsabilità della società di revisione per l'attestazione sulla rendicontazione individuale di sostenibilità

I nostri obiettivi sono pianificare e svolgere procedure al fine di acquisire un livello di sicurezza limitato che la rendicontazione individuale di sostenibilità non contenga errori significativi, dovuti a frodi o a comportamenti o eventi non intenzionali, ed emettere una relazione contenente le nostre conclusioni. Gli errori possono derivare da frodi o da comportamenti o eventi non intenzionali e sono considerati significativi qualora ci si possa ragionevolmente attendere che essi, singolarmente o nel loro insieme, siano in grado di influenzare le decisioni degli utilizzatori prese sulla base della rendicontazione individuale di sostenibilità.

Nell'ambito dell'incarico finalizzato ad acquisire un livello di sicurezza limitato in conformità al Principio di Attestazione della Rendicontazione di Sostenibilità - SSAE (Italia), abbiamo esercitato il giudizio professionale e abbiamo mantenuto lo scetticismo professionale per tutta la durata dell'incarico.

Le nostre responsabilità includono:

- la considerazione dei rischi per identificare l'informativa nella quale è probabile che si verifichi un errore significativo, sia dovuto a frodi o a comportamenti o eventi non intenzionali;
- la definizione e lo svolgimento di procedure per verificare l'informativa nella quale è probabile che si verifichi un errore significativo. Il rischio di non individuare un errore significativo dovuto a frodi è più elevato rispetto al rischio di non individuare un errore significativo derivante da comportamenti o eventi non intenzionali, poiché la frode può implicare l'esistenza di collusioni, falsificazioni, omissioni intenzionali, rappresentazioni fuorvianti o forzature del controllo interno.

Riepilogo del lavoro svolto

Un incarico finalizzato ad acquisire un livello di sicurezza limitato comporta lo svolgimento di procedure per ottenere evidenze quale base per la formulazione delle nostre conclusioni.

Le procedure svolte 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 rendicontazione individuale di sostenibilità, nonché analisi di documenti, ricalcoli e altre procedure volte all'acquisizione di evidenze ritenute utili.

Abbiamo svolto le seguenti principali procedure:

- comprensione del modello di *business*, delle strategie della Società e del contesto in cui opera con riferimento alle questioni di sostenibilità;
- comprensione dei processi che sottendono alla generazione, rilevazione e gestione delle informazioni qualitative e quantitative incluse nella rendicontazione individuale di sostenibilità;
- comprensione del processo posto in essere dalla Società per l'identificazione e la valutazione degli impatti, rischi ed opportunità rilevanti, in base al principio di doppia rilevanza, in relazione alle questioni di sostenibilità e, sulla base delle informazioni ivi acquisite, svolgimento di considerazioni in merito ad eventuali elementi contraddittori emersi che possano evidenziare l'esistenza di questioni di sostenibilità non considerate dall'impresa nel processo di valutazione della rilevanza;
- identificazione dell'informativa nella quale è probabile che si verifichi un errore significativo;
- definizione e svolgimento delle procedure, basate sul nostro giudizio professionale, per rispondere ai rischi di errore significativi identificati;
- comprensione del processo posto in essere dalla Società per identificare le attività economiche ammissibili e determinarne la natura allineata in base alle previsioni del Regolamento Tassonomia, e verifica della relativa informativa inclusa nella rendicontazione individuale di sostenibilità;
- riscontro delle informazioni riportate nella rendicontazione individuale di sostenibilità con le informazioni contenute nel bilancio d'esercizio ai sensi del quadro sull'informativa finanziaria applicabile o con i dati contabili utilizzati per la redazione del bilancio stesso o con i dati gestionali di natura contabile;
- verifica della struttura e della presentazione dell'informativa inclusa nella rendicontazione individuale di sostenibilità in conformità con gli ESRS;
- ottenimento della lettera di attestazione.

Milano, 10 giugno 2025

PricewaterhouseCoopers SpA



Andrea Crespi
(Revisore legale)