Consolidated Financial Statement Fiscal Year Financial Statement 2024

Approved by Ordinary Shareholders' Meeting on June 25th, 2025

smat gruppo

2024

CONSOLIDATED
FINANCIAL STATEMENTS

ANNUAL
FINANCIAL STATEMENTS

Approved by the Ordinary Shareholders' Meeting on 25/06/2025

smat
gruppo
SOCIETÀ METROPOLITANA ACQUE TORINO

SOCIETÀ METROPOLITANA ACQUE TORINO S.p.A.
Registered office in Turin, Corso XI Febbraio, 14
Share capital € 345,533,761.65 i.v.
Turin Company Register no. 07937540016
Tax code and VAT number 07937540016

INTRODUCTION

Letter from the President

Dear Readers

The financial statements offers a comprehensive overview of the economic dimensions of the results achieved in the financial year 2024 and for the first year together with sustainability impacts, risks and opportunities.

The 2024 results depicted in the budget under approval maintain solid performance levels, despite the continuation of a complex macroeconomic scenario characterised by international conflicts as well as extreme climate events, exceeding the forecasts of the Industrial Plan 4.0 approved by the Shareholders' Meeting of 26 June 2020.

The 2024 financial year, thanks also to the impetus of the PNRR, is characterised by unprecedented investment surge exceeding EUR 267 million, more than EUR 122 per inhabitant served, an increase of 65% compared to last year.

As a result of the growth in investments, gross financial debt stood at EUR 456 million, an increase of 16% over the previous year, meeting the contractual covenants.
The operational and financial soundness was also positively assessed by Standard & Poor's agency, which confirmed the overall rating '*BBB+*' and the stand-alone credit profile rating '*a*'.

For the first time, SMAT's Report on Operations includes Sustainability Reporting, prepared in accordance with the (EU) 2022/2464 *"Corporate Sustainability Reporting Directive (CSRD)"* and the European Sustainability Reporting Standards (ESRS), containing the information necessary to understand the activities carried out with a reflection on sustainability issues and the resulting impacts on the managed territory, replacing the Sustainability Report dossier.

This is a significant milestone for corporate reporting, marking the start of a structured path towards increasingly integrating ESG criteria into processes, decisions and business strategy.
2024 was a year of consolidation and acceleration on the sustainability front. Activities aligned to the EU Taxonomy represent 93.4% of turnover, 91.2% of investments and 89.4% of operating expenses, confirming the consistency of our industrial model with European environmental objectives.

We strengthened our commitment to climate change mitigation and adaptation, planning, by 2026, the identification of decarbonisation strategies and the development of a Transition Plan, as well as operationalising the Climate Change Adaptation Plan (CCAP). 2024 saw production from renewable sources, through 2 photovoltaic plants with an average annual production of 1,200 MWh.

We are pursuing key investments for the safety and efficiency of the water service, such as the large Orco Valley Aqueduct and the Collettore Mediano, as well as through strategic plans for network rehabilitation and digitalisation with a focus on reducing losses.

The circular economy has been the focus of strategic investments: SMAT has completed the design of a thermal oxidation plant for the energy recovery of sewage sludge, adopting cutting-edge technologies to ensure compliance with emission limits, with abatement systems that are effective even on critical substances such as PFAS. On this issue, we have intensified dialogue with citizens and stakeholders, reaffirming our commitment and the need for stricter limits for industrial discharges into the public sewage system.

These results are the result of the work carried out by over 1,000 employees in the SMAT Group, who contribute every day with competence, attention and a sense of responsibility to guarantee an essential public service. SMAT invests in the value of people, promoting an inclusive, fair working environment that is attentive to individual and collective well-being. The Gender Equality Certification represents a pillar of this commitment, flanked by concrete actions to support parenthood, work-life balance and professional growth.

On behalf of the Board of Directors
The Chairman
Paolo Romano

BOARD OF DIRECTORS

The Board of Directors, appointed by the Ordinary Shareholders' Meeting in accordance with Articles 2364-2449 of the Italian Civil Code and 18 of the Articles of Association, is composed of the following members:

• Paolo ROMANO	Chairman
• QUAZZO Armando	Chief Executive Officer
• Monica CERUTTI	Director
• LAVOLTA Enzo	Director
• TUMIATTI Cristina	Director

BOARD OF STATUTORY AUDITORS - INTERNAL CONTROL AND AUDIT COMMITTEE

The Board of Statutory Auditors appointed by the Ordinary Shareholders' Meeting in accordance with Articles 2364-2449 of the Italian Civil Code and 18 of the Articles of Association, is composed of the following members:

• DI RUSSO Davide	Chairman
• GIORDANO Paola Lucia	Acting Auditor
• MONTANARI Simone	Acting auditor
• CACCIOLA Maurizio	Alternate auditor
• BARRERI Emanuela	Alternate auditor

AUDITING COMPANY

- Deloitte & Touche S.p.A.

SUSTAINABILITY AUDITING COMPANY

- Revi.tor S.r.l.

SUPERVISORY BODY

The Body, appointed by the Board of Directors, is composed of:

• BOCCHINO Umberto	Chairman
• CASSONE Cinzia	Component
• CAPUTO Miriam	Component
• GUARINI Fulvio	Component

RESPONSIBLE FOR THE PREVENTION OF CORRUPTION AND TRANSPARENCY

Appointed by the Board of Directors

- FINO Luisa

DATA PROTECTION OFFICER

Appointed by the Board of Directors

- GORACCI Michele

MANAGEMENTS REPORT

A. SUMMARY OF MANAGEMENT

A1. Foreword

As anticipated, the management report includes for the first year the chapter of the Sustainability Report drawn up in compliance with the (EU) 2022/2464 *"Corporate Sustainability Reporting Directive (CSRD)"* and the European Sustainability Reporting Standards (ESRS) containing the information needed to understand the activities carried out with a reflection on sustainability issues and the consequent impacts on the managed territory, replacing the Sustainability Report dossier.
The consolidated and separate financial statements of Società Metropolitana Acque Torino S.p.A. (hereafter also SMA Torino S.p.A. or SMAT) show the accounting data for the reporting year that is drawing to a close, compared with those for the previous year, presented on the basis of the application of the International Financial Reporting Standards (IFRS) adopted by the European Union.
The results are determined by the activities carried out during the year by the Parent Company, SMA Torino S.p.A., and its subsidiaries, due to the direct ownership by SMA Torino S.p.A. of controlling and associated interests.
At its meeting of January 31, 2025, the Company's Board of Directors resolved to postpone the convening of the Shareholders' Meeting for the approval of the financial statements as at December 31, 2024, availing itself of the longer term of 180 days from the end of the financial year provided for in Article 2364 of the Italian Civil Code and Article 14, point 5) of the Articles of Association in force.
Please note that in this document any use of the masculine plural gender (e.g. "the Managers, the users") is intended as neutral (unmarked) and is used solely to improve readability and not to make it heavy.

A2. Summary of 2024 results in figures

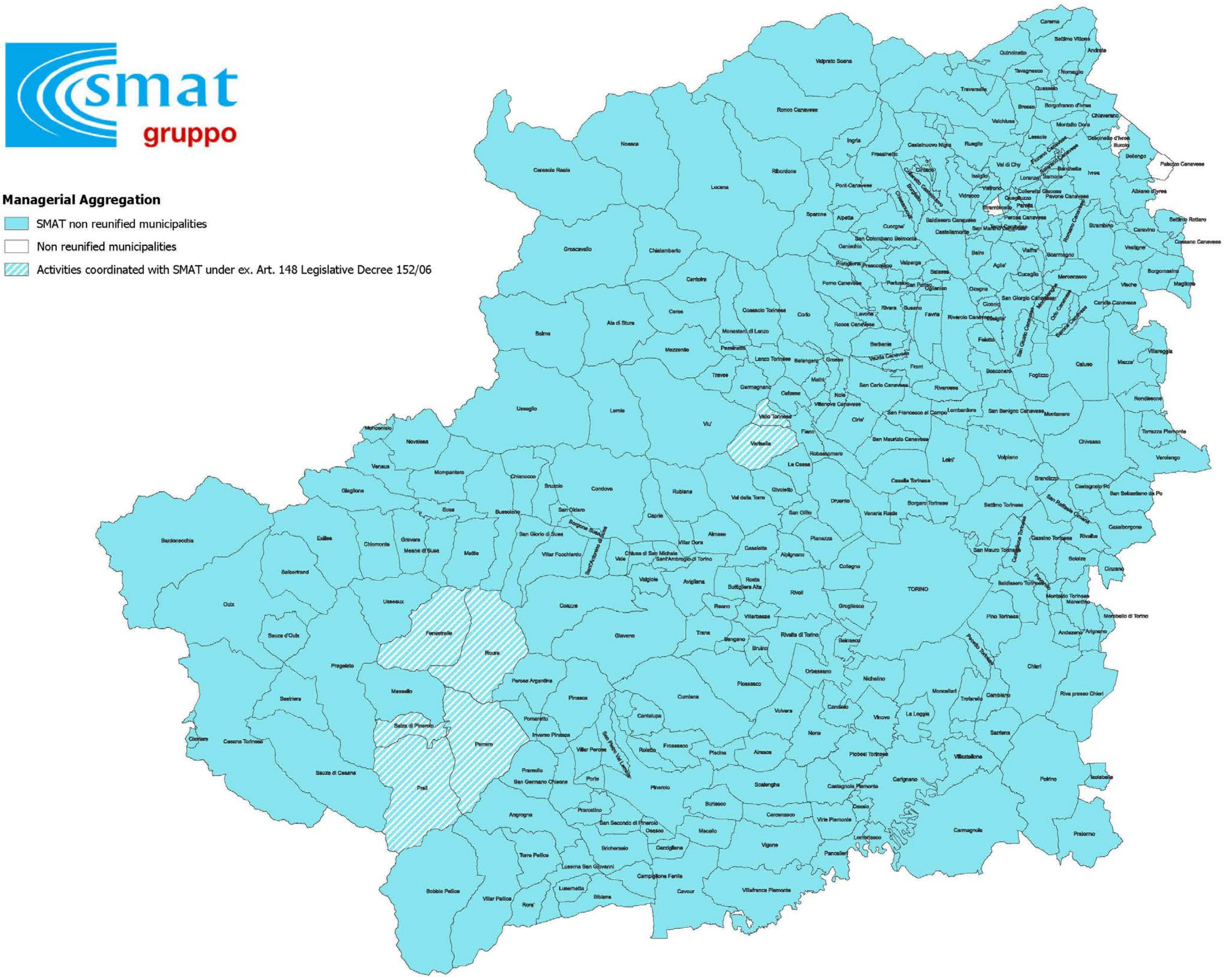
SMAT GROUP: SUMMARY OF RESULTS IN FIGURES	Balance sheet consolidated 2024	Balance sheet consolidated 2023	Change absolute	Change %	Financial Statement 2024	Financial Statement 2023	Change absolute	Change %
ECONOMIC DATA								
Total Revenues	628,698	505,679	123,019	24.33%	624,566	502,206	122,360	24.36%
Gross Operating Margin	151,678	148,022	3,656	2.47%	151,290	147,568	3,722	2.52%
Gross Operating Margin/Total Revenues	24.13%	29.27%	-5.14 p,p,		24.22%	29.38%	-5.16 p,p,	
Operating profit (EBIT)	46,047	52,800	(6,753)	-12.79%	45,694	52,381	(6,687)	-12.77%
Operating Profit (EBIT)/Total Revenues	7.32%	10.44%	-3.12 p,p,		7.32%	10.43%	-3.11 p,p,	
Net profit (loss)	32,671	41,704	(9,033)	-21.66%	32,369	41,451	(9,082)	-21.91%
Net Profit (Loss)/Total Revenues	5.20%	8.25%	-3.05 p,p,		5.18%	8.25%	-3.07 p,p,	
BALANCE SHEET DATA								
Net fixed assets	1,207,483	1,034,559	172,924	16.71%	1,207,213	1,034,274	172,939	16.72%
Net worth	787,562	762,793	24,769	3.25%	785,718	761,137	24,581	3.23%
Gross financial debt	(455,964)	(392,497)	(63,467)	16.17%	(456,596)	(392,486)	(64,110)	16.33%
Net financial position	(378,378)	(281,041)	(97,337)	34.63%	(380,536)	(282,349)	(98,187)	34.78%
OTHER DATA								
Investments	267,156	162,166	104,990	64.74%	267,136	161,964	105,172	64.94%
Depreciation	92,286	82,855	9,431	11.38%	92,251	82,823	9,428	11.38%
WORKFORCE[1]	1,094	1,063	31	2.92%	1,063	1,036	27	2.61%

SMAT GROUP: SUMMARY OF RESULTS IN FIGURES	Balance sheet consolidated 2024	Balance sheet consolidated 2023	Change absolute	Financial Statement 2024	Financial Statement 2023	Change absolute
ECONOMIC AND FINANCIAL INDICATORS						
Gross Financial Debt/Shareholders' Equity	0.58	0.51	0.07	0.58	0.52	0.06
Gross financial debt/MOL	3.01	2.65	0.36	3.02	2.66	0.36
EBITDA/Financial expenses[2]	14.31	19.02	(4.71)	14.32	19.05	(4.73)
ROI	2.87%	3.65%	-0.78 p,p,	2.85%	3.62%	-0.77 p,p,
ROE	4.15%	5.47%	-1.32 p,p,	4.12%	5.45%	-1.33 p,p,
ROS	12.24%	14.23%	-1.99 p,p,	12.15%	14.12%	-1.97 p,p,
Net financial position/Equity 1≤	0.48	0.37	0.11	0.48	0.37	0.11
Net financial position/MOL (EBIT[3] +Adjustments) 5≤	2.74	2.07	0.67	2.76	2.09	0.67
Gross financial debt/MOL (EBIT[3] +Adjustments)≤ 4.5	3.30	2.89	0.41	3.31	2.90	0.41
GOP (EBIT[3]+ Depreciation and amortisation)/Net financial expenses>5[4]	(1,628.69)	(68.27)	(1,560.42)	(627.79)	(63.43)	(564.36)
Net fixed assets/gross financial debt≥ 1.30	2.64	2.62	0.02	2.63	2.62	0.01

[1] Including temporary employment contracts, secondment contracts and net of long term expectation contracts of which an Executive on leave, art. 15 CCNL for Public Utility Company Executives 16/10/2019
[2] Excluding value adjustments of financial assets
[3] EBITDA or GOP understood according to contractual declarations as EBIT + Depreciation and Amortisation
[4] The EBITDA/Net Financial Charges ratio is negative as the difference between financial charges and financial income bears a negative arithmetic sign as income is greater than charges and therefore the covenant is respected

A3. Main technical data and operating area

At the end of the financial year, your company provides water service in 293 municipalities, both directly and through the operating entities involved, in addition to the wastewater treatment in the Municipality of Burolo. In the Municipality of Valprato Soana, which acquired the status of partner from 23.02.2024, the administrative management is dated 01.09.2024 with operations from 01.11.2024.



Municipalities served as of 31.12.2024: n. 293	Potable water treatment plants: 106
Residents: 2,187,721[5]	Self-produced energy: 71,964 MWh
Surface area: 6,408 Km^2	Km aqueduct network: 13,366
% ATO3 resident population served: 99.73	Km of sewerage network: 10,326
Aqueduct users: 397,595	Purification plants: 381
Invoiced water: 162 mln m^3	Purified volumes: 350 mln m^3

Taking volume estimates into account during the reporting period, a volume of drinking water of more than 160 million cubic metres was billed to a total of approximately 400,000 users, 85% of which were domestic.
Per capita domestic consumption averaged 159 l/inhab/day.
It was fully utilized, in a general context of a substantial lack of disruptions.

[5] Source ISTAT as at 31.12.2023

The urban wastewater treatment plants managed directly and broken down by capacity are as follows:

Plants with potential A.E. < 2,000	n	335
Plants 2,000 <= A.E. < 10,000	n	25
Plants 10,000 <= A.E. < 100,000	n	18
Plants 100,000 <= A.E. < 2,000,000	n	2
Plants over 2,000,000 p.e.	n	1
TOTAL	n	381

With regard to sewage treatment plants, 350 million cubic metres were treated in 2024, of which 2.6% represented the volume of discharges of industrial origin and 20,455 tonnes of sludge were produced in terms of dry matter.

A4. General Description of Activities

The year 2024 corresponds to the XXVth year of activity of the parent company SMAT S.p.A., which has continued to manage the Integrated Water Service in the Ambito Territoriale Ottimale 3 Torinese ("ATO3 Torinese"), coordinating the Group's activities and defining its strategic objectives to 2033.
The results achieved during the year substantially respected the forecasts: the Gross Operating Margin reached 151.3 million euro, exceeding the expectations of the IP 4.0, equal to approximately 126.3 million Euro (see paragraph *F14*), thanks to an increase in *"Revenues*" as a result of the new tariff structure applied, as communicated by the Turin Area Authority following the ATO resolution no. 16 of 24/10/2024 and ARERA Resolution no. 569/2024/R/IDR of 17/12/2024, which approved the updated tariff proposal for the years 2024-2029.
Revenues from Waterworks, Sewerage and Purification Services are shown net of the 50% excluding the discounted rata n for municipal and provincial utilities used by the public for a total of €6,907,439.
The increase in *"Other Revenues*" is attributable to activities related to the production and sale of energy products and to *"Other Operating Revenues"* in relation to contributions for incentives for the production of biomethane and plant account contributions for the greater release of the FoNI tariff components approved by ARERA Resolution 569/2024/R/IDR of 17/12/2024, despite the fact that this positive change was offset by the increase in operating costs due, in particular, to the rising trend in energy market prices and raw material prices for maintenance, with the exception of personnel costs, which are lower than forecast.
The Parent Company's investments, reaching a level of EUR 267 million, corresponding to EUR 122 per inhabitant, exceeded the IP 4.0 forecasts (EUR 94 million) of the previous year (EUR 162 million) and also the commitments undertaken with Utilitalia and 40 other companies in the water sector within the 'Patto per l'Acqua' initiative.
The results are also supported by the financial data that ensured compliance with the contractual covenants, leaving ample margin for safety.

A5. The service agreement

The provision of the service, following the management reunification of Ambito 3 Torinese, is carried out by your Company, by virtue of the following deeds:

- contract *"Service agreement for the management of the Integrated Water Service in the Ambito Territoriale Ottimale no. 3 "Torinese"*" signed on October 1, 2004 in execution of resolution no. 173 passed by the Ambito 3 Torinese Conference on May 27, 2004;
- supplementary agreement signed on October 2, 2009 for the implementation of the periodic revision of the Ambit Plan 2008-2023 approved by resolution no. 349 of the Ambit Conference on March 27, 2009;
- an agreement signed with ACEA Pinerolese Industriale S.p.A. on December 28, 2007 to implement, effective July 1, 2007, the provisions of Resolution no. 282 passed by the Province of Turin's Ambit 3 Conference on June 14, 2007, which confirmed SMAT S.p.A.'s status as the Sole Operator of the Integrated Water Service in the Turin Optimal Area and ACEA as the safeguarded operator operating in the historical reference territory, revised by the parties on November 20, 2015;
- Resolution no. 598 of April 29, 2016 with which ATO3 approved the updated Area Plan (2016-2033 period), reaffirmed the choice for the *in-house* entrustment and confirmed SMAT S.p.A. in the area management until 12/31/2033, a term deemed congruous to ensure the economic-financial sustainability of the investments provided for in the Plan;
- the Supplementary Deed to the Convention, which also has the purpose of bringing the Service Convention in line with the Standard Convention approved by the AEEGSI (now ARERA) by resolution no.

656/2015/R/IDR of December 23, 2015, as submitted to the Shareholders' Meeting of October 14, 2016, was signed on August 8, 2016 by SMAT S.p.A. and ATO3;

- the adjustment of the Supplementary Deed of the Convention was approved on December 6, 2018 by the Shareholders' Meeting in order to incorporate the biennial update of the tariff arrangements for the years 2018-2019 and development of the economic-financial plan for the period 2018-2033, approved by ATO 3 with Resolution no. 692 of 06/26/2018;
- the Supplementary Deed to the Convention was signed on June 27 and July 11, 2019 respectively by SMAT S.p.A. and ATO, in order to incorporate the updated economic-financial plan, approved by ATO 3 with Resolution no. 720 of 04/09/2019;
- the Supplementary Deed of the Convention was signed respectively on February 17 and February 23 2021 by SMAT S.p.A. and ATO3, in order to implement the update of the economic-financial plan, approved by ATO 3 with Resolution no. 774 of 12/10/2020
- the Supplementary Deed of the Convention was signed respectively on February 2nd and February 3rd 2023 by SMAT S.p.A. and ATO3, in order to implement the update of the economic-financial plan, approved by ATO 3 with Resolution no. 825 of 11/3/2022;
- the Supplementary Agreement was signed respectively on December 06, 2024 and December 16, 2024 by SMAT S.p.A. and ATO 3, in order to implement the updated economic and financial plan, approved by ATO 3 with Resolution no. 16 of 10/24/2024.

A6. The Area Plan and the Programme of Interventions

On December 21, 2015, with Resolution no. 587, ATO3 of Turin updated the Area Plan for the period 2016-2033, reporting total investments to be carried out for Euro 1,534,138,724 and forwarding it to the Regional Council and to the Regulatory Authority for Energy, Networks and Environment (ARERA) for the consequent fulfilments.
On April 29, 2016, with Resolution no. 598, the Ambit Authority no. 3 approved the updated Ambit Plan (period 2016-2033) that incorporates the changes made during the Strategic Environmental Assessment.
With Resolutions No. 692 of June 26, 2018 and No. 720 of April 9, 2019, the Ambit Authority No. 3 approved the biennial update of the tariff proposal for the years 2018-2019, the development of the Economic and Financial Plan for the period 2018-2033 and the Programme of Interventions (PdI) containing the objectives set out in the Ambit Plan as well as those related to Technical Quality.
On July 23, 2020 with Resolution no. 759, the Ambit Authority no. 3 approved the Programme of Interventions 2020-2023 and the Plan of Strategic Works 2020-2027 pursuant to ARERA Resolution no. 580/2019/R/IDR of December 27, 2019, confirmed with Resolution no. 796 of December 16, 2021.
On November 3, 2022, with Resolution no. 825, the Ambit Authority no. 3 approved the Programme of Interventions 2022-2023 and the Plan of Strategic Works 2022-2027 pursuant to ARERA Resolution no. 639/2021/R/IDR of December 30, 2021 for updating the tariff proposal for the years 2022-2023.
By Resolution no. 16 of October 24, 2024, the Ambit Authority approved the Programme of Interventions 2024-2029 and the Plan of Strategic Works 2024-2035 pursuant to ARERA Resolution no. 639/2023/R/IDR of December 28, 2023 for updating the tariff proposal for the years 2024-2029.

A7. Applied research and development activities

The mission of the Research Centre is to develop and transfer advanced solutions for drinking water treatment, purification and management of water networks, contributing to improving resilience to climate change and reducing the environmental impact of the water service as a whole. The SMAT Research Centre develops its activities with the aim of ensuring an increasingly efficient, innovative and sustainable water service. Applied research represents a strategic pillar to face the emerging challenges of the sector, anticipate regulatory and technological evolution, improve the quality of services offered, operational efficiency, strengthen competitiveness and generate innovation.
By 2024 alone, the SMAT Research Centre has to its credit:

- 19 ongoing research projects;
- 11 new projects started;
- 8 completed projects;
- 8 projects funded through European, national or regional programmes;
- 10 new collaboration and research agreements have been signed with public and private entities;
- 137 were the academic and industrial partners with whom the Research Centre collaborated.

The Research Assessment Committee, chaired by the President of SMAT and composed of the CEO, the General Manager and the Director of Laboratories and Water Quality, is responsible for defining the general research

guidelines and approving individual project proposals aimed at achieving the Research Centre's strategic objectives. The Committee carries out at least an annual evaluation of the progress and updating of the research programme, through dedicated meetings with the Research Centre staff.
The Research Centre Manager guides the implementation of the research programme and project coordination, defining and implementing the Research Centre's strategy. She supervises institutional relations, manages internal and external communication of activities and ensures effective governance of collaborations with academia, industry, public bodies and stakeholders. It also fosters structured interaction between the Research Centre, the company's operational departments, the territory, the utilities and the relevant scientific and technological community.
The Researchers, operating in compliance with the strategic guidelines defined by the Research Assessment Committee and in line with the regulatory framework, operational challenges and funding opportunities, propose, develop and coordinate individual research projects. They are entrusted with the management of both scientific and organisational aspects, ensuring that each initiative makes a concrete contribution to innovation and optimisation of business processes.
Applied research projects emerge from an evaluation process that takes into account economic, social and environmental implications and spin-offs, and topics can be proposed by any company department, thanks to the close collaboration between researchers and operational staff. This synergetic approach has become one of the strengths of the Research Centre, enabling the identification and development of projects in line with SMAT's strategic objectives.
The research team, characterised by a multidisciplinary approach, integrates engineering, chemical, microbiological, modelling, data analysis, climatic and physical expertise, together with transversal project management skills, working synergistically to ensure the effective implementation of the research programme and the valorisation of its operational spin-offs.
This structure allows the Research Centre to consolidate its role as an innovation hub, accelerating the transfer of knowledge and solutions for business management challenges, while also promoting strategic partnerships for the development of new technologies and participation in national and international consortia to access research funding, creating a collaborative ecosystem capable of generating value for the water sector.

A8. International projects

In the financial year 2024, the international cooperation project SO-WOP '*Supporting OWSSB (India) in upgrading CApacities in WAstewater and faecal Sludge Management*' came to an end.
SO-WOP included cognitive and training sessions with a close interrelation between Italian and Indian technicians with the aim of *making* Italian *know-how* available to the benefit of eastern colleagues, as well as improving the efficiency and sustainability of local sewage treatment plants.
The aim of the programme was to analyse the practices and performance of the Odisha Water Supply and Sewerage Board (OWSSB) plants, contributing SMAT's possible best practices, in order to introduce improvements and efficiencies in local procedures and practices, and to provide opportunities for training and exchange on the subject of wastewater management and purification, also for the benefit of local people working within the plants.
At the centre of the actions implemented is the sludge and wastewater treatment pilot plant in the City of Jatni (40,000 inhabitants in the north-eastern Indian state of Orissa), with the aim of improving its hygiene standards, for reuse or re-introduction into watercourses or groundwater; a plant that is being used as a model to expand the results and progress in the other OWSSB infrastructures.
Among the main activities carried out in 2024, we highlight the 2nd mission to India carried out by the Italian delegation (composed of researchers and technicians from SMAT, Hydroaid and the Polytechnic of Turin) and the Filipinos from WaterLinks.
Also in 2024, the webinar "*Men and Women in the Sanitation and Wastewater Management Sector*" dedicated to gender equality was held. The seminar was created with the aim of understanding and highlighting the situation of women in a traditionally male-dominated sector such as wastewater management.
Concerning the project "*NRW Reduction Strategic Plan for Gambella, Semera and Asosa*", SMAT signed a joint venture agreement with SWS Consulting (lead partner), Hydroaid, Ai Engineering for the management of the contract with the Ethiopian Ministry for the drafting of the *NRW* Reduction Strategic Plan and the elaboration of the water business plans for the cities of Asosa, Gambella and Semera. Project activities also started in the year 2024.
As part of a project on the protection and enhancement of river systems and water resources, technical visits for foreign delegations continue. The project was promoted by the Associazione Nuova Generazione Italo-Cinese ANGI with the aim of promoting international cooperation and professional exchange on water resources between Italy and China.

The guided tours allow visitors to get a closer look at the technologies used by SMAT in wastewater treatment, distribution, purification, recovery and reuse processes.

A9. European projects

At the European level, SMAT launched new project proposals and concluded its activities on projects financed under the Horizon 2020 programme.
Under the call '*MISS-2022-OCEAN-01-03 Mediterranean Sea basin lighthouse - Actions to prevent, minimise and remediate chemical pollution*', SMAT was awarded the iMERMAID project '*Innovative solutions for Mediterranean Ecosystem Remediation via Monitoring and decontamination from Chemical Pollution*'.
SMAT will test, at one of its purification plants, a system, developed by the University of Florence, for the on-line monitoring of heavy metals and a technology, developed by a Finnish company, for the removal and recovery of heavy metals.
In the framework of the Marie Skłodowska - Curie Actions (MSCA) Doctoral Networks call, SMAT - as an associate partner - was awarded the In2Aquas project "*INtegrated Approach TO secure water QUAlity by exploiting Sustainable processes",* funded for PhD programmes in different areas of Research and Innovation, implemented through partnerships between Universities, Research Institutes, Enterprises and other socio-economic actors from different European and non-European countries.
The In2Aquas project is recruiting 15 PhD students to join the PhD programme and is organising seven events that will be held in different Italian and foreign cities to offer students a broad and interdisciplinary training.
Within the framework of the European Life Climax Po project *"Climate Adaptation for the Po river basin district",* the kick-off meeting was held with the Po River Basin Authority (ADBPO - project coordinator) and the second project meeting with all partners.
SMAT will improve the climate resilience of its urban drainage network by providing effective tools and management plans for risk assessment.
In this context, SMAT will provide its know-how for monitoring and forecasting critical weather events for the urban drainage infrastructure and for defining multi-level *governance* strategies for the project.
During the current year, SMAT is working on the identification of case studies and correlation analysis of the data provided by SMAT rain gauges and those of the ARPA Piemonte monitoring network.
SMAT is participating with its Research Centre in the MEDUSSE project, selected for funding through the European COST-ACTION programme, a programme that finances interdisciplinary research and innovation networks, which aims to enhance the production, availability, distribution and application of climate forecasts and climate services, creating a network of researchers and users.
The objective of the project is to ensure that climate knowledge and information meet the operational needs of managers and decision-makers, supporting the adoption of policies and plans adapted to climate challenges. MEDUSSE aims to build a European network of experts on climate variability and predictability (MedFOR), seasonal and decadal climate forecasts (useful for operational applications, such as estimating predicted snow depths near mountain reservoirs) and climate services. The project, articulated in three Working Groups (WG1: Climate Variability and Predictability, WG2: Climate Prediction, WG3: Climate Services) will foster a continuous flow of information, skills and knowledge among researchers, stakeholders and end users.
The SMAT Research Centre actively participates in WG3 on climate services, to provide a harmonised identification of target socio-economic areas and specific fields of application of seasonal-decadal climate forecasts, the most appropriate indicators, approaches and methodologies, and the effective use of these forecasts for decision-making.
In 2024, the European project AQUAMON - Advanced QUAlity MOnitoring system of water in urbaN areas - was approved for funding under the Horizon Europe programme.
AQUAMON aims to develop an intelligent and integrated water quality management and monitoring system in urban areas, improving the ability to identify point and diffuse sources of pollution, in a context of increasing environmental pressure and climate change. SMAT takes on the role of end user, with the responsibility of developing its own specific use case covering two strategic areas of the integrated water service: the sewerage system and wastewater treatment plants.
Finally, again at European level, SMAT - together with the lead partner Sea Marconi Technologies - CIDIU, CIDIU Servizi and Orchestra S.r.l. - presented the BioEnProH2O project "*BioEnergy, Products and Water (Output) extracted and covalorised from primary and residual matrices and resources (Input) with sustainable integrated solutions of circular and granular supply chains for macro and micro communities*", financed by the European Union, with PNRR funds, within the MUR (Ministry of University and Research) - PNRR cascade calls.

BioEnProH2O aims at "*zero emissions*", both for the control of climate-changing gaseous emissions and for the vitrification and artistic-social recovery of ash and inert residues that constitute dry residues of the treatment and thermochemical conversion process.
SMAT participates in the project, which will end in 2025, as a technical and experimental partner, with a central role in the supply and characterisation of residual matrices and in the experimentation of new advanced treatment technologies. In particular, at the Castiglione Torinese plant laboratories, tests were conducted on different types of sludge and wastewater to identify the physical and chemical characteristics of the flows and assess their potential for reuse, studying applicable treatment technologies.

A10. Participation of SMA Torino S.p.A. in national associations and international associations

During 2024, SMAT maintained an active role in numerous associations, both at the local and European level, reaffirming its direct commitment to participate in the most relevant discussion tables for the integrated water service sector. This involvement involved technical, management, administrative and governance areas.

Listed below are the most significant collaborations, identified as strategic for the company's operations (M - Global, E - European, N - National, L - Local):

L - Confservizi Piemonte and Valle d'Aosta
This multi-regional association represents and promotes the interests of utilities operating in the Local Public Services sector (water, energy, gas, environmental hygiene and LPT) in Piedmont and Valle d'Aosta. SMAT takes part in it with two members in the Executive Board and also holds important roles as Coordinator of the water sector and Referent for technological innovation.

L - Utility Alliance of Piedmont
A network of entirely public enterprises established in 2016, which groups together 18 public utilities operating in the water, environmental and energy sectors with in-house management in Piedmont. They serve a total of more than 3.5 million citizens, representing about 80% of the regional population. SMAT is represented in the Joint Management Committee through the Network Spokesperson.

N - REF Ricerche
Independent research and consulting company specialised in Local Public Services, particularly in the water sector. SMAT participates in the REF think-tank, contributing to the production of publications and in-depth studies on environmental and water issues.

N - SPRING - Sustainable Processes and Resources for Innovation and National Growth
A non-profit association that promotes the Italian circular bioeconomy, through the involvement of industrial and academic networks. SMAT is a member of the Board of Directors and nominates the contact person for the water sector.
SPRING has over 170 members.

N - Utilitalia
National federation bringing together over 450 operators in the water, energy, environment and gas sectors. The associates provide the water service to 80% of the Italian population. SMAT is actively present in the governing bodies, in the Council and in several thematic commissions (Drinking Water, Waste, Regulation, In-house, SMEs, Innovation).

E - Aqua Publica Europea (APE)
A Brussels-based association that brings together public water managers from 14 European countries, totalling 70 companies and more than 80 million users. SMAT has appointed a member to the Board of Directors, actively participates in working groups and is among the coordinating companies of the Innovation & Research and Sewage Sludge Groups.

E - EurEau
European Federation of National Associations of Water Services representing 37 entities from 34 countries. SMAT participates in it through Utilitalia, particularly in the Drinking Water Commission, contributing to the development of European policies.

E - The European House Ambrosetti

Think tank active since 1965 in the analysis of national and international economic scenarios. SMAT is a founding member of the Community Valore Acqua, a multi-stakeholder platform focused on the management of water resources as a lever of competitiveness.

E - Water Europe

European technology platform promoted by the European Commission and legally registered in Belgium. It works to promote sustainable and integrated water management through research and innovation. SMAT participates with its own Research Centre and is present in the VLTs (Vision Leadership Teams), responsible for defining the platform's strategy.

E - European Benchmarking Cooperation (EBC)

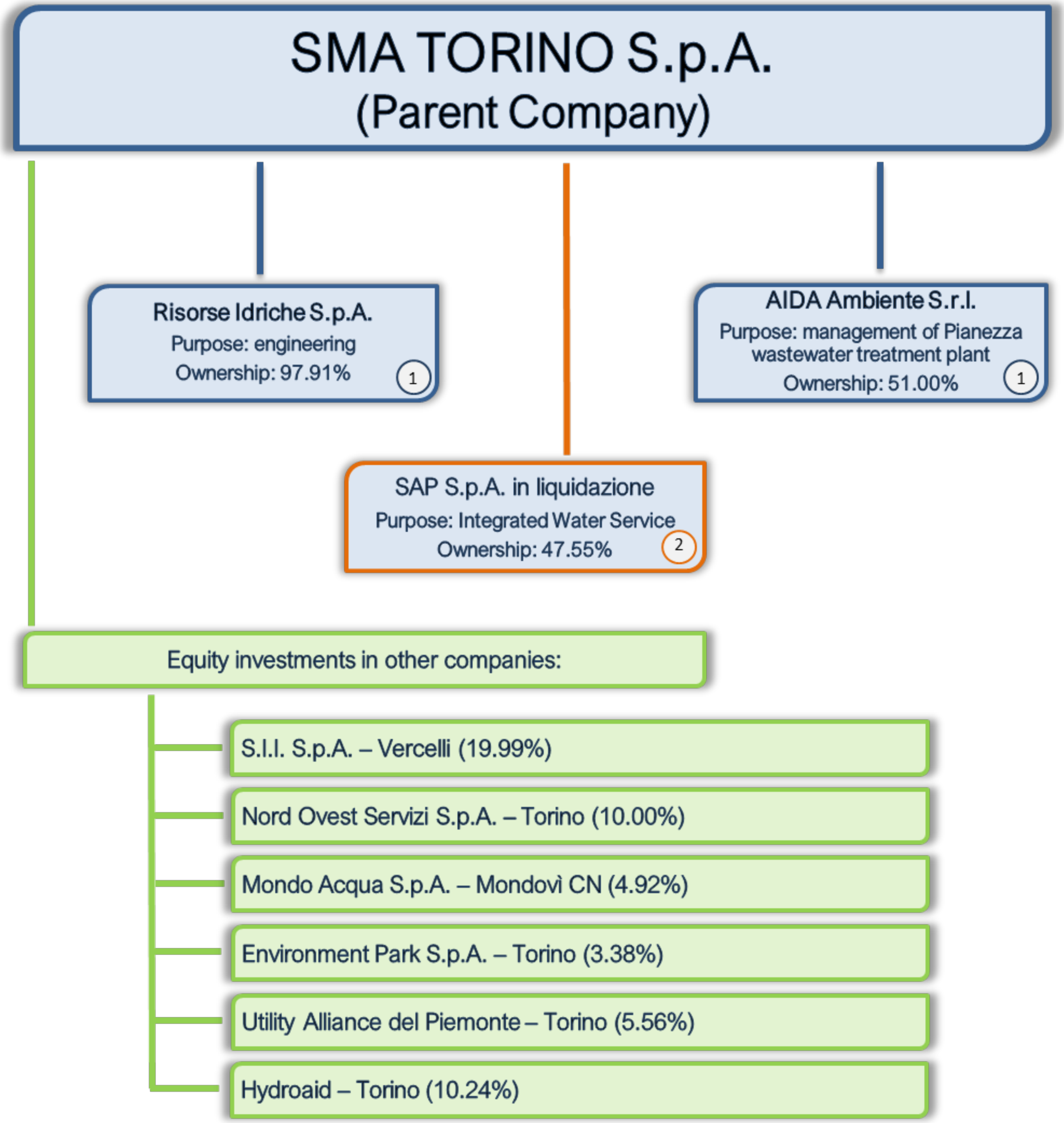
A non-profit European foundation specialised in benchmarking water services at an international level, it was created to support water service companies in the process of improvement, innovation and increased transparency through benchmarking activities.
SMAT has participated in the programme for seventeen editions, with the aim of comparing company performance with a view to continuous improvement and sharing of best practices.
In 2024 SMAT hosted the Workshop and was awarded for its active and committed participation in the EBC programme by providing quality data, contributing to the exchange of knowledge with other Companies, constantly working to improve the Water Service and making itself available to organise and host development activities aimed at improving company performance.
On February 23, 2024, SMAT obtained certification from the EBC Foundation, which will be further improved in 2025 with the achievement of "Silver" certification.
The award is given by the EBC Foundation to water utilities that demonstrate synergy with other operators in the sector.

M - International Water Association (IWA)

A London-based non-governmental organisation that brings together experts and operators in the water sector at a global level, promoting the spread of best practices in sustainable water management. SMAT participates in the international activities promoted by the association.

B. COMPOSITION OF THE SMAT GROUP

B1. The SMAT Group as at December 31, 2024



Legend – Background Colors:

Companies included in the consolidation area*

Companies not included in the consolidation area

*Consolidation Methodology:

1 – Full consolidation

2 – Evaluation of shareholdings according to net worth method

B2. Parent Company SMA Torino S.p.A.

The share capital at the end of the 2024 financial year was €345,533,761.65, fully paid up and registered in the Turin Company Register in accordance with the law, and was represented by 5,352,963 ordinary shares with a par value of €64.55 each.
According to the Shareholders' Register, updated to the date of the financial statements, the City of Turin holds 3,231,679 shares directly, and 169,331 shares indirectly, through its subsidiary Finanziaria Città di Torino Holding S.r.l., for a total of 63.54% of the share capital.
There are no. 492,959 treasury shares equal to 9.21% of the Share Capital held by the Parent Company itself, which it purchased pursuant to Article 2357 of the Italian Civil Code.
The remaining 1,458,994 shares (representing 27.26% of the Share Capital equal to Euro 94,178,062.70) are distributed among 294 other Shareholders of which 292 are Municipalities.
As of February 23, 2024, the Municipality of Valprato Soana acquired the status of shareholder.

B3. Treasury shares and equity investments in parent companies

As at 31.12.2024, the number of treasury shares held by the Parent Company SMAT S.p.A. was 492,959 shares (representing 9.21% of the share capital for a total nominal value of Euro 31,820,503.45), to which the related negative equity reserve of Euro 32,992,953.10 refers.
The available reserves in the 2024 balance sheet, following the share buy-back transactions in previous years, are almost completely exhausted.
Within the SMAT Group, the subsidiaries do not hold shares in the parent company.

B4. Subsidiaries and associated companies included in the scope of consolidation

SUBSIDIARIES:

- RISORSE IDRICHE S.p.A. of Turin
  As of 12/31/2024, the share capital of euro 412,768.72 is 97.91% held by the parent company SMA Torino S.p.A.
  On 04/05/2024 the sale of the shares held by the shareholder INTECNO S.r.l. to the majority shareholder SMA Torino S.p.A. was finalised.
  The sale transaction involved 49,861 shares of Risorse Idriche (equal to 6.29% of the Share Capital), with a par value of €0.52 each, for a total consideration of €45,000 defined based on the fraction of Shareholders' Equity recognised in the financial statements as of 31.12.2022.
  The portion of Share Capital owned by the parent company SMA Torino S.p.A. therefore increased from 91.62% to 97.91%. The remaining 2.09% is owned by a local engineering company.
  The company operates mainly in the engineering sector related to the Integrated Water Service and received the company branch related to design services from the parent company, effective as of 1 January 2005, with the specific intention of maximising the systematic nature, quality, organisational efficiency, flexibility and design standardisation of the technological development of the IWT with particular reference to the territorial water infrastructures connected to the Area Plan.
  The 2024 financial year closed with an Operating Result of euro 134,890 and a Net Result of euro 94,966.
  The subsidiary's activities were totally concentrated on the parent company SMAT S.p.A., for which it carried out all the design and work supervision assignments received.
  The subsidiary's shareholders' equity consequently evolved to Euro 842,121 at the end of 2024.
  The subsidiary Risorse Idriche S.p.A. has been consolidated on a line-by-line basis since 2004.
- AIDA AMBIENTE S.r.l. of Pianezza
  On August 1, 2008, the Parent subscribed 51% of the share capital, corresponding to € 100,000, of the Company AIDA Ambiente S.r.l., incorporated on the same date, the remaining part being subscribed by Azienda Intercomunale Difesa Ambiente A.I.D.A. of Pianezza.
  The company, as it operates in a systematic and unitary manner within the group with the parent company and is therefore subject to the latter's management and coordination pursuant to Articles 2359 and 2497 of the Italian Civil Code, has as its object the management of segments of the integrated water cycle managed by the parent company as Sole Area Manager, as well as the management of liquid waste as defined by current regulations.
  The subsidiary's operating performance resulted in an operating profit of euro 103,626 and a positive Net Profit of Euro 73,981.

The subsidiary's Shareholders' Equity consequently evolved to Euro 899,888 at the end of 2024.
This company has been consolidated on a line-by-line basis since the 2009 financial year. For the reunification process, please refer to section G2.

COMPANIES SUBJECT TO JOINT CONTROL (ASSOCIATES):

- SAP S.p.A. in liquidation (from 1 June 2021) of Turin
  Società Acque Potabili S.p.A. in liquidation is related to SMAT with a 47.546% joint ownership in IRETI S.p.A., owning 3,429,125 shares.
  The Extraordinary Shareholders' Meeting of the Company Acque Potabili S.p.A. of 29 April 29, 2021 re-solved the early dissolution of the Company pursuant to Article 2484, paragraph 1, no. 6, of the Italian Civil Code, with the consequent liquidation of the same. This deed was registered and recorded at the Turin Companies' Register on 31 May 31, 2021. As of that date, the resolution to liquidate the company Acque Po-tabili took full effect.
  The Ordinary Shareholders' Meeting of SAP S.p.A. in liquidation held on 17 April 17, 2025 approved the financial statements for the period 1/1/2024-31/12/2024 (fourth interim liquidation financial statements), which closed with a positive result of €399 thousand. Shareholders' Equity reached a value of EUR 17,511 thousand at theend of 2024 (IAS/IFRS criteria), against a Shareholders' Equity of EUR 17,192 thousand as of December 31, 2023.
  The equity investment in Acque Potabili S.p.A. in liquidation has been valued, for the purposes of the consolidated financial statements as of December 31, 2024, using the equity method, as the prerequisites exist that define its joint control together with IRETI. It is classified as an investment in jointly controlled associated companies.
  In the consolidated financial statements, the value of the investment amounted to €8,326 thousand (€8,174 thousand as of December 31, 2023), in the statutory financial statements this value remained unchanged at €7,807 thousand and is supported by the impairment test performed by an independent external expert, who used the equity method as the company is in liquidation.

B5. Investments in other companies

- SII S.p.A. of Vercelli
  19.99% equity investment in Servizio Idrico Integrato del Biellese e Vercellese S.p.A. of Vercelli (share capital €131,000 - cost and book value €1,300,102). The company is also owned by the municipalities of Ambito 2 Vercellese and, since its purpose is to manage the water service in the territory of its member municipalities, it has considerable potential for synergies with other local businesses in view of being entrusted with the management of the Ambito's IWT.
- NOS S.p.A. of Turin
  10% ownership in Nord Ovest Servizi S.p.A. of Turin (share capital EUR 7,800,000 - cost and book value EUR 1,750,000). The Company is also owned by Iren Acqua Gas S.p.A. of Genoa (now IRETI S.p.A.), and by other public and private operators. *Nord Ovest Servizi S.p.A."* manages the 45% stake held in *"Asti Servizi Pubblici S.p.A."*, acquired following a public tender by the temporary association of companies formed by the same shareholders of Nord Ovest Servizi.
- Mondo Acqua S.p.A. of Mondovì
  4.92% equity investment in Mondo Acqua S.p.A. of Mondovì (Share Capital €1,100 thousand - cost and book value €18,204), a majority-owned local public capital company, held by the municipalities of Mondovì, Briaglia, Villanova Mondovì, Roccaforte Mondovì and Vicoforte. The company's purpose is to manage the water service in the territory of the member municipalities.
- Environment Park S.p.A. of Turin
  3.38% shareholding in Environment Park S.p.A. of Turin (share capital EUR 11,407,000 - cost EUR 463,565 and book value EUR 385,440). The company is also owned by public entities and local service and financial companies and has as its object the management of the environmental technology park dedicated to research aimed at sustainable development.
- Galatea S.c.a.r.l. of Alessandria
  0.50% stake in Galatea S.c.a.r.l. Società cooperativa di Alessandria (share capital EUR 10,000 - cost and book value EUR 51) being divested, whose purpose is the construction and management of the wastewater treatment plant of the municipality of S. Stefano Belbo (CN).

- APS S.p.A. in Liquidation (now in bankruptcy) of Palermo
  The company Acque Potabili Siciliane S.p.A. (APS) was incorporated on 27.02.2007 with an initial share capital of Euro 5,000,000, 9.83% owned equally by SMAT S.p.A. and Mediterranea delle Acque S.p.A.. This company was established following the award of the tender for the Integrated Water Service in the territory of the 81 municipalities of the Province of Palermo (excluding the Municipality of Palermo) by Palermo's ATO 1.
  The investment in Acque Potabili Siciliane S.p.A. had already been fully written down in previous years, with a provision for contingent liabilities of €650 thousand and the full derecognition of all accrued receivables.
- Utility Alliance of Piedmont
  5.56% equity investment in Utility Alliance del Piemonte with registered office in Turin (equity fund of Eeuro 95,000 as of balance sheet date - cost and book value eEuro 5,000). This network of all-public companies with in-house entrustment was established by notarial deed dated 19 July 19, 2016 among 11 water companies in Piedmont that signed a special "network contract" aimed at increasing their competitive capacity by jointly representing their interests vis-à-vis institutional and associative stakeholders and in decision-making processes.

  With the notarial deed of 21.05.2019, the network of enterprises took on the new name of "Utility Alliance of Piedmont", also extending the operational scope of activities, in addition to the Water Alliance, to the Energy Alliance and to the Environment Alliance, and opening the possibility of joining the network also to wholly public companies that manage public services and share the aims of the network of enterprises.

  The number of 'network members', updated to the date of this report, is 18.
- Hydroaid - International School of Water for Development
  A 10.24% shareholding in Hydroaid - International School of Water for Development based in Turin (endowment fund € 293,000 - cost and book value of the SMAT S.p.A. shareholding € 30,000) is made up of permanent members from the public and private sectors (Piedmont Region, Turin City Council, Compagnia di San Paolo, Turin Chamber of Commerce, Hydrodata S.p.A. in addition to SMAT) who operate in support of institutional activities and actively contribute to the realisation of the various initiatives and projects.

C. ECONOMIC PERFORMANCE OF THE SMAT GROUP

Amounts in thousands of Euro	Balance sheet consolidated 2024	Balance sheet consolidated 2023	Change Absolute	Change %	Financial Statement 2024	Financial Statement 2023	Change Absolute	Change %
Revenues	376,260	371,064	5,196	1.40%	376,007	370,990	5,017	1.35%
Revenues from design and construction activities	227,080	107,102	119,978	112.02%	227,080	107,102	119,978	112.02%
Other operating income	25,357	27,513	(2,156)	-7.84%	21,478	24,114	(2,636)	-10.93%
Total Revenues	**628,698**	**505,679**	**123,019**	**24.33%**	**624,566**	**502,206**	**122,360**	**24.36%**
Consumption of raw materials and consumables	(20,031)	(19,060)	(971)	5.09%	(19,822)	(18,936)	(886)	4.68%
Costs for services and use of assets	(142,331)	(147,152)	4,821	-3.28%	(141,116)	(146,182)	5,066	-3.47%
Staff costs	(66,088)	(63,231)	(2,857)	4.52%	(64,122)	(61,479)	(2,643)	4.30%
Other operating expenses	(26,841)	(25,076)	(1,765)	7.04%	(26,487)	(24,904)	(1,582)	6.35%
Costs for design and construction activities	(221,729)	(103,137)	(118,592)	114.98%	(221,729)	(103,137)	(118,592)	114.98%
Total Operating Costs	**(477,020)**	**(357,657)**	**(119,363)**	**33.37%**	**(473,276)**	**(354,638)**	**(118,638)**	**33.45%**
Gross Operating Margin	**151,678**	**148,022**	**3,656**	**2.47%**	**151,290**	**147,568**	**3,722**	**2.52%**
Amortisation, depreciation and write-downs	(105,631)	(95,223)	(10,408)	10.93%	(105,596)	(95,187)	(10,409)	10.94%
Operating profit	**46,047**	**52,800**	**(6,753)**	**-12.79%**	**45,694**	**52,381**	**(6,687)**	**-12.77%**
Total Financial Management	**237**	**2,000**	**(1,763)**	**-88.15%**	**220**	**2,132**	**(1,912)**	**-89.68%**
Profit before tax	**46,284**	**54,800**	**(8,516)**	**-15.54%**	**45,913**	**54,512**	**(8,599)**	**-15.77%**
Taxes	(13,613)	(13,096)	(517)	3.95%	(13,545)	(13,061)	(484)	3.70%
Net profit/(loss) for the year	**32,671**	**41,704**	**(9,033)**	**-21.66%**	**32,369**	**41,451**	**(9,082)**	**-21.91%**
Of which:								
Pertaining to minority shareholders	39	90						
Attributable to shareholders of the parent company	32,632	41,613						

The 1.35% growth in *"Revenues*" is attributable to the net change between the effect of the tariff increase applied, the significant adjustment attributed to the FoNI tariff components approved with ARERA Resolution 569/R/idr of 17/12/2024 for -€21,427 thousand in support of investments against -1,600 in 2023, and the effects of the reduction in invoiced volumes and the issuance of credit notes to Utilities that have detected water leaks on private plants, in compliance with ARERA Resolution 609/2021.
The change in the item is also affected by a negative change of €1,700 thousand for accruals to the provision for risks.
Revenues from water, sewerage and purification services are shown net of the 50% tariff reduction for municipal and provincial utilities used by the public for a total of €6,907,439.
The negative change in "*Other operating revenues*" of -€10.93% is mainly due to the disappearance of the tax credit for electricity and gas, which last year amounted to €5,239 thousand, mitigated by the increase in contingent assets and non-existent liabilities, which amounted to +€1,363 compared to 2023, and a higher adjustment to the provision for risks +€490 compared to last year.
The increase in *"Costs of raw materials and consumables"* of 4.68% is due to the higher use of material for maintenance mitigated by the decrease in the cost of chemical products.
The negative change in '*Costs for services and use of goods*' equal to -3.47% is attributable to the lower cost of electricity, as a result of the decrease in both the average green tariff and the reduction in consumption, the transport and disposal of sludge for process optimisation, the cost of utilities due to the lower cost of gas, and bank expenses. There was also an increase in costs related to services for works on behalf of third parties, outsourcing services, provision for risks, maintenance fees and postal expenses for the increased sending of reminders and reminders.
Personnel costs' increased by 4.30%, mainly due to salary increases related to the renewal of the National Labour Contract and higher costs for other items such as unused holidays, overtime, performance bonuses, and less holiday time accrued.
Other operating expenses" increased by 6.35% compared to 2023, the main change factors being the increase in out-of-period expenses and assets and the decrease in the provision for risks. This item also includes an increase in contributions to mountain unions.
The item "Amortisation, depreciation, provisions and write-downs" increased by 10.94% as a result of higher amortisation and depreciation recorded on the basis of the works that entered into service and the reclassification of the item Goodwill in Assets under concession, which was amortised until the end of the current concession.
Overall, financial operations recorded a negative change due to the payment of dividends, higher interest on arrears compared to a reduction in interest income on cash and charges on new loans granted in 2024.

D. INVESTMENTS OF SMA TORINO S.P.A. AND THE SMAT GROUP

The table below shows the capital expenditures of the parent company and subsidiaries during the reporting period:

Investments		
Capital expenditure SMAT S.p.A.		
Tangible fixed assets		29,239,539
Intangible fixed assets		3,450,566
Assets under concession		234,446,239
	Total investments SMAT S.p.A.	**267,136,344**
Investments AIDA Ambiente		
Tangible fixed assets		8,314
Intangible fixed assets		0
	Total investments AIDA Ambiente	**8,314**
Investments Risorse Idriche		
Tangible fixed assets		6,849
Intangible fixed assets		4,544
	Total investments Risorse Idriche	**11,393**
	Total investments SMAT Group	**267,156,051**

D1. State of progress of Major Infrastructures and financing PNRR

Valle Orco Aqueduct - PNRR M2C4-I4.1_A2-8
This is the largest and most extensive of the major infrastructure works envisaged by the SMAT S.p.A. Industrial Plan for the coming years.
It will make up for the current water shortages in terms of both quantity and quality in the Eporediese, Calusiese and Canavese areas. The aqueduct will use water from the Ceresole, Telessio and Angel reservoirs located at high altitude in the Gran Paradiso Park and currently exploited by Iren Energia only for hydroelectric power generation.
The infrastructure includes 140 kilometres of pipes, including adduction and dispatching, which will directly and indirectly serve over 50 municipalities, from Rivarolo to Cuorgnè and from Castellamonte to Ivrea in a basin of over 120,000 inhabitants.
During 2018, the entire project was submitted to the Ministry of the Environment for verification of EIA and on February 6, 2019, the project's non-subjection to EIA was obtained. Following a tender, the designs for the drinking water plant and pipelines were awarded.
In June 2019, the Convention between the Region/ATO3/SMAT/IREN Energia was signed for the use of the water resource for drinking water purposes.
In December 2022, the executive project was approved with a total economic framework of Euro 279,341,000, as well as the call for tenders for the awarding of the works divided into 3 lots. In 2023, the tendering operations were completed and the new economic framework of the work, net of bidding discounts, amounts to €234,971,770.13.
The works were inaugurated on November 4, 2023 with a visit to the Locana construction site in the hamlet of Praie by national and local authorities. The water purification plant will be 70% underground. In fact, the project has been designed so as not to impact more than necessary with above-ground works, and for this reason the visible part will be covered with stone facings and the roofs will be in slate.
The infrastructure will represent an effective technical solution to counteract the effects of climate change over a vast area and ensure an adequate supply of high quality water to the citizens of the Canavese and Eporediese municipalities even during periods of high drought. The assignment of the works was concluded well in advance of the schedule approved by the Ministry of Infrastructures and allowed for a rapid start-up of the works, which must be completed by November 2025, guaranteeing an increasingly efficient service.
As of December 31, 2024, the state of progress of the works is about EUR 129 million, and on 25 October the tunnel serving the Aqueduct System was opened in Sparone.

By MIMS Decree No. 517, the entire project was admitted for financing under the "*Investments in Primary Water Infrastructure for the Security of Water Supply*" of Investment 4.1, Mission 2, Component C4 of the National Recovery and Resilience Plan (NRP) for an amount of EUR 93 million out of an investment of EUR 186 million.
With the "Deed of Obligation" of 22/06/2022, the deed of assignment of resources for the implementation of the intervention was finalised between SMAT, as the Implementing Party of the intervention, and MIMS - General Directorate for Dams and Water Infrastructures, as the responsible Administration.
Article 4 of the aforementioned deed of obligation reports the advance granted, in the amount of EUR 27.9 million, equal to 30% of the amount admitted for PNRR financing, which was collected by SMAT on 23/08/2022.
In compliance with the provisions of the "Aid" Decree DL 50/2022 art. 26 paragraph 7, the Fund for the start-up of non-deferrable works was established by the Prime Minister's Decree of July 28, 2022 (Official Gazette of 12/09/2022): on 10 October, SMAT submitted an online application to access the Fund, with the request to admit SMAT to the financing of the increase in expenditure, calculated by applying the adjustments to the amounts incurred in the final projects for a total of €36,352,813.24.
With the Decree of the Ministry of Economy and Finance of November 18, 2022 (Official Gazette no. 278 of 28/11/2022), the intervention as a whole was admitted for financing under the Fund for the start-up of non-deferrable works for the same amount.
On March 12, 2025, the amount of more than EUR 51 million was paid out following the reporting of the first claim submitted in June 2024.

Digitisation Project - PNRR M2C4-I4.2
The project aims to digitise and monitor the distribution network of all the municipalities served, aimed at reducing water losses, with the assistance of artificial intelligence algorithms.
The overall area of intervention includes a distribution network of 12,842 km and a total of 2,321 km of connection pipelines, 617 remote-controlled plants, 169 SMAT Water Points, 1431 storage tanks, 207 pumping plants and 89 drinking water plants.
The engineering approach that will be used will allow not only the reduction of network losses, but also the optimisation of all design and operational aspects to allow a significant improvement in the overall quality of the Integrated Water Service to the benefit of users, the economic sustainability of the service, and to ensure tangible and measurable results according to regulatory indicators.
The project envisages the creation of a dedicated telecommunications network through the installation of meters for remote reading and sensors specifically designed for the active control of network losses and includes

- the survey of water networks and their representation through GIS in order to proceed to the asset management of the infrastructure;
- the installation of smart instruments for measuring user consumption, flow rates, pressures, water levels in reservoirs and other parameters that may be critical to the quality of the service provided;
- the hydraulic modelling of the network;
- the installation of pressure control valves to reduce losses;
- network districtisation and active leakage control;
- the pre-localisation of leaks using classical and innovative methods;
- the identification of network sections to be replaced or rehabilitated assisted by the hydraulic model and decision support tools;
- smart-metering tools for measuring the volumes consumed by users.

The total cost of the intervention amounting to eEuro 66,123,570.00 is financed by the European Union - Next Generation EU, through the Ministry of Infrastructures and Transport (MIT), for an amount of Euro 50,000,000.00 and has reached a work progress of Euro 29 million as at 31.12.2024.
By Ministerial Decree no. 594, dated August 24, 2022 , the Directorate General for Dams and Infrastructures of the Ministry of Infrastructures and Sustainable Mobility (now Ministry of Infrastructures and Transport) admitted for funding the project proposed by the Ambito Authority no. 3 "Torinese" entitled "Digital transformation of the management of the aqueduct systems of the ATO3 Torinese and reduction of water losses" (intervention code M2C4-I4.2-072), within the measure of the National Recovery and Resilience Plan M2C4 - Investment 4.2 "Reduction of losses in water distribution networks, including the digitalisation and monitoring of networks", of which SMAT is the Implementing Party.
With a Deed of Obligation towards the Ministry of Infrastructure and Sustainable Mobility, signed on October 21, 2022 by the beneficiary Subject (Ambit Authority No. 3 "Torinese") and the Actuating Subject (SMAT S.p.A.), the deed of assignment of the resources related to the above-mentioned intervention was finalised.

On April 19, 2023, the ATO 3 Ambito Authority paid the first advance of €5 million received from the Ministry and on October 9, 2024 the further advance of €10 million, and finally on April 29, 2025 the first reimbursement request of over €20 million was collected.

Valperga purification plant - PNRR M2C4-I4.4
The intervention consists of a revamping of the purification plant, which translates into the transformation of the plant from secondary to tertiary.
The facility, located in the municipality of Valperga, serves the towns of Cuorgné, Valperga, Borgiallo, Chiesanuova and other neighbouring municipalities.
The system is designed in compliance with energy saving guidelines, uses low energy consumption technologies and is partly powered by a self-production electricity system from renewable sources.
The intervention is admitted to European Union funding for Measure M2C4, Inv. 4.4 Sewerage and purification, by the Ministry of the Environment and Energy Security, with Ministerial Decree No. 262 of August 9, 2023 within the resources for Investment 4.4 "*Investments in Sewerage and Purification*", Mission 2 "*Green Revolution and Ecological Transition*", Component 4 "*Protection of the Territory and Water Resources*" for an amount requested by the Ente di Governo d'Ambito ATO3 Torinese equal to Euro 11,680,000. On 05/08/2024, the loan advance of €3.5 million was collected and as of 31/12/2024 the work progress amounted to over €7 million.

Aqueduct for the Susa Valley (Prog. 2118)
The Susa Valley Aqueduct, whose design and construction took about ten years, is a work conceived to solve the qualitative and quantitative water criticalities that sometimes afflicted the inhabitants of the Susa Valley and is a concrete response to the effects of climate change that affect and will increasingly affect water availability.
The diversion is built on the outlet of an existing hydroelectric power station and allows the hydropotable use of water from the reservoir of the existing Rochemolles dam. The work essentially consists of a water treatment plant for drinking water located in the municipality of Bardonecchia inside the historic buildings of the compressor plant, used for the excavation of the Frejus railway tunnel built in the early 20th century, buildings that later housed an Enel hydroelectric power plant. From Bardonecchia, an adduction pipeline runs through the valley for 70 km and along the route is interrupted by 3 breakwater reservoirs that house 3 hydroelectric power stations for the multiple use of the resource.
Along the route, several shunts with dispatching chambers are created for the safe supply of the Valley's municipalities through a complex of connection pipelines with a total length of more than 40 km: as of 2023, 21 municipalities have already been connected, and it is planned to connect up to a total of 31 municipalities in the coming years.
Between 2018 and 2021, the main pipeline for the Bardonecchia Casellette section was completed, divided into lots: Lot I Casellette-Bussoleno, Lot II Bussoleno-Salbertrand, Lot IV Salbertrand- Bardonecchia. The civil works of the 3 intermediate section-breaking tanks were carried out as part of Lot III and completed in 2017. In the course of 2021 and 2022, the 3 reservoirs were built and the 3 hydroelectric power plants were put into operation.
The contracts for the construction of the connecting pipelines of the first municipalities were called completion works: Lot I section 1, Lot I section 2, Lot II section 3, Lot IV section 4, Lot IV section 5 were completed between 2020 and 2023. A completion lot was dedicated to the realisation of the railway crossings as they were complex from a construction, technical and, above all, authorisation point of view.
Lot V represents the crowning achievement and commissioning of the entire complex of the work because it relates to the construction of the drinking water plant, the dispatching to the municipality of Bardonecchia and the hydraulic and electrical plant infrastructures of all the dispatching and line break chambers.
In 2019, the drinking water plant used in the first few months to serve the municipality of Bardonecchia alone came into operation.
In November 2020, work was delivered for the supply and installation of the hydroelectric plants for the production of the power station (lot VI). During 2020, all the main pipelines including the railway crossings and dispatching pipelines went into operation.
In 2021, the tender for the supply of the hydroelectric turbines was launched.
In 2022, the installation of generating sets and auxiliary electromechanical equipment for the three hydroelectric plants planned for the energy recovery of the hydraulic jumps along the line of the '*Sistema Acquedottistico di Valle*' in the Susa Valley, in the municipalities of Salbertrand, Chiomonte and Gravere, was completed.
In the course of 2022 and 2023, another important intervention along about 6 km was realised and finally put into operation for the connection of the municipalities of Rivoli and Rosta.
Connections, either direct or by interconnection, to the municipalities of Chiomonte, Mompantero, San Giorio, Bruzolo, Villar Focchiardo, Vaie, Buttigliera, Alpignano, Val della Torre, and San Gillio are being planned.

Finally, the request for a non-substantial variation of the derivation concession linked to a necessary new configuration of the subsidiary intake on the Rochemolles stream was submitted to the Metropolitan City: the new subsidiary intake will be built in 2025.

Median Collector - Hydropolitana

The imposing work is a 3.2 metre-diameter collector constructed at a depth of 20 m undercrossing the entire urban area of Turin from south to north for a total length of over 14 km.
The new work (prog. 3186) is strategic not only as a redundancy to the existing inter-municipal collector, which has been in operation for more than 40 years and can therefore be temporarily taken out of operation for the necessary extraordinary maintenance activities, but also for its function of lamination of rainwater flows and therefore mitigation of the effects of climate change; it will thus allow a better distribution over time of the hydraulic load entering the Castiglione T.se purification plant, contributing significantly to the improvement of the performance and efficiency of the purification processes.
The original economic framework of the work is envisaged in the Strategic Works Plan for €146 million. During 2018 SMAT drew up the advanced preliminary design and, subsequently, published the call for tenders for the integrated design and execution of the works. In 2019, following the analysis of the bids received, the jury identified the winning grouping formed by the Itinera and Ghella companies united in the special-purpose consortium COLMETO s.c.a.r.l.
On 11/08/2020 COLMETO S.c.a r.l. delivered the revised complete final project.
With Determination No. 134 dated 15/06/2021 of the General Manager, the Ambito 3 Torinese Authority approved the final revised Project 3 (subject to different prescriptions of the Entities to be incorporated in the executive project), for a total contractual amount of €119,726,762.04, divided as follows

- 113,440,112.04 € for body works;
- 2,091,000.00 € for safety charges not subject to rebate;
- 4,195,650.00 for final and executive design and safety coordination during the design phase.

The project envisages that the work will be totally carried out in the territory of the Municipality of Turin, with the function of improving the management of rainwater collected from the mixed sewers of 20 municipalities in the south-west area of the Metropolitan City as well as the first rainwater of the white network of the Municipality of Turin. In this way, it sets the following objectives:

- anticipate the problems of climatic variations due to the alternation of periods of drought with others that are particularly rainy, with future generations in mind,
- increase the reliability of the system,
- contribute to environmental clean-up.

On 15/11/2022 COLMETO S.c.a.r.l. delivered the executive project rev.3, approved by SMAT S.p.A. on 03/04/2023 with prescriptions, which is characterised by the particular attention paid to safety in all phases of the work. In order to guarantee the maximum safety of the personnel involved, war clearance was carried out in advance on the entire route to exclude the possibility of unexploded war devices being found during future excavation activities, and the safety devices provided were also increased.
The partial handover of the works took place on May 4, 2023, and the contractual time for the completion of the works is 1,458 days, with two phases. The first involves the construction of the new sewer in the section from Parco Colonnetti to Piazzale Ceirano with interconnection to the existing infrastructure. In this section, the pipeline will be built using the microtunneling technique. The second phase will be started in parallel to the first one and will include the construction of the new collector in the section from Piazzale Ceirano to Parco dell'Arrivore. In this section, the pipeline will be built using the Tunnel Boring Machine technique, the so-called '*mole*'.
The work will last four years and will employ a total workforce of 1,800.
Of the EUR 122,034,582 works amount, EUR 7,655,980 is earmarked for safety costs and will be redetermined in the course of the work in accordance with the contractual price adjustment method. The work continued until the launch of the TBM on December 4, 2024. The TBM, starting from the shaft built in Strada dell'Arrivore, will excavate at a depth of 20 metres for approximately 10 km a part of the tunnel up to Piazzale Ceirano.

Revamping the Po drinking water plant

The final design was completed during 2018 and approved by ATO in January 2019.
On 21/9/2020, the tender for the integrated contract for the executive design and modernisation works of the structures relating to the Po1, Po2 and Po3 drinking water plants included in the Po-La Loggia plant complex serving the City of Turin's drinking water network was awarded.

In 2022, the process of developing the executive project was completed, and the executive project for the construction of the section of the feeder pipeline to the Valsalice reservoir was contracted out.
At the end of 2023, following design audits entrusted to qualified companies, the Board of Directors took note of the non-constructability of the executive project presented by the Regrouping of Companies and of the start of the procedure to terminate the contract.
On 27.06.2024, a writ of summons was filed against the agent SUEZ Italy S.p.A. and the entire grouping of companies, aimed at ascertaining and/or declaring the termination of the contract stipulated at the time, with a sentence of payment of the penalties awarded by the Company to the temporary association of companies, as well as compensation for the damages suffered, to be paid even on an equitable basis.
SMAT is preparing the PFTE in cooperation with the subsidiary Risorse Idriche S.p.A. and with the support of the SMAT Research Centre.

Thermal oxidation plant

This is a plant worth over €85 million (prog. 14396), for the energy recovery of sewage sludge produced by SMAT's plants with the production of thermal and electrical energy.
The plant will make it possible to no longer handle the sludge produced, reducing the environmental impact caused by its transportation, it will allow for the abatement of odour emissions, avoiding its storage in the uncovered areas of the yard, and the energy recovery of the sludge through the recovery of electrical and thermal energy, which will be used to power the industrial complex and heat the office buildings. During 2021, the conceptual design and preliminary technical-economic feasibility project was developed.
The final design was developed during 2022.
In 2023, the preparatory authorisation process for the construction of the plant at the current purification plant in Castiglione Torinese was activated. The realisation of the new project will not see land consumption, either planimetric or volumetric, since it will rise in place of the building that currently houses the outdated filter press stage, nor will it consume water, since it will use only reused water.
The construction of the thermal oxidiser will reduce the annual tonnes of sludge to be disposed of from 100,000 to 1,200.
In January 2024, the agreement was approved, whereby Smat undertakes to carry out a series of environmental works on the territory of the municipalities of Settimo and Castiglione, associated with the future plant dedicated to the thermal oxidation of sewage sludge. The single regional authorisation process will end in November 2025.
A first action is the construction by Smat of a photovoltaic plant for the production of electricity to be located in areas owned by the Municipality with a planned power of 1 MW. This plant, granted on free loan to the Municipality, will be used by the same Authority as a renewable energy source for municipal uses.

Engineering services related to the drafting of the Document of Feasibility of Design Alternatives (DOCFAP). Implementation of synergic actions to meet the water needs of the Lanzo Valley and the Metropolitan City of Turin, including the construction of a multi-purpose reservoir in the Lanzo Valley

The Ministry of Infrastructure and Transport - Directorate General for State Construction, Housing Policies, Urban Regeneration and Special Interventions, by means of Directorial Decree no. 10083 of 12/04/2023, approved the proposal for admission to funding of the Po River District Basin Authority for the preparation of the feasibility design of three strategic water infrastructures, including the technical and economic feasibility project of the intervention (Prog.15317) "*Realisation of synergic actions to satisfy the water needs of the Lanzo Valley and the Metropolitan City of Turin, including the construction of a multi-purpose reservoir in the Lanzo Valley*" (CUP F73F22000290003), in which SMAT is the Implementing Party.
The financing of the above project, worth a total of € 1,680,000, is granted from the resources allocated by Ministerial Decree no. 215/2021 under the "*Fund for the feasibility planning of infrastructures and priority settlements for the development of the country - District Basin Authorities and SEZ Areas*" established at the Ministry of Infrastructure and Transport (Ministerial Decree no. 259/22 and Directorial Decree no. 19056/22).
On 01/07/2023, the new Public Contracts Code became effective, pursuant to Legislative Decree no. 36 of 31/03/2023, which envisages a much broader design detail for the Technical and Economic Feasibility Project (PFTE), which essentially becomes a final project and requires that its drafting be preceded by the Document of Feasibility of Design Alternatives (DOCFAP) and the Document of Design Guidelines (DIP).
The total presumed expense for the preparation of the technical and economic feasibility project of the intervention is euro 2,400,000, whose financial coverage is ensured for euro 1,680,000 through state financing and euro 720,000 through co-financing by the Actuator.
SMAT has drawn up the framework of the intervention pursuant to Article 1 of Annex I.7 of Legislative Decree 36/2023.

By virtue of the foregoing, it was necessary to proceed as a matter of priority with the awarding of the drafting of the DOCFAP, which will be financed with an advance of SMAT's co-financing share and drafted in accordance with the contents of the requirements framework prepared by the Contracting Authority.
The award of the engineering services was finalised in early 2024 and the first version of the draft was delivered at the end of the year.

D2. Interventions financed POA FSC 2014-2020

Bardonecchia- Structural intervention on the Aqueduct Network of the Borgate Gleise - Rochas - Cianfuran (Prog. 7580) - intervention line 86_34-A-3.
The project, which is currently underway, provides for the collection of water for drinking water use in the Borgate Gleise, Rochas and Cianfuran in the municipality of Bardonecchia from a spring located in the same municipality, Borgata Rochemolles, as well as the construction of an aqueduct pipeline of about 8 km on dirt and asphalt roads to connect the Borgata to the main collector.
The total cost of the work amounts to € 1,241,504.79 financed with the FSC Funds of the 2014-2020 cohesion policies, through the Ministry of the Environment and Energy Security (MASE), for an amount of € 210,000.00 and co-financed with € 1,031,504.79 by SMAT S.p.A.

Cesana - Refurbishment of the aqueduct networks in Sagnalonga and Bercia - Adduction from Solomiac and Fenils springs (Prog 1236 -9226) - intervention line 88_36-A-3.
The upgrading intervention on the water network of the Municipality of Cesana in the localities of Sagnalonga, Colle Bercia, Solomiac and Fenils provided for the restoration of efficient service conditions of the water mains thanks to the replacement of stretches of piping of the existing aqueduct network with the relative renewal of the user outlets. The intervention was carried out in a mountainous area.
The total cost of the work amounts to € 678,562.06 financed with the FSC Funds of the 2014-2020 cohesion policies, through the Ministry of Environment and Energy Security (MASE), for an amount of € 278,000.00 and co-financed with € 400,562.06 by SMAT S.p.A.

Chieri Fontaneto - Fontaneto purification plant - Modification of the purification process to improve nutrient removal (prog.11317) - intervention line 60_8-FD-3.
The upgrading of the 'Chieri Fontaneto' purification plant included the upgrading of the water line, the sludge treatment line, the upgrading of the initial lifting station, the installation of a new fine screening, the modernisation of the desanding section, and the creation of 2 nitro/denitro treatment lines.
The total cost of the work amounts to € 3,864,150.27 financed with the FSC Funds of the 2014-2020 cohesion policies, through the Ministry of Environment and Energy Security (MASE), for an amount of € 792,150.81 and co-financed with € 3,071,999.46 by SMAT S.p.A.

Front - Aqueduct network - Pipeline refurbishment vs Frazione Grange (prog.7353) - intervention line 87_35-A-3.
The upgrading intervention being completed on the water mains in the Municipality of Front in the Vauda Inferiore and Front locality provides for the improvement of the aqueduct system through the remaking of the DN 100 pipeline in Frazione Grange.
The total cost of the work in progress amounts to € 911,765.00 financed with the FSC Funds of the 2014-2020 cohesion policies, through the Ministry of the Environment and Energy Security (MASE), for an amount of € 364,000.00 and co-financed with € 547,765.00 by SMAT S.p.A.

Oulx - Fraz. Gad purification plant - Modification of the purification process aimed at improving the nutrient removal efficiency (prog.4711) - intervention line 59_7-FD-3.
The intervention to upgrade the wastewater purification plant located in the Gad locality in the Municipality of Oulx, serves the municipalities of Oulx (concentric, Beaulard, Savoulx, Signols, San Marco and Gad) and Sauze d'Oulx, foresees the upgrading of the purification plant to cope with the forecasted increase in the hydraulic and polluting load at the inlet as well as to ensure compliance with the plant's output limits.
The total cost of the work in progress amounts to € 3,801,669.41 financed with the FSC Funds of the 2014-2020 cohesion policies, through the Ministry of the Environment and Energy Security (MASE), for an amount of € 511,324.54 and co-financed with € 3,290,344.87 by SMAT S.p.A.

Pinerolo - Water mains renewal via dell'Acquedotto, via Novarea, via Saluzzo, via Turati and via Di Vittorio (prog.1068) - intervention line 89_37-A-3.
The intervention carried out on the water mains in the Municipality of Pinerolo included the renewal of the water mains and their dimensional adaptation to the urbanistic increase of the last few years. The project involved the laying of pipelines in some road sections in Via dell'Acquedotto, Via Novarea, Via Saluzzo, Via Turati and Via Di Vittorio.
The total cost of the work amounts to € 1,589,581.11 financed with the FSC Funds of the 2014-2020 cohesion policies, through the Ministry of Environment and Energy Security (MASE), for an amount of € 435,227.31 and co-financed with € 1,154,353.80 by SMAT S.p.A.

Pinerolo - Porte Purifier (prog.2875) - intervention line 62_10-FD-3.
The upgrading and expansion of the Pinerolo purifier envisages the transformation of the biological section of the biodisc treatment line into an activated sludge process, the construction of a new biological treatment line, the rationalisation of the pre-treatments the sludge treatment line as well as the auxiliary buildings necessary for the plant's operation, and finally the expansion of the final sedimentation section, all aimed at guaranteeing the adaptation and upgrading of the Pinerolo-Porte plant's purification scheme serving the Chisone and Germanasca Valleys by increasing the treatment capacity from 75.000 p.e. to 100,000 p.e..
The total cost of the work being completed amounts to € 10,306,502.00 financed with the FSC Funds of the 2014-2020 cohesion policies, through the Ministry of the Environment and Energy Security (MASE), for an amount of € 3,350,000.00 and co-financed with € 6,956,502.00 by SMAT S.p.A.

Rosta - Water purifier upgrading (prog.11732) - intervention line 61_9-FD-3.
The intervention carried out on the Rosta purification plant provided for the strengthening of the pre-treatments, the biological section and the disinfection section in order to make the purification potential of the plant more efficient and effective, as well as to increase the hydraulic loads deriving from the new connection of a local industrial plant.
The total cost of the work amounts to € 3,335,804.24 financed with the FSC Funds of the 2014-2020 Cohesion Policies, through the Ministry of the Environment and Energy Security (MASE), for an amount of € 1,622,868.76 and co-financed with € 1,712,935.48 by SMAT S.p.A., the balance of the financing was collected on 8 May 2025.

Vinovo - Aqueduct network - Aqueduct rehabilitation in via Sestriere from via Stupinigi to via Sotti (prog.9924) - intervention line 90_38-A-3.
The intervention being carried out on the water mains of the Municipality of Vinovo from Via Sestriere to Via Stupinigi, foresees the restoration of efficient service conditions of the water mains, thanks to the replacement of a section of pipeline for a total length of about 1.3 km, including the various changes of direction located along the route.
The total cost of the work amounts to € 490,803.41 financed with FSC Funds of the 2014-2020 cohesion policies, through the Ministry of Environment and Energy Security (MASE), for an amount of € 184,000.00 and co-financed with € 306,803.41 by SMAT S.p.A.

E. FINANCIAL MANAGEMENT OF SMA TORINO S.P.A. AND THE SMAT GROUP

	Amounts in thousands of Euro	Balance sheet Consolidated as at 12/31/2024	Balance sheet Consolidated as at 12/31/2023	Balance sheet as at 12/31/2024	Balance sheet as at 12/31/2023
A.	Cash	40	459	40	459
B.	Other cash and cash equivalents	77,545	110,996	76,020	109,679
C.	Securities held for trading	0	0	0	0
D.	**Liquidity (A) + (B) + (C)**	**77,586**	**111,455**	**76,060**	**110,137**
E.	Current financial receivables	0	0	0	0
F.	Current bank payables	(32,774)	(3,020)	(32,773)	(3,019)
G.	Current portion of non-current debt	(5,556)	(135,000)	(5,556)	(135,000)
H.	Other current financial debt	(1,520)	(1,387)	(2,156)	(1,384)
I.	**Current financial debt (F)+(G)+(H)**	**(39,850)**	**(139,407)**	**(40,485)**	**(139,403)**
J.	**Net current financial debt (D) + (E) + (I)**	**37,736**	**(27,952)**	**35,575**	**(29,266)**
K.	Non-current bank debt	(323,819)	(249,880)	(323,819)	(249,880)
L.	Bonds issued	(89,669)	183	(89,669)	183
M.	Other non-current payables	(2,626)	(3,393)	(2,622)	(3,386)
N.	**Non-current financial debt (K) + (L) + (M)**	**(416,114)**	**(253,090)**	**(416,111)**	**(253,083)**
O.	**Net Financial Position (J) + (N)**	**(378,378)**	**(281,041)**	**(380,536)**	**(282,349)**

The Parent Company's net financial position as at 31.12.2024 amounted to EUR -380,536 thousand compared to EUR -282,349 thousand as at 12/31/2023. The change is mainly due to the extension of the maturity date of the bond issue to April 13, 2029 as resolved by the Bondholders' Meeting on March 14, 2024 and, following the exercise of the put option by some bondholders, the redemption of EUR 45.000 thousand on April 15, 2024 (April 2024 being a non-working day), the disbursement of the loan stipulated in December 2024 with BPER Banca in the amount of EUR 80,000 thousand and the short-term loans in the amount of EUR 29,000 thousand in support of the Programme of Ambit Interventions and following the delay in the disbursement of the PNRR funds, the change in the amortised cost on loans as well as the reduction in payables for leased assets.
The Parent Company's gross financial debt as of December 31, 2024 was made up of €40,485 thousand of payables due within one year and €416,111 thousand due after one year, for a total of €456,596 thousand. For further details, please refer to the Notes to the Financial Statements of the Parent Company SMAT S.p.A..
The Parent Company's net current financial debt as of December 31, 2024 showed a balance of €35,575 thousand, compared to -€29,266 thousand the previous year. This change is basically the result of the reclassification under non-current financial liabilities of the nominal value of bonds, reduced to €90,000 thousand, and includes short-term loans, the short-term portion of loans according to the amortisation schedules subscribed, financial accrued expenses and the short-term portion of payables for leased assets.
Substantially similar is the situation of the Group, for which the net financial position as of December, 312024 amounted to EUR -378,378 thousand, compared to EUR -281,041 thousand the previous year.
The difference from the Parent Company's results is mainly determined by the liquidity of the subsidiary AIDA Ambiente.

EXISTING RISK MANAGEMENT SYSTEMS IN RELATION TO THE FINANCIAL REPORTING PROCESS

The internal control and risk management system is an essential element of SMAT S.p.A.'s corporate governance. The system adopted by the Group represents the reference for the financial reporting process, defining the fundamental principles and directives that must guide the design, implementation and continuous development of an adequate, effective and reliable accounting control system, aimed at ensuring sound, prudent and consistent management with the objective of ensuring the creation of sustainable value in the long term. Model 231, to which reference is made in this document, identifies the roles, tasks and responsibilities within the Parent Company.

FINANCIAL RISKS

The financial risks to which the Group's business is exposed and any hedges identified are discussed below.

Liquidity risk
Financial activities are mainly managed separately by each Group company with autonomous management of cash flows and bank current accounts used for collection and payment transactions as well as the negotiation with the banking system of credit and debit conditions. Starting from the 2015 financial year, a cash-pooling system was activated between the Parent Company and the subsidiary Risorse Idriche S.p.A. in order to optimise the management of liquidity and the related financial burden, further integrating the Parent Company's control.
The Parent Company continuously monitors the financial situation in order to pursue a balance, also through the optimisation of working capital management, between the maintenance of funding and financial flexibility with the tendency to exclude the use of short-term bank credit lines, account overdrafts and hot money financing. However, during the year, these forms of financing had to be used to compensate, in particular, the 'time lag' between the costs incurred and the repayments related to the financing granted by the NRP.

Guarantees and debt covenants
The composition and terms of the loans are detailed in the Notes to the Financial Statements in the comments on financial liabilities.
As of December, 31 2024, the Group's and the Company's financial position is represented by loans with covenants, in line with international practice, that impose certain prohibitions.
These include the commitment not to grant future lenders any encumbrances on any of its assets (negative pledge) and the commitment of equal treatment of the obligations assumed to all other present and future obligations (pari passu).
Financial *covenants* are provided for, as better detailed in the Notes to the Consolidated and Separate Financial Statements, and in the event of non-compliance with even one of these parameters, the lenders have the right to terminate the contract, even in advance..

Interest rate risk
The Group is exposed to the risk of upward fluctuations in interest rates arising from its financial debt, which varies depending on whether it is variable or fixed rate. As at 31.12.2024, 19% of medium- and long-term loans were variable-rate and 81% fixed-rate.
The Parent Company has adopted the strategy of limiting, as far as possible, its exposure to the risk of interest rate rises through preferential access to loans issued by the European Investment Bank, obtaining medium/long-term loans in euroat a fixed rate, in view of their duration and rates below market standards.
On the financial market, rates are decreasing and considering the Parent Company's stock of fixed-rate debt, the loan taken out at the end of 2024 was taken out at a variable rate.

Exchange rate risk
The Group is not exposed to exchange rate risk and as of December 31, 2024, consequently, does not hold derivative financial instruments to hedge exchange rate risk.

Business Crisis and Insolvency Code.
Pursuant to Article 26 paragraph 5 D. Legislative Decree 175/2016 SMAT S.p.A. is not required to apply Article 6, paragraph 2 of the same decree.
The Board of Directors has assessed the adequacy of the organisational, administrative and accounting structures pursuant to Article 2086 of the Italian Civil Code on the basis of the measures set forth in Article 3 of the Business Crisis and Insolvency Code (Legislative Decree No. 14 of January 12, 2019 as amended), which are suitable for promptly detecting the state of crisis in order to take the necessary initiatives to address it without delay.
All parameters are met with a view to business continuity in the medium to long term.

Rating
On June 26, 2015, Standard & Poor's assigned the Company a "*BBB*" rating ("*a+*" for SMAT S.p.A. stand-alone).
Subsequently, Standard & Poor's issued the following Rating Action:
- on June 28, 2016 it confirmed the "*BBB*" long-term Corporate Credit Rating and stable outlook;
- on February 13, 2017, it confirmed the long-term Corporate Credit Rating "*BBB*" and stable outlook and assigned a preliminary rating of "*BBB*" to the planned bond issue;
- on April 5, 2017, it confirmed the long-term Corporate Credit Rating "*BBB*", revising the outlook from stable to negative, solely on the basis of the revision of the City of Turin's outlook and raising the stand-alone credit profile to "a", and confirmed the preliminary rating "*BBB*" for the planned bond issue;
- on April 11, 2017, it confirmed the "*BBB*" rating for the bond issue;

- on November 2, 2017, it downgraded the ratings (Corporate Credit Rating and Senior Unsecured) to "*BBB-*" in relation to the uncertainties on the long-term financial strategy caused by the proposal of the City of Turin to transform the company into a non-profit consortium, confirming the negative outlook and raising the stand-alone credit profile to "*bbb+*";
- on November 26, 2018, it confirmed the ratings at '*BBB-*';
- on November 27, 2019, it confirmed the ratings at '*BBB-*', revising the outlook from negative to positive and confirming the stand-alone credit profile at '*bbb+*';
- on November 24, 2020, it raised the rating from '*BBB-*' to '*BBB*' and assigned a '*stable*' outlook;
- on January 4, 2022 confirmed the rating at '*BBB*' and the outlook '*stable;*
- on November 29, 2022, it raised the ratings (Issuer Credit Rating and Senior Unsercured) from "*BBB*" to "*BBB+*" with a "*stable*" outlook, revising the stand-alone credit profile from "*bbb+* " to "*a-*" and raising SMAT's ranking in the ESG (Environmental, Social and Governance) indices to E-2, S-2, G-2 (from G-3) thanks to the improvement of the company's assessment in relation to the Governance structure as well as to Risk Management in a particularly challenging period.
- on June 13, 2023, the Agency confirmed the ratings (Issuer Credit Rating and Senior Unsercured) at '*BBB+*' and the outlook '*stable*', increasing the stand-alone credit profile from '*a-*' to '*a*';
- the rating report of 6 December 2023 maintained the above rating;
- on November 26, 2024, the Agency confirmed the ratings (Issuer Credit Rating and Senior Unsercured) at "BBB+" and the "stable" outlook with the stand-alone credit profile "a", as it had already done in the press release of April 16, 2024 on the occasion of the operation to extend the maturity and partial redemption of the bonds.

OTHER RISKS

Cyber Risks

Cyber Risks are defined as the set of internal and external threats that may compromise business continuity or cause third party liability damages in the event of loss or disclosure of sensitive data. They are related to potential events inherent in the loss of confidentiality, integrity or availability of data or information, which could result in negative impacts on the organisation, people, operations or other organisations.
From an internal point of view, computer-related operational risks are closely related to the company's activities, which manage network infrastructures and plants, including through remote control, accounting and billing operational management systems. Problems related to the supervision and data acquisition of physical systems could cause plant shutdowns and even serious collateral damage. A blockage of billing systems could also lead to delays in the issuing of bills and related collections, as well as image damage.
Starting from (cyber) risk assessments conducted on the basis of methodologies, regulations and directives, the company's '*cyber posture*' was outlined and a process of raising the defence measures of the company's infrastructures and information was initiated, which started with the definition of specific behavioural and operational policies.
Specific measures, such as redundancies, high-reliability systems and appropriate emergency procedures, have been put in place to mitigate the risks detected and are periodically subjected to simulations to ensure their effectiveness.
In order to increase resilience to external attacks, reduce attack surfaces and increase the protection of infrastructure and data/information, targeted projects were conducted.
These led to the strengthening of barriers from the outside by means of firewall systems and email protection, redundancy of data protection systems, segregation of networks and encryption of communications, reduction of access permissions, protection of corporate devices, and strengthening of authentication processes by means of multi-factor systems. These protection and security systems have been linked to a security information and event management tool with the aim of correlating detected events in order to intercept potential security threats. The management of related alerts is entrusted to a security operations team with the purpose of continuous monitoring, response and prevention of threats by coordinating information security technologies.
Ongoing training and raising awareness of the residual risks to users, also through transversal activities, completes the scope of the activities carried out on the company's potential attack surfaces. Continuous assessments and audits have been activated in order to keep protections up-to-date and to keep the residual risk tolerated limited.
In 2024, the company was certified ISO27001 *in the 'Design, management and maintenance of IT infrastructure in the management of services, projects, applications and information security. Provision of technical and system support services and maintenance of IT equipment to other corporate services'* as a guarantee that information security in the company is properly managed according to a universally recognised standard.

Risks from climate change

As extensively described in the Sustainability Report, the Parent Company has conducted an assessment of climate change risks, which include risks due to the transition to a low-carbon economy (transition risks) and risks of a physical nature (physical risks) that may arise from extreme weather and climate events (acute risks) or from medium- to long-term changes (chronic risks), assessing the impacts also in relation to the taxonomic activities concerned.

Following the results of the first phase of analysis, in any case, no risks were found that - with reference to the probability of occurrence over the time horizon of the business plan - could determine the need for impairment of the Group's assets. Reassurance from an economic point of view with respect to the impact of climate risks derives from the fact that SMAT operates in a regulated sector, which provides for the residual economic value of the infrastructure built to be recognised at the end of the concession, removing it from the risk of fluctuations in demand.

.

F. SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR 2024

F1. Tariff update 2024-2029 (MTI-4)

ARERA Resolution No. 639 of December 28, 2023 approved the water tariff method for the fourth regulatory period (MTI-4).
The main changes introduced are as follows

- new duration of the regulatory period with the extension of the time horizon of the fourth regulatory period to 6 years,
- changes to some of the cost components:
    - new mechanism for the recognition of electricity costs that also values self-production and the containment of consumption under the same plant and perimeter conditions; the Authority's approach is based on three strands:
        - mitigation of the risk of different electricity procurement choices made by the SII operators, in light of the multiplicity of possible procurement policies, as well as new possible volatility conditions in the procurement markets;
        - strengthening incentives for the self-production of electricity, with the aim of stimulating ever greater energy autonomy on the part of SII operators, provided that the associated production costs, including capital costs, are not covered by other tariff components;
        - incentivising the saving of the overall amount of energy used to operate the service;
        - at the time of the 2026 adjustment, a benchmark was introduced based on a "theoretical" purchase mix identified for the year 2027 by Resolution 570/2024/R/IDR of 17/12/2024 for 90% at a variable price and 10% at a fixed price; where the cost actually incurred by the operator is lower than the benchmark, ARERA recognises to the operator 50% of the price benefit achieved by the same with respect to the benchmark.
    - additional costs related to the entry into force of new regulations or the expansion of the perimeter, for example for stormwater management activities, may be valued;
    - the costs for technical and contractual quality may also include additional charges compared to those previously reported for new technical quality objectives (only if the operator is in one of the classes with which the improvement objective is associated), as well as the most recent evaluations during the application of the incentive mechanism that resulted in the attribution of penalties;
- incentive mechanism for energy and environmental sustainability in the event that the targets identified with reference to the two indicators relating to:
    - share of purified volumes that can be reused but are not used for this purpose:*RIU premium* to incentivise the reuse of purified wastewater (in compliance with the "Water Conservation" principle);
    - quantity of electricity purchased:*ENE premium* to incentivise the reduction of quantities of electricity purchased (through energy saving and/or self-production of energy).

Finally, some asset categories associated with the new technical quality indicator were introduced with reference to resource storage and stormwater management (water resilience).
Following the participatory process with EGATO, on October 24, 2024, with Resolution no. 16, the Ambit Authority no. 3 of Turin approved the Programme of Interventions 2024-2029 and the Plan of Strategic Works 2024-2035 and the update of the tariff proposal for the years 2024-2029.
ARERA, following the preliminary investigation, with Resolution no. 659/2024/R/IDR of 17/12/2024 approved the update of the tariff proposals for the integrated water service for the years 2024 - 2029.
The tariffs approved for the year 2024 are increased by 9.9% compared to 2023 and correspond to the communication of the Ambit Authority received on 31/10/2024 and supplemented on 20/02/2025 for the tariff for the collection and purification of industrial waste of water authorised for discharge into the public sewerage system, as per Title 4 of Annex A of the ICTSI.
Please note that for households in economic hardship, given the continuation of the economic downturn, the supplementary bonus has been confirmed as provided for in Resolution 897/2017/R/IDR of 21/12/2017.
Based on the information made available by Acquirente Unico in 2024, more than 123,000 dossiers were processed for an amount of more than EUR 8.8 mln and disbursed until 31.12 2024 for about 69%.
In addition, at the request of the municipalities, considering the high social value represented by municipal and provincial users, including school complexes, canteens, and public fountains, the reduction of the Integrated Water Service tariff by 50% for these users is confirmed for the year 2024, so that they can continue to provide these services and are also involved and incentivised to invest and devote more attention and resources to environmental

policies, the protection of the territory, and the recovery of degraded areas. The resulting lower tariff revenues are not subject to adjustment on the water service tariff.
Starting in 2013, the AEEGSI (now ARERA) instituted the first equalisation tariff component applied as a surcharge to water, sewerage and purification fees and to be paid to the Cassa per i Servizi Energetici e Ambientali (CSEA).

To date, the equalisation components established are as follows:

Target	Component	cent/ mc	Reference	Effective date	Notes
water quota earthquake victims	UI1	0,6	art. 24 Del. 6/2013 Art. 11 Del. 267/2023	2014 (0.4) 2023 (0.6)	(effective from 07/01/2023)
promotion IIS quality	IU2	0,9	Art. 9 Del. 918/2017	2018	
social water bonus	UI3	1,79	art. 10 Del. 918/2017 Art. 12 Del. 639/2021	2018 (0.5) 2022 (1.79)	Ante 2020 only on aqueduct fee From 2020 on the three services
water works guarantee fund	UI4	0,0	Art. 30 Del. 580/2019 Del. 239/2023	2020 (0.4) 2023 (0.0)	(effective from 07/01/2023)
IIS quality improvement	IQQ	0,3 0,0	Del. 437/2021 Del. 569/2024	2020 2024	(for consumption from 01/01/2020 to 12/31/2023) (effective from 01/01/2024)

F2. Update of the technical quality regulation (RQTI)

With Resolution no. 825 of November 3, 2022, at the same time as the tariff approval, ATO 3 Torinese approved the quality objectives for the two-year period 2022-2023.
With resolution no. 440 of October 3, 2023, ARERA initiated the procedure for updating the regulation of the technical quality of the integrated water service (RQTI), concluded with ARERA resolution no. 637 of December 28, 2023 '*Update of the regulation on the regulation of the technical quality of the integrated water service or of each of the individual services comprising it (RQTI), as well as amendments to Annex A to the Authority's Resolution 586/2012/r/idr and Annex A to the Authority's Resolution 655/2015/R/IDR (RQSII)*'.
Starting from 2024, the resolution in question standardises the number of classes of the 6 macro-indicators and redefines the related improvement objectives, introducing a new macro-indicator '*M0-water* resilience', aimed at the mitigation of critical issues related to climate change and the water resilience of the managed territory.
The main purpose of the indicator is to monitor the expected effectiveness of the water supply system in meeting water demand in the managed territory, also considering noncivil water uses. To address the challenges of data availability, the definition of the relevant territory and the need for cooperative planning, the new resolution introduced an evolutionary, binary approach. In particular, two quantities have been identified: M0a, starting from 2024, which relates water consumption and availability at the level of integrated water service management, and M0b, which also considers the different uses of water, at the level of overall water availability of the territory.
ARERA Resolution no. 181 of April 17, 2025 approved the methodological note as a result of the results of the preliminary investigations, which will be verified with reference to the results of the two-year period 2022-2023.

F3. Actions to curb delinquency

On July 16, 2019, ARERA intervened with Resolution 311/2019/R/IDR (REMSI) for the containment of delinquency in the integrated water service, regulating, as of 1/1/2020, the conditions for the limitation and suspension of supply in respect of resident domestic users in arrears, other than vulnerable ones, the procedures for the management and containment of delinquency in the case of condominium users, as well as the forms of payment instalment and communication to users, to be adopted also in the case of delinquency. Arera subsequently proceeded to amend and supplement the provisions as a result of legislative interventions with Resolution 17 December 2019, 547/2019/R/idr, with Resolution 26 May 2020, 186/2020/R/idr and with Resolution 16 June 2020, 221/2020/R/idr.
Starting in October 2021, specific "*Rules for credit recovery procedures related to SII bills*" were formalised and transmitted to ATO3 Torinese.
In the course of 2022, the activities of the mass mailing of reminder reminders, of the constitutions in arrears and of the operational activities of limitation/suspension of the supply ex-art.7 of the REMSI consequent to the constitutions in arrears processed continued.

In order to better guarantee users from unaware possible arrears, the company has modified the regulation of debt collection procedures. Until now, in fact, users were only aware of possible debt situations of the condominium when the company, following all recovery procedures, notified the suspension of the service supply.
Thanks to the change approved by the Board of Directors in November 2024, in the case of condominium utilities, once the debt exceeds €10,000, SMAT will deliver to individual condominium owners' mailboxes a notice containing information on the state of arrears and notice of the imminent recovery actions envisaged by the regulatory authority ARERA.
In this way, the company intends to make things easier for the users by making them aware of the problems in progress, avoiding having the building's pro-tempore administrator as the sole point of reference, who may not have informed the condominium owners of the debt situation.
The new method of communication will also allow condominium users to avoid accumulating considerable overdraft figures. In fact, regular payment of the service means that they will not be faced with excessively high and unbudgeted amounts.
As a result of the numerous actions to recover outstanding receivables that arose in the period prior to 2019 and remained unsuccessful, a tender was launched in 2024 for the non-recourse assignment of EUR 51 million, completely written off, which was concluded in March 2025 with the signing of the contract and the agreed collection. This operation allows recovery actions to be concentrated on more recent receivables while optimising costs.

F4. Communications to indirect users

In order to reach its users in a more capillary manner, SMAT has prepared a communication aimed at so-called indirect users, i.e. those who use the service through a condominium user and receive information only indirectly from the condominium administrator. The company has asked condominium administrators to cooperate in distributing information on the integrated water service, indicating where to get the data on quality levels and tariff structure and summarising the amounts billed on the condominium users of reference. SMAT has also asked administrators to communicate the number of household members for each resident domestic unit and to indicate any types of use other than domestic for a more precise application of the tariff articulation. From 2024, again through the administrators, indirect users were also asked to provide information on the composition of their household and indicate their consent to being contacted directly by the company in the future.

F5. Renewal of Bond and Financing BPER Banca

In implementation of the 4.0 Business Plan already approved by the Shareholders' Meeting of 26 June 2020, the Board of Directors of 15/5/2023 proposed to the Extraordinary Shareholders' Meeting of 29 June 2023 the extension of the maturity date of the non-convertible bonds issued on 13 April 2017 for a total value of € 135,000,000, for a period not exceeding 10 years, renegotiating the rate at market values, while maintaining the non-convertibility regime of the bonds.
A choice that will make it possible to support the company's investment plan by guaranteeing the realisation of significant works for the territories and utilities, without requesting funds or guarantees from the shareholder municipalities.
Following the resolution passed by the Bondholders' Meeting on 14 March 2024, the changes made to the non-convertible bond issued by the company and to the Regulations were as follows:

- ✓ maintenance of the original ISIN code;
- ✓ maturity postponed from 13 April 2024 to 13 April 2029;
- ✓ amount reduced from 135 to 90 million euro, following the redemption, on 15/4/2024, of the bonds subscribed by the Anglo-French investor Schroder's and the purchase of one-third of Cassa Depositi e Prestiti's bonds by Banca Nazionale del Lavoro;
- ✓ interest rate equal to 5-year midswap + 170 basis points = 4.546%.

The interest rate applied is equal to or lower than that obtained in other placements of similar bonds.
In addition, the extension of the existing bond represented a time and cost saving: no new investors were sought and the costs incurred, amounting to approximately EUR 338,000, were low compared to the estimated EUR 517,000 for the issue of a new bond.
The amendments approved by the Bondholders' Meeting to the regulation text are effective as of 20 March 2024.
On 27 December 2024, an EUR 80 million loan not backed by a bank guarantee was disbursed by BPER Banca in support of the Ambit Plan and following the delayed disbursement of PNRR funds.

F6. Financial rating

On November 26, 2024, the Standard & Poor's agency confirmed the ratings (Issuer Credit Rating and Senior Unsercured) at '*BBB+*' and the outlook '*stable*' with the stand-alone credit profile '*a*', as it had already done in its press release of April 16, 2024 on the occasion of the operation to extend the maturity and partial repayment of the bonds.

F7. Legality Rating

The Italian Competition Authority confirmed SMAT's legality rating with the maximum score of ★★★.

F8. Price revision on contracts

The institute of price revision has undergone various changes over time, arising from the need to temper the principle of the immodifiability of considerations in public procurement contracts with respect to the needs of economic operators to adjust their considerations and rebalance the contract in the face of market price fluctuations out of the ordinary.
The former public contracts code set forth in Legislative Decree No. 50 of 2006 limited itself, in Article 106, to making the inclusion of price revision clauses in the tender documents optional, but only on the condition that the modification of the contract during its period of effectiveness was not such as to alter the conditions of the tender, otherwise a new award procedure would have to be carried out.
In the wake of the pandemic crisis and the sharp rise in the costs of energy and raw materials due to the war in Ukraine, the institution was reintroduced with numerous special regulations (mostly contained in emergency decrees and the latest annual budget laws). This resulted in a legislative tangle that is not easy to read and, above all, characterised by its temporariness and lack of overall coherence, which is summarised below:

- Art. 29, paragraph 1, letter a) of Decree-Law no. 4/2022 (the so-called "Decreto Sostegni ter"), converted by Law no. 25/2022: with respect to notices and letters of invitation sent as of the date of the validity of the same Decree-Law, it provides for the mandatory inclusion of the price revision clause on all works, services and supply contracts and the offsetting of prices of construction materials in excess of 5 per cent as of 2023 and only for 80 per cent of the excess;
- Art. 7, paragraphs 2 ter and 2 quater of Law No. 79 of June 29, 2022 converting, with amendments, Decree Law No. 36 of 30 April 2022 (so-called "PNRR Decree *2*"): allows price increases to be managed during the execution of the contract, through a variant during the course of work pursuant to Article 106, paragraph 1, letter c), of Legislative Decree 50/2016.
- Article 26 of Decree-Law No. 50 of May 17, 2022, paragraphs 2 and 3 (the so-called "Aid Decree"): provides for the updating of the price list and the application of the same on the works accounted for.
  Contrary to the Budget Laws for the years 2023 and 2024 - which had limited themselves to extending the application to the works carried out in the aforesaid years, of the adjustment of the contract price pursuant to Article 26 of the Aid Decree - the 2025 Budget Law (Law No. 207/2024) does not limit itself to providing for a similar extension for the year 2025 but also brings certain innovations, including the applicability of the price adjustment mechanism not only upwards but also downwards with respect to the prices set out in the tender. Any lower amounts resulting from the application of the price lists remain at the disposal of the contracting station until the relevant inspections have been carried out or the certificates of regular execution have been issued, to be used within the same intervention.
  The adjustment mechanism provided for by the Aid Decree is applicable to works contracts awarded on the basis of tenders with a final submission deadline by June 30, 2023.

Subsequently, on July 1, 2023, the provisions of the new Public Contracts Code set forth in Legislative Decree No. 36 of 2023 took effect.
The new Code introduced a mandatory price revision regime, the regulation of which can be found in Article 60 of the aforementioned decree, applicable to contracts whose notices were published from July 1, 2023.
This rule provides that the inclusion of revision clauses is mandatory in public works, services and supply contracts for the automatic adjustment of the value of the contract, upon the occurrence of particular conditions of an objective nature that determine a variation in the cost of the work, supply or service.
The Legislative Decree No. 209 of December 31, 2024, setting forth supplementary and corrective provisions to the Public Contracts Code (the so-called Corrective Decree), subsequently intervened by remodelling Article 60 and introducing the new Annex II.2-bis, which regulates in detail the manner of application of the relevant contractual clauses, taking into account the nature of the contract, the commodity sector and the available indices, and specifies the manner of payment of the price revision, also in consideration of the possible use of subcontracting.

In particular, it is clarified that the price revision is triggered upon the occurrence of particular conditions of an objective nature that determine a variation in the cost of the work - both upward and downward - in excess of 3 per cent of the total amount and operates to the extent of 90 per cent of the value exceeding the variation of 3 per cent applied to the services to be performed. For services and supplies, the cost variation must correspond to 5 per cent of the total value and the variation operates to the extent of 80 per cent of the value exceeding the 5 per cent variation applied to the services to be performed.
For the purpose of determining the cost variation, the Code refers to specific synthetic indices:

- **for works**, to the cost indices of the works adopted by the Ministry of Infrastructure and Transport, after consulting ISTAT
- **for services and supplies**, to the indices of consumer prices, production prices and hourly contractual wages.

In order to meet the higher charges resulting from the price revision, the Contracting Authorities may draw

- up to 50 per cent, from the resources set aside for contingencies in the economic framework of the intervention, and from the resources in any case allocated for the intervention itself
- from sums deriving from bid rebates, unless a different allocation has been provided for;
- from the residual sums available from other interventions under the responsibility of the same Contracting Authority, and provided that, for such other interventions, the inspections have already been carried out or the regular execution certificates issued.

F9. Staff

In 2024, in line with the 4.0 Business Plan, SMAT continued the generational turnover process of the workforce initiated in previous years, aiming to ensure the continuous development of the company. A total of 54 new hires were made, 7 of which in professional apprenticeship contracts. The number of new hires was higher than in 2023 because there were fixed-term hires as a result of the awarding of PNRR funds.
No. 2 hirings were made by transfer of individual contracts from Acquedotto Generale Valli di Lanzo; no. 2 hirings were made by direct call of names (in accordance with the provisions of Articles 1 and 23 of the Recruitment Regulations).
There were also 15 fixed-term hirings, of which 14 for the PNRR M2C4-14.2_072 project for the digital transformation of the management of aqueduct systems in the AT03 Turin area and reduction of water losses; 1 for the HORIZON EUROPE iMERMAID project. The remaining 35 recruitments were made using the existing and still valid lists, which were drawn up following Selection Notice 1-23, but for the most part following the publication of Selection Notices 1-24 and 2-24, which were open to the public and aimed, respectively, at the selection of full-time, permanent resources to be employed at the Research Centre and in the technical services (plant operation and maintenance workers, specialised electrical plant maintenance workers, water/sewerage work assistants, inspection and estimate workers, network work distribution).
In particular, in Notice 1-24, two profiles were advertised, of which one went unsuccessful; in Notice 2-24, 12 profiles were advertised, of which four under a professional apprenticeship contract, aimed at young candidates with the objective of facilitating their insertion in the company.
There were 35 terminations, of which 15 due to voluntary resignation, 16 due to retirement, 2 deaths and 2 dismissals for just cause. The number is significantly lower than in 2023, since the Expansion Agreement was no longer signed.

F10. Certifications and initiatives to spread a culture of gender equality

SMAT joined the Top Employers Certification Programme, obtaining Top Employer Italy certification for the first time in 2022, which is renewed annually for 2025, the fourth consecutive year. SMAT is thus officially recognised as one of Italy's 151 best companies for its working conditions, benefits, career plans, investment in training and development, as well as for its HR policies focused on professional and personal growth and people's wellbeing.
As part of a systemic path of cultural change in the organisation - in the belief that dealing with Diversity, Equity & Inclusion (DE&I) means recognising the diversity of each person as a resource - the *SMATallaPARI* project was launched last year, thanks to which in 2024 SMAT obtained Gender Equality Certification in accordance with the Guidelines on the Management System for Gender Equality - UNI/PdR 125:2022.
The objectives of this project include creating and developing a working environment where each person can fully and freely express his or her potential, valuing and respecting each diversity and guaranteeing equal opportunities regardless of gender or any other personal characteristic.
The process has included training sessions for all staff and has led to the establishment of a Steering Committee and the definition of a three-year strategic plan with concrete objectives.

The introduction of the management system for gender equality, according to the reference practice, involved the measurement, reporting and evaluation of a set of indicators distributed in six areas - culture and strategy, governance, HR processes, opportunities for growth and inclusion of women in the company, gender pay equity, protection of parenthood and work/life balance - with the aim of closing any gaps that may exist and producing a sustainable and lasting change over time.

F11. Water points: new payment system

In order to facilitate the purchase of sparkling water from the Punti Acqua (Water Points), SMAT has set up a new payment system to overcome the criticalities caused by the obsolescence of the digital payment system adopted to date.
During the first few months of the financial year now drawing to a close, activities were completed to adapt the Water Points, with the installation of a special SMAT card reader that allows the withdrawal of chilled sparkling water using new prepaid cards purchased directly from the SMAT portal at the following link https://cardpuntiacqua.smatorino.it/; on the website at the page Punti Acqua https://www.smatorino.it/punti-acqua/ instructions for operating procedures are available. The cost of the new card is 10 euros and includes 200 withdrawals of 1.5 litre chilled sparkling water each at a price of 5 eurocents.
At SMAT Water Points the supply of natural chilled mains water continues to be free of charge.

F12. PFAS information campaign

In response to concerns about the presence of PFAS (perfluoroalkyl and polyfluoroalkyl substances) in distributed water, European Directive 2184 of 2020, which replaces the previous 98/83/EC introduces some important changes to improve the protection of human health and sets limit values for new substances including PFAS, identifying 20 compounds whose sum must not exceed 100 nanograms/litre or 0.1 micrograms/litre (1 microgram is equivalent to 1 millionth of a gram), a limit that will come into force from January 2026.
Starting from 2022, SMAT has activated monitoring campaigns: the results to date show that all the samples already comply with the value of 0.1 microgram/litre required by Legislative Decree 18 of 2023 for 24 compounds (4 more than those provided for by the EU directive) and indeed, in the vast majority of the municipalities monitored, concentrations below the quantification limit of 0.01 microgram/litre or their total absence were found.
In the PFAS campaign of 2023, more than 25,000 specific parameters were analysed to detect the possible presence of these compounds in drinking water: with the constant commitment, transparency and seriousness that have always distinguished its actions, SMAT makes this data available to everyone via its website, including them among the water quality monitoring parameters that are updated every six months, subdivided by Municipality and in Turin by District.
In April 2024, SMAT, in collaboration with ATO3 Torinese, the Municipality of Bardonecchia and the Valley's Mountain Unions, organised a meeting at the Bardonecchia Meeting Centre to discuss the quality of drinking water distributed in the Susa Valley, with particular reference to the presence of PFAS.
Experts from the main public bodies in the sector participated: the Istituto Superiore di Sanità, ARPA, ASL To3, as well as SMAT, to take stock of the situation, illustrate the monitoring data collected and future prospects.
Attention on the subject is high: institutions and SMAT, which are directly involved, are aware of this and have been monitoring the phenomenon for some years now, despite the fact that the limits for Italy will come into force from January 2026.
To this end, the Utilitalia association has set up a working group on the evolution of PFAS dynamics, coordinated by SMAT, which will enable us to plan the best technological solutions well in advance.

F13. Legislative Decree no. 175 of 19 August 2016 (Madia)

Pursuant to Article 26, paragraph 5, the decree does not apply to companies in public participation that have issued financial instruments, other than shares, listed on regulated markets.

F14. The Industrial Plan 4.0

The Shareholders' Meeting of 26 June 2020 approved the Industrial Plan 4.0 (2020-2024) approved by the Board of Directors on 26 February 2020, prior to the onset of the health emergency.

Focus on deviations from IP 4.0

The deviations between the closing balance sheet and the results envisaged in the Industrial Plan for the year 2024 can be summarised by examining the following main economic and financial figures of the company:

SMAT: SUMMARY OF RESULTS IN FIGURES	Balance sheet as at 12/31/2024	IP 4.0 2024	Change Absolute	Variation %
ECONOMIC DATA				
Total Revenues	624,566	427,675	196,891	46.04%
Gross Operating Margin	151,290	126,290	25,000	19.80%
Operating profit (EBIT)	45,694	49,000	(3,306)	-6.75%
Net profit (loss)	32,369	29,490	2,879	9.76%
BALANCE SHEET DATA				
Net fixed assets	1,207,213	1,015,954	191,259	18.83%
Net Assets	785,718	776,807	8,911	1.15%
Gross financial debt	(456,596)	(410,547)	(46,049)	11.22%
Net financial position	(380,536)	(242,950)	(137,586)	56.63%
OTHER DATA				
Investments	267,136	94,375	172,761	183.06%
Depreciation	92,251	74,190	18,061	24.34%
WORKFORCE	1,063	1,076	(13)	-1.21%
ECONOMIC AND FINANCIAL INDICATORS				
Gross financial debt/Shareholders' equity	0.58	0.53	0.05	
Gross financial debt/EBITDA	3.02	3.25	(0.23)	
EBITDA/Financial expenses	14.32	9.91	4.41	
ROI	2.85%	3.45%	-0,6 p.p.	
ROE	4.12%	3.80%	0,32 p.p.	
ROS	12.15%	14.67%	-2,52 p.p.	
Net financial position/Equity 1≤	0.48	0.31	0.17	
Net financial position/EBITDA (EBIT+Adjustments) 5≤	2.76	1.97	0.79	
Gross financial debt/GM (EBIT+Adjustments)≤ 4.5	3.31	3.33	(0.02)	
GOP (EBIT+Amortisation)/Net Financial Expense >5	(627.79)	14.11	(641.90)	
Net fixed assets/gross financial debt≥ 1.30	2.63	2.46	0.17	

Amounts in thousands of Euro	Balance sheet for the year 2024	PI 4.0 2024	Variation Absolute	Change %
Revenues	376,007	333,990	42,017	12.58%
Revenues from design and construction activities	227,080	85,885	141,195	164.40%
Other operating income	21,478	7,800	13,678	175.36%
Total Revenues	**624,566**	**427,675**	**196,891**	**46.04%**
Consumption of raw materials and consumables	(19,822)	(13,610)	(6,212)	45.64%
Costs for services and use of goods	(141,116)	(119,330)	(21,786)	18.26%
Personnel expenses	(64,122)	(64,580)	458	-0.71%
Other operating expenses	(26,487)	(20,980)	(5,507)	26.25%
Costs for design and construction activities	(221,729)	(82,885)	(138,844)	167.51%
Total Operating Costs	**(473,276)**	**(301,385)**	**(171,891)**	**57.03%**
Gross Operating Margin	**151,290**	**126,290**	**25,000**	**19.80%**
Depreciation, amortisation, provisions and write-downs	(105,596)	(77,290)	(28,306)	36.62%
Operating profit	**45,694**	**49,000**	**(3,306)**	**-6.75%**
Total financial management	**220**	**(8,730)**	**8,950**	**-102.52%**
Profit before tax	**45,913**	**40,270**	**5,643**	**14.01%**
Taxes	(13,545)	(10,780)	(2,765)	25.65%
Net profit/(loss) for the year	**32,369**	**29,490**	**2,879**	**9.76%**

Despite the pre-existing factors linked to the emergency period, to which the international geopolitical crisis was added, which triggered an acceleration in the prices of energy commodities, raw materials and services, which reached exceptionally high levels, the 2024 financial year shows excellent results, with a marked improvement over the 2024 forecasts of the Industrial Plan 4.0.
Investments accelerated due to the realisation of targeted works on the territory's infrastructures, which, in view of the related objectives, were admitted among the works financed by the PNRR funds.

The deviations from the forecasts of the Business Plan 4.0 derive in particular from:

- ✓ Revenues, consisting of Tariff Revenues and Other Revenues, which increased overall.
  Revenues from tariffs recorded a variation caused by the reduction in average invoiced volumes of about -16.7 million cubic metres (160.1 million cubic metres compared to 176.8 million cubic metres), offset by the updating of tariffs over the years, most recently the updating of the tariffs for the integrated water service for the years 2024 - 2029.
  For Other revenues, we highlight the increase deriving in particular from the sale of energy products, third-party work, revenues for industrial and miscellaneous waterworks mitigated by the reduction in revenues for disposal and treatment and water points and flasks;
- ✓ Revenues from planning and construction activities (as well as related costs), the change in which is a consequence of the greater investments made, as well as the composition between assets under concession and owned assets;
- ✓ Other operating revenues, which increased mainly due to the effect of Contributions for operating expenses essentially deriving from the incentive for the production of biomethane and the photovoltaic incentive tariff, the release of Contributions for operating expenses for the higher accrued amounts and FoNI components included in the 2024-2029 tariff manoeuvre, Other revenues mainly due to the adjustment of provisions for liabilities and contingent assets and non-existent liabilities;
- ✓ Consumption of raw materials and consumables, the change in which is due to the significant increase in the prices of maintenance materials and chemicals;
- ✓ Costs for services and use of goods, the increase in which is mainly attributable to the costs of Electricity, which increased from €35 million to €47 million as a result of the energy crisis, and also to the costs of Maintenance, Industrial Services (including gas utilities, bill reading and collection services, and outsourcing) and Administrative and General Services (including postal charges, provision for risks, maintenance fees and bank charges for disbursement of social bonuses offset by lower costs for insurance and public relations and advertisements);

fees to local authorities also increased (based on communications received from ATO3) and fees and concessions payable;

- ✓ Personnel costs down due to turnover in previous years as a result of accessions to expansion contracts;
- ✓ Other operating expenses up mainly due to contingent liabilities and non-existent assets, contributions to mountain unions, and provisions for liabilities;
- ✓ Depreciation and amortisation increased overall. The significant increase in depreciation and amortisation of EUR 18,061,000 (EUR 92,251,000 compared to EUR 74,190,000) is due to the increased works completed in previous years and new assets in operation at the end of 2024. The increase in bad debts of EUR 10,245 thousand (EUR 13,345 thousand vs. EUR 3,100 thousand) is due to the application of IFRS 9, which takes into account expected losses based on available information;
- ✓ Positive financial management due to the effect of interest on liquidity and interest on arrears from utilities (following the updating of the ECB's Single Reference Rate) and due to lower interest on new loans following contractualisation at particularly advantageous fixed rates and without guarantee fees.

In conclusion, there was a clear improvement in the GOP (+19.80%), demonstrating the effectiveness and efficiency of management, which made it possible to improve the expected result for the year by more than EUR 2.8 million.
The economic and financial indicators show values that confirm the solidity of the Company, and the covenants imposed by the existing loans are all respected.

G. SIGNIFICANT EVENTS OCCURRING AFTER 31 DECEMBER 2024 AND OUTLOOK FOR OPERATIONS

G1. Acquisition of the ACEA business unit

With Resolution no. 828 of 3 November 2022, ATO3 of Turin took note of the document "*Addendum to the Executive Agreement for the Operational Management of the Integrated Water Service*", signed between SMAT and ACEA P.I. S.p.A. on September 23, 2021, which, in addition to the operational reorganisation as from January 1, 2022, envisages, in order to make the most of the management skills accrued, the establishment of a NewCo controlled by SMAT and in which ACEA holds a minority stake, to which it will entrust, in compliance with regulatory constraints, the operational management of the Pinerolo area until the expiry of the entrustment of the management of the area to SMAT and therefore until the end of December 31, 2033.
The Board of Directors, in its meeting of 29/11/2023, approved the corporate transaction to set up a new company -NewCo - 51% owned by SMAT S.p.A. and 49% by Acea Pinerolese Industriale S.p.A., to be entrusted with the operational management of the integrated water service within the Pinerolo area managed by ACEA; a similar resolution was passed by the administrative body of Acea Pinerolese Industriale S.p.A.
The transaction as a whole was also shared with the City of Turin and ATO 3 of Turin.
The constitution of the NewCo was subsequently approved by ACEA's shareholder Municipalities, which forwarded the relevant council resolutions to the Regional Control Section for Piedmont of the Court of Auditors and to the Antitrust Authority pursuant to Article 5 paragraph 3 of Legislative Decree 175/2016.
The Court of Auditors, Regional Control Section for Piedmont, in response to the communication from one of the municipalities that is a shareholder of ACEA Pinerolese Industriale S.p.A., with Resolution no. 19/2024/SRCPIE/PASP of 12/2/2024 found elements that prevented the establishment of the NewCo, 51% owned by SMAT and 49% by ACEA, to be entrusted with the management of the integrated water service in the Pinerolo area.
Following the subsequent discussions between SMAT, ACEA and ATO 3, also in order to identify other possible alternative solutions, ATO 3 of Turin considered that the only possible path was to transfer the integrated water service business unit from ACEA to SMAT.
In this sense, ATO 3, with President's Decree no. 6 of 30/4/2024, ordered a further technical extension of the safeguarded management of ACEA Pinerolese until 31/12/2024 aimed at the conclusion of the transfer of the business branch related to the integrated water service to SMAT S.p.A., sole manager entrusted with the same service for ATO 3 of Turin.
On 31 January 2025, the sworn appraisal report prepared on behalf of the parties for the valuation of the assets comprising the business unit to be sold was received, based on a balance sheet situation referring to 30 June 2024.
Considering that the service contract between the parties identifies ACEA as a safeguarded operating operator and not as an "outgoing operator", the valuation criterion used by the appraiser complies with the different applicable regulations (art. 152 §2 Legislative Decree 152/06; art. 19 §2 Legislative Decree 2001/22; MTI-4) and the sworn report, which is on file at the meeting, shows a value of the business unit equal to € 16,116,513.66.

Fixed Assets	16,454,570.35
Current Assets	781,534.28
Total Assets	**17,236,104.63**
Provision for staff severance pay and other accruals	1,119,590.97
Total liabilities	**1,119,590.97**
Total value as at 30.6.2024	**16,116,513.66**

The business unit includes, without interruption, all the employment contracts relating to the personnel employed in the Integrated Water Service activity, with the related debts, including severance indemnities.
On 18 March 2025, the SMAT Board of Directors approved the corporate transaction for the acquisition of the business unit as of 1 April 2025.

Considering that the valuation of the transfer price refers to the value of the assets as of 30 June 2024, the consideration must be definitively determined by 30 June 2025 and settled by 30 September 2025, with reference to the actual value of the assets as of 31 March 2025.
By notarial deed dated 1 April 2025, the sale agreement was signed and the down payment of €14 million was paid, the balance will be paid 90 days from the date of final determination of the price.
Concurrently with the finalisation of the deed of assignment, the following were signed

- ✓ a service contract for the use of ACEA resources not solely dedicated to the integrated water service, in order to guarantee the following services: warehouse management, front-office counter, IT assistance, call centre - emergency intervention, RSPP support, quality and environment, validation of measurements and preparatory activities for billing, administration, energy assistance, procurement and purchase management, human resources, general and real estate services, and vehicle-related services, for a total of 30.5 Full Time Equivalents (FTE), and an estimated consideration of about €2 million for the first year.
  The contract provides for the annual review of overall activities, also in light of the availability of personnel at the time, as well as an efficiency coefficient of the activities developed to the extent of 5% per year, through the reduction of FTEs;
- ✓ a rental contract for the leased premises, with a consideration for 3 buildings of 100,000 euros per year, based on market tests carried out in consultation between the parties.

G2. AIDA acquisition

The PI 4.0 Business Plan, approved by the Ordinary Shareholders' Meeting of 26/06/2020, provides for the aggregation of the operating entity Aida Ambiente, which is entrusted with the management of the Pianezza inter-municipal purification plant through a service contract. Negotiations have begun for the purpose of reunifying the service in SMAT and the consequent purchase of the shareholding, including assets and personnel, to be transferred with the protections provided by Article 2112 of the Italian Civil Code pursuant to Article 173 of Legislative Decree 152/06.
The SMAT Board of Directors of 29/11/2023 approved the appraisal for the purchase of the share held by the AIDA Consortium as of 31/12/2022. Therefore, the Board of Directors of AIDA Consorzio has also prepared the necessary acts to finalise the transfer.
The new Administration of the Municipality of Pianezza requested the Consortium to revise the data of the appraisal, in particular for the transfer of some properties not included in the same appraisal.
At SMAT's request, on 10 April, the Ordinary Shareholders' Meeting of Aida Ambiente was held, which unanimously resolved "*to approve the path for the reunification within SMAT of the service provided by Aida Ambiente S.r.l., which envisages the acquisition by SMAT S.p.A. of the minority shareholding of the Shareholder Azienda Intercomunale Difesa Ambiente A.I.D.A., integrating the expert assessments no later than next September 2024*".
The path was reported by many SMAT Member Municipalities in their annual communications for the periodic rationalisation of public shareholdings (art. 20 paragraphs 1, 2 and 3 of Legislative Decree 175/2016 - Consolidation Act on Public Shareholding Companies - "TUSP").
This decision is consistent with the provisions of Article 4 of the TUSP, which prohibits Public Entities from maintaining shareholdings in companies that carry out activities similar to those already entrusted to other entities in which the same entities hold an interest (so-called "duplicate companies").
In this regulatory context, SMAT is the sole manager of the integrated water service in the Turin area and the presence of a company such as Aida Ambiente S.r.l., owned by the same entities and operating in the same service, is objectively in conflict with the principles sanctioned by the aforementioned TUSP and reiterated by the Court of Auditors, as SMAT is incurring an improper cost (regulatory markup, operating costs of the corporate bodies, fees for the independent auditors, etc.), generated by the permanence of the company still to be rationalised.
The two Shareholders of Aida Ambiente S.r.l. have therefore started the necessary steps for the sale of the shareholding held by Consorzio AIDA in Aida Ambiente S.r.l., appointing two respective experts to determine the transfer value according to the rules dictated by the Autorità d'Ambito ATO3 Torinese and the Autorità per la Regolazione per Energia, Reti e Ambiente (ARERA) who have arrived at a shared determination of the value of the shareholding held by Consorzio AIDA, equal to € 401,000.
Following the resignation of the AIDA Consortium's Board of Directors, no timely action was taken on the sale, and during the current year the process has not progressed significantly.
This stalemate exposes all the AIDA Consortium Members to significant risks and in particular to the violation of the aforementioned provisions of Legislative Decree 175/2016 (with the potential imposition of fines ranging from €5,000 to €500,000) and the detection of fiscal damage by the Court of Auditors.

Should the situation continue, there would remain no other way but to start the procedures to put Aida Ambiente S.r.l. into liquidation with the appointment of a liquidator by the Civil Court of Turin.
SMAT therefore sent a communication via PEC to the Mayors and Municipal Secretaries of all the member municipalities of the AIDA Consortium to update them on the situation and to remind them of the urgency of following up on the commitments made by the AIDA Consortium in the Assembly, completing the transfer of the share held in Aida Ambiente S.r.l. in favour of SMAT at the value determined by the updated appraisals.
The issue was re-proposed at the Shareholders' Meeting of Aida Ambiente S.r.l. on 29 April last, which the AIDA Consortium asked to keep open with resumption on 13 May, which approved the financial statements but at which the shareholder AIDA Consortium expressed its opposition to the proposed transfer of the shareholding.

G3. Corrigendum to the new Contracts Code and regulatory changes

The new Public Contracts Code, Legislative Decree No. 36 of 31 March 2023, which came into force on 1 April 2023, became effective as of 1 July 2023, except for certain expressly provided for regulations whose effectiveness was set at 1 January 2024; as of the same date, the previous Contracts Code (Legislative Decree No. 50 of 18 April 2016) was repealed and the application of the new provisions to all procedures and contracts whose notices or notices are published after 1 July 2023 was provided for.
The following implementing measures adopted by the National Anti-Corruption Authority (ANAC) pursuant to the aforementioned Code, effective as of 1 January 2024, should also be noted:

- ANAC, Resolution No. 261 of 20 June 2023 (National Public Contracts Database);
- ANAC, Resolution No. 262 of 20 June 2023 (Economic Operator's Virtual File);
- ANAC, Resolution No. 263 of 20 June 2023 (Legal publicity of acts);
- ANAC, Resolution No. 264 of 20 June 2023 (Transparency of public contracts).

Faced with these regulatory changes, it was necessary to adjust the Company Regulations, adopted pursuant to Article 50, paragraph 5, of the new Code, for the awarding of works, supply and service contracts below the European thresholds, whose procedures were updated and aligned with the new regulatory framework on contracts below the thresholds, introducing, at the same time, additional provisions on the evaluation of operators and procedures for the rotation of invitations and awards. The new Regulation was approved by the Company's Board of Directors on 15 May 2023 and came into force on 1 July 2023.
In addition, the Qualification System established and managed by SMAT was updated and extended to 31 December 2026 for the purpose of pre-selecting economic operators with specific general, economic-financial and technical-professional requirements to be invited to procedures for the awarding of contracts for architectural, engineering and other technical services, adapting the provisions of the related Disciplinary Regulations that regulate in general terms the criteria, registration procedures and operation of the System established pursuant to Article 168 of Legislative Decree no. 36/2023. The revision of the Disciplinary Rules was approved by the Board of Directors on 29 January 2024 with the simultaneous repeal of the previous version.
As of 1 January 2024, the so-called "digitisation of the contract lifecycle" provided for by the new Code (Articles 19-36) came into force. The National Digital Procurement Ecosystem referred to in Article 22 of the Code has thus come into being, marking a significant transformation in the field of public contracting.
The Digital Ecosystem exploits the functionalities of the Digital National Data Platform (PDND), a system that enables and feeds the exchange of information, datasets, and key services within the PA, and interacts with the individual Certified Digital Procurement Platforms (PAD), managed by contracting stations and awarding bodies, and with the reformed National Database of Public Contracts (BDNCP) of ANAC.
In turn, the BDNCP represents the reference digital infrastructure for the management of information of interest for public contracts and includes the Public Contracts Platform (PCP), the Virtual Fascicolo dell'operatore economico (FVOE), the Anagrafe unica delle stazioni appaltanti (AUSA), the Platform for legal publicity, the Casellario informatico and the Anagrafe degli operatori economici.
The rules on digitisation apply to all contracts subject to the discipline of the Code, i.e. procurement and concession contracts in ordinary sectors and in special sectors of any amount.
In the current legal framework, digitisation translates into the obligation placed on contracting stations and granting bodies to use a procurement platform to manage the entire lifecycle of the public contract and, through a connection with the BDNCP, for the fulfilment of requirements on transparency and digital advertising of the tender notice or notice.
As a result of these provisions, SMAT began the process of certification by AgID (Agenzia per l'Italia Digitale) of its digital procurement platform ("Platform"), which was successfully completed on 5 March 2024.
The Platform allows the digital management of the different phases relating to procurement, the exchange of data with the BDNCP (also for the purpose of fulfilling legal publicity and transparency obligations), access to the tender dossier, the Fascicolo virtuale dell'operatore economico (FVOE), the management of the DGUE (Single European

Tender Document) and the acquisition of the tender identification code (CIG), access to the acts and, from April 2025, also the technical, accounting and administrative control of contracts during execution.
Finally, on 31 December 2024, Legislative Decree No. 209 of 31 December 2024 came into force, containing supplementary and corrective provisions to the Public Contracts Code (the so-called 'Corrective Decree'), which, while maintaining the original and general structure of the new Code, introduced numerous and important new regulations.
In particular, the main novelties concern:

a) Fair compensation: specific terms are envisaged for the applicability of the law on fair compensation (Law No. 49 of 21 April 2023) to the public contracts sector, introducing specific criteria for the awarding of engineering and architecture services and of other services of a technical nature and establishing that the fees referred to in the Ministerial Decree of 17 June 2016, the so-called "decree parameters", are used by the contracting stations to identify the amount to be set as the basis for the tender, including the fees, as well as the charges and accessory expenses, fixed and variable. Specifically, two mechanisms are introduced:
   - for direct awards, a minimum of 80 per cent of the expected consideration is guaranteed. For engineering and architecture service contracts below EUR 140,000, subject to direct awarding, the fees may be reduced by a percentage not exceeding 20%;
   - for tendering procedures (amount equal to or greater than 140,000 euro), mechanisms on the weighting of rebates that may be formulated on 35% of the consideration.

b) Labour protection: the application of the CCNL indicated in the tender documents or an equivalent CCNL is confirmed, with new guidelines (new annex to the Code) to be followed by the Contracting Stations in order to identify the applicable CCNL and calculate any equivalence.
c) Price revision: a new annex was introduced to implement price revision clauses in both the works and the services and supplies sectors.
d) Small and medium-sized enterprises: measures are introduced to favour the participation of SMEs by providing for a dedicated subcontracting threshold of 20%.
e) Digital design (BIM): threshold raised from EUR 1 to 2 million, mandatory from 1 January 2025.
f) Special Sectors: certain rules previously applicable only to ordinary sectors are extended to special sectors (including, among others, Articles 106 and 117 on guarantees, Article 116 on testing, Article 125 on advance payments).

As a result of the entry into force of the new regulations on public contracts, as most recently amended by the Corrective Decree, it was therefore necessary to adjust the Company's "Procurement" Procedure (I_APPO001/A), updating and aligning to the new Code the flow of operations and information relating to the management of procurement and the evaluation of suppliers necessary for the performance of the Company's activities (I_APPO001/B).

G4. Recruitment programme

The recruitment plan in line with the Industrial Plan 4.0. continued, ensuring in particular the professional skills needed for the technical-operational processes.
As far as the current year is concerned, the most relevant updates are listed below.
As of 1 January 2025, 9 resources profitably employed for more than 12 months were stabilised through direct hiring (in accordance with Article 23 of the Recruitment Regulation), in order to ensure stability and continuity of the services, in the meantime also containing the rate of turnover due to resignations and capitalising on the training and expertise acquired in the meantime.
With effect from 01/04/2025, the company branch of Acea Pinerolese Industriale S.p.A. and its related personnel were acquired, resulting in 93 hires.
In addition, a further 29 hires were made (of which 1 following the transfer of an individual contract from Acquedotto generale delle Valli di Lanzo, 1 fixed-term contract to support employees with major health problems, and 27 from current rankings).
To date, referred to the 2025 financial year, there have been 7 terminations (of which 3 due to voluntary resignations, and 4 retirements).

G5. Management trends and organisational structures - Business Plan 5.0

SMAT is called upon to deal with a changing and particularly complex regulatory and regulatory framework: from the fourth MTI-4 regulatory method to the evolution of European regulations starting from the Waste Water Directive to the provisions on the reuse of water and sewage sludge in the logic of circular economy, from energy

efficiency to the removal of emerging pollutants, from the search for network losses to the increase of water resilience of the territory.
The task to which SMAT is called is demanding and requires a significant amount of investment that must be deemed compatible by the 'Torinese' Ambit Authority with the economic-financial balance of the operator and at the same time with the economic and social sustainability of the tariff. The ability to balance the need to finance important investments with maintaining the accessibility of the service for citizens is crucial to guaranteeing the success of the plan and the social cohesion of the territory.
With this in mind, SMAT is in the process of approving the Industrial Plan 5.0 Industrial Plan as a dynamic tool to meet the challenge of change to which the company as a whole is called and which is substantiated in the IT evolution dictated by the digitalisation of networks and plants, in the completion and realisation of strategic works, in the application of new regulatory and normative indications, in adherence to recent qualitative limits to protect the drinking water distributed to citizens and returned to the environment after purification in compliance with the objectives also envisaged by the ministerial funding of the PNRR.
The Industrial Plan also envisages significant activities of a social nature, such as a 50% tariff reduction for municipal and provincial utilities used by the public, the creation of Water Points in the metropolitan area, and the implementation of dissemination campaigns on the correct use of water resources.

H. ORGANISATIONAL MODEL, SUPERVISORY BODY, ANTI-CORRUPTION AND TRANSPARENCY

H1. The Supervisory Body

Back in 2003, SMAT appointed a Supervisory Board (SB), adopted the Organisation, Management and Control Model (MOG) required by Legislative Decree 231/2001, and approved its Code of Ethics. Initially monocratic, the SB became collegial in 2011. The current Supervisory Board was appointed by the Board of Directors on 13/7/2023, valid until the approval of the 2025 financial statements.

The MOG for the prevention of administrative offences constitutes, together with the Code of Ethics and other elements of corporate governance (being subject to statutory auditing, internal auditing, quality certification, laboratory accreditation, occupational health and safety certification, and environmental certification), an effective tool for raising awareness and control in respect of all those who work on behalf of SMAT, so that in carrying out their activities they adopt behaviour inspired by the ethics of responsibility and in compliance with the law.

The Company's Code of Ethics is based on the conviction that the management's behaviour must respond to a real shared style of support for the proper functioning and development of the Company. In fact, the most important guarantee to Shareholders and other stakeholders derives from the integrity and ethical values of the people who work in the organisation and those who administer and monitor and control it. The Code of Ethics (last updated 5/5/2022) is available on the company website www.smatorino.it. It is provided to new employees in the Welcome Kit, in the onboarding portal and was sent to Directors, Auditors, Managers, Middle Managers and Heads of Service when the latest update of Model 231 was distributed. On 8 October 2024, the Code of Ethics and the updated OMC 231 were distributed to all members of the Board of Directors appointed by the Shareholders' Meeting of 29 June 2023.

External collaborators and partners are also involved in this prevention process: purchase contracts and orders include a specific request for acceptance and commitment to apply the ethical principles contained in the Code.

The MOG was last updated on 30 September 2024, following the introduction of new predicate offences including the introduction of offences against cultural heritage (Article 25 septiesdecies of Legislative Decree 231/2001), with reference to the implications of Article 518 duodecies of the Criminal Code. "*Destruction, dispersion, deterioration, defacement, defacement and unlawful use of cultural and landscape heritage*" and the entry into force of Legislative Decree 24/2023, which led to the updating of the Whistleblowing procedure (an integral part of the OMC 231) effective from 15/7/2023, replacing the previous ones. A new update of the OMC is currently underway for the introduction of the predicate offences relating to Obstructing the freedom of invitations to tender and Obstructing the procedure for choosing a contractor.

The General Part of the Model is available on the company website. On the employee portal, '*training pills*' are permanently available to illustrate the key concepts of Decree 231/2001 and to make employees aware of how to report anomalies or offences.

H2. Anti-corruption and Transparency

In compliance with Law 190/2012 (prevention of corruption) and Legislative Decree 33/2013 (transparency), the Board of Directors of 13 July 2023 appointed the Anti-Corruption and Transparency Officer (RPCT) with effect until the approval of the 2025 budget.

With reference to the protection system for whistleblowers, the procedure for reporting wrongdoing - whistleblowing in 2023 was adapted to Legislative Decree 24/2023, which provides as the preferred method of reporting wrongdoing the use of an IT platform, the address of which is available to all employees on the company website, as is the procedure for handling reports, and is also communicated to suppliers and collaborators when placing an order or assignment.

The Single Regulation governing the right of access to administrative documents and the right of access to documents, data and information was adopted by the Board of Directors on 29 July 2019, published on the company website and disseminated to all employees by means of a special internal Service Order.

On 29 January 2024, the Board of Directors approved the Three-Year Plan for the Prevention of Corruption and Transparency 2024-2026, which was subsequently published and forwarded to the Managers and Heads of Services involved. The continuous updating and development of the 'Transparent Company' section of the corporate website continues. In 2024, general level training was provided to all employees through information pills on the prevention of corruption and on the whistleblowing channel, and general level e-learning training was scheduled for all employees, including new recruits, and specialist level training for managers through a dedicated platform. In parallel, training pills on administrative responsibility Legislative Decree 231/2001 and Law 190/2012 for all employees are permanently available on the SMAT employee portal and on the onboarding portal for new recruits.

The RPCT and the support structure participated in specialised training days. Every year, the RPCT and the Supervisory Board analyse any reports or facts that may refer to risks of corruption or administrative offences. If they detect their relevance, they activate the necessary procedures.

H3. Privacy - GDPR

In implementation of the European General Data Protection Privacy Regulation 679/2016 (GDPR), the Board of Directors already in March 2018 appointed its own Data Protection Officer, later replaced in October 2022.
During 2020, the functional organisation chart for the Privacy regulations was approved and privacy contact persons (Legal and IT) were appointed by the Data Controller.
The processing register pursuant to Art. 30 of the Regulation, all disclosures, the video surveillance document and related assignments are updated annually; new training for employees is being determined.

H4. Certification of the integrated management system Quality - Environment - Occupational Health and Safety

As of 2020 SMAT S.p.A. has achieved certification of its Integrated Management System, certified by an Accredia accredited body in accordance with the standards:
- UNI EN ISO 9001:2015 (Quality Management System);
- UNI EN ISO 14001:2015 (Environmental Management System);
- UNI ISO 45001:2018 (Occupational Health and Safety Management System).

The Integrated Management System is aimed in particular at ensuring
- compliance with the mandatory requirements for quality, environment and safety;
- customer and other stakeholders' satisfaction with the services offered;
- the continuous improvement of its performance, in terms of effectiveness and efficiency of processes, environmental protection and occupational health and safety of all personnel.

Certification entails continuous monitoring of the system's conformity by the responsible corporate function (QSA), as well as annual surveillance by the Certification Body.
During the financial year, there were no deaths at work due to causes attributable to SMAT; furthermore, there were no charges relating to occupational illnesses or mobbing on employees recorded in the single labour register.

H5. Certification of the sustainability of biofuels and bioliquids

In 2020 certification was obtained at the Castiglione T.se site on the sustainability of biomethane production from sewage sludge according to the Decree of 14 November 2019 - National certification system for the sustainability of biofuels and bioliquids, confirmed in 2025.

H6. SMAT Laboratory Accreditation ISO 17025:2018

This accreditation was first obtained in 2000 and represents a benchmark for water quality control, which is essential for the protection of public health.
SMAT laboratories, accredited by ACCREDIA according to UNI CEI EN ISO/IEC 17025:2018 (Accreditation No. 0309), guarantee the reliability and quality of chemical and microbiological analyses performed on water intended for human consumption, wastewater and sewage sludge/wastewater.

H7. Food Safety Management System ISO 22000:2018

SMAT Laboratories, in addition to working in compliance with UNI EN ISO 9001: 2015, in pursuit of the objectives of fostering the maintenance and growth of the relationship of trust with its customers and users, have obtained accreditation from ACCREDIA (Italian Accreditation Body) and operate in accordance with UNI CEI EN ISO/IEC 17025: 2018 - the list of tests is available at www.accredia.it, accreditation no. 00278 (ex 0309).
Accreditation, first awarded in 2000, involves annual verification by ACCREDIA of the technical and management competence of the laboratories in accordance with the requirements of the reference standard and is confirmed every 4 years.
The 6th accreditation cycle (2021-2024) was also successfully concluded with the last surveillance visit carried out by the Body in November 2024 and the process to activate the 7th accreditation cycle (2025 - 2028) has already been started. In addition, since 2016 the Chemical and Biological Laboratories of the Waterworks Division have been registered in the regional list of laboratories (ID 067) that carry out analyses within the scope of self-control of food companies.

H8. Certification for Information Security ISO 27001:2022

Achieved in 2024, this certification demonstrates the high level of protection of company data and information processed by SMAT. In an increasingly digital environment, this recognition guarantees customers and stakeholders maximum security and reliability in the management of sensitive information.

H9. Gender Equality Certification UNI/PdR 125:2022

In 2024, SMAT obtained this certification, which testifies to its commitment to diversity, gender equality and equal opportunities in the workplace. The promotion of an inclusive and respectful environment represents a strategic value for the company, which places people's well-being and professional development at the centre.

H10. Accreditation Hydraulic Measurements Laboratory and Meter Bench ISO 17025:2018

By achieving accreditation (no. 0304T) in 2021, SMAT's Hydraulic Measurements Laboratory and Meter Bench has demonstrated competence and accuracy in the calibration of water meters. This accreditation attests to the reliability of hydraulic measurements, which are essential for ensuring transparent and accurate management of water consumption.

H11. List of SMAT Group branch offices

The parent company SMAT S.p.A. and the other subsidiaries carry out their activities in their respective registered offices and local operating units, as there are no secondary offices pursuant to art. 2299 of the Italian Civil Code.

I. TRANSACTIONS WITH RELATED PARTIES

As regards the transactions carried out with related parties, as defined by art. 2428, 2nd paragraph, no. 2 of the Italian Civil Code, the main transactions that the Parent Company SMAT S.p.A. has carried out with them are shown below.

I1. Transactions with the City of Turin

With respect to the City of Turin, in relation to the shareholding held (directly and indirectly), equal to 63.54%, as of the balance sheet date there were the following transactions, resulting from transactions carried out at normal market conditions:

	Receivables	Payables	Costs	Revenues
CITY OF TURIN	1,470,897	763,218	1,917,424	4,514,095

With regard to the composition of receivables due from the City of Turin, the most significant items are those consisting of the supply of the Integrated Water Service (bills to be issued for about €1,396 thousand net of credit notes issued for about €21 thousand) as well as miscellaneous works and services (invoices to be issued for about €90 thousand and issued for about €6 thousand).
With regard to the composition of payables to the City of Turin, the item is made up of the 2024 instalments of local authority fees resolved by the Ambit Authority No. 3 of Turin for the year closing for a total amount of about €763 thousand.
The evolution of the amounts receivable from and payable to the City of Turin is a consequence of the reciprocal payments made on the agreed due dates.
Revenues are shown net of the portion of €4,049 thousand related to the 50% tariff reduction envisaged for utilities for public use applied in 2024.

I2. Transactions with subsidiaries and affiliated companies

The following transactions existed at the balance sheet date with Group companies that are to be considered subsidiaries and/or associated companies pursuant to Article 2359 of the Italian Civil Code, arising from transactions carried out at normal market conditions or from specific or generic agreements to regulate the exchange of *services* between the parties themselves:

	Receivables	Payables	Costs	Revenues
RISORSE IDRICHE S.p.A.	186,803	2,952,165	4,108,558	306,653
AIDA AMBIENTE S.r.l.	466,081	70,040	1,385,045	388,443
SAP S.p.A. IN LIQUIDATION	40,000	16,380	0	40,002
Total	692,884	3,038,585	5,493,603	735,098

L. SUSTAINABILITY REPORTING

ESRS 2 - GENERAL DISCLOSURES

[ESRS 2 BP-1] - General basis for preparation of sustainability statements

This Sustainability Report is prepared for the first time in **accordance with the requirements of the European Sustainability Reporting Standard (ESRS**), the single European standard issued by the European Financial Reporting Advisory Group (EFRAG). It covers the fiscal year 2024 (01.01.2024 - 31.12.2024) and has been **prepared on a consolidated basis**. It includes the Parent Company SMA Torino S.p.A. (hereafter also Parent Company SMAT S.p.A., or SMAT) and its subsidiaries AIDA Ambiente S.r.l. and Risorse Idriche S.p.A., in line with the reporting scope of the Consolidated Financial Statements.
The analysis of impacts, risks and opportunities **considered the Group's activities along its value chain**, both upstream and downstream. Various operational functions of the Group were actively involved in the process of collecting data and information preparatory to the drafting of this Sustainability Report.
In the Management Report, SMAT provides an overview of the main capital expenditures (CapEx) related to major works. For other projects, in order to protect confidentiality, specific details on CapEx and OpEx are not provided.

[ESRS 2 BP-2] - Disclosure in relation to specific circumstances

The primary objective of this Report is to present **the policies, actions and metrics** adopted to manage the impacts, risks and opportunities (IROs) identified in the double materiality analysis. A **Strategic Sustainability Plan** is being developed, the details of which will be included in the next edition of the Report and which will contain medium- and long-term objectives related to IROs.

Time horizons
In accordance with ESRS 1 and for reporting purposes, the SMAT Group considers the following time horizons: the reporting period of this document, i.e. 2024 (**short period**), the period between 2025 and 2029 (**medium period**) and the period after 2029 (**long period**).

Causes of uncertainty in estimates and results
This Report includes metrics estimated on the basis of indirect sources, which may lead to a certain degree of uncertainty. In particular:

- **Energy** consumption: the Group mainly uses primary data to report energy consumption. An exception is hydroelectric production at the Chiomonte plant, for which the data is estimated and not directly measured.
- **Greenhouse gas emissions**: measurements come from indirect data. In accordance with ISO/TR 14069:2017, the Group assessed the level of uncertainty associated with each emission source using the method proposed by the GHG Protocol, classifying the level of accuracy according to the thresholds provided: <5% (very good), 5-15% (good), 15-30% (sufficient), >30% (low). The lowest level of accuracy was recorded for Scope 1, due to the high variability in the parameters used to estimate:
    - carbon removals from green areas (Category 1.5);
    - emissions from the wastewater treatment process (Category 1.3), influenced by the uncertainty of the IPCC coefficients.

Given the nature of the data and its dependence on third-party sources, Scope 3 presents a certain level of uncertainty, mainly related to the lack of primary data. This implies, especially for Scope 3.1 (purchase of goods and services), 3.2 (capital goods), 3.3 (fuel and energy activities not included in Scope 1 and 2), 6.1 (use of products sold) and 6.2 (end-of-life of products sold), the use of proxies and databases for emission factors, resulting in an estimated level of accuracy of between 15% and 30%.

Overall, the relative uncertainty on the Group's total emissions stands at 17%, corresponding to a 'sufficient' level of accuracy.

Changes in reporting methodology and errors in prior reporting periods
As this is the first reporting period in line with the European Sustainability Reporting Standards, (ESRS), the Group has decided to make use of the transitional provision **by presenting only data for the fiscal year 2024** and, therefore, no comparative information will be provided.

Information stemming from other legislation
With regard to information stemming from other legislation, SMAT has incorporated **the Disclosures pursuant with Article 8 of Regulation (EU) 2020/852** of the European Parliament and of the Council (Taxonomy Regulation).
Consistent with the provisions of section 8.2 of ESRS 1, the Group will integrate entity-specific disclosures in this document, in line with the sectoral provisions of the Regulatory Authority for Energy Networks and the Environment (ARERA). These integrations aim to ensure transparent, consistent and fully aligned disclosures with the regulatory framework for Integrated Water Service (IWS) operators. SMAT will include its performance on technical and contractual service quality indicators, in compliance with the principles of comparability, verifiability and comprehensibility.
The Integrated Water Service is regulated on three levels - European, national and local - with the aim of ensuring sustainable, efficient and quality management of water resources.
At the national level, the **regulator of the sector is ARERA**, which defines and updates rules on tariffs, contractual quality and technical quality of the service. Among the key references:

- **Resolution 655/2015/R/idr**: regulates **Contractual Quality** (e.g. initiation, termination and management of the relationship with the user);
- **Regulation of Technical Quality (RQTI)**: in force since 2018, it introduces criteria and rewards/penalties based on the performance of operators.

ARERA has updated the regulatory framework with two important resolutions. With Resolution 639/2023/R/idr, it defined the Water Tariff Method for the fourth regulatory period (2024-2029), confirming the system already in use and extending the planning time horizon for investments, with the aim of reducing service disparities between geographical areas. Instead, Resolution 637/2023/R/idr updated the technical quality measurement system (RQTI), standardising the classes of the six existing macro-indicators and introducing a new macro-indicator, called M0, dedicated to water resilience. This indicator aims to measure the capacity of the water system to respond to the effects of climate change by assessing the efficiency of supplies compared to demand in the served territory, including for non-household uses. The new approach promotes the efficient aggregation and sharing of data among the various managing bodies and encourages the reuse of purified wastewater, thus strengthening the environmental resilience of the territories. In this way, ARERA confirms its central role in orienting the water sector towards a model increasingly oriented towards quality, equity and long-term sustainability.

ARERA general standards	RQTI indicator
M0 - Water resilience	M0a - Water resilience at the Integrated Water Service management level (ratio between Integrated Water Service consumption and water availability) M0b - Water resilience at a supra-regional level (ratio between consumption for all uses, also other than drinking water, and the overall water availability of the territory)
M1 - Water leakage	M1a - Linear water losses [mc/km/day]. M1b - Percentage water losses [%].
M2 - Service interruptions	Service interruptions [hours]
M3 - Water quality delivered	M3a - Incidence of non-potability ordinances [%]. M3b - Rate of non-compliant samples [%] M3c - Rate of non-compliant parameters [%].
M4 - Adequacy of the sewerage system	M4a - Frequency of flooding and/or sewerage spills (n/100km) M4b - Regulatory adequacy of flood drains (% inadequate) M4c - Control of flood drains (% not controlled)
M5 - Sludge disposal in landfills	Sludge disposal in landfills [%].
M6 - Quality of purified water	Exceedence rate of limits in discharged wastewater samples [%].

SMAT's technical quality according to the classes of ARERA macro-indicators

ARERA macro-indicators	SMAT 2024	Italy 2023[6]
M1 - Water leakage	C	C
M2 - Service interruptions	B	C
M3 - Water quality delivered	C	E
M4 - Adequacy of the sewerage system	A	E
M5 - Disposal of sludge to landfill	A	A
M6 - Quality of purified water	B	C

Incorporation by reference
Below is a table listing the disclosure requirements, or related disclosure elements, included by reference, as they are already available in other chapters/sections of the Management Report.

[6] ARERA, Annual Report 2024, State of Services

Disclosure	Reference in the Management Report
ESRS 2 GOV-1 - Role of the administration, management and control bodies	B. Composition of the SMAT Group
ESRS 2 SBM-1 Strategy, business model and value chain	A3. Main technical data and operational area
ESRS E1-3 - Actions and resources related to climate change policies	D1. Status of Major Infrastructures and NRP Funding
ESRS E3-2 - Actions and resources related to water and marine resources	D1. State of play Major Infrastructures and NRDP funding

[ESRS 2 GOV-1] - Role of administrative, management and supervisory bodies

Composition and diversity

SMA Torino S.p.A. has a **traditional governance structure** in which the Board of Directors (BoD) acts as the administrative body and the **Board of Statutory Auditors** as the controlling body. The **Shareholders' Meeting**, on the other hand, acts as the management body to which both the BoD and the Board of Statutory Auditors refer. As at 31.12.2024, the BoD consists of 5 members, 2 of whom are executive (40%) and 3 non-executive (60%).
Among the members of the Board of Directors, 60% are independent and female representation accounts for 40%. In the Board of Auditors, 40% is also represented by women.

Members of the Board of Directors	Appointment	Independence
Romano Paolo	Chairman - executive	*Non-independent*
Quazzo Armando	Chief Executive Officer - executive	*Non-independent*
Cerutti Monica	Director - non-executive	*Independent*
Lavolta Enzo	Director - non-executive	*Independent*
Tumiatti Cristina	Director - non-executive	*Independent*

Members of the Board of Statutory Auditors	Appointment
Di Russo Davide	Chairman
Giordano Paola Lucia	Acting Auditor
Montanari Simone	Acting auditor
Cacciola Maurizio	Alternate auditor
Barreri Emanuela	Alternate auditor

The diverse composition and expertise of the Board of Directors enable it to make informed decisions in line with the Group's long-term strategic objectives. The members of the administration and supervisory bodies possess the necessary skills to perform their duties, having gained experience and knowledge in areas consistent with the Integrated Water Service sector, supported by management and supervisory skills developed during their careers. In particular, the Chairman and the Chief Executive Officer (CEO) have **many years of experience in the sector and hold active roles within national and international organisations of reference**.
The Shareholders' Meeting is made up of all shareholders who exercise similar control over the ordinary and extraordinary management of SMAT as an in-house company that develops no less than 80% of its business for the benefit of its shareholders.
For more information on SMAT's shareholder structure, please refer to chapter "B. Composition of the SMAT Group" of the document.

Roles and responsibilities

The Board of Directors is responsible for the strategic guidance and supervision of the Group. Its main responsibilities include defining corporate strategies, approving operating plans and programmes, and monitoring management, financial and sustainability performance. In addition, the Board updates the company's mission, vision and values, based on core principles, including sustainability. These include the continuous development of competence, reliability, improving the quality of processes and services, technological innovation, human resource development and transparent communication. A further task of the Board of Directors is the approval of the draft Annual Report, including the Sustainability Report. In connection with this, **it also reviews and approves the double materiality analysis**, which includes the relevant IROs, as well as the process for defining them.

The **Board of Statutory Auditors** is responsible for supervising compliance with the law and the Articles of Association, the adequacy of the organisational, administrative and accounting structure and the proper management of the company. Its functions include verifying that the accounts are properly kept and that the annual financial statements are compliant. This body coincides with **the Control and Audit Committee (CCIRC)**, which oversees the financial reporting process and the statutory audit. It also monitors the effectiveness of the internal control, **risk**

management - including sustainability risks - and internal audit systems, helping to ensure transparency and accountability in corporate governance.
The **Shareholders' Meeting**, as the Company's highest decision-making body, is responsible for approving the Financial Statements, appointing and dismissing the members of the Board of Directors and the Board of Statutory Auditors, determining the remuneration of directors and statutory auditors, as well as deciding on amendments to the Articles of Association and extraordinary transactions, such as capital increases or mergers. In addition, the Shareholders' Meeting may be convened to discuss and resolve on other issues relevant to the management and strategic direction of the Company. These responsibilities are codified in the Articles of Association.

Description of Management's Role in Governance Processes, Controls and Procedures for Managing IROs
The role of senior management is central to the governance processes adopted by the SMAT Group to monitor, manage and control relevant IROs. Responsible for the operational management and implementation of corporate strategies, Senior Management ensures that the Company's policies and activities are consistent with sustainability issues and able to respond proactively to regulatory, environmental and market changes. To support these activities, SMAT has established a **cross-functional team** responsible for overseeing the process of identifying and managing IROs and drafting the Sustainability Report. This group includes representatives from the main corporate functions involved in the management of environmental, social and governance (ESG) issues: Planning, Finance and Control, Laboratories and Water Quality, Quality, Safety and Environment, and the Research Centre. This structure ensures a holistic view and a connection between the different corporate areas, promoting methodological consistency. Control over the team's activities is exercised by management and, ultimately, by the Board of Directors, which reviews the results on an annual basis.

Skills and competences to supervise sustainability issues
The members of the Board of Directors have **expertise in business ethics and sustainability**, gained from heterogeneous professional backgrounds. Some board members have a consolidated experience in the Integrated Water Service sector, which allows them to face with awareness the main challenges related to the sustainable management of water resources. This background enables them to effectively oversee ESG issues and the management of IROs. The board members also participate in conferences, events and discussion tables dedicated to environmental issues, thus strengthening the dialogue with the external context and continuous updating on sector trends and regulations.
The Chairman of the Board of Directors plays a leading role in several associations, national and international federations, representing UTILITALIA[7] in Commission 1 "Drinking Water" of Eureau (European Union of National Associations of Water Services) and holding key positions within UTILITALIA itself. He is also spokesperson for the 'Utility Alliance of Piedmont', a network of public enterprises committed to the promotion of sustainable practices. The CEO also actively participates in industry initiatives, including the 'Community Valore Acqua per l'Italia' (Community Water Value for Italy) working group promoted by TEHA Group (The European House - Ambrosetti), with the aim of defining shared industry strategies for an efficient and responsible management of water resources.
In the event of regulatory updates or significant changes in the sustainability scenario, SMAT will assess the opportunity to activate targeted training sessions aimed at members of the Board of Directors and the Board of Statutory Auditors.

[ESRS 2 GOV-2] - - INFORMATION PROVIDED TO AND SUSTAINABILITY MATTERS ADDRESSED BY THE UNDERTAKING'S ADMINISTRATIVE, MANAGEMENT AND SUPERVISORY BODIES

The BoD is informed **annually** about relevant impacts, risks and opportunities by the CEO. It should be noted that 2024 is the first year in which this analysis was carried out in line with the ESRS. The Board of Statutory Auditors, taking part in the meetings of the Board of Directors, also receives adequate information.
SMAT's Business Plan already considers sustainability issues, as they are closely related to the core business. The Strategic Sustainability Plan, currently being drafted, will aim to provide a more explicit correlation with IROs.
The Board of Directors carefully evaluates any reports and evidence on sustainability and risk management from the Supervisory Board and other control bodies, which are submitted on a half-yearly basis. This information flow helps to ensure informed management of environmental, social and governance factors.
For more information on IROs, please refer to the list in ESRS 2 SBM-3 in this Sustainability Report.

[7] Federation that brings together the companies operating in the public services of Water, Environment, Electricity and Gas, representing them at national and European institutions. It was created from the merger of Federutility (energy and water services) and Federambiente (environmental services).

[ESRS 2 GOV-3] - - Integration of sustainability-related performance in incentive schemes

Consistent with the principles of transparency and accountability, SMAT discloses information on the integration of sustainability issues within its incentive systems, with reference both to members of the administration, management and control bodies and to the employees.

In fact, SMAT adopts remuneration policies and variable incentive systems aimed at recognising the results achieved, in line with the company's strategic objectives. These systems also include elements linked to sustainability, understood in environmental, social and governance terms. Variable remuneration takes the form of an annual bonus linked to the achievement of specific objectives, including:

- reduction of the environmental footprint (e.g. energy and water consumption);
- development of innovative environmental projects;
- advancement of welfare and social inclusion initiatives;
- commitment to good governance practices and transparency in decision-making processes.

ESG metrics are then integrated into incentive policies as part of the qualitative and quantitative assessments in performance plans. Some indicators are included in annual company KPIs, while others are monitored as part of sustainability reports.

The share of variable remuneration linked to ESG objectives can be up to 20-30% of the incentive component, varying according to the position held and level of responsibility. However, the incentive conditions and rationale linked to ESG issues are not formally submitted to the Board of Directors for approval.

With regard to personnel as well, the incentive system adopted by SMAT as part of the 2024-2025 Result Bonus, governed by the Verbale di Accordo of 1 August 2024, incorporates various indicators that intercept environmental, social and governance issues. In particular, the personnel incentive scheme includes the following reward objectives:

- **Environmental themes**, such as the reduction of water leakage (M1), the water quality delivered (M3) and purified (M6), the management of floods and sewage spills (M4), and the disposal of sludge in landfills (M5);
- **Social issues,** including gender equality, equity and inclusion, the subject of the UNI/PdR 125:2022 certification pathway;
- **Governance issues**, such as information security with reference to the UNI CEI EN ISO/IEC 27001:2024 standard and the improvement of contractual quality in relations with Users (MC1 and MC2).

Although not formally classified as ESG objectives, these indicators reflect strategically relevant areas from a corporate sustainability perspective and represent an initial level level of integration between operational performance and ESG-related issues. The link between environmental and social performance and economic incentive provides a useful basis for a possible evolution towards remuneration systems fully aligned with ESG criteria, consistent with the company's future strategic directions and regulatory obligations deriving from ESRS standards

[ESRS 2 GOV-4] - Statement on due diligence

In light of the obligations introduced by the Corporate Sustainability Due Diligence Directive (CS3D), which requires companies to **identify, prevent and mitigate the negative externalities of their value chain** on human rights and the environment, the SMAT Group is taking steps to implement a due diligence process within its supply chain.

Although it has not yet conducted a systematic analysis according to the criteria set out in CS3D, SMAT, as a contracting authority, already adopts a series of measures to ensure that **its suppliers respect the principles of legality, environmental responsibility and sustainability**. Tender documents and technical specifications include requirements relating to regulatory compliance, the adoption of organisational and management models pursuant to Legislative Decree 231/2001, the possession of environmental and quality certifications, and the application of the Minimum Environmental Criteria (MEC), where required by current legislation. Furthermore, in relation to the PFAS issue, SMAT has introduced in all its purchases and tenders the requirement to use, for materials that come into contact with drinking water or wastewater, materials that do not release these compounds over time. These requirements help prevent risks along the supply chain and strengthen the reliability of selected partners. The Group is aware that the progressive strengthening of audits and controls on its suppliers represents a fundamental step to anticipate the evolution of the European regulatory framework and to promote a management model marked by transparency, responsibility and prevention.

Value chain considerations, both upstream and downstream, have been integrated into the mapping of impacts, risks and opportunities. With regard to the other key elements (listed in the table below), SMAT will implement the necessary due diligence processes.

Basic Elements of the Duty of Care Core elements of Due Diligence	Paragraphs in the Sustainability Statement
a) Embedding due diligence in governance, strategy and business model	*n/a*
b) Engaging with affected stakeholders in all key steps of the due diligence	*n/a*
c) Identifying and assessing adverse impacts	ESRS 2 IRO-1 - Description of the process to identify and assess material impacts, risks and opportunities
d) Taking actions to address those adverse impacts	S2-4 - Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those action 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 S4-4 - Taking action on material impacts on consumers and end-Users, and approaches to managing material risks and pursuing material opportunities related to consumers and end- Users, and effectiveness of those actionsUsersUsers
e) Tracking the effectiveness of those efforts and communicating	*n/a*

[ESRS 2 GOV-5] - RISK MANAGEMENT AND INTERNAL CONTROLS OVER SUSTAINABILITY REPORTING

The sustainability reporting process is coordinated by a cross-functional working group involving the Planning, Finance and Control, Laboratories and Water Quality, Research Centre, Quality, Safety and Environment functions. The group is led by a coordinator from the SMAT Research Centre who centralises the activities.
Central elements of the entire process are **data collection and control**, aimed at ensuring traceability, transparency and quality of information. To this end, there is a procedure for collection that involves the use of a shared networked database into which the company functions involved enter the required quantitative data. For each piece of information reported, the survey forms envisage the identification of (i) a **data provider** and (ii) a **manager** or responsible officer, **responsible for verifying and validating the content**. For the information provided, it is necessary to clarify the nature of the input (e.g. extraction from management system, calculation via worksheets, estimated data) as well as the estimated percentage, where applicable. This helps to ensure the traceability and accuracy of the data presented.
In addition to the first level of control provided by the line manager, **further checks** are applied where necessary, including punctual comparisons with those responsible for the data.
It should be noted that a **dedicated collection procedure** is being implemented to manage information risk, aimed at strengthening the control overestimates and introducing shared criteria for assessing the reliability of data. The procedure will also regulate the possible involvement of the internal control bodies. The results of the risk assessment and the findings arising during reporting will be integrated into the business processes through periodic reports, discussions with management and planned corrective actions, with a view to continuous improvement and strengthening of internal controls.

[ESRS 2 SBM-1] - STRATEGY, BUSINESS MODEL AND VALUE CHAIN

The SMAT Group manages the Integrated Water Service - drinking water, sewerage and wastewater treatment - in 293 municipalities of the Ambito Territoriale Torinese, ATO3. With a water network of 13,366 km, the Group serves a catchment area of 2,187,721 inhabitants, supplying over 160 million m^3 of quality water every year. For further information, please refer to section *"A3. Main technical data and operational area"* of the document.
SMAT's sustainability strategy is deeply intertwined with environmental, social and economic issues, in line with the Agenda 2030 Sustainable Development Goals. The Group is positioned as a **key player in the sustainable management of water resources in the Metropolitan City of Turin** and represents a model at regional and national level, addressing the challenges of climate change with a strategy based on infrastructural resilience, digitalisation and innovation.
Among the **most significant actions** are the implementation of major works such as the Collettore Mediano and the Acquedotto della Valle Orco; the upgrading of the Castiglione Torinese wastewater treatment plant with a thermal oxidiser for the energy recovery of sludge; and the network digitisation project, aimed at reducing water losses and improving predictive maintenance.
A **Strategic Sustainability Plan** is currently being drafted that will make this correlation and correspondence to the IROs explicit. Sustainability-related objectives in terms of significant product and service groups, customer categories, geographic areas and stakeholder relations will also be specifically defined in the Strategic Plan.
Key challenges for the future include adapting to extreme climate events, preventing water scarcity, controlling water quality - also and especially with respect to emerging contaminants such as PFAS - and maintaining service quality in a context of increasing infrastructure pressure. **Critical solutions** identified include investment in resilient infrastructure, energy production from renewable sources, wastewater reuse and strengthening stakeholder engagement

Business model and value chain

The parent company SMAT creates value for a broad ecosystem of stakeholders through the provision of an an **essential public** service: integrated water service management. Its services bring concrete benefits to citizens, local authorities, businesses and the territory, by ensuring a water supply that is safe, efficient and sustainable water supply.

SMAT operates under an in-house providing arrangement, allocating more than 95% of its activities - well above the 80% threshold - to its shareholders municipalities and thus ensuring a widespread public interest service. This commitment translates into a **value offering that spans the entire value chain**, from water capture to its return to the environment, with positive repercussions on the environment, people and the economy.

The Group ensures its **customers** a reliable, continuous and quality water service, thanks to constant controls and adherence to the standards set out in the Water Service Charter. Furthermore, ongoing investments are geared towards the continuous improvement of the technical and contractual quality of the service. This continuity is guaranteed even in emergency contexts, reinforcing SMAT's role as a stable garrison **for the territory and the community**.

For **investors**, SMAT represents a solid and sustainability-oriented reality, as demonstrated by its economic-financial results and transparent reporting. The issuance of financial instruments and the awards obtained for service quality consolidate the company's reliability. In addition, the high percentages of alignment with the European Taxonomy confirm the commitment to activities consistent with the EU's environmental objectives, making SMAT an attractive reality also for ESG-conscious investors.

The table below provides a concise view of the **corporate value chain**, illustrating the main inputs, the key activities, the outputs generated and the actors involved in the various steps, with the aim of clearly mapping the value created by SMAT and the actors to whom this value is destined.

Phase	Operational area	Process	Description
Upstream	s	Services and technologies	Services for meter reading and consumption data management. Technological solutions for water network management, which may include software for monitoring and data analysis
		User consumption	User consumption (upstream of sewerage and wastewater treatment service), Wastewater production
Upstream		Procurement of materials and services	Procurement of materials needed for the construction and maintenance of water infrastructure and of electrical and thermal energy for plant operation.
Operations own operations	Aqueduct	Water capture	Water abstraction from the environment of surface or underground origin
		Potabilisation	Operations (filtration, disinfection, control) necessary to make the water meet the requirements for consumption
		Adduction and storage	Transport of water from the withdrawal points to the storage reservoirs before feeding into the distribution network
		Distribution	Drinkable water reaches citizens through the aqueduct network and connections
	Sewerage	Collection of wastewater	Wastewater from buildings (homes, businesses) is collected by sewerage systems and conveyed to treatment plants
	Wastewater treatment	Treatment	Wastewater is treated in wastewater treatment plants in order to achieve the specified quality
		Water is returned to the environment	Purified and treated water is returned to waterways
		Water for reuse	Purified and treated water can be reused for internal uses within the treatment plant, or for external uses such as fire-fighting, etc.
		Waste Management	Disposal of sludge and waste generated by wastewater treatment processes
Downstream		Consumption by Users	Water consumption by downstream Users

[ESRS 2 SBM-2] - INTERESTS AND VIEW OF STAKEHOLDERS

The Group maintains an **ongoing dialogue with its stakeholders**, gathering input through dedicated channels and formal and informal opportunities for discussion. This transversal approach involves all corporate functions, ensuring that different perspectives - internal and external - are effectively considered in decision-making processes and strategic planning.

During the elaboration of the double materiality analysis, **the key functions indirectly reported the needs, expectations and reports of the stakeholders** with whom each interacts. SMAT also involves the Workers' Safety and Environmental Representatives (RLSA) and the Unitary Trade Union Representatives (RSU), whose role is central in intercepting the needs and sensitivities of personnel.

Stakeholder Category		Involvement by SMAT	Purpose of involvement
Internal	Member Municipalities	Members' meetings, territorial meetings, operational management in the territory	Alignment of corporate strategy, dialogue strategy
	Employees and collaborations	Internal surveys, company news and internal communication platforms	Adaptation of HR policies, improvement of working conditions and promotion of initiatives based on feedback received
External	Banking institutions	Bilateral meetings, Rating	Respect of contractual commitments and continuity of relationship
	Public bodies (ATO3 Torinese, Piedmont Region, Turin Metropolitan City, ARPA Piedmont, ASL)	Services Conference, Conferences and events open to the public	Report Authority - Integrated Water Service Integrated
	Sector associations (Confservizi Piedmont and Valle d'Aosta, Utilitalia)	Collaboration and adhesion to initiatives Conferences and seminars	Common sector policies at local and national level
	Universities	Research projects	Development of research projects through the SMAT Research Centre
	Trade union representatives	Participation in discussion tables	Proper management of industrial relations
	Consumer associations (Federconsumatori Piemonte, etc.), Users	Meetings and consultations, Press conferences, cultural events	Ensuring the protection of consumer rights, collect feedback on services offered and continuously improve service quality

[ESRS 2 SBM-3] - MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL

Significant impacts, risks and opportunities arise directly from the Group's business model, which is based on integrated water service management. These IROs emerge both from direct operating activities and from interactions with third parties along the value chain, such as suppliers, regulators and end Users.
From the double materiality analysis, the continuous improvement of **service** quality and **continuity**, made possible through targeted infrastructure investments, emerge as relevant **positive impacts**. This helps to ensure a safe and reliable water supply for the served territory. Furthermore, through self-production and the purchase of energy from renewable sources, SMAT contributes to **the reduction of energy consumption** from fossil fuels and thus to the reduction of greenhouse gas (GHG) emissions. The Group also plays a decisive role in protecting public health by **constantly monitoring water and treating pollutants**. wastewater treatment activities also support the preservation of ecosystems by improving the quality of water returned to the environment.
The identified **opportunities** concern **energy recovery**, **reduction of water losses** and **access to** public **funding** for innovative projects. In particular, SMAT can benefit from the development of technologies for the reuse of water resources and the valorisation of sewage sludge. On the social front, work-life balance policies and the promotion of gender and pay equality can help **improve staff involvement and productivity**.
At the same time, company activities may generate **climate change impacts**, albeit to a limited extent, mainly through emissions generated in sewage and treatment services. Deterioration of the water resource can result from **improper use of the sewerage system by third parties**, with consequences for the operation of wastewater treatment plants. **Water losses** represent a further criticality, increasing the stress on available resources.
In parallel, SMAT is exposed to **risks** of various kinds. Climate change and extreme weather events can damage infrastructure and compromise the availability of the resource. In addition, non-compliance with environmental regulations could lead to fines, legal costs and reputational damage, affecting stakeholder trust.
As this is the first year of reporting according to ESRS standards and the first time a double materiality analysis has been conducted, there are no changes to report compared to previous years.
SMAT also conducted an assessment of **physical and transitional risks related to climate change**, which include risks due to the transition to a low-carbon economy and physical risks that may arise from extreme weather and climate events (acute risks) or medium- to long-term changes (chronic risks), also in relation to the taxonomic activities concerned. For further information on the analysis, please refer to section ESRS E1 IRO-1 of this Sustainability Report. At present, the climate change adaptation strategy is being defined and will be integrated into the new Business Plan.
In any case, SMAT remains a **key player in sustainable water management**, with a direct and measurable impact on the environmental and social quality of the territory. In order to continue to generate value and strengthen its resilience, it is essential to continue investing in innovation, digitalisation and infrastructure, taking full advantage of opportunities and effectively mitigating identified risks.
The significant financial effects that emerged from the dual significance analysis are, as of the date of preparation of this document, only of a **potential nature**. There are no actual or significant economic or financial impacts directly attributable to the environmental, social or governance factors analysed. Consequently, a precise quantification of the financial effects is not necessary at present, although attention remains focused on the evolution of the regulatory and operational context and on the possible materialisation of these risks in the medium-long term.

The following table provides a summary of the IROs relevant to the Group, indicating for each one the relative point in the value chain and the reference time horizon. Since this is the first year of ESRS reporting and the first time the dual materiality analysis has been performed, there are no changes from previous years.

	ESRS Topic	ESRS sub-themes	IRO	Type of Impact	Source	Description	Value Chain	Time Horizon
ENVIRONMENT	E1 Change climate change	Climate change adaptation	Positive impact	Actual	People and Environment	Positive impact on the quality and continuity of the service thanks to the expansion and improvement of the infrastructure	The entire chain value chain	Long period
			Risk	-	Dependence natural resources	Infrastructure damage and costs related to extreme weather events impacting service continuity	Own operations	Medium period
			Risk	-	Dependence natural resources	Increased conflict over resource use due to reduced water availability	Upstream and own operations	Long period
		Climate change mitigation	Negative impact	Actual	People and Environment	Negative impact on climate change due to greenhouse gas emissions along the value chain	Upstream and own operations	Medium period
			Risk	-	Impact	Compliance costs in response to regulations on the quality of purified water, adequacy of the sewage system and energy independence of treatment systems	Own operations	Medium period
		Energy	Negative impact	Actual	Environment	Positive impact on climate-changing gas emissions through self-generation and purchase of electricity from renewable sources	Upstream and downstream	Medium period
			Opportunities	-	Dependence natural resources	Energy recovery and savings through reduced water losses	Upstream and own operations	Medium period
	E2 Pollution	Pollution of water	Negative impact	Potential	People and environment	Potential negative impact from accidental release of hazardous substances due to equipment breakdowns or failures.	Own operations	Medium period
			Impact positive	Actual	People and environment	Positive impact on environment, people and ecosystems from wastewater treatment activity	Own operations	Medium period
			Risk	-	Impact	Penalties, legal costs and reputational damage due to potential non-compliance with regulations	Own transactions	Medium period
		Substances of high concern	Positive impact	Actual	People and Environment	Positive impact on environment and public health through constant monitoring and treatment of micropollutants (e.g. PFAS, drugs and antibiotics) in water	Own and downstream operations	Long period
			Risk	-	Impact	Penalties, legal fees and reputational damage due to potential non-compliance with environmental pollution regulations that could undermine public and stakeholder confidence	Own and downstream operations	Medium period
	E3 Water and marine resources	Water consumption	Negative impact	Actual	People and Environment	Negative impact on the environment resulting from water leaks which, if not managed in a timely manner, can cause increased pressure on the resource.	Own and downstream operations	Medium period
			Opportunities	-	Impact	Funding opportunities for water loss reduction projects	Own operations	Medium period
		Water withdrawals	Negative impact	Potential	People	Negative impact on people due to interruption of service because of reduced water availability	Downstream	Medium period
			Risk	-	Dependence natural resources	Costs related to the unavailability of water resources due to climate change, pollution and work in progress	Upstream and own operations	Long period
		Water discharges	Negative impact	Potential	Environment	Negative impact due to the deterioration of the resource due to the improper use of the sewerage system (e.g. improper intake of polluted and/or parasitic water) and consequent malfunctioning of the treatment plants	Own operations	Medium period
	E5 Circular economy	Outflows of resources related to products and services	Positive impact	Actual	Environment	Positive impact on circularity for waste recovery and reuse (e.g. sewage sludge)	Own and downstream operations	Medium period
			Opportunities	-	Impact	Reduction of constraints on the selection and management of suppliers for the development of innovative technologies for the recovery and reuse of resources from waste, with a particular focus on sewage sludge	Own operations	Medium period
		Waste	Positive impact	Actual	Environment	Positive impact on circularity for waste recovery and reuse (e.g. sewage sludge)	Own and downstream operations	Medium period
SOCIAL	S1 Own Workforce	Work-life balance	Positive impact	Potential	People	Positive impact on employee motivation, inclusion, productivity and well-being through company benefits and welfare policies	Own operations	Short period
		Gender equality and equal	Positive impact	Potential	People	Positive impact on employee motivation through gender and pay parity and dissemination of an inclusive culture	Own operations	Brief period

		pay for work of equal value	Opportunities	-	ESG Action	Greater attractiveness, higher employee productivity and tax benefits generated by proper gender equality management in the company	Own operations	Medium period
		Training and skills development	Positive impact	Potential	People	Positive impact on the development and internal skills transfer of employees through the provision of training programmes to improve or retrain skills (upskilling and reskilling)	Own operations	Medium period
			Risk	-	Dependence on social resources	Risk related to lack of availability of technical expertise	Own operations	Medium period
		Diversity	Opportunities	-	Dependence on social resources	Opportunities for increased operational capacity through intergenerational collaboration	Own operations	Medium period
	S2 Workers in the value chain	Health and safety	Negative Impact	Potential	People	Negative impacts on workers in the supply chain if the company relies - indirectly - on suppliers that do not provide adequate health and safety conditions	Whole value chain	Medium period
	S3 Affected Communities	Land-related impacts	Positive impact	Actual	People	Positive impacts on community confidence through participation in environmental education/awareness-raising initiatives, also in cooperation with member municipalities or associations	Downstream	Medium period
	S4 Consumers and end Users	Privacy	Risk	-	Impact	Reputational risks, costs and penalties in the event of a data breach (and subsequent publication of the incident)	Own and downstream operations	Short period
		Freedom of expression	Positive impact	Actual	People	Positive impacts due to constant listening to Users gathering of concerns and/or indications (User Ombudsperson) through the response to complaints and written requests for information and the management of the toll-free number for telephone enquiries	Downstream	Medium period
		Access to (quality) information	Positive impact	Actual	People	Positive impact on User awareness, ensured by high levels of transparency and completeness in the information provided by SMAT in compliance with current legislation and on a voluntary basis.	Downstream	Short period
		Access to products and services	Positive impact	Actual	People	Positive impact on Users in difficulty through commercial access policies	Downstream	Medium period
			Risk	-	Impact	Reputational risks and penalties related to service disruptions to communities	Own operations	Medium period
GOVERNANCE	G1 Business Conduct	Corporate culture	Positive impact	Potential	People and Environment	Positive impact on the trust of external (as well as internal) stakeholders generated by SMAT's values and principles expressed in the Code of Ethics and Company Policies	The entire value chain	Short period
		Prevention and detection including training	Risk	-	Impact	Risk of sanctions due to an employee's involvement in active or passive acts of corruption	Own and downstream operations	Medium term

[ESRS 2 IRO-1] - Description of the process for identifying and assessing relevant impacts, risks and opportunities

The European Sustainability Reporting Standards, (ESRS) requires companies to identify the **most relevant sustainability issues** along their value chain in order to guide the reporting process. To ensure greater uniformity and accessibility of information, the standard requires companies to refer to a predefined list of themes, sub-themes and sub-sub-themes - regardless of their sector - in order to identify the environmental, social and governance aspects relevant to their business.
Starting from this list, SMAT carried out a double materiality analysis to identify the IROs on which to focus the Sustainability Report 2024. From a methodological point of view, two dimensions were considered:

- **impact materiality (inside-out perspective)**: assessment of positive and negative impacts, current and potential, generated by the Group on the external context (environment and people);
- **financial materiality (outside-in perspective)**: mapping "suffered" risks and/or opportunities, current and potential, that arise from the external context and have a financial effect on the Group.

The Group initially conducted an **analysis of the sustainability context in which it operates**, considering the policies, regulations and trends to which it is most exposed and its value chain. The context assessment was complemented by a comparison to identify relevant issues for the main companies in the sector.
An initial assessment was carried out with the working group of the sustainability issues addressed in the Thematic Standards, including sub-themes and sub-sub-themes, in order to (i) exclude activities not applicable to the business, (ii) validate a preliminary list proposal along the value chain, and (iii) identify the reference data holders.
Subsequently, the relevant corporate functions were involved, who integrated the analysis, also taking into account the needs and perspectives of employees, suppliers and Users.
Based on the information collected, **qualitative-quantitative scores** were assigned according to the methodology provided by ESRS 1 (Double Materiality), attributing a rationale to each IRO. The rating system, with a scale of 1 to 5, examined the following aspects:

- **Significance of positive and negative impacts:**
    1. current negative impacts: assessed according to severity (scale, scope and irremediability);

2. current positive impacts: considered according to scale and scope);
3. potential negative impacts: analysed by combining severity (scale, scope and irremediability) and likelihood of occurrence;
4. potential positive impacts: assessed by scale, scope and likelihood of occurrence.

- **Magnitude of risks and opportunities:** determined by multiplying the financial effect by the probability of occurrence.

At the same time, an **initial assessment of the financial impact** was carried out - with the support of the Administrative Department - with the aim of identifying the possible repercussions on the main economic and financial indicators, including CapEx and OpEx. The **materiality threshold** was determined on the basis of the median of the scores obtained: **4.5** for the impact analysis and **0.3** for the financial analysis. The results were evaluated and approved by the Board of Directors.

As this is the first year of reporting according to ESRS standards, there are no changes to the reporting process compared to the previous reporting period. Furthermore, this is the first year in which the Group has conducted an ESRS-based analysis of double materiality. The assessment of double materiality will be reviewed on an annual basis.

Regarding the way in which the company **prioritises sustainability-related** risks over other types of risks, SMAT conducts **a context analysis**, which is a central activity for understanding and effectively managing the factors that may influence the achievement of the company's objectives, particularly those related to quality, the environment, occupational health and safety, food safety, personal data protection and information security. With this in mind, SMAT has adopted an integrated approach that combines elements of internal and external analysis, taking into account both the company's own structural and organisational factors and the broader scenario elements concerning regulatory, technological, environmental and socio-economic developments.

The identification of stakeholders is conducted systematically, through an analysis that considers the degree of influence and interest that each party can exert on the organisation. **All categories that, for various reasons, interact with SMAT** or are **impacted by its activities** are considered: Service Users, employees, suppliers, supervisory bodies, public administrations, local communities, scientific and technological partners. Understanding the needs and expectations of these parties is fundamental to orienting company strategies and guaranteeing transparency, service effectiveness, environmental protection and safety for people.

Based on the analysis of the context and discussion with the stakeholders, SMAT carries out a **periodic assessment of the risks and opportunities** that may affect the achievement of the objectives of the integrated management system. This process makes it possible to identify the areas on which to focus preventive and corrective actions, promoting a proactive approach that integrates the dimensions of service quality, environmental protection, safety and social responsibility. The entire process is documented and updated on a regular basis, consistent with the organisation's strategic guidelines.

For more information on internal control procedures and integration into the company's risk management process, see section GOV-5 of this Sustainability Report.

[ESRS 2 IRO-2] - Disclosure requirements in ESRS covered by the undertaking's Sustainability statement

The Disclosures and related Disclosure Requirements were selected based on the results of the dual materiality analysis, in accordance with the general requirements of ESRS 1. For sustainability issues considered relevant, the Group discloses information on policies, actions and metrics, in accordance with ESRS and related Minimum Disclosure Requirements (MDRs), also considering mandatory application requirements. For further information, please refer to section ESRS 2 IRO 1 of this Sustainability Report.

Below is a list of the disclosure requirements met in preparing the Sustainability Report.

Code	Disclosure	Page
ESRS 2	General disclosures	52
BP-1	General basis for preparation of the sustainability statement	52
BP-2	Disclosure in relation to specific circumstances	52
GOV-1	The role of the administrative, management and supervisory bodies	54
GOV-2	Information provided to the company's administrative, management and supervisory bodies and sustainability issues addressed by them	55
GOV-3	Integration of sustainability performance into incentive schemes	56
GOV-4	Statement on due diligence	56
GOV-5	Risk management and internal controls over Sustainability Reporting	57
SBM-1	Strategy, business model and value chain	57
SBM-2	Interests and views of stakeholders	58
SBM-3	Material impacts, risks and opportunities and their interaction with strategy and business model	59
IRO-1	Description of processes to identify and assess material impacts, risks and opportunities	61

APPENDIX B - LIST OF DATAPOINTS IN CROSS-CUTTING AND TOPICAL STANDARDS THAT DERIVE FROM OTHER EU LEGISLATION

Disclosure Requirement and related datapoint	SFDR Reference	Pillar 3 Reference	Benchmark Regulation Reference	EU Climate Law Reference	Location
ESRS 2 GOV-1 Board's gender diversity paragraph 21 (d)	Indicator number 13 of Table #1 of Annex 1	-	Commission Delegated Regulation (EU) 2020/1816, Annex II	-	GOV 1- The role of the administrative, supervisory and management bodies
ESRS 2 GOV-1 Percentage of board members who are independent paragraph 21 (e)	-	-	Delegated Regulation (EU) 2020/1816, Annex II	-	GOV 1- The role of the administrative, supervisory and management bodies
ESRS 2 GOV-4 Statement on due diligence paragraph 30	Indicator number 10 Table #3 of Annex 1	-	-	-	GOV-4 Statement on due diligence
ESRS 2 SBM-1 Involvement in activities related to fossil fuel activities paragraph 40 (d) i	Indicators number 4 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 (Table 1: Qualitative information on Environmental risk and Table 2: Qualitative information on Social risk)	Delegated Regulation (EU) 2020/1816, Annex II	-	Not applicable
ESRS 2 SBM-1 Involvement in activities related to chemical production paragraph 40 (d) ii	Indicator number 9 Table #2 of Annex 1	-	Delegated Regulation (EU) 2020/1816, Annex II	-	Not applicable
ESRS 2 SBM-1 Involvement in activities related to controversial weapons paragraph 40 (d) iii	Indicator number 14 Table #1 of Annex 1	-	Delegated Regulation (EU) 2020/1818, Article 12(1); Delegated Regulation (EU) 2020/1816, Annex II	-	Not applicable
ESRS 2 SBM-1 Involvement in activities related to cultivation and production of tobacco	-	-	Delegated Regulation (EU) 2020/1818, Article 12(1); Delegated Regulation (EU) 2020/1816, Annex II	-	Not applicable
ESRS E1-1 Transition plan to reach climate neutrality by 2050 paragraph 14	-	-	-	Regulation (EU) 2021/1119, Article 2(1)	E1-1 Transition plan for climate change mitigation
ESRS E1-1 Undertakings excluded from Paris-aligned Benchmarks paragraph 16 (g)	-	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 (Template 1: Banking book-Climate Change transition risk: Credit quality of exposures by sector, emissions and residual maturity)	Delegated Regulation (EU) 2020/1818, Article12.1 (d) to (g), and Article 12.2	-	E1-1 Transition Plan for Climate Change Mitigation
ESRS E1-4 GHG emission reduction targets paragraph 34	Indicator number 4 Table #2 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 (Template 3: Banking book – Climate change transition risk: alignment metrics)	Delegated Regulation (EU) 2020/1818, Article 6	-	ESRS 2 SBM-1 - Strategy, business model and value chain
ESRS E1-5 Energy consumption from fossil sources disaggregated by sources (only high climate impact sectors) paragraph 38	Indicator number 5 Table #1 and Indicator n. 5 Table #2 of Annex 1	-	-	-	E1-5 Energy consumption and mix

ESRS E1-5 Energy consumption and mix paragraph 37	Indicator number 5 Table #1 of Annex 1	-	-	-	E1-5 Energy consumption and mix
ESRS E1-5 Energy intensity associated with activities in high climate impact sectors paragraphs 40 to 43	Indicator number 6 Table #1 of Annex 1	-	-	-	E1-5 Energy consumption and mix
ESRS E1-6 Gross Scope 1, 2, 3 and Total GHG emissions paragraph 44	Indicators number 1 and 2 Table #1 of Annex 1	Article 449a; Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 (Template 1: Banking book – Climate change transition risk: Credit quality of exposures by sector, emissions and residual maturity)	Delegated Regulation (EU) 2020/1818, Article 5(1), 6 and 8(1)	-	ESRS E1-6 Gross scope 1, 2, 3 and total GHG emissions
ESRS E1-6 Gross GHG emissions intensity paragraphs 53 to 55	Indicators number 3 Table #1 of Annex 1	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 (Template 3: Banking book – Climate change transition risk: alignment metrics)	Delegated Regulation (EU) 2020/1818, Article 8(1)	-	ESRS E1-6 Gross Scope 1, 2, 3 and total GHG emissions
ESRS E1-7 GHG removals and carbon credits paragraph 56	-	-	-	Regulation (EU) 2021/1119, Article 2(1)	Not applicable
ESRS E1-9 Exposure of the benchmark portfolio to climate-related physical risks paragraph 66	-	-	Delegated Regulation (EU) 2020/1818, Annex II; Delegated Regulation (EU) 2020/1816, Annex II	-	Information subject to phase-in
ESRS E1-9 Disaggregation of monetary amounts by acute and chronic physical risk paragraph 66 (a) ESRS E1-9 Location of significant assets at material physical risk paragraph 66 (c)	-	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 paragraphs 46 and 47; Template 5: Banking book - Climate change physical risk: Exposures subject to physical risk.	-	-	Information subject to phase-in
ESRS E1-9 Breakdown of the carrying value of real estate assets by energy-efficiency classes paragraph 67 (c)	-	Article 449a Regulation (EU) No 575/2013; Commission Implementing Regulation (EU) 2022/2453 (paragraph 34; Template 2: Banking book - Climate change transition risk: Loans collateralised by immovable property - Energy efficiency of the collateral)	-	-	Information subject to phase-in
ESRS E1-9 Degree of exposure of the portfolio to climate-related opportunities paragraph 69	-	-	Delegated Regulation (EU) 2020/1818, Annex II	-	Information subject to phase-in
ESRS E2-4 Amount of each pollutant listed in Annex II of the E-PRTR Regulation emitted to air, water and soil paragraph 28	Indicator number 8 Table #1 of Annex 1; Indicator number 2 Table #2 of Annex 1; Indicator number 1 Table #2 of Annex 1; Indicator number 3 Table #2 of Annex 1	-	-	-	E2-4 Pollution of air, water and soil
ESRS E3-1 Water and marine resources paragraph 9	Indicator number 7 Table #2 of Annex 1	-	-	-	ESRS E3-1 Water and marine resources
ESRS E3-1 Dedicated policy paragraph 13	Indicator number 8 Table 2 of Annex 1	-	-	-	ESRS E3-1 Policies related to water and marine resources
ESRS E3-1 Sustainable oceans and seas paragraph 14	Indicator number 12 Table #2 of Annex 1	-	-	-	Not applicable

ESRS E3-4 Total water recycled and reused paragraph 28 (c)	Indicator number 6.2 Table #2 of Annex 1	-	-	-	Not applicable
ESRS E3-4 Total water consumption in m³ per net revenue on own operations paragraph 29	Indicator number 6.1 Table #2 of Annex 1	-	-	-	Not applicable
ESRS 2- IRO 1 - E4 paragraph 16 (a) i	Indicator number 7 Table #1 of Annex 1	-	-	-	Not applicable
ESRS 2- IRO 1 - E4 paragraph 16 (b)	Indicator number 10 Table #2 of Annex 1	-	-	-	Not applicable
ESRS 2- IRO 1 - E4 paragraph 16 (c)	Indicator number 14 Table #2 of Annex 1	-	-	-	Not applicable
ESRS E4-2 Sustainable land / agriculture practices or policies paragraph 24 (b)	Indicator number 11 Table #2 of Annex 1	-	-	-	Not applicable
ESRS E4-2 Sustainable oceans / seas practices or policies paragraph 24 (c)	Indicator number 12 Table #2 of Annex 1	-	-	-	Not applicable
ESRS E4-2 Policies to address deforestation paragraph 24 (d)	Indicator number 15 Table #2 of Annex 1	-	-	-	Not applicable
ESRS E5-5 Non-recycled waste paragraph 37 (d)	Indicator number 13 Table #2 of Annex 1	-	-	-	E5-5 Resource outflows
ESRS E5-5 Hazardous waste and radioactive waste paragraph 39	Indicator number 9 Table #1 of Annex 1	-	-	-	E5-5 Resource outflows
ESRS 2- SBM3 - S1 Risk of incidents of forced labour paragraph 14 (f)	Indicator number 13 Table #3 of Annex I	-	-	-	Not applicable
ESRS 2- SBM3 - S1 Risk of incidents of child labour paragraph 14 (g)	Indicator number 12 Table #3 of Annex I	-	-	-	Not applicable
ESRS S1-1 Human rights policy commitments paragraph 20	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex I	-	-	-	S1-1 Policies related to own labour force
ESRS S1-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8 paragraph 21	-	-	Delegated Regulation (EU) 2020/1816, Annex II	-	S1-1 Policies related to own labour force
ESRS S1-1 Processes and measures for preventing trafficking in human beings paragraph 22	Indicator number 11 Table #3 of Annex I	-	-	-	Not applicable
ESRS S1-1 Workplace accident prevention policy or management system paragraph 23	Indicator number 1 Table #3 of Annex I	-	-	-	S1-1 Policy related to own workforce
ESRS S1-3 Grievance/complaints handling mechanisms paragraph 32 (c)	Indicator number 5 Table #3 of Annex I	-	-	-	S1-3 Processes to remediate negative impacts and channels for own workers to raise concerns
ESRS S1-14 Number of fatalities and number and rate of work-related accidents paragraph 88 (b) and (c)	Indicator number 2 Table #3 of Annex I	-	Delegated Regulation (EU) 2020/1816, Annex II	-	S1-14 Health and safety metrics
ESRS S1-14 Number of days lost to injuries, accidents, fatalities or illness paragraph 88 (e)	Indicator number 3 Table #3 of Annex I	-	-	-	S1-14 Health and safety metrics
ESRS S1-16 Unadjusted gender pay gap paragraph 97 (a)	Indicator number 12 Table #1 of Annex I	-	Delegated Regulation (EU) 2020/1816, Annex II	-	S1-16 Compensation metrics (pay gap and total compensation)
ESRS S1-16 Excessive CEO pay ratio paragraph 97 (b)	Indicator number 8 Table #3 of Annex I	-	-	-	S1-16 Compensation metrics (pay gap and total compensation)
ESRS S1-17 Incidents of discrimination paragraph 103 (a)	Indicator number 7 Table #3 of Annex I	-	-	-	S1-16 Compensation metrics (pay gap and total compensation)
ESRS S1-17 Non-respect of UNGPs on Business and Human Rights and OECD paragraph 104 (a)	Indicator number 10 Table #1 and Indicator n. 14 Table #3 of Annex I	-	Delegated Regulation (EU) 2020/1816, Annex II; Delegated Regulation (EU) 2020/1818 Art 12 (1)	-	S2 - SBM-3 Material impacts, risks and opportunities and their interaction with strategy and business model
ESRS 2- SBM3 – S2 Significant risk of child labour or	Indicators number 12 and n. 13 Table #3 of Annex I	-	-	-	S2 - SBM-3 Material impacts, risks and opportunities and

forced labour in the value chain paragraph 11 (b)					their interaction with strategy and business model
ESRS S2-1 Human rights policy commitments paragraph 17	Indicator number 9 Table #3 and Indicator n. 11 Table #1 of Annex 1	-	-	-	S2-1 Policies related to value chain workers
ESRS S2-1 Policies related to value chain workers paragraph 18	Indicator number 11 and n. 4 Table #3 of Annex 1	-	-	-	S2-1 Policies related to value chain workers
ESRS S2-1 Non-respect of UNGPs on Business and Human Rights principles and OECD guidelines paragraph 19	Indicator number 10 Table #1 of Annex 1	-	Delegated Regulation (EU) 2020/1816, Annex II; Delegated Regulation (EU) 2020/1818, Art 12 (1)	-	S2-1 Policies related to value chain workers
ESRS S2-1 Due diligence policies on issues addressed by the fundamental International Labor Organisation Conventions 1 to 8 paragraph 19	-	-	Delegated Regulation (EU) 2020/1816, Annex II	-	S2-1 Policies related to value chain workers
ESRS S2-4 Human rights issues and incidents connected to its upstream and downstream value chain paragraph 36	Indicator number 14 Table #3 of Annex 1	-	-	-	S2-1 Policies related to value chain workers
ESRS S3-1 Human rights policy commitments paragraph 16	Indicator number 9 Table #3 of Annex 1 and Indicator number 11 Table #1 of Annex 1	-	-	-	S3-1 Policies related to affected communities
ESRS S3-1 Non-respect of UNGPs on Business and Human Rights, ILO principles or and OECD guidelines paragraph 17	Indicator number 10 Table #1 Annex 1	-	Delegated Regulation (EU) 2020/1816, Annex II; Delegated Regulation (EU) 2020/1818, Art 12 (1)	-	S3-1 Policies related to affected communities
ESRS S3-4 Human rights issues and incidents paragraph 36	Indicator number 14 Table #3 of Annex 1	-	-	-	S3-1 Policies related to affected communities
ESRS S4-1 Policies related to consumers and end-Users paragraph 16	Indicator number 9 Table #3 and Indicator number 11 Table #1 of Annex 1	-	-	-	S4-1 Policies related to consumers and end-Users
ESRS S4-1 Non-respect of UNGPs on Business and Human Rights and OECD guidelines paragraph 17	Indicator number 10 Table #1 of Annex 1	-	Delegated Regulation (EU) 2020/1816, Annex II; Delegated Regulation (EU) 2020/1818, Art 12 (1)	-	S4-1 Policies related to consumers and end-Users
ESRS S4-4 Human rights issues and incidents paragraph 35	Indicator number 14 Table #3 of Annex 1	-	-	-	S4-1 Policies related to consumers and end-Users
ESRS G1-1 United Nations Convention against Corruption paragraph 10 (b)	Indicator number 15 Table #3 of Annex 1	-	-	-	G1-1 Corporate culture and Business conduct policies and corporate culture
ESRS G1-1 Protection of whistle- blowers paragraph 10 (d)	Indicator number 6 Table #3 of Annex 1	-			G1-1 Corporate culture and Business conduct policies and corporate culture
ESRS G1-4 Fines for violation of anti-corruption and anti-bribery laws paragraph 24 (a)	Indicator number 17 Table #3 of Annex 1	-			G1-4 Confirmed incidents of corruption or bribery
ESRS G1-4 Standards of anti- corruption and anti- bribery paragraph 24 (b)	Indicator number 16 Table #3 of Annex 1	-			G1-4 Confirmed incidents of corruption or bribery

EUROPEAN TAXONOMY - DISCLOSURES PURSUANT TO ARTICLE 8 OF REGULATION 2020/852

THE REGULATORY ENVIRONMENT AND REPORTING OBLIGATIONS

In 2018, in order to support the achievement of the objectives of the Green Deal, the European Union adopted a **Sustainable Finance Action Plan** that establishes a framework of rules aimed at directing capital flows towards sustainable activities and investments, integrating sustainability into risk management and promoting transparency and long-term management in financial activities. At the heart of the Action Plan is the **EU Taxonomy**, established by **EU Regulation 2020/852**. This is the first single, Europe-wide classification system for measuring the sustainability of economic activities based on the identification of specific technical and regulatory criteria and aims to increase the transparency, consistency and quality of information available to the financial market on companies' sustainability performance and strategies for the benefit of Users and investors.
According to the Regulation, an economic activity can be considered environmentally sustainable if it makes a **substantial contribution** to at least one of the six environmental objectives defined by the European Commission, **does not cause significant harm to** the other objectives (the Do No Significant Harm, or DNSH, principle), and respects **minimum social safeguards**.

European climate and environmental targets

1. Climate change mitigation
2. Climate change adaptation
3. Sustainable use and protection of water and marine resources
4. Transition towards a circular economy
5. Pollution prevention and control
6. Protection and restoration of biodiversity and ecosystems

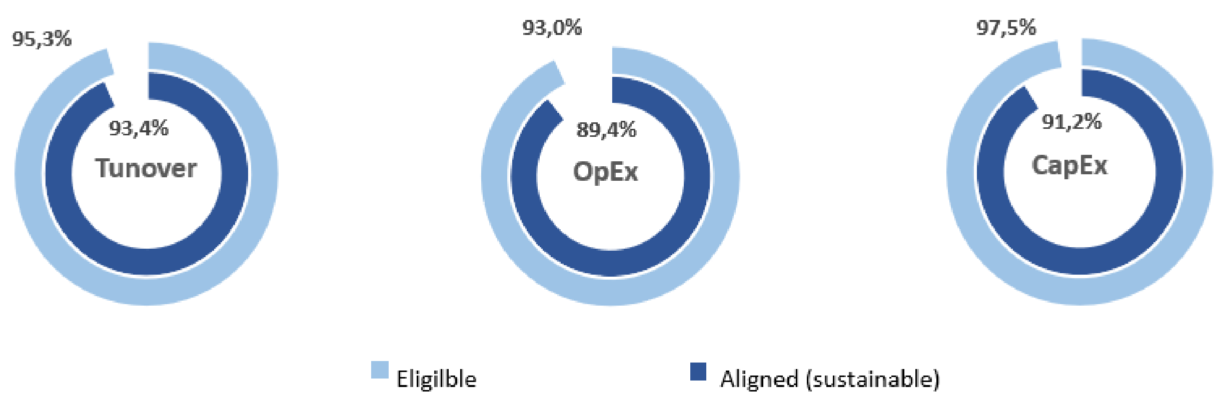
Under Article 10 of Delegated Regulation (EU) 2021/2178 of 6 July 2021, non-financial public-interest companies, which initially fell under the obligation to prepare a Non-Financial Statement[8] and more recently under the Corporate Sustainability Reporting Directive (CSRD)[9] as SMAT, are required to indicate the extent to which their activities can be defined as 'environmentally sustainable'.
As of 1 January 2022, these companies have to report the **percentage of 'eligible' turnover, capital expenditures (Capx) and operating expenditure (OpEx)**, i.e. coming from products or services associated with activities identified by the European Commission as potentially eco-sustainable, and **'aligned'**, i.e. deriving from activities that comply with all the criteria and requirements established to be considered truly eco-sustainable, with reference to **climate change mitigation or climate change adaptation objectives** .[10]
In November 2023, Delegated Regulation (EU) 2023/2486 was published in the Official Journal of the EU, which contains the technical screening criteria for the **remaining 4 environmental objectives (sustainable use and protection of water and marine resources, transition toward a circular economy, pollution prevention and control, protection and restoration of biodiversity and ecosystems)** and the Delegated Regulation (EU) 2023/2485, supplementing the Delegated Regulation (EU) 2021/2139 relating to the first two climate objectives and partially amending Regulation (EU) 2021/2178 (also referred to as the "Disclosure Delegated Act").
Following the adoption of these acts, the EU Taxonomy Disclosure for the fiscal year 2024 covers alignment and eligibility with respect to all six environmental objectives.

[8] Pursuant to Legislative Decree 254/2016 transposing the Non-Financial Reporting Directive (NFRD) into Italian law.
[9] The CSRD (EU Directive 2022/2464) replaces the previous NFRD and has been transposed into Italian law through Legislative Decree 125/2024, in force since 25 September 2024.
[10] Through the application of the EU Delegated Regulation 2021/2139 (also known as the 'Climate Delegated Act') and the subsequent Delegated Regulation 2022/1214 (also known as the 'Complementary Delegated Act'), which supplements the former by introducing the activities and criteria for establishing the sustainability of energy generation from nuclear and natural gas.

THE RESULTS OF THE ELIGIBILITY AND ALIGNMENT ANALYSIS

SMAT carried out an analysis of its activities on the basis of the provisions contained in the Delegated Regulations and in the interpretative notes published by the European Commission[11] , applying its own judgement and interpretation of the information currently available[12] , following the methodology and process described in more detail below.
The results of the analysis carried out have returned the extent to which SMAT's activities are "eligible" and "aligned" in accordance with the European Taxonomy Regulation for the year 2024, as depicted in the graphics below.
For the reporting year 2024, **95.3%** of turnover, **93.0%** of OpEx and **97.5%** of CapEx were **eligible under** the EU Taxonomy. In addition, **93.4% of** turnover, **89.4%** of OpEx and **91.2%** of CapEx were found **to be aligned** with the criteria of the EU Taxonomy and thus generated by or related to **environmentally sustainable** activities (detailed results can be found in the reporting schemes on page 81).

EU Taxonomy KPIs for SMAT



These values show an improvement compared to 2023, with an increase of about 14.5 percentage points for revenues and 10.7 percentage points for OpEx. These increases are mainly due to the alignment of activity WTR 2.2 '*Urban Waste Water Treatment*', i.e. the substantial contribution of some sewage systems to the goal of sustainable use and protection of water and marine resources.
The increase of 27.1 percentage points in CapEx is linked to several factors:

- extension of the analysis to all six environmental objectives of the Taxonomy makes it possible to enhance the substantial contribution of WTR 2.2 "Urban Waste Water treatment" to the objective of sustainable use and protection of water and marine resources;
- increased share of investments in construction, extension and operation of wastewater collection and treatment systems that insist on treatment plants that themselves meet the net energy intensity thresholds of the EU Taxonomy;
- increased share of investments related to water collection, treatment and supply systems insisting on municipalities that meet the thresholds or reduction for the Infrastructure Leakage Index set by the EU Taxonomy.

For the specification of aligned and non-aligned activities, please refer to the section *"The evaluation of the technical screening criteria"*.

THE EVALUATION PROCESS OF SMAT'S ACTIVITIES

[11] The assessment was carried out on the basis of the provisions, requirements and criteria set out in Regulation 2020/852 as declined in the technical aspects in Delegated Regulation (EU) 2021/2139 "Climate Delegated Act" published on 4 June 2021, in Delegated Regulation (EU) 2022/1214 "Complementary Delegated Act" of 9 March 2022, in Regulation (EU) 2023/2486 "Environmental Delegated Act" and in Regulation (EU) 2023/2485, which amended and supplemented the Climate Delegated Act, published on 27 June 2023. For reporting aspects, reference was made to Delegated Regulation (EU) 2021/2178 "Disclosure Delegated Act" published on 6 July 2021 as amended. The interpretative notes published in October 2022, October 2023 and March 2025 by the European Commission were also considered.

[12] In its assessment, SMAT applied its own judgement, interpretations and assumptions based on its understanding and interpretation of currently available information. Possible regulatory developments, interpretative evolutions of the relevant legislation, established or industry practices could lead to evolutions and changes in the assessments, in the decision-making processes for fulfilling reporting obligations and in the way KPIs are calculated with potentially different outcomes on the future reporting of the EU Taxonomy KPIs.

In order to verify the eligibility and subsequent alignment of its activities to the EU Taxonomy, various corporate functions were involved in an analysis process that took place according to the following phases.

Identification of eligible activities

The identification of the activities eligible for the EU Taxonomy involved an analysis of the economic activities carried out by SMAT, in order to identify those that can be traced back to the definitions given in Annexes I and II of the Delegated Act on Climate and Annexes I, II, III and IV of the Delegated Act of the four additional environmental objectives. The approach adopted has been as inclusive as possible and, in addition to the activities related to the management of the Integrated Water Service, additional activities have been considered that involve areas of investment or ancillary or instrumental operations, although included among the activities that can substantially contribute to the first two environmental objectives, such as energy activities related to the generation of energy from renewable solar, hydroelectric and biogas sources or activities related to the management of the company's vehicle fleet and real estate assets. The eligibility analysis on the activities carried out by SMAT in 2024 returned a result in line with the previous year with regard to **the climate change mitigation objective: 11 eligible economic activities**, attributable to **4 sectors of** the Taxonomy: "energy", "water supply, sewerage, waste treatment and decontamination", "transport" and "construction and real estate activities". With reference to the further 4 environmental objectives, **2 activities have** been identified in **the sector** "water supply, sewerage, waste treatment and decontamination" **for the objective of sustainable use and protection of water and marine resources and 2 activities** related to the sector "construction and real estate activities" and 1 related to the sector "water supply, sewerage, waste treatment and decontamination" **for the objective of transition to the circular economy.**

The eligible activities identified

Sector	Code	Eligible activity
Water activities	Objective: Climate Change Mitigation (CCM)	
	CCM 5.1.	Construction, extension and operation of water collection, treatment and supply systems
	CCM 5.2.	Renewal of water collection, treatment and supply systems
	CCM 5.3.	Construction, extension and operation of waste water collection and treatment
	CCM 5.4.	Renewal of waste water collection and treatment
	CCM 5.6.	Anaerobic digestion of sewage sludge
	Objective: Sustainable use and protection of water and marine resources (WTR)	
	WTR 2.1.	Water supply
	WTR 2.2.	Urban Waste Water treatment
	Objective: Transition towards a circular economy (CE)	
	CE 2.2.	Production of alternative water resources for purposes other than human consumption
Energy activities	Objective: Climate change mitigation (CCM)	
	CCM 4.1	Electricity generation using solar photovoltaic technology
	CCM 4.5.	Electricity generation from hydropower
	CCM 4.13.	Manufacture of biogas and biofuels for use in transport and of bioliquids
Company fleet	Objective: Climate Change Mitigation (CCM)	
	CCM 6.5	Transport by motorbikes, passenger cars and light commercial vehicles
Heritage	Objective: Climate Change Mitigation (CCM)	
	CCM 7.1.	Construction of new buildings
	CCM 7.2	Renovation of existing buildings
	Objective: Transition towards a circular economy (CE)	
	CE 3.1.	Construction of new buildings
	CE 3.2.	Renovation of existing buildings

The Evaluation of Technical Screening Criteria

Following the identification of the eligible activities, a detailed check of the technical screening criteria was carried out for each activity, in order to assess the **substantial contribution** and **DNSH criteria** for all assets and service perimeters related to the EU Taxonomy eligible activities capable of generating revenues and operating costs. For investment expenditure, the assessment focused on individual intervention orders. This assessment was carried out through the calculation of quantitative indicators and the collection of qualitative information and documentary

analysis for each individual asset, service perimeter or investment intervention analysed, depending on the requirements of the EU Taxonomy and the characteristics of the activity, involving the relevant operational and technical company functions in the process.
With regard to DNSH, these can be activity-specific **criteria** or they can be **general** cross-cutting **criteria**. The general criteria are outlined in the five appendices to Annexes I and II of the Climate Act and Annexes I and II of Delegated Act 2023/2485. In particular, the DNSH criterion for the Protection and Restoration of Biodiversity and Ecosystems requires compliance with the relevant legislation, while the DNSH criterion on Adaptation to Climate Change requires a climate risk analysis.

<u>The assessment of the DNSH criterion against the objective of climate change adaptation</u>

The criterion defined to ensure that an activity does not cause significant harm (DNSH) to the environmental objective of adapting to climate change requires:

- the **identification of physical climate hazards**, as defined in the Delegated Acts (e.g. rising temperatures, heat waves, fires, droughts, extreme rainfall, landslides), that may impact the performance of the economic activity during its expected life cycle;
- **risk assessment,** taking into consideration the relevance of physical climate hazards to the assets aligned with the Taxonomy and the vulnerability of its assets; **identification of adaptation solutions** for assets vulnerable to the identified physical climate hazards by studying and selecting both physical and non-physical adaptation options. These solutions must be implemented over a five-year period to reduce the main physical climate hazards to these assets and must be included in an adaptation plan.

Physical climate risks must be identified by conducting a robust climate risk and vulnerability assessment. This assessment must be proportionate to the scale and expected duration of the activity, using **climate projections** on the smallest appropriate scale possible for activities with a duration of less than 10 years. For all other activities, advanced climate projections should be used at the highest resolution available in the existing set of future scenarios (i.e. RCP - Representative Concentration Pathways: RCP2.6, RCP4.5, RCP6.0 and RCP8.5), consistent with the projected duration of the activity, including, as a minimum, climate projection scenarios of 10 to 30 years for large investments.
In the face of ongoing climate change, already in 2019, SMAT had carried out a project "**Study of the impacts of climate change on groundwater bodies of supply for hydropotable purposes in the Turin area**", aimed at assessing climate hazards on groundwater recharge. The project results were published[13] . This study produced an initial climate risk analysis for water capture, treatment and supply systems.
In 2022, SMAT wished to extend the analysis, launching a project in collaboration with the **Euro-Mediterranean Centre on Climate Change (CMCC)**, with the aim of identifying the climate hazards to which all its activities are exposed. The analyses of climate variability at the local level for the Metropolitan City of Turin were carried out through the use of high spatial resolution climate datasets (approximately 10-12 km) available at the European level. Specifically, the analysis of the climate over the reference period 1981-2010 was considered, using the gridded dataset of E-OBS observations[14] and the expected climate variations over the same period, respectively over the 30-year period centred in the year 2035 (2021-2050) and the 30-year period centred in the year 2050 (2036-2065), obtained from a series of regional climate models available within the EURO-CORDEX programme[15] . These time horizons were chosen in consideration of the lifecycle of SMAT's activities (coinciding with the duration of the concession) and the alignment of the climate scenario analyses with the guidelines of the National Plan for Adaptation to Climate Change (PNACC), which was definitively approved on 21 December 2023 (Ministerial Decree no. 434) after undergoing the SEA procedure concluded on 4 August 2023 (Ministerial Decree no. 256). Three different emission scenarios defined by the IPCC were considered[16] **: RCP8.5 'Business as usual', RCP4.5 'Strong mitigation', RCP2.6 'Aggressive mitigation'**.
Expected climate variations with respect to the reference period were reported through the use of climate indicators representing specific (average and extreme) climate characteristics.
In 2023, SMAT's Climate Change Adaptation Strategy was defined, which was followed by the drafting of the first version of the Climate Change Adaptation Plan.
In particular, SMAT's Adaptation Strategy is framed within the international, national, regional and local panorama of scientifically supported actions necessary to counter and adapt to the climate crisis. The strategy is guided by three main lines aimed at increasing the resilience of the service and

[13] Brussolo et al., 2022, Aquifer recharge in the Piedmont Alpine zone: historical trends and future scenarios, https://doi.org/10.5194/hess-26-407-2022
[14] Cornes et al., 2018; Haylock et al., 2008
[15] Hennemuth et al., 2017 ; Jacob et al., 2020
[16] Intergovernmental Panel for Climate Change, https://www.ipcc.ch/.

of the target territory:

- the increase of adaptive capacity, i.e. the set of resources that can be used to cope with the consequences of a change;
- the reduction of vulnerability, i.e. the propensity of the natural environment and socio-economic system to be negatively affected by climate change;
- the reduction of the exposure of SMAT assets to climate risk.

In this first drafting of the Climate Change Adaptation Strategy and Plan, a number of priority climate hazards were identified for SMAT's territory and reference service, namely:

- fires;
- hydrogeological instability (surface landslides, debris flows, collapses);
- floods;
- extreme precipitation events;
- droughts;
- temperature increases;
- heat waves.

The Adaptation Strategy analysed the challenges posed by climate change to the main sectors in which SMAT operates, with particular reference to SMAT's main economic activities eligible for the EU Taxonomy.

For each of the sectors considered, detailed fact sheets were drawn up in relation to the priority climate hazards; the strategic intervention axes to be pursued in order to achieve the adaptation management objectives were defined (divided into cognitive, dissemination and awareness-raising actions, practical actions and institutional, regulatory and financial interventions); project governance was created, through the assignment of specific roles and tasks; and finally, the phases and timelines for implementing the Strategy were defined.

In this context, the implementation of the Strategy required the definition of a Climate Change Adaptation Plan (PACC), which included

- the climate risk assessment for the priority climate hazards identified in the Adaptation Strategy;
- the identification of transversal priority challenges for the IIS managed by SMAT;
- the identification of higher and lower risk areas and assets;
- a catalogue of good practices, procedures and pilot actions already implemented and/or in progress;
- a catalogue of measures and procedural actions that can be implemented in the coming years, indicating priorities and feasibility (consistent with the contents of the National Climate Change Adaptation Plan, PNACC);
- the modalities of periodic updating, according to the results pursued and the evolution of scientific knowledge and higher level strategies.

With regard to the measures of the first version of SMAT's Climate Change Adaptation Plan, adaptation actions have been identified that contribute to the creation of adaptive capacity through a greater knowledge of the dangers, the development of a favourable organisational and risk management context that act directly on the capacity to respond, such as

- corporate information and training actions on climate change;
- development of organisational and participatory processes;
- governance tools;
- monitoring activities;
- early warning systems;
- research activities;
- procedural risk management actions;
- emergency planning.

Finally, for some infrastructure damage related to hazards such as floods, hydrogeological instability and fires, insurance coverage was also considered as an adaptation action. This approach has been included by the EU as an effective climate risk management tool.

For the identified climate hazards, even in situations where the overlap between hazard and physical vulnerability have delineated high-risk areas, the existing risk management procedures and the drafting of the Climate Change Adaptation Strategy and Plan have allowed the identification of risk classes ranging from low to medium level. This made it possible to assess, for almost all the activities reported in the EU Taxonomy disclosure, that the DNSH criterion of the climate change adaptation objective was met.

Assessment of technical criteria

Macrocategory	EU Taxonomy activities	Overall compliance with the Substantial Contribution and DNSH criteria
Water activities	CCM 5.1. Construction, extension and operation of water collection, treatment and supply systems	**Aligned:** the water collection, treatment and supply system complies with the consumed energy threshold of 0.5 kWh/mc. Overall compliance with DNSH criteria for applicable targets. **Not aligned:** -
	CCM 5.2. Renewal of water collection, treatment and supply systems	**Aligned:** Refurbishment of water collection, supply, distribution and metering systems in relation to networks and aqueduct plants located in municipalities that have experienced a 20% reduction in distance from the Infrastructure Leakage Index threshold of 1.5, compared to the average of the previous 3 years. Overall compliance with DNSH criteria for applicable targets. **Not aligned:** Renewal of the collection, supply, distribution and metering systems for water networks and plants in districts that have not recorded a 20% reduction in distance from the 1.5 Infrastructure Leakage Index threshold, compared to the average of the previous 3 years.
	WTR 2.1. Water supply	**Aligned:** 50 municipalities meet the Infrastructure Leakage Index threshold of 2. General compliance with the Drinking Water Directive, presence of user-level metering and necessary water diversion authorisations issued by the relevant authorities. Compliance with DNSH criteria for applicable targets. **Not aligned:** 243 municipalities do not meet the Infrastructure Leakage Index threshold of 2.
	CCM 5.3. Construction, extension and operation of waste water collection and treatment	**Aligned:** 60 wastewater treatment plants meet the net energy consumption thresholds for their respective size class. Overall compliance with DNSH criteria for applicable targets. **Not aligned:** 321 wastewater treatment plants do not meet the net energy consumption thresholds (smaller plants).
	CCM 5.4. Renewal of waste water collection and treatment systems	**Aligned:** Renewal of sewage collection and treatment systems insist on wastewater treatment systems that have experienced a 20% reduction in net energy intensity compared to the average of the previous 3 years. Overall compliance with DNSH criteria for applicable targets. **Not aligned:** renovations of sewage collection and treatment systems insist on wastewater treatment systems that have not experienced a 20% reduction in net energy intensity compared to the average of the previous 3 years.
	WTR 2.2. Urban waste water treatment	**Aligned:** 248 wastewater treatment systems have at least secondary wastewater treatment and do not lead to a deterioration of the good ecological status and potential of water bodies by complying with the discharge limits of the permits issued by the competent authorities. The three treatment plants with a capacity of more than 100,000 p.e. stabilise the sludge by means of anaerobic digestion. Overall compliance with DNSH criteria for applicable targets. **Not aligned:** 133 wastewater treatment systems are not equipped with at least a secondary treatment system.
	CCM 5.6. Anaerobic digestion of sewage sludge	**Aligned:** The anaerobic digestion plant of sewage sludge in Castiglione Torinese produces biogas which is subsequently transformed into biomethane and has a monitoring and emergency plan in place to minimise methane leaks at the plant. Overall compliance with DNSH criteria for applicable targets. **Not aligned:** the Collegno sewage sludge anaerobic digestion plant produces biogas that is used for heat production, while the biogas produced by the Pinerolo plant is transformed into biomethane (outside the sewage plant). However, the Pinerolo plant does not currently have a monitoring and contingency plan in place to minimise methane leaks in the plant and both plants do not yet have sufficient analytical evidence to prove compliance with emission levels associated with the Best Available Techniques (BAT) ranges.
	CE 2.2. Production of alternative water resources for purposes other than human consumption	**Aligned:** 2 plants with refined wastewater reused for industrial purposes comply with national requirements for the reuse of wastewater for industrial purposes and are recognised in integrated water resources management planning documents. Overall compliance with DNSH criteria for applicable objectives. **Not aligned:** the Toret water reuse system for landscape irrigation complies with national requirements for wastewater reuse but is not included in an integrated water resources management plan.

Energy activities	CCM 4.1. Electricity generation using solar photovoltaic technology	**Aligned**: The photovoltaic plants in Castiglione, Bosconero, Valperga and the Warehouse in Corso Taranto, as well as 5 additional photovoltaic plants generate green energy and comply with the DNSH criteria for the applicable targets. **Not aligned**: For the Rosta photovoltaic plant and 2 further photovoltaic plants, information on durability and recyclability criteria for the DNSH Circular Economy is not met or not yet available.
	CCM 4.5. Electricity generation from hydropower	**Aligned**: The Balme, Gravere di Susa, Chiomonte and Salbertrand hydropower plants, as well as the installation of hydropower plants on the water network, are run-of-river and comply with the DNSH criteria for the applicable targets. **Not aligned**: -
	CCM 4.13. Manufacture of biogas and biofuels for use transport and of bioliquids	**Aligned:** The Castiglione Torinese biomethane plant produces biomethane ensuring the reduction of greenhouse gas emissions by at least 65% compared to the emissions of the relevant fossil fuel. No agricultural or forestry biomass is used for production and the process meets criteria 1 and 2 of section 5.6. Overall compliance with DNSH criteria for applicable targets. **Not aligned**: -
Farm fleet	CCM 6.5. Transport by motorbikes, passenger cars and light commercial vehicles	**Aligned:** 20 light electric vehicles with zero CO_2emissions meet the DNSH criteria for the applicable targets. **Not aligned**: The remaining light electric vehicles do not comply with DNSH on pollution prevention and control with regard to compliance with tyre rolling noise requirements. Non-electric light vehicles in category M1 and N1 do not meet the emission threshold of 50gCO2/km.
Heritage	CCM 7.1. Construction of new buildings	**Aligned**: - **Not aligned:** The construction of the Castellamonte office building has a primary energy requirement that is at least 10 % below the threshold set for Nearly Zero-Energy Building (NZEB) requirements.
	CE 3.1. Construction of new buildings	**Aligned**: - **Not aligned**: for the construction of the Castellamonte office building there is insufficient information and documentation available to certify compliance with the limits for the use of primary raw materials for the three heaviest categories of materials used, that the design is geared towards adaptability, dismantling and disassembly, GWP calculation and the use of the reporting formats of the EU Waste Management Protocol. Not enough information is available to consider the DNSH pollution prevention criteria fulfilled.
	CCM 7.2 Renovation of existing buildings	**Aligned**: - **Not aligned:** of 9 building renovations in progress, 3 meet the minimum cost-optimal energy performance requirements in accordance with the applicable requirements for major renovations, but insufficient information is available to consider the DNSH criteria pollution prevention to be met.
	EC 3.2. Renovation of existing buildings	**Aligned**: - **Not aligned:** for the 9 renovations not all the technical screening criteria for substantial contribution to the transition to a circular economy are met.

Compliance with minimum safeguards

In addition to the technical requirements related to environmental objectives, the European Taxonomy also demands compliance with **Minimum Social Safeguards**. During the reporting process, it was verified that SMAT complies with these safeguards, in accordance with Regulation 852/2020, adopting the guidelines contained in the document "*Final Report on Minimum* Safeguards" published by the Platform on Sustainable Finance in October 2022. The audit focused in particular on the **protection of human rights**, **anti-corruption** measures, **responsible tax management** and **compliance with competition rules**.

SMAT has policies, regulations, appointed structures, procedures and management and control systems in place to regulate internal and external behaviour in support of the proper functioning of activities and as a guarantee for those working inside and outside the organisation.

In general, compliance with the minimum safeguards is ensured by the Code of Ethics, a public and binding instrument that translates corporate values into behavioural models. The principles of legality, transparency, integrity, fairness and centrality of the person form the basis of corporate action and guide the relationship with all stakeholders. The Code promotes regulatory compliance and fairness in the management and conduct of activities, helping to ensure transparency and clarity with respect to the principles by which the company is inspired and the responsibilities assumed by those who work in it.

The Organisational, Management and Control Model pursuant to Legislative Decree 231/2001 (Model 231) is a set of protocols that regulate the management of sensitive processes, to reduce the risk of committing criminal offences, which cover all aspects considered by the **guidelines of the Platform for Sustainable Finance**[17] as relevant for the purposes of compliance with the minimum safeguards. SMAT encourages the use of whistleblowing as a fundamental measure to counter all forms of discrimination, corruption and violations of national and European regulatory provisions, with the supervision of the Head of Prevention of Corruption and Transparency (RPCT) and the provision of appropriate anti-retaliation measures.

As part of its mission, SMAT recognises and protects the **human rights**, dignity and integrity of the people involved in its business activities. The company promotes healthy and inclusive working environments, as confirmed by **ISO 45001:2018** and **Top Employer Italia** certifications, and fosters a shared safety culture among managers, supervisors and employees. As proof of its commitment to **gender equality and the inclusion of all uniqueness and diversity**, in 2024 SMAT obtained **UNI/PdR 125:2022 certification**, the result of the "*SMATallaPARI*" project, launched in 2023. The initiative includes structured actions for pay equity, impartial selection processes, protection of parenting, dissemination of inclusive language and training courses on the value of diversity. Activities are monitored by a Steering Committee and included in a three-year plan. The path to inclusion started with the adhesion to the Utilitalia 'Diversity makes a difference' Pact (2019). In the area of **anti-corruption**, SMAT has adopted an **Organisation, Management and Control Model** pursuant to Legislative Decree 231/2001 (Model 231), divided into Special Sections dedicated to the prevention of the main relevant crimes, including those against the public administration, corporate, tax, safety at work and labour exploitation. The model includes preventive tools such as risk mapping, behavioural rules for personnel and third parties, control protocols, continuous training and self-assessment activities. These measures are integrated in the **Three-Year Plan for the Prevention of Corruption and Transparency (PTPCT 2024-2026)**, which complies with the ANAC guidelines and is oriented towards spreading a culture of legality, digitalisation of flows and operational transparency.

Although it operates in a **natural monopoly** sector such as the Integrated Water Service, SMAT guarantees **fair competition** and transparency in tenders and supplies, applying a **Regulation for sub-threshold assignments** that ensures equal conditions of access, rotation of economic operators, traceability of procedures and integrity in relations with suppliers, contractors and partners, in accordance with Legislative Decree 36/2023.

On the subject of **taxation**, the company operates in full compliance with the tax provisions in force, adopting behaviour characterised by fairness and cooperation with the financial administration. Tax management is conceived as an element of social responsibility and a tool for contributing to the collective welfare, and is monitored through the internal control system and the provisions of Model 231. In addition, there are principles of corporate conduct of both SMAT and its subsidiaries (Risorse Idriche S.p.A. and Aida Ambiente S.r.l.) inspired by prudence, transparency, and timeliness in the execution of all obligations, which supplement the procedures set forth in Model 231 for the containment of the risks of tax offences provided for therein.

Analysis of economic-financial data, accounting principles and KPI calculation methodologies

The process of analysing **economic-financial data** to define the indicators required by the European Taxonomy (KPIs) involved the Administrative Management with the offices in charge. The analysis was carried out by mapping the individual profit and loss items associated with the eligible activities, going down to a greater granularity in some cases with the help of analytical accounting.

The eligible economic-financial data were then reconciled with the **technical evaluations of assets, service perimeters and investments** to identify the amounts for the aligned economic activities.

The economic-financial indicators indicating the shares of eligible assets aligned to the EU Taxonomy are determined on the basis of data from the **SMAT Group's Consolidated Financial Statements**, prepared in accordance with **IFRS**.

[17] https://finance.ec.europa.eu/system/files/2022-10/221011-sustainable-finance-platform-finance-report-minimum-safeguards_en.pdf

KPI Turnover

The indicator includes in the numerator the sum of revenues from activities aligned to the EU Taxonomy and in the denominator the total sum of net revenues.

For the calculation of the indicator, net revenues from sales and services were considered, defined as amounts deriving from the sale of products and the provision of services, including intangible services. The 'Revenues' and 'Other Operating Revenues' items of the income statement, accounted for in accordance with IAS 1, were taken into consideration for the valuation of net revenues (please refer to the 'Revenues' and 'Other Operating Revenues' paragraphs in the notes to the income statement items of the consolidated financial statements). Revenues related to capitalisations that are recognised in CapEx have not been considered. Revenues considered eligible also include revenues and income from the sale of energy produced by photovoltaic and hydroelectric plants operated, from biomethane produced and fed into the national grid, and from the treatment of biomass in anaerobic digestion plants. The aligned revenues were identified by means of a reconciliation with the economic activities valued according to the process described in the previous sections. In order to identify the allowable and aligned revenue shares for the different activities, revenues attributable to plants and service perimeters were considered through the control objects of the analytical accounting and to connections between served municipalities and sewage systems. In the case of amounts linked to control objects referable to the entire water supply system or to the entire sewage purification system, the share of revenues attributable to each municipality was identified by means of drivers using the km of network and to each sewage purification system using the population equivalents of the downstream treatment plant.

KPI Operating costs (OpEx)

The indicator of operating expenses includes in the numerator the sum of the costs as provided for in Article 8 of Regulation 2020/852 associated with the activities aligned to the EU Taxonomy, and in the denominator the total operating costs recognised by the Regulation, as further specified below.

For the calculation of the indicator, only the operating costs recognised by the EU Taxonomy have been considered in the denominator, i.e. direct non-capitalised costs related to research and development, building renovation, short-term leases, 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 by third parties to whom activities are outsourced that are necessary to ensure the continuous and effective operation of such assets. In defining the eligible operating costs, all the day-to-day maintenance costs necessary to ensure the continuous and effective operation of the asset were considered, including the share of costs relating to the purchase of materials, services and personnel costs directly attributable to the maintenance activity and the so-called "day-to-day servicing" costs. For the identification and association of the portion of operating expenses associated with eligible activities and aligned in accordance with the EU Taxonomy, the individual operating cost items included in the denominator were analysed, refining the assessment where necessary with the aid of information contained in the analytical accounts. In the case of operating costs for which a precise association with the activities of water supply (CCM 5.1./WTR 2.1.) and wastewater collection and treatment (CCM 5.3./WTR 2.2.) was not available, the allocation between the two activities was carried out using the criteria of accounting unbundling regulated by the national regulator ARERA.

The aligned operating costs were identified by linking them with the economic activities evaluated according to the process described in the previous sections. In order to identify the allowable and aligned operating cost shares for the different activities, the operating costs attributable to the plants and service perimeters were considered through the control objects of the analytical accounting and to connections between served municipalities and sewerage systems. In the case of amounts linked to control objects referable to the entire water supply system or to the entire wastewater treatment system, the share of operating costs attributable to each municipality was identified by means of drivers, using the kilometres of network, and to each wastewater treatment system, using the population equivalents of the downstream treatment plant. In the case of the maintenance of vehicles and trucks, in the absence of a direct link to the vehicle number plates, the amounts were allocated on the basis of the kilometres driven in the reporting year.

The types of costs recognised by the EU Taxonomy are all included in 'Costs for raw materials and consumables', 'Costs for services and enjoyment of goods' and 'Personnel costs' (refer to the paragraphs 'Costs for raw materials and consumables "Costs for services and enjoyment of goods" and "Personnel costs" in the notes to the items of the Consolidated Income Statement). It should be noted that the denominator does not coincide with the grand total of these items, as they also include types of operating costs not recognised by the EU Taxonomy.

KPI Capital Expenditure (CapEx)

The capital expenditure indicator includes in the numerator the sum of investments in assets aligned with the EU Taxonomy, while the denominator is the sum of gross additions to tangible and intangible fixed assets recognised in 2024 during the year, taken before depreciation and any remeasurements, including those arising from revaluations and write-downs.

The capital expenditures considered correspond to the increases in tangible and intangible fixed assets during the year, accounted for in accordance with IFRIC 12 - Service Concession Arrangements, IAS 16 - Property, Plant and Equipment, IAS 38 - Other Intangible Assets and IFRS 16 - Leases (please refer to the sections "Property, Plant and Equipment", "Intangible Assets", "Other Intangible Assets", "Concession Assets" in the notes to the items in the Statement of Financial Position of the Consolidated Financial Statements). Compared to the items indicated in Delegated Regulation (EU) 2021/2178, IFRIC 12 was also included due to the peculiar nature of the Integrated Water Service, which is carried out on the basis of service concessions. The concession includes rights on networks, plants and other equipment related to the Integrated Water Service connected to services managed by the SMAT Group, including related infrastructure construction and improvement services. Each contract has been associated punctually to the related taxonomic activities on the basis of the type and purpose of the intervention and the alignment assessed according to the process described in the previous sections.

Share of turnover derived from products or services associated with taxonomy-aligned economic activities - reporting year 2024

Economic activities	Code	Turnover in absolute terms [euro]	Proportion of turnover [%]	Substantial contribution: Climate change mitigation YES;NO; AM; N/AM	Substantial contribution: Climate change adaptation YES;NO; AM; N/AM	Substantial contribution: Sustainable use and protection of water and marine resources YES;NO; AM; N/AM	Substantial contribution: Transition to a circular economy YES;NO; AM; N/AM	Substantial contribution: Pollution prevention and reduction YES;NO; AM; N/AM	Substantial contribution: Protection and restoration of biodiversity and ecosystems YES;NO; AM; N/AM	DNSH criteria: Climate change mitigation [YES/ NO]	DNSH criteria: Climate change adaptation [YES/ NO]	DNSH criteria: Sustainable use and protection of water and marine resources [YES/ NO]	DNSH criteria: Transition to circular economy [YES/ NO]	DNSH criteria: Pollution prevention and reduction [YES/ NO]	DNSH criteria: Protection and restoration of biodiversity and ecosystems [YES/ NO]	Minimum safeguards [YES/ NO]	Proportion of turnover aligned (A1) or eligible (A2) to Taxonomy, year 2023 [%]	Category enabling activity A	Category transitional activity T
A. TAXONOMY - ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Electricity generation using solar photovoltaic technology	CCM 4.1.	266,540 €	0.1%	YES	N/AM	N/AM	N/AM	N/AM	N/AM		YES		YES		YES	YES	0.1%		
Electricity generation from hydropower	CCM 4.5.	1,852,729 €	0.5%	YES	N/AM	N/AM	N/AM	N/AM	N/AM		YES	YES			YES	YES	0.4%		
Manufacture of biogas and biofuels for use in transport and of bioliquids	CCM 4.13.	5,115,065 €	1.3%	YES	N/AM	N/AM	N/AM	N/AM	N/AM		YES	YES		YES	YES	YES	1.4%		
Construction, extension and operation of water collection, treatment and supply systems/Water supply	CCM 5.1./WTR **2.1.**	9,693,029 €	2.4%	YES	N/AM	**YES**	N/AM	N/AM	N/AM		YES	YES			YES	YES	42.2%		
Construction, extension and operation of water collection, treatment and supply systems/Water supply	**CCM 5.1.**/WTR 2.1.	142,935,608 €	36.1%	**YES**	N/AM	NO	N/AM	N/AM	N/AM		YES	YES			YES	YES			
Construction, extension and operation of waste water collection and treatment / Urban waste water treatment	CCM 5.3./WTR **2.2.**	154,721,804 €	39.1%	YES	N/AM	**YES**	N/AM	N/AM	N/AM	YES	YES	YES		YES	YES	YES	34.8%		
Construction, extension and operation of waste water collection and treatment / Urban waste water treatment	**CCM 5.3.**/WTR 2.2.	33,278 €	0.0%	**YES**	N/AM	NO	N/AM	N/AM	N/AM	YES	YES	YES		YES	YES	YES			

Construction, extension and operation of waste water collection and treatment / Urban waste water treatment	CCM 5.3./WTR 2.2.	54,963,155 €	13.9%	NO	N/AM	YES	N/AM	N/AM	N/AM	YES	YES	YES		YES	YES	YES	-		
Anaerobic digestion of sewage sludge	CCM 5.6.	303,758 €	0.1%	YES	N/AM	N/AM	N/AM	N/AM	N/AM		YES	YES		YES	YES	YES	0.1%		
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		369,884,965 €	93.4%	79.5%	0.0%	55.4%	0.0%	0.0%	0.0%		YES	YES	YES	YES	YES	YES	78.9%		
of which enabling		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%								-		T
A.2 Activities eligible for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy)																			
Electricity generation using solar photovoltaic technology	CCM 4.1.	6,123 €	0.0%	AM	N/AM	N/AM	N/AM	N/AM	N/AM								0,0%		
Construction, extension and operation of waste water collection and treatment / Urban waste water treatment	CCM 5.3./WTR 2.2.	7,625,871 €	1.9%	AM	N/AM	AM	N/AM	N/AM	N/AM								16.0%		
Production of alternative water resources for purposes other than human consumption	EC 2.2.	3,776 €	0.0%	N/AM	N/AM	N/AM	AM	N/AM	N/AM								-		
Turnover from activities eligible for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy) (A.2)		7,635,770 €	1.9%	15.8%	0.0%	38.0%	0.0%	0.0%	0.0%								16.0%		
Total (A.1 + A.2)		377,520,736 €	95.3%	95.3%	0.0%	93.4%	0.0%	0.0%	0.0%								94.9%		
B. ACTIVITIES NOT ELIGIBLE FOR TAXONOMY																			
Turnover from activities not eligible for taxonomy (B)		18,521,031 €	4.7%																
TOTAL (A+B)		396,041,767 €	100%																

NOTES:
CCM: climate change mitigation:
CCA: climate change adaptation:
WTR: sustainable use and protection of water and marine resources
CE: transition to a circular economy
PPC: pollution prevention and control
BIO: restoration of biodiversity and ecosystems
YES: the activity is eligible for eco-sustainability status and meets the criteria for a 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 substantive or DNSH contribution criteria with reference to the relevant environmental objective
AM: the activity is eligible for eco-sustainability status for the relevant objective but is not aligned because it does not meet the substantive or DNSH contribution criteria with reference to the relevant environmental objective
N/AM: the activity is not eligible for eco-sustainability status for the relevant objective

In order for an activity to be included in section A.1 it must meet the substantial contribution criterion for 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 met or not met, using for substantial contribution the labels YES/NO or N/AM and for DNSH the labels YES/NO.

In the case where an economic activity makes a substantial contribution to more than one environmental objective, the objective considered a priority was highlighted in **bold**, applying the following relevance criteria:

a. Where compliance with the substantial contribution was verified for only one of the objectives, the objective for which the substantial contribution criteria set by the European Taxonomy are met was considered relevant (highlighted in bold);
b. Where compliance with the substantial contribution was verified for more than one objective, relevance was attributed (highlighted in bold) to the objective most consistent with the nature and purpose of the activity carried out.

Below, the degree of eligibility and alignment to each environmental objective is shown, considering for each objective also the 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 environmental criteria for more than one objective.

	Proportion of turnover/total turnover	
	Taxonomy- aligned per objective	Taxonomy- eligible per objective
CCM	79.5%	95.3%
CCA	0.0%	0.0%
WTR	55.4%	93.4%
CE	0.0%	0.0%
PPC	0.0%	0.0%
BIO	0.0%	0.0%
TOTAL	**93.4%**	**95.3%**

Total excludes double counting

Share of operating expenses associated with economic activities aligned with the taxonomy - disclosure for the year 2024

Economic activities	Code	Operating expenses in absolute [euro]	Prportion of operating expenses [%]	Substantial contribution: Climate Change Mitigation climate change mitigation YES;NO; AM; N/AM	Substantial contribution: Climate Change Adaptation climate change YES;NO; AM; N/AM	Substantial contribution: Sustainable use and protection of water and marine resources YES;NO; AM; N/AM	Substantial contribution: Transition towards a circular economy circular economy YES;NO; AM; N/AM	Substantial contribution: Prevention and reduction of pollution YES;NO; AM; N/AM	Substantial contribution: Protection and restoration of biodiversity and ecosystems YES;NO; AM; N/AM	DNSH criteria: Mitigation of climate climate change [YES/ NO]	DNSH criteria: Adaptation to climate climate change [YES/ NO]	DNSH criteria: Sustainable use and protection of water and marine resources [YES/ NO]	DNSH criteria: Transition towards a circular economy [YES/ NO]	DNSH criteria: Prevention and reduction of pollution [YES/ NO]	DNSH criteria: Protection and restoration of biodiversity and of ecosystems [YES/ NO]	Minimum safeguards [YES/ NO]	Proportion of turnover aligned (A1) or eligible (A2) to the Taxonomy, year 2023 [%]	Enabling activities A	Transition activities T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (taxonomy-aligned)																			
Electricity generation using solar photovoltaic technology	CCM 4.1.	9,905 €	0.0%	YES	N/AM	N/AM	N/AM	N/AM	N/AM		YES		YES		YES	YES	0.0%		
Generation of electricity using hydropower: Construction or operation of plants for the production of electricity from hydropower.	CCM 4.5.	184 €	0.0%	YES	N/AM	N/AM	N/AM	N/AM	N/AM		YES	YES			YES	YES	0.0%		
Manufacture of biogas and biofuels for use in transport and of bioliquids	CCM 4.13.	202,552 €	0.4%	YES	N/AM	N/AM	N/AM	N/AM	N/AM		YES	YES		YES	YES	YES	0.3%		
Construction, extension and operation of systems of capture, treatment and supply of water/supply of water	CCM 5.1./WTR 2.1.	2,041,307 €	4.0%	YES	N/AM	YES	N/AM	N/AM	N/AM		YES	YES			YES	YES	54.4%		
Construction, extension and operation of water collection, treatment and supply systems/ Water supply	CCM 5.1./WTR 2.1.	20,549,727 €	40.2%	YES	N/AM	NO	N/AM	N/AM	N/AM		YES	YES			YES	YES			
Construction, extension and operation of waste water collection and treatment / Urban waste water treatment	CCM 5.3./WTR 2.2.	14,737,745 €	28.8%	YES	N/AM	YES	N/AM	N/AM	N/AM	YES	YES	YES		YES	YES	YES	23.9%		
Construction, extension and operation of waste water collection and treatment / Urban waste water treatment	CCM 5.3./WTR 2.2.	19,464 €	0.0%	YES	N/AM	NO	N/AM	N/AM	N/AM	YES	YES	YES		YES	YES	YES			
Construction, extension and operation of waste water collection and treatment / Urban waste water treatment	CCM 5.3./WTR 2.2.	8,102,938 €	15.9%	NO	N/AM	YES	N/AM	N/AM	N/AM	YES	YES	YES		YES	YES	YES	-		
Transport by motorbikes, cars and light commercial vehicles	CCM 6.5.	817 €	0.0%	YES	N/AM	N/AM	N/AM	N/AM	N/AM		YES		YES	YES		YES	-		

Anaerobic digestion of sewage sludge	34,093 €	34,093 €	0.1%	YES	N/AM	N/AM	N/AM	N/AM	N/AM		YES	YES		YES	YES	YES	0.0%		
Production of alternative water resources for purposes other than human consumption	22,076 €	22,076 €	0.0%	N/AM	N/AM	N/AM	YES	N/AM	N/AM	YES	YES	YES		YES	YES	YES	-		
Operating expenses of environmentally sustainable activities (taxonomy-aligned) (A.1)			89.4%	73.5%	0.0%	48.7%	0.0%	0.0%	0.0%	YES	YES	YES	YES	YES	YES	YES	78.7%		
of which enabling		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%								-		T
A.2 Activities eligible for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy)																			
Construction, extension and operation of waste water collection and treatment / Urban waste water treatment	CCM 5.3./WTR 2.2.	425,022 €	0.8%	AM	N/AM	AM	N/AM	N/AM	N/AM								15.3%		
Anaerobic digestion of sewage sludge	CCM 5.6.	22,240 €	0.0%	AM	N/AM	N/AM	N/AM	N/AM	N/AM								0.0%		
Transport by motorbikes, cars and light commercial vehicles	CCM 6.5.	1,393,031 €	2.7%	AM	N/AM	N/AM	N/AM	N/AM	N/AM								1.0%		
Production of alternative water resources for purposes other than human consumption	EC 2.2.	2,129 €	0.0%	N/AM	N/AM	N/AM	AM	N/AM	N/AM								0.2%		
Operating expenses of activities eligible for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy) (A.2)		1,842,422 €	3.6%	19.6%	0.0%	41.1%	0.0%	0.0%	0.0%								16.6%		
Total (A.1 + A.2)		47,563,229 €	93.0%	93.0%	0.0%	89.7%	0.0%	0.0%	0.0%								95.3%		
B. ACTIVITIES NOT ELIGIBLE FOR TAXONOMY																			
Operating expenses of non-taxonomy eligible activities (B)		3,555,289 €	7.0%																
TOTAL (A+B)		51,118,518 €	100%																

NOTES:

CCM: climate change mitigation:
CCA: climate change adaptation:
WTR: sustainable use and protection of water and marine resources
CE: transition to a circular economy
PPC: pollution prevention and control
BIO: restoration of biodiversity and ecosystems
YES: the activity is eligible for eco-sustainability status and meets the criteria for a 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 substantive or DNSH contribution criteria with reference to the relevant environmental objective
AM: the activity is eligible for eco-sustainability status for the relevant objective but is not aligned because it does not meet the substantive or DNSH contribution criteria with reference to the relevant environmental objective
N/AM: the activity is not eligible for eco-sustainability status for the relevant objective

In order for an activity to be included in section A.1 it must meet the substantial contribution criterion for 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 met or not met, using for substantial contribution the labels YES/NO or N/AM and for DNSH the labels YES/NO.
In cases where an economic activity makes a substantial contribution to more than one environmental objective, the objective considered a priority was highlighted in **bold**, applying the following relevance criteria:

a. Where compliance with the substantial contribution was verified for only one of the objectives, the objective for which the substantial contribution criteria set by the European Taxonomy are met was considered relevant (highlighted in bold);
b. Where compliance with the substantial contribution was verified for more than one objective, relevance was attributed (highlighted in bold) to the objective most consistent with the nature and purpose of the activity carried out.

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 environmental criteria for more than one objective.

	Proportion of OpEx/ Total OpEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	73.5%	93.0%
CCA	0.0%	0.0%
WTR	48.7%	89.7%
CE	0.0%	0.0%
PPC	0.0%	0.0%
BIO	0.0%	0.0%
TOTAL	**89.4%**	**93.0%**

Total excludes double counting

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]	Proportion of capital expenditure [%]	Substantial contribution: Climate change mitigation YES;NO; AM; N/AM	Substantial contribution: Climate change adaptation YES;NO; AM; N/AM	Substantial contribution: Sustainable use and protection of water and marine resources YES;NO; AM; N/AM	Substantial contribution: Transition towards a circular economy YES;NO; AM; N/AM	Substantial contribution: Pollution prevention and reduction YES;NO; AM; N/AM	Substantial contribution: Protection and restoration biodiversity and ecosystems YES;NO; AM; N/AM	DNSH criteria: Climate change mitigation [YES/ NO]	DNSH criteria: Climate change adaptation [YES/ NO]	DNSH criteria: Sustainable use and protection of water and marine resources [YES/ NO]	DNSH criteria: Transition to circular economy [YES/ NO]	DNSH criteria: Pollution prevention and reduction [YES/ NO]	DNSH criteria: Protection and restoration of biodiversity and ecosystems [YES/ NO]	Minimum safeguards [YES/ NO]	Proportion of Capex aligned (A1) or eligible (A2) to Taxonomy, year 2023 [%]	Enabling activities A	Transition activities T
A. ACTIVITIES ELIGIBLE FOR TAXONOMY																			
A.1 Environmentally sustainable activities (taxonomy-aligned)																			
Electricity generation using solar photovoltaic technology	CCM 4.1.	23,516 €	0.0%	YES	N/AM	N/AM	N/AM	N/AM	N/AM		YES		YES		YES	YES	-		
Generation of electricity using hydroelectric technology: construction or operation of plants for the production of electricity from from hydropower.	CCM 4.5.	18,177 €	0.0%	YES	N/AM	N/AM	N/AM	N/AM	N/AM		YES	YES			YES	YES	-		
Manufacture of biogas and biofuels for use in transport and of bioliquids	CCM 4.13.	258 €	0.0%	YES	N/AM	N/AM	N/AM	N/AM	N/AM		YES	YES			YES	YES	-		
Construction, extension and operation of water collection, treatment and supply systems/Water supply	CCM 5.1./ WTR 2.1.	17,500,135 €	6.6%	YES	N/AM	YES	N/AM	N/AM	N/AM		YES	YES			YES	YES	47.3%		
Construction, extension and operation of water collection, treatment and supply systems/ Demolition of buildings and other structures	CCM 5.1./ WTR 2.1.	121,048,278 €	45.3%	YES	N/AM	NO	N/AM	N/AM	N/AM		YES	YES			YES	YES	0.4%		
Renewal of water collection, treatment and supply systems	CCM 5.2./ WTR 2.1.	14,119,982 €	5.3%	YES	N/AM	YES	N/AM	N/AM	N/AM		YES	YES			YES	YES	1.9%		
Construction, extension and operation of waste water collection and treatment / Urban waste water treatment	CCM 5.3./ WTR 2.2.	59,275,842 €	22.2%	YES	N/AM	YES	N/AM	N/AM	N/AM	YES	YES	YES		YES	YES	YES	14.8%		
Construction, extension and operation of waste water collection and treatment / Urban waste water treatment	CCM 5.3./ WTR 2.2.	14,176,443 €	5.3%	NO	N/AM	YES	N/AM	N/AM	N/AM	YES	YES	YES		YES	YES	YES	-		
Renewal of waste water collection and treatment systems	CCM 5.4./ WTR 2.2.	55,360 €	0.0%	YES	N/AM	YES	N/AM	N/AM	N/AM	YES	YES	YES		YES	YES	YES	0.0%		
Renewal of waste water collection and treatment systems	CCM 5.4./ WTR 2.2.	17,517,420 €	6.6%	NO	N/AM	YES	N/AM	N/AM	N/AM	YES	YES	YES		YES	YES	YES	-		
Anaerobic digestion of sewage sludge	CCM 5.6.	8,214 €	0.0%	YES	N/AM	N/AM	N/AM	N/AM	N/AM		YES	YES		YES	YES	YES	0.0%		
Capital expenditure of environmentally sustainable activities (taxonomy -aligned) (A.1)			**91,2%**	**79.4%**	**0.0%**	**45.9%**	**0.0%**	**0.0%**	**0.0%**		YES	YES	YES	YES	YES	YES	**64.1%**		
of which enabling		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%								-		T

A.2 Activities eligible for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy)													
Electricity generation using solar photovoltaic technology	CCM 4.1.	2,900 €	0.0%	AM	N/AM	N/AM	N/AM	N/AM	N/AM		0.0%		
Renewal of water collection, treatment and supply systems	CCM 5.2./ WTR 2.1.	11,205,132 €	4.2%	AM	N/AM	AM	N/AM	N/AM	N/AM		12.1%		
Construction, extension and operation of waste water collection and treatment / Urban Waste Water treatment	CCM 5.3./ WTR 2.2.	1,510,761 €	0.6%	AM	N/AM	AM	N/AM	N/AM	N/AM		7.7%		
Renewal of waste water collection and treatment systems	CCM 5.4./ WTR 2.2.	1,844,276 €	0.7%	AM	N/AM	AM	N/AM	N/AM	N/AM		11.3%		
Anaerobic digestion of sewage sludge	CCM 5.6.	329,224 €	0.1%	AM	N/AM	N/AM	N/AM	N/AM	N/AM		0.1%		
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5.	488,133 €	0.2%	AM	N/AM	N/AM	N/AM	N/AM	N/AM		0.1%		
Construction of new buildings	CCM 7.1.	176,556 €	0.1%	AM	N/AM	N/AM	AM	N/AM	N/AM		0.0%		
Renovation of buildings	CCM 7.2./ CE 3.2.	1,246,513 €	0.5%	AM	N/AM	N/AM	AM	N/AM	N/AM		0.1%		
Capital expenditures of activities eligible for the taxonomy but not environmentally sustainable (activities not aligned with the taxonomy) (A.2)		16,803,494 €	6.3%	18.2%	0.0%	50.8%	0.5%	0.0%	0.0%		31.4%		
Total eligibility (A.1 + A.2)		260,547,119 €	97.5%	97.5%	0.0%	96.7%	0.5%	0.0%	0.0%		95.4%		
B. ACTIVITIES NOT ELIGIBLE FOR TAXONOMY													
Capital Expenditure on Activities Not Eligible for Taxonomy (B)		6,608,933 €	2.5%										
TOTAL (A+B)		267,156,052 €	100.0%										

NOTES:
CCM: climate change mitigation:
CCA: climate change adaptation:
WTR: sustainable use and protection of water and marine resources
CE: transition to a circular economy
PPC: pollution prevention and control
BIO: restoration of biodiversity and ecosystems
YES: the activity is eligible for eco-sustainability status and meets the criteria for a 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 substantive or DNSH contribution criteria with reference to the relevant environmental objective
AM: the activity is eligible for eco-sustainability status for the relevant objective but is not aligned because it does not meet the substantive or DNSH contribution criteria with reference to the relevant environmental objective
N/AM: the activity is not eligible for eco-sustainability status for the relevant objective

In order for an activity to be included in section A.1 it must meet the substantial contribution criterion for 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 met or not met, using for substantial contribution the labels YES/NO or N/AM and for DNSH the labels YES/NO.
In the case where an economic activity makes a substantial contribution to more than one environmental objective, the objective considered a priority was highlighted in **bold**, applying the following relevance criteria:

a. Where compliance with the substantial contribution was verified for only one of the objectives, the objective for which the substantial contribution criteria set by the European Taxonomy are met was considered relevant (highlighted in bold);

b. Where compliance with the substantial contribution was verified for more than one objective, relevance was attributed (highlighted in bold) to the objective most consistent with the nature and purpose of the activity carried out.

Below, the degree of eligibility and alignment to each environmental objective is shown, considering for each objective also the 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 environmental criteria for more than one objective.

	Proportion of CapEx/Total CapEx	
	Taxonomy-aligned per objective	Taxonomy-eligible per objective
CCM	79.4%	97.5%
CCA	0.0%	0.0%
WTR	45.9%	96.7%
CE	0.0%	0.5%
PPC	0.0%	0.0%
BIO	0.0%	0.0%
TOTAL	**91.2%**	**97.5%**

Total excludes double counting

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

ESRS E1 - CLIMATE CHANGE

[ESRS E1 GOV-3] - INTEGRATION OF SUSTAINABILITY-RELATED PERFORMANCE IN INCENTIVE SCHEMES

The direct integration of **climate and greenhouse gas (GHG) emissions reduction targets** into incentive schemes by governing bodies is being assessed.

[ESRS E1-1] - TRANSITION PLAN FOR CLIMATE CHANGE MITIGATION

SMAT has planned, by 2026, to identify decarbonisation strategies and develop a Transition Plan aimed at climate change mitigation. While awaiting formal adoption of the Transition Plan, SMAT reports annually on **GHG emissions** from its activities, covering all three scopes: Scope 1, Scope 2 and Scope 3.
Scope 1 emissions include direct emissions generated by sources owned or controlled by the organisation (e.g. plant and company vehicles); **Scope 2** emissions include indirect emissions resulting from the use of electricity or thermal energy purchased and consumed by SMAT; finally, **Scope 3** emissions refer to all other indirect emissions along the value chain, such as those related to supplier activities, logistics and waste management.

[ESRS E1 SBM-3] - MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL

SMAT considers both **transition risks and physical risks**, together with the resulting **opportunities**. This makes it possible to respond effectively to market changes, address climate impacts and promote growth based on innovation and respect for the environment.
As part of the double materiality analysis, SMAT identified and classified climate-related risks, distinguishing between physical and transition risks.
For further information on the results of this analysis, please refer to section ESRS E1 IRO-1 of this Sustainability Report.

[ESRS E1 IRO-1] - DESCRIPTION OF THE PROCESSES TO IDENTIFY AND ASSESS MATERIAL CLIMATE-RELATED IMPACTS, RISKS AND OPPORTUNITIES

SMAT has identified and assessed as significant the impacts, risks and opportunities related to climate change, considering both negative and positive effects arising from its activities and along the value chain.
In terms of **adaptation**, SMAT generates a positive impact on the quality and continuity of the water service, made possible by the upgrading, modernisation and efficiency of the infrastructure. With regard to **mitigation and energy consumption**, SMAT recognises an impact associated with greenhouse gas emissions generated along its value chain, most of which are attributable to the wastewater treatment service. However, it also recognises positive impacts, thanks to its constant commitment to self-production and the procurement of energy from renewable sources, with favourable effects in terms of reducing climate-changing emissions. SMAT also identifies an important opportunity in **energy recovery** and **savings**, particularly through the reduction of water losses and policies to reuse purified wastewater.
Significant risks include possible infrastructure damage and costs resulting from extreme weather events, which may compromise the continuity and reliability of water service delivery. To these is added the potential increase in conflict between different uses of the resource, in a scenario of progressive reduction in water availability linked to long-term climate change. In addition, there is the possible increase in operating and investment costs associated with adapting to changing regulatory standards on plant efficiency and energy autonomy of treatment systems.

Analysis of physical climate risks

Addressing the issue of adaptation to the climate crisis means recognising the increasing impacts of climate change, which grow in severity as global warming increases. Making the picture even more critical is the non-linear response of the climate system, which can trigger amplified and, in some cases, irreversible effects . In this scenario, a structured adaptation process enables the transformation of risks into opportunities, contributing to the construction of a sustainable future for society.
In line with the Regional Strategy for Adaptation to Climate Change (SRACC), SMAT has defined its own Adaptation Strategy, articulated along three main axes: the strengthening of the adaptive capacity of the

system, understood as the set of resources and skills available to respond to climate impacts; the reduction of vulnerability, i.e. the decrease in the susceptibility of natural and socio-economic systems to potential damage; and the reduction of the exposure of company assets to climate risks. This strategic framework was the basis for the elaboration of the Climate Change Adaptation Plan (PACC), which includes an in-depth climate risk assessment of the area managed by SMAT, the identification of the most and least exposed areas and assets, and the definition of concrete and targeted adaptation measures.

Climate change induces complex variations in climate characteristics on different spatial and temporal scales. These variations concern, for example, the average characteristics of the climate (annual average values, seasonal cycle) and the frequency, intensity, spatial extent and duration of extreme weather phenomena[18] . Such variations can be large enough to cause negative impacts on environmental and socio-economic systems, giving rise to what are typically termed 'climate hazards'.

Climate hazards constitute a fundamental element in the study and assessment of climate risk, which is the complex product of the interaction between vulnerability (considered in this context as the product between sensitivity and adaptive capacity), exposure and climate hazard itself. In order to carry out the climate risk assessment, in 2022 SMAT signed a research project with the Euro-Mediterranean Centre on Climate Change (CMCC), which provided the SMAT Research Centre with climate projections of a set of indicators representative of the climate hazards in the area managed by SMAT and impacting on the activities of the Integrated Water Service. The scenarios used for the projections are **3 RCP** (Representative Concentration Pathways) **scenarios** defined within the 5th Assessment Report (AR5) of the **IPCC** (Intergovernmental Panel on Climate Change).

IPCC Scenario	Description
RCP 2.6 (Aggressive mitigation)	Assumes significant mitigation strategies, whereby GHG emissions will be almost completely reduced around two-thirds of the current century. As a result, by 2100 there will be no more than a 2 °C increase in the average global temperature compared to pre-industrial levels.
RCP 4.5 (Strong stabilisation)	This scenario assumes that steps are taken to control the level of greenhouse gas emissions, whereby it is assumed that by 2070 CO_2emissions will fall below current levels (400 ppm), while atmospheric concentrations are projected to stabilise by the end of the century at about twice pre-industrial levels.
RCP 8.5 (Business as usual)	This scenario assumes insignificant mitigation measures, which will lead to atmospheric CO_2concentrations tripling or quadrupling (840-1120 ppm) compared to pre-industrial levels (280 ppm) by 2100.

Climate projections were assessed over two 30-year timeframes, one centred on the year 2035 (**2021-2050**) and the other on the year 2050 (**2036-2065**), compared to the reference period **1981-2010**. The **priority climate hazards**, for which maps of expected climate change were provided by the CMCC, were defined by the SMAT Research Centre through a structured discussion process with stakeholders inside and outside SMAT. In particular, interviews were conducted with company operational functions, climatologists from ARPA Piedmont, the CMCC itself, the CNR Institute of Atmospheric Sciences and Climate, as well as lecturers and research personnel from the University and Polytechnic University of Turin. The process was supported by the analysis of historical adverse events and a review of the relevant scientific literature. This led to the identification of 7 priority climatic hazards: fires, hydrogeological instability (surface landslides, debris flows and collapses), floods, extreme precipitation events, droughts, average temperature increases and heat waves.

Starting from this numerical basis, the climate risk assessment was then carried out entirely with internal resources of the Research Centre, which calculated the global hazard indices, exposure, sensitivity and assessed the adaptive capacity by providing numerical maps and arriving at a climate risk classification for each of the activities and sectors in which SMAT operates. The adaptation measures already adopted, whether of a programmatic, procedural, strategic nature or traceable to physical actions already implemented, have contributed to containing the level of risk, allowing the company's activities to be classified in a medium to low physical climate risk band.

Analysis of risks and transition opportunities

[18] AR6, IPCC, 2022: Climate Change 2022: Impacts, Adaptation and Vulnerability. Contribution of Working Group II to the Sixth Assessment Report of the Intergovernmental Panel on Climate Change [H.-O. Pörtner, D.C. Roberts, M. Tignor, E.S. Poloczanska, K. Mintenbeck, A. Alegría, M. Craig, S. Langsdorf, S. Löschke, V. Möller, A. Okem, B. Rama (eds.)]. Cambridge University Press. Cambridge University Press, Cambridge, UK and New York, NY, USA, 3056 pp, https://doi.org/10.1017/9781009325844

In addition to physical risks, SMAT has undertaken an initial analysis of transition risks and opportunities. Among the main risks are the **political-legal** ones, related to the tightening of regulations on the quality of purified water, sewage systems and the energy autonomy of plants. These developments would lead to higher compliance costs and reporting obligations. The company's response includes preventive analysis of wastewater treatment efficiency, process modelling and optimisation, technology scouting, innovation and investment planning, including plants for self-production from renewable sources.
Regulatory developments in the area of sustainable finance represent a strategic opportunity: more than 90% of SMAT's investments are eligible for EU taxonomy and therefore potentially sustainable. SMAT therefore could take advantage of subsidised (green) financial instruments.

[ESRS E1-2] - POLICIES RELATED TO CLIMATE CHANGE MITIGATION AND ADAPTATION

Code of Ethics
In order to mitigate its impact on climate change from GHG emissions along the value chain and avoid the risk of compliance costs in response to relevant regulations, SMAT applies the Code of Ethics, in which it recognises **the environment as a primary asset to be protected**.
The Code of Ethics aims to promote a strategy oriented towards sustainable development, integrating the economic, environmental and social dimensions in a balanced manner. It affirms the commitment to minimise the environmental impact of company activities, to use natural resources rationally and to safeguard environmental conditions for future generations. The Code also recalls the precautionary principle[19] of the Rio Charter (1992) and the Sustainable Development Goals of the UN 2030 Agenda, supporting technological innovation and the diffusion of a strong environmental awareness within the organisation.
It applies to **all those who work on behalf or in the interest of SMAT**, who are required to comply with it by ensuring compliance with applicable laws and regulations. Supervision of the Code of Ethics and its application is the task of those who manage the Company and its employees, who report any non-compliance to the Supervisory Board (SB).
The Code of Ethics is made available to all stakeholders, who are required to fully understand and comply with it. It is published on the company website and delivered to all employees at the time of recruitment (on-boarding procedure), accompanied by appropriate information and training activities.

Integrated Quality, Environment and Safety Policy
With reference to its activities and value chain, SMAT adopts the Integrated Policy to mitigate the negative impacts on climate change, through **prevention, monitoring and control systems**.
The Policy codifies the Integrated Management System, which complies with the international standard ISO 14001:2015 (Environmental Management System). It applies to **all the Group's activities** - including those of its subsidiaries - and covers the entire Integrated Water Service. It also extends to the entire territory served, including internal and external stakeholders - from employees to suppliers to citizens and local communities - and is consistent with the precautionary principle, the Sustainable Development Goals (SDGs) of the United Nations 2030 Agenda, and national and EU regulatory requirements.
The ultimate responsibility for the **implementation of the Policy lies with the CEO who**, in consultation with the Board of Directors, defines and periodically updates the strategic directions based on emerging needs.
The Policy is communicated to all those who work with and on behalf of SMAT and is made available via the corporate intranet and the institutional website, in order to ensure full transparency to all stakeholders. The implementation of the Policy is monitored through the definition of specific objectives, the measurement of performance indicators, and the annual reporting of progress as required by the Integrated Management System.

Climate Change Adaptation Plan (PACC)
To guarantee service quality and continuity, reducing the impact of extreme events and the potential conflicts that may arise during periods of water scarcity, SMAT has defined its own **Climate Change Adaptation Strategy**, implemented through the **Climate Change Adaptation Plan (PACC)**. The Plan represents the operational tool of the strategy and aims to strengthen the resilience of the Integrated Water

[19] Guiding Principle of International Environmental Law which states that "Where there are threats of serious or irreversible damage, the absence of full scientific certainty should not be used as a reason for postponing effective measures to prevent environmental degradation." (Principle 15 of the Rio Accountability Principle, 1992).

Service, in line with the National Adaptation Plan (NACCP) and European regulations, integrating adaptation into business processes with a horizon of full implementation within the next five years.
The PACC and its annexes, which are an integral part of it, address in an articulated manner the main aspects related to the climate resilience of the Integrated Water Service managed by SMAT and include:

- the climate risk assessment with reference to the priority climate hazards identified (floods, fires, extreme precipitation events, droughts, heat waves, average temperature rise and hydrogeological instability)
- identification of the main climate challenges affecting the integrated water system;
- an analysis of the physical hazards and vulnerabilities that characterise the different areas of the territory managed by SMAT;
- a catalogue of interventions already planned as part of the investment programme and corporate projects, including good practices and pilot actions aimed at reducing future impacts;
- a repertoire of measures and procedural actions that can be implemented in the coming years, accompanied by priority and feasibility assessments, consistent with the guidelines of the National Plan for Adaptation to Climate Change (PNACC);
- the description of the ways in which, in new projects, the analysis of hazards and vulnerabilities will be integrated from the initial phase, so as to incorporate climate change adaptation solutions from the outset
- the modalities foreseen for the periodical updating of the Plan, on the basis of the results achieved, the progress of technical-scientific knowledge and the evolution of strategies and guidelines at a higher level.

The climate risk assessment methodology, starting from the climate hazard index projections provided by the CMCC, was developed considering the complex product of the interaction between sensitivity, adaptive capacity, exposure and the climate hazard itself.
Based on these analyses, the Plan proposes concrete actions on several levels: technical-operational, institutional, cognitive and awareness-raising, oriented towards building internal capacity and creating favourable conditions to deal effectively with climate impacts. These include climate change training and information activities for staff, the development of organisational and participatory processes, the adoption of governance and monitoring tools, the implementation of early warning systems, research activities, procedural risk management and emergency planning. To cope with some specific infrastructure risks, such as those arising from floods, landslides or fires, insurance coverage is in place, which is also recognised at European level as a valid tool for climate risk management.
The scope of the PACC covers all SMAT activities and also considers interactions with the **value chain**, research organisations and regulatory institutions.
The implementation of the actions in the plan will be prioritised in agreement with management and according to the most exposed assets and their strategic nature.
SMAT pays particular attention to its internal and external **stakeholders**, including operating departments, citizens, regulatory bodies, scientific institutions and local communities, promoting transversal actions to raise awareness and develop specific skills and knowledge. Raising awareness and knowledge about the expected impacts in a changing climate and the need to adapt to these changes is the starting point for capacity building activities, which are supported through **networking**, **information dissemination**, **education** and **training, partnerships** and exchange of experience and knowledge.

[ESRS E1-3] - ACTIONS AND RESOURCES IN RELATION TO CLIMATE CHANGE POLICIES

Climate change adaptation initiatives: climate risk management

Preventive climate risk assessment in new projects
In collaboration with the Technical Quality Service, SMAT is initiating the integration of climate hazard and physical vulnerability maps into the company mapping system. The maps, elaborated by the SMAT Research Centre within the framework of the Climate Change Adaptation Plan, are an operational tool for translating the results of the climate risk analysis into geographical terms.
This integration, which will be implemented by 2025, will make it possible to verify in real time, already at the planning stage, whether a new project falls in areas exposed to high climate hazard and physical vulnerability related to that hazard. If this is the case, it will be possible to request the integration of targeted adaptation measures already within the design, consistent with the Plan and in line with EU directives for new projects.

This initiative contributes to the objectives of the PACC and the Adaptation Strategy, ensuring preventive and integrated management of climate risks, guaranteeing alignment between infrastructure planning and adaptation strategies, mitigating infrastructure damage and costs related to extreme weather events that impact service continuity, strengthening prevention capacity, water service resilience and long-term sustainability.

PrecipiTO: an early warning system for the management of extreme precipitation events
Among the actions implemented by SMAT to reduce the risk of infrastructure damage and the costs associated with extreme precipitation events is the PrecipiTO project, which the SMAT Research Centre is developing in collaboration with the Natural Hazards Department of ARPA Piemonte. The initiative envisages the provision to SMAT operational departments of an **advanced monitoring and nowcasting system for** highly convective, high-impact and fast-moving **precipitation phenomena**, through the development of an **alert system for** the operational management of such critical situations, which integrates data from rain gauges, weather radar and nowcasting models. The system developed with PrecipiTO, which is expected to be fully implemented by the end of 2026, will facilitate adaptation to extreme rainfall events, allowing the identification of the main criticalities of the drainage network in the management of the most intense rainfall events, highlighting the areas most vulnerable to flooding and the potential impacts on urban infrastructures, fully in line with climate adaptation policies, in order to improve the response capacity and prevention of infrastructural damage and guarantee the continuity of essential services.

LIFE CLIMAX PO: climate adaptation for the Po river basin district
SMAT participates in the LIFE CLIMAX PO project, with the aim of enhancing and making more efficient infrastructures with a view to adapting to climate change, while ensuring a positive impact on service quality and continuity. The project aims at implementing a "climate smart" management of water resources at the scale of the **Po River Basin District**, in line with the National Climate Change Adaptation Strategy and Plan. The initiative has a planned duration of 9 years - ending in 2032 - and is coordinated by the Po River District Basin Authority. CLIMAX PO is a strategic integrated LIFE project in which 25 partners are involved, including bodies and companies in charge of water resource management at all levels of governance, national, interregional, regional and local public bodies, research institutes, environmental associations and environmental consultants. Among the expected results of the project are the creation of a climate adaptation observatory to define adaptation governance at all levels, the development of a climate information and knowledge platform and the creation of a climate risk index at sub-basin level.
Within the project, SMAT participates in some cross-sectoral work packages on adaptation governance and stakeholder engagement as well as in more technical work packages aimed at improving the climate resilience of urban drainage networks. In this context SMAT makes available to the partners the know-how of the SMAT Research Centre for the prediction of extreme rainfall events affecting urban drainage infrastructures and for the definition and sharing of intervention and risk reduction strategies. About two-thirds of SMAT's budget is financed by the EU Life Programme.

Climate change adaptation initiatives: resilience and infrastructure repowering

Maintenance work for infrastructure resilience
One of the main challenges facing operators of the Integrated Water Service is to ensure resilient and **adapt their infrastructure to climate change**. An optimal management of this service must be able to cope with increasingly frequent crises through the preparation of targeted contingency plans and the allocation of investments aimed at strengthening and preserving the integrity of the infrastructure.
SMAT is committed to ensuring the resilience and efficiency of its infrastructure through **robust management of ordinary and extraordinary maintenance**. In particular, it invests significant resources in the timely and systematic replacement and repair of its infrastructures, as well as in the planning of upgrades to address any critical issues, in order to preserve the efficiency of the infrastructure. Maintenance works employ the **most advanced systems and technologies**. For example, for the rehabilitation of pipelines (sealing of joints, descaling, flushing and piping) and the maintenance of sewers, SMAT combines traditional technologies with trenchless and no-dig techniques. Every year, moreover, there is an increase in the number of fully digitalised networks: in 2024 the length of georeferenced aqueduct networks reached 13,366 km and the length of the sewerage network totalled 10,326 km. SMAT adopts a tool, **WEBSIT,**

which allows the visualisation of the managed networks with all their technical devices. Recently, the functionality of this application has been expanded, allowing operators to perform quick technical analyses and transmit any changes to the network, improving the accuracy of the data collected from the managed territory. Furthermore, using the possibility of interfacing **the maintenance** computer system **with the Geographical Information System** (GIS), an additional tool was developed that allows the management of aqueduct and sewer manholes. This tool makes it possible to prioritise the inspection and maintenance of network and sewer access structures on the basis of a risk analysis. The latter is estimated according to the vulnerability of the elements potentially interacting with the structure (i.e. the probability that an artefact is crossed by a vehicular, bicycle and pedestrian flow) and the severity of its degradation.
Through the vulnerability analysis, it is possible to assess inspection priorities and, following a field inspection, it is possible to estimate the priority of restoration work.

	2024
Water service (n)	
Technical and/or maintenance work carried out	36,395
wastewater treatment service (no)	
Technical and/or maintenance work performed	8,716
Sewerage service (no.)	
Technical and/or maintenance work performed	9,676

The Mediano-Idropolitana Collector: increasing the resilience of the urban sewerage system
SMAT is engaged in the construction of a major new infrastructure, called the "Idropolitana", with the aim of **increasing the resilience of the city's sewerage system**, helping to mitigate the impacts of extreme weather events.
The Idropolitana will also ensure continuity of service during extraordinary maintenance activities, providing redundancy to the existing inter-municipal collector, which has been in operation for over 40 years. The work will improve the management of the hydraulic load entering the Castiglione Torinese wastewater treatment plant, thanks to its rain flow lamination function.
The project started in 2023 and is expected to be completed by 2028. A very important first phase will be completed by 2025 and involves the construction of the new collector in the section from Parco Colonnetti to Piazzale Ceirano, for a total length of 4 km. Innovative technologies, such as microtunneling and minitunneling, will be used to minimise excavation difficulties. The second and final phase includes the construction of the new collector in the section from Piazzale Ceirano to Parco dell'Arrivore, in which the Tunnel Boring Machine (TBM) technique will be used for mechanised excavation, for a length of approximately 9.5 km and at a depth of approximately 20 metres.
Overall, **the project represents a strategic infrastructure for adaptation to climate change**, as it reinforces the resilience of the urban sewerage system to intense weather events, contributing to the objectives of the PACC and the Adaptation Strategy through improved water management and reduced pollutant discharge into receiving water bodies.
For further information regarding the Mid-Atlantic Collector, please refer to section *"D1. Status of Major Infrastructures and PNRR Financing"* of the document.

Energy neutrality of wastewater treatment plants
With a view to reducing GHG emissions, SMAT, in collaboration with HERA, IREN, A2A, Acquedotto Pugliese, MM and Nepta, participates in the "**Energy neutrality of wastewater treatment plants"** project, promoting sustainable technical and economic solutions for the energy self-sufficiency of the treatment plants, contributing to the objectives of the Integrated Environment, Quality and Safety Policy and confirming its ethical commitment to environmental protection and the responsible use of resources.
The project aims to provide the national legislator with objective indications, supported by concrete data, to direct the transposition of the new European Union Directive **on urban wastewater treatment towards realistically feasible solutions.** The new Directive stipulates that, on a national level, the total annual energy from renewable sources generated, either on-site or off-site, by the owners or operators of urban waste water treatment plants treating a load of 10,000 population equivalent (p.e.) or more, must progressively increase to cover the entire energy needs of these plants.
The project envisages an initial phase to **identify, at national and European level, technologies that have already been implemented or can be implemented** in the short and medium term. In a second phase, a technical-economic assessment of immediately applicable solutions will be carried out to achieve the

first target set: to cover 20% of total annual energy consumption by 31 December 2030. In parallel, a regulatory analysis will be conducted to identify any necessary changes or additions to existing legislation in order to facilitate the implementation of the requirements of the directive, with particular reference to obtaining permits. The aim is to develop a comprehensive guideline to be submitted to the Ministry and a position paper that can be used in the various discussion contexts, including those with key stakeholders. The entire process is expected to be completed by March 2026.

The Castiglione Torinese plant as an example of energy efficiency
Thanks to the implementation of measures aimed at reducing energy consumption, SMAT has made the **Castiglione Torinese** wastewater treatment plant (the largest of those managed and therefore the most energy-intensive) a **significant example of energy efficiency**. Until 2020, the biogas produced by the digesters of the Castiglione Torinese wastewater treatment plant was recovered and used as fuel for the cogeneration engines. As of June 2020, the biogas upgrading plant for the production of biomethane became operational. The biomethane produced, whose qualitative characteristics are similar to those of natural gas, is fed into the SNAM distribution network to be used as fuel in the road transport sector, allowing an indirect reduction in fossil fuel consumption.
Against a production of more than 5 million $m^3$of biomethane in 2024, the CO_2equivalent saving, linked to the release of biomethane onto the market, is quantified by considering the emission factor of methane of fossil origin that would be used in the trucking sector in the absence of the SMAT production plant. This saving amounts to approximately 10,000 tonnes of CO_2equivalent each year.
In addition, numerous projects have been undertaken over the years to optimise the biological section of the wastewater treatment line, which have significantly reduced the site's electricity consumption. These projects included the construction of a de-ammonification section for the treatment of centrifuge wastewater, the replacement of water line air turbo-compressors, the replacement of water line air diffUsers (still in progress), and the implementation of nitrification and denitrification processes based on intermittent aeration. All of the above has allowed the Castiglione Torinese plant to consume less than 50 million kWh of electricity in a year for the first time in 2024.
Finally, as detailed in chapter E5- Circular Economy 'From waste to resource: SMAT's thermal oxidiser', a thermal oxidation plant project for the energy recovery of sewage sludge was completed in 2024. The electrical and thermal energy produced will be used for self-consumption. The project envisages the use of the most advanced technologies to comply with emission limits, reducing pollutants such as PFAS.

Purchase of 100% certified energy from renewable sources
SMAT exclusively purchases electricity from renewable sources, guaranteed by GO (Guarantee of Origin) certifications that comply with European regulations. This choice makes it possible to significantly reduce the indirect carbon footprint (Scope 2), contributing to the Group's energy transition.

Energy production from photovoltaic panels
The energy produced by photovoltaic technology contributes to meeting the energy needs of the company's sites and allows a reduction in greenhouse gas emissions, compared to the scenario in which the same amount of energy was purchased from the national energy mix. The first two photovoltaic plants were built in Castiglione Torinese and Rosta and have an average annual production of 1,200 and 22 MWh respectively, for an average CO_2saving of just under 300 tonnes per year.
At the Bosconero and Valperga wastewater treatment plants, two additional photovoltaic plants were installed in 2024 (and will be soon activated), with nominal power of 390 W and 108 W respectively.

Floating photovoltaic plant
In line with the commitments made through the Integrated Quality, Environment and Safety Policy and with the principles of the Code of Ethics, SMAT has planned the construction of a **floating photovoltaic plant on the lagoon basin located in the municipality of La Loggia (TO)**, with the aim of increasing on-site renewable energy production, thereby reducing climate-related impacts. This type of installation offers several advantages: it reduces land consumption, allows the generation of renewable energy for internal consumption and provides shading to the water surface, limiting solar radiation and water heating, thus preventing the development of algae and reducing evaporation.
The project involves the installation of a floating photovoltaic plant with a capacity of 5.1 MWp on the lagoon basin from which SMAT draws water for the large drinking water plant in Turin. Estimates indicate that the plant will produce around 7,130 MWh per year, thanks in part to the natural cooling generated

by the water below, which improves the efficiency of the panels. The possibility of expanding the project, with the installation of an approximately 10 MW plant in the adjacent basin, is currently being evaluated. The expected time horizons for the realisation of the project have not yet been defined, as the authorisation process is still ongoing.

Self-production of hydroelectric energy
SMAT contributes to the reduction of climate-changing emissions through an energy model based **on self-production and supply from renewable sources**. To support the energy transition, SMAT operates four hydroelectric power plants in Balme, Salbertrand, Chiomonte and Gravere, which exploit the height difference to generate more than 16 million kWh of energy per year. The feeding into the grid of energy produced through hydroelectric technology allows a reduction of almost 5,000 tonnes of CO_2equivalent, compared to the scenario in which the same amount of energy was produced from the national energy mix.
A further action is also being planned to increase the hydraulic capacity and optimise the exploitation of the geodetic jump in the Valli di Lanzo aqueduct system. The project envisages the replacement of the old pipeline and the construction of a new hydroelectric plant to exploit the potential energy of the water fed by the aqueduct, without foreseeing a greater withdrawal of resources than those already channelled at present, with a sure contribution to climate change mitigation.
With a production of more than 5 thousand MWh, an average annual saving of around 1,500 tCO_{2eq} is expected.

Vehicle fleet renewal
Starting in 2019, SMAT is committed to the objective of reducing its emissions through the gradual replacement of the most polluting vehicles with methane, hybrid and electric vehicles, which will account for 57% of the company fleet by 2024: SMAT has a company fleet of 654 vehicles and is continuing with its project to convert the vehicle fleet with electric (14%), hybrid (11%), methane (32%) and LPG (0.2%) vehicles (in 2019, 91% of cars were powered by petrol or diesel). SMAT has also installed electric charging stations at the company's premises to support the new electric fleet.

Building efficiency
Over the past 10 years, SMAT has carried out numerous efficiency measures in the buildings used by the company, such as building internal and external insulation, replacing windows and doors, improving the efficiency of air conditioning systems and replacing lighting systems.

Planting green areas
Among its decarbonisation actions, SMAT includes the planting and management of green areas with a CO_2 absorption function.
The green areas managed by SMAT are mainly safeguard areas, intended to protect water supply sources. These areas play a strategic role in:
- the protection of groundwater resources;
- the natural absorption of atmospheric CO_2;
- the maintenance of local biodiversity.

SMAT is committed to enhancing these areas through maintenance, reforestation and environmental conservation.

Reducing emissions through Water Points
By dispensing mains water at dedicated kiosks in an increasing number of municipalities in the Metropolitan City of Turin, the production and transport of bottled water, as well as the disposal of plastic bottles, can be avoided. Based on the volumes dispensed in 2024, a total saving of 5,323[20] tCO_2eq is expected compared to the consumption of an equivalent amount of bottled water.

---

[20] Emission factor obtained from the arithmetic average of the emission factors of well-known bottled water brands.

Certifications

In order to enhance SMAT's positive impact on the reduction of climate-changing gas emissions thanks to its self-production and purchase of electricity from renewable sources, SMAT aims to obtain **UNI EN ISO 50001 (Energy Management System)** certification by 2025**.** To this end, a gap analysis has already been conducted to assess the current status of the company's processes with respect to the requirements of the standard.

ISO 50001 certification is an international standard that defines the requirements for implementing, maintaining and improving an energy management system. Its goal is to help organisations use energy more efficiently, reducing consumption, operating costs and environmental impact.

With this in mind, work continues on obtaining **UNI EN ISO 14064-1 (Greenhouse gases)** certification, which defines a systematic framework for monitoring, reducing and managing greenhouse gas emissions at organisation level. Thanks to ISO 14064, SMAT is committed to accurately measure its emissions, implement effective strategies to reduce them and ensure compliance with international standards.

Obtaining certification reinforces the credibility and transparency of the company's actions, in line with the Integrated Policy and Code of Ethics, which emphasise continuous improvement, responsible reporting and environmental sustainability.

[ESRS E1-5] - ENERGY CONSUMPTION AND MIX

Most of SMAT's energy consumption is **attributable to the water, sewerage and wastewater treatment services**.

SMAT's overall energy balance in 2024 is 293,187 MWh. SMAT's energy intensity stands at 0.78 MWh/k Euro of net revenue. [21]

Energy consumption	2024
	MWh
Fuel consumption from coal and coal products	-
Fuel consumption from crude oil and petroleum products (Diesel, Petrol, LPG)	4,314
Fuel consumption from natural gas (Methane)	41,902
Fuel consumption from other non-renewable sources	-
Consumption of electricity, heat, steam and cooling from fossil sources, purchased or acquired	3,106
Energy consumption from fossil sources	**49,322**
Share of fossil sources in total energy consumption (%)	**17%**
Consumption of nuclear sources	**N/A**
Share of nuclear sources in total energy consumption (%)	**N/A**
Fuel consumption of renewable sources, including biomass (also includes industrial and municipal waste of biological origin, biogas, renewable hydrogen, etc.)	2,675
Purchased or purchased consumption of electricity, heat, steam and cooling from renewable sources	239,766
Consumption of self-produced renewable energy without fuel (MWh)	1,424
Total energy consumption from renewable sources	**243,865**
Share of renewables in total (%)	**83%**
Total energy consumption	**293,187**
Energy intensity	MWh/k EUR
Total energy consumption/Net revenue	0.78

In 2024, SMAT produced a total of 71,964 MWh.

Self-produced energy from renewable sources	2024
	MWh
Total self-produced energy from renewable sources	**71,964**
of which from hydroelectric	16,214
of which from photovoltaic	970
of which from biomethane	52,105
of which from biogas combustion in boiler	2,675

[ESRS E1-6] - GROSS SCOPE 1, 2, 3 AND TOTAL EMISSIONS

In 2024, SMAT's total emissions (with Scope 2 emissions calculated using a market-based approach) amounted to 139,914 CO_2eq and are broken down as follows:

- scope 1: 91,034 tCO_2eq of direct emissions from process and fossil fuel consumption in operations;

[21] The net revenues taken into account refer to the overall total of the SMAT Group. This approach is consistent with the nature of the activities performed, as SMAT's core business - which includes waterworks, purification and sewerage management - is among those with a significant climate impact.

- scope 2 (location-based[22]): 91,946 tCO_2eq calculated from the emission factor of the average energy mix of the supply network;
- scope 2 (market-based): 114 tCO_2eq reflecting actual emissions based on electricity purchases from a specific supplier (in the case of SMAT, electricity purchases are exclusively related to energy produced from renewable sources);
- scope 3: 48,766 tCO_2eq which include emissions generated upstream and downstream of SMAT's value chain.

Gross greenhouse gas emissions	2024
	tCO2eq
Gross GHG emissions of Scope 1	91,034
Scope 2 gross GHG emissions based on location	91,946
Scope 2 gross GHG emissions market-based	114
Total gross indirect GHG emissions (scope 3) (tCO_2eq)	48,766
1. Purchased goods and services	28,151
2. Capital goods	-
3. Fuel and energy-related activities (not included in Scope 1 or 2)	-
4. Transport and upstream distribution	278
5. Waste generated during operations	18,045
6. Business Trips	-
7. Employee commuting	1,676
8. Leased assets upstream	-
9. Downstream transport	615
15. Investments	-
Total GHG emissions (location based)	231,746
Total GHG emissions (market based)	139,914
Emission intensity	tCO2eq/k EUR
Total GHG emissions/Net revenue (location based)	**0.61**
Total GHG emissions/Net revenue (market based)	**0.37**

E2 - POLLUTION

[ESRS E2 IRO 1] - - DESCRIPTION OF THE PROCESSES TO IDENTIFY AND ASSESS MATERIAL POLLUTION-RELATED IMPACTS, RISKS AND OPPORTUNITIES

SMAT has identified and assessed as significant IROs related to water pollution and the presence of substances of concern emitted by third parties. The assessment took into consideration the location of its plants and the activities carried out at them.

In general, the Group's operations predominantly generate a **positive impact on the environment, people and ecosystems, thanks to its** wastewater **purification activities** that help protect receiving water bodies from pollution. However, SMAT has also identified a **potential impact related to water pollution** resulting from the accidental release of hazardous substances due to plant breakdowns or failures.

With regard to substances of concern, SMAT plays an active role in protecting the environment and public health through the **systematic monitoring of micropollutants**, including PFAS, pesticides and chlorinated and aromatic solvents.

Potential non-compliance with environmental regulations represents a real risk, with potential consequences in terms of fines, legal costs and reputational damage that could undermine the trust of citizens and stakeholders.

SMAT conducts **regular consultations**, including interactions with affected communities, to gather key environmental concerns with a view to continuous improvement. For more information on how to consult with affected communities, please refer to ESRS Disclosure S3-2 of this Sustainability Report.

[ESRS E2-1] POLICIES RELATED TO POLLUTION

Integrated Quality, Environment and Safety Policy

To prevent the accidental release of hazardous substances resulting from plant breakdowns or failures, the Integrated Quality, Environment and Safety Policy provides for the **effective** management of **emergency situations through comprehensive risk assessment**, with a focus on environmental protection. To

[22] The difference between the market-based and location-based approach concerns the way of calculating Scope 2 emissions: the former is based on contractual energy purchase choices, the latter on the average mix of the local electricity grid.

enhance the positive impact generated by its wastewater purification activities, SMAT is committed to safeguarding and managing the water resource in a sustainable manner, protecting the environment and **preventing pollution**. Finally, in order to mitigate the risks associated with regulatory non-compliance and potential reputational damage, the Policy ensures SMAT's utmost commitment to full **compliance with current** environmental, health and safety **provisions**, as well as voluntary commitments, thereby consolidating stakeholder confidence.
With reference to its activities and value chain, SMAT adopts the Integrated Policy to mitigate the negative impacts on the environment through **systems of prevention, monitoring and control of water pollution**. In particular, it promotes sustainable management of water resources throughout the service cycle, adopting technical and management solutions to contain the release of hazardous substances, in line with regulatory requirements and industry best practices.
For further information on the Integrated Quality, Environment and Safety Policy, please refer to ESRS E1-2 of this Sustainability Report.

Laboratory Quality Policy
SMAT's Laboratory Quality Policy is an integral part of the **UNI CEI EN ISO/IEC 17025:2018 certified Laboratory Management System** and shares the strategic directions defined in the Integrated Policy for Quality, Environment and Safety. This Policy aims to **prevent and contain negative impacts on the environment and public health**, through the adoption of risk control systems, the use of accredited methods for monitoring water quality, and the promotion of scientific and technological evolution in laboratories. The monitoring process is based on **internal and external audits**, data analysis, periodic reviews, interlaboratory assessments and the active involvement of staff and stakeholders. In addition, accreditation, first achieved in 2000 and confirmed every 4 years, entails annual verification by ACCREDIA of the laboratories' technical and management competence in compliance with the requirements of the reference standard.
The scope of the Policy covers all the activities performed by SMAT laboratories. Responsibility for implementing the Policy lies with the **Laboratory and Water Quality Manager and the Laboratory Manager**, who ensure compliance with the principles of impartiality, professional ethics and confidentiality, in collaboration with the Quality, Safety and Environment Service Manager.
The interests of the main stakeholders - customers, operators, Users, accreditation bodies - are taken into account through the constant updating of the policy on the basis of audits, risk analyses, staff reports and user feedback. The Policy is communicated internally and made available to staff through specific company information, thus guaranteeing the active participation of all those involved in its implementation.

Code of Ethics
Consistent with the commitments sanctioned through its Code of Ethics and with the objective of mitigating the potential negative impact of accidental releases of hazardous substances, the Company adopts **procedures aimed at preventing all forms of pollution** and ensuring proper waste management, in compliance with the traceability system.
Regarding the positive impacts generated by the purification activity, SMAT promotes environmental protection through the **prevention of soil, water and air pollution**, and ensures compliance with regulations through **investments in technological innovation**. To limit the risk of penalties and reputational damage, the Code of Ethics reaffirms the commitment to comply with current environmental legislation and ensures that suppliers and partners also operate in line with the same standards, helping to protect the reputation and trust of stakeholders.
For further information on the Code of Ethics, see ESRS E1-2 in this Sustainability Report.

[ESRS E2-2] ACTIONS AND RESOURCES RELATED TO POLLUTION

Quality and innovation in the drinking water service

Advanced treatment and reduction of impacting reagents
Ensuring that distributed water is of high quality and always available is one of the main objectives for water service operators. In order to achieve this objective, it is necessary to **constantly monitor the quality of the water** starting from the water sources. SMAT guarantees the highest quality and safety of the drinking water distributed to its Users, complying with the strict standards established by regulations.

In line with the commitments made in the Integrated Policy and the Code of Ethics, SMAT has adopted an integrated set of actions to ensure high quality standards in the production of drinking water and to minimise the potential impacts of the process.
To ensure that water intended for human consumption meets the high quality characteristics required by the regulations[23] , SMAT subjects **the water withdrawn to specific treatments using reagents**. The pollutants treated are divided according to their origin into natural pollutants - such as arsenic, iron, manganese, ammonia, sulphates, odorous substances, natural organic substances, microorganisms such as algae, bacteria, protozoa - and anthropogenic pollutants - including nitrates, organic micropollutants such as chlorinated organic compounds, aromatic compounds, pesticides and their metabolites.
The processes used for water purification are diverse and include aeration, chemical oxidation with hypochlorite, chlorine dioxide or ozone, clariflocculation and precipitation, filtration on sand or ion exchange resins, microfiltration, ultrafiltration, adsorption on activated carbon and ultraviolet rays.
In order to limit the use of potentially polluting substances and prevent the accidental release of hazardous reagents, the company has long since embarked on a **path of transition towards technologies with a reduced environmental impact**, introducing solutions such as biological activated carbon and ultraviolet rays. SMAT also applies **treatments in line with the most up-to-date requirements**, ensuring constant monitoring of processes and the adoption of advanced technologies. The use of granular ferric hydroxide for arsenic removal and the gradual introduction of biological treatments represent strategic choices for strengthening environmental protection and public health.
The company is also committed to the **careful management of micropollutants**, thanks to specific treatments aimed at the removal of organic compounds and pesticides, with systematic control along all phases of the water cycle. With a view to circular sustainability, the activated carbon used is recovered and reactivated by specialised companies, reaching a recycling rate of 98% in 2024 and bringing the total value of recycled reagents to 36.6%, a significant increase over previous years.
These actions, which are already operational or at an advanced stage of implementation, help consolidate SMAT's ability to **prevent pollution at source**, reduce the use of substances with a high environmental impact and strengthen the confidence of citizens and stakeholders through constant monitoring of quality and regulatory compliance.
Below is a summary of the main reagents used by SMAT during the year.

	2024
Reagent (ton)	
Sodium hypochlorite	1,145
Hydrochloric acid	245
Sodium chlorite	202
Aluminium polychloride	2,042
Silica microsand	34
Granular sea salt	435
Reactivated activated carbon	535
New activated carbon	101
Ferric chloride	7
Carbon dioxide[24]	142
Caustic soda	8
Other reagents	13

Controls to guarantee the quality of the water supplied

In the current context, characterised by increasing pressure on water resources and progressive contamination - by third parties - of supply sources due to the presence of emerging pollutants, SMAT finds itself operating as a primary player. In fact, SMAT is called upon to make an increasingly complex water supply drinkable, ensuring high quality standards and full regulatory compliance.

[23] Legislative Decree No 18 of 2023 - Implementation of Directive (EU) 2020/2184 of the European Parliament and of the Council of 16 December 2020 on the quality of water intended for human consumption.
[24] Used at Water Points

Controlling the water supplied represents a fundamental activity to safeguard SMAT's Users. The Group adopts a rigorous and scientific approach to this control activity, contributing to the mitigation of significant health impacts related to public health risks and risks related to possible penalties for regulatory non-compliance.
In implementation of Legislative Decree 18/2023 - which transposes EU Directive 2020/2184 - SMAT has **strengthened its control activities along the entire water supply chain**, with particular attention to the new obligations of transparency towards Users, the control of risks in internal networks, and adaptation to the new parameter values. The monitoring activity covered all the ATO3 municipalities served and included the analysis, in 2024, of over 20,000 samples **taken** from more than 4,000 sampling points, with over 800,000 analytical determinations conducted in the laboratory on chemical, microbiological and micropollutant parameters.
The intervention is part of a **multi-year strategy to strengthen controls**, which has led, over the last ten years, to a constant increase in the number of parameters analysed per cubic metre of water supplied, which rose to 5.12 per 1,000 m³ in 2024. Coverage is guaranteed by a 24-hour emergency response system, capable of carrying out timely chemical and microbiological checks in the event of reports of anomalies.
SMAT has improved its early-warning capability over time by increasing the number of parameters monitored and the accuracy of the data **obtained.**

	2024
Controls carried out in the waterworks division (n)	
Parameters determined in total	834,749
Of which chemical parameters	712,609
Of which microbiological parameters	122,140
Parameters on municipalities served	806,332
Parameters for external customers	12,879
Parameters for research, quality control, flasks, etc.	15,538

During the year, SMAT continued to monitor the ARERA water quality indicators on a monthly basis in order to promptly assess the countermeasures to be taken. This allowed the data to be checked more frequently and the information gathered to be shared with all the company functions involved, in order to identify improvement measures, implement them and monitor progress over time.
Below are the **ARERA indicators relating to the quality of the water supplied**, which measure compliance with regulatory requirements and the reliability of the service.

	2024	Italy 2023[25]
M3 Quality of water delivered (ARERA)		
M3a - Incidence of non-potability orders	0.0036%	0.068%
M3b - Rate of non-compliant samples	1.55%	3.61%
M3c - Non-compliant parameter rate	0.155%	0.24%
ARERA class	C	E

Water Safety Plans: preventive approach to minimise pollution from source
SMAT has embarked on a structured path to implement Water Safety Plans (WSPs), in line with the provisions of Legislative Decree 18/2023, which sanctions an approach based on risk assessment and management throughout the entire drinking water supply chain. The adoption of a Water Safety Plan means, for example, **mapping all possible sources of contamination** (from abstraction to distribution) and defining preventive or corrective measures to minimise the risk that water distributed to citizens may fail to meet quality requirements.
Anticipating the regulatory obligation, **SMAT has begun to draw up WSPs** and, to date, has prepared ten plans, including the one for the city of Turin - already sent to the Ministry for approval - which alone covers about 45% of the Users. The remaining WSPs, initially prepared according to a different methodology, will be updated and harmonised with the national guidelines and sent to the Ministry within the timeframe set by the regulations (January 2029). The action is carried out on the entire hydropotable

[25] ARERA, Annual Report 2024, State of Services

chain, with a direct impact on the territory served by SMAT and with the involvement of external stakeholders, such as the Istituto Superiore di Sanità, in the elaboration of the technical contents.
The SMAT Research Centre has developed an internal management platform to support the drafting and updating of WPSs. The application - accessible via intranet - allows a guided and homogeneous approach to risk analysis, including tools for the management of control measures, the programming of improvement plans and the processing of statistics on historical data. Particular attention was given to the construction of the risk matrix, a key element of the process. This application was tested and completed during 2024.
Through the adoption and gradual implementation of WPSs**, SMAT is helping to prevent pollution at source,** reinforcing control over potential vulnerabilities in the water network and ensuring a systematic approach to water quality protection.

SMAT water is safe, controlled and meets all health standards
In response to growing concerns about the presence of PFAS (perfluoroalkyl and polyfluoroalkyl substances) in drinking water, the European Union introduced new quality standards to strengthen human health protection with Directive 2184 of 2020 (replacing 98/83/EC). Among the main changes is the introduction of a limit value for the sum of 20 PFAS compounds, which shall not exceed 100 nanograms/litre (equivalent to 0.1 microgram/litre). This limit will enter into force as of January 2026.
With the entry into force, on 21 March 2023, of the national transposition -Legislative Decree 18/2023-, which extends the monitoring scope to 24 compounds, four more than the European regulation, a monitoring campaign was launched to assess the presence of PFAS on the managed territory. The results collected so far show that the water supplied complies with **the limits set by Legislative Decree 18/2023**. In most of the municipalities served, the concentrations detected are **even lower than the quantification limit** (0.01 microgram/litre) or completely absent.
During 2024, SMAT intensified its dialogue with citizens and stakeholders, reaffirming its commitment to the issue and enhancing the transparency of its activities. To this end, SMAT makes public the data collected in the "Water quality" section of its website, which is regularly updated and can be consulted by municipality - and by district in the case of the City of Turin - at the following link: smatorino.it/monitoring-water.

Quality and innovation in the wastewater treatment system

Quality of treated water
The presence of substances potentially harmful to health and the environment in wastewater makes it necessary to carry out purification treatments to prevent any negative effects on the natural balance of the ecosystem. The wastewater treatment process involves the use of reagents to treat the wastewater, in compliance with reference regulations. Over the years, SMAT has optimised their use and progressively selected those with the lowest environmental impact and pursued, where possible, the containment of their use. Below is a summary of the main reagents used by SMAT.

Reagent (ton)	2024
Quicklime powder	0.2
Iron salts	4,899
Organic polymers	785
Sodium hypochlorite	400
Caustic soda	8
Sulphuric acid	2
Hydrochloric acid	2
Cationic polyelectrolyte powder	0
Aluminium salts	4,628
Oxygen	48
Liquid nitrogen	1,158
Other	208

Controls and prevention in the fight against persistent pollutants
SMAT carries out constant and rigorous control activities on purified water and is also actively involved in **protecting the surface water bodies into which the water treated by the purification plants flows.** Attention to the quality of the resource cannot disregard awareness of the sources of pollution: PFAS, in particular, are persistent substances that mainly originate in the effluents of production activities.
To reduce the entry of PFAS into the sewerage system, **SMAT has requested the Metropolitan City of Turin, which is competent in this matter, to introduce stricter limits for industrial discharges**. For this reason, it is essential to intervene directly in production cycles to avoid discharging PFAS into the public sewerage system. The issue is now also receiving increasing attention at European level. An example of this is the recent approval in France of one of the strictest regulations on the subject (law 188), which from 2026 will ban the production, import and marketing of products containing PFAS in various consumption categories. This is an important signal that testifies to the urgency, shared by several countries, to take structural action to address the health and environmental impacts related to the spread of these substances in water resources.

Control and monitoring activities
The Laboratory of the Sewerage and Purification Division is responsible for **monitoring urban wastewater** and purification processes. The aim is to provide plant operators with accurate and timely data in order to assess the pollutant load to be treated and to regulate purification processes. In addition, monitoring helps to identify any anomalies or process malfunctions and resolve them promptly.
The Laboratory complies with current legislation, which provides for controls and self-checks for purification plants with a capacity of more than 2,000 population equivalents. Among other activities, chemical and biological controls are also carried out on sludge and sewage waste, as well as surface water monitoring campaigns to assess the impact of wastewater treatment plant discharges on the environment and, if necessary, plan actions to reduce these impacts.

	2024
Parameters determined on waste water	
Parameters/1000 m^3 of wastewater (x100)	66
Parameters/1000 inhabitants	106

ARERA's macro-indicator M6 is defined as the percentage of samples in which one or more pollutant emission limits were exceeded in terms of concentration. This value is calculated on the total number of control and self-control samplings carried out by the operator during the year. In line with SMAT's commitment to the continuous control and **improvement of purified water**, the index stands at 4.24%, achieved also thanks to revamping works, process optimisation and the implementation of new solutions in the most critical plants.

	2024	Italy 2023[26]
M6 - Quality of purified water		
M6 Exceedance rate of limits in discharged wastewater sample	4.24%	13.4%
ARERA class	B	D

The sewerage service
The sewerage network consists of a set of structures designed to convey **wastewater of domestic and industrial origin**, known as black water, as well as part of rainwater, to treatment plants. In order to improve the efficiency of wastewater purification processes, it is good practice for these to be piped into two different networks, in order to avoid dilution of black water - which makes it more difficult to treat - and contamination of rainwater, which, being less polluted by its nature, requires easier treatment. In line with this objective, SMAT has been separating the two types of network for some time now, both for new sewer constructions and for the renovation of older ones.
With a view to mitigating environmental impacts, SMAT manages the sewerage system of the City of Turin and the inter-municipal territory with an **approach strongly oriented towards protecting water quality**.

[26] ARERA, Annual Report 2024, State of Services

From an operational point of view, network management for the CTOR-Turin centre is based on a constantly updated territorial information system. SMAT invests in field surveys, **digitisation of cartography** and the **use of advanced technologies** (laser scanners, LIDAR sensors[27] , GNSS[28]), tools that make it possible to accurately check the state of the collectors, plan maintenance work and act promptly in the event of anomalies. The gradients and speed of the water flow in the pipelines are also designed to prevent the accumulation of polluting materials and limit the wear and tear on the infrastructure, guaranteeing the proper transport of effluent to treatment.
These infrastructural and management choices make a significant contribution to reducing the risk of surface water pollution, protecting ecosystems and safeguarding public health.

Below are the ARERA indicators relating to the adequacy of the sewerage system in which SMAT performs well above the national average**, placing it in Class A**, compared to the national average Class E.

	2024	Italy 2023[29]
M4 Adequacy of the sewerage system (ARERA)		
M4a - Frequency of flooding and/or sewerage spills (no./100 km)	0.979	5,3
M4b - Regulatory adequacy of flood drains (%)	0.0%	21
M4c - Control of flood dischargers (%)	0.0%	7
ARERA class	A	E

Management of abnormal discharges
In line with its commitment to prevent environmental pollution from industrial discharges and to contain the sanctioning risks associated with regulatory non-compliance, thus contributing to safeguarding public health and reducing potential reputational damage, SMAT - through the SMAT Research Centre - is actively participating in a **strategic project to characterise wastewater and manage anomalous discharges**, aimed at protecting the environment and safeguarding purification plants.
Coordinated by A2A Ciclo Idrico S.p.A., with the participation of SMAT, AQP, HERA and IREN, the project aims to develop **good practices for monitoring public sewerage networks** in order to identify anomalous discharges, better understand the variability of flow rates and pollutant concentrations and identify effective design solutions, also with a view to prevention. This is a long-term activity, due to end in April 2028, articulated in progressive phases ranging from the mapping of methods already in use to the definition and experimentation of more advanced monitoring processes, first on a small scale and then extended to larger territorial contexts.
During the project, **SMAT will be involved in activities of technical analysis**, comparison with other managers and direct experimentation in the field. The objective is twofold: on the one hand, to maintain internally the know-how necessary for the dynamic and flexible application of the new monitoring protocols; on the other, to identify the most efficient and suitable instrumentation for sewerage environments, balancing technical effectiveness and economic sustainability.
This action contributes to pollution prevention by enhancing the ability to intercept anomalies early and contain contaminants before they reach watewater treatment plants. At the same time, it improves the resilience of the water infrastructure and the overall quality of service, benefiting citizens and the environment. Expected results include the definition, by 2028, of a shared set of replicable tools and procedures, which could represent a reference standard for sewerage management at a national level.

The upgrading of the Valperga and Collegno plants
SMAT is working on upgrading the wastewater treatment plants. In 2024**, the revamping of the Valperga wastewater treatment plant** was carried out **to expand the treatment capacity** (from 20,000 to about 30,000 population equivalent) and to adapt the plant to the new regulations that set stricter limits for nitrogen abatement. The creation of a new parallel biological treatment line is planned, which will allow the continuous operation of the plant, even in the event of maintenance shutdowns. In addition, a denitrification section will be built to ensure a discharge that complies with forthcoming regulatory requirements, and a tertiary treatment system (including final filtration and disinfection) will be installed for the

[27] Light Detection and Ranging.
[28] Global Navigation Satellite System.
[29] ARERA, Annual Report 2024, State of Services

entire flow treated by the plant. The installation of photovoltaic panels is also planned with the aim of reducing dependence on external energy sources, thus reducing the environmental impact.
As regards **the Collegno wa** plant**, the first part of the works was completed in 2024**. Over the next two years, an innovative alternate-cycle process for the removal of total nitrogen is scheduled to be introduced, reducing electricity consumption and increasing removal efficiency. The total investment amounts to €5.5 million.

AQUAMON: prevention of urban water pollution
With the aim of preventing and **reducing the environmental impacts associated with urban water pollution, SMAT is participating in the European project AQUAMON** - Advanced QUAlity MOnitoring system of water in urbaN areas, financed as part of the Horizon Europe programme, within the call for proposals "*Clean environment and zero pollution 2024*".
AQUAMON aims to develop an intelligent and integrated water quality management and monitoring system in urban areas, improving the ability to identify point and diffuse sources of pollution, in a context of increasing environmental pressure and climate change. SMAT assumes the role of end user, with the responsibility of developing its own specific use case covering two strategic areas of the Integrated Water Service: **the sewerage system and wastewater treatment plants.**
In the sewerage sector, **SMAT plans the experimental installation of sensors capable of detecting parasitic water and illicit connections** through microbiological and temperature parameters, as well as **devices for chemical analysis and the detection of microplastics**. At the wastewater treatment plant, **floating robots** will be used **to monitor sludge levels in the sedimentation tanks** and **sensors for chemical and microbiological analysis of outgoing water**. In addition, a **tool for assessing the chemical and biological risk** associated with the reuse of purified water will be tested to ensure compliance with the new regulatory framework.
The action has a time horizon of 42 months and represents a concrete application of the principles of pollution prevention at source, in particular through the adoption of technologies that allow real-time monitoring and timely interception of anomalies. Expected benefits include the reduction of illegal discharges, better control of wastewater quality, and the promotion of reuse with a view to sustainability and reduction of outflows.
The intervention is part of SMAT's long-term strategy, strengthening the monitoring of environmental impacts and contributing to regulatory compliance and continuous improvement of service quality. The data collected, protected by confidentiality agreements, will not be used for control purposes, but exclusively to validate the effectiveness of the technologies tested.
Through AQUAMON, SMAT confirms its commitment to promoting innovation and environmental protection along the entire urban water cycle value chain, with a positive impact on public health, stakeholder confidence and service resilience.

iMERMAID: from wastewater to safeguarding the Mediterranean Sea from contaminants
The **iMERMAID project** (Innovative solutions for Mediterranean Ecosystem Remediation via Monitoring and Decontamination from Chemical Pollution) is an EU-funded initiative under the **Horizon Europe programme**, running until 2024. Its objective is to **prevent, monitor and reduce toxic and persistent chemical pollution in the Mediterranean Sea basin** through the development and demonstration of innovative, low-cost and energy-efficient solutions for monitoring and decontamination from emerging pollutants such as heavy metals, pesticides and PFAS. The project involves the **use of advanced sensors and treatment technologies in strategic pilot sites** - including wastewater treatment plants and coastal areas - with the aim of combating pollution along the entire chain, from source to final destination.
Among the partners, SMAT has the task of testing two innovative technologies - an electrochemical sensor developed by the University of Florence and a heavy metal removal system based on 4D Scavenger technology by its Finnish partner Weeefiner - in a wastewater treatment plant in the Turin area.
In addition to technological aspects, iMERMAID also promotes awareness-raising activities, such as the production of an educational workbook for schools, with the aim of fostering a more conscious use of chemicals.

[ESRS E2-4] WATER POLLUTION

SMAT does not release pollutants into water from its activities. It should be noted that air and soil pollution did not emerge as relevant in the double materiality analysis. Even in the case of discharges, these may flow into the sewerage system (grey water) or, subject to ARPA's three-year authorisation, into surface water (white water). SMAT carries out targeted checks to verify the chemical and physical characteristics of the water released and the substances present in it.

All the analyses conducted in recent years have revealed values well below the threshold of significance established by Regulation (EC) No 166/2006, even considering the total volume of water discharged during the year.
The metrics refer exclusively to SMAT's own operations and do not include any pollutants discharged by third parties into the sewerage system. In these cases, any contamination is managed through the purification process that intervenes to limit the impact of improper discharges, within the capacity of the treatment system.

[ESRS E2-6] FINANCIAL EFFECTS FROM POLLUTION-RELATED IMPACTS, RISKS AND OPPORTUNITIES

In 2024, SMAT did not record any major events related to water pollution. Therefore, it did not incur any operational and capital expenditure in this regard.

E3 - WATER AND MARINE RESOURCES

[ESRS E3 IRO-1] - DESCRIPTION OF PROCESSES TO IDENTIFY AND ASSESS SIGNIFICANT IMPACTS, RISKS AND OPPORTUNITIES RELATED TO WATER AND MARINE RESOURCES

SMAT has identified and assessed impacts, risks and opportunities related to water resources management. **Water consumption**, to which water losses also contribute, can represent a significant pressure on the environment. However, this also represents a concrete opportunity for SMAT to access funding for leakage reduction through innovative projects. The issue of water leakage is not a critical issue for SMAT alone but is a structural challenge for the entire Integrated Water Service sector at the national level, linked to the age of the networks, the complexity of management and the need for continuous investment in technology and maintenance.
As far as **water withdrawal is** concerned, the reduced availability of the resource - influenced by factors such as climate change and pollution from external sources - can lead to potential service interruptions. In this scenario, the risk **related to the costs of managing water emergencies** becomes relevant.
Finally, the entry of polluted water (due to non-compliant behaviour of third parties) or parasites into the sewerage system may reduce the effectiveness of the purification plants, generating significant environmental impacts. With regard to stakeholder involvement, SMAT conducts regular consultations, including interactions with local communities.
For further information, please refer to ESRS S3-2 of this Sustainability Report.

[ESRS E3-1] - POLICIES RELATED TO WATER AND MARINE RESOURCES

Code of Ethics
To contain water losses, SMAT promotes, through its Code of Ethics, the continuous improvement **of the management and technological efficiency of the resource**. This approach ensures responsible management of the water resource, with particular attention to the prevention of interruptions and vulnerabilities linked to external factors such as climate change or pollution. Furthermore, in order to prevent pollution and ensure the proper functioning of wastewater treatment plants, the Code of Ethics requires the **adoption of correct practices in the use of sewage infrastructure**.
For further information on the Code of Ethics, please refer to ESRS E1-2 of this Sustainability Report.

Integrated Quality, Environment and Safety Policy
In order to mitigate the negative environmental impact of water leakage and at the same time access funding opportunities for reduction projects, the Integrated Policy aims to **safeguard and manage the water resource in a sustainable manner**, promoting water saving and leakage control - and operating along the entire water cycle - from the sources of supply to the return of purified water to the environment.
In addition, the Policy aims to **effectively prevent and manage emergency situations**, including risks related to the reduced availability of water resources. To do this, SMAT promotes service innovation and research and development activities.

Finally, to counter phenomena of pollution and deterioration of the resource also linked to improper discharges or malfunctioning of purification plants, the Policy aims to **protect the environment throughout the water cycle**, with particular attention to the protection of health, the environment and biodiversity.
For further information on the Integrated Quality, Environment and Safety Policy, please refer to ESRS E1-2 of this Sustainability Report.

[ESRS E3-2] - ACTIONS AND RESOURCES RELATED TO WATER AND MARINE RESOURCES

Actions to reduce water losses

The digitisation plan and smart meters

Water losses are a major challenge for efficient and sustainable water management, especially in Italy, which has one of the highest linear leakage rates in Europe. Their presence entails impacts both at an environmental level, due to the increased exploitation of available water resources, and at an energy level, as it increases the energy consumption required for lifting activities. **The objectives of reducing network losses are an integral part of the Industrial Plan**; for this reason, SMAT adopts an integrated approach that involves the implementation of various structural measures to identify and eliminate losses, including the districtisation and analysis of existing infrastructure.
A significant part of the water consumption attributable to SMAT is attributable to losses occurring along the distribution network. These losses correspond to the difference between the amount of water injected into the network and the amount actually billed, net of unbilled authorised consumption (e.g. fire-fighting system) and apparent losses (e.g. unauthorised consumption and measurement errors). To act on these losses, SMAT is carrying out a project to **digitise the water network** with the assistance of artificial intelligence algorithms. The aim of the project is to monitor in real time the hydraulic behaviour of the distribution network of all the municipalities belonging to the ATO3 of Turin managed by SMAT, aimed at reducing water losses.
The engineering approach used allows not only the reduction of network losses, but also the optimisation of all design and operational aspects that will significantly improve the overall quality of the Integrated Water Service to the benefit of the Users and the economic sustainability of the service, ensuring tangible and measurable results according to the regulatory indicators.
The project is based on the application of the guidelines drawn up by the International Water Association and endorsed by the European Commission as part of the reduction of water losses[30] through the implementation of the four fundamental pillars

1. **active leakage control**: the implementation of a system allowing real-time monitoring of the leakage level at the scale of the network district, through the installation of remote-controlled flow and pressure meters;
2. **pressure management**: the optimised management of pressure through the installation of devices that allow remote control of operating pressure with the aim of reducing both the volume lost and the rate of pipeline rupture;
3. **speed and quality of repairs**: the optimisation of resources dedicated to repairs through the prioritisation of repair work and better and faster communication of detected faults;
4. **rehabilitation plan**: the risk analysis of the occurrence of new ruptures in the water mains, carried out by means of data analysis relating both to repairs carried out in the past and to environmental conditions and the physical and technological characteristics of the mains, with the aim of identifying the sections of the mains to be replaced sooner.

The districtisation of the water mains, therefore, makes it possible to precisely monitor and manage each area of the network, limiting the leakage search area and reducing the need for invasive interventions. Furthermore, it implies the creation of metering districts, which are specific sections of the network connected to devices for monitoring water flow and pressure, to ensure complete control over the network. This approach improves **the localisation of leaks**, analysing network performance over time and intervening promptly in the event of anomalies.
For further information, please refer to section *"D1. Status of Major Infrastructures and PNRR Financing'* of the document.

[30] EU Reference document good practices in leakage management WFD CIS WG PoM. Main Report European Commission, 2015.

Among the milestones of the PNRR Notice, which envisages 31 December 2025 as the completion date of the works, the main one consists in the **construction of 5,043 km of district network**. The project envisages the completion of districtisation through tariff coverage as envisaged in the ATO3 Turin Investment Plan.
An integral part of the digitisation plan is the implementation of an advanced asset management system. Using preconfigured analysis tools, the platform provides real-time performance indices based on the collected data, offering a precise view of the operational status. The objective is to foster transparency, sharing and reliability of data, thereby optimising the management of available resources. One of the key aspects of this plan is the commissioning of a 'Smart Metering' network, with the use of smart meters that allow daily detection of consumption and any anomalies, for optimised management of water networks. By the end of 2024, more than 195,000 smart meters will be installed, representing 52% of the planned total.
SMAT adopts the **LoRaWAN (Long Range Wide Area Network) radio protocol** for remote meter reading, a system that ensures data transmission over distances of about 2 km in densely populated areas and up to 12 km in open spaces. Through a public tender, SMAT selected the company A2A Smart City with the task of installing about 900 antennas/concentrators in all the municipalities managed, in order to implement the LoRaWAN network. The installation was carried out mainly using the infrastructure already existing in the area.
Digitisation and the use of AI for the efficient management of water consumption meet the objectives of the Integrated Policy and strengthen transparency, service quality and ethics in data management.
Digitisation and the use of AI for efficient water consumption management meet the objectives of the Integrated Policy and strengthen transparency, service quality and data management ethics.

Remote monitoring for network maintenance
To counteract the negative impacts and costs caused by the unavailability of the water resource, SMAT is committed to reducing water losses and associated energy consumption through accurate **network maintenance, focusing on areas with the highest number of breaks and the lowest performance**. SMAT uses **remote monitoring** to analyse electricity and water consumption and to examine supply points in the Member Municipalities managed by SMAT. This approach is based on two levels: a top-down analysis, which starts with the results of the municipal water balance, and a bottom-up analysis, based on the survey of the minimum night-time flows at district level in the 50 most populous municipalities in the metropolitan area, which account for about 90% of the volumes collected by the company. Thanks to these surveys, it is possible to identify the sections of the network that need maintenance work. SMAT is also committed to optimising the operating pressure of the distribution network in Turin and the other municipalities it manages, with the aim of reducing both the level of water losses and the number of breakages.
Reducing losses and the associated energy impact strengthens the sustainability of the network, supporting the Integrated Policy and demonstrating an ethical commitment to the efficient use of resources. SMAT's integrated approach to leakage monitoring promotes network efficiency and environmental protection, consistent with the Integrated Policy and the Code of Ethics, fostering continuous service improvement.

The Strategic Plan for the Rehabilitation of the Water Network
This Plan aims to improve the efficiency of the drinking water distribution system, reduce losses and optimise resource management. The existing water network presents critical issues related to the age of the pipes, the high number of hidden leaks and the difficulties of real-time monitoring.
The plan is based on a detailed preliminary analysis of the state of the existing water network. This phase includes:

- **collection and study of historical data** on faults, maintenance and leaks;
- **topographical and functional mapping** of the network, to identify the most critical sections;
- **water loss analysis** using monitoring tools and techniques such as acoustic correlation;
- **classification of pipelines** according to parameters such as age, material, diameter, failure frequency and leakage rate.

A multi-criteria analysis is then conducted to establish intervention priorities, taking into account:

- level of degradation of the pipes;
- risk of inefficiency for the population;
- costs and benefits expected from each intervention.

The set of analyses allows the definition of an **integrated decision-making model** that guides the planning of future interventions, making the process more efficient, transparent and sustainable.

Actions to optimise water withdrawals

Diversification of sources and construction of new wells

In 2024, the total volume of water withdrawn from the environment was approximately 317 million m³. This figure includes several components, including water used in drinking water processes, consumption by the utility and supply for other uses. Most of the water withdrawn comes from underground sources, i.e. wells (64%) and springs (17%), and 19% is of surface origin, coming from rivers, streams and brooks. To ensure continuity of service and to cope with the possible consequences of climate change on the availability and quality of water resources, SMAT diversifies its supply sources and proceeds to build new wells and reservoirs to store water.

Sources of supply managed	2024
	n
Wells	848
Sources	1,112
Trenches/drainage tunnels	8
Surface inlets	28
Total	1,996

SMAT protects its supply sources, both surface and deep, by limiting water withdrawals within the natural regeneration capacity of the basins. In this perspective, priority is given to the use of underground water, which is characterised by a higher quality than surface water and requires less intensive purification processes. This approach has both economic and environmental benefits, minimising production costs and reducing the overall impact.
Faced with critical issues related to the negative effects of climate change, which make it difficult to supply from the springs due to their vulnerability, SMAT has initiated a **process of research and development of new wells**. The project involves an in-depth analysis of the areas of interest, which may be already known or new to the company. In the case of already known areas, SMAT drills the wells to a depth of between 150 and 180 metres, followed by flow tests, pumping and water quality analysis. If the water meets potability requirements, the wells are drilled and connected to existing networks and plants. In the case of unknown areas, drilling is preceded by a preliminary context analysis that includes hydrogeological research and control piezometers to verify the suitability of the site.
In 2024 SMAT drilled 6 wells in the Municipality of Scalenghe, 1 well in the Municipality of Borgaro Torinese, 1 well in the Municipality of Borgomasino, 1 well in the Municipality of Bobbio Pellice and 1 well in the Municipality of Rorà. In addition, a total of 3 exploratory piezometers were carried out in the Municipalities of Chivasso (1), Giaveno (1) and Oulx (1) in order to assess the qualitative/quantitative characteristics of the underground water resource and identify the most suitable areas for the construction of wells and well fields for drinking water supply.
SMAT has implemented an **automatic system that uses immersion probes** inserted into existing piezometers or wells not in use to monitor the level of the underground water table in the main well fields in the metropolitan area. The collected data are transmitted daily or weekly to the remote control system via a battery-powered peripheral device, allowing continuous monitoring of the groundwater status. The system covers the areas of the municipalities of Avigliana, Beinasco, Borgaro, Carignano, Ivrea, La Loggia, Moncalieri, Rivalta, Rivoli, Rondissone, Rosta, Scalenghe, Trofarello, Venaria, Villastellone and Volpiano. This initiative contributes to water supply security and infrastructure resilience, in line with the Integrated Policy and Code of Ethics, thanks to the responsible and sustainable management of groundwater resources.

Valle Orco Aqueduct

Among the projects envisaged within SMAT's Industrial Plan, the Valle Orco Aqueduct represents the most extensive infrastructure work. Last year, construction work began on the aqueduct, divided into three lots involving the construction of a **drinking-water treatment plant and 140 km of new pipelines**, scheduled for completion in spring 2026. The project aims to integrate the water resources of 50 municipalities in the Eporediese, Calusese and Canavesana areas, using water from reservoirs located at a maximum altitude of 2,400 m above sea level in the Gran Paradiso Park, which are currently only used

for hydroelectric power generation. The new water system will be able to meet the needs of 130,000 resident and 30,000 floating inhabitants, with a maximum flow rate of 600 l/s. The water will be drawn from 14 mountain streams, conveyed through collection channels and 6 reservoirs with a total capacity of 83 million m³.
The construction of the aqueduct is expected to create approximately 4,200 jobs, with the prospect of a large proportion of them becoming permanent. Employment opportunities will mainly concern professional figures such as engineers, maintenance technicians and labourers. In 2019, the project obtained non-subjection to Environmental Impact Assessment (EIA) by the Ministry of the Environment. Subsequently, by means of a public tender procedure, contracts were awarded for the design of both the drinking water plant and the pipelines. At the same time, the Piedmont Region, ATO3, SMAT and Iren Energia signed an agreement that gives priority to the use of the invaded resource for drinking water purposes.
The project guarantees a resilient and sustainable water supply for over 50 municipalities, contributing to the environmental objectives of the Integrated Policy and to the ethical respect of the water resource as a common good.

Acquedotto for Valle di Susa and the rationalisation of the water service
The Acquedotto for Valle di Susa (Susa Valley Aqueduct), operational from 2019, is one of the **solutions adopted to respond to the lack of water quality in the Valley's 31 municipalities**, due to the natural presence of sulphates, iron and manganese and the effects of climate change on springs. The Bardonecchia plant uses the Rochemolles reservoir and, thanks to 96 km of pipelines, guarantees up to 16 million m³ of drinking water per year, distributed through a highly automated and secure network. The system is energy self-sufficient thanks to three hydroelectric power plants. In 2024, the network will also be extended to Alpignano and Buttigliera Alta. The work contributes to territorial resilience, energy efficiency and the protection of water resources, in line with SMAT's Integrated Policy and Code of Ethics.

INOPIA: predicting water crises
In 2024 SMAT carried out the project to apply and customise INOPIA, a **tool for the early warning of potential water crises and decision support**. Developed within the framework of the Collaboration Agreement between the Civil Protection Department and the Water Research Institute of the National Research Council, the tool allows an early assessment of the risk of water shortage resulting from a significant reduction in the resource due to persistent anomalies in rainfall. The SMAT Research Centre is currently evaluating on a specific case study (one of the water supply chains supplying the City of Turin, characterised by high complexity and a supply based on multiple sources) the effectiveness of this system in an articulated context such as SMAT, verifying its operational and application potential. This phase should be completed by the end of 2025, forming part of the actions implemented to improve response and prevention capacity, in line with the Integrated Policy and the ethical commitment to safeguarding resources and protecting the community.

Actions for water discharges

The automatic control of industrial discharges
With a view to mitigating the negative impacts caused by the deterioration of the water resource due to the improper use of sewage and the consequent malfunctioning of purification plants, SMAT actively participates in the preliminary investigations for the issuance and modification of Single Environmental Authorisations and Integrated Environmental Authorisations, also participating in the Conferences of Services called by the Metropolitan City of Turin, and proceeds **to inspect the discharges of industrial waste water into the sewerage system** pursuant to Legislative Decree 152/2006.
Industrial activities with a high environmental impact and industrial areas that discharge wastewater into the public sewerage system are subject to strict controls on the quality of the effluent, including through remote monitoring stations installed at the inlet of the discharge.
Currently, of the 62 monitoring points present, 18 are active and equipped with multi-parameter probes capable of measuring parameters such as electrical conductivity, redox potential, temperature and pH, and are equipped with an automatic sampler. These 12 stations are managed through a remote control system interfaced with a dedicated programme. The SMAT centralised remote control system currently allows the monitoring of 11 meters installed on the discharges of as many companies.
As far as industrial discharges are concerned, the monitoring activity is divided into two types of control:

- **internal fiscal sampling**[31] at companies, carried out on the basis of the volumes discharged (1 to 5 times a year): 474 samples were taken in 2024;
- **external non-fiscal sampling**[32] at the companies, carried out on the basis of the criticalities detected (on average 1-2 times a year): in the year 2024, 97 samples were carried out.

Additional monitoring wells are planned in the event of anomalies detected during internal sampling at a company or in the event of problems attributable to a specific activity or in the event of reports of abnormal discharges.

In addition to these activities, SMAT is responsible for evaluating and approving **stormwater prevention and management plans**, as required by the Piedmont Region's regulations of March 2006. These regulations cover stormwater runoff and water from washing the outdoor areas of specific production activities, which are conveyed into the sewerage system. In 2024, nine of these plans were approved.

The continuous monitoring of industrial discharges keeps the quality of the effluent under control and protects the treatment plants, consistent with the Integrated Quality, Safety and Environment Policy, the Laboratory Quality Policy and the company's environmental ethics.

Drain cleaning

SMAT pays great attention to the **preventive maintenance** and **management of stormwater drainage infrastructure, i.e. the urban drainage system**, and establishes a weekly schedule of interventions on the manholes under management in all ATO3 municipalities, organising interventions in batches and sectors and using channel jets[33] . During 2024, the operational unit in Turin carried out interventions on a total of 52,226 storm drains. Planning also depends on reports from citizens, public authority technicians or the local police. In the event of a request to intervene on an individual manhole, SMAT cleans all the manholes along the stretch of road concerned. In order to monitor and intervene promptly in the event of anomalies or faults, all the road drains and gullies have been georeferenced. In addition, the mixed sewer overflows are constantly monitored through a remote control system. This integrated approach allows SMAT to maintain complete control over the infrastructure, to offer an efficient stormwater management service and to ensure the full functionality of the entire drainage system, thus preventing any negative environmental impacts on the receiving water bodies, linked to improper entries into the sewerage system.

Preventive maintenance of the drains and georeferenced monitoring ensure the efficiency of the urban drainage system, contributing to the objectives of the Integrated Policy and the operational responsibility of the Code of Ethics.

Remote control of inter-municipal collectors

SMAT pursues the initiative of **monitoring and remote control of the system of inter-municipal collectors that feed into the Castiglione Torinese wastewater treatment plant,** with the aim of ensuring that the system operates optimally. Remote control makes it possible to supervise, in real time, the flow of water, to detect anomalies or malfunctions, in order to mitigate the negative effects caused by improper use of the sewerage system.

The remote control of collectors improves the efficiency of the sewerage system and prevents malfunctions, in line with the Integrated Policy and the principles of transparent and responsible management of the Code of Ethics.

ENTITY-SPECIFIC DISCLOSURES

Due to the nature of the activities carried out by SMAT, metrics associated with water consumption by companies - for example, consumption for production processes or industrial needs - are of little significance for the specific case of an Integrated Water Service company such as SMAT. A more significant indicator, to represent the impact on the water resource, could be the **total volume of water withdrawn from the environment** which, in the case of SMAT, for the year 2024, was 316,827,411 m^3.

This volume includes water withdrawn from surface or underground sources to be treated and distributed for the purposes of the drinking water service.

[31] Internal sampling: periodic sampling within SMAT boundaries.
[32] External sampling: sampling outside the boundaries of SMAT in the sewerage branch where only the industrial discharge being monitored enters.
[33] The water flow in a hose is pressurised using a motor-driven pump; this is the principle behind the Canal Jet technology.

In response to the importance attributed to the issue of **reducing water losses**, SMAT adopts as its monitoring indicator the indicator established by ARERA, which allows the quantity of water dispersed along the distribution network to be measured homogeneously and efficiently.

Water loss corresponds to the difference between the quantity of water injected into the network and the quantity billed, net of unbilled authorised consumption (e.g. fire-fighting system) and apparent losses (e.g. unauthorised consumption and measurement errors). Among the technical quality indicators, ARERA has identified the macro-indicator M1 - water leakage - which has the purpose of assessing and comparing the performance of water operators in containing dispersions and which is in turn composed of two sub-indicators

- M1a - Linear water losses (m^3/km/day), defined as the ratio between the total volume of water losses and the total length of the aqueduct network, including the length of connections, in the year considered;
- M1b - Percentage water losses (%), calculated as the ratio between the total volume of water losses and the total volume entering the aqueduct system in the year considered.

In view of the network leakage reduction objectives set out in the Industrial Plan, SMAT adopts an integrated approach involving the implementation of various structural measures to identify and eliminate leakages.

	2024	Italy (ARERA 2023)[34]
M1 Water leakage (ARERA)		
M1a Linear water losses (m^3/km/day)	21.25	17.9
M1b Percentage water losses	38.7%	41.9%
ARERA class	C	C

[34] ARERA, Annual Report 2024, State of Services

E5 - CIRCULAR ECONOMY

[ESRS E5 IRO-1] DESCRIPTION OF PROCESSES TO IDENTIFY AND ASSESS MATERIAL RESOURCE USE AND CIRCULAR ECONOMY-RELATED IMPACTS, RISKS AND OPPORTUNITIES

In order to identify material IROs related to resource use and the circular economy, SMAT analysed its activities, identifying as relevant a series of IROs related mainly to its own operations and downstream of the value chain. For SMAT, outflows are relevant, as incoming flows (water resources) are withdrawn and subsequently returned to the environment.

Within SMAT, the most significant impacts associated with **resource outflows** concern the use of products capable of activating circular practices. In particular, there is a **positive impact** on circularity thanks to the processes of waste recovery and reuse, with specific reference to sewage sludge, which represents one of the main opportunities for resource valorisation.

From the point of view of **opportunities**, SMAT recognises the potential of reducing constraints in the selection and management of suppliers, thus favouring the introduction of innovative technologies capable of maximising the recovery of secondary raw materials and promoting new solutions for the sustainable management of waste.

On the waste front, SMAT's activities also generate **positive impacts**; in fact, most of the waste generated is not sent for disposal, but is destined for recovery or recycling operations, thus reducing recourse to landfills and promoting a more efficient use of resources.

[ESRS E5-1] POLICIES RELATED TO RESOURCE USE AND CIRCULAR ECONOMY

SMAT waste management procedure

The Waste Management Procedure is aimed at **preventing, mitigating and correcting the environmental impacts arising from the production and treatment of waste related to company activities**. It is applied transversally to all operational functions and activities upstream and downstream of the production cycle, with particular attention to treatment plants such as the Castiglione Torinese Purifier. The plant is home to the administrative coordination and main archive of registers and forms (FIR) and plays a central role as an authorised centre for the treatment and storage of waste delivered by third parties.

The main reference for the implementation of the Procedure is the UNI EN ISO 14001 standard on the environmental management system, supported by internal procedures, instructions, system forms and operational documentation (e.g. FIRs, technical assessment reports, transport forms).

The Procedure is oriented towards full compliance with current legislation, including Legislative Decree 152/06, which regulates the protection of the environment in its various components, and is implemented through the supervision of all operational phases: from waste classification to handling planning, from temporary storage management to final disposal and recovery. Furthermore, on 13 February 2025, Ministerial Decree 59/2023 came into force, establishing the operation of the RENTRI (National Electronic Waste Traceability Register).

The waste management procedure will be subject to the necessary revisions to adapt to the new decree during 2025. The activities make use of computerised tools that guarantee traceability, authorisation control and unified reporting.

The supervision and monitoring of the Procedure is entrusted to the highest management level through the direct involvement of the General Manager, with operational functions delegated to the District Technical Managers, the Head of the Waste Management Service (RGERIF) and the Works Management. The process is supported by the Quality, Safety and Environmental Service (QSA), responsible for maintaining the Integrated Management System (IMS) and planning internal audits.

The scope of application of the policy includes plants, networks, central and peripheral locations and extends to the Operational Management Entities (SOG) and external companies in charge of works and maintenance.

The Procedure takes into account the interests of the stakeholders involved, including regulators, suppliers, transporters and local communities, through a transparent, inspectable and up-to-date document system. Environmental requirements are communicated to contracting companies and formalised in contracts, ensuring the accountability of external parties. In the event of violations or anomalies, spot checks, document inspections and the activation of corrective actions are foreseen.

Internal communication of the Procedure is guaranteed through the corporate Intranet, where updated versions of documents are published. Lastly, stakeholder involvement is facilitated by the availability of the Policy itself and its application tools, both at the Castiglione Torinese site and through access to the digital archives and the ECOS management network, as a guarantee of consistency, accountability and transparency of the entire process.

Integrated Policy for Quality, Environment and Safety

In line with the Integrated Policy, SMAT confirms its commitment to research and development activities, with a particular focus on the innovation of the services provided, the reduction of environmental impact and the promotion of a circular economy model. The commitments made imply SMAT's orientation towards recovery, waste valorisation and sustainable resource management.
For further information on the Quality, Environment and Safety Policy, see ESRS E1-2 of this Sustainability Report.

Code of Ethics

SMAT's Code of Ethics affirms a clear commitment to safeguarding the environment as a primary asset and promotes a **balance between economic development and environmental protection**, through support for scientific research and the adoption of advanced technological solutions.
The document envisages a prudent and rational management of natural resources, with the explicit objective of preserving resources for future generations. With this in mind, it promotes the sustainable use of renewable resources and the adoption of procedures for the proper management and recovery of waste, in line with the principles of the circular economy. Furthermore, it also extends these principles to all parties that have relations with SMAT, requiring quality and environmental standards that comply with regulations.
For further information on the Quality, Environment and Safety Policy, please refer to ESRS E1-2 of this Sustainability Report.

[ESRS E5-2] ACTIONS AND RESOURCES RELATED TO RESOURCE USE AND CIRCULAR ECONOMY

Initiatives for wastewater sludge circularity

The thermal oxidiser for sludge recovery

SMAT has launched an important strategic action with a view to the circular economy at the Castiglione Torinese wastewater treatment plant, through the **final design of a thermal oxidiser for the energy recovery of sludge** produced by wastewater treatment. The Board of Directors approved the project, with the aim of transforming sludge from waste into a resource, eliminating the environmental and logistical impacts of transport and disposal, and promoting the internal production of thermal and electrical energy.
During 2024, the final design phase was completed. In particular, the authorisation process (PAUR) coordinated by the Metropolitan City of Turin for the construction of the oxidiser was started in March 2024. In June 2024, additions to the final design were requested; the requests were submitted by the entities in asynchronous mode and, in the period from June to December 2024, the necessary activities were carried out to provide the additions to the entities.
The growing quantities of sludge produced by wastewater treatment plants - thanks to the continuous improvement of their performance - and the increasing difficulties of disposal make it necessary to adopt new strategies to recover it effectively. In this context, the implementation of a thermal oxidiser provides numerous advantages to SMAT's purification plants, which produce more than 20,455 tonnes of dry matter annually.
Thanks to the implementation of this technology, it will be possible to eliminate both the odour impact and the environmental impact caused by sludge transport and processing, while recovering electrical and thermal energy to power the plant itself. With an investment of over €85 million, the project is an important example of how technological innovation for sludge management can generate significant benefits in terms of circular economy and environmental sustainability.
In fact, the Castiglione Torinese plant is an advanced treatment and recovery hub, in which various circular practices are implemented. In addition to the planned new infrastructure, the plant produces more than 5 million cubic metres of biomethane annually, recovers about 3,000 tonnes of sand, houses Europe's largest de-ammonification plant with Anammox bacteria, and has a photovoltaic park for the production of renewable energy. These actions are part of an integrated management model that combines operational efficiency and reduced environmental impact, contributing to the prevention of waste along the value chain and the valorisation of process residues.

SMAT also holds the Certification of Sustainability for Biofuels and Bioliquids, certifying the conformity of the biomethane production process from sewage sludge at the Castiglione Torinese plant.

BioEnPro H_2O: experimental activities for waste prevention

SMAT is making an active contribution to the BioEnPro H_2O research project, financed as part of the **NODES (Next Generation EU - PNRR)** innovation ecosystem in the **SPOKE 2** line - Green technologies and sustainable industries**,** through an integrated set of experimental activities aimed at waste prevention and the application of circular economy models in the management of water resources and sewage sludge. The project aims at recovering water from organic residual matrices (sludge, FORSU - Organic Fraction of Municipal Solid Waste -, compost, leachates) and valorising it for industrial and agricultural uses or for the production of green hydrogen, contributing in a direct way to the reduction of the volumes of waste generated and to the closing of material cycles.

SMAT participates in the project, which will end in 2025, as a technical and experimental partner, with a central role in the characterisation of residual matrices and in the experimentation of new advanced treatment technologies. In particular, at the Castiglione Torinese plant's laboratories, tests were conducted on different types of sludge and wastewater to identify the physical and chemical characteristics of the flows and assess their potential for reuse, studying applicable treatment technologies.

All the activities are part of the company's objectives to continuously improve environmental sustainability and adopt circular solutions for wastewater treatment and management. Participation in the project will allow SMAT to field test technologies with a high innovation potential, with an increase in the level of technological maturity and a broader knowledge of water recovery opportunities applicable to its plants.

Finally, SMAT has made a decisive contribution to the definition of operational flows and the technical-economic evaluation of processes, playing a role as an interface between scientific research, industrial reality and public utilities. The actions carried out are in continuity with the company's strategies of waste prevention, optimisation of the integrated water cycle and process innovation, with concrete spin-offs in terms of reducing the amount of sludge to be disposed of, recovering secondary water and increasing the circularity of treated resources.

Experimentation for the production of bio-hydrogen from sludge

In line with its commitment to researching innovative solutions for the **energy recovery and valorisation of process residues**, SMAT has launched a scientific collaboration with the Department of Life Sciences and Systems Biology of the University of Turin, with the aim of exploring new ways of valorising sewage sludge through anaerobic fermentation processes, known as *dark fermentation*, aimed at producing bio-hydrogen.

SMAT is contributing by providing primary sludge from its plants and supporting the feasibility analysis and validation of the results from an industrial perspective.

Experimental activities focus on two main research strands:

- **Selection of the best microorganism for hydrogen production**: several bacterial strains belonging to the *Clostridium* genus were tested, cultivated both on laboratory media and on suitably sterilised SMAT sludge. Preliminary results have shown that two strains of *Clostridium beijerinckii* are capable of producing significant amounts of bio-hydrogen, making them the most promising for possible future applications;
- **Safety and genetic engineering**: In parallel, genetic modification work was started on another bacterial strain, *Clostridium perfringens*, to make it less unstable and more easily manipulated. This process requires the construction and assembly of specific genetic vectors, a complex activity that is still ongoing and will also allow advanced genetic engineering techniques applicable to clostridia in general to be tested.

Activities will continue **in 2025** with the continuation of SMAT sludge cultures and with further tests on the production of hydrogen and the metabolites generated, with the aim of assessing the productivity of bio-hydrogen from unsterilised sludge, a necessary condition for considering an economically sustainable industrial application.

The budget dedicated to this project in 2025 amounts to approximately €25,000, already planned in the SMAT Research Centre's expenditure budget.

Furthermore, with regard to ARERA technical quality indicators, SMAT recorded a **sludge disposal rate in landfills of 0%**, confirming **its Class A status** and further improving on the national average of **7.5%**.

	2024	Italy 2023[35]
M5 Sludge disposal in landfills (ARERA)		
M5 - Sludge disposal in landfills (%)	0.0%	7.5%
ARERA class	A	A

Initiatives for the reuse of treated wastewater

Wastewater treatment plants and the IRRISAFE project

In response to increasing drought, water recycling is a strategic solution to ensure an alternative and reliable source of supply and to reduce pressure on water bodies. With this in mind, SMAT has been promoting the **reuse of treated wastewater** for years**, returning a regenerated resource that** can be used, for example, in agriculture, industry or for non-drinking civil uses. This is an innovative approach that enhances the value of water even after the purification cycle, transforming it into a circular asset. Italian legislation (Ministerial Decree 185/2003) regulates the reuse of wastewater for agricultural, civil and industrial uses. Despite its potential, reuse is still limited in Italy and Europe, with agriculture as the main recipient. EU Regulation 2020/741, in force since 2023, promotes agricultural reuse especially in drought contexts. To support this, Delegated Regulation 2024/1261 on risk management technical specifications was adopted on 8 May 2024.

SMAT has been implementing the reuse of purified wastewater since 2001, with purification plants such as those in Collegno, Castiglione Torinese, Pinerolo, Chieri and Pianezza, which use advanced processes to produce water with properties suitable for reuse, for internal purposes such as washing sand recovered from wastewater or for purposes such as fire-fighting, engine cooling, surface washing or cooling of flues in condensation towers. The University of Turin, through the Butterfly Area - the scientific and technological hub dedicated to institutions and research bodies at the City of Science and the Environment in Grugliasco - has set up, in collaboration with Utilitalia, SMAT, the Piedmont Region and other stakeholders, a working table to develop a multidisciplinary approach to the issue of water reuse. This project aims to become a point of reference for the creation of collaborations, synergies and projects aimed at combating the water crisis and the negative impacts of climate change.

In this context, **the IRRISAFE project - which is** still ongoing **- was launched** in 2023 and focuses on two main aspects: the limited practice of reuse of treated wastewater in Europe and Italy and the need to develop a rigorous Risk Management Plan (RMP) to ensure safe reuse of treated water. The project consists of two complementary lines of research

- the development of a PGR model for the reuse of treated water, focusing on a case study at a water treatment plant managed by SMAT. The model will analyse the conformity of treated water for agricultural reuse, in line with European and Italian regulations. Aspects relating to the storage and distribution of water intended for reuse will also be considered;
- the study of innovative treatment techniques to further reduce residual pollution in treated water, focusing on tertiary treatments for microbiological contamination and quaternary strategies to break down micropollutants, using physical and biological technologies without the use of chemical additives.

[ESRS E5-5] Resource outflows

The main waste categories generated by SMAT include Chapters 15, 16, 17 and 19, as per Decision 2015/955/EU of 18.12.2014.

In 2024, the total waste generated was 74,111 tonnes, of which 0.05% was hazardous and 0.4% sent for disposal.

Waste	2024	
	Kg	
Total amount of waste generated	74,110,880	
Total waste not destined for disposal	73,797,230	
	Non-hazardous waste	Hazardous waste
(i) Preparation for re-use[36]	54.035.870	6.440

[35] ARERA, Annual Report 2024, State of Services

[36] Storage of waste for submission to one of the recovery/recycling operations (cod. R13), Exchange of waste for submission to one of the operations listed from R1 to R11 (cod. R12)

(ii) Recycling[37]	9,767,950	-
(iii) Other recovery operations (Use as fuel (code R1), Spread on land for agricultural or ecological benefit (code R10),	9,986,970	-
Total waste for disposal	313,650	
	Non-hazardous waste	Hazardous waste
(i) Incineration	-	-
(ii) Landfilling[38]	-	-
(iii) Other disposal operations[39]	283,990	29,660
Total non-hazardous and hazardous waste	74,074,780	36,100
Total non-recycled waste	64,342,930	
Total non-recycled waste (%)	87%	

Hazardous Waste and Radioactive Waste	2024
	Kg
Total hazardous waste	36,100
Total radioactive waste	1E-3

ESRS S1 - OWN WORKFORCE

[ESRS S1 SBM-2] INTERESTS AND VIEWS OF STAKEHOLDERS

The interests, opinions and rights of employees guide SMAT's strategic choices and inspire the adoption of tools to improve organisational wellbeing. A central role is played by relations with the **Unitary Trade Union Representatives, together with the Workers' Safety and Environment Representatives**, understood as a structured and continuous space for listening, dialogue and representation of personnel instances. This approach is complemented by further initiatives carried out by the Human Resources Unit, such as the administration of internal questionnaires to gather structured feedback on specific issues, such as gender equality certification and the home-work travel survey.

[ESRS S1 SBM-3] MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL

SMAT relies mainly on a **workforce of employees with permanent contracts**, making limited use of external non-employee resources. The Group's activities are carried out exclusively in Italy and do not involve risks of forced, compulsory or child labour.
In the context of the double materiality analysis, positive impacts include the presence of company benefits and consolidated **welfare policies** that contribute to increasing people's motivation, inclusion, productivity and well-being. The dissemination of an **inclusive corporate culture**, combined with the monitoring of gender equality and equal pay, is a further factor in enhancing human capital, strengthening the sense of belonging and confidence in internal policies. **The development and transfer of skills** within the organisation also benefit from the provision of training programmes geared towards professional updating and retraining, with a view to continuous skills enhancement.
Important opportunities for the Group derive from these impacts, including **increased attractiveness** to new talent, **improved productivity** and **strengthened operational capacity**, also thanks to the enhancement of intergenerational collaboration.
At the same time, a potential risk related to the growing **difficulty of finding professional profiles** with technical-specialist skills **on the market** was noted.

[ESRS S1-1] POLICIES RELATED TO OWN WORKFORCE

Human resources management procedure

SMAT adopts a **specific personnel management procedure to**enhance its workforce, promote an inclusive and stimulating work environment, guarantee organisational flexibility, work-life balance, and protect gender equality and diversity. The document represents one of the fundamental implementation tools

[37] Recycling/reclamation of organic substances which are not used as solvents (including composting and other biological transformation operations) (coded R3), Recycling/reclamation of metals and metal compounds (coded R4), Recycling/reclamation of inorganic materials (coded R5), Recovery of products used for pollution abatement (coded R7)
[38] Deposit into or onto land (e.g. landfill) (cod. D1), Specially engineered landfill (cod. D5
[39] Biological treatment (cod. D8), Chemical-physical treatment (cod. D9), Preliminary storage (cod. D13), Preliminary reconditioning (cod. D14), Preliminary storage (excluding temporary storage prior to collection) (cod. D15)

of the integrated management system and contributes to the prevention and management of impacts and risks and to the seizing of opportunities in relation to human capital.
The procedure governs all stages of the employment life cycle, from recruitment and selection to term of the employment contract. The main objectives are to ensure impartiality, transparency and inclusiveness in decision-making processes, promote skills development, ensure equal treatment and enhance internal career paths.
The procedure applies to all SMAT functions and the most senior level **responsible for implementation is SMAT's Management**, which approves the recruitment plan and the annual training plan and supervises organisational changes. Operational implementation is entrusted to the Human Resources Unit, which takes care of the day-to-day management of the processes and ensures compliance with the defined standards.
The procedure is consistent with the provisions of the relevant National Collective Labour Agreement (CCNL – Italian national sector-specific labour contract) and with national labour, health and safety regulations (e.g. Legislative Decree 81/08). It is also aligned with the principles of the UN 2030 Agenda, in particular Goal 5 on gender equality, and supports the certification path according to UNI/PdR 125:2022 for gender equality.
The definition of the procedure considers the needs and expectations of key internal stakeholders, in particular employees, through the analysis of reports, discussions with Trade Union Representatives and listening sessions activated by the Human Resources Unit. **Continuous involvement** favours the evolution of the contents of the procedure in line with people's real needs.
The document is made available to all personnel via the corporate intranet (SiGI platform) and is illustrated during the onboarding of new employees.

Policy for Gender Equality, Diversity, Equity and Inclusion
In order to strengthen the positive impact on employee motivation, through the effective monitoring of gender and pay equality and the dissemination of an inclusive corporate culture, SMAT has adopted the Policy for Gender Equality, Diversity, Equity and Inclusion, pursuant to UNI/PdR 125:2022, to which it voluntarily adheres. This instrument aims to promote a **fair, respectful and people-oriented working environment**, codifying a real management system.
The general objectives focus on guaranteeing **equal opportunities of access, treatment and professional growth** for all personnel, without any form of discrimination based on gender, age, sexual orientation, disability, ethnic origin or personal or religious beliefs. Fairness is also ensured in selection processes, remuneration systems, performance evaluation and career management. Particular attention is also paid to the issue of **work-life balance**, through the adoption of concrete measures in support of parenthood and caregiving for vulnerable family members. In parallel, the Policy aims to consolidate a corporate culture based on respect for diversity, the prevention of prejudice and harassment, and the enhancement of skills at all stages of the career path.
Accountability for the implementation of the Policy lies with the Management, which ensures that it is constantly updated and aligned with the organisation's strategic guidelines. A **Steering Committee for Gender Equality, Diversity, Equity and Inclusion** has been set up to ensure that the actions envisaged are fully operational. It is responsible for the internal and external dissemination of the Policy, the definition of period objectives and the coordination of related activities. The monitoring process is based on the definition of measurable objectives, the regular updating of the Strategic Plan for Gender Equality and the systematic evaluation of the results achieved.
The document applies to all SMAT activities, regardless of the corporate function, and is extended to all employees. Its definition considers the expectations expressed by the main internal stakeholders, in particular employees, through structured listening sessions and discussions with Trade Union Representatives.
In order to guarantee maximum accessibility, the Policy is available to staff through internal communication channels (INAZ Portal and SiGI platform) and is published on the institutional website, making it consultable also for external stakeholders.

Policy to support parenthood and family care
The Policy to support parenthood and family care is part of SMAT's broader commitment to promoting gender equality, diversity, equity and inclusion, with the aim of creating **an organisational context that recognises and values caring roles as central dimensions of people's lives**, promoting a sustainable balance between the professional and private spheres.

It promotes an **ongoing dialogue between employees and management**, particularly during sensitive phases such as maternity or the assumption of care responsibilities towards frail family members. It provides for the definition of **personalised plans to accompany the person during the period of absence and return**, guaranteeing continuity in the professional relationship and transparency on development prospects.
Equal dignity is also given to **male parenthood**, through the monitoring of data on the use of paternity leave and permits, with the aim of fostering a fair distribution of family responsibilities and thus contributing to the full enhancement of women's careers.
The monitoring process is based on the periodic analysis of data on shared parenting, the use of leave and the effectiveness of the measures adopted in improving work-life balance, including through indicators of participation, retention and satisfaction of the staff involved. The Policy applies to all SMAT's activities and is addressed to all employees.

The ultimate responsibility for implementing the Policy lies with the Management. The Human Resources Unit handles its operational implementation under the coordination of the Steering Committee for Gender Equality, Diversity, Equity and Inclusion, which oversees the dissemination of the document, the promotion of its contents and the definition of periodic objectives.
The Policy is consistent with the criteria of the Gender Equality certification. It is also accessible to all staff through internal communication tools and promoted through awareness-raising and training actions aimed at managers, supervisors and employees.

Anti-harassment Code of Conduct
In order to protect people's dignity and ensure safe, inclusive and respectful working environments, SMAT adopts an anti-harassment Code of Conduct that defines principles, expected behaviour, prevention tools and methods for **handling cases of abuse, harassment, bullying and discrimination** in the workplace. The document represents a concrete measure to safeguard social impacts related to the protection of people's fundamental rights and is an integral part of the management system for Gender Equality and the Diversity, Equity and Inclusion Policy.
The Code establishes **the absolute prohibition**, within the organisation, of **any form of physical or psychological abuse**. It aims to actively prevent situations that compromise people's psycho-physical well-being and dignity, promoting relationships based on respect and cooperation.
It also provides for **the activation of secure reporting channels, also in anonymous form**, and the structured management of reports by the PGDEI Steering Committee, which guarantees confidentiality, timeliness and impartiality in analysing the facts. Monitoring the effectiveness of the measures taken is entrusted to the Committee itself, which periodically checks the results and updates the document if necessary.
The Code applies to all SMAT employees, at all operational and administrative locations. The ultimate responsibility for implementing the Code lies with the Management. The Gender Equality, Diversity, Equity and Inclusion Steering Committee is responsible for receiving, managing and analysing reports, promoting awareness and coordinating any corrective or disciplinary action.
The document is aligned with the principles of SMAT's Code of Ethics (art. 13), with the Policy for Gender Equality, Diversity, Equity and Inclusion and with national and EU legislation on the protection of labour rights, personal dignity and non-discrimination. It also complies with the standards of UNI/PdR 125:2022 certification for gender equality and the United Nations guidelines on human rights in business.
The Code is made accessible through publication on the company intranet (INAZ Portal, SiGI platform), posting on the company notice boards - physical and electronic - delivery at the time of recruitment and through dedicated training sessions.

Code of Ethics
In monitoring its social impacts, related risks and opportunities for continuous improvement, SMAT adopts a Code of Ethics that **enshrines respect for the person as a fundamental value of corporate action**. This principle is embodied in the valuing of employees and colleagues, respecting their fundamental rights, as well as their physical, cultural and moral integrity. For more information on the Code of Ethics, see section E1-2 of this Sustainability Report.

[ESRS S1-2] Processes for engaging with own workforce and workers' representatives about impacts

SMAT adopts a **structured and participatory approach in the management of industrial relations**, recognising the involvement of employees and their representatives as an essential element for the good functioning of the organisation and for the consolidation of a corporate culture oriented towards transparency, inclusion and continuous improvement.
In this context, the Protocol on Industrial Relations represents the instrument to regulate **the dialogue between the Group and the Unitary Trade Union Representatives** , promoting a constant confrontation. The Protocol regulates the ways in which issues that may affect working conditions, internal organisation and strategic choices in the field of human resources are addressed. The CEO, the General Manager and the Human Resources Unit normally meet elected workers' representatives monthly, in a context that guarantees a discussion on issues, including transversal ones. If necessary, the frequency of the meetings can be intensified to promptly address issues of particular importance.
During 2024, SMAT **further strengthened internal listening channels** through **an anonymous questionnaire** addressed to all employees, aimed at gathering perceptions and opinions on the issue of gender equality. The aim of the initiative was to bring out experiences, needs and proactive ideas, useful for the realisation of a work environment that is increasingly fair, inclusive and attentive to diversity. A new '*employee sentiment*' questionnaire is planned for 2025, with an extended focus on organisational well-being, inclusion and quality of working life.
Another area of structured involvement concerns training, particularly funded training. Each training plan is prepared in agreement with Trade Union Representatives, who assess its content and consistency with the needs expressed. The plan is approved and formalised only after joint signature between SMAT and the Unitary Trade Union Representatives. In 2024, a **training programme dedicated to gender equality issues** was also launched, addressed to all union representatives, territorial secretariats and all SMAT personnel, with the aim of promoting greater awareness and shared responsibility on cultural and organisational issues that are central to the transformation of the world of work.

[ESRS S1-3] Processes to remediate negative impacts and channels for own workforce to raise concerns

SMAT adopts a structured set of processes to **prevent, detect and promptly address any impacts reported by its personnel**. The objective is to guarantee all resources a supportive environment in which they can express themselves freely, even in critical situations, without fear of retaliation or discrimination.
In particular, the **whistleblowing procedure** is the **tool through which workers can report** - even anonymously - **illegal conduct, violations of the Code of Ethics**, non-compliance with company policies on personnel management and, more generally, conduct contrary to the principles of fairness, respect and legality. Potential human rights violations and discriminatory situations are also among the behaviours that can be reported.
Whistleblowing can be reported through dedicated and confidential channels, including an online whistleblowing platform managed in compliance with current regulations and best practices on confidentiality. These tools also include the '***Help for Equals*' platform, designed to offer an additional listening and support space**, a portal where harassment or critical situations can be reported anonymously.
In order to promote a widespread and aware use of the reporting channels, SMAT has provided for recurrent training sessions, delivered to all staff through information pills and user-friendly multimedia content. The Human Resources Unit, in collaboration with the Head of Corruption Prevention and Transparency and the Supervisory Body, takes care of the design and periodic updating of the training plan.
For further information on the Whistleblowing Policy, see section G1-1 of this Sustainability Report.

[ESRS S1-4] Taking action on material impacts on own workforce, and approaches to managing material risks and pursuing material opportunities related to own workforce, and effectiveness of those actions

Employee welfare initiatives

Smart Working agreement

In addition to the second-level Agreement, which regulates many aspects of the employment relationship in an organic manner, SMAT signed a structural smart working agreement with the trade union representatives, aimed at **reconciling the company's organisational needs with the well-being of** its **employees**. The agreement, which is the result of a constructive dialogue with the Unitary Trade Union Representatives and territorial secretariats of FEMCA-CISL, FILCTEM-CGIL and UILTEC-UIL, recognises the **value of agile work as a tool to encourage a work-life balance**.

Agile work can be carried out, on a voluntary basis and subject to individual agreement, up to a maximum of eight days per month, guaranteeing continuity of processes and coordination with responsible personnel. The agreement is part of a broader cultural path initiated by SMAT to promote flexibility, responsibility and trust, enhancing the autonomy of resources and the quality of internal relations.

SMAT takes part in the 'Settimana del Lavoro' (Work Week) initiative to promote employee wellbeing and a healthy work-life balance

As part of the "*Settimana* del Lavoro" (Work Week) promoted by the Polo del '900, SMAT took part in an open discussion on the meaning and value of work in contemporary society, with a focus on **organisational wellbeing and the reconciliation of professional and personal life**.

Participation in the **meeting "*On the edge of balance*"** offered the opportunity to share experiences and good practices developed internally to foster a working environment attentive to people's needs. The dialogue was part of a reflection process aimed also at the new generations, to stimulate a vision of work based on fairness, responsibility and inclusion.

Through concrete corporate welfare policies, flexibility and the enhancement of skills, SMAT confirms its commitment to a work culture focused on quality of life and the development of human capital.

Tools to navigate working life

SMAT has adopted an **Employee Handbook** (*Vademecum del personale*) with the aim of providing all personnel - both newly hired and already in service - with a **practical and accessible tool to help navigate** everyday working life.

The document illustrates in a clear and concise manner the main aspects of the company organisation, working conditions and opportunities offered: from recruitment procedures to the use of the INAZ portal, from health and safety at work to parental protection, from corporate welfare to career development, up to internal communication channels and harassment prevention. The Vademecum is also devoted to the issues of gender equality, diversity, equity and inclusion. As a tool for guidance, transparency and protection, it is a key element in promoting an inclusive, participatory and respect-based organisational culture.

Top Employer Certification

Demonstrating SMAT's commitment to providing its employees with the **best working conditions and implementing virtuous practices in the management of human resources**, SMAT once again obtained Top Employer Certification in 2024.

The certification was issued by the Top Employers Institute, a certifying body that assesses companies on the basis of 6 macro-areas relating to key issues in human resources management, including company strategies and policies aimed at the growth of human capital, the ability to attract and develop employment and actions to support diversity and inclusion.

The award was obtained by SMAT thanks to a corporate culture focused on innovation, skills development and occupational safety and prevention plans.

Initiatives to promote equity and gender equality

Gender and pay equality for work of equal value

In 2024, SMAT obtained **Gender Equality Certification**, in accordance with the Guidelines on the Management System for Gender Equality - UNI/PdR 125:2022. The assessment includes the measurement of specific indicators in 6 different areas:

1. culture and strategy;
2. governance;
3. human resources management;
4. opportunities for growth and inclusion of women in the company;
5. pay equity;
6. protection of parenthood and work-life balance.

The "*SMATallaPARI*" project, launched last year, guided the certification process on two main levels: on the one hand, the adoption of a structured system to guarantee equality in the processes of selection, career, remuneration, reconciliation and care; on the other, the promotion of a corporate culture based on valuing differences, overcoming stereotypes and the use of inclusive language. The path included in-person training sessions aimed at all personnel and led, in March 2024, to the establishment of a **Steering Committee** and the definition of a three-year strategic plan with concrete objectives.

As part of this process, SMAT adopted an **integrated Communication Plan** aimed at raising awareness and involving everyone in the organisation on the importance of gender equality, disseminating company values and promoting active participation by staff. The language and content adopted emphasise the value of diversity as a factor for innovation and growth, individual responsibility in building a culture of respect, and SMAT's concrete commitment to promoting inclusive practices.
Communication is conveyed **through a plurality of tools and channels**, including the publication of the Guidelines on Inclusive Language, the creation of a dedicated section on the Intranet, the dissemination of information materials in the workplace, the organisation of workshops and training events, the Employee Vademecum and active listening initiatives such as the '*Ideas Drawer*' and periodic surveys. Outwardly, SMAT also communicates its commitment through a dedicated section on its institutional website, updates on social media, participation in public events and the publication of periodic progress reports.

SMAT supports "Women and the City", the festival for fairer and more inclusive cities
SMAT renews its commitment to equity and inclusion by supporting the **"*Women and the City*" festival, promoted by the "Torino Città per le Donne" association**. The initiative represents a space for intergenerational and interdisciplinary discussion dedicated to the integration of gender perspectives in urban policies, with the aim of building fairer, more accessible and participatory cities.
Through panels, events and meetings, the festival addresses issues central to an equitable society, such as the use of language in institutions and schools, the role of women in STEM disciplines, urban regeneration and the condition of women in the world of work.
SMAT participates as a sponsor, recognising the cultural and social value of the initiative and its consistency with the actions promoted internally to promote gender equality, diversity and equity.

Equal opportunities in parenting
The SMAT Group actively promotes the dissemination of the opportunities provided for by legislation on parenting, enhancing the role of both parents in caring for their children and supporting work-life balance. Through **the "*Genitori alla PARI*"** (*Equal parenting*) **initiative,** SMAT contributes to raising awareness of the rights and measures available to male and female workers, fostering an inclusive climate that respects family needs.
SMAT guarantees a **100%** supplement to **the daily allowance for compulsory maternity leave**, reinforcing its concrete commitment to supporting parenthood.
In addition to this measure and in application of national legislation, there are further protections that complete the framework of support for new parents, such as **10 working days of 100% paid paternity leave**, which can be taken between the seventh month of pregnancy and the five months following the birth, even if not continuously.
There is also a period of **optional parental leave**, consisting of **three non-transferable months for each parent**, plus **three additional shared months**, with economic coverage of 30% until the child turns 12. In addition, for parents with children up to 6 years old, who end their maternity or paternity leave after 31 December 2024, the first three months of optional parental leave will be compensated at 80%, if taken during 2025.

Initiatives to attract the necessary skills

Talent attraction and strategies to retain and motivate employees
In order to respond to the growing risk linked to the scarcity of technical-specialist skills, SMAT has joined the **research project "*Attraction and Retention of Utilities Talents*"**, promoted by Utilitalia in collaboration with SDA Bocconi School of Management. The project involves leading companies in the water, energy and environmental sectors, with the aim of strengthening the attractiveness of companies for the most in-demand professional profiles.
In 2024, SMAT took part in the project, sharing **the commitment to contribute to the improvement of the strategies** adopted by its member utilities to strengthen their image as attractive and competitive employers, to intercept and retain the professional figures identified as strategic. The work also focuses on the definition of integrated policies capable of promoting the Utilities sector as a solid, innovative and sustainability-oriented work environment, where technical skills can find room for growth, enhancement and impact.

[ESRS S1-6] Characteristics of the undertaking's employees

As of 2024, the SMAT Group had a total of 1,056 employees, all working in Italy. The workforce is predominantly male (around 76%), with a total of 1,041 full-time and part-time permanent employees. The significant figure of almost all permanent contracts (98.6%) confirms SMAT's commitment to guaranteeing stable and secure employment.
The overall turnover rate stood at 3%, while the hiring rate was 5%. 46% of terminations were due to staff retirement.

Employees by country (head count)	2024	
	n°	%
Italy	1,056	100%

Permanent employees by type and gender (head count)	2024			
	Men	Women	Other	total
Total number of employees	785	256	-	1,041
Number of full-time employees	782	233	-	1,015
Number of part-time employees	3	23	-	26

Turnover and recruitment	2024			
	Men	Women	Other	total
Employees who left the company (head count)	26	9	-	35
Turnover rate (%)	3%	3%	-	3%
Employees hired (head count)	46	8	-	54
Hiring rate (%)	6%	3%	-	5%

[ESRS S1-7] Characteristics of non-employees in the company's own workforce

As of 2024, 39 non-employee workers were recorded, representing 4% of SMAT's total workforce.

Non-employees by country (head count)	2024
	n°
Italy	39
% non-employees on total employees	4%

[ESRS S1-9] Diversity metrics

In 2024, the female presence in SMAT's management ranks at 36%, confirming the commitment to increasingly inclusive and representative governance.
As far as age distribution is concerned, the workforce is mainly concentrated in the **over-50 age** bracket **(49%)**, followed by the **30-50 age** bracket **(39%)** and a smaller proportion of employees **under 30 (12%)**, reflecting a good generational balance.

Gender distribution in management (head count)	2024	
	n°	%
Total Management	11	100%
Men	7	64%
Women	4	36%

Distribution of employees by age (head count)	2024	
	n°	%
Total employees	1,056	100%
<30 years	126	12%
30-50 years	409	39%
>50 years	521	49%

[ESRS S1-13] Training and skills development metrics

In 2024, 23% of SMAT staff took part in periodic performance reviews, a key tool for promoting continuous improvement and enhancing individual skills, with slightly higher participation among women (25%) than men (23%).

In the area of training, SMAT provided 15,308 hours of training, with an average of **14.5 hours per employee**, confirming its ongoing commitment to strengthening internal skills and supporting the professional growth of personnel.
Compared to the previous year, there was an **increase of over 30% in the number of hours dedicated to training**. The main areas covered were specialised technical training (47%), IT and digitalisation (19%), ethical values, corporate culture and transversal training (22%) and environmental issues (12%). In particular, **the attention paid to the environment and corporate culture reflects SMAT's commitment to promoting greater internal awareness of sustainability**, ethical values and corporate identity.
Seminars and experiential courses were also held on the issues of diversity, equity, inclusion (DEI) and gender equality, confirming the values-based approach that characterises the company.
A total of 6,702 hours of mandatory training on occupational health and safety were provided.
It should also be noted that 804 hours of technical and transversal training and 239 hours of compulsory training were provided to seconded and temporary staff.

Employees who participated in regular performance and career development reviews	2024			
	Men	Women	Other	Total
Employees who participated in reviews	183	64	-	247
Number of employees	799	257		1,056
% employees who participated in reviews	23%	25%	-	23%

Average hours of training (no. hours)	2024			
	Men	Women	Other	Total
Training hours	11,907	3,401	-	15,308
Number of employees	799	257	-	1,056
Average number of training hours	14.9	13.2	-	14.5

[ESRS S1-15] WORK-LIFE BALANCE METRICS

In 2024, 4% of SMAT staff were entitled to family leave, with a higher percentage among women (7%) than men (3%). Of those who were eligible, **62% actually took leave,** confirming the presence of a corporate environment favourable to work-life balance.
Here again, a higher incidence is noted among women (89%) than men (42%).

Employees entitled to family-related leave	2024			
	Men	Women	Other	Total
Employees entitled to family-related leave (head count)	26	19	-	45
Total employees	799	257	-	1,056
% employees entitled to family leave (of total employees)	3%	7%		4%

Employees who took family-related leave	2024			
	Men	Women	Other	Total
Employees who took leave for family-related reasons (head count)	11	17		28
% employees who took family leave (of those eligible)	42%	89%		62%

[ESRS S1-16] REMUNERATION METRICS (PAY GAP AND TOTAL REMUNERATION)

As of 31 December 2024, the SMAT Group's gender pay gap stands at **-8%**. This gap is primarily due to the workforce composition, which is predominantly male (about three quarters of the total), and to the different distribution between operational roles and levels of legal classification/qualification.
As far as **the annual total remuneration** ratio is concerned, the figure shows a rate of **4.2**. The median considers the remuneration of all employees, excluding the person with the highest salary, thus providing a more representative measure of the internal salary distribution. The rate reflects the natural inhomogeneity between different salary levels by function, weight and responsibility.

Gender pay gap	2024			
	Men	Women	Other	Gap
Gross hourly wage of employees[40] (€)	16.70	15.52	-	-8%

Total annual remuneration ratio	2024		
	Highest salary	Median	Rate
Total annual remuneration (€)	140,179.12	33,208.10	4.2

ESRS S2 - WORKERS IN THE VALUE CHAIN

[ESRS S2 SBM-2] - INTERESTS AND VIEWS OF STAKEHOLDERS

The success of the company's strategy is also based on **solid relations with suppliers**. For this reason, the Group pays great attention not only to its own workforce, but also to working conditions along the supply chain.
Respect for labour rights and conditions is an essential requirement in relations with suppliers: every contract requires adherence to ethical principles, with the possibility of termination in the event of violation. Participation in tenders is also conditional on the acceptance of the Code of Ethics and the company's Integrated Policy, and contracts are only effectively activated in the presence of full compliance with mandatory legislation.
The identification of the interests and opinions of stakeholders, including suppliers, is part of the activity carried out by SMAT also in compliance with the principles of **ISO 45001: 2018 certification**.

[ESRS S2 SBM-3] - MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH THE STRATEGY AND BUSINESS MODEL

SMAT recognises that its strategy and operating model may generate impacts on personnel in the value chain. This risk is particularly relevant when suppliers, direct or indirect, do not guarantee adequate health and safety conditions in the workplace. This awareness has led SMAT to adopt a responsible approach that is reflected in the corporate strategy, with the inclusion of **strict contractual requirements**, **verification mechanisms** and constant **monitoring activities**.
The personnel potentially impacted are those employed by **suppliers operating upstream in the value chain**, involved in the production and supply of materials, components and technologies that are essential to the operation of the company.
SMAT monitors its suppliers, requiring the demonstration of adequate training, especially in high accident risk contexts. One example is well construction activities, where additional certifications are required, such as possession of specific licences for drilling.
Potential health and safety impacts are mainly associated with isolated incidents related to outsourcing and procurement contexts. Although such events may occur, they are rare and tend to arise indirectly in relation to SMAT's activities, as they typically involve third-party suppliers over whom the company does not exercise direct control. Nevertheless, SMAT seeks to prevent these risks through selection, monitoring, and verification mechanisms, in line with the principles of ISO 45001 certification.

[ESRS S2-1] - POLICIES RELATED TO VALUE CHAIN WORKERS

Regulations governing the procurement of works, supplies, and services below the European Union threshold values
Also in order to prevent possible impacts relating to individuals who do not guarantee adequate health and safety conditions in the workplace, SMAT has adopted Regulations for the award of works, supply and service contracts, which require the bidder to declare **compliance with current rules and regulations on the protection of working conditions and the health and safety of employees** throughout the supply chain, and to demonstrate the **quality of the supply and service** guaranteed by previous positive feedback and/or acceptance of appropriate samples and/or qualified references.
These Regulations govern the procedures for the awarding of works, services and supplies below the European thresholds, through simplified procedures, in full compliance with the general principles of the

[40] The total gross monthly wages and salaries of SMAT Group personnel in force as at 31/12/2024 were considered, taking into account only the fixed and continuous elements of the latter. For personnel classified in levels 7, 8 and cadre, lump-sum overtime allowances were therefore not considered, as these are calculated on the average of the hourly surpluses worked in the three-year period preceding their recognition. The gross hourly wages (monthly/167) and their average for men and women were then calculated.

Public Contracts Code (Legislative Decree 36/2023). **The aim is to ensure operational uniformity and to respond effectively to business needs**.
The scope of application concerns sub-threshold contracts in special sectors, excluding contracts subject to different specific regulations. The provisions focus mainly on the procurement phase and the main parties involved are the economic operators interested in contracting with SMAT. **The management of the contractual intervention is entrusted to the Sole Project Manager (RUP – *Responsabile Unico del Progetto*)**, identified for each assignment; in the absence of a specific appointment, the task of RUP is carried out by the District Manager responsible for the intervention.
The Regulation defines **selection criteria aimed at guaranteeing high quality standards** and adequate economic competitiveness, while promoting the participation of economic operators through a periodically updated List of Suppliers. The document is available on the institutional website, ensuring transparency and accessibility to all interested stakeholders.

Code of Ethics
SMAT is committed to preventing any impact on the health and safety conditions of suppliers. To this end, it **shares the Code of Ethics with them and explicitly requests their acceptance**. In line with the principles of the Code, SMAT excludes any relationship with parties that operate in violation of regulations on safety and the protection of the rights of employees, aware that relying, even indirectly, on non-compliant suppliers represents a significant risk. For further information on the Code of Ethics, see section ESRS E1-2 of this Sustainability Report.

Organisation, Management and Control model ex Legislative Decree 231/2001
Consistent with the provisions of the Organisation, Management and Control Model adopted by SMAT and the ISO 45001 certification, and with the principles of the Company's Code of Ethics, SMAT recognises the need to prevent, even indirectly, any risk of violation of occupational health and safety regulations, including the negative impact on supply chain personnel, arising from reliance on parties that do not guarantee adequate conditions. To this end, the Organisation,Managament and Control model adopted by SMAT provides for the adoption of **protocols and operating procedures aimed at ensuring responsible behaviour also by third parties**, consistent with the internal control function and with the objective of protecting the interests of the company's stakeholders.
For further information on the Organisation, Management and Control Model, see section ESRS G1-1 of this Sustainability Report.

[ESRS S2-2] - PROCESSES FOR ENGAGING WITH VALUE CHAIN WORKERS ABOUT IMPACTS

SMAT manages any negative impacts on workers in the supply chain, especially when it relies indirectly on companies that may not guarantee adequate health and safety conditions. In order to monitor these aspects, periodic audits of the Integrated Quality, Safety and Environment System are carried out at worksites where external companies operate, in accordance with the provisions of ISO 9001, 14001 and 45001 certifications, with the aim of verifying compliance with current regulations on OSH (Occupational Safety and Health) environment and quality.
During these audits, the personnel of external companies are actively involved through interviews, in order to increase their awareness of the risks and impacts of the activities carried out on behalf of SMAT.
In addition to the periodic audits, daily monitoring of OSH conditions is ensured by the Safety Coordinators during the Execution Phase (CSE) and SMAT site inspectors, through specific checklists that provide, also in this case, for the direct involvement of the personnel of external companies.
The operational responsibility for ensuring that these involvement activities are carried out, and that their outcomes guide the company's approach, lies with the management.

[ESRS S2-3] - PROCESSES TO REMEDIATE NEGATIVE IMPACTS AND CHANNELS FOR VALUE CHAIN WORKERS TO RAISE CONCERNS

Through the **whistleblowing procedure**, suppliers have the opportunity to anonymously report wrongdoing, ethical violations or non-compliant behaviour. The system guarantees protection against any form of retaliation or discrimination against whistleblowers. Reports can concern violations of the Code of Ethics, company policies or potential human rights abuses, including discriminatory acts.

This process is easily accessible from SMAT's corporate website and the platform used for whistleblowing is encrypted and managed by a non-governmental organisation, chosen precisely to ensure its independence and accessibility to workers along the value chain. For further information on whistleblowing, see ESRS Disclosure G1-1 in this Sustainability Report.
An additional prevention tool is represented by the **procedure on prevention measures in worksite contracting**, which provides for continuous monitoring by SMAT of the activities carried out by contracting companies, for example through the **daily compilation of reports with the help of specific checklists**: this allows SMAT to promptly detect any negative impacts on workers' health and safety.
Alongside these tools, **more traditional channels** remain active, such as the possibility of submitting reports through a lawyer who interfaces directly with SMAT's legal department to request specific interventions. Suppliers are aware of the existence of these additional channels, as this information is clearly stated in contracts and shared documentation

[ESRS S2-4] - Taking action on material impacts on value chain workers, and approaches to managing material risks and pursuing material opportunities related to value chain workers, and effectiveness of those action

SMAT intervenes in managing the potential impact on health and safety for workers in the value chain by requiring suppliers to **sign and accept documents** aimed at promoting social responsibility in company activities. To date, SMAT **has not received any reports of serious human rights problems or incidents** related to its supply chain.

Management of supply contracts

SMAT has adopted a **structured procedure for the contractual management of suppliers**, which provides for a strict **verification of Technical and Professional Suitability** (ITP - *Idoneità Tecnico-Professionale*) in accordance with the provisions of Legislative Decree 81/08. This verification requires suppliers to submit specific documents, including the Risk Assessment Document (DVR - *Documento di Valutazione dei Rischi*), the Single Document of Contributive Regularity (DURC - *Documento Unico di Regolarità Contributiva*), certificates on staff training and health suitability, declarations on the absence of disqualification measures, and other fulfilments required by current legislation. In addition to these, there are further requirements set out in the tender documents and technical specifications, such as overall regulatory compliance, the adoption of organisational and management models in accordance with Legislative Decree 231/2001, possession of environmental and quality certifications, and compliance with the Minimum Environmental Criteria (CAM – Criteri Ambientali Minimi), where applicable.
The objective is to ensure that the suppliers involved guarantee appropriate health and safety conditions for their employees, and **the application covers the entire supply chain for works, services and supplies** contracted by SMAT, extends throughout the company's operating territory, and also involves any subcontractors and sub-subcontractors.
The action has a continuous character and is applied both in the preliminary phase and during the execution of contracts. Its implementation is monitored through documentary checks carried out both ex ante and during the execution of activities, with contractual prescriptions formalised and supervised by the **Sole Project Manager** and the **Works and Contract Execution Management**. Operational decisions are taken in the tender and contract start-up phases, involving specific resources such as the RUP, Works and Contract Execution Management and safety contact persons, with an approach that uses the contractual lever as the main control mechanism.

Audit management

SMAT carries out internal audits and checks on its suppliers, with the aim of **identifying non-conformities and observations relating to Management Systems**, such as Quality, Environment and Safety, and to activate consequent corrective and preventive measures. This activity aims to prevent systemic negative impacts and improve the operational effectiveness of suppliers, in compliance with company regulations and standards.
The scope covers all company processes and suppliers potentially subject to audit (should critical elements be found), covering the entire upstream value chain and extending transversally to all company processes. Audits are scheduled on an annual basis and the results are analysed and reviewed in the context of the Management Review.

Any non-conformities found in internal processes and suppliers may give rise to **dedicated corrective actions and targeted monitoring**. The audit cycle also includes verification of the implementation of follow-up actions and evaluation of their effectiveness, with evidence collected, documented and analysed periodically. Decisions on the areas to be audited are taken by the Quality, Safety and Environment Manager (RQSA - *Responsabile Qualità, Sicurezza e Ambiente*) and the audit managers, involving resources such as internal auditors and external consultants; the entire activity is carried out in accordance with UNI EN ISO 19011. The involvement of employees along the value chain takes place mainly during audits in the field, during which a direct dialogue is established with the operating personnel and supervisors present on site.

Non-Compliance Management, Corrective Actions and Improvement Plans
SMAT has adopted a **formal process for managing non-conformities** (NC), **implementing corrective** actions (CA) and **planning improvement plans** (PdM - *Piani di Miglioramento*), also applicable to activities provided by third parties. NCs can be reported at any operational stage and, if confirmed, are dealt with as a matter of urgency, particularly when they concern the safety of people.
The main objective is to eliminate systemic causes of discrepancies and to continuously improve operating conditions. The procedure applies to all suppliers, with a special focus on those involved in highly critical processes such as construction sites, network maintenance and contracted services. NCs are dealt with in a timely manner, while improvement plans can be planned in the medium term, with deadlines set on a case-by-case basis.
Monitoring of the entire process in accordance with the provisions of certifications 9001, 14001 and 45001 is entrusted to the **Quality, Safety and Environment** (QSE) Unit, which verifies and documents the implementation status, closure and effectiveness of each corrective action; the results obtained are used as input for the Management Review. Decisions on the action to be taken are based on the severity of the NC and are taken with the support of the QSE Unit, involving the QSE contact persons themselves and the personnel responsible for the processes under investigation. The entire activity is tracked - as of November 2024 - through the '*aQua*' application.

ESRS S3 - COMMUNITIES CONCERNED

[ESRS S3 SBM-2] INTERESTS AND VIEWS OF STAKEHOLDERS

SMAT integrates the interests and opinions of local communities into its corporate strategy in a structured manner, thanks to **continuous dialogue with key stakeholders** who live or operate in the territories served, **such as institutions, businesses, citizens and third sector organisations**. SMAT's public governance guarantees the alignment between corporate objectives and the interests of the territory, ensuring that collective needs and rights are an integral part of the management model. Through **the Shareholders' Meeting and a constant dialogue with the Member Municipalities, the Area Authority, Local Authorities and Associations, SMAT acknowledges the needs of the territories** and develops shared solutions to improve the water service and promote fair and sustainable development.
In addition to its regulatory obligations, the company promotes listening initiatives to strengthen relations with communities, prevent negative impacts and actively contribute to the economic, social and environmental well-being of the territory.

[ESRS S3 SBM-3] MATERIAL IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH STRATEGY AND BUSINESS MODEL

Among the impacts identified, **SMAT contributes positively to the development of local communities** through its participation in **environmental education and awareness** initiatives, often carried out in collaboration with its member municipalities or local associations.

[ESRS S3-1] POLICIES RELATED TO AFFECTED COMMUNITIES

Code of Ethics
To enhance the positive impacts on the territory served, through its Code of Ethics, the Group affirms its commitment to **respect and protect local communities**. The principles set out emphasise transparency, impartiality and responsibility as guiding criteria for all company activities, ensuring that decisions are oriented towards the collective wellbeing. The Code also promotes transparent relations with all stakeholders in the area, including entities, associations and partners, and requires each employee to act

ethically, avoiding conflicts of interest and operating consistently with the public and community interests that SMAT represents. For further information on the Code of Ethics, see section E1-2 of this Sustainability Report.

The Area Plan for territorial governance

SMAT adopts a regulated and participatory approach to managing the impacts on the territory, consistent with its role as public manager of the Integrated Water Service. The Company's actions are regulated by the ATO3 - Turin **Area Plan**, approved at the ATO3 - Turin Area Authority Conference and implemented through specific resolutions of the Area Authority (e.g. 16/2024, 598/2016). This Plan defines long-term objectives for the protection of water resources, service quality and infrastructure investments, integrating the needs of the territories served.

In support of the Plan, the tariff modulation approved by ATO3 guarantees a **balance between economic sustainability and service accessibility for all Users,** contributing to a fair redistribution of resources. The tariffs, which are publicly available, are constructed according to the criteria of social equity and environmental sustainability laid down by ARERA, with protection mechanisms for the most vulnerable segments of the population (supplementary water bonus).

Through these tools, SMAT implements a **territorial impact policy based on shared planning, multi-level governance and transparency of decisions**, ensuring that its activities concretely meet the needs of local communities, minimise potential negative impacts and maximise collective benefits.

[ESRS S3-2] Processes for engaging with affected communities about impacts

SMAT adopts a structured approach to involving local communities, based on active listening and collaboration.

Among the most relevant initiatives are

- **public meetings** to present the activation of new infrastructure works, etc;
- **dialogue with communities on issues related to the presence of micropollutants** with the involvement of the Presidency and Management, as well as public communication based on transparency, clarity and accessibility, through institutional channels and dedicated discussion initiatives
- **open discussion between the population and member municipalities**.

[ESRS S3-3] Processes to remediate negative impacts and channels for affected communities to raise concerns

SMAT adopts a set of tools and processes to promptly address any negative impacts that may affect the served territory, ensuring that affected communities have safe and effective channels to express concerns, complaints or reports.

Among these, the **whistleblowing procedure** also allows citizens to report, anonymously, misconduct, violations of the Code of Ethics or potential impacts on human rights, with full protection from any form of retaliation.

At the same time, SMAT maintains various **communication channels - digital and physical -** that enable it to collect reports and requests, managing them through a tracked system that makes it possible to monitor the effectiveness of responses and, where necessary, to take corrective action.

Due to the nature of the public service managed, the communities affected by SMAT largely coincide with the end Users. For this reason, each tool addressed to the Users also represents a direct means of listening to and protecting the communities concerned. For further information, see section S4.3 of this Sustainability Report.

[ESRS S3-4] Taking actions on material impacts on affected communities and approaches to managing material risks and pursuing material related to affected communities, and effectiveness of those actions

Initiatives for community awareness and involvement

Punti Acqua (Water points): conscious consumption of water resources

SMAT promotes a **positive impact on the territory through environmental education and awareness initiatives** aimed at citizens. In this perspective, the **SMAT Punti Acqua (Water Points) represent a concrete and continuous action** to spread the culture of environmental sustainability and to encourage the consumption of mains water.

Widespread in many municipalities of the Metropolitan City of Turin, the Punti Acqua (Water Points) distribute free natural water and sparkling water at a symbolic cost, making a sustainable alternative to

bottled water accessible. **At the end of 2024, 218 kiosks were active on the territory**[41] **, which in total distributed more than 40 million litres of water**. All kiosks operate in compliance with UNI EN ISO 22000:2018, guaranteeing food safety.
The initiative also contributes **to a significant reduction in plastic consumption** and emissions linked to the life cycle of packaged water. The action is set to continue in future years, with the aim of further extending the territorial coverage of the service.

The Festival of Innovation and Science
SMAT also actively participates in the life of the territory by **supporting scientific dissemination activities aimed at citizens**. These include the **Settimo Torinese Festival of Innovation and Science**, an annual event that SMAT has supported since its first edition and which represents an important opportunity for dialogue with the local community.
The edition entitled '*Frontiers - Beyond Limits and Boundaries*' saw SMAT's presence with a **water tasting workshop**, during which participants, guided by certified sommeliers, were able to experiment with water sensory analysis techniques and **acquire a greater awareness of the organoleptic quality of drinking water.**
Through its participation in the Festival, SMAT strengthens its commitment to raising awareness among citizens on environmental and scientific issues, promoting a culture of sustainability based on knowledge, responsibility and active involvement of the community.

Event Water heritage, renewable resources and the environment
In 2024 SMAT organised, at the Castiglione Torinese Water Reclamation Centre, on the occasion of the celebrations for the plant's 40th anniversary, a **day of in-depth technical-scientific study and dissemination** open to institutions, sector stakeholders, water service companies and universities. The initiative represented an important awareness-raising action on the value of water infrastructures, regulatory developments, environmental challenges related to the treatment of emerging pollutants, technological innovation and plant resilience.
The event fostered **a dialogue between local and national institutions, the academic world, and the main Italian utilities**, reinforcing a shared awareness of the role of the Integrated Water Service as a lever of sustainable development and territorial well-being. The programme included institutional moments, in-depth technical sessions and an inter-institutional round table, culminating in the signing of an Agreement for the joint promotion of advanced research activities in the water sector.
Accompanying the work, **a technical tour of the plant** allowed the participants to get a closer look at the Castiglione Torinese wastewater treatment plant, one of the most important infrastructures in Italy in terms of treatment capacity, extension and positive environmental impact. The initiative involved **41 municipalities** and had a significant informative impact on administrators, technicians, public decision-makers and citizens.
The path will be consolidated with further public events and educational activities in the coming years.

Educational visits to plants
Among the most significant initiatives aimed at generating positive impacts on local communities, SMAT promotes **the opening of its plants to the public and organises educational visits for students and citizens.** These activities represent an opportunity to raise awareness of water issues, sustainability and the value of public infrastructure.
On the occasion of the **Sangano Fair**, SMAT made **the historic spring water plant of Villarbasse**, dating back to 1860, **accessible**, offering the public an immersive experience in the history of local water supply. The visit allowed visitors to learn first-hand how the filter tunnels work and the importance of groundwater protection.
In parallel, **SMAT regularly organises educational tours at the Castiglione Torinese plant and at the Po drinking water plant, involving technical staff in educational activities for students**.

FAI Spring Days: opening the purification plant to citizens
Once again on the occasion of the FAI Spring Days, **SMAT opened the Castiglione Torinese plant to the public**. The initiative, promoted in collaboration with the Fondo per l'Ambiente Italiano (FAI), represented

[41] At this link it is possible to consult the complete list of municipalities where SMAT Water Points are present, with relevant information and opening hours https://www.smatorino.it/punti-acqua/

a unique opportunity to make citizens aware of the importance of protecting the environment and water resources.
Guided tours gave the opportunity to get to know one of the most strategic infrastructures for the metropolitan area, a concrete example of balance between technological innovation and landscape protection.
The opening of the plant is part of a broader commitment by SMAT to promote environmental awareness and dialogue with the communities served, contributing to the enhancement of the territorial heritage and the spread of a culture of water sustainability.

Partnerships for local development and water sustainability

Water Festival

SMAT's participation in the Water Festival, a national event promoted by Utilitalia, represented an important opportunity to enhance its contribution to the sustainable development of the territories served and to strengthen dialogue with the communities concerned. Through its stand, SMAT illustrated several strategic projects, such as **the Water Reclamation Centre in Castiglione Torinese** and the major infrastructural works that have been completed, such as the large Aqueduct for the **Valle di Susa**, or that are in the process of being completed, such as the one in the **Valle Orco**, highlighting the concrete impact of these initiatives on environmental improvement and quality of life.
Thanks to immersive tools, such as the **virtual tour of the company's facilities using Oculus visors, SMAT actively involved the public**, fostering greater awareness of the value of the water service and the complexity of the infrastructure that makes it possible.
Alongside SMAT, there was also the stand of the Utility Alliance of Piedmont, a network of public enterprises that share strong territorial roots and a common vision oriented towards efficiency, innovation and sustainability. The synergies activated within the network help generate tangible economic and environmental benefits for the territories served, consolidating the role of utilities as key players in local development.

Promotion of best practices within the sector

In 2024, the Group was **awarded certification by the European Benchmarking Cooperation (EBC) Foundation and the '*Benchmarking Coordinator of the Year*' award** for its ongoing commitment to sharing knowledge and improving company performance. Active participation in the benchmarking programme has allowed SMAT to contribute internationally to the comparison of innovation, efficiency and quality in the Integrated Water Service.
By hosting the International Benchmarking Workshop at its headquarters, **SMAT facilitated the exchange of best practices among more than 40 utilities from around the world**, strengthening its position as a **promoter of innovation in the water sector**. The analyses carried out in this context covered performance indicators in strategic areas such as water quality, asset management, economic and energy sustainability and climate resilience.
The activity has a direct positive impact on the territory served, as it contributes **to the diffusion of increasingly high standards in the service provided**, transparency and accountability towards local communities. Recognition of the EBC represents a further strengthening of SMAT's reputation as a reliable utility focused on continuous improvement, to the benefit of end Users and local institutions.

Alliances for the territory

The SMAT Group participates in the **"Patto per l'Acqua" (*Pact for Water)* promoted by Utilitalia**, a strategic initiative **that aims to strengthen the national water system** by guaranteeing citizens an increasingly efficient, sustainable and universal service. The Pact commits companies in the sector to cooperate in order to overcome fragmented management, encourage aggregations, improve the quality of services and develop resilient infrastructures.
In this context, SMAT contributes to the transition towards integrated industrial water management, strengthening the quality and continuity of the service on a local and regional scale. **A key element of this vision is SMAT's participation in the Piedmont Utility Alliance network**, which brings together 18 public utilities in the region and promotes joint actions to support the communities served. The network makes it possible to consolidate institutional representation, access common supplies, including electricity, at advantageous conditions, and share operational solutions.
The impact for the territory is significant: SMAT's action contributes **to making essential services more accessible and resilient, especially in small and medium-sized municipalities**, favouring economies of

scale, territorial cohesion and greater investment capacity. Furthermore, active involvement in decision-making dynamics strengthens the voice of territories within strategic processes, ensuring that public policies in the water sector are truly aligned with the needs of local communities.

ESRS S4 - CONSUMERS AND END USERS

[ESRS S4 SBM-2] - INTERESTS AND VIEWS OF STAKEHOLDERS

SMAT integrates the interests, opinions and rights of **end Users** into its strategy and business model, recognising them as key stakeholders. In fact, the company mission focuses on the quality and continuity of the water service, even in emergency situations. Active listening to Users is guaranteed through tools such as the **Water Service Charter**. In addition, SMAT promotes social inclusion through **facilities for weak Users**.

[ESRS S4 SBM-3] - RELEVANT IMPACTS, RISKS AND OPPORTUNITIES AND THEIR INTERACTION WITH THE STRATEGY AND BUSINESS MODEL

The main Users include **the end Users of the Integrated Water Service**, i.e. the population of the City of Turin and the municipalities served by SMAT, including domestic, industrial and public Users.

Water users by type of consumption	Domestic use	Non-domestic use
Turin	35,613	15,606
Other municipalities served by SMAT	301,757	44,619
Total	337,370	60,225

In relation to the Users, SMAT may be exposed to risks related to **confidentiality**, particularly related to possible breaches of personal data that would entail reputational and sanctioning risks. At the same time, Users enjoy significant positive impacts, as demonstrated by **SMAT**'s constant attention to **listening to their needs** through the toll-free number, the handling of complaints and written requests for information, which contribute to the protection of freedom of expression and the strengthening of the relationship of trust with its Users.

A positive impact identified concerns **the quality and accessibility of the information** provided, which increases User awareness thanks to the transparency and completeness of communications made in accordance with current regulations and on a voluntary basis.

SMAT implements commercial policies aimed at **facilitating access to its services by Users in difficulty**, thus generating a positive impact on vulnerable segments of the population. However, there is a significant risk linked to possible **interruptions in the service** provided and related repercussions (reputational and sanctions).

[ESRS S4-1] - POLICIES RELATED TO CONSUMERS AND END USERS

Integrated Water Service Charter

Guaranteeing a reliable service for an operator means making commitments to its customers to continue to improve the quality of relations and services provided. The **Integrated Water Service Charter**, approved by ATO3 Torinese, **defines the principles and criteria for providing the service in terms of continuity**, metering and billing of consumption, management of the contractual relationship, information provided and complaints.

This tool represents a fundamental safeguard for preventing risks and enhancing the protection of the **confidentiality of personal data**, **actively listening to the** reports and needs expressed by Users, the **transparency of the information** made available, and **equity of access to** services, even for the most fragile groups. In particular, the adoption of measures that comply with Regulation (EU) 2016/679, the presence of dedicated channels for dialogue - such as a toll-free number and the User Ombudsperson , where complaints and written requests can be sent - the publication of service levels and facilities for Users in difficulty, contribute to the reduction of reputational, sanctioning and social risks, strengthening users' trust.

The Charter responds to a series of indicators that demonstrate the water service manager's commitment to Users. These indicators were established by ARERA, through Resolution No. 655/2015/R/IDR, which defined **42 contractual parameters** equal for all utility companies. The latter must communicate the level of achievement of the set standards to the Authority in order to monitor and assess the quality of the service offered:

- **MC1 - Initiation and termination of the contracted relationship**: composed of 18 simple indicators relating to estimates, execution of connections and works, activation and deactivation of the supply;

- **MC2 - Management of the contracted relationship and accessibility of the service**: made up of 24 simple indicators relating to billing, pressure level checks, management of user contact points.

In continuity with previous years, SMAT has confirmed its positioning within **Class A for both ARERA macro-indicators**, demonstrating the solidity of the model adopted and the effectiveness of the measures aimed at guaranteeing a fair, transparent, continuous service oriented towards protecting the rights of Users.
Management is responsible for the respect and application of the Water Service Charter.

Integrated Water Service Regulation
SMAT's Integrated Water Service Regulations represent the tool through which the Company defines its **operating policies on the provision of drinking water and wastewater management**, with a view to sustainability and respect for the rights of Users. These regulations apply to the entire water service, from capture to distribution and purification, involving all types of Users - domestic, industrial and public - without territorial or category exclusions. The main objective is to guarantee a continuous, accessible service that complies with current regulations, while protecting end Users through clear contractual provisions and monitoring and intervention tools.
SMAT is committed to protecting the confidentiality of User data through the adoption of **controlled access procedures to contractual documents**.
SMAT implements inclusive policies aimed at ensuring access to the service even in situations of economic hardship, through measures such as **bill payment instalment plans and the protection of the minimum essential water supply for domestic Users.** Finally, aware of the risk associated with service interruptions, SMAT provides technical and organisational measures to limit their impact and ensures timely intervention in the event of emergencies.
The Regulation refers to EU and national regulations, including the legislative decree on the quality of water intended for human consumption, ARERA provisions on metering and tariffs, and the UNI EN and OIML (International Organisation of Legal Metrology) technical standards applicable to meters. The regulation also refers to the national law on access to administrative acts.[42]
To encourage active participation, the Regulation is accessible online, at SMAT counters and through official contact channels. In addition, the Company promotes dialogue with Users through physical counters, digital tools and direct interaction methods.

Information security policy
SMAT adopts a strategy aimed at mitigating the reputational and economic risks associated with potential data breaches through an articulated system of policies, drawn up in compliance with the ISO/IEC 27001 standard. In particular, the **Information Security Policy** defines the essential principles and guidelines to guarantee the protection of corporate information, ensuring its **confidentiality, integrity and availability**.
The objective is to build an **effective information security management system that protects the quality and continuity of service**, while safeguarding the interests of shareholders, employees and third parties. The Policy applies to the entire organisation, involving all the people who work within SMAT and covering the entire information value chain. The document provides that access to data is regulated according to the user's role and authorised by function managers, in compliance with current regulations.
Maximum responsibility for applying and updating the Policy lies with the Management, which must also ensure that it is periodically reviewed and disseminated within SMAT. SMAT is committed to complying with the main international standards and references on the subject, including ISO/IEC 27001:2022[43] , the NIS Directive (Legislative Decree 138/2024) and the legislation on the processing of personal data. Just in 2024, SMAT obtained **ISO/IEC 27001:2022 certification** - the IT security standard - which demonstrates the high level of protection of company data and information processed by SMAT.
The policy is made available on SMAT's corporate website.

Data processing policy
In order to prevent reputational risks, costs and penalties in the event of a personal data breach, the Group adopts appropriate security measures to protect the privacy of Users, which are codified within

[42] Law 241/1990.
[43] International standard establishing security criteria/guidelines for information management

the Data Processing Policy, in compliance with current legislation on the protection of personal data (EU Regulation 2016/679, GDPR).
As of 2018, the BoD appoints the Data Protection Officer (DPO) who carries out advisory and control activities regarding the processing of personal data of employees, Users, suppliers and external collaborators. The DPO is in constant liaison with other corporate control bodies such as the Supervisory Body and the Head of Corruption Prevention and Transparency.
The monitoring of the issue was also formalised with the establishment of an organisational chart functional to privacy regulations, the appointment of dedicated contact persons and the implementation of a training plan aimed at managers - appointed privacy contact -, company managers and employees.
The main contents of the policy include the processing of personal data for contractual, legal, administrative, credit management and litigation purposes, as well as for regulatory compliance. Monitoring takes place via the DPO and other internal control bodies.
The information applies to all data processing activities carried out by SMAT, concerning Users, employees, suppliers and other subjects in the value chain (e.g. contractors, call centre companies, software maintainers), with no geographical exclusions noted. No data are transferred outside the European Economic Area. The highest management level responsible for implementing the disclosure is the Board of Directors (BoD), which appoints the DPO.
The definition of the disclosure takes into account the interests of stakeholders, as evidenced by the methods of data collection through forms at public counters and downloadable from the SMAT website, and by dedicated communication channels for exercising rights (e-mail, physical address). Consent is explicitly required for the processing of special categories of data (e.g. health). The information is made publicly accessible through the Company's official channels (website and counters), and stakeholders may interact and object to the processing or withdraw consent at any time by contacting SMAT or the DPO.
Maximum responsibility for applying and updating the Policy rests with Management, which must also ensure that it is periodically reviewed and disseminated within the Company. SMAT is committed to complying with the main international standards and references on the subject, including ISO/IEC 27001:2022[44] **, the NIST Cybersecurity Framework**[45] , the **CIS Critical Security Controls**[46] and the regulations on the processing of personal data.

Unified Regulation governing the right of access to documents, data, and information
To ensure transparency and completeness of information, SMAT has adopted a single set of regulations governing the right of Users to participate in company activities and to see their rights protected. The Regulation also promotes widespread forms of control over the company's operations and the use of public resources, in full compliance with privacy legislation and the right to confidentiality.
The document applies to the entire perimeter of SMAT's operations, with reference to the activities carried out in the public interest, but provides for exclusions, for example with regard to documents covered by state secrecy, sensitive internal company documents or excessively general or disproportionate requests for access. The person responsible for access to documents is the manager or head of the unit that drew up or keeps the document. This person adopts and signs the acts relating to access. For procurement procedures, the person responsible is the RUP.
In the process of defining **access policies**, Users may submit access requests, be involved in review procedures and receive a reasoned response in the event of refusal, while counterparties may formally oppose access, receiving appropriate notification. All information relating to the right of access and the procedures for exercising it are made available to the community both at the company counters and online, in the "*Transparent Company*" section of the institutional website, making the Regulations fully accessible.

Code of Ethics
The Group values **transparency, listening to** Users **and access to quality information**, promoting them in the Code of Ethics, which enshrines their importance as **fundamental principles in relations with consumers**. SMAT aims to provide a high quality service, in compliance with the Service Charter and con-

[44] International standard establishing security criteria/guidelines for information management.
[45] Set of guidelines and best practices for information security developed by the National Institute of Standards and Technology (NIST).
[46] Set of prioritised security measures for mitigating the most common cyber attacks against systems and networks.

tracts, guaranteeing fairness, transparency and actively listening to Users' needs, with the aim of effectively resolving any problems. For further information on the Code of Ethics, see section ESRS E1-2 of this Sustainability Report.

Organisation, Management and Control model ex to Legislative Decree 231/2001

SMAT's Organisation, Management and Control Model, which complies with italian Legislative Decree 231/2001, is an essential tool for ensuring transparency, legality and accountability in company management. Among the risks managed, the **protection of confidentiality** is of particular importance, with IT security measures designed to prevent personal data violations and their reputational and sanctioning consequences. The Model also promotes **freedom of expression** and listening to stakeholders through dedicated channels, such as the whistleblowing system and the process for handling complaints.

Great attention is paid to **access to clear and complete information**, fostering user awareness and trust, and to **fairness in access to services**, with policies to support Users in difficulty. The Model also addresses the risk of service interruptions, with protocols to ensure operational continuity and responsiveness. For further information on the Model, see section ESRS Disclosure G1-1 in this Sustainability Report.

[ESRS S4-2] - Processes for engaging for consumers and end users about impacts

SMAT attaches great importance to the Users' point of view, systematically integrating it into its decision-making and operational processes. To this end, it promotes a constant and structured dialogue with the representatives of the Users through **established relationships with consumer associations**, which participate in periodic satisfaction analyses and ATO3 evaluations. In addition to these institutional channels, SMAT maintains a direct dialogue with **condominium administrators** and **local communities**, organising dedicated meetings also on emerging environmental issues such as the PFAS issue, or on the occasion of changes to the service, such as the application of specific tariffs and services.

To support these activities, SMAT conducts an annual **customer satisfaction** survey by administering a questionnaire by telephone to a representative sample of direct and indirect Users resident in the ATO3 of Turin. This survey makes it possible to collect data useful for targeting improvements in service quality. Stakeholder involvement takes place at different stages: from planning to the reporting of activities, on a regular basis and in both a consultative and participatory manner. SMAT adopts an active listening approach, aimed at acknowledging needs and critical issues, orienting strategies and interventions accordingly. The supervision of these activities is ensured by the direct involvement of top management: the **CEO** and the **President** participate in public events with citizens and in meetings with stakeholders.

[ESRS S4-3] - Processes to remediate negative impacts and channels for consumers and end-users to raise concerns

The **whistleblowing procedure** provides consumers and end-Users with the opportunity to anonymously report possible wrongdoing, misconduct or violations of ethical and business rules. The system fully protects whistleblowers from any form of retaliation or discrimination. Reports may refer to non-compliance with the Code of Ethics, internal policies or potential human rights violations. Each case is carefully examined and, where appropriate, corrective action is taken. For further information, see section ESRS Disclosure G1-1 in this Sustainability Report.

In addition, the Group adopts a structured approach to guaranteeing dialogue with its Users by providing multiple channels enabling them to report needs, disservices or critical issues and to receive assistance in a timely and effective manner, including

- **Counters**: with 12 counters spread throughout the territory, SMAT guarantees direct contact with its Users. In 2024, 19,000 Users were served by the counters;
- **Online counter**: this complements the traditional counter service and is available on the website. To date, there are 76,322 Users registered at the online counter for approximately 77,910 practices handled in 2024;
- **Call centre**: active from Monday to Friday from 08:30 to 18:30 and on Saturdays from 08:30 to 12:30, it provides information on the service, receives complaints and handles activation, switching and deactivation practices. In 2024, the call centre answered 194,635 calls;
- "*Pronto intervento*": this is a service that intervenes in the event of reports of breakdowns, emergencies and any type of criticality, available 7 days a week, 24 hours a day, and handled 81,198 contacts in 2024;

- **SMAT** App: a free downloadable application that provides information on the services most requested by Users in a clear and accessible manner.
- **Virtual Assistant**: a new assistance channel using Artificial Intelligence (AI), the **Claudia avatar** is active continuously every day of the week in Italian and English and will be available in other languages and sign language in the future. The avatar can be used by Users to find the right contact person in the offices, make appointments and be helped to fill in forms. In addition, it can handle paperwork related to bills, payments, connections, water quality and water saving. The avatar Claudia offers an advanced approach, capable of interacting with Users by providing relevant answers to requests.

When impacts attributable to company activity occur, SMAT **activates specific internal processes to analyse reported cases** and, where necessary, implement corrective measures. These channels represent an accessible and dedicated interface for all information or operational needs, including the management of contractual or assistance files. The reporting tracking system enables the collection of useful data for the analysis and resolution of issues, ensuring transparent and accountable management.
Monitoring the progress of requests and complaints, along with engagement with stakeholders, including consumer associations and the Local Regulatory Authority, enables SMAT to assess the effectiveness of the available communication channels and to maintain a high level of service quality, in line with the expectations and needs of the area served.

[ESRS S4-4] - TAKING ACTION ON MATERIAL IMPACTS ON CONSUMERS AND END-USERS, AND APPROACHES TO MANAGING MATERIAL RISKS AND PURSUING MATERIAL OPPORTUNITIES RELATED TO CONSUMERS AND END- USERS, AND EFFECTIVENESS OF THOSE ACTIONS

Initiatives to ensure freedom of expression

User satisfaction survey
In order to ensure constant listening, SMAT conducts an annual **customer satisfaction survey** with the aim of monitoring the perceived quality of the service and identifying any critical issues or areas for improvement. The latest survey was carried out by means of telephone questionnaires administered to a representative sample of 1,509 Users residing in the ATO 3 Torinese territory, including both domestic and non-domestic Users.
The actions carried out, which included the collection and analysis of data on the perception of the water service, made it possible to gather valuable information on aspects such as **water quality**, the **usability of services**, the **transparency of costs in the bill** and the **efficiency of service channels**. The results obtained confirm satisfaction, particularly for water quality, considered pleasant or fair by 96% of Users, and for the absence of unpleasant odours, found by around 93% of respondents.
The scope of the survey covered the entire territory of the Turin area and involved a wide range of stakeholders, with particular attention to the over-60 age group, which is most represented in the sample. The results offer useful elements to orient future company strategies in the short and medium term.
The actions taken by SMAT concern the clarity of bills, the timeliness of interventions and the opening of counters, for which dissatisfaction rates of less than 11% emerged. In this regard, the company noted a slight decrease in satisfaction regarding the handling of complaints, and there was a slight improvement in response times. Also for 2024, SMAT promoted a greater diffusion of information tools aimed at Users, such as the website and the App, which, however, are still little used, particularly for consulting water analyses, which are available but viewed by only 21% of those interviewed. The low awareness of these tools suggests the need to strengthen communication and awareness-raising activities.
The entire survey represents a **tool for** SMAT **to monitor** the effectiveness of its actions and a guide for the identification of interventions proportionate to the impacts that have emerged, so as to ensure effective, accessible and timely responses. In addition, the company took into account the potential impact of its own practices in terms of distribution, information and use of data, highlighting the importance of striking a balance between the prevention and mitigation of the negative impacts perceived by Users and internal operational and organisational needs.

Complaint management
SMAT ensures that Users are listened to and their concerns are addressed through complaints management. In 2024, the Group handled a total of **1,494 complaints**, confirming its constant commitment to protecting Users and improving the services offered, in line with current regulations and its own inter-

nal quality standards. Complaints, collected through a **dedicated information system** and divided between contracted and non-contracted Users, were handled in accordance with legal provisions and certified company procedures, with the aim of ensuring prompt resolution of reports and removal of any irregularities.
The first action implemented consisted of **analysing the substantiation of the reports**, which were found to be justified in 28% of the cases and resulted in the need to take targeted corrective action. The scope of the actions covered the entire catchment area of the Integrated Water Service, with a coverage that also included non-contracted Users, and extended to the various service areas: bills and payments (44% of the total number of complaints), business practices (44%), service deficiencies (6%), water quality (3%), sewerage and purification (2%), and front office issues (1%).
The reference period was the entire year 2024 and the data were compared with those of 2023, showing a **substantial stability in the overall complaint index**, which stood at 0.68 complaints per 1,000 inhabitants for contracted Users and 0.86 considering also non-contracted Users. The actions taken concerned the correction of inefficiencies reported in areas such as abnormal amounts in bills, breakdowns, insufficient pressure, water quality (e.g. abnormal colouring, taste and smell), up to the management of practices related to contracts, instalments and bonuses.
In all well-founded cases, SMAT has put in place **punctual corrective measures**, confirming its desire to prevent, mitigate or remedy negative impacts on the service, also through an ongoing dialogue with the **User Ombudsperson.** The Management Procedure adopted is consistent with the UNI 10600 standard[47] , and makes it possible to monitor and assess the effectiveness of the actions taken, also thanks to the detailed classification of the types of complaints. SMAT intervenes in a timely manner through an organisational structure that ensures that reports are taken into account, their justification assessed and corrective action implemented. The approach adopted is aimed at resolving problems not only through timely responses, but also through systemic actions, such as improving communication with Users and the efficiency of internal processes. At the end of each year, a Complaints Report is drawn up.

Initiatives to ensure transparency and access to quality information

Tariff transparency and access to information

SMAT attaches great value to maintaining high levels of transparency and completeness in the information provided, including with regard to the tariffs established by the Regulatory Authority for Energy, Networks and Environment (ARERA) following the enquiry of the Ambit Authority (ATO3 Torinese). The tariff method aims to meet both the financial needs of the Operator and the possibilities of the Users.
SMAT provides **tariff details on its website to ensure that everyone understands the method**. The Group communicates information and data on the Water Service to the Users through the billing tool. These include the status of meters and readings, regulatory and tariff updates, changes in payment methods, use of services and any complaints. To support reading, the '*How to read a bill'* tool is available on the site, a facsimile that offers a guide to reading areas.
In addition, timely information is provided on the status of construction sites in the "*Construction site map*" section of the site, while the "*Water quality in your municipality*" section shows the average values of the parameters relating to the quality of water supplied for each municipality managed.

The SMAT Card

In compliance with ARERA Resolution no. 609/2021/R/idr, ATO Resolution no. 823 of 03/11/2022 approved amendments to the Service Charter, establishing **specific minimum protections for Users in the event of hidden leaks**. Among these, the most relevant is the application of an aqueduct tariff reduced to half of the base tariff under the existing contract for the extra consumption resulting from hidden leaks, in addition to the exemption from the tariffs for sewerage and purification services for the same extra consumption. Hidden losses occur when water escapes downstream of the meter without being visible to the User.
To support Users in vulnerable situations, the Group has also introduced the **SMAT Card service**, which offers **insurance cover to compensate for excess consumption and guarantee free emergency intervention.** The SMAT Card provides two types of insurance cover: the first indemnifies excess consumption exceeding 75% of average post-meter consumption, up to a maximum of €20,000 per individual claim,

---

[47] Filing and handling of complaints in the Public Services sector.

while the second covers emergency interventions. Among the main benefits offered, there is the free assistance of a plumber 24/7 in case of a leak and economic coverage for damages resulting from accidental water consumption, with a low-cost annual fee ranging between €0.17 and €5.00 for condominiums. In 2024, 51,440 cards have been issued and 752 interventions covered by the SMAT Card.

Initiatives for the protection of vulnerable users and for service continuity Users

Attention to vulnerable Users

In order to guarantee commercial policies for access to the service for Users in vulnerable situations, in its area of competence SMAT provides a form of facilitation to support families in conditions of economic hardship, the **Social Water Bonus** (*Bonus Sociale Idrico*).[48]

This bonus **automatically regulates the tariff reductions** applied for the supply of water to all domestic Users in conditions of economic or social hardship. Direct and indirect Users who are part of households with an ISEE indicator are entitled to obtain the bonus:

- not exceeding €9,530.00;
- from €9,530.00 to €20,000.00 with at least 4 dependent children;
- greater than €9,530.00 if recipient of citizenship income or pension.

Every year SMAT disburses a social water bonus according to the provisions of the Single Buyer.

Households with an ISEE indicator from €9,530.00 to €12,000.00 and with less than 4 dependent children, who are not beneficiaries of the Water Social Bonus because they are recipients of the citizenship income/pension, are entitled to obtain the **Integrative Water Bonus** introduced by ATO3 to ensure Users who are in conditions of economic vulnerability a form of facilitation not provided for by ARERA in addition to this support.

These measures are in line with the principles sanctioned at the international level: in fact, the United Nations and the European Union recognise access to drinking water as an essential right for all citizens. In particular, the Water Framework Directive (Directive 2000/60/EC) requires Member States to ensure that the price of water charged to consumers is economically reasonable and to take specific measures to protect disadvantaged social groups or those who cannot afford the cost of water supply.

Managing service interruptions

In order to prevent the reputational risks and penalties associated with interruptions to the service provided to communities, SMAT relies on an **interconnected water network** that makes it possible to limit interruptions and intervene on main pipelines without jeopardising the flow of water to the user. In the event of interruptions, the objective is to minimise the inconvenience and restore service as quickly as possible.

Water service interruptions may be **planned** or **unplanned**. In the case of planned interruptions, the user is informed **at least 48 hours in advance**, so as to minimise inconvenience and allow daily activities to be organised in the best possible way. These interventions, which usually last a couple of hours, are often carried out **at night or on weekends**, precisely to meet the needs of Users.

When, on the other hand, **unscheduled interruptions** occur, due to sudden breakdowns, SMAT intervenes through its 24-hour **emergency service.** This service collects reports, immediately activates the processes provided for by the **water emergency management procedures** and mobilises **operational teams** to restore service.

In 2024, SMAT carried out **635 interventions** for the repair of critical faults (involving danger) on the aqueduct networks, intervening **within a maximum of 18 hours** from the inspection by the Emergency Service until complete repair, achieving a compliance level of **96.5%.**

To ensure high standards of **service continuity** and increase its **resilience**, SMAT has launched and pursued various initiatives, including:

- **Interconnection between local aqueducts and main systems**, to ensure operational flexibility in case of maintenance or emergencies;
- **Maintenance, repair and upgrading** of water adduction networks, catchment plants, reservoirs and booster plants.

In 2024, service interruptions stood at 1.22 hours, a figure well below the national average of 59.52 hours, placing SMAT in Class B.

[48] ARERA Resolution 897/2017/R/idr, supplemented by Resolution 63/2021/R/IDR, no. 13/2023/R/com.

	2024	Italy 2023[49]
M2 Service interruptions (ARERA)		
M2 Service interruptions (hours)	1.22	59.52
ARERA class	B	C

SMAT is pursuing a strategic project for **modelling the interconnections** between water networks, starting with the municipalities located south of Turin. The objective is to strengthen the resilience of the system through a **more interconnected** network, capable of guaranteeing greater resource availability and service continuity.

Using **mathematical modelling**, SMAT can:

- Analyse the performance of interconnected networks and predict system behaviour under different operational scenarios;
- Ensure resilience through optimal configuration and continuous monitoring;
- Improve efficiency and contain **energy costs** through intelligent pumping system management strategies.

Among the most relevant projects is the **Valsalice reservoir**, a crucial node for the water network in the Turin hills. Currently fed by two lifting stations, the reservoir will be connected directly to the Po drinking water plant. The project, which started in 2023 and is currently being implemented, aims to **improve the reliability of the system**, reduce leaks, contain energy consumption and guarantee a more efficient and safer water service to Users.

ESRS G1 - BUSINESS CONDUCT

[ESRS G1 GOV-1] - The role of the administrative, supervisory and management bodies

SMAT's governance system is structured according to principles of **balance**, **representativeness** and **competence**, in line with industry regulations and the provisions of the company's bylaws.

The Board of Directors is responsible for the **strategic management of the company**, the fundamental decisions for the achievement of corporate objectives and the supervision of corporate activities, including the supervision of ethical conduct. The power of representation is vested in the Chairman and, according to delegations, also in the Managing Director. The Board of Directors may delegate specific functions to its members or to external parties, such as the General Manager, executives or proxies, maintaining control of activities through periodic reports.

The Board of Directors is composed of executive directors and non-executive directors, all of whom have professionalism and skills appropriate to the tasks entrusted to them and to the needs of the business.

For further information on the Board of Directors and the Board of Statutory Auditors, please refer to ESRS 2, GOV-1 of this Sustainability Report.

[ESRS G1-1] - Corporate culture and business conduct policies and corporate culture

Code of Ethics

In order to build relationships of trust with stakeholders and prevent the risk of business interruption due to involvement in acts of corruption, SMAT adopts the Code of Ethics, which aims to promote a **corporate culture based on principles of honesty, integrity and responsibility**. The document sets out the commitments and responsibilities that govern the management of the company's business and activities, guaranteeing transparency, fairness and mutual respect.

The Code applies to all those who work on behalf of the Group - directors, employees, collaborators and suppliers - requiring them to carry out their activities in compliance with current regulations and the highest ethical standards.

In particular, it lays down clear and binding rules on the **prevention of corruption**, prohibiting any form of favour, pressure or undue influence, whether in relation to public administrations or private parties. These measures are essential to protect the integrity of the organisation and prevent operational and reputational risks linked to unlawful conduct.

[49] ARERA, Annual Report 2024, State of Services

Failure to comply with the provisions laid down constitutes a breach of the fiduciary relationship with SMAT and may lead to the activation of sanctions, including the termination of contracts, as also provided for in the Organisational Model 231/2001. The sanctions system and the operating protocols adopted constitute an essential safeguard to ensure legality, continuity and sustainability over time.
For further information on the Code of Ethics, see the section ESRS E1-2 in this Sustainability Report.

Organisation, Management and Control Model ex Legislative Decree 231/2001
Developed in accordance with Legislative Decree 231/2001, **the Organisation, Management and Control Model represents a corporate compliance system** designed to ensure that all activities are carried out in a legal, correct and transparent manner, avoiding the risk of business interruption due to corruption events. The Model 231, in fact, aims to prevent offences, including bribery in relations with the Public Administration, by adopting specific protocols and ensuring that staff are trained in the rules of conduct. A disciplinary system is envisaged to sanction non-compliance with the measures, including those relating to corruption.
With the aim of strengthening the trust of external and internal stakeholders, Model 231, together with the Code of Ethics, contributes to promoting a **corporate culture based on transparency and fairness** and aims to implement a system of procedures and rules to reduce the risk of committing the offences set out in Decree 231/2001, through both preventive and ex post control activities.
Supervision of the functioning and observance of the Model is entrusted to the Supervisory **Board** (SB), which has autonomous powers of initiative and control. The Model applies to the parent company and to all persons working on its behalf, including directors, managers, employees, collaborators and suppliers.
The Board of Directors is responsible for adopting and, if necessary, updating the Model, and is committed to complying with its provisions. The Supervisory Board, although not part of the strategic management, has the task of monitoring the operation of and compliance with the Model, reporting directly to the BoD.
The content of the general part of the Model is communicated to all company resources and partners through specific information and is available on the company intranet and website. The Model, in its entirety, is distributed to directors, members of the board of auditors, managers, middle managers and heads of service.

Whistleblowing Policy
Through the Whistleblowing Policy, SMAT encourages the emergence of wrongdoing by regulating channels, methods and requirements for making internal and external reports, preventing corruption and regulatory violations and protecting the anonymity of those who report misconduct in the interest of corporate integrity. The Policy **governs the reporting of administrative, accounting, civil and criminal offences**, including those envisaged by Legislative Decree 231/2001, and applies to employees, collaborators, consultants and directors. The application of the procedure is not geographically limited and also involves the companies with which SMAT collaborates.
The management of the procedure is structured into receipt, assessment, investigation and transmission to the competent parties. The RPCT (Prevention of Corruption and Transparency Officer) oversees managing reports and must issue acknowledgement of receipt within seven days and provide feedback within three months. He also has the task of conducting periodic analyses to identify critical issues and improve prevention measures and, if necessary, he may use an internal working group, guaranteeing the utmost confidentiality and abstaining in the event of a conflict of interest. The Policy, approved by the Board of Directors, is subject to revisions proposed by the RPCT and complies with Legislative Decree 24/2023, which transposes EU Directive 2019/1937. It is based on the ANAC Guidelines and includes the handling of anonymous reports, provided they are substantiated.
SMAT has activated **confidential internal channels for reporting offences**, guaranteeing **the confidentiality of the identity of the reporter**, the persons involved and the content of the report through encryption tools. Reports can be made in writing via a dedicated online platform accessible from the company website, by e-mail to rpct@smatorino.it or by confidential mail to the RPCT at SMAT headquarters. Reports can also be made orally, through a telephone line indicated on the site or through a direct meeting at the request of the reporter, which will be minuted and signed.
The Group guarantees the protection of bona fide whistleblowers against retaliation, understood as any harmful act or omission resulting from the report. The protection of whistleblowers includes safeguarding their confidentiality, preventing the disclosure of their identity without consent, unless exceptions are

provided for by law, and adopting encrypted systems for data security. Any retaliation must be reported to the ANAC, which verifies its nature and may annul retaliatory acts by imposing sanctions.
To promote the correct use of the tool and prevent unfair practices, SMAT ensures staff training on whistleblowing and uses various means of communication to raise awareness. The procedure is published in the "*Transparent* Company" section of the company website, available on the company intranet and communicated to all employees, as well as with training "*pills*" published on the employee portal illustrating the procedure and the use of the platform.

[ESRS G1-3] - PREVENTION AND DETECTION OF CORRUPTION AND BRIBERY

Three-year Corruption Prevention and Transparency Plan (PTPCT)
In order to prevent the risk of business interruption due to involvement in acts of corruption, SMAT annually updates the Three-year Corruption Prevention and Transparency Plan (PTPCT). The Plan is a **strategic tool aimed at strengthening the integrity and transparency of corporate action**, defining SMAT's approach to managing corruption risk and promoting administrative transparency.
Strategic objectives include **strengthening the internal control system**, **managing corruption risk** in relation to European funds and the PNRR, implementing training on legality, improving digitalisation and updating the "*Transparent Company*" portal.
The Plan actively involves the Board of Directors, the CEO, management, employees and collaborators of the Company, with a central role entrusted to the Head of Prevention of Corruption and Transparency (RPCT), responsible for its drafting, implementation and supervision.
Particular attention is paid to the prevention of corruption through tools such as **continuous training**, the whistleblowing system, the revision of the Code of Ethics, the management of conflicts of interest and the rotation of personnel in sensitive roles. The PTPCT is therefore an essential lever to ensure ethical and responsible governance, fully compliant with current legislation and the guidelines of the National Anti-Corruption Authority (ANAC), in line with all previously defined corporate policies.

Training pills on Anticorruption, MOG 231 and Whistleblowing
SMAT implements **training programmes for the prevention of corruption**, both active and passive, integrating them into a broader system of prevention and control. These programmes are multidimensional and aimed at all personnel, including both general training on the culture of legality and anti-corruption, and in-depth training on specific risk areas and procedures, such as whistleblowing.
The general training, designed for all staff, is also structured through short '*pills*' accessible via the Intranet and, for new recruits, via the onboarding portal. The aim is to strengthen an ethical and regulatory-compliant corporate culture.
In the course of 2025, it is also planned to provide courses with both an informative and specialised slant in asynchronous mode, through a dedicated platform. Specific in-depth courses are mainly aimed at top management.

[ESRS G1-4] - CONFIRMED INCIDENTS OF CORRUPTION OR BRIBERY

In 2024, SMAT found no ascertained cases of active or passive corruption.

SMAT GROUP CONSOLIDATED FINANCIAL STATEMENTS

IAS/IFRS SCHEDULES
NOTES TO THE FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Euro	Notes	12/31/2024	12/31/2023
ASSETS			
Non-current assets			
Tangible fixed assets	1	154,801,652	140,958,398
Goodwill	2	0	5,928,005
Other intangible assets	3	3,669,670	2,999,513
Assets under concession	4	1,049,011,861	884,673,089
Participations	5	11,814,577	11,662,906
Deferred tax assets	6	26,357,031	23,838,381
Non-current Financial Assets	7	1,429,294	1,408,035
Other non-current assets		0	0
Total non-current assets		1,247,084,085	1,071,468,327
Current Assets			
Inventories	8	9,578,420	9,516,760
Trade receivables	9	260,858,964	239,759,196
Current tax assets	10	489,446	5,473,320
Current financial assets	11	12,958	19,438
Other Current Assets	12	7,476,962	8,463,571
Cash and cash equivalents	13	77,585,621	111,455,195
Total Current Assets		356,002,371	374,687,480
Assets held for sale		0	0
TOTAL ASSETS		1,603,086,456	1,446,155,807

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Euro	Notes	12/31/2024	12/31/2023
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share Capital		345,533,762	345,533,762
Legal reserve		29,960,114	27,887,553
PEF implementation restricted reserve		376,447,796	344,944,872
FTA reserve		(2,845,993)	(2,845,993)
Other reserves and retained earnings		5,388,770	5,103,871
Profit/(loss) for the year attributable to Parent Company shareholders		32,631,910	41,613,345
TOTAL SHAREHOLDERS' EQUITY OF THE PARENT COMPANY		787,116,359	762,237,410
Other reserves pertaining to third parties		406,876	465,092
Profit/(loss) for the year pertaining to minority interests		38,652	90,173
TOTAL NET ASSETS		445,528	555,265
TOTAL NET ASSETS	14	787,561,887	762,792,675
LIABILITIES			
Non-current liabilities			
Non-current financial liabilities	15	416,114,432	253,089,707
Provision for severance indemnities and other benefits	16	9,541,137	9,860,193
Provisions for risks and charges	17	20,041,888	18,971,220
Deferred tax liabilities	18	2,977,084	292,530
Other non-current liabilities	19	114,185,650	84,820,535
Total non-current liabilities		562,860,191	367,034,185
Current liabilities			
Current financial liabilities	15	39,849,621	139,406,877
Trade payables	20	137,103,527	102,661,767
Current Tax Liabilities	21	7,078,542	3,699,552
Other current liabilities	22	68,632,688	70,560,751
Other financial liabilities		0	0
Total Current Liabilities		252,664,378	316,328,947
Liabilities held for sale		0	0
TOTAL LIABILITIES		815,524,569	683,363,132
TOTAL EQUITY AND LIABILITIES		1,603,086,456	1,446,155,807

CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Notes	2024	2023
REVENUES			
Revenues	23	376,260,329	371,063,942
Revenues from design and construction activities	24	227,080,414	107,102,379
Other operating revenue	25	25,357,258	27,512,771
Total revenue		628,698,001	505,679,092
COSTS			
Consumption of raw materials and consumables	26	20,031,369	19,060,225
Costs for services and use of goods	27	142,330,625	147,152,352
Personnel costs	28	66,087,954	63,230,959
Other operating expenses	29	26,840,897	25,076,045
Costs for design and construction activities	30	221,729,304	103,137,269
Total Operating Costs		477,020,149	357,656,850
Gross Operating Margin		151,677,852	148,022,242
Amortisation, Depreciation, Provisions and Write-downs	31	(105,630,820)	(95,222,613)
Operating Profit (EBIT)		46,047,032	52,799,629
Financial Income	32	10,837,796	9,782,811
Financial expenses	33	(10,601,189)	(7,782,560)
Total Financial Management		236,607	2,000,251
Profit before tax		46,283,639	54,799,880
Taxes	34	(13,613,077)	(13,096,362)
NET RESULT FOR THE YEAR		32,670,562	41,703,518
Of which:			
Pertaining to minority shareholders		38,652	90,173
Attributable to the parent company		32,631,910	41,613,345

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	2024	2023
A. Profit for the year		32,670,562	41,703,518
Actuarial gains/(losses) on termination benefits		100,077	(187,072)
Tax effect on Gains/(losses) that will not be subsequently reclassified to the Profit and Loss Account		0	0
B. Gains/(losses) recognised directly in equity that do not will be subsequently reclassified in the Profit and Loss Account		100,077	(187,072)
Share of other profit/(loss) of companies valued with the equity method		0	0
Tax effect on profits/(losses) that will be subsequently reclassified Income Statement when certain conditions are met		0	0
C. Gains/(losses) recognised directly in equity that will be subsequently reclassified in the Profit and Loss Account		0	0
D. Comprehensive profit for the year (A + B + C)		32,770,639	41,516,446
Of which:			
Pertaining to minority shareholders		39,966	85,494
Attributable to the Parent Company		32,730,673	41,430,952

CONSOLIDATED CASH FLOW STATEMENT

Euro	Notes	2024	2023
A. Cash flows from operating activities		175,897,646	129,128,090
Net profit (loss) for the year		32,670,562	41,703,518
Adjustments for non-cash income and expenses			
Intangible Amortisation		2,883,105	2,066,530
Depreciation of tangible assets		15,047,669	13,760,180
Depreciation of assets under concession		74,354,860	67,028,610
Increase/(Decrease) provisions for risks and charges		1,070,668	(3,411,886)
Increase/(Decrease) provisions for employee benefits		(319,056)	(391,387)
Change in deferred tax assets		165,904	(1,335,377)
Change in other non-current assets/liabilities		29,343,856	2,735,341
Change in equity reserves			
Translation difference		0	0
Actuarial gains and losses		(1,314)	4,679
Other movements		(26,830)	(191,547)
Change in net working capital			
(Increase)/Decrease in trade receivables		(21,099,768)	11,009,119
(Increase)/Decrease in other assets		5,976,963	14,608,570
(Increase)/Decrease in inventories		(61,660)	(1,274,736)
Increase/(Decrease) trade payables		34,441,760	683,183
Increase/(Decrease) other liabilities		1,450,927	(17,866,707)
B. Cash flows from investing activities		(265,361,483)	(161,466,274)
Divestments/(investments) of intangible assets		2,374,743	(2,245,183)
Divestments /(investments) of tangible fixed assets		(28,890,923)	(14,956,140)
Divestments /(investments) of assets under concession		(238,693,632)	(144,251,638)
Changes in equity investments		(151,671)	(13,313)
Change in scope of consolidation			
C. Cash flows from financing activities		55,594,263	18,718,101
Proceeds from equity issue		0	0
(Purchase)/sale of shares		0	0
Change in financial liabilities		33,713,136	26,216,305
Other changes in financial liabilities		29,754,333	374,998
(Dividends paid)		(7,873,206)	(7,873,202)
D. Net cash flow generated by operations (A ± B ± C)		(33,869,574)	(13,620,083)
E. Opening cash and cash equivalents		111,455,195	125,075,278
F. Closing liquid assets (D ± E)		77,585,621	111,455,195

CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

(units of Euro)	12/31/2022	Allocation result	Distribution Profit	Other movements	Result year	12/31/2023
Share capital	345,533,762			0		345,533,762
Legal reserve	25,808,344	2,079,209				27,887,553
PEF implementation reserve	313,340,899	31,603,973				344,944,872
FTA reserve	(2,845,993)			0		(2,845,993)
Other reserves and retained earnings						
• *Voluntary reserve*	34,342,561			0		34,342,561
• *Consolidation reserve*	5,026,588			0		5,026,588
• *Discounting reserve TFR*	1,472,207			(4,679)	(182,393)	1,285,135
• *Negative reserve own shares in portfolio*	(32,993,211)			193		(32,993,018)
• *Rounding reserve*	(4)			11		7
• *Retained earnings*	(2,683,116)	7,994,216	(7,873,202)	4,700		(2,557,402)
Total Other Reserves and Retained Earnings	5,165,025	7,994,216	(7,873,202)	225	(182,393)	5,103,871
Net profit for the year	41,677,398	(41,677,398)			41,613,345	41,613,345
TOTAL GROUP EQUITY	728,679,435	0	(7,873,202)	225	41,430,952	762,237,410
Capital and reserves of third parties	404,998	64,773			(4,679)	465,092
Minority interests	64,773	(64,773)			90,173	90,173
TOTAL THIRD PARTY ASSETS	469,771	0	0	0	85,494	555,265
TOTAL CONSOLIDATED NET ASSETS	729,149,206	0	(7,873,202)	225	41,516,446	762,792,675

(units of Euro)	12/31/2023	Allocation result	Distribution Profit	Other movements	Result year	12/31/2024
Share capital	345,533,762			0		345,533,762
Legal reserve	27,887,553	2,072,561				29,960,114
PEF implementation restricted reserve	344,944,872	31,502,924				376,447,796
FTA reserve	(2,845,993)			0		(2,845,993)
Other reserves and retained earnings:						
• *Voluntary reserve*	34,342,561			0		34,342,561
• *Consolidation reserve*	5,026,588			22,093		5,048,681
• *Staff leaving indemnity discount reserve*	1,285,135			1,314	98,763	1,385,212
• *Negative reserve own shares in portfolio*	(32,993,018)			65		(32,992,953)
• *Rounding reserve*	7			(7)		0
• *Retained earnings*	(2,557,402)	8,037,860	(7,873,206)	(1,983)		(2,394,731)
Total Other Reserves and Retained Earnings	5,103,871	8,037,860	(7,873,206)	21,482	98,763	5,388,770
Net profit for the year	41,613,345	(41,613,345)			32,631,910	32,631,910
TOTAL GROUP EQUITY	762,237,410	0	(7,873,206)	21,482	32,730,673	787,116,359
Capital and reserves of third parties	465,092	90,173		(149,703)	1,314	406,876
Minority interests	90,173	(90,173)			38,652	38,652
TOTAL THIRD PARTY ASSETS	555,265	0	0	(149,703)	39,966	445,528
TOTAL CONSOLIDATED NET ASSETS	762,792,675	0	(7,873,206)	(128,221)	32,770,639	787,561,887

NOTES TO THE SMAT GROUP FINANCIAL STATEMENTS

The main accounting policies and principles applied in the preparation and drafting of the Group's consolidated financial statements (the "*Consolidated Financial Statements*") are set forth below. These accounting principles have been applied consistently for all financial years presented in this document.

Principles for the Preparation of Financial Statements

European Regulation (EC) No. 1606/2002 of 19 July 2002 introduced the obligation, as of the 2005 financial year, to apply International Financial Reporting Standards ("*IFRSs*"), issued by the International Accounting Standards Board ("*IASB*"), and adopted by the European Union ("*IFRSs*" or "*International Accounting Standards*") for the preparation of the financial statements of companies with equity and/or debt securities listed on one of the regulated markets of the European Community. On 13.04.2017, SMAT S.p.A. issued a bond loan for a nominal amount of EUR 135 million subscribed by institutional investors and listed it on the Irish Stock Exchange. In compliance with the aforementioned legislative provisions, SMAT S.p.A. is therefore required to prepare its consolidated and statutory financial statements in accordance with IFRS starting from the financial year ended 31 December 2016.
These financial statements are therefore prepared in accordance with IFRSs in force at the date of their approval. IFRSs mean the new International Financial Reporting Standards, the revised International Accounting Standards ("*IAS*"), all interpretations of the International Financial Reporting Interpretations Committee ("*IFRIC*"), formerly the Standing Interpretations Committee ("*SIC*"), endorsed and adopted by the European Union.
The financial statements and accounting information reported in the Notes to the Financial Statements are consistent with the accounting records from which they are directly derived. IFRS have been applied consistently to all periods presented in this document.
The financial statements, as required by IAS 1, show the previous year's figures for comparative purposes. Where necessary, the figures for the previous year have been adjusted accordingly to ensure comparability.
These consolidated financial statements have been prepared on a going concern basis and on the basis of the conventional criterion of historical cost, with the exception of certain accounting items that are recognised at *fair value*, in accordance with the provisions of the International Accounting Standards.

Expression of Amounts in the Notes to the Financial Statements

Unless otherwise indicated, amounts reported in the Notes to the Financial Statements are expressed in Euro units with rounding to the nearest Euro unit for cents equal to or greater than 50.

IFRS accounting standards, amendments and interpretations applied as of 1 January 2024

The following IFRS Accounting Standards, Amendments and Interpretations have been applied for the first time by the Group as of 1 January 2024:

- On 23 January 2020, the IASB published an amendment entitled ***"Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current"*** and on 31 October 2022, the IASB published an amendment entitled ***"Amendments to IAS 1 Presentation of Financial Statements: Non-Current Liabilities with Covenants"***. The purpose of these amendments is to clarify how to classify payables and other short-term or long-term liabilities. In addition, the amendments also improve the disclosures that an entity must provide when its right to defer settlement of a liability for at least twelve months is subject to compliance with certain parameters (i.e. covenants). The adoption of these amendments had no impact on the Group's consolidated financial statements.

- On 22 September 2022, the IASB published an amendment entitled '***Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback'.*** The document requires the seller-lessee to measure the lease liability arising from a *sale and leaseback* transaction so as not to recognise income or loss that relates to the retained right of use. The adoption of this amendment had no impact on the Group's consolidated financial statements.

- On 25 May 2023, the IASB issued an amendment entitled *'Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements'.* The document requires an entity to provide additional disclosures about *reverse factoring* arrangements that enable users of financial statements to evaluate how supplier finance arrangements may affect the entity's liabilities and cash flows and to understand the effect of those arrangements on the entity's exposure to liquidity risk. The adoption of these amendments had no impact on the Group's consolidated financial statements.

IFRS accounting standards, amendments and interpretations endorsed by the European Union at 31 December 2024, not yet mandatorily applicable and not early adopted by the Group at 31 December 2024

As at the reporting date of this document, the competent bodies of the European Union have still completed the endorsement process necessary for the adoption of the amendments and standards described below, but these standards are not mandatorily applicable and have not been early adopted by the Group as at 31 December 2024:

- On 15 August 2023, the IASB published an amendment entitled *'Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability'.* The document requires a consistent methodology to be applied to determine whether one currency can be translated into another and, when this is not possible, how to determine the exchange rate to be used and the disclosures to be made in the notes to the financial statements. The amendment will apply from 1 January 2025, but earlier application is permitted. The directors do not expect an effect in the Group's consolidated financial statements from the adoption of this amendment.

IFRSs, amendments and interpretations not yet endorsed by the European Union at 31 December 2024

At the date of this document, the competent bodies of the European Union have not yet completed the endorsement process necessary for the adoption of the amendments and standards described below.

- On 30 May 2024, the IASB published the document *"Amendments to the Classification and Measurement of Financial Instruments-Amendments to IFRS 9 and IFRS* ***7"***. The document clarifies a number of problematic issues that emerged from the post-implementation review of IFRS 9, including the accounting treatment of financial assets whose returns vary upon the achievement of ESG objectives (i.e. *green bonds*). In particular, the amendments aim to:
    - clarify the classification of financial assets with varying returns linked to environmental, social and corporate governance (ESG) objectives and the criteria to be used for the SPPI test;
    - determine that the date of settlement of liabilities through electronic payment systems is the date on which the liability is settled. However, an entity is permitted to adopt an accounting policy to allow a financial liability to be derecognised before delivering cash on the settlement date under certain specified conditions.

  With these amendments, the IASB has also introduced additional disclosure requirements regarding, in particular, investments in equity instruments designated as FVOCI.
  The amendments will apply to financial statements for financial years beginning on or after 1 January 2026. The directors do not expect a significant effect in the Group's consolidated financial statements from the adoption of this amendment.

- On 18 July 2024, the IASB published a document entitled *'Annual Improvements Volume 11'.* The document includes clarifications, simplifications, corrections and changes aimed at improving the consistency of several IFRS Accounting Standards. The amended standards are:
    - IFRS 1 First-time Adoption of International Financial Reporting Standards;
    - IFRS 7 Financial Instruments: Disclosures and related guidance on implementation of IFRS 7;
    - IFRS 9 Financial Instruments;
    - IFRS 10 Consolidated Financial Statements;
    - IAS 7 Statement of Cash Flows.

  The amendments will apply from 1 January 2026, but earlier application is permitted. The directors do not expect a material effect in the Group's consolidated financial statements from the adoption of these amendments.

- On 18 December 2024, the IASB published an amendment entitled ***'Contracts Referencing Nature-dependent Electricity - Amendment to IFRS 9 and IFRS 7'***. The document aims to support entities in reporting the financial effects of contracts to purchase electricity generated from renewable sources (often structured as *Power Purchase Agreements*). Under such contracts, the amount of electricity generated and purchased can vary based on uncontrollable factors such as weather conditions. The IASB has made targeted amendments to IFRS 9 and IFRS 7. The amendments include:
    - a clarification regarding the application of 'own use' requirements to this type of contract;
    - criteria to allow these contracts to be accounted for as hedging instruments;
    - new disclosure requirements to enable users of financial statements to understand the effect of these contracts on an entity's financial performance and cash flows.

The amendment will apply from 1 January 2026, but earlier application is permitted. The directors do not expect a material effect in the Group's consolidated financial statements from the adoption of this amendment.

- On 9 April 2024, the IASB published a new standard ***IFRS 18 Presentation and Disclosure in Financial Statements*** that will replace IAS 1 *Presentation of Financial Statements*. The new standard aims to improve the presentation of financial statements, with particular reference to the income statement. In particular, the new standard requires
    - to classify revenues and expenses in three new categories (operating section, investment section and financial section), in addition to the tax and discontinued operations categories already present in the income statement;
    - present two new sub-totals, the operating result and the result before interest and taxes (i.e. EBIT).

  The new standard also
    - requires more information on performance indicators defined by management;
    - introduces new criteria for aggregating and disaggregating information;
    - introduces some changes to the format of the cash flow statement, including the requirement to use the operating result as the starting point for the presentation of the cash flow statement prepared using the indirect method and the elimination of some classification options for some items that currently exist (such as interest paid, interest received, dividends paid and dividends received).

  The new standard will come into effect on 1 January 2027, but earlier application is permitted. The directors are currently assessing the possible effects of the introduction of this new standard on the Group's consolidated financial statements.

- On 9 May 2024, the IASB published a new standard ***IFRS 19 Subsidiaries without Public Accountability: Disclosures.*** The new standard introduces some simplifications with regard to the disclosures required by the IFRS Accounting Standard in the financial statements of a subsidiary that meets the following requirements
    - it has not issued equity or debt instruments listed on a regulated market and is not in the process of issuing them;
    - its parent company prepares consolidated financial statements in accordance with IFRSs.

  The new standard will become effective on 1 January 2027, but earlier application is permitted. The directors do not expect a significant effect in the Group's consolidated financial statements from the adoption of this amendment.

- On 30 January 2014, the IASB issued ***IFRS 14 - Regulatory Deferral Accounts***, which allows only first-time adopters of IFRSs to continue to recognise amounts relating to *rate-regulated* activities ("*Rate Regulation Activities*") under their previous adopted accounting policies. As the Group is not a *first-time adopter*, this standard is not applicable.

Structure and Content of the Financial Statements

The format used for the income statement is step-by-step with individual items analysed by nature. It is believed that this presentation, in line with international practice, best represents the company's results. The statement of comprehensive income is presented, as permitted by IAS 1 Revised, in a separate document from the income statement, distinguishing between reclassifiable and non-reclassifiable items in the income statement. The other components of the statement of comprehensive income are also shown separately in the statement of changes in equity. The statement of financial position shows the distinction between current and non-current assets and liabilities. The cash flow statement is prepared using the indirect method, as permitted by IAS 7.
The general principle adopted in the preparation of these financial statements is the cost method, with the exception of financial assets and liabilities (including derivative instruments) measured at *fair value*. The preparation of the financial statements required the use of estimates by management; the main areas characterised by particularly significant valuations and assumptions, together with those with significant effects on the situations presented, are reported in the section '*Use of estimates*'. The statement of financial position and income statement are all expressed in units of euro, as are the figures included in the notes to the financial statements, unless otherwise indicated.

Consolidation Criteria

The principles adopted for the preparation of the consolidated financial statements are set out below.

1. SCOPE OF CONSOLIDATION AND REFERENCE DATA

These consolidated financial statements include, in addition to the financial statements of the parent company - SMAT S.p.A., the financial statements of the companies over which it exercises control (these financial statements, approved by their respective Boards of Directors, have been appropriately adjusted/reclassified in order to make them consistent with the parent company's financial reporting standards and in line with IAS/IFRS). Control exists when the parent company has the power to direct the relevant activities of the company and is exposed to variability of results.
The financial statements of subsidiary companies are included in the consolidated financial statements from the date on which control is assumed until the moment when such control ceases to exist.
Jointly controlled arrangements may be classified as either (i) '*interests in joint ventures*' if the Group has rights to the net assets of the arrangement as, for example, in the case of a company with its own legal personality, or (ii) '*jointly controlled assets*' if the Group has rights to the assets and obligations to the liabilities of the arrangement. The classification of agreements is based on an analysis of their rights and obligations.
Companies over which '*significant influence'* is exercised have been valued using the '*equity method*'.

In addition to the parent company SMAT S.p.A., the scope of consolidation includes:

- the company **Risorse Idriche S.p.A.**, in which the Parent Company directly exercises control (97.91%) pursuant to Article 2359 of the Italian Civil Code
- **AIDA Ambiente S.r.l.**, in which the Parent directly exercises control (51.00%) pursuant to Article 2359 of the Italian Civil Code.

There is no difference in the closing dates of the financial statements of the companies belonging to the Group.
The investment in **SAP S.p.A. in Liquidation**, in which the Parent Company exercises joint control together with the company IRETI S.p.A. at 47.55%, respectively, was valued using the equity method.

2. CONSOLIDATION PRINCIPLES

Below are the criteria adopted by the Group to define the consolidation area and related consolidation principles.

Line-by-line consolidation

In brief, consolidation with the "*line-by-line method*" consists of the assumption of the assets and liabilities, costs and revenues of the consolidated companies, regardless of the size of the shareholding held and attributing to third party shareholders, in a specific item of Shareholders' Equity called "*Minority Interest Capital and* Reserves", their share of profits and reserves.

The companies Risorse Idriche S.p.A. and AIDA Ambiente S.r.l. are consolidated on a line-by-line basis. The assets and liabilities, as well as income and expenses of the above companies are reported on a line-by-line basis.
The following are subject to elimination

a) shareholdings in subsidiaries and the corresponding fractions of shareholders' equity of these held by the parent company, attributing to the individual elements of assets and liabilities the current value on the date control was acquired; any residual difference, if positive, is recorded, if the conditions exist, under the asset item "*Goodwill*"; if negative, it is charged to the income statement
b) receivables and payables between companies included in the scope of consolidation;
c) income and expenses relating to transactions between the companies themselves;
d) profits and losses resulting from transactions between these companies and related to values included in the assets;
e) the reversal of dividends received from consolidated companies.

In particular, the consolidation procedure required the elimination of the carrying values of equity investments and the corresponding portions of shareholders' equity of the subsidiaries. This elision was implemented on the basis of the book values referring to the date on which the subsidiaries were included in the consolidation for the first time (for Risorse Idriche S.p.A. as of 31.12.2004, for AIDA Ambiente S.r.l. as of 31.12.2009).
In the various financial years, this elision resulted for:

- Risorse Idriche S.p.A. a higher value of the equity investment in 2004 and 2024 (with the increase in the percentage of control from 91.62% to 97.91%), which was charged in the consolidated financial statements to Equity in an item called "*Consolidation Reserve*" and adjusted in 2007, following the increase in the percentage of control (from 83.67% to 91.62%) with the charge in the consolidated financial statements under Intangible Assets in an item called "*Consolidation Difference*";
- AIDA Ambiente S.r.l. no difference.

The higher/lower price paid with respect to the corresponding fraction of shareholders' equity, resulting from the acquisition of additional shares in subsidiaries, is deducted from/increased in shareholders' equity.
Acquisitions of controlling interests occurring within the same group (i.e. "*business combinations under common control*") are accounted for on a continuing basis.

Elimination of Intra-Group Profits/Losses
For the purposes of the consolidated financial statements, the Group's economic result arises only from transactions with third parties.
Gains/losses arising from intra-group movements are eliminated, where they exist, as part of the consolidation process, by allocating the adjustment proportionally between the Group's share and the share of third parties, also taking into account tax effects.

Valuation of equity investments using the equity method
Investments are initially recognised at cost and the carrying amount is increased or decreased to recognise the investor's share of the investee's profits and losses realised subsequent to the acquisition date. Any goodwill included in the value of the investment is subject to an '*impairment test*'. The acquisition cost is allocated to the pro-rata share of the *fair value* of the identifiable assets and liabilities of associates or *joint ventures*, and by difference, to goodwill. The investor's share of the investee's results for the year is recognised in the latter's income statement, except for the effects of other changes in the investee's equity, other than shareholder transactions, which are reflected directly in the Group's statement of comprehensive income. In the event of any losses in excess of the carrying value of the investments, the excess is recognised in a special provision in the liabilities to the extent that the investor is committed to meet legal or constructive obligations towards the investee or otherwise cover its losses.
Dividends received from an investee reduce the carrying amount of the investment.

Valuation Criteria

Tangible Assets

Tangible assets are recognised at purchase or production cost including accessory charges, or at the value based on appraisals of the company's assets, in the case of the acquisition of companies, net of the relative depreciation provision and any impairment losses. The cost of production includes direct and indirect costs for the portion reasonably attributable to the asset (e.g. personnel costs, transport, customs duties, costs for preparing the place of installation, testing costs, notary and land registry fees). The cost includes any professional fees and, for certain assets, borrowing costs capitalised until the asset is put into service. The cost includes any costs of remediation of the site on which the tangible asset is located, if they meet the requirements of IAS 37.
Ordinary maintenance costs are charged in full to the profit and loss account. Costs for improvements, modernisation and conversions of an incremental nature are charged to assets.
The carrying value of property, plant and equipment is reviewed for impairment, particularly when events or changes in circumstances indicate that the carrying value cannot be recovered.
Property, plant and equipment are stated gross of grants related to assets, which are recognised in the income statement over the period necessary to match them with the related costs; in the statement of financial position, they are represented by recording the grant as deferred income.
Depreciation begins when the assets enter the production cycle and for new acquisitions is calculated at 50% of the full rate, as this is considered representative of the actual use of the assets. Assets under construction include costs related to tangible assets for which the economic utilisation process has not yet begun. Tangible fixed assets are systematically depreciated in each financial year on the basis of economic-technical rates deemed representative of the residual possibility of utilisation of the assets. Tables with the depreciation rates used to depreciate assets are detailed in the Notes to the Financial Statements.
As required by IAS 16, the estimated useful lives of tangible assets are reviewed at each financial year in order to assess the need for a revision. If it appears that the estimated useful lives do not adequately represent the expected future economic benefits, the related depreciation schedules must be redefined based on the new assumptions. These changes are charged to the income statement on a prospective basis.
No depreciation schedules were changed for any of the categories of property, plant and equipment during the year ended.
Land is not depreciated.
Assets under construction and advances include payments to suppliers for advances for the acquisition of tangible assets.
In accordance with IFRS 16 - *Leases* from 01.01.2019 the Group in respect of lease agreements, previously classified as operating, accounts for:

- a financial liability, equal to the present value of the remaining future payments at the transition date, discounted using for each contract the *incremental borrowing rate* applicable at the transition date;
- a right of use equal to the value of the financial liability at the date of transition, net of any accrued income/expense relating to the *lease* and recognised in the balance sheet at the balance sheet date.

Gains and losses arising from the sale or disposal of assets are determined as the difference between the sales proceeds and the net carrying amount of the asset and are recognised in the statement of operations when the risks and rewards of ownership of the asset are transferred to the purchaser.

Goodwill and other intangible assets

Identifiable and controllable intangible assets, the cost of which can be measured reliably on the assumption that these assets will generate future economic benefits, are recognised. These assets are recognised at cost determined according to the criteria indicated for tangible assets and, if they have a finite useful life, are amortised systematically over the period of the estimated useful life. Depreciation begins when the asset is ready for use, or when it begins to produce economic benefits for the company. Assets under construction include costs related to intangible assets for which the economic utilisation process has not yet begun.
Intangible assets with a finite useful life are systematically amortised from the time the asset is available for use over its expected useful life. Goodwill and other assets with indefinite useful lives are not systematically amortised, but are subject to at least annual impairment tests conducted at the level of the indi-

vidual Cash Generating Unit (CGU) or groups of CGUs to which assets with indefinite lives can be reasonably allocated; the test is described below under '*Impairment of Assets*'. Any impairment losses recognised as goodwill cannot be reversed subsequently.
Goodwill acquired for consideration in connection with the SAC (1.01.2014) and SAP (1.07.2015) business unit disposals was reclassified during the year to "*Concession rights*" and is amortised on a straight-line basis until the end of the current concession (2033).
Intangible assets recognised as a result of a business combination are recognised separately from goodwill if their fair value is reliably determined.
Gains or losses arising from the disposal of an intangible asset are determined as the difference between the disposal value and the carrying amount of the asset and are recognised in profit or loss when the risks and rewards of ownership of the asset are transferred to the acquirer.

Assets under concession

Concessions consist mainly of rights relating to networks, plants and other equipment related to the integrated water service entrusted to SMAT S.p.A. and functional to the management of this service. These concessions, shown gross of grants, are classified as a specific item in accordance with IFRIC Interpretation 12 - Service Agreements. As regards amortisation and depreciation, the IFRIC envisages that these are calculated on the basis of what is envisaged in the agreement and, in particular, on a straight-line basis for the shorter of the economic-technical life of the assets granted and the duration of the concession itself, until the takeover value envisaged in the agreement is reached.
In particular, the value of the rights of use of the state-owned assets constituting the aqueduct system of the City of Turin and the C.I.A.C.T., determined in accordance with the appraisal made by the assignment experts, have been subjected to the depreciation and amortisation in these financial statements, based on the term of the related agreement extended by the Ente d'Ambito Torinese no. 3. Depreciation on improvements made to the aforesaid assets after the date of contribution was determined based on the estimated useful economic-technical life. Depreciation on improvements made to the plants of the offshore water systems directly managed by the Company was determined with reference to the estimated useful economic-technical life of the improvements.

The extensions of the City of Turin's aqueduct system, received as contribution and for which the previous concession contract from the City of Turin to AAM Torino S.p.A. (now liquidated) contractually established the obligation of free devolution at the end of the concession, have been depreciated on the basis of the estimated useful economic-technical life of the extensions made.

The concession includes rights on networks, plants and other equipment related to the Integrated Water Service connected to services managed by SMAT S.p.A.. The implementation of IFRIC 12 made it necessary to apply IAS 11 to the same infrastructures, because if the concessionaire builds or improves an infrastructure over which it does not have control, the related construction and improvement services performed on behalf of the grantor constitute contract work. Given that much of the work is contracted out and that on construction activities performed internally, the contract margin cannot be separately identified from the benefits recognised in the service charge, such infrastructure is recognised on the basis of the costs actually incurred.
The cost includes any costs to reclaim the site on which the tangible asset is located, if they meet the requirements of IAS 37.
The item '*Assets under construction and advances*' includes costs incurred for the acquisition or in-house production of intangible assets, mainly works realised on the concession network that have not yet entered into operation, and includes payments to suppliers for advances concerning the acquisition of intangible assets.

Equity investments

Investments in associates are accounted for using the equity method, from the date on which the significant influence begins until such time as this significant influence ceases to exist.
Investments in other companies are measured at fair value through other comprehensive income. Excluded from this approach are investments held exclusively for the purpose of subsequent disposal, changes in fair value of which are recognised in profit or loss. The risk arising from any losses in excess of the carrying amount of the investment is recognised in a separate provision to the extent that the

investor is committed to meet legal or constructive obligations to the investee or otherwise to cover its losses.

In order to verify the correctness of the recorded value, participations in associated and other companies were subject to an impairment test. For the purpose of this test, the reference book value of these investments was determined and subsequently compared with its recoverable value identified through an appraisal prepared by an independent external expert.
If the Company's share of the investee's losses, if any, exceeds the carrying value of the investment, the value of the investment is written off and the Company's share of further losses is recognised as a provision under liabilities in the event the Company is liable for them.
Dividends received are recognised in the income statement when the right to receive payment is established. If the investee company has distributed dividends, the following are also considered as possible indicators of impairment

- the book value of the investment in the financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets, including the related goodwill;
- the dividend exceeds the total comprehensive income of the investee in the period to which the dividend relates.

Financial assets for which there is the Company's intention and ability to be held to maturity are recognised at cost represented by the fair value of the initial consideration given in exchange, increased by transaction costs. Following initial recognition, financial assets are measured at amortised cost using the effective interest rate method.

Non-current Financial Assets

This category includes assets not represented by derivative instruments and not quoted in an active market, from which fixed or determinable payments are expected. These assets are measured at amortised cost using the effective interest rate method. If there is objective evidence of indicators of impairment, the value of the assets is reduced to an amount equal to the discounted value of the cash flows obtainable in the future: impairment losses determined through impairment testing are 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 had the impairment test not been performed. These assets are classified as current assets, except for portions with a maturity of more than 12 months, which are included in non-current assets.

Inventories

Inventories are valued at the lower of their weighted average cost per movement and their corresponding market value. In order to reflect situations of technical obsolescence or slow-moving, a specific provision for obsolescence is recorded as a direct reduction of inventories to bring their cost down to their expected realisable value.

Receivables

Receivables are initially recorded at their *fair value* and subsequently at amortised cost, where significant, using the effective interest rate, reduced for impairment losses. Impairment losses on receivables are recognised in the income statement when there is objective evidence that the Group will not be able to recover the receivable. The amount of the impairment loss is measured as the difference between the carrying amount and the present value of expected future cash flows. The value of receivables is stated in the balance sheet net of the allowance for doubtful accounts.
With regard to impairment testing, the standard in IFRS 9 - Financial Instruments: recognition and measurement from the 2018 financial year requires that the estimation of loan losses be performed on the basis of the expected losses model (and not on the incurred losses model used by IAS 39) using supportable information that is available without unreasonable burden or effort and that includes historical, current and prospective data. The standard requires this impairment model to be applied to all financial instruments, i.e. financial assets measured at amortised cost, those measured at fair value, receivables arising from lease contracts and trade receivables. The Group has developed a credit analysis model, including receivables not yet due in the estimate of the allowance for doubtful accounts, and determining the impairment percentages to be applied to the different maturity bands.

Financial assets and other current assets

These are initially recognised at their *fair value* (including costs incurred for purchase/issuance) at the transaction date. They are subsequently measured at amortised cost using the effective interest rate method, where significant, and any impairment losses are recognised in the income statement.

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 operating segments and the information presented are defined on the basis of internal reporting used by management for the purposes of allocating resources to the various segments and for analysing the relative performance.

An operating segment is defined by IFRS 8 as a component of an entity that: (I) engages in revenue- and cost-generating activities (including revenues and expenses relating to transactions with other components of the same entity); (II) whose operating results are reviewed periodically at the entity's highest operational decision-making level for the purpose of making decisions about resources to be allocated to the segment and assessing performance; and (III) for which separate financial statement information is available.

Management has identified a single operating segment, within which all the main services and products provided to customers converge, as the company's business consists of the management of the Integrated Water Service, which is not further broken down in terms of internal strategic reporting.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, also in the form of cheques, and on-demand bank deposits. Cash equivalents are financial investments with a maturity of three months or less (from the date of purchase), readily convertible into cash and with an insignificant risk of change in value.

These items are recorded at fair value; gains or losses arising from any changes in *fair value* are recognised in the income statement.

Treasury shares

Treasury shares are recorded at acquisition cost. The counter-value resulting from their sale is also entered with a counter-entry in Shareholders' Equity, without any entry in the profit and loss account.

Provisions for Risks and Charges, Employee Benefits

Provisions for risks and charges concern costs and charges of a given nature and of certain or probable existence, the amount or date of occurrence of which could not be determined at the balance sheet date. Provisions are recognised when: (i) it is probable that a present, legal or constructive obligation exists as a result of a past event; (ii) it is probable that meeting the obligation will be onerous; (iii) the amount of the obligation can be reliably estimated.

Provisions represent the best estimate of the costs required to settle the obligation at the balance sheet date (assuming there is sufficient evidence to make such an estimate) and are discounted to present value when the effect is material and the necessary information is available. In this case, provisions are determined by discounting future cash flows at a pre-tax discount rate that reflects current market valuation and takes into account the risks associated with the business activity. When discounting is performed, the increase in the provision due to the passage of time is recognised as a financial expense. If the liability relates to property, plant and equipment (e.g. site restoration), the provision is recognised as a balancing entry to the asset to which it relates and the recognition of the charge in profit or loss occurs through the depreciation process of the tangible asset to which the charge relates. In the case of restatement of the liability, the methodologies prescribed by IFRIC 1 are adopted.

The notes also disclose any contingent liabilities represented by: (i) possible (but not probable) obligations arising from past events, the existence of which will be confirmed only upon the occurrence or non-occurrence of one or more uncertain future events not wholly within the Company's control; (ii) current obligations arising from past events, the amount of which cannot be reliably estimated or the fulfilment of which is likely to be onerous.

Employee Benefits (Severance Indemnity)

Liabilities related to defined benefit plans (such as employee severance indemnity for the portion accrued before 1 January 2007 and other employee benefits) are determined net of any plan assets based on actuarial assumptions and on an accrual basis, consistent with the work services required to obtain the benefits; the liability is measured with the assistance of independent actuaries. The value of actuarial gains and losses is recognised in other comprehensive income. Pursuant to Finance Act No. 296 of 27 December 2006, for companies with more than 50 employees, for the amounts accrued as of 1 January 2007, the termination indemnity is configured as a defined contribution plan.

Payables trade and other liabilities

Trade and other payables are initially recognised at fair value, net of directly attributable accessory costs, and are subsequently recognised at amortised cost, where significant, applying the effective interest rate method.

Costs and revenues

Costs and revenues are recognised net of adjusting items, i.e. returns, discounts, allowances and any changes in estimates, and are recognised at the time control is transferred to the customer in relation to the product sold, i.e. for services, in the accounting period in which they are rendered.
Specifically for revenues

- revenues for services are recognised on the date on which the services are completed;
- revenues for the sale of water are recognised and accounted for at the time the services are rendered and include the allocation for disbursements made but not yet invoiced (estimated on the basis of historical analyses determined in relation to past consumption)
- revenues from the sale of products are recognised when control is transferred to the customer in respect of the product sold, which generally coincides with the delivery or shipment of the goods.

Costs are accounted for on an accrual basis.

Contributions in kind

Contributions in favour of third parties are recorded in the financial statements when there is supporting documentation of the imminent collection by the grantor. They contribute to the formation of the result for the year according to the accrual basis of accounting, determined in relation to the remaining economic-technical useful life of the assets to which they refer.

Financial Income and Expenses

Financial income and expenses are recognised on an accrual basis. Dividends from other companies are recognised in the income statement when the right to receive payment is established.

Taxes on income for the year

Income taxes for the year represent the sum of current and deferred taxes. Current taxes are based on taxable income for the year. Taxable income differs from the result reported in the income statement because it excludes positive and negative items that will be taxable or deductible in other years and also excludes items that will never be taxable or deductible. *Current tax liabilities* are calculated using rates in effect at the balance sheet date. In calculating taxes for the year, the Company has taken into due consideration the effects of the IAS tax reform introduced by Law No. 244 of 24 December 2007 and, in particular, the strengthened principle of derivation set forth in Article 83 of the Consolidated Income Tax Act, which now provides that for entities that apply the international accounting standards, even as an exception to the provisions of the Consolidated Income Tax Act, "*the qualification criteria, temporal allocation and classification in the financial statements provided for by said accounting standards*" shall apply.

Deferred taxes are calculated with regard to temporary differences in taxation and are recorded under '*Deferred tax liabilities*'. Deferred tax assets are recognised to the extent that it is deemed probable that there will be taxable income in the years in which the related temporary differences will reverse, at least equal to the amount of the differences that will reverse. Deferred tax assets and liabilities are determined on the basis of the tax rates that are expected to apply in the financial year in which the tax asset will be realised or the tax liability will be settled, based on the tax rates established by regulations in force or substantially in force at the balance sheet date. These changes are recognised in the income statement or in equity, depending on the allocation made at the origin of the difference.

Impairment of Assets (Impairment Test)

The carrying amounts of the Group's assets are assessed at each balance sheet date to determine whether there is any indication of impairment, in which case the recoverable amount of the asset is estimated. An impairment loss is recognised in the income statement when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount.

The recoverable amount of non-financial assets is the higher of their *fair* value less costs to sell and their value in use. To determine value in use, estimated future cash flows are discounted using a discount rate that reflects the current market assessment of the time value of money and the risks associated with the type of asset. In the case of assets that do not generate cash inflows that are largely independent, the recoverable amount of the cash-generating unit to which the asset belongs is calculated.

When an impairment loss on assets, other than goodwill and other assets with indefinite useful lives, subsequently reverses or decreases, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount and may not exceed the amount that would have been determined had no impairment loss been recognised. The reversal of an impairment loss is recognised immediately in profit or loss.

Use of estimates

The preparation of the financial statements and related notes requires the Board of Directors to make estimates that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements.

The current situation of a generalised economic and financial crisis entails the need to make assumptions regarding future performance that may be characterised by uncertainty so that it cannot be ruled out that future results may turn out to be different from those estimated, which may therefore require adjustments to be made to the carrying value of the relative items in the financial statements that cannot be estimated or predicted at present.

Estimates are used in several areas, such as the Allowance for doubtful accounts, Provisions for Contingent Liabilities, depreciation and amortisation, valuation of assets related to investments in associates and subsidiaries, sales revenues, costs and charges related to the management of the Integrated Water Service, and income taxes.

Estimates and assumptions are periodically reviewed by the Group based on its best knowledge of the business and other factors reasonably inferable from current circumstances, and the effects of any changes are immediately reflected in the Income Statement.

DISCLOSURE BY OPERATING SEGMENTS

The identification of operating segments and related information was based on the elements that management uses to make its operating decisions. In particular, the internal reporting reviewed and used periodically by the highest decision-making levels of the Group refers to a single operating segment, within which all the main services provided to customers converge, as the company's business consists of the management of the Integrated Water Service.

ASSETS NON-CURRENT ASSETS

1. Tangible fixed assets € 154,801,652

The breakdown of property, plant and equipment and the relative movements during the year are shown in the table below:

2023 Categories	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other Assets	Assets under Leasing	Assets under construction and advances	Total general
Historical cost as at 12/31/2022	104,841,973	318,567,749	26,037,917	22,791,379	7,660,253	17,422,418	**497,321,689**
Advances to Suppliers as at 12/31/2022	0	0	0	0	0	1,654,006	**1,654,006**
Accumulated depreciation as at 12/31/2022	(46,122,537)	(276,115,699)	(15,971,024)	(19,095,164)	(1,908,833)	0	**(359,213,257)**
Net value as at 12/31/2022	58,719,436	42,452,050	10,066,893	3,696,215	5,751,420	19,076,424	**139,762,438**
Reclassifications	0	(7,842)	0	0	0	0	**(7,842)**
Work in progress completed in 2023	1,778,359	1,673,524	1,020,896	0	0	(4,472,779)	**0**
Disinvestments during the year	0	0	(1,168,989)	(5,948)	(63,429)	0	**(1,238,366)**
Adjustments	0	0	0	0	0	(166)	**(166)**
Transfers Advances to Suppliers 2022	0	0	0	0	0	(804,203)	**(804,203)**
Increases Advances to Suppliers 2023	0	0	0	0	0	0	**0**
SAPA contribution	208,464	175,811	13,383	871	0	0	**398,529**
Meters purchased and installed in the financial year 2023	0	0	2,058,371	0	0	(2,058,371)	**0**
Increases for the year	238,478	445,108	697,974	1,048,057	233,794	13,202,679	**15,866,090**
Reclassification/adjustment accumulated depreciation	0	0	0	0	0	0	**0**
Depreciation for the year	(3,352,117)	(5,874,830)	(1,753,132)	(1,485,749)	(1,294,352)	0	**(13,760,180)**
Utilisation of funds	0	3,829	692,766	4,241	41,262	0	**742,098**
Historical cost as at 12/31/2023	107,067,274	320,854,350	28,659,552	23,834,359	7,830,618	24,093,781	**512,339,934**
Advances to Suppliers as at 12/31/2023	0	0	0	0	0	849,803	**849,803**
Accumulated depreciation as at 12/31/2023	(49,474,654)	(281,986,700)	(17,031,390)	(20,576,672)	(3,161,923)	0	**(372,231,339)**
Net value as at 12/31/2023	57,592,620	38,867,650	11,628,162	3,257,687	4,668,695	24,943,584	**140,958,398**

2024 Categories	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other Assets	Assets under Leasing	Assets under construction and advances	Total general
Historical cost as at 12/31/2023	107,067,274	320,854,350	28,659,552	23,834,359	7,830,618	24,093,781	512,339,934
Advances to Suppliers as at 12/31/2023	0	0	0	0	0	849,803	849,803
Accumulated depreciation as at 12/31/2023	(49,474,654)	(281,986,700)	(17,031,390)	(20,576,672)	(3,161,923)	0	(372,231,339)
Net value as at 12/31/2023	57,592,620	38,867,650	11,628,162	3,257,687	4,668,695	24,943,584	140,958,398
Reclassifications	0	0	0	0	0	0	0
Work in progress completed in 2024	498,786	9,900,172	5,910,043	157,023	0	(16,043,697)	422,327
Disinvestments during the year	(175,552)	(55,871)	(1,701,653)	(369,067)	(63,362)	(159,978)	(2,525,483)
Adjustments	0	0	0	0	0	(226,045)	(226,045)
Transfers Advances to Suppliers 2023	0	0	0	0	0	(151,821)	(151,821)
Increases Advances to Suppliers 2024	0	0	0	0	0	490,969	490,969
Meters purchased and installed in the financial year 2024	0	0	5,340,149	0	0	(5,340,149)	0
Increases for the year	933,041	2,160,987	9,785,903	2,077,817	781,365	13,176,440	28,915,553
Reclassification/adjustment of accumulated depreciation	0	0	0	0	0	0	0
Depreciation for the year	(3,270,980)	(5,962,891)	(2,945,151)	(1,469,211)	(1,399,438)	0	(15,047,671)
Utilisation of funds	3,334	4,191	1,576,989	342,415	38,496	0	1,965,425
Historical cost as at 12/31/2024	108,323,549	332,859,638	47,993,994	25,700,132	8,548,621	15,500,352	538,926,286
Advances to Suppliers as at 12/31/2024						1,188,951	1,188,951
Accumulated depreciation as at 12/31/2024	(52,742,300)	(287,945,400)	(18,399,552)	(21,703,468)	(4,522,865)	0	(385,313,585)
Net value as at 12/31/2024	55,581,249	44,914,238	29,594,442	3,996,664	4,025,756	16,689,303	154,801,652

As indicated in the valuation criteria, property, plant and equipment also includes the recognition of directly attributable financial expenses related to certain major works undergoing depreciation.

Assets owned by the Company have been depreciated on an ordinary basis in accordance with the valuation criteria detailed in these Notes to the Financial Statements, as well as on the basis of rates representing their estimated residual useful life at the date of these financial statements. Reduced rates of 50% have been applied to increases realised during the year.
The item "*Plant and machinery*" also includes the value of spare parts, the use of which has long-term utility.
The item "*Industrial and commercial equipment*" includes from 2021 the value of measuring instruments, previously classified under "*Assets under concession*".
The item "*Other tangible assets*" includes furniture and fixtures, ordinary office machines, electromechanical and electronic machines, hardware, cars, transport vehicles and other vehicles.
As of 2021, this item also includes the value of coal, previously classified under "*Assets under concession*".
Assets under construction and advances" amount to over €16 million and include the value, according to the stage of progress, of works in progress at year-end, as well as advances paid to suppliers.
Following the application of IFRIC 12, '*Service Concession Arrangements*', the freely transferable assets referring to the waterworks system of the City of Turin were reclassified as intangible fixed assets, under '*Assets held under concession*'.
The item "*Leased* assets" represents the recognition of the assets, subject to lease, in the assets, among fixed assets, in line with the nature of the assets themselves, following the adoption of IFRS 16 - *Leases* in force as of 01.01.2019.

Below is a breakdown of changes in the "*Leased assets*" category:

Categories	Leases - Leases Hardware	Leasing- Rentals Cars	Leasing - Rentals Other vehicles	Leasing - Leases Real estate	Leasing - Leases Land	GOODS LEASING
Historical cost as at 12/31/2023	0	447,741	6,396,631	659,888	326,358	7,830,618
Accumulated depreciation as at 12/31/2023	0	(143,007)	(2,592,880)	(252,073)	(173,963)	(3,161,923)
Net value as at 12/31/2023	0	304,734	3,803,751	407,815	152,395	4,668,695
Reclassifications	0	0	0	0	0	0
Work in progress completed in 2024	0	0	0	0	0	0
Disinvestments during the year	0	0	(48,977)	(14,385)	0	(63,362)
Adjustments	0	0	0	0	0	0
Leasing increases	0	17,873	567,824	195,668	0	781,365
Depreciation for the year	0	(94,273)	(1,134,215)	(125,338)	(45,612)	(1,399,438)
Utilisation of funds	0	0	24,110	14,386	0	38,496
Historical cost as at 12/31/2024	0	465,614	6,915,478	841,171	326,358	8,548,621
Amortisation reserve as at 12/31/2024	0	(237,280)	(3,702,985)	(363,025)	(219,575)	(4,522,865)
Net value as at 12/31/2024	0	228,334	3,212,493	478,146	106,783	4,025,756

The item "*Leased Assets*", amounting to approximately €4 million (€4.7 million in 2023), is mainly attributable to the long-term vehicle leasing contract.

Intangible Assets € 1,052,681,531

The breakdown of intangible fixed assets and related changes during the year are shown in the table below:

2023 Categories	Goodwill	Start-up costs and expansion costs	Development costs	Patent rights industrial patents and rights to use of intellectual property	Concessions, licences, trademarks and similar rights	Assets under construction and advances	Other	Total Other Fixed assets Intangible assets	Assets under concession	General total
	A	B	C	D	E	F	G	H (B+C+D+E+F+G)	I	A+H+I
Historical cost as at 12/31/2022	5,928,005	60,807	249,266	210,060	28,461,803	152,036	561,108	29,695,080	1,338,253,644	**1,373,876,729**
Advances to Suppliers as at 12/31/2022	0	0	0	0	0	0	0	0	4,835,603	**4,835,603**
Accumulated depreciation as at 12/31/2022	0	(60,807)	(249,266)	(210,060)	(26,126,230)	0	(227,857)	(26,874,220)	(535,639,186)	**(562,513,406)**
Net value as at 12/31/2022	5,928,005	0	0	0	2,335,573	152,036	333,251	2,820,860	807,450,061	**816,198,926**
Reclassifications	0	0	0	0	0	0	0	0	(266,041)	**(266,041)**
Works in progress completed in 2023	0	0	0	0	0	(37,800)	0	(37,800)	37,800	**0**
Disinvestments during the year	0	0	0	0	0	0	0	0	0	**0**
Adjustments	0	0	0	0	0	0	0	0	0	**0**
Transfers Advances to Suppliers 2022	0	0	0	0	0	0	0	0	(2,195,673)	**(2,195,673)**
Increases Advances to Suppliers 2023	0	0	0	0	0	0	0	0	39,516,204	**39,516,204**
SAPA contribution	0	0	0	0	1,672	0	0	1,672	56,927	**58,599**
Increases for the year	0	0	0	0	1,845,029	436,282	0	2,281,311	107,045,451	**109,326,762**
Reclassification/adjustment provision depreciation	0	0	0	0	0	0	0	0	0	**0**
Depreciation for the year	0	0	0	0	(2,054,585)	0	(11,945)	(2,066,530)	(67,028,610)	**(69,095,140)**
Utilisation of funds	0	0	0	0	0	0	0	0	56,970	**56,970**
Historical cost as at 12/31/2023	5,928,005	60,807	249,266	210,060	30,308,504	550,518	561,108	31,940,263	1,445,127,781	**1,482,996,049**
Advances to Suppliers as at 12/31/2023	0	0	0	0	0	0	0	0	42,156,134	**42,156,134**
Accumulated depreciation as at 12/31/2023	0	(60,807)	(249,266)	(210,060)	(28,180,815)	0	(239,802)	(28,940,750)	(602,610,826)	**(631,551,576)**
Net value as at 12/31/2023	5,928,005	0	0	0	2,127,689	550,518	321,306	2,999,513	884,673,089	**893,600,607**

2024 Categories	Goodwill	Start-up and expansion costs and expansion costs	Development costs	Patent rights industrial patents and of use of intellectual works	Concessions, licences trademarks and similar rights	Assets under construction and advances	Other	Total Other Fixed assets Intangible assets	Assets under concession	General total
	A	B	C	D	E	F	G	H (B+C+D+E+F+G)	I	A+H+I
Historical cost as at 12/31/2023	5,928,005	60,807	249,266	210,060	30,308,504	550,518	561,108	31,940,263	1,445,127,781	1,482,996,049
Advances to Suppliers as at 12/31/2023	0	0	0	0	0	0	0	0	42,156,134	42,156,134
Accumulated depreciation as at 12/31/2023	0	(60,807)	(249,266)	(210,060)	(28,180,815)	0	(239,802)	(28,940,750)	(602,610,826)	(631,551,576)
Net value as at 12/31/2023	5,928,005	0	0	0	2,127,689	550,518	321,306	2,999,513	884,673,089	893,600,607
Reclassifications	(5,928,005)	0	0	0	0	0	0	0	5,928,005	0
Works in progress completed in 2024	0	0	0	0	640,009	(541,858)	0	98,151	(520,476)	(422,325)
Disinvestments during the year	0	0	0	0	0	0	0	0	(1,330,884)	(1,330,884)
Adjustments	0	0	0	0	0	0	0	0	0	0
Transfers Advances to Suppliers 2023	0	0	0	0	0	0	0	0	(14,771,523)	(14,771,523)
Increases Advances to Suppliers 2024	0	0	0	0	0	0	0	0	22,137,348	22,137,348
Increases for the year	0	0	0	0	3,437,111	17,999	0	3,455,110	227,080,414	230,535,524
Reclassification/ adjustment of depreciation fund	0	0	0	0	0	0	0	0	0	0
Depreciation for the year	0	0	0	0	(2,871,161)	0	(11,943)	(2,883,104)	(74,354,860)	(77,237,964)
Utilisation of funds	0	0	0	0	0	0	0	0	170,748	170,748
Historical cost as at 12/31/2024	0	60,807	249,266	210,060	34,385,624	26,659	561,108	35,493,524	1,676,284,840	1,711,778,364
Advances to Suppliers as at 12/31/2024								0	49,521,959	49,521,959
Accumulated depreciation as at 12/31/2024	0	(60,807)	(249,266)	(210,060)	(31,051,976)	0	(251,745)	(31,823,854)	(676,794,938)	(708,618,792)
Net value as at 12/31/2024	0	0	0	0	3,333,648	26,659	309,363	3,669,670	1,049,011,861	1,052,681,531

For details on the movements in the "*Assets under concession*" category, please refer to the relevant section.

2. Goodwill € 0

In consideration of the typical nature of the business and the fact that industry practice (regulated businesses) provides for the attribution of the higher value paid upon the acquisition of a business to the concession that allows it to operate in that business, starting from the financial statements at the end of the year, the "*Goodwill*", relating to the acquisition that took place in 2015 of the business unit of Società Acque Potabili S.p.A. (now in liquidation), paid for a consideration of €5.8 million and relating to the acquisition in 2014 of the business unit of Società Acque Ciriacese S.r.l. (€0.1 million), has been reclassified under "*Concession rights*" and the asset itself has been amortised until the end of the current concession (2033).

3. Other Intangible Assets € 3,669,670

Other intangible assets are recognised as assets in the balance sheet as they are assets intended to be used on a long-term basis. No value adjustments have been made to the acquisition or production costs of intangible assets.
The item '*Concessions, licences, trademarks and similar rights*' includes the costs incurred for the acquisition of software licences, amortised over three financial years, and for the registration of trademarks, amortised over ten financial years.
The item '*Assets under construction and advances*' includes the value of certain studies in progress.

4. Assets under concession € 1,049,011,861

2023 Categories	Rights of use assets conferred by CIACT	Rights of use of assets constituting the aqueduct system of the City of Turin	Improvements on assets of the IWT system of the City of Turin	Improvements on IIS assets of the municipalities under management	Work in progress and advances on Improvements on IIS assets of the City of Turin	Work in progress and advances on Improvements on IWT assets of municipalities under management	Assets freely transferable	Assets under concession
Historical cost as at 12/31/2022	3,834,635	50,871,004	236,718,212	836,800,306	60,578,762	144,044,361	5,406,364	1,338,253,644
Advances to suppliers as at 12/31/2022	0	0	0	0	2,695,886	2,139,717	0	4,835,603
Accumulated depreciation as at 12/31/2022	(2,935,303)	(39,751,124)	(111,874,309)	(375,816,766)	0	0	(5,261,684)	(535,639,186)
Net value as at 12/31/2022	899,332	11,119,880	124,843,903	460,983,540	63,274,648	146,184,078	144,680	807,450,061
Reclassifications	0	0	(20,765)	(144,714)	(68,578)	(31,984)	0	(266,041)
Works in progress completed in 2023	0	0	29,548,496	49,681,342	(29,548,496)	(49,643,542)	0	37,800
Disinvestments during the year	0	0	0	0	0	0	0	0
Adjustments	0	0	0	0	0	0	0	0
Reversal of advance payments to Suppliers 2022	0	0	0	0	(1,060,738)	(1,134,935)	0	(2,195,673)
Increases advances to suppliers 2023	0	0	0	0	10,873,750	28,642,454	0	39,516,204
SAPA contribution	0	0	0	56,927	0	0	0	56,927
Increases for the year	0	0	9,198,729	14,047,255	27,719,125	56,080,342	0	107,045,451
Reclassification/adjustment of accumulated depreciation	0	0	0	0	0	0	0	0
Depreciation for the year	(81,939)	(1,010,898)	(12,416,069)	(53,506,544)	0	0	(13,160)	(67,028,610)
Utilisation of funds	0	0	8,306	48,664	0	0	0	56,970
Historical cost as at 12/31/2023	3,834,635	50,871,004	275,444,672	900,441,116	58,680,813	150,449,177	5,406,364	1,445,127,781
Advances to suppliers as at 12/31/2023	0	0	0	0	12,508,898	29,647,236	0	42,156,134
Accumulated depreciation as at 12/31/2023	(3,017,242)	(40,762,022)	(124,282,072)	(429,274,646)	0	0	(5,274,844)	(602,610,826)
Net value as at 12/31/2023	817,393	10,108,982	151,162,600	471,166,470	71,189,711	180,096,413	131,520	884,673,089

2024 Categories	Concession rights	Improvements on IIS assets of the City of Turin	Improvements on IIS assets of the municipalities under management	Work in progress and advances on Improvements on IIS assets of the City of Turin	Work in progress and advances on Improvements on IWT assets of municipalities under management	Assets freely transferable	Assets under concession
Historical cost as at 12/31/2023	54,705,639	275,444,672	900,441,116	58,680,813	150,449,177	5,406,364	1,445,127,781
Advances to Suppliers as at 12/31/2023				12,508,898	29,647,236	0	42,156,134
Accumulated depreciation as at 12/31/2023	(43,779,264)	(124,282,072)	(429,274,646)	0	0	(5,274,844)	(602,610,826)
Net value as at 12/31/2023	10,926,375	151,162,600	471,166,470	71,189,711	180,096,413	131,520	884,673,089
Reclassifications	5,928,005				0	0	5,928,005
Work in progress completed in 2024	0	13,392,473	89,081,003	(13,566,998)	(89,426,954)	0	-520,476
Disinvestments during the year	0	(154,024)	(698,134)	(158,805)	(319,921)	0	(1,330,884)
Adjustments	0	0	0	0	0	0	0
Transfers Advances to Suppliers 2023				(2,313,702)	(12,457,821)		(14,771,523)
Increases Advances to Suppliers 2024				17,885,560	4,251,788		22,137,348
Increases for the year	0	14,121,798	23,432,056	41,085,302	148,441,258	0	227,080,414
Reclassification/adjustment of accumulated depreciation	0	0	0	0	0	0	0
Depreciation for the year	(1,685,637)	(13,670,565)	(58,985,499)	0	0	(13,159)	(74,354,860)
Utilisation of funds	0	14,383	156,365	0	0	0	170,748
Historical cost as at 12/31/2024	60,633,644	302,804,919	1,012,256,041	86,040,312	209,143,560	5,406,364	1,676,284,840
Advances to Suppliers as at 12/31/2024	0	0	0	28,080,756	21,441,203	0	49,521,959
Accumulated depreciation as at 12/31/2024	(45,464,901)	(137,938,254)	(488,103,780)	0	0	(5,288,003)	(676,794,938)
Net value as at 12/31/2024	15,168,743	164,866,665	524,152,261	114,121,068	230,584,763	118,361	1,049,011,861

The item "Concession rights" includes:

- the right of use of the assets constituting the aqueduct system, having an obligatory nature, already recognised by the City of Turin at the time of the contribution to the former partner AAM Torino S.p.A. and subsequently conferred by the latter to SMA Torino S.p.A;
- the right to use the aqueduct system received as contribution on 1 January 2003 from C.I.A.C.T. in liquidation;
- from the current year, the reclassification of "*Goodwill*" related to the acquisition of the SAP and SAC business units.

The values are represented in accordance with the expert estimates prepared for the purpose of the contributions themselves and amortised based on the expiration date of the agreement between Ente d'Ambito No. 3 Torinese and SMAT S.p.A..
Following the adoption of IFRIC 12, improvements to upgrade the assets received in use by the City of Turin, as well as the plants of the offshore water systems directly managed by the Company, are recognised as "Assets under concession" and depreciated over their estimated residual useful economic-technical life.

As indicated in the valuation criteria, property, plant and equipment also includes the recognition of directly attributable financial expenses related to certain major works under depreciation.

The item "*Works in Progress and Advances*" includes the value of works in progress at year-end, as well as the value of advances paid to suppliers for the construction of integrated water service works for the Forane municipalities and the City of Turin.

The caption "*Assets freely transferable*" shows the value of the extensions made by the former partner AAM Torino S.p.A. to the City of Turin's aqueduct system and received by it as a contribution, for which a restriction of free transfer is contractually established at the end of the relevant concession of use. Depreciation is determined with reference to the estimated useful economic-technical life.

5. Investments € 11,814,577

The table below shows the carrying values of investments in associates and other companies as at 31 December 2024.
Investments in associates, recorded at cost adjusted for any impairment losses, and investments in other companies were tested for impairment by an independent advisor, who also performed an equity or income method valuation of investments in other companies.

Categories	Associates	Other companies	General total
Historical cost as at 12/31/2023	43,102,340	3,566,923	46,669,263
Value adjustments as at 12/31/2023	(34,928,231)	(78,126)	(35,006,357)
Net value as at 12/31/2023	8,174,109	3,488,797	11,662,906
Increases 2024			
Decreases 2024			
Value adjustments 2024	151,671		151,671
Historical cost as at 12/31/2024	43,102,340	3,566,923	46,669,263
Value adjustments as at 12/31/2024	(34,776,560)	(78,126)	(34,854,686)
Net value as at 12/31/2024	8,325,780	3,488,797	11,814,577

In general, the balance sheet values do not significantly exceed those corresponding to the fractions of Shareholders' Equity resulting from the financial statements as at 31.12.2024 of the subsidiaries and affiliated companies.

Pursuant to Article 2427, paragraph 1, no. 5 of the Italian Civil Code, the equity investment in associated companies, outstanding at 31.12.2024, refers to:

- Equity investment in **Acque Potabili S.p.A. in liquidation**, with registered office in Turin, Corso XI Febbraio no. 22, having the following characteristics:

Equity investment in Acque Potabili S.p.A. in liquidation (from 1 June 2021)			
a)	Share capital of the investee	€	7,633,096
b)	Shares held	n°	3,429,125
c)	Nominal value per share	€	N/A
d)	Acquisition cost	€	43,102,341
e)	Share held	%	47.55
f)	Consolidated Balance Sheet Value	€	8,325,780
g)	Net worth	K/€	17,511
h)	Result last financial year	K/€	399

The value of the equity investment in Acque Potabili S.p.A. in liquidation, equal to €8.3 million, was adjusted to the corresponding change in shareholders' equity.
The Extraordinary Shareholders' Meeting of Acque Potabili S.p.A. of 29 April 2021 resolved on the early dissolution of the Company pursuant to Article 2484 paragraph 1 no. 6 of the Italian Civil Code, with the consequent liquidation of the Company. This deed was registered and recorded at the Turin Companies' Register on 31 May 2021. From that date, the resolution to liquidate the company Acque Potabili took full effect.

The Extraordinary Shareholders' Meeting of the company Acque Potabili of 31 May 2021 amended Article 5 of the Bylaws, eliminating the unit value of the shares. Given the unchanged share capital (equal to EUR 7,633,096), following the cancellation of 420,939 shares, SMAT saw its shareholding increase from 44.92% to 47.546%.

The Ordinary Shareholders' Meeting of SAP S.p.A. in liquidation held on 17 April 2025 approved the financial statements for the year 2024 (the fourth interim liquidation financial statements), which closed with a positive result of EUR 399 thousand. Shareholders' Equity reached a value of Euro 17,511 thousand at the end of 2024 (IAS/IFRS criteria), against a Shareholders' Equity of Euro 17,192 thousand as of 31 December 2023.

The investment in Acque Potabili Siciliane S.p.A., following its admission to the Extraordinary Administration procedure on 7.02.2012, in bankruptcy since 29.10.2013, is classified among 'Other Companies' instead of among investments in associated companies and is fully written down in the financial statements at the end of the year. As better indicated in the Report on Operations, it is consequently outside the scope of consolidation of the SMAT Group.
The independent expert used the equity valuation method for the companies Acque Potabili S.p.A. in liquidation, Nos S.p.A. and Environment Park S.p.A., for the other equity investments he used the income method based on the weighted average cost of capital (WACC) of 6.04%.

The fair value valuation of the other participations resulted in a value substantially in line with the cost of the investment, recorded at 31 December 2024, for EUR 3.5 million. Although the profitability of some investments in the medium term is positive, the carrying values were not changed as they are not considered significant.

On 19.07.2016, with a specific Notarial Deed, the business network Water Alliance - Acque del Piemonte (now Utility Alliance del Piemonte) was established, based in Turin - Viale Maestri del Lavoro no. 4.
As at 31.12.2024, the Equity Fund amounted to EUR 95,000, SMAT S.p.A. held a 5.56% stake.
As of 31.12.2024, this network of companies was made up of 18 water companies in Piedmont that have signed a special *"network contract"* aimed at increasing their competitive capacity through the joint exercise of the activity of representing their interests in dealings with institutional and associative stakeholders and in decision-making processes.

6. Deferred Tax Assets € 26,357,031

This item (€23,838,381 in the previous year) includes the credit deriving from deferred tax assets calculated on provisions for costs to be deducted in the future and for revenues to be taxed in advance.
Compared to the previous year, this item increased by €2,518,650, due to the combined effect of the deferral of the deduction of costs pertaining to the current year to future years, as well as the deduction of costs in the current year recognised in previous years.
These effects are detailed in the table below:

Description	Deferred income deferred income	Accrual Provision for Risks and Charges	Provision for Write-down Receivables	Amortisation Goodwill and Trademarks	Depreciation stock	Maintenance expenses exceeding the deductible deductible share	ACE and losses carry-forward	Interest Payable of arrears	Other (taxes local taxes, admin. fees)	Tax Effects Intra-group	TOTAL
taxable base as at 12/31/2023	8,401,189	13,643,612	73,300,223	17,333	220,000	41,296	30,982	5,810	8,800	0	95,669,245
tax credit deferred tax assets as at 12/31/2023	2,369,136	3,784,996	17,592,054	4,888	52,800	9,911	7,436	1,394	2,112	13,654	23,838,381
utilisations base 2024	(577,402)	(3,901,745)	(1,682,854)	(63)		(388)	(30,982)		(7,802)		(6,201,236)
utilisations taxes 2024	(162,827)	(1,100,292)	(403,885)	(18)		(93)	(7,436)		(1,872)	(12,142)	(1,688,565)
adjustments base 2024											0
adjustments taxes 2024											0
Provisions base 2024		5,131,294	11,613,027			38,760		17,043	8,051		16,808,175
provisions taxes 2024		1,404,764	2,787,126			9,302		4,090	1,932		4,207,214
taxable base as at 12/31/2024	7,823,787	14,873,161	83,230,396	17,270	220,000	79,668	0	22,853	9,049	0	106,276,184
tax credit deferred tax assets as at 12/31/2024	2,206,309	4,089,468	19,975,295	4,870	52,800	19,120	0	5,485	2,172	1,512	26,357,031

7. Non-current Financial Assets € 1,429,294

			12/31/2024	12/31/2023
–	Guarantee deposits receivable	€	1,364,135	1,331,809
–	Customers		65,159	76,226
	Total	**€**	**1,429,294**	**1,408,035**

Non-current financial assets due from customers are represented by the receivable recognised following the signing of an agreement to regulate the use of land insisting on the municipalities of Scalenghe and Airasca, for the years 2011 to 2018 with a repayment plan until 2031.
Receivables are recognised in the financial statements, as required by *IFRS 9 - Financial Instruments*, at amortised cost.

CURRENT ASSETS

8. Inventories € 9,578,420

This item includes:

			12/31/2024	12/31/2023
–	Raw, ancillary and consumable materials	€	9,537,275	9,271,315
–	Finished products and goods	€	41,145	41,145
–	Advances	€	0	204,300
	Total	**€**	**9,578,420**	**9,516,760**

Inventories consist of materials, the use of which does not have long-term utility. These inventories are valued in the balance sheet at the lower of weighted average purchase price and market price. The value of the inventories is adjusted by a depreciation reserve for slow-moving materials in the amount of € 990,000.
No financial charges were charged to the value of inventories.
The substantial stability of inventories compared to last year is due to the increase in the purchase of material and the reclassification of advances from suppliers.

9. Trade Receivables € 260,858,964

The nominal value of trade receivables is broken down as follows:

		12/31/2024	12/31/2023
Receivables from customers			
• *Bills and invoices issued*	€	274,967,820	254,971,278
• *Bills and invoices to be issued*	€	68,437,397	57,991,181
• *Allowance for doubtful accounts*	€	(84,963,476)	(74,875,061)
Total Receivables from customers	€	258,441,741	238,087,398
Receivables from affiliates	€	40,000	20,000
Receivables from parent companies	€	1,470,896	1,173,030
Receivables from others	€	906,327	478,768
Net book value	**€**	**260,858,964**	**239,759,196**

Receivables from customers € 258,441,741

The net value of customer receivables shows an increase of about EUR 20 million compared to the previous year, mainly generated by the tariff update and the increase in bills to be issued. Of the total receivables recognised, approximately EUR 78.5 million were collected in the first months of the financial year 2025.
Receivables are subject to a careful assessment of the arrears risk and are recognised at their presumed realisable value, taking into consideration future losses estimated on the basis of the historical series, and therefore the prudential bad debt provision is determined, in accordance with the provisions of IFRS 9 - Financial Instruments, at a total value of approximately €85 million.

Receivables from associated companies € 40,000

This item (€ 20,000 in the previous year) consists of receivables from SAP in liquidation.

Receivables from parent companies € 1,470,896

This item (€ 1,173,030 in the previous year) includes receivables from the City of Turin arising from normal commercial transactions, carried out at market conditions, related to water supplies, fees, services, and ancillary works.

Receivables from others € 906,327

This item (€ 478,768 in the previous year) is made up of residual receivables of a commercial nature. The change from the previous year is mainly generated by an increase in invoices to be issued to entities.

10. Current tax assets € 489,446

This item (€ 5,473,320 in the previous year) decreased significantly compared to the previous year, mainly due to the reduction in IRAP/IRES receivables, consistent with the higher current taxation in 2024 and the absence of facilitating elements such as ACE and energy/gas tax credits, which are not taxable and will be present in 2023. The comparison also reflects the absence, in 2024, of residual assets related to past credits, as well as the presence of the Art Bonus credit (€103,350), which arose in the year under review.

11. Current financial assets € 12,958

		12/31/2024	12/31/2023
– Due from customers	€	12,958	19,438
Total	**€**	**12,958**	**19,438**

Financial receivables from customers refer to the portion, due within 12 months, of the receivable for which details are provided in the comment to the specific section on non-current financial receivables.

12. Other Current Assets € 7,476,962

		12/31/2024	12/31/2023
• Accrued income	€	0	0
• Prepaid expenses	€	855,515	806,474
• Other assets	€	6,621,447	7,657,097
• *Receivables from staff for items to be recovered by withholding tax*	*€*	*122,769*	*136,703*
• *Due from others*	*€*	*6,498,678*	*7,520,394*
Total	**€**	**7,476,962**	**8,463,571**

Prepaid expenses include future accruals of costs settled during the year.
The item "Other assets - Due from others" mainly includes sundry receivables for credit notes to be received.
The decrease is attributable to lower receivables from the Cassa per i Servizi Energetici e Ambientali (CSEA) for recognition of users entitled to the social bonus for water and the decrease in security deposits for the supply of electricity, offset by higher sundry receivables for credit notes to be received.

13. Cash and cash equivalents € 77,585,621

Cash and cash equivalents comprise:

		12/31/2024	12/31/2023
– Bank and postal deposits	€	77,545,152	110,996,014
– Short-term time deposits	€	0	0
– Cheques	€	19,326	438,510
– Cash and valuables on hand	€	21,143	20,671
Total	**€**	**77,585,621**	**111,455,195**

During the year, the bond loan was repaid in the amount of €45,000 thousand, €13,504 thousand in PNRR contributions were collected, and a new loan in the amount of €80,000 thousand was granted for the realisation of planned investments.
All of the above inventories are liquid and fully available at the balance sheet date without any constraints whatsoever, except for the "subject to collection" clause on cheques.

SHAREHOLDERS' EQUITY AND LIABILITIES ITY

The value of Shareholders' Equity as of the date of the financial statements takes into account the decisions made by the Ordinary Shareholders' Meetings held on 28.06.2024 concerning the allocation of the result for the financial year 2023.

14. Shareholders' equity	€ 787,561,887

Shareholders' Equity attributable to the Group	€ 787,116,359

The balance sheet value takes into account the resolutions taken by the Ordinary Shareholders' Meeting of 28.06.2024 concerning the allocation of the Parent Company's 2023 result.

SHARE CAPITAL	€ 345,533,762

The share capital is fully subscribed, paid-up and registered in the commercial register in accordance with the law and consisted, as of the balance sheet date, of 5,352,963 ordinary shares with a nominal value of €64.55 each, held by the Shareholders.
During the year, there were no movements on the shares or capital stock.

LEGAL RESERVE	€ 29,960,114

The legal reserve, amounting to € 29,960,114 as at 31.12.2024, increased during the year by € 2,072,561 as per the resolution of the Ordinary Shareholders' Meeting of 28.06.2024.

PEF IMPLEMENTATION RESTRICTED RESERVE	€ 376,447,796

This reserve, amounting to € 376,447,796 as at 31.12.2024, increased during the financial year by € 31,502,924 as a result of the allocation of profit resolved by the Ordinary General Meeting of Shareholders on 28.06.2024.

FTA RESERVE	€ (2,845,993)

This reserve includes the effects on shareholders' equity of the FTA resulting from the adoption of international accounting standards.

OTHER RESERVES AND RETAINED EARNINGS	€ 5,388,770

Other Reserves include:

		12/31/2024	12/31/2023
• Optional Reserve	€	34,342,561	34,342,561
• Consolidation Reserve	€	5,048,681	5,026,588
• Reserve for discounting staff severance pay	€	1,385,212	1,285,135
• Negative reserve for treasury shares in portfolio	€	(32,992,953)	(32,993,018)
• Rounding reserve	€	0	7
• Retained earnings	€	(2,394,731)	(2,557,402)
Total	€	5,388,770	5,103,871

The reserve for discounting the staff severance indemnity reserve includes the gains/losses resulting from the actuarial valuations performed in application of IAS 19 on the staff severance indemnity and pension fund accrued as at 31.12.2024.
The negative reserve for treasury shares in portfolio, as of 31.12.2024, amounting to €32,992,953, refers to 492,959 treasury shares purchased on the authorisation of the Ordinary Shareholders' Meeting.
In 2024 it was reduced by €65 following the entry of 1 new shareholder (Municipality of Valprato Soana) to whom 1 share was sold.
Retained earnings increased in the year by more than EUR 162,000.

PROFIT FOR THE YEAR	€ 32,631,910

		12/31/2024	12/31/2023
Net result for the year	€	32,631,910	41,613,345

This corresponds to the balance of the Profit and Loss Account as the difference between total income and total expenses and has been fully subject to ordinary and deferred taxation for IRES and IRAP purposes.

MINORITY SHAREHOLDERS' EQUITY € 445,528

This item represents the portion of shareholders' equity attributable to minority interests in consolidated subsidiaries and includes:

			12/31/2024	12/31/2023
–	Minority interest in capital and reserves	€	406,876	465,092
–	Profit for the year	€	38,652	90,173
	Total	**€**	**445,528**	**555,265**

RECONCILIATION STATEMENT BETWEEN SHAREHOLDERS' EQUITY AND PROFIT FOR THE YEAR OF THE PARENT COMPANY AND CONSOLIDATED SHAREHOLDERS' EQUITY AND RESULT FOR THE YEAR

	12/31/2024		12/31/2023	
	shareholders' equity net assets	of which result for the year	shareholders' equity net assets	of which: result for the year
Shareholders' equity and result for the year as reported in the annual financial statements of the parent company	785,718,461	32,368,506	761,136,953	41,451,216
From elimination of the carrying value of consolidated participations:				
- Effect of consolidation transactions	723,539	(44,186)	598,069	13,197
- Pro-rata results of investee companies	155,919	155,919	135,620	135,620
From equity method valuation of non-consolidated non-consolidated companies:	518,439	151,672	366,768	13,313
Shareholders' equity and result for the year attributable to the group	787,116,359	32,631,910	762,237,410	41,613,345
Shareholders' equity and result for the year Minority interests	445,528	38,652	555,265	90,173
Shareholders' equity and result for the year as reported in the consolidated financial statements	787,561,887	32,670,562	762,792,675	41,703,518

LIABILITIES € 815,524,569

15. Non-current and current financial liabilities € 455,964,053

Financial payables as at 31.12.2024 are broken down by type in the table below:

		12/31/2024	12/31/2023
Non-current financial liabilities			
Bonds	€	89,669,465	(183,318)
Mortgages payable	€	323,819,407	249,879,866
Payables for leased assets	€	2,625,560	3,393,159
Other Financial Payables	€	0	0
Total	**€**	**416,114,432**	**253,089,707**
Current financial liabilities			
Bonds Short-term portion	€	0	135,000,000
Short-term portion of loans payable	€	5,555,556	0
Payables to banks and accrued interest	€	32,773,863	3,019,530
Payables for leased assets short-term portion	€	1,520,202	1,387,347
Other financial payables short-term portion	€	0	0
Total	**€**	**39,849,621**	**139,406,877**
Total Financial Liabilities	**€**	**455,964,053**	**392,496,584**

Financial liabilities consist of:

- by medium- and long-term loans (bonds and loans payable), whose total value amounted to Euro 419,044,428, net of the residual amortised cost of Euro 330,535 for the bond loan and Euro 625,037 for the loans payable;
- *due to banks and financial accruals* for Euro 32,773,863, which includes hot money loans for Euro 29,000,000, other short-term transactions for Euro 130,594, and financial accruals for Euro 3,643,269, the latter mainly related to interest on the bond loan for the portion pertaining to the year;
- payables for leased assets, whose total value amounted to Euro 4,145,762, net of the residual amortised cost of Euro 148,286.

Changes in medium- and long-term loans during the year are as follows:

		Bonds	Mortgages	Total
Balance as at 12/31/2023	**€**	**134,816,682**	**249,879,866**	**384,696,548**
New loans	€	0	80,000,000	80,000,000
Amortised cost	€	(330,535)	(536,200)	(866,735)
Amortised cost adjustment	€	183,318	31,297	214,615
Repayments for the year	€	(45,000,000)	0	(45,000,000)
Balance as at 12/31/2024	**€**	**89,669,465**	**329,374,963**	**419,044,428**

On 15 April 2024 (13 April 2024 being a non-working day), the amount of €45,000,000 of the bonds was repaid, following the exercise of the put option by some bondholders.

The liability for medium/long-term loans, gross of amortised cost, is detailed in the table below:

Loans		Debt at 12/31/2024
Bonds	€	90,000,000
Loans payable		
European Investment Bank IV	€	50,000,000
European Investment Bank V	€	50,000,000
European Investment Bank VI	€	150,000,000
BPER Bank	€	80,000,000
Total loans payable		330,000,000
Total	€	420,000,000

The following table shows the liabilities broken down by type as at 31 December 2024, indicating the portion due within the following year, between year 2 and year 5 and beyond year 5, gross of amortised cost.

Type	Amount residual	Portion due within subsequent year	Quota 2nd to 5th year	Portion beyond 5th year
Bonds	90,000,000		90,000,000	
Mortgages payable	330,000,000	5,555,556	125,873,016	198,571,428
Bank overdrafts and financial accruals	32,773,863	32,773,863		
Payables for leased assets	4,294,048	1,520,202	2,714,344	59,502
Other financial payables	0			
Total	457,067,911	39,849,621	218,587,360	198,630,930

The main contractual terms and conditions are set out below.

Financing	Value line of financing	Duration years	Maturity	Installment	Rate
Ordinary non-convertible bonds	90,000,000	5	04/13/2029	annual	fixed
BPER Bank	80,000,000	8	12/31/2032	six-monthly constant capital	variable
European Investment Bank IV	50,000,000	13	12/14/2033	semi-annual constant capital	fixed
European Investment Bank V	50,000,000	13	07/19/2034	six-monthly constant capital	fixed
European Investment Bank VI	150,000,000				
• 1st tranche € 100,000,000		16	11/18/2038	quarterly with constant capital	fixed
• 2nd tranche € 50,000,000		16	12/15/2039	quarterly at constant capital	fixed

The non-convertible ordinary bond was issued on 13 April 2017.
The Bondholders' Meeting of 14 March 2024 resolved to approve the extension of the maturity date of the bond from 13 April 2024 to 13 April 2029, still maintaining the non-convertibility regime at a rate of 4.546%. Following the exercise of the put option by some bondholders, on 15 April 2024 (13 April 2024 being a non-working day), EUR 45 million was repaid, so that the remaining principal amount to date is EUR 90 million.
The bonds are listed on the regulated market of the Dublin Stock Exchange (ISE - Irish Stock Exchange); they are backed by a rating issued by Standard & Poor's, which on 29.11.2022 upgraded the Senior Unsecured rating to '*BBB+*' (for further details see the Report on Operations).
The activation of the loan from institutional lenders, to finance the investments for the expansion and modernisation of the networks and production, distribution, collection and water treatment plants, envisaged in the ATO3 Investment Plan, did not require any guarantee from the Shareholders and envisages for its entire duration the maintenance of the following financial parameter calculated on the data of the Consolidated Financial Statements for the year ended 31 December and according to the definitions included in the contractual agreements:

- Net Financial Position/MOL (EBIT+Adjustments): less than or equal to 5.

The loan contracted with BPER Banca for the provision of the resources required by the Ambit Intervention Plan and following the delay in the disbursement of PNRR funds was stipulated on 27 December 2024 with a term of 8 years, of which 1 year in pre-amortisation, and is not backed by any guarantee.
It envisages for its entire duration the maintenance of the following financial parameters calculated on the data of the Consolidated Financial Statements for the year ended 31.12 and according to the definitions included in the contractual agreements:

- Net Financial Indebtedness/MOL (EBIT + depreciation and amortisation): less than or equal to 5;
- Net Financial Indebtedness/Shareholders' Equity: less than or equal to 1.

In the event of non-compliance with even one of the above financial parameters, BPER Banca has the right to terminate the contract early.

The loans contracted with the European Investment Bank for the provision of the resources required by the investment plan included in the Ambit Plan are not secured.
These financing lines have been fully utilised due to the progress of the works for which they were stipulated.
More specifically:

- a loan of €50 million for the implementation of the works envisaged in the 2020-2024 investment programme stipulated and disbursed during 2020, with a duration of 13 years, of which 4.5 years in pre-amortisation;
- a loan of €50 million for carrying out the works envisaged in the 2020-2024 investment programme stipulated and disbursed during 2021, with a duration of 13 years, of which 4.5 years in pre-amortisation;
- financing of €150 million for carrying out the works envisaged in the 2022-2027 investment programme stipulated in 2022, of which the first tranche of €100 million disbursed on 18 November 2022, with a duration of 16 years of which 4 years in pre-amortisation, and the second tranche of €50 million disbursed on 15 December 2023, with a duration of 16 years of which 4 years in pre-amortisation.

The following financial parameters, calculated on the figures of the Consolidated Financial Statements for the year ended 31.12 and according to the definitions included in the contractual agreements, are envisaged for the entire duration of these loans:

- Net Financial Indebtedness/MOL (EBIT+amortisation and depreciation): less than or equal to 5;
- Gross Financial Indebtedness/GM (EBIT+Amortisation and Depreciation): less than or equal to 4.5;
- EBITDA (EBIT+Depreciation)/Net Financial Expense (excluding Adjustments to Financial Assets) greater than 5;
- Net Financial Debt/Net Equity: less than or equal to 1;

- Residual Value/Gross Financial Debt greater than or equal to 1.30 where residual value is calculated based on the net book value of fixed assets excluding goodwill.

In the event of non-compliance with even one of the above financial parameters, the European Investment Bank has the right to terminate the contract early.

It should be noted that as at 31.12.2024, all the above financial parameters have been met.

16. Provision for severance indemnities and other benefits € 9,541,137

The provision for severance indemnity as of 31 December 2024 reflects the indemnity accrued by employees up to 31 December 2006, which will be exhausted with the payments that will be made on termination of employment or any advances in accordance with the law.
Changes in the provision (not affected by the amounts accrued during the year in favour of employees who retired during the year) were as follows:

Provision for severance indemnities		
– **Balance at 12/31/2023**	**€**	**8,983,594**
– Pension cost	€	47,832
– Utilisations, adjustments, allowances and advances paid during the year	€	(500,645)
– Interest expenses resulting from IAS 19	€	268,985
– Actuarial losses/(gains)	€	(98,954)
Balance as at 12/31/2024	**€**	**8,700,812**

Other benefits refer to the estimated quantification of seniority bonuses potentially recognisable to employees who meet the relevant requirements under company regulations, as detailed below:

Pension fund		
– **Balance at 12/31/2023**	**€**	**876,599**
– Pension cost	€	47,033
– Utilisations, adjustments, allowances and advances paid during the year	€	(107,527)
– Interest expenses resulting from IAS 19	€	25,343
– Actuarial losses/(gains)	€	(1,124)
Balance as at 12/31/2024	**€**	**840,325**

The following tables illustrate, respectively, the economic-financial and demographic assumptions adopted for the actuarial valuation of the liability under review.

Economic-financial assumptions	
– Annual discount rate	3.18%
– Annual inflation rate	2.00%
– Annual rate of TFR increase	3.00%

Demographic assumptions	
– Mortality	ISTAT 2022
– Inability	INPS tables by age and gender
– Retirement age	Meeting requirements
– % of frequency of advances	1.50%
– % of turn-over frequency	0.50%

17. Provisions for liabilities and charges € 20,041,888

These provisions consist of:

A) Provisions for disputes and charges *€ 15,559,992*

Provisions for disputes and charges reflect the valuation, based on available valuation data, of potential liabilities arising from ongoing judicial and extrajudicial disputes, as well as other charges of various kinds that are certain or probable in the future, such as tax disputes and other local charges.
Utilisation refers mainly to the regularisation of administrative violations and, to a lesser extent, to legal expenses.
Adjustments mainly refer to the updating of legal disputes.

–	Balance as at 12/31/2023	€	12,964,020
–	Provision for the year	€	3,938,851
–	Utilisation for the year	€	(219,648)
–	Estimated adjustments	€	(1,123,230)
	Balance as at 12/31/2024	**€**	**15,559,992**

The balance of provisions for disputes and charges as at 31.12.2024 is deemed adequate to cover estimated contingent liabilities.

B) Provision for cyclical maintenance charges *€ 1,500,000*

The provision for cyclical maintenance charges reflects the valuation of the charge technically accrued but not yet settled as of the balance sheet date against the ordinary maintenance programmes with multi-year repeatability, which cannot be expired with certainty, inherent to plants with a continuous production cycle.
The accrual of 2024 represents the prudential adjustment of the provision.

–	Balance as at 12/31/2023	€	1,049,844
–	Provision for the year	€	450,156
–	Utilisation for the year	€	0
	Balance as at 12/31/2024	**€**	**1,500,000**

C) Provisions Piedmont Region Law No. 61 of 29.12.2000 *€ 946,622*

The provision represents the allocation of administrative sanctions applied pursuant to Art. 54 of Piedmont Regional Law no. 61 946,622. Lgs. 152/99 to be set aside to finance the implementation of measures to prevent and reduce pollution of water bodies, net of the activities carried out.

–	Balance as of 12/31/2023	€	586,852
–	Provision for the year	€	359,770
–	Adjustment estimate for the year	€	0
	Balance as at 12/31/2024	**€**	**946,622**

D) Provision for Ambit Management Charges *€ 1,385,274*

The amount reflects the best estimate of potential charges and risks related to the Ambit management activities.
The decrease derives from the adjustments following ARERA's approval of the MTI-4 tariff preparation with Resolution no. 569/2024/R/idr of 17/12/2024.
The provision includes the allocation of penalties for failure to achieve the M6 (2021) and M3 (2023) technical quality objectives, determined respectively with ARERA Resolution no. 183/2022/R/idr of 26/04/2022 (Euro 72,434) and ARERA Resolution no. 477/2023/R/idr of 31/10/2023 (Euro 89,683), bound to finance new investments.

Changes in the fund are as follows:

–	Balance as of 12/31/2023	€	3,720,504
–	Provision for the year	€	814,287
–	Utilisation for the year	€	0
–	Adjustment of the year's estimate	€	(3,149,517)
	Balance as at 12/31/2024	**€**	**1,385,274**

E) Provision for charges other companies *€ 650,000*

The provision reflects the potential charges resulting from the Shareholders' commitments for patronage on the Dexia-BIIS loan of the Company APS S.p.A. in bankruptcy since 2013, and had no movements during the current year.

–	Balance at 12/31/2023	€	650,000
–	Provision for the year	€	
–	Adjustment estimate for the year	€	
	Balance as at 12/31/2024	**€**	**650,000**

18. Deferred tax liabilities € 2,977,084

This item includes deferred charges for income taxes (IRES and IRAP), calculated at the prevailing rates on costs to be deducted in advance.
The considerable increase in the provision for deferred taxes with respect to the financial year 2023 (€ 292,530 in the previous year) is a consequence of the temporal postponement of the taxation of significant economic assets.
These effects are detailed in the table below:

Description	Amortisation Accelerated	Interest on arrears	Dividends not collected	TOTAL
taxable base as at 12/31/2023	1,037,341			1,037,341
deferred tax as at 12/31/2023	292,530			292,530
2024 base utilisation		(1,735,556)		(1,735,556)
2024 tax utilisations		(416,533)		(416,533)
basic adjustments 2024		5,808,240		5,808,240
tax adjustments 2024		1,393,978		1,393,978
basic provisions 2024		7,108,621	4,335	7,112,956
tax provisions 2024		1,706,069	1,040	1,707,109
taxable base as at 12/31/2024	1,037,341	11,181,305	4,335	12,222,981
deferred tax provision as at 12/31/2024	292,530	2,683,514	1,040	2,977,084

19. Other non-current liabilities € 114,185,650

This item is broken down as follows:

			12/31/2024	12/31/2023
•	Acquapoint security deposits	€	183,491	546,455
•	Contributions to be disbursed	€	20,747	20,747
•	Multi-year deferred income	€	113,981,412	84,253,333
Total		**€**	**114,185,650**	**84,820,535**

The item "Long-term deferred income" refers to grants for investments and also includes the portion of €189,089 deferred to subsequent years of grants recognised by the Revenue Agency on capital goods pursuant to Article 1, paragraphs 184/197 of Law No. 160/2019 and Article 1, paragraphs 1054 and 1055 of Law No. 178/2020. The increase derives mainly from contributions related to the PNRR funds and FoNI tariff components included in the tariff manoeuvre, net of the allocation to the income statement of the portions related to depreciated investments.

20. Trade payables € 137,103,527

Advances € 243,712

This item (€ 184,595 in the previous year) includes amounts advanced for inspections by customers for work still to be performed at the balance sheet date.

Accounts payable to suppliers € 116,545,224

Trade payables include:

			12/31/2024	12/31/2023
•	Suppliers Italy	€	53,497,993	31,351,062
•	Foreign Suppliers	€	23,116	197,625
•	Invoices to be received	€	63,024,115	51,190,975
Total		**€**	**116,545,224**	**82,739,662**

All payables to suppliers are due within one year and in no case are they secured, other than the 0.5% withholding tax on works.

Payables to associated companies € 16,380

			12/31/2024	12/31/2023
•	Payables to associated companies	€	16,380	16,380

This item, detailed in the specific section of the Report on Operations, includes payables to SAP S.p.A. in liquidation deriving from residual commercial transactions carried out at normal market conditions.

Payables to parent companies € 763,217

			12/31/2024	12/31/2023
•	Payables to parent companies	€	763,217	763,175

This item, referred to in the specific section of the Report on Operations, represents trade payables to the City of Turin, none of which are secured by collateral on corporate assets.

Payables to others € 19,534,994

			12/31/2024	12/31/2023
•	Payables to others	€	19,534,994	18,957,955

This item mainly includes trade payables due to the Operating Units for invoices to be received as a result of contractual obligations undertaken with them.

21. Current Tax Liabilities € 7,078,542

			12/31/2024	12/31/2023
•	Withholding taxes paid to employees and third parties as withholding agents in accordance with the law	€	1,935,437	2,230,206
•	VAT PAYABLE	€	3,015,987	1,466,978
•	IRAP/IRES	€	2,127,118	2,368
	Total	**€**	**7,078,542**	**3,699,552**

Current tax liabilities show an increase of €3,378,990 compared to 2023, mainly attributable to the increase in the amount due to tax authorities for VAT and the recognition of tax payables for IRAP and IRES, in line with the higher current and deferred taxation in 2024. Consequently, with reference to current IRAP/IRES taxation, the receivable recognised in the financial statements as of 31/12/2023 was used to reduce the payable for the 2024 IRAP/IRES balance that will be paid in the 2025 financial year.

22. Other current liabilities € 68,632,688

Other liabilities include:

		12/31/2024	12/31/2023
• Payables to Social Security Institutions	€	4,230,856	5,141,239
• Accrued liabilities	€	0	796
• Deferred income	€	147,908	43,786
• Due to others	€	64,253,924	65,374,930
• *Local authority fees*	€	*3,377,074*	*3,427,011*
• *Mountain Unions contributions*	€	*43,967,987*	*43,925,438*
• *Payables to municipalities for ancillary services*	€	*406,691*	*417,428*
• *Other payables to public bodies and municipalities*	€	*3,825,932*	*3,827,963*
• *Payables to staff*	€	*5,071,935*	*4,798,278*
• *Sundry payables*	€	*7,521,005*	*8,978,812*
• *Dividends payable*	€	*83,300*	*0*
Total	€	68,632,688	70,560,751

Payables to social security institutions are due within one year and in no case are they secured or encumbered by interest.
The balance of payables to pension and social security institutions as at 31.12.2024 decreased compared to the previous year characterised by the application of the expansion contract.
At the time these financial statements were drawn up, these payables were paid as due.
Payables in respect of Fees to Local Authorities and contributions to Mountain Unions did not change significantly compared to the year 2023.
The Lease payments to Local Entities mainly refer to the amount due in 2024 for the instalments of the repayment plan of the loans taken out by the municipalities based on the determinations made by the Ente d'Ambito No. 3 Torinese in the early months of the 2025 financial year.
With reference to payables for contributions to the Mountain Unions, it is specified that these are disbursed on the basis of specific communications prepared by the Ambit Authority.
Payables to municipalities for ancillary services represent the best estimate of fees due on the basis of specific service contracts for operating activities in the relevant territory.
Other payables due to Entities and Municipalities mainly include payables due to CSEA for UI equalisation components for the last two months.
Payables for amounts due to personnel relate to accrued and untaken holiday leave, performance bonuses, and other payables.
Sundry payables mainly include payables for security deposits (mainly to users), collections to be remitted to the insurance company for SMAT card charges, and the residual debt for the social water and supplementary bonus. The debt for water social bonus has decreased significantly compared to 2023.

Revenues

23. Revenues € 376,260,329

Revenues are broken down as follows:

			2024	2023
–	Waterworks service	€	164,901,062	153,086,490
–	Sewerage service	€	54,980,458	51,088,601
–	Sewage service	€	160,188,792	147,392,835
–	Fire hydrants	€	5,720,704	5,227,450
–	*FoNi*" restricted revenues	€	(21,426,789)	(1,600,413)
–	Other revenues	€	11,896,102	15,868,979
	Total	**€**	**376,260,329**	**371,063,942**

All revenues pertaining to institutional activities were earned in the ATO 3 Torinese area of reference, as identified by Piedmont Regional Law no. 13 of 20.01.1997 and include the best estimate of revenues pertaining to the year for waterworks, sewerage, purification and fire-fighting services provided in the 293 municipalities acquired as a result of the reunification process that saw the entry of the municipality of Valprato Soana as from 01.09.2024.
The same derive from the new tariff articulation applied, as communicated by the Turin Area Authority following ATO Resolution no. 16 of 24/10/2024 and ARERA Resolution no. 569/2024/R/IDR of 17/12/2024, with which the update of the tariff proposal for the years 2024-2029 was approved.
Consequently, the 2024 tariffs show an increase of 9.9% compared to the previous year.
An examination of the changes in consumption for the year 2024 compared to 2023 shows an average reduction in volumes for the Aqueduct service of 1.16% and breaking them down by type of user it emerges that this reduction is mainly attributable to "Domestic" use, where the "Domestic Condominium" sub-typology had a particular impact. The policy of making the population aware of the need to save the resource, also due to the recent summer supply difficulties, has probably contributed to the rationalisation of withdrawals.
Following the integrations of the tariff proposal, approved with the above-mentioned ARERA resolution, the item "Revenues" was netted of the FoNI tariff components, which saw a significant increase over the previous year.
Revenues from Aqueduct, sewerage, and purification services are shown net of the 50% tariff reduction for municipal and provincial utilities for public use for a total of €6,907,439.
Other revenues" mainly include ancillary revenues from users, industrial waterworks, active billing for work performed on behalf of users and third parties, in particular for modifications to the water and sewerage network, revenues for biomass analysis and treatment, water points, and sales of energy products such as biomethane withdrawal, the latter relating to activities performed on the free market.
Compared to the previous year, there was a decrease attributable to the change in the provision for risks and charges and the lack of technical quality and contractual quality premiums recognised by ARERA in 2023 with reference to the two-year period 2020-2021. This decrease was offset by higher revenues for works on behalf of third parties.

24. Revenues from design and construction activities € 227,080,414

			2024	2023
–	Revenues from design and construction activities	€	227,080,414	107,102,379

This item refers to the "*design and construction activities*" of assets under concession, which, as required by IFRIC 12, is recognised as revenue; the corresponding costs, net of capitalised costs for internal increases, are recognised under "*Costs for design and construction activities*".

25. Other Operating Revenues — € 25,357,258

Other operating income is broken down as follows:

			2024	2023
– Operating subsidies	(A)	€	3,929,894	9,210,327
– Contributions to plants	(B)	€	7,860,586	7,304,103
– Other revenues:				
▪ Sundry revenues		€	6,057,243	5,613,766
▪ Contingent assets and non-existent liabilities		€	3,236,788	1,602,645
▪ Adjustments/provisions for miscellaneous risks and charges		€	4,272,747	3,781,930
	(C)	€	13,566,778	10,998,341
Total Other Operating Income (A+B+C)		**€**	**25,357,258**	**27,512,771**

The item "Operating subsidies" mainly includes the incentive for biomethane production and photovoltaic power generation.
The negative change is attributable to the elimination of the tax credit for electricity and gas, which in FY2023 amounted to €5,239 thousand.
The item Plant grants includes the portion of plant grants accrued on an accrual basis, already commented in the item "Deferred income" of these Notes to the Financial Statements.
The item recorded an increase attributable to the release of PNRR grants referred to the Digitalisation Project and FoNI components included in the tariff manoeuvre.
The item 'Other revenues' includes sundry revenues (such as rental income, stamp duty reimbursements and sundry reimbursements), contingent assets and non-existence of liabilities, as well as adjustments made to the provisions for liabilities, as already commented on in the specific section 'Liabilities' of these Notes.
The increase is mainly attributable to the increase in contingent assets, non-existent liabilities and adjustments to provisions for liabilities.

Operating expenses

26. Costs for raw materials and consumables — € 20,031,369

This item includes:

		2024	2023
– Maintenance materials net of change in inventories	€	9,952,433	8,903,414
– Chemicals	€	8,128,760	8,263,353
– Other materials	€	2,242,020	2,157,779
– Increases for internal work	€	(291,844)	(264,321)
Total	**€**	**20,031,369**	**19,060,225**

The positive change is attributable to the higher costs of warehouse materials used in extraordinary maintenance.

27. Costs for services and use of assets — € 142,330,625

This item includes:

			2024	2023
– Electricity	(A)	€	47,332,302	50,410,569
– Maintenance, works and industrial services	(B)	€	69,845,130	71,868,330
– General Services:				
▪ Services		€	14,532,838	14,207,102
▪ Provision for miscellaneous risks and charges		€	1,610,787	1,146,356
	(C)	€	16,143,625	15,353,458
– Fees to local authorities	(D)	€	5,067,861	5,529,161
– Fees and concessions payable, leases and rentals	(E)	€	3,941,707	3,990,834
Total costs for services and use of assets (A+B+C+D+E)		**€**	**142,330,625**	**147,152,352**

The decrease in "Costs for services and use of goods" is mainly attributable to the cost of electricity.

Compared to the previous year, there was a decrease in the Parent Company's electricity cost of about EUR 3 million as a result of the reduction in both the average green tariff of -0.00463 €/kWh and consumption of 9,450,448 MWh, the latter generated by process efficiency improvements, and the savings of about 1,424 MWh enabled by the use of energy recovery technologies.

Electricity	Balance 12/31/2024	Balance 12/31/2023	Change
Kwh	219,834,177	229,284,625	-9,450,448
Average tariff	0.21370	0.21833	-0.00463

The negative change in costs for *"Maintenance works and industrial services"* is determined by the decrease in costs for sludge transport and disposal for €2 million, costs for services performed by SOG and costs for gas utilities, for €0.4 million, as a result of the reduction in both the average tariff and consumption.
The negative change in costs is partly offset by higher costs for ordinary maintenance and third-party maintenance.
In the financial year 2024, there were higher provisions for disputes and cyclical maintenance charges.
Within *'General Services'*, costs for *'Services'* show an increase attributable to higher costs for software maintenance fees and laboratory equipment and higher postage costs for reminder notices and notices of default.
This increase is mitigated by lower costs for bank expenses, which in 2023 included expenses for the issue of cheques for the payment of the Social Water Bonus also related to the years 2021-2022, lower costs related to the publication of public tenders, determined by the absence of the obligation, and the decrease in insurance costs due to the reduction in the SMAT Card deductible.
Fees to local authorities" decreased in relation to the amortisation schedules of the loans taken out by the municipalities and communicated by ATO 3 Torinese.
Costs for "*Fees and concessions payable, leases and rentals*" are in line with the previous year.

28. Personnel costs € 66,087,954

Personnel costs are broken down as follows:

		2024	2023
– Wages and salaries	€	45,990,068	44,248,678
– Social security charges	€	14,157,724	13,753,353
– Severance pay	€	2,940,841	2,870,362
– Pension and similar benefits	€	47,034	46,147
– Other costs	€	2,962,933	2,312,419
– Increase for internal work	€	(10,646)	0
Total	**€**	**66,087,954**	**63,230,959**

Changes in the workforce during the year were as follows:

	Executives	Middle managers	Clerks	Workers	Total Employees	Other contractual types	**Total workforce workforce**
Workforce as at 12/31/2023	11	20	681	325	1,037	26	**1,063**
Workforce as at 12/31/2024	11	24	688	333	1,056	38	**1,094**
Change	0	4	7	8	19	12	**31**

For the reporting period, the average workforce[50] was composed as follows:

–	Executives	11
–	Middle managers	22
–	Employees	683
–	Workers	331

The cost increased by about EUR 2.6 million compared to the previous year. The change is mainly attributable to increases in the national collective labour agreement effective as of 1.09.2024, higher unused holidays, overtime, performance bonuses and less accrued holidays, and higher costs for temporary and seconded staff. These increases are mitigated by lower costs for the expansion contract and related items.
As of 31 December 2024, there were 39 temporary employment contracts and 1 secondment contract in place.

29. Other operating expenses € 26,840,897

This item includes:

			2024	2023
–	Sundry tax charges	€	985,429	1,193,366
–	Ambit charges	€	18,911,496	17,294,919
–	Other sundry charges	€	4,624,315	3,186,292
–	Provision for risks and sundry charges	€	2,252,277	3,327,533
–	Supplementary water bonus		67,380	73,935
	Total	**€**	**26,840,897**	**25,076,045**

The item "Sundry tax charges" mainly includes charges relating to IMU, government concession taxes, and sundry local taxes. The change is attributable to the settlement of the dispute with the Inland Revenue Office for registration tax related to the acquisition of the SAP business unit.
The item "Ambit charges" includes about €17 million related to contributions to the Mountain Unions (as indicated by the Ambit Authority equal to 5% of revenues for the year 2022), up from the previous year, the charges for the Ambit Authority's operation, and the contribution to ARERA, based on the resolutions and communications received.
The item "Other sundry expenses", which includes charges for membership contributions, reimbursements for damages and indemnities, out-of-period expenses, and capital losses on the disposal of assets, shows an increase attributable to the greater non-existence of assets.
The "Provisions for risks and other charges" cover risks for costs of a tax, administrative or other nature, certain or probable, for which, however, the exact amount or date of occurrence cannot yet be determined at the moment, in the year they recorded a negative change due to lower provisions.
The cost for the "Additional water bonus" introduced by ARERA Resolution 897/2017/R/IDR and ATO Resolution 697/2018 recorded a slight decrease compared to the previous year.

30. Costs for planning and construction activities € 221,729,304

			2024	2023
–	Costs for design and construction activities	€	221,729,304	103,137,269

This item refers to the "*Costs for design and construction activities*" of assets under concession, net of capitalised costs for internal increases, which, as provided for by IFRIC 12, is entered under costs; the corresponding revenues are entered under "*Revenues for design and construction activities*".

[50] Including long-term expectations, of which one Executive on leave art. 15 CCNL for Managers of public utility companies 16/10/2019

31. Depreciation, Amortisation, Provisions and Write-downs € 105,630,820

This item may be broken down as follows

		2024	2023
– Depreciation of tangible fixed assets	€	15,047,669	13,760,180
– Amortisation of other intangible assets	€	2,883,105	2,066,530
– Amortisation of assets under concession	€	74,354,860	67,028,610
– Write-down of receivables	€	13,345,186	12,367,293
– Other Provisions	€	0	0
Total	€	105,630,820	95,222,613

Taking into account what is stated in the valuation criteria, and the criterion of systematicity, the following ordinary rates were used to calculate amortisation and depreciation for the year:

Intangible fixed assets:	
– Assets under concession (leasehold improvements and freely transferable assets)	According to the estimated useful life economic-technical life of the different types of assets of reference
– Assets under concession (right of use)	Depending on the duration of the agreement of service ATO 3 and SMAT S,p,A, (2033)
– Software use licences	33.33%
– Patents	50.00%
– Expansion and development costs	20.00%
– Trademarks	10 years
– Surface rights	Based on the estimated useful life of the duration of the Company's Articles of Association
Tangible fixed assets	
– Buildings and fences	3.50%
– Photovoltaic plants	9.00%
– Light constructions	10.00%
– Specific and filtration installations	8.00%
– Measuring equipment	10.00%
– Laboratory and miscellaneous equipment	10.00%
– Furniture and fixtures	12.00%
– Office machines	12.00%
• Electronic machines	20.00%
• Hardware	20.00%
• Cars	25.00%
• Transport and other vehicles	20.00%
• Activated coal	20.00%
• Polarite	11.00%
– Tanks	4.00%
– Fixed hydraulic works	2.50%
– Manifolds	5.00%
– Purification plants	15.00%
– Machinery	12.00%
– Leased assets	According to contract term

The 2024 additions to tangible fixed assets were subject to rates equal to 50% of those indicated above, representing the average rates based on months of use.
The increase compared to the 2023 financial statements derives from the effect of the implementation of investments made during the year and works carried out in previous years.
The item also includes accruals to the Allowance for doubtful accounts for about €13.3 million, calculated in accordance with IFRS 9 - Financial Instruments, as already reported in the specific item under Assets in these Notes.

Financial Income and Expenses

32. Financial income € 10,837,796

This item includes:

			2024	2023
–	Value adjustment of participations	€	151,672	13,313
–	Interest income and other financial income	€	10,686,124	9,769,498
	Total	€	10,837,796	9,782,811

The adjustment of the value of equity investments refers to Acque Potabili S.p.A. in liquidation, determined following the valuation using the equity method.
Interest and other financial income" includes interest income on bank and postal accounts, interest on arrears, other financial income, and dividends from other companies.
The increase was mainly due to bank interest income as a result of the increase in interest rates applied to company liquidity and interest on arrears to users.

33. Financial Charges € 10,601,189

This item includes

			2024	2023
–	Interest and commissions on loans	€	10,150,504	7,013,359
–	Other interest expense and charges	€	450,685	769,201
	Total	€	10,601,189	7,782,560

Interest expenses and commissions on loans comprise the accrued portion of interest on bonds, loans and short-term hot money financing. The item also includes the adjustment of charges according to the amortised cost method.
The increase compared to last year stems from the higher incidence of interest on the bond loan (interest rate of 1.95% on EUR 135 million until 12.04.2024 and interest rate of 4.546% on the remaining portion of EUR 90 million from 13.04.2024), on the EIB loan disbursed in December 2023, on the new loan concluded at the end of December, and on short-term loans.
"*Other interest expenses and charges*" include, in particular, the financial charges on leased assets resulting from the application of IFRS 16, the financial charges related to the discounting of the provision for termination indemnities in application of IAS 19, while compared to last year, interest on the CSEA financial advance repaid in full on 10/08/2023 is eliminated.

34. Taxes € 13,613,077

This item includes:

			2024	2023
–	IRAP	€	2,613,750	2,361,092
–	IRES	€	12,228,698	12,072,497
–	Taxes related to previous years	€	(1,395,275)	(1,850)
–	Change in deferred tax liabilities	€	2,684,554	(509)
–	Change in deferred tax assets	€	(2,518,650)	(1,334,868)
	Total	€	13,613,077	13,096,362

Despite the pre-tax result decreasing compared to the financial statements as of 31/12/2023, overall taxation increased slightly, taking into account the combined effect of: lower tax benefits related to the non-extension of the ACE tax relief and the absence of the tax credit on energy and gas costs not subject to taxation; higher current taxation and, above all, higher charges related to deferred taxation, due to the greater release of provisions for risks and charges and the temporal postponement of taxation of significant economic items. The significant benefit of lower taxation on previous years (compared to the financial statements as at 31 December 2023) is offset by the opposite effect (higher taxes) on deferred taxation related to the time slippage of the taxation of significant economic assets.

Other information

The following table provides information on commitments undertaken by the Company (I), the determination of *fair value* (II), financial risk management (III), remuneration of Directors and Statutory Auditors (IV), fees paid to the Auditing Firm (V), transactions with related parties (VI), corporate agreements outside the Balance Sheet (VII), contributions received from the PA (VIII) and significant events occurring after 31/12/2024 (IX).

I. Commitments made by the Group

In order to follow up on Acque Potabili's extraordinary transaction, on 24 February 2020 shareholders' agreements were signed with the shareholder IRETI to guarantee, even after the withdrawal transaction, the equal shareholding in Acque Potabili and to ensure that all decisions are shared, including during the subsequent liquidation procedure.

II. Determination of fair value: additional information

With regard to the fair value measurement of financial instruments in compliance with the requirements of IFRS 7, we specify the following:

Assets	
Non-current financial assets - receivables:	the book value represents their *fair value*
Cash and cash equivalents:	the book value represents their *fair value*
Available-for-sale investments:	the book value represents their *fair value*

Liabilities	
Variable-rate loans:	the book value represents their *fair value*
Trade payables:	the book value represents their *fair value*

III. Financial Risk Management

In accordance with the aforementioned IFRS 7, it should be noted that SMAT S.p.A., in the ordinary course of its operations, is potentially exposed to the financial risks already commented on in the Report on Operations.

IV. Remuneration of Directors and Statutory Auditors

The remuneration of the Directors and Statutory Auditors of SMA Torino S.p.A. is detailed below:

		2024	2023
Directors	€	377,384	334,643
Statutory Auditors	€	124,904	124,902

The remuneration corresponds to the amounts resolved by the respective Shareholders' Meetings in addition to the mandatory contribution.

V. Auditing Firm Fees

The fees due to the independent auditors Deloitte & Touche S.p.A. for auditing services on the annual and consolidated financial statements as at 31 December 2024 amounted to EUR 89 thousand for the statutory audit.

VI. Transactions with "related parties"

Transactions between Group companies are conducted on an arm's length basis. Transactions between SMA Torino S.p.A. and its subsidiaries and associates, as well as between the companies themselves, are mainly of a commercial and financial nature.

VII. Corporate agreements outside the Balance Sheet

It is acknowledged that there are no agreements outside the Balance Sheet that could have a significant impact on the Company's financial position and results of operations.

The balance sheet and profit and loss account balances relating to transactions with related parties for the year ended 31 December 2024 are set out below.

	Financial Year 2024			
	Total revenue	Total operating costs	Receivables trade receivables	Payables trade payables
CITY OF TURIN	4,514,095	1,917,424	1,470,897	763,218
SAP SPA IN LIQUIDATION	40,002	-	40,000	16,380
Total related parties	4,554,097	1,917,424	1",510,897	779,598
Total balance sheet item	628,698,001	477,020,149	260,858,964	137,103,527
% of Total Budget Item	0.72%	0.40%	0.58%	0.57%

VIII. Contributions Law of 4 August 2017 no. 124, art. 1, paragraph 125

SMAT collected the following contributions from the Public Administrations during the closing financial year and is therefore net of the connection contributions on private outlets collected from the utilities.

Date collection	Paying party	Cause	Amount	Contributions c/Expenditure	Contributions c/Accruals
01/02/2024	GSE	PRODUCTION INCENTIVE EX CV ROSTA	844	844	
01/02/2024	GSE	PHOTOVOLTAIC PRODUCTION INCENTIVE CASTIGLIONE	11,460	11,460	
01/11/2024	FONSERVIZI	TRAINING PLAN "SAP BO SYSTEM" COD, CFA 157/2022	6,747	6,747	
01/18/2024	ENEL ITALY	CONTRIBUTION OF, 540/21 - ONE-OFF ON BALME PLANT	5,000	5,000	
01/31/2024	GSE	PHOTOVOLTAIC PRODUCTION INCENTIVE CASTIGLIONE	19,172	19,172	
01/31/2024	GSE	ADVANCED BIOMETHANE INCENTIVE CASTIGLIONE	267,000	267,000	
02/29/2024	GSE	PRODUCTION INCENTIVE EX CV ROSTA	441	441	
02/29/2024	GSE	PHOTOVOLTAIC PRODUCTION INCENTIVE CASTIGLIONE	6,593	6,593	
02/29/2024	GSE	ADVANCED BIOMETHANE INCENTIVE CASTIGLIONE	292,125	292,125	
03/06/2024	PIEDMONT REGION	IVREA TRANSFORM, PURIFICATION PLANT FROM SECOND-ARY TO TERTIARY	240,701		240,701
03/15/2024	MUNICIPALITY OF RIVALTA	COMMITMENT OF EXPENDITURE FOR FLASKS	3,000	3,000	
03/19/2024	FONSERVIZI	CFA OF THE TRAINING PLAN "OFFICE PACKAGE TRAINING AND UPDATING. SQL. CYBERSECURITY. PLC AUTOMA-TION" COD, CFA 045/2023	43,344	43,344	
03/28/2024	GSE	ADVANCED BIOMETHANE INCENTIVE CASTIGLIONE	393,750	393,750	
04/02/2024	GSE	PHOTOVOLTAIC PRODUCTION INCENTIVE CASTIGLIONE	18,213	18,213	
04/12/2024	ACSEL	ROSTA PHOTOVOLTAIC PLANT	11,719	11,719	
04/30/2024	GSE	PHOTOVOLTAIC PRODUCTION INCENTIVE CASTIGLIONE	18,213	18,213	
04/30/2024	GSE	INCENTIVE PRODUCTION EX CV ROSTA	1,150	1,150	
04/30/2024	GSE	ADVANCED BIOMETHANE INCENTIVE CASTIGLIONE	426,375	426,375	
05/13/2024	FONSERVIZI	CFA OF THE TRAINING PLAN "GDPR. CITRIX AND TAX UP-DATE TRAINING" COD, CFA 169/2022	14,844	14,844	
05/17/2024	FONSERVICES	CFA OF THE TRAINING PLAN "INFORMATICS 2023" COD, CFA 104/2023	27,962	27,962	
05/29/2024	MUNICIPALITY OF MONCALIERI	WHITE WATER SEWERAGE AND STORM WATER DISPOSAL IN BAUDUCCHI HAMLET	354,360		354,360
05/30/2024	FINPIEMONTE	BioEnPro4TO PROJECT	16,588	16,588	
05/31/2024	GSE	PHOTOVOLTAIC PRODUCTION INCENTIVE CASTIGLIONE	18,213	18,213	
05/31/2024	GSE	ADVANCED BIOMETHANE INCENTIVE CASTIGLIONE	339,750	339,750	
06/25/2024	FONSERVIZI	CFA OF TRAINING PLAN "WATER LOSS MANAGEMENT; BLACK BELT FOR SERVICES; CYBERSECURITY AND DATA PROTECTION" CFA CODE 244/2022	19,140	19,140	
06/28/2024	GSE	ADVANCED BIOMETHANE INCENTIVE CASTIGLIONE	320,250	320,250	
07/01/2024	GSE	PHOTOVOLTAIC PRODUCTION INCENTIVE CASTIGLIONE	17,900	17,900	
07/01/2024	GSE	PRODUCTION INCENTIVE EX CV ROSTA	1,117	1,117	
07/03/2024	FONSERVIZI	CFA OF THE TRAINING PLAN "ANTI-CORRUPTION. TRANS-PARENCY. MOG 231. SQL. INVOICE MANAGEMENT. COR-PORATE WEB PROTECTION" CFA CODE 132/2023	25,618	25,618	
07/03/2024	FONSERVIZI	CFA OF THE "ARERA REGULATION IN THE WATER SECTOR" TRAINING PLAN CFA CODE 133/2023	26,858	26,858	
07/10/2024	FONSERVICES	CFA OF THE TRAINING PLAN "SPSS MODELER -	15,154	15,154	

Date collection	Paying party	Cause	Amount	Contributions c/Expenditure	Contributions c/Accruals
		OFFICE 365 - VEEAM BACKUP & REPLICATION" TRAINING PLAN COD, CFA 090/2022			
07/31/2024	GSE	PHOTOVOLTAIC PRODUCTION INCENTIVE CASTIGLIONE	17,900	17,900	
07/31/2024	GSE	ADVANCED BIOMETHANE INCENTIVE CASTIGLIONE	332,250	332,250	
08/01/2024	FONSERVIZI	CFA OF THE TRAINING PLAN "COURSES DIGITISATION" COD, CFA 146/2023	5,302	5,302	
08/07/2024	SERCO ITALY	CALLISTO PROJECT	36,052	36,052	
08/22/2024	AUTHORITY OF AREA NO,3	VALPERGA OXIDATION TANK EXTENSION	3,504,000		3,504,000
08/30/2024	GSE	ADVANCED BIOMETHANE INCENTIVE CASTIGLIONE	319,125	319,125	
09/02/2024	GSE	PHOTOVOLTAIC PRODUCTION INCENTIVE CASTIGLIONE	17,900	17,900	
09/02/2024	GSE	INCENTIVE PRODUCTION EX CV ROSTA	1,117	1,117	
09/30/2024	GSE	PHOTOVOLTAIC PRODUCTION INCENTIVE CASTIGLIONE	18,401	18,401	
09/30/2024	GSE	ADVANCED BIOMETHANE INCENTIVE CASTIGLIONE	228,000	228,000	
10/09/2024	AREA AUTHORITY NO, 3	REDUCTION OF WATER LOSSES	10,000,000		10,000,000
10/31/2024	GSE	PHOTOVOLTAIC PRODUCTION INCENTIVE CASTIGLIONE	18,401	18,401	
10/31/2024	GSE	INCENTIVE PRODUCTION EX CV ROSTA	1,028	1,028	
10/31/2024	GSE	ADVANCED BIOMETHANE INCENTIVE CASTIGLIONE	208,500	208,500	
11/13/2024	UNIVERSITY OF TURIN	IN2AQUAS PROJECT	15,000	15,000	
11/18/2024	MUNICIPALITY OF VILLAFRANCA	INSTALLATION OF WATER POINT VILLAFRANCA PIEDMONT	2,000	2,000	
11/20/2024	PO RIVER BASIN DISTRICT AUTHORITY	LIFE CLIMAX PO PROJECT	19,094	19,094	
11/28/2024	FONSERVICES	ITIL4 FOUNDATION" TRAINING PLAN CFA CODE 181/2023	9,452	9,452	
11/29/2024	GSE	ADVANCED BIOMETHANE INCENTIVE CASTIGLIONE	211,125	211,125	
12/02/2024	GSE	PHOTOVOLTAIC PRODUCTION INCENTIVE CASTIGLIONE	18,401	18,401	
12/16/2024	UNIVERSITY OF TURIN	BIOENPROH20 PROJECT	12,436	12,436	
12/17/2024	INFRASTRUCTURE AND TRANSPORT	FUND ADJUST, PRICES 2023-2024	74,743		74,743
12/19/2024	INFRASTRUCTURE AND TRANSPORT	FUND ADJUST, PRICES 2023-2024	76,957		76,957
12/20/2024	INFRASTRUCTURE AND TRANSPORT	FUND ADJUST, PRICES 2023-2024	18,322		18,322
12/24/2024	INFRASTRUCTURE AND TRANSPORT	FUND ADJUST, PRICES 2023-2024	335,353		335,353
12/31/2024	GSE	PHOTOVOLTAIC PRODUCTION INCENTIVE CASTIGLIONE	19,861	19,861	
12/31/2024	GSE	INCENTIVE PRODUCTION EX CV ROSTA	968	968	
12/31/2024	GSE	ADVANCED BIOMETHANE INCENTIVE CASTIGLIONE	272,625	272,625	
		TOTAL	18,757,913	4,153,477	14,604,436

IX. Significant Events Occurring After 31 December 2024

Significant events occurring after 12/31/2024 are detailed in the appropriate section of the Report on Operations.

FINANCIAL STATEMENTS OF THE FINANCIAL YEAR SMAT S.P.A.

IAS/IFRS SCHEDULES NOTES TO THE FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

Euro	Notes	12/31/2024	12/31/2023
ASSETS			
Non-current assets			
Tangible fixed assets	1	154,539,412	140,682,957
Goodwill	2	0	5,928,005
Other Intangible Assets	3	3,661,729	2,989,797
Assets under concession	4	1,049,011,861	884,673,089
Participations	5	11,760,845	11,715,845
Deferred tax assets	6	26,334,634	23,806,467
Non-current financial assets	7	1,429,219	1,407,960
Other non-current assets		0	0
Total non-current assets		1,246,737,700	1,071,204,120
Current Assets			
Inventories	8	9,578,420	9,516,760
Trade Receivables	9	261,234,313	240,082,919
Current tax assets	10	355,728	5,282,263
Current financial assets	11	99,658	1,084,825
Other Current Assets	12	7,395,862	8,393,714
Cash and cash equivalents	13	76,060,116	110,137,402
Total Current Assets		354,724,097	374,497,883
Assets held for sale		0	0
TOTAL ASSETS		1,601,461,797	1,445,702,003

STATEMENT OF FINANCIAL POSITION FINANCIAL YEAR

Euro	Notes	12/31/2024	12/31/2023
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share Capital		345,533,762	345,533,762
Legal reserve		29,960,114	27,887,553
PEF implementation restricted reserve		376,447,796	344,944,872
FTA reserve		(2,677,452)	(2,677,452)
Other reserves and retained earnings		4,085,735	3,997,002
Profit/(loss) for the year		32,368,506	41,451,216
TOTAL NET ASSETS	14	785,718,461	761,136,953
LIABILITIES			
Non-current liabilities			
Non-current financial liabilities	15	416,110,593	253,082,841
Provision for severance indemnities and other benefits	16	8,356,191	8,741,439
Provisions for risks and charges	17	20,041,888	18,971,220
Deferred tax liabilities	18	2,977,084	292,530
Other non-current liabilities	19	114,183,021	84,816,852
Total non-current liabilities		561,668,777	365,904,882
Current Liabilities			
Current financial liabilities	15	40,485,245	139,403,317
Trade payables	20	138,810,610	105,679,818
Current tax liabilities	21	6,989,518	3,639,580
Other current liabilities	22	67,789,186	69,937,453
Other Financial Liabilities		0	0
Total Current Liabilities		254,074,559	318,660,168
Liabilities held for sale		0	0
TOTAL LIABILITIES		815,743,336	684,565,050
TOTAL EQUITY AND LIABILITIES		1,601,461,797	1,445,702,003

PROFIT AND LOSS ACCOUNT

	Notes	2024	2023
REVENUES			
Revenues	23	376,007,355	370,990,015
Revenues from design and construction activities	24	227,080,414	107,102,379
Other operating revenue	25	21,478,203	24,113,660
Total revenue		624,565,972	502,206,054
COSTS			
Consumption of raw materials and consumables	26	19,822,077	18,935,566
Costs for services and use of goods	27	141,116,103	146,182,265
Personnel costs	28	64,122,027	61,478,678
Other operating expenses	29	26,486,682	24,904,444
Costs for design and construction activities	30	221,729,304	103,137,269
Total Operating Costs		473,276,193	354,638,222
Gross Operating Margin		151,289,779	147,567,832
Amortisation, Depreciation, Provisions and Write-downs	31	(105,596,139)	(95,187,169)
Operating Profit (EBIT)		45,693,640	52,380,663
Financial income	32	10,786,322	9,878,032
Financial expenses	33	(10,566,592)	(7,746,486)
Total Financial Management		219,730	2,131,546
Profit before tax		45,913,370	54,512,209
Taxes	34	(13,544,864)	(13,060,993)
NET RESULT FOR THE YEAR		32,368,506	41,451,216

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR

	Notes	2024	2023
A. Profit for the year		32,368,506	41,451,216
Actuarial gains/(losses) on termination benefits		86,143	(160,150)
Tax effect on Gains/(losses) that will not be subsequently reclassified in the Income Statement			0
B. Gains/(losses) recognised directly in equity that will not will not subsequently be reclassified in the Profit and Loss Account		86,143	(160,150)
Share of other profit/(loss) of companies accounted for using the equity method		0	0
Tax effect on profits/(losses) that will be subsequently reclassified Income Statement when certain conditions are met		0	0
C. Gains/(losses) recognised directly in equity that will be subsequently reclassified in the Profit and Loss Account		0	0
D. Total profit for the year (A + B + C)		32,454,649	41,291,066

CASH FLOW STATEMENT FOR THE YEAR

Euro	Notes	2024	2023
A. Cash flows from operating activities		174,921,347	128,569,210
Net profit (loss) for the year		32,368,506	41,451,216
Adjustments for non-cash income and expenses			
Amortisation of intangible assets		2,876,785	2,061,559
Depreciation of tangible assets		15,019,308	13,733,057
Depreciation of assets under concession		74,354,860	67,028,610
Change in provisions for risks and charges		1,070,668	(3,311,886)
Change in provisions for employee benefits		(385,248)	(499,699)
Change in deferred tax assets		156,387	(1,352,120)
Change in other non-current assets/liabilities		29,344,910	2,736,397
Change in equity reserves			
Translation difference		0	0
Actuarial gains and losses		0	0
Other movements		86,208	(159,952)
Change in net working capital			
(Increase)/Decrease in trade receivables		(21,151,394)	10,923,402
(Increase)/Decrease in other assets		6,909,554	16,534,917
(Increase)/Decrease in inventories		(61,660)	(1,274,736)
Increase/(Decrease) in trade payables		33,130,792	(1,359,225)
Increase/(Decrease) other liabilities		1,201,671	(17,942,330)
B. Cash flows from investing activities		(265,235,107)	(161,253,046)
Divestments/(investments) of intangible assets		2,379,288	(2,241,034)
Divestments /(investments) in tangible fixed assets		(28,875,763)	(14,760,374)
Divestments /(investments) of assets under concession		(238,693,632)	(144,251,638)
Changes in equity investments		(45,000)	0
Change in scope of consolidation			
C. Cash flows from financing activities		56,236,474	18,720,969
Proceeds from equity issue		0	0
(Purchase)/sale of shares		0	0
Change in financial liabilities		34,355,420	26,219,266
Other changes in financial liabilities		29,754,260	374,905
(Dividends paid)		(7,873,206)	(7,873,202)
D. Net cash flow generated by operations (A ± B ± C)		(34,077,286)	(13,962,867)
E. Opening cash and cash equivalents		110,137,402	124,100,269
F. Closing liquidity (D ± E)		76,060,116	110,137,402

CHANGES IN SHAREHOLDERS' EQUITY FOR THE YEAR

(units of euros)	12/31/2022	Allocation of result	Distribution Dividends	Other movements	Result year	12/31/2023
Share capital	345,533,762					345,533,762
Legal reserve	25,808,344	2,079,209				27,887,553
PEF implementation restricted reserve	313,340,899	31,603,973				344,944,872
FTA reserve	(2,677,452)			0		(2,677,452)
Other reserves and retained earnings						
• *Voluntary reserve*	34,342,562			0		34,342,562
• *Discounting reserve TFR*	1,312,278			0	(160,150)	1,152,128
• *Negative reserve for treasury shares in portfolio*	(32,993,211)			193		(32,993,018)
• *Rounding reserve*	(5)			5		0
• *Retained earnings*	1,467,538	7,900,993	(7,873,202)	1		1,495,330
Total Other Reserves and Retained Earnings	4,129,162	7,900,993	(7,873,202)	199	(160,150)	3,997,002
Result for the year	41,584,175	(41,584,175)			41,451,216	41,451,216
TOTAL NET ASSETS	727,718,890	0	(7,873,202)	199	41,291,066	761,136,953

(units of Euro)	12/31/2023	Allocation of result	Distribution Dividends	Other movements	Result year	12/31/2024
Share capital	345,533,762					345,533,762
Legal reserve	27,887,553	2,072,561				29,960,114
PEF implementation restricted reserve	344,944,872	31,502,924				376,447,796
FTA reserve	(2,677,452)			0		(2,677,452)
Other reserves and retained earnings:						
• *Voluntary reserve*	34,342,562			0		34,342,562
• *Discounting reserve TFR*	1,152,128			0	86,143	1,238,271
• *Negative reserve of treasury shares in portfolio*	(32,993,018)			65		(32,992,953)
• *Rounding reserve*	0			0		0
• *Retained earnings*	1,495,330	7,875,731	(7,873,206)	0		1,497,855
Total Other Reserves and Retained Earnings	3,997,002	7,875,731	(7,873,206)	65	86,143	4,085,735
Result for the year	41,451,216	(41,451,216)			32,368,506	32,368,506
TOTAL NET ASSETS	761,136,953	0	(7,873,206)	65	32,454,649	785,718,461

INTEGRATIVE NOTE SMA TORINO S.P.A.

Principles for the Preparation of Financial Statements

European Regulation (EC) No. 1606/2002 of 19 July 2002 introduced the obligation, starting from the 2005 financial year, to apply the International Financial Reporting Standards ("IFRSs"), issued by the International Accounting Standards Board ("IASB"), and adopted by the European Union ("IFRSs" or "International Accounting Standards") for the preparation of the financial statements of companies with equity and/or debt securities listed on one of the regulated markets of the European Community. On 13 April 2017, SMAT S.p.A. issued a bond loan for a nominal amount of EUR 135 million subscribed by institutional investors and listed it on the Irish Stock Exchange. In compliance with the aforementioned legislative provisions, SMAT S.p.A. is therefore required to prepare its consolidated and statutory financial statements in accordance with IFRS starting from the financial year ended 31 December 2016.

These financial statements are therefore prepared in accordance with the IFRSs in force at the date of their approval. IFRS is defined as the new International Financial Reporting Standards, the revised International Accounting Standards ("IAS"), all interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"), formerly the Standing Interpretations Committee ("SIC"), endorsed and adopted by the European Union.

The financial statements and accounting information reported in the Notes to the Financial Statements are consistent with the accounting records from which they are directly derived. IFRS have been applied consistently to all periods presented in this document.

The financial statements, as required by IAS 1, show the previous year's figures for comparative purposes. Where necessary, the figures for the previous year have been adjusted accordingly in order to ensure comparability.

These financial statements have been prepared on a going concern basis and on the basis of the conventional criterion of historical cost, with the exception of certain accounting items that are recognised at *fair value*, in accordance with the provisions of the International Accounting Standards.

Expression of Amounts in the Notes to the Financial Statements

Unless otherwise indicated, amounts reported in the Notes to the Financial Statements are expressed in euro units with rounding to the next higher unit for cents equal to or greater than 50.

IFRS accounting standards, amendments and interpretations applied as of 1 January 2024

The following IFRS Accounting Standards, Amendments and Interpretations have been applied for the first time by the Group as of 1 January 2024:

- On 23 January 2020, the IASB published an amendment entitled ***'Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current'*** and on 31 October 2022 it published an amendment entitled ***'Amendments to IAS 1 Presentation of Financial Statements: Non-Current Liabilities with Covenants'***. The purpose of these amendments is to clarify how to classify payables and other short-term or long-term liabilities. In addition, the amendments also improve the disclosures that an entity must provide when its right to defer settlement of a liability for at least twelve months is subject to compliance with certain parameters (i.e. covenants). The adoption of these amendments had no impact on the Company's financial statements.

- On 22 September 2022, the IASB published an amendment entitled '***Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback'.*** The document requires the seller-lessee to measure the lease liability arising from a *sale and leaseback* transaction in a way that does not recognise income or loss that relates to the retained right of use. The adoption of this amendment had no impact on the Company's financial statements.

- On 25 May 2023, the IASB issued an amendment entitled ***'Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arran gements'.*** The document requires an entity to provide additional disclosures about *reverse factoring* arrangements that enable users of financial statements to evaluate how financial arrangements with suppliers may affect the entity's liabilities and cash flows and to understand the effect of those arrangements on the entity's exposure to liquidity risk. The adoption of these amendments had no impact on the Company's financial statements.

IFRS accounting standards, amendments and interpretations endorsed by the European Union as at 31 December 2024, not yet mandatorily applicable and not early adopted by the Group as at 31 December 2024

At the reporting date of this document, the competent bodies of the European Union have still completed the endorsement process necessary for the adoption of the amendments and standards described below, but these standards are not yet mandatorily applicable and have not been early adopted by the Group as at 31 December 2024:

- On 15 August 2023, the IASB published an amendment entitled ***"Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability".*** The document requires a consistent methodology to be applied in order to test whether one currency can be translated into another and, when this is not possible, how to determine the exchange rate to be used and the disclosures to be made in the notes to the financial statements. The amendment will apply from 1 January 2025, but earlier application is permitted. The directors do not expect an effect in the Company's financial statements from the adoption of this amendment.

IFRS accounting standards, amendments and interpretations not yet endorsed by the European Union as at 31 December 2024

As at the date of this document, the competent bodies of the European Union have not yet completed the endorsement process necessary for the adoption of the amendments and standards described below.

- On 30 May 2024, the IASB published the document ***"Amendments to the Classification and Measurement of Financial Instruments-Amendments to IFRS 9 and IFRS 7"***. The document clarifies a number of problematic issues that emerged from the post-implementation review of IFRS 9, including the accounting treatment of financial assets whose returns vary upon the achievement of ESG objectives (i.e. *green bonds*). In particular, the amendments aim to:
    - Clarify the classification of financial assets with variable returns and linked to environmental, social and corporate governance (ESG) objectives and the criteria to be used for the SPPI test;
    - determine that the date of settlement of liabilities through electronic payment systems is the date on which the liability is settled. However, an entity is permitted to adopt an accounting policy to allow a financial liability to be derecognised before delivering cash on the settlement date under certain specified conditions.

  With these amendments, the IASB has also introduced additional disclosure requirements regarding, in particular, investments in equity instruments designated as FVOCI.
  The amendments will apply to financial statements for financial years beginning on or after 1 January 2026. The directors do not expect a material effect in the Company's financial statements from the adoption of this amendment.

- On 18 July 2024, the IASB published a document entitled ***'Annual Improvements Volume 11'.*** The document includes clarifications, simplifications, corrections and changes aimed at improving the consistency of various IFRS Accounting Standards. The amended standards are:
    - IFRS 1 First-time Adoption of International Financial Reporting Standards;
    - IFRS 7 Financial Instruments: Disclosures and related guidance on implementation of IFRS 7;
    - IFRS 9 Financial Instruments;
    - IFRS 10 Consolidated Financial Statements;
    - IAS 7 Statement of Cash Flows.

  The amendments will apply from 1 January 2026, but earlier application is permitted. The directors do not expect a material effect in the Company's financial statements from the adoption of these amendments.

- On 18 December 2024, the IASB published an amendment entitled ***'Contracts Referencing Nature-dependent Electricity - Amendment to IFRS 9 and IFRS 7'***. The document aims to support entities in reporting the financial effects of contracts to purchase electricity generated from renewable sources (often structured as *Power Purchase Agreements*). Under such contracts, the amount of electricity generated and purchased can vary based on uncontrollable factors such as weather conditions. The IASB has made targeted amendments to IFRS 9 and IFRS 7. The amendments include:
    - a clarification regarding the application of 'own use' requirements to this type of contract;
    - criteria to allow these contracts to be accounted for as hedging instruments;
    - new disclosure requirements to enable users of financial statements to understand the effect of these contracts on an entity's financial performance and cash flows.

  The amendment will apply from 1 January 2026, but earlier application is permitted. The directors do not expect a material effect in the Company's financial statements from the adoption of this amendment.

- On 9 April 2024, the IASB issued a new standard ***IFRS 18 Presentation and Disclosure in Financial Statements*** that will replace IAS 1 *Presentation of Financial Statements*. The new standard aims to improve the presentation of financial statements, with particular reference to the income statement. In particular, the new standard requires
    - to classify revenues and expenses in three new categories (operating section, investment section and financial section), in addition to the tax and discontinued operations categories already present in the income statement;
    - to present two new sub-totals, operating income and earnings before interest and taxes (i.e. EBIT).

  The new standard also
    - requires more information on performance indicators defined by management;
    - introduces new criteria for aggregating and disaggregating information;
    - introduces some changes to the format of the cash flow statement, including the requirement to use EBIT as the starting point for the presentation of the cash flow statement prepared using the indirect method and the elimination of some classification options for certain items that currently exist (such as interest paid, interest received, dividends paid and dividends received).

  The new standard will come into effect on 1 January 2027, but earlier application is permitted. The directors are currently evaluating the possible effects of the introduction of this new standard on the Company's financial statements.

- On 9 May 2024, the IASB published a new standard ***IFRS 19 Subsidiaries without Public Accountability: Disclosures.*** The new standard introduces some simplifications with regard to the disclosures required by IFRS Accounting Standards in the financial statements of a subsidiary that
    - it has not issued equity or debt instruments listed on a regulated market and is not in the process of issuing them;
    - its parent company prepares consolidated financial statements in accordance with IFRSs.

  The new standard will become effective on 1 January 2027, but earlier application is permitted. The directors do not expect a material effect in the Company's financial statements from the adoption of this amendment.

- On 30 January 2014, the IASB published IFRS ***14 - Regulatory Deferral Accounts***, which allows only first-time adopters of IFRSs to continue to recognise amounts related to *rate-regulated* activities under the previous adopted accounting standards. As the Company is not a *first-time adopter*, this standard is not applicable.

Structure and content of the financial statements

The format used for the income statement is step-by-step with individual items analysed by nature. It is considered that this presentation, in line with international practice, is the one that best represents the company's results. The statement of comprehensive income is presented, as permitted by IAS 1 Revised, in a separate document from the income statement, distinguishing between reclassifiable and non-reclassifiable items in the income statement. The other components of the statement of comprehensive income are also shown separately in the statement of changes in equity. The statement of financial position shows the distinction between current and non-current assets and liabilities. The cash flow statement is prepared using the indirect method, as permitted by IAS 7.

The general principle adopted in the preparation of these financial statements is the cost method, with the exception of financial assets and liabilities (including derivative instruments) measured at fair value. The preparation of the financial statements required the use of estimates by management; the main areas characterised by particularly significant valuations and assumptions, together with those with significant effects on the situations presented, are reported in the section 'Use of estimates'. The statement of financial position and income statement are all expressed in units of euro, as are the figures included in the notes to the financial statements, unless otherwise indicated.

Valuation Criteria

The valuation of the items in the financial statements is based on the general criteria of prudence and accrual, with a view to the continuation of the business. For the purposes of accounting entries, prevalence is given to the economic substance of operations rather than their legal form.
As far as the economic aspect is concerned, it should be noted that the costs and revenues shown include the year-end balancing entries in the statement of financial position. In relation to this, profits are only included if realised by the closing date of the financial year, while risks and losses have been taken into account even if known after that date.

Tangible Assets

Property, plant and equipment are recognised at purchase or production cost including ancillary expenses, or at the value based on appraisals of company assets, in the case of the acquisition of companies, net of the related accumulated depreciation and any impairment losses. The cost of production includes direct and indirect costs for the portion reasonably attributable to the asset (e.g. personnel costs, transport, customs duties, costs for preparing the place of installation, testing costs, notary and land registry fees). The cost includes any professional fees and, for certain assets, borrowing costs capitalised until the asset is put into service. The cost includes any costs of remediation of the site on which the tangible asset is located, if they meet the requirements of IAS 37.

Ordinary maintenance costs are charged in full to the income statement. Costs for improvements, modernisation and conversions of an incremental nature are charged to assets.
The carrying value of property, plant and equipment is reviewed for impairment, particularly when events or changes in circumstances indicate that the carrying value cannot be recovered.

Property, plant and equipment are stated gross of grants related to assets, which are recognised in the income statement over the period necessary to match them with the related costs; in the statement of financial position, they are represented by recording the grant as deferred income.

Depreciation begins when the assets enter the production cycle and for new acquisitions is calculated at 50% of the full rate, as this is considered representative of the actual use of the assets. Assets under construction include costs related to tangible assets for which the economic utilisation process has not yet begun. Tangible fixed assets are systematically depreciated in each financial year on the basis of economic-technical rates deemed representative of the residual possibility of utilisation of the assets. Tables with the depreciation rates used to depreciate assets are detailed in the Notes to the Financial Statements.
The item 'Assets under construction and advances' includes payments to suppliers for advances concerning the acquisition of tangible fixed assets.

As required by IAS 16, the estimated useful lives of property, plant and equipment are reviewed each year in order to assess the need for a revision. If it appears that the estimated useful lives do not adequately represent the expected future economic benefits, the related depreciation schedules must be redefined based on the new assumptions. These changes are charged to the income statement on a prospective basis.
No depreciation schedules were changed during the year for any of the categories of tangible fixed assets.
Land is not depreciated.
In accordance with IFRS 16 - *Leases* from 01.01.2019 the Company in respect of lease agreements, previously classified as operating, accounts for:
- a financial liability, equal to the present value of the remaining future payments at the transition date, discounted using for each contract the *incremental borrowing rate* applicable at the transition date;
- a right of use equal to the value of the financial liability at the date of transition, net of any accrued income/expense relating to the *lease* and recognised in the balance sheet at the balance sheet date.

Gains and losses arising from the sale or disposal of assets are determined as the difference between the sales proceeds and the net carrying amount of the asset and are recognised in the statement of operations when the risks and rewards of ownership of the asset are transferred to the purchaser.

Goodwill and Other Intangible Assets

Identifiable and controllable intangible assets, the cost of which can be measured reliably on the assumption that these assets will generate future economic benefits, are recognised. These assets are recognised at cost determined according to the criteria indicated for tangible assets and, if they have a finite useful life, are amortised systematically over the period of the estimated useful life. Depreciation begins when the asset is ready for use, or when it begins to produce economic benefits for the company. Assets under construction include costs related to intangible assets for which the economic utilisation process has not yet begun.
Intangible assets with a finite useful life are systematically amortised from the time the asset is available for use over its expected useful life. Goodwill and other assets with indefinite useful lives are not systematically amortised, but are subject to at least annual impairment tests conducted at the level of the individual Cash Generating Unit (CGU) or groups of CGUs to which assets with indefinite lives can be reasonably allocated; the test is described below under 'Impairment of Assets'. Any impairment losses allocated to goodwill cannot be reversed subsequently.
In 2024, the goodwill acquired for consideration in connection with the SAC (1.01.2014) and SAP (1.07.2015) business unit disposals was reclassified to "*Concession rights*" and is amortised on a straight-line basis until the end of the current concession (2033).
Intangible assets recognised as a result of a business combination are recognised separately from goodwill if their fair value is reliably determined.
Gains or losses arising from the disposal of an intangible asset are determined as the difference between the disposal value and the carrying amount of the asset and are recognised in profit or loss when the risks and rewards of ownership of the asset are transferred to the acquirer.

Assets under concession

Concessions consist mainly of rights relating to networks, plants and other equipment related to the integrated water service entrusted to SMAT S.p.A. and functional to the management of this service. These concessions, shown gross of grants, are classified as a specific item in accordance with IFRIC Interpretation 12 - Service Agreements. As regards depreciation and amortisation, the IFRIC envisages that these are calculated on the basis of what is envisaged in the agreement and, in particular, on a straight-line basis for the shorter of the economic-technical life of the assets granted and the duration of the concession itself, until the takeover value envisaged in the agreement is reached.

The cost includes, for certain assets, capitalised borrowing costs until the asset becomes operational.

In particular, the value of the rights of use of the state-owned assets constituting the aqueduct system of the City of Turin and the C.I.A.C.T., determined in accordance with the appraisal carried out by the grantor, have been capitalised in these financial statements, based on the term of the related agreement extended by the Ente d'Ambito Torinese no. 3. Depreciation on improvements made to the aforesaid assets after the date of contribution was determined based on the estimated useful economic-technical life. Depreciation on improvements made to the plants of the offshore water systems directly managed by the Company was determined with reference to the estimated useful economic-technical life of the improvements made.

The extensions of the City of Turin's aqueduct system, received as contribution and for which the previous concession contract from the City of Turin to AAM Torino S.p.A. (now liquidated) contractually established the obligation of free devolution at the end of the concession, have been depreciated on the basis of the estimated useful economic-technical life of the extensions made.

The concession includes rights on networks, plants and other equipment related to the Integrated Water Service connected to services managed by SMAT S.p.A. The implementation of IFRIC 12 made it necessary to apply IAS 11 to the same infrastructures, because if the concessionaire builds or improves an infrastructure over which it does not have control, the related construction and improvement services performed on behalf of the grantor constitute contract work. Since a large part of the work is contracted out, and since on construction activities performed internally the contract margin cannot be separately identified from the benefits recognised in the fee-for-service tariff, these infrastructures are recognised on the basis of costs actually incurred.
The item 'assets under construction and advances' includes costs incurred for the acquisition or in-house production of intangible assets, mainly works realised on the concession network that have not yet entered into operation, and includes payments to suppliers for advances related to the acquisition of intangible assets.

Equity investments

Investments in subsidiaries and associates are recognised at cost adjusted for impairment losses to the relevant recoverable amount in accordance with IAS 36 - Impairment of Assets. When this loss subsequently ceases to exist or is reduced, the carrying amount is increased to the revised estimate of the recoverable amount, which cannot, however, exceed the original cost. The reversal of the impairment loss is recognised in the income statement.
Investments in other companies are measured at fair value through other comprehensive income. Excluded from this approach are investments held exclusively for the purpose of subsequent disposal, whose changes in fair value are recognised in profit or loss. The risk arising from any losses in excess of the carrying amount of the investment is recognised in a separate provision to the extent that the investor is committed to meet legal or constructive obligations to the investee or otherwise to cover its losses.

In order to verify the correctness of the recorded value, participations in associated and other companies were subject to an impairment test. Operationally, for the purpose of the test, the reference book value of these investments was determined and subsequently compared with its recoverable value identified through an appraisal prepared by an independent external expert.
If the Company's share of the investee's losses, if any, exceeds the carrying value of the investment, the value of the investment is written off and the Company's share of further losses is recognised as a provision under liabilities in the event the Company is liable for them.

Dividends received are recognised in the income statement when the right to receive payment is established. If the investee company has distributed dividends, the following are also considered as possible indicators of impairment

- the book value of the investment in the financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets, including the related goodwill;
- the dividend exceeds the total comprehensive income of the investee in the period to which the dividend relates.

Financial assets for which there is the Company's intention and ability to be held to maturity are recognised at cost represented by the fair value of the initial consideration given in exchange, increased by transaction costs. Following initial recognition, financial assets are measured at amortised cost using the effective interest rate method.

Non-current Financial Assets

This category includes assets not represented by derivative instruments and not quoted in an active market, from which fixed or determinable payments are expected. These assets are measured at amortised cost using the effective interest rate method. If there is objective evidence of indicators of impairment, the value of the assets is reduced to an amount equal to the discounted value of the cash flows obtainable in the future: impairment losses determined through impairment testing are 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 had the impairment test not been performed. These assets are classified as current assets, except for portions with a maturity of more than 12 months, which are included in non-current assets.

Inventories

Inventories are valued at the lower of their weighted average cost per movement and their corresponding market value. In order to reflect situations of technical obsolescence or slow-moving, a specific provision for obsolescence is recorded as a direct reduction of inventories to bring their cost down to their expected realisable value.

Receivables

Receivables are initially recorded at their fair value and subsequently at amortised cost, where significant, using the effective interest rate, reduced for impairment losses. Impairment losses on receivables are recognised in the income statement when there is objective evidence that the Group will not be able to recover the receivable. The amount of the impairment loss is measured as the difference between the carrying amount and the present value of expected future cash flows. The value of receivables is stated in the balance sheet net of the allowance for doubtful accounts.

With regard to impairment testing, the standard in IFRS 9 - Financial Instruments: recognition and measurement from the 2018 financial year requires that the estimation of loan losses be performed on the basis of the expected losses model (and not the incurred losses model used by IAS 39) using supportable information that is available without unreasonable burden or effort and that includes historical, current and prospective data. The standard requires that this impairment test model be applied to all financial instruments, i.e. financial assets measured at amortised cost, those measured at fair value, receivables arising from lease contracts and trade receivables. The company developed a credit analysis model, including receivables not yet due in the estimate of the allowance for doubtful accounts, and determining the write-down percentages to be applied to the different maturity bands.

Financial and other current assets

They are initially recognised at their fair value (including costs incurred in their acquisition/issuance) at the transaction date. They are subsequently measured at amortised cost using the effective interest rate method, where significant, and any impairment losses are recognised in the income statement.

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 operating segments and the information presented are defined on the basis of internal reporting used by management for the purposes of allocating resources to the various segments and for analysing the relative performance.

An operating segment is defined by IFRS 8 as a component of an entity that: (I) engages in revenue- and cost-generating business activities (including revenues and expenses relating to transactions with other components of the same entity); (II) whose operating results are reviewed periodically at the entity's highest operational decision-making level for the purpose of making decisions about resources to be allocated to the segment and assessing performance; and (III) for which separate financial information is available.

Management has identified a single operating segment, within which all the main services and products provided to customers converge, as the company's business consists of the management of the Integrated Water Service, which is not further broken down in terms of internal strategic reporting.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, including in the form of cheques, and bank demand deposits. Cash equivalents are financial investments with a maturity of three months or less (from the date of purchase), readily convertible into cash and with an insignificant risk of change in value.
These items are recorded at fair value; gains or losses arising from any changes in fair value are recognised in the income statement.

Treasury shares

Treasury shares are deducted from shareholders' equity. The counter-value resulting from their sale is also recorded with a balancing entry in Shareholders' Equity, without any entry in the profit and loss account.

Provisions for risks and charges , employee benefits

Provisions for risks and charges concern costs and charges of a given nature and of certain or probable existence, the amount or date of occurrence of which could not be determined at the balance sheet date. Provisions are recognised when: (i) it is probable that a present, legal or constructive obligation exists as a result of a past event; (ii) it is probable that meeting the obligation will be onerous; (iii) the amount of the obligation can be reliably estimated.
Provisions represent the best estimate of the costs required to settle the obligation at the balance sheet date (assuming there is sufficient evidence to make such an estimate) and are discounted to present value when the effect is material and the necessary information is available. In this case, provisions are determined by discounting future cash flows at a pre-tax discount rate that reflects current market valuation and takes into account the risks associated with the business activity. When discounting is performed, the increase in the provision due to the passage of time is recognised as a financial expense. If the liability relates to property, plant and equipment (e.g. site restoration), the provision is recognised as a balancing entry to the asset to which it relates and the recognition of the charge in profit or loss occurs through the depreciation process of the tangible asset to which the charge relates. In the case of restatement of the liability, the methodologies prescribed by IFRIC 1 are adopted.
The notes also disclose any contingent liabilities represented by: (i) possible (but not probable) obligations arising from past events, the existence of which will be confirmed only upon the occurrence or non-occurrence of one or more uncertain future events not wholly within the Company's control; (ii) current obligations arising from past events, the amount of which cannot be reliably estimated or the fulfilment of which is likely to be onerous.

Employee Benefits (Severance Indemnity)
Liabilities related to defined benefit plans (such as employee severance indemnity for the portion accrued before 1 January 2007 and other employee benefits) are determined net of any plan assets based on actuarial assumptions and on an accrual basis, consistent with the work services required to obtain the benefits; the liability is measured with the assistance of independent actuaries. The value of actuarial gains and losses, as required by IAS 19, is recognised in other components of the statement of comprehensive income. Pursuant to Finance Act No. 296 of 27 December 2006, for companies with more than 50 employees, for the amounts accrued as of 1 January 2007, the termination indemnity is configured as a defined contribution plan.

Trade payables and other liabilities

Trade and other payables are initially recognised at fair value, net of directly attributable ancillary costs, and are subsequently recognised at amortised cost, where significant, applying the effective interest rate method.

Costs and revenues

Costs and revenues are recognised net of adjusting items, i.e. returns, discounts, allowances and any changes in estimates, and are recognised at the time control is transferred to the customer in relation to the product sold, i.e. for services, in the accounting period in which they are rendered.
Specifically for revenues

- revenues for services are recognised on the date on which the services are completed;

- revenues for the sale of water are recognised and accounted for at the time of delivery and include the allocation for deliveries made but not yet invoiced (estimated on the basis of historical analyses determined in relation to past consumption)
- revenues from the sale of products are recognised when control is transferred to the customer in respect of the product sold, which generally coincides with the delivery or shipment of the goods.

Costs are accounted for on an accrual basis.

Contributions in kind

Contributions in favour of third parties are recorded in the financial statements when there is supporting documentation of the imminent collection by the grantor. They contribute to the formation of the result for the year according to the accrual basis of accounting, determined in relation to the remaining economic-technical useful life of the assets to which they refer.

Financial Income and Expenses

Financial income and expenses are recognised on an accrual basis. Dividends from other companies are recognised in the income statement when the right to receive payment is established.

Taxes on income for the year

Income taxes for the year represent the sum of current and deferred taxes. Current taxes are based on the taxable profit for the year. Taxable income differs from the result reported in the income statement because it excludes positive and negative items that will be taxable or deductible in other years and also excludes items that will never be taxable or deductible. Current tax liabilities are calculated using rates in effect at the balance sheet date. In calculating taxes for the year, the Company took into due consideration the effects of the IAS tax reform introduced by Law No. 244 of 24 December 2007 and, in particular, the strengthened derivation principle set forth in Article 83 of the Consolidated Income Tax Act, which now provides that for entities that apply international accounting standards, even as an exception to the provisions of the Consolidated Income Tax Act, "the qualification, time allocation and classification criteria set forth by these accounting standards shall apply".

Deferred taxes are calculated with regard to temporary differences in taxation and are recognised under 'Deferred tax liabilities'. Deferred tax assets are recognised to the extent that it is deemed probable that there will be taxable income in the years in which the related temporary differences will reverse, at least equal to the amount of the differences that will reverse. Deferred tax assets and liabilities are determined on the basis of the tax rates that are expected to apply in the financial year in which the tax asset will be realised or the tax liability will be settled, based on the tax rates established by regulations in force or substantially in force at the balance sheet date. These changes are recognised in the income statement or in equity, depending on the allocation made at the origin of the difference.

Impairment of Assets (Impairment Test)

The carrying amounts of the Company's assets are assessed at each balance sheet date to determine whether there is any indication of impairment, in which case the recoverable amount of the asset is estimated. An impairment loss is recognised in the income statement when the carrying amount of an asset or cash-generating unit exceeds its recoverable amount.

The recoverable amount of non-financial assets is the higher of their fair value less costs to sell and their value in use. To determine value in use, estimated future cash flows are discounted using a discount rate that reflects the current market assessment of the time value of money and the risks associated with the type of asset. In the case of assets that do not generate cash inflows that are largely independent, the recoverable amount of the cash-generating unit to which the asset belongs is calculated.

When an impairment loss on assets, other than goodwill and other assets with indefinite useful lives, subsequently reverses or decreases, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount and may not exceed the amount that would have been determined had no impairment loss been recognised. The reversal of an impairment loss is recognised immediately in profit or loss.

Use of estimates

The preparation of the financial statements and related notes requires the Board of Directors to make estimates that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements.

In addition, the current situation of generalised economic and financial crisis entails the need to make assumptions regarding future performance that may be characterised by uncertainty, which means that it cannot be excluded that future results will be different from those estimated, which may require adjustments to the carrying value of the relative items in the financial statements that cannot be estimated or predicted at present.

Estimates are used in several areas, such as the allowance for doubtful accounts, provisions for contingent liabilities, depreciation and amortisation, valuation of assets related to investments in associates and subsidiaries, sales revenues, costs and charges related to the management of the Integrated Water Service, and income taxes.
Estimates and assumptions are periodically reviewed based on the best knowledge of the business and other factors reasonably inferable from current circumstances and the effects of any changes are immediately reflected in the Income Statement.

Notes to the items of the Statement of Financial Position

NON-CURRENT ASSETS

1. Tangible fixed assets € 154,539,412

The breakdown of property, plant and equipment and the relative movements during the year are shown in the following table:

2023 Categories	Land and buildings	Installations and machinery	Equipment industrial and commercial	Other Assets	Leased assets (see details)	Fixed assets in progress and advances	Total general
Historical cost as at 12/31/2022	104,837,654	318,558,756	25,826,588	22,567,531	7,645,003	17,422,418	496,857,950
Advances to Suppliers as at 12/31/2022						1,654,006	1,654,006
Provision for depreciation as at 12/31/2022	(46,118,218)	(276,114,239)	(15,803,364)	(18,913,950)	(1,906,545)	0	(358,856,316)
Net value as at 12/31/2022	58,719,436	42,444,517	10,023,224	3,653,581	5,738,458	19,076,424	139,655,640
Reclassifications	0	(7,842)	0	0	0	0	(7,842)
Work in progress completed in 2023	1,778,359	1,673,524	1,020,896	0	0	(4,472,779)	0
Disinvestments during the year	0	0	(1,168,377)	0	(63,429)	0	(1,231,806)
Adjustments	0	0	0	0	0	(166)	(166)
Reversal Advances to Suppliers 2022						(804,203)	(804,203)
Increases Advances to Suppliers 2023						0	0
SAPA contribution	208,464	175,811	13,382	871			398,528
Meters purchased and installed in the financial year 2023			2,058,371			(2,058,371)	0
Increases in the financial year	238,478	253,810	696,076	1,043,566	233,794	13,202,679	15,668,403
Reclassification/adjustment of accumulated depreciation	0	0	0	0	0	0	0
Depreciation for the year	(3,352,117)	(5,872,214)	(1,745,060)	(1,472,364)	(1,291,302)	0	(13,733,057)
Utilisation of funds	0	3,829	692,369	0	41,262	0	737,460
Historical cost as at 12/31/2023	107,062,955	320,654,059	28,446,936	23,611,968	7,815,368	24,093,781	511,685,067
Advances to Suppliers as at 12/31/2023						849,803	849,803
Depreciation reserve as at 12/31/2023	(49,470,335)	(281,982,624)	(16,856,055)	(20,386,314)	(3,156,585)	0	(371,851,913)
Net value as at 12/31/2023	57,592,620	38,671,435	11,590,881	3,225,654	4,658,783	24,943,584	140,682,957

2024 Categories	Land e buildings	Plants e machinery	Equipment industrial and commercial	Other Assets	Leased assets (see details)	Assets under construction and advances	Total general
Historical cost as at 12/31/2023	107,062,955	320,654,059	28,446,936	23,611,968	7,815,368	24,093,781	511,685,067
Advances to Suppliers as at 12/31/2023						849,803	849,803
Accumulated depreciation as at 12/31/2023	(49,470,335)	(281,982,624)	(16,856,055)	(20,386,314)	(3,156,585)	0	(371,851,913)
Net value as at 12/31/2023	57,592,620	38,671,435	11,590,881	3,225,654	4,658,783	24,943,584	140,682,957
Reclassifications	0	0		0	0	0	0
Work in progress completed in 2024	498,786	9,900,172	5,910,043	157,023	0	(16,043,697)	422,327
Disinvestments during the year	(175,552)	(55,871)	(1,701,653)	(369,067)	(63,362)	(159,978)	(2,525,483)
Adjustments	0	0	0	0	0	(226,045)	(226,045)
Transfers Advances to Suppliers 2023						(151,821)	(151,821)
Increases Advances to Suppliers 2024						490,969	490,969
Meters purchased and installed in the financial year 2024			5,340,149			(5,340,149)	0
Increases for the year	933,041	2,160,986	9,780,701	2,067,858	781,365	13,176,440	28,900,391
Reclassification/adjustment of accumulated depreciation	0	0	0	0	0	0	0
Depreciation for the year	(3,270,980)	(5,957,883)	(2,937,740)	(1,456,317)	(1,396,388)	0	(15,019,308)
Utilisation of funds	3,334	4,191	1,576,989	342,415	38,496	0	1,965,425

Historical cost as at 12/31/2024	108,319,230	332,659,346	47,776,176	25,467,782	8,533,371	15,500,352	538,256,257
Advances to Suppliers as at 12/31/2024						1,188,951	1,188,951
Accumulated depreciation as at 12/31/2024	(52,737,981)	(287,936,316)	(18,216,806)	(21,500,216)	(4,514,477)	0	(384,905,796)
Net value as at 12/31/2024	55,581,249	44,723,030	29,559,370	3,967,566	4,018,894	16,689,303	154,539,412

As indicated in the valuation criteria, tangible fixed assets also include the recognition of directly attributable financial expenses related to certain large-scale works under depreciation.

Assets owned by the Company have been depreciated on an ordinary basis in accordance with the valuation criteria detailed in these Notes to the Financial Statements, as well as on the basis of rates representing their estimated residual useful life at the date of these financial statements. Reduced rates of 50% have been applied to increases realised during the year.

The item "Plant and machinery" also includes the value of spare parts, the use of which has long-term utility.
The item *"Industrial and commercial equipment"* includes from 2021 the value of measuring instruments, previously classified under "*Assets under concession*".
The item "*Other tangible assets*" includes furniture and fixtures, ordinary office machines, electromechanical and electronic machines, hardware, cars, transport vehicles and other vehicles.
As of 2021, this item also includes the value of coal, previously classified under "Assets under concession".
The item "*Assets under construction and advances*" amounts to over €16 million and includes the value, according to the stage of progress, of works in progress at year-end, as well as advances paid to suppliers.
Following the application of IFRIC 12, '*Service Concession Arrangements*', the freely transferable assets referring to the City of Turin's aqueduct system were reclassified as intangible fixed assets, under '*Assets under concession*'.
The item "*Leased* assets" represents the recognition of the assets, subject to lease, in the assets, among fixed assets, in line with the nature of the assets themselves, following the adoption of IFRS 16 - *Leases* in force as of 01.01.2019.

Below is a breakdown of changes in the "Leased assets" category:

Categories	Leases - Hardware leases	Leases- Rentals Cars	Leasing - Rentals Other vehicles	Leasing - Leases Real estate	Leasing - Leases Land	GOODS LEASING
Historical cost as at 12/31/2023	0	447,741	6,381,381	659,888	326,358	7,815,368
Accumulated depreciation as at 12/31/2023	0	(143,007)	(2,587,543)	(252,072)	(173,963)	(3,156,585)
Net value as at 12/31/2023	0	304,734	3,793,838	407,816	152,395	4,658,783
Reclassifications	0	0	0	0	0	0
Work in progress completed in 2024	0	0	0	0	0	0
Disinvestments during the year	0	0	(48,977)	(14,385)	0	(63,362)
Adjustments	0	0	0	0	0	0
Lease increases	0	17,873	567,824	195,668	0	781,365
Depreciation for the year	0	(94,273)	(1,131,165)	(125,338)	(45,612)	(1,396,388)
Utilisation of funds	0	0	24,110	14,386	0	38,496
Historical cost as at 12/31/2024	0	465,614	6,900,228	841,171	326,358	8,533,371
Accumulated depreciation as at 12/31/2024	0	(237,280)	(3,694,598)	(363,024)	(219,575)	(4,514,477)
Net value as at 12/31/2024	0	228,334	3,205,630	478,147	106,783	4,018,894

The item "*Leased Assets*", amounting to about €4 million (€4.7 million in 2023), is mainly attributable to the long-term vehicle leasing contract.

Intangible Assets € 1,052,673,590

Intangible assets are summarised in the following table:

2023 Categories	Goodwill	Start-up costs and expansion costs	Development costs	Industrial Patent Rights and rights to use of intellectual property	Concessions, licences, trade-marks and similar rights	Assets under construction and advances	Other	Total Other Fixed Assets Intangible assets	Total Assets under concession (see details of movements)	General total
	A	B	C	D	E	F	G	H (B+C+D+E+F+G)	I	A+H+I
Historical cost as at 12/31/2022	5,928,005	39,142	249,266	154,000	28,428,428	152,036	510,210	29,533,082	1,338,253,644	1,373,714,731
Advances to Suppliers as at 12/31/2022									4,835,603	4,835,603
Accumulated depreciation as at 12/31/2022	0	(39,142)	(249,266)	(154,000)	(26,099,522)	0	(180,830)	(26,722,760)	(535,639,186)	(562,361,946)
Net value as at 12/31/2022	5,928,005	0	0	0	2,328,906	152,036	329,380	2,810,322	807,450,061	816,188,388
Reclassifications	0	0	0	0	0	0	0	0	(266,041)	(266,041)
Work in progress completed in 2023	0	0	0	0	0	(37,800)	0	(37,800)	37,800	0
Disinvestments during the year	0	0	0	0	0	0	0	0	0	0
Adjustments	0	0	0	0	0	0	0	0	0	0
Transfers Advances to Suppliers 2022									(2,195,673)	(2,195,673)
Increases Advances to Suppliers 2023									39,516,204	39,516,204
SAPA contribution					1,672			1,672	56,927	58,599
Increases for the year	0	0	0	0	1,840,880	436,282	0	2,277,162	107,045,451	109,322,613
Reclassification/adjustment of accumulated depreciation	0	0	0	0	0	0	0	0	0	0
Depreciation for the year	0	0	0	0	(2,049,786)	0	(11,773)	(2,061,559)	(67,028,610)	(69,090,169)
Utilisation of funds	0	0	0	0	0	0	0	0	56,970	56,970
Historical cost as at 12/31/2023	5,928,005	39,142	249,266	154,000	30,270,980	550,518	510,210	31,774,116	1,445,127,781	1,482,829,902
Advances to Suppliers as at 12/31/2023									42,156,134	42,156,134
Accumulated depreciation as at 12/31/2023	0	(39,142)	(249,266)	(154,000)	(28,149,308)	0	(192,603)	(28,784,319)	(602,610,826)	(631,395,145)
Net value as at 12/31/2023	5,928,005	0	0	0	2,121,672	550,518	317,607	2,989,797	884,673,089	893,590,891

2024 Categories	Goodwill	Start-up and expansion costs and expansion costs	Development costs	Industrial Patent Rights and rights to use of intellectual property	Concessions, licences, trade-marks and similar rights	Assets under construction and advances	Other	Total Other Fixed Assets Intangible assets	Total Assets under concession (see details of movements)	General total
	A	B	C	D	E	F	G	H (B+C+D+E+F+G)	I	A+H+I
Historical cost as at 12/31/2023	5,928,005	39,142	249,266	154,000	30,270,980	550,518	510,210	31,774,116	1,445,127,781	1,482,829,902
Advances to Suppliers as at 12/31/2023									42,156,134	42,156,134
Accumulated depreciation as at 12/31/2023	0	(39,142)	(249,266)	(154,000)	(28,149,308)	0	(192,603)	(28,784,319)	(602,610,826)	(631,395,145)
Net value as at 12/31/2023	5,928,005	0	0	0	2,121,672	550,518	317,607	2,989,797	884,673,089	893,590,891
Reclassifications	(5,928,005)	0	0	0		0	0	0	5,928,005	0
Works in progress completed in 2024	0	0	0	0	640,009	(541,858)	0	98,151	(520,476)	(422,325)
Disinvestments during the year	0	0	0	0	0	0	0	0	(1,330,884)	(1,330,884)
Adjustments	0	0	0	0	0	0	0	0	0	0
Transfers Advances to Suppliers 2023								0	(14,771,523)	(14,771,523)
Increases Advances to Suppliers 2024								0	22,137,348	22,137,348
Increases for the year	0	0	0	0	3,432,567	17,999	0	3,450,566	227,080,414	230,530,980
Reclassification/adjustment of depreciation fund	0	0	0	0	0	0	0	0	0	0
Depreciation for the year	0	0	0	0	(2,865,013)	0	(11,772)	(2,876,785)	(74,354,860)	(77,231,645)
Utilisation of funds	0	0	0	0	0	0	0	0	170,748	170,748
Historical cost as at 12/31/2024	0	39,142	249,266	154,000	34,343,556	26,659	510,210	35,322,833	1,676,284,840	1,711,607,673
Advances to Suppliers as at 12/31/2024	0	0	0	0	0	0	0	0	49,521,959	49,521,959
Accumulated depreciation as at 12/31/2024	0	(39,142)	(249,266)	(154,000)	(31,014,321)	0	(204,375)	(31,661,104)	(676,794,938)	(708,456,042)
Net value as at 12/31/2024	0	0	0	0	3,329,235	26,659	305,835	3,661,729	1,049,011,861	1,052,673,590

For details on movements in the "Assets under concession" category, please refer to the relevant section.

2. Goodwill € 0

In consideration of the typical nature of the business and the fact that industry practice (regulated businesses) provides for the attribution of the higher value paid upon the acquisition of a business to the concession that allows operating in that business, starting from the financial statements at the end of the year, the "*Goodwill*", relating to the acquisition that took place in 2015 of the business unit of Società Acque Potabili S.p.A. (now in liquidation), paid for a consideration of €5.8 million/€, and the acquisition in 2014 of the business unit of Società Acque Ciriacese S.r.l. (€0.1 million/€), has been reclassified under "*Concession rights*", proceeding to amortise the asset on a straight-line basis until the end of the current concession (2033).

3. Other Intangible Assets €3,661,729

Other intangible assets are recognised as assets in the balance sheet as they are assets intended for long-term use. No value adjustments have been made to the acquisition or production costs of intangible assets.
The item '*Concessions, licences, trademarks and similar rights*' includes the costs incurred for the acquisition of software licences, amortised over three financial years, and for the registration of trademarks, amortised over ten financial years.
The item '*Assets under construction and advances*' includes the value of certain studies in progress.

4. Assets under concession € 1,049,011,861

The item 'Assets under concession' changes as follows:

2023 Categories	Rights to use goods conferred by CIACT	Rights of use of assets constituting the system of aqueduct of the City of Turin	Improvements on assets of the SII d he City of Turin	Improvements on IIS assets of the municipalities under management	Work in progress and advances on Improvements on IIS assets of the City of Turin	Work in progress and advance payments on Improvements on assets of the	Assets freely revertible	Assets under concession
Historical cost as at 12/31/2022	3,834,635	50,871,004	236,718,212	836,800,306	60,578,762	144,044,361	5,406,364	1,338,253,644
Advances to Suppliers as at 12/31/2022	0	0	0	0	2,695,886	2,139,717	0	4,835,603
Accumulated depreciation as at 12/31/2022	(2,935,303)	(39,751,124)	(111,874,309)	(375,816,766)	0	0	(5,261,684)	(535,639,186)
Net value as at 12/31/2022	899,332	11,119,880	124,843,903	460,983,540	63,274,648	146,184,078	144,680	807,450,061
Reclassifications	0	0	(20,765)	(144,714)	(68,578)	(31,984)	0	(266,041)
Works in progress completed in 2023	0	0	29,548,496	49,681,342	(29,548,496)	(49,643,542)	0	37,800
Disinvestments during the year	0	0	0	0	0	0	0	0
Adjustments	0	0	0	0	0	0	0	0
Transfers Advances to Suppliers 2023					(1,060,738)	(1,134,935)		(2,195,673)
Increases Advances to Suppliers 2023					10,873,750	28,642,454		39,516,204
SAPA contribution				56,927				56,927
Increases for the year	0	0	9,198,729	14,047,255	27,719,125	56,080,342	0	107,045,451
Reclassification/adjustment of accumulated depreciation	0	0	0	0	0	0	0	0
Depreciation for the year	(81,939)	(1,010,898)	(12,416,069)	(53,506,544)	0	0	(13,160)	(67,028,610)
Utilisation of funds	0	0	8,306	48,664	0	0	0	56,970
Historical cost as at 12/31/2023	3,834,635	50,871,004	275,444,672	900,441,116	58,680,813	150,449,177	5,406,364	1,445,127,781
Advances to Suppliers as at 12/31/2023	0	0	0	0	12,508,898	29,647,236	0	42,156,134
Accumulated depreciation as at 12/31/2023	(3,017,242)	(40,762,022)	(124,282,072)	(429,274,646)	0	0	(5,274,844)	(602,610,826)
Net value as at 12/31/2023	817,393	10,108,982	151,162,600	471,166,470	71,189,711	180,096,413	131,520	884,673,089

2024 Categories	Concession rights	Improvements on IIS assets of the City of Turin	Improvements on SII assets of the foranei municipalities under management	Work in progress and advances on Improvements on the City of Turin's IIS assets	Work in progress and advance payments on Improvements on SII assets of the municipalities under management	Assets freely transferable	Assets under concession
Historical cost as at 12/31/2023	54,705,639	275,444,672	900,441,116	58,680,813	150,449,177	5,406,364	1,445,127,781
Advances to Suppliers as at 12/31/2023				12,508,898	29,647,236	0	42,156,134
Accumulated depreciation as at 12/31/2023	(43,779,264)	(124,282,072)	(429,274,646)	0	0	(5,274,844)	(602,610,826)

Net value as at 12/31/2023	10,926,375	151,162,600	471,166,470	71,189,711	180,096,413	131,520	884,673,089
Reclassifications	5,928,005			0	0	0	5,928,005
Work in progress completed in 2024	0	13,392,473	89,081,003	(13,566,998)	(89,426,954)	0	-520,476
Disinvestments during the year	0	-154,024	(698,134)	-158,805	(319,921)	0	(1,330,884)
Adjustments	0	0	0	0	0	0	0
Transfers Advances to Suppliers 2023				(2,313,702)	(12,457,821)		(14,771,523)
Increases Advances to Suppliers 2024				17,885,560	4,251,788		22,137,348
Increases for the year	0	14,121,798	23,432,056	41,085,302	148,441,258	0	227,080,414
Reclassification/ adjustment of depreciation provision	0	0	0	0	0	0	0
Depreciation for the year	(1,685,637)	(13,670,565)	(58,985,499)	0	0	(13,159)	(74,354,860)
Utilisation of funds	0	14,383	156,365	0	0	0	170,748
Historical cost as at 12/31/2024	60,633,644	302,804,919	1,012,256,041	86,040,312	209,143,560	5,406,364	1,676,284,840
Advances to Suppliers as at 12/31/2024	0	0	0	28,080,756	21,441,203	0	49,521,959
Accumulated depreciation as at 12/31/2024	(45,464,901)	(137,938,254)	(488,103,780)	0	0	(5,288,003)	(676,794,938)
Net value as at 12/31/2024	15,168,743	164,866,665	524,152,261	114,121,068	230,584,763	118,361	1,049,011,861

The item "Concession rights" includes

- the right of use of the assets constituting the aqueduct system, having a compulsory nature, already recognised by the City of Turin at the time of the contribution to the former partner AAM Torino S.p.A. and subsequently conferred by the latter to SMA Torino S.p.A;
- the right to use the aqueduct system received as contribution on 1 January 2003 from C.I.A.C.T. in liquidation;
- from the current year, the reclassification of "*Goodwill*" related to the acquisition of the SAP and SAC business units.

The values are represented in accordance with the expert estimates prepared for the purpose of the contributions themselves and amortised based on the expiration date of the agreement between Ente d'Ambito No. 3 Torinese and SMAT S.p.A..
Following the adoption of IFRIC 12, improvements to upgrade the assets received in use by the City of Turin, as well as the plants of the offshore water systems directly managed by the Company, are recognised as "Assets under concession" and depreciated over their estimated residual useful economic-technical life.
As indicated in the valuation criteria, intangible assets also include the recognition of directly attributable financial expenses related to certain major works in progress that are being amortised.
The item "Works in progress and advances" includes the value of works in progress at year-end, as well as the value of advances paid to suppliers for the construction of integrated water service works for the Forane municipalities and the City of Turin.
The caption "Assets freely transferable" shows the value of the extensions made by the former partner AAM Torino S.p.A. to the City of Turin's aqueduct system and received by it as a contribution, for which a restriction of free transfer is contractually established at the end of the relevant concession of use. Depreciation is determined with reference to the estimated useful economic-technical life.

5. Investments € 11,760,845

The table below shows the carrying values of investments in subsidiaries, associates and other companies as at 31 December 2024. Investments in associates, recorded at cost adjusted for any impairment losses, and investments in other companies were tested for impairment by an independent advisor, who also performed an equity or income method valuation of investments in other companies.

Categories	Subsidiaries	Associates	Other companies	General total
Historical cost as at 12/31/2023	1,491,322	43,102,341	3,566,923	48,160,586
Value adjustments as at	(1,071,615)	(35,295,000)	(78,126)	(36,444,741)
Net value as at 12/31/2023	419,707	7,807,341	3,488,797	11,715,845
Extraordinary Transactions 2024				
Subscriptions/Purchases 2024	45,000			45,000
Capital Contributions 2024				

Disposals/Reductions 2024				
Value adjustments 2024				
Historical cost as at 12/31/2024	1,491,322	43,102,341	3,566,923	48,160,586
Value adjustments as at	(1,026,615)	(35,295,000)	(78,126)	(36,399,741)
Net value as at 12/31/2024	464,707	7,807,341	3,488,797	11,760,845

In general, the balance sheet values do not significantly exceed those corresponding to the fractions of Shareholders' Equity resulting from the financial statements as at 31.12.2024 of the subsidiaries and affiliated companies.

Pursuant to Article 2427, 1st paragraph, no. 5 of the Italian Civil Code, the equity investments in subsidiaries and associates, outstanding at 31.12.2024, consisted of the following, respectively

- Equity investment in **Risorse Idriche S.p.A.**, with registered office in Turin, Corso XI Febbraio 14, having the following characteristics:

Equity investment in Risorse Idriche S,p,A,

a)	Share capital of the investee	(€)	412,769
b)	Shares held	(n°)	777,166
c)	Nominal value per share	(€)	0.52
d)	Acquisition cost	(€)	1,485,322
e)	Share held	(%)	97.91%
f)	Book value	(€)	413,707
g)	Shareholders' equity of investee company	(€)	842,121
h)	Last year result	(€)	94,966

As anticipated in the Report on Operations, on 5 April 2024 SMAT acquired the shares held by INTECNO (no. 49,861), increasing the stake held to 97.91%.

- Equity investment in **AIDA Ambiente S.r.l.**, with registered office in Pianezza, Via Collegno 60, having the following characteristics

Equity investment in AIDA Ambiente S,r,l,

a)	Share capital of the investee	(€)	100,000
b)	Shares held	(n°)	N/A
c)	Nominal value per share	(€)	N/A
d)	Acquisition cost	(€)	51,000
e)	Share held	(%)	51.00
f)	Book value	(€)	51,000
g)	Shareholders' equity of investee company	(€)	899,888
h)	Last year's result	(€)	73,981

- Equity investment in **Acque Potabili S.p.A. in liquidation**, with registered office in Turin, Corso XI Febbraio 22, having the following characteristics

Equity investment in Acque Potabili S.p.A. in liquidation (from 1 June 2021)

a)	Share capital of the investee	(€)	7,633,096
b)	Shares held	(n°)	3,429,125
c)	Nominal value per share	(€)	N/A
d)	Acquisition cost	(€)	43,102,341
e)	Share held	(%)	47.55
f)	Book value	(€)	7,807,341
g)	Shareholders' Equity of investee company	K/€	17,511
h)	Result of last financial year	K/€	399

The value of the equity investment in Acque Potabili S.p.A. in liquidation, amounting to €7.8 million, remained unchanged from the previous year.

The Extraordinary Shareholders' Meeting of Acque Potabili S.p.A. of 29 April 2021 resolved on the early dissolution of the Company pursuant to Article 2484, paragraph 1, no. 6, of the Italian Civil Code, with the consequent liquidation of the Company. This deed was registered and recorded at the Turin Companies' Register on 31 May 2021. From that date, the resolution to liquidate Società Acque Potabili became fully effective.

The Extraordinary Shareholders' Meeting of Società Acque Potabili of 31 May 2021 amended Article 5 of the Bylaws, eliminating the unit value of the shares. Given the unchanged share capital (equal to EUR 7,633,096), following the cancellation of 420,939 shares, SMAT saw its shareholding increase from 44.92% to 47.546%.

The Ordinary Shareholders' Meeting of SAP S.p.A. in liquidation of 17 April 2025 approved the financial statements for the year 2024 (fourth interim liquidation balance sheet), which closed with a positive result of EUR 399,000. Shareholders' Equity reached a value of Euro 17,511 thousand at the end of 2024 (IAS/IFRS criteria), against a Shareholders' Equity as of 31 December 2023 of Euro 17,192 thousand.

The investment in Acque Potabili Siciliane S.p.A., following its admission to the Extraordinary Administration procedure on 7.02.2012, in bankruptcy since 29.10.2013, is classified among 'Other Companies' instead of among investments in associated companies and is fully written down in the financial statements at the end of the year. As better indicated in the Report on Operations, it is consequently outside the scope of consolidation of the SMAT Group.
The independent expert used the equity valuation method for the companies Acque Potabili S.p.A. in liquidation, Nos S.p.A. and Environment Park S.p.A., for the other equity investments he used the income method based on the weighted average cost of capital (WACC) of 6.04%.
The fair value valuation of the other participations resulted in a value substantially aligned to the cost of the investment, recorded at 31 December 2024, for EUR 3.5 million. Although the profitability of some investments in the medium term is positive, the carrying values were not changed as they are not considered significant.
On 19.07.2016, with a specific Notarial Deed, the business network Water Alliance - Acque del Piemonte (now Utility Alliance del Piemonte) was established, based in Turin - Viale Maestri del Lavoro no. 4.
As at 31.12.2024, the Equity Fund amounted to EUR 95,000, SMAT S.p.A. held a 5.56% stake.
As at 31.12.2024, this network of companies was made up of 18 water companies in Piedmont that have signed a special *"network contract"* aimed at increasing their competitive capacity through the joint exercise of the activity of representing their interests in dealings with institutional and associative stakeholders and in decision-making processes.

6. Deferred tax assets € 26,334,634

This item (€23,806,467 in the previous year) includes the credit deriving from deferred tax assets calculated on provisions for costs to be deducted in the future and for revenues to be taxed in advance.
Compared to the previous year, this item shows an increase of €2,528,167, due to the combined effect of the postponement of the deduction of costs pertaining to the current year, to future years, as well as the deduction of costs in the current year recognised in previous years.

These effects are detailed in the table below:

Description	Deferrals deferred income deferred income	Provision Risks and Charges	Acc.to Fund Write-down Receivables	Amortisation Goodwill and trademarks	Taxes premises	Inventories inventory depreciation	Interest Liabilities of arrears	TOTAL
taxable base as at 12/31/2023	8,401,189	13,643,613	73,296,924	17,333	8,300	220,000	5,810	95,593,169
tax credit deferred tax assets as at 12/31/2023	2,369,135	3,784,996	17,591,262	4,888	1,992	52,800	1,394	23,806,467
2024 base utilisations	(577,402)	(3,901,745)	(1,682,854)	(63)	(3,300)			(6,165,364)
utilisation of taxes 2024	(162,827)	(1,100,292)	(403,885)	(18)	(1,752)			(1,668,774)
base adjustments 2024								0
tax adjustments 2024								0
basic provisions 2024		5,131,294	11,613,027		4,000		17,043	16,765,364
provisions for taxes 2024		1,404,764	2,787,126		960		4,090	4,196,941
taxable base as at 12/31/2024	7,823,787	14,873,161	83,227,097	17,270	5,000	220,000	22,853	106,189,168
tax credit deferred tax assets as at 12/31/2024	2,206,308	4,089,468	19,974,504	4,870	1,200	52,800	5,484	26,334,634

7. Non-current Financial Assets € 1,429,219

		12/31/2024	12/31/2023
• Guarantee deposits receivable	€	1,364,060	1,331,734
• Customers	€	65,159	76,226
Total	€	1,429,219	1,407,960

Non-current financial assets due from customers are represented by the receivable recognised following the signing of an agreement to regulate the use of land in the municipalities of Scalenghe and Airasca, for the years from 2011 to 2018 with a repayment plan up to 2031.
Receivables are recognised in the balance sheet, as required by *IFRS 9 - Financial Instruments*, at amortised cost.

CURRENT ASSETS

8. Inventories € 9,578,420

This item comprises:

		12/31/2024	12/31/2023
• Raw, ancillary and consumable materials	€	9,537,275	9,271,315
• Finished products and goods	€	41,145	41,145
• Advances	€	0	204,300
Total	€	9,578,420	9,516,760

Inventories consist of materials, the use of which does not have long-term utility. These inventories are valued in the balance sheet at the lower of weighted average purchase price and market price. The value of the inventories is adjusted by a depreciation reserve for slow-moving materials in the amount of € 990,000.
No financial charges were charged to the value of inventories.
The substantial stability of inventories compared to last year is due to the increase in the purchase of material and the reclassification of advances from suppliers.

9. Trade Receivables € 261,234,313

The nominal value of trade receivables is broken down as follows:

		12/31/2024	12/31/2023
Receivables from customers			
• *Bills and invoices issued*	€	*274,772,764*	*254,811,589*
• *Bills and invoices to be issued*	€	*68,437,397*	*57,915,946*
• *Allowance for doubtful accounts*	€	*(84,959,255)*	*(74,870,840)*
Total Receivables from customers	€	258,250,906	237,856,695
Receivables from subsidiaries	€	566,183	554,426
Receivables from affiliated companies	€	40,000	20,000
Receivables from parent companies	€	1,470,897	1,173,030
Receivables from others	€	906,327	478,768
Net book value	€	261,234,313	240,082,919

RECEIVABLES FROM CUSTOMERS € 258,250,906

The net value of receivables from customers shows an increase of about EUR 20 million compared to the previous year, generated mainly by the tariff update and the increase in bills to be issued. Of the total receivables recognised, about EUR 78.5 million were collected in the first months of the financial year 2025.
Receivables are subject to a careful assessment of the arrears risk and are recognised at their presumed realisable value, taking into consideration future losses estimated on the basis of the historical series, and therefore the prudent bad debt provision is determined, in accordance with IFRS 9 - Financial Instruments, at a total value of approximately €85 million.

RECEIVABLES FROM SUBSIDIARIES € 566,183

This item (€ 554,426 in the previous year) is represented by the receivable due from the subsidiaries Risorse Idriche S.p.A. and AIDA Ambiente S.r.l., as shown in this Note.

RECEIVABLES FROM ASSOCIATED COMPANIES € 40,000

This item (€ 20,000 in the previous year) is represented by receivables from the company SAP in liquidation.

RECEIVABLES FROM PARENT COMPANIES € 1,470,897

This item (€ 1,173,030 in the previous year) includes receivables from the City of Turin arising from normal commercial transactions, carried out at market conditions, related to water supplies, fees, services, and ancillary works.

RECEIVABLES FROM OTHERS € 906,327

This item (€ 478,768 in the previous year) is made up of residual receivables of a commercial nature. The change from the previous year is mainly generated by an increase in invoices to be issued to entities.

10. Current tax assets € 355,728

This item (€ 5,282,263 in the previous year) decreased significantly, mainly due to the reduction in IRAP/IRES receivables, consistent with the higher current taxation in 2024 and the absence of facilitating elements such as ACE and energy/gas tax credits, which are not taxable and will be present in 2023. The comparison also reflects the absence in 2024 of residual assets related to past credits. The balance includes the tax credit for investments in capital goods (€153,525), the Art Bonus credit (€103,350), which arose in the year under review, and other receivables from the Treasury (€97,569).
Below is the information required by Article 2423-ter, paragraph 6 of the Italian Civil Code concerning the offsetting of tax assets and liabilities.

Description	Receivables	Payables	Balance
IRES advances	(10,038,025)		
Withholding tax receivables	(281,302)		
Tax Payables		12,187,221	
IRES credit balance			1,867,894
IRAP advance payments	(2,351,282)		
Tax payables		2,596,531	
IRAP credit balance			245,249

11. Current financial assets € 99,658

		12/31/2024	12/31/2023
• Due from customers	€	12,958	19,438
• Due from subsidiaries	€	86,700	1,065,387
Total	€	99,658	1,084,825

Financial receivables from customers refer to the portion, due within 12 months of the receivable for which details can be found in the comment to the specific section of non-current financial receivables.
Receivables from subsidiaries are represented by receivables from Aida Ambiente S.r.l. for dividends related to the allocation of 2023 profit, collected on 04.03.2025.

12. Other current assets € 7,395,862

Receivables from others refer to:

		12/31/2024	12/31/2023
• Accrued income	€	0	0
• Prepaid expenses	€	794,323	758,224
• Other Assets	€	6,601,539	7,635,490
• *Receivables from staff for items to be recovered by withholding tax*	€	122,205	136,153
• *To others*	€	6,479,334	7,499,337
Total	€	7,395,862	8,393,714

Prepaid expenses include future accruals of costs settled during the year.
The item "Other assets - Due from others" mainly includes sundry receivables for credit notes to be received.
The decrease is attributable to lower receivables from the Cassa per i Servizi Energetici e Ambientali (CSEA) for recognition of users entitled to the social bonus for water and the decrease in security deposits for the supply of electricity, offset by higher sundry receivables for credit notes to be received.

13. Cash and cash equivalents € 76,060,116

Cash and cash equivalents include:

		12/31/2024	12/31/2023
• Bank and postal deposits	€	76,020,457	109,678,782
• Short-term time deposits	€	0	0
• Cheques	€	19,326	438,510
• Cash and valuables on hand	€	20,333	20,110
Total	€	76,060,116	110,137,402

During the year, the bond loan was repaid in the amount of €45,000 thousand and €13,504 thousand in PNRR contributions and €80,000 thousand in financing for the realisation of planned investments were collected.
All of the above inventories are liquid and fully available at the balance sheet date without any constraints whatsoever, except for the "subject to collection" clause on cheques.

SHAREHOLDERS' EQUITY AND LIABILITIES ITY

14. Shareholders' Equity € 785,718,461

The composition of shareholders' equity at the balance sheet date is shown in the following table.

COMPOSITION OF SHAREHOLDERS' EQUITY

Nature/Description	12/31/2024	POSSIBILITY OF USE	SHARE AVAILABLE
Share Capital	345,533,762		
Legal reserve	29,960,114	X	
PEF implementation restricted reserve	376,447,796		
FTA reserve	(2,677,452)		
Other reserves and retained earnings:			
• *Voluntary reserve*	*34,342,562*	X	(1,327,843)
• *Discounting reserve for severance pay*	*1,238,271*		
• *Negative reserve for treasury shares in portfolio*	*(32,992,953)*		
• *Rounding reserve*	*0*		
• *Retained results*	*1,497,855*	X	1,497,855
Total Other Reserves and Retained Earnings	*4,085,735*		
Profit/(loss) for the year	*32,368,506*		
Total Shareholders' Equity	785,718,461		170,012

SHARE CAPITAL **€ 345,533,762**

The share capital is fully subscribed, paid-up, and registered in the company register in accordance with the law, and consisted, as of the balance sheet date, of 5,352,963 ordinary shares with a nominal value of €64.55 each, held by shareholders.
There were no changes in share capital during the year.

LEGAL RESERVE **€ 29,960,114**

The legal reserve, amounting to € 29,960,114 as at 31.12.2024, increased during the year by € 2,072,561 as per the resolution of the Ordinary Shareholders' Meeting of 28.06.2024.

PEF IMPLEMENTATION RESTRICTED RESERVE **€ 376,447,796**

This reserve, amounting to € 376,447,796 as at 31.12.2024, increased during the financial year by € 31,502,924 as a result of the allocation of profit resolved by the Ordinary General Meeting of Shareholders on 28.06.2024.

FTA RESERVE **€ (2,677,452)**

This reserve includes the effects on shareholders' equity of the FTA resulting from the adoption of international accounting standards.

OTHER RESERVES AND RETAINED EARNINGS **€ 4,085,735**

Other Reserves include:

		12/31/2024	12/31/2023
• Optional Reserve	€	34,342,562	34,342,562
• Reserve for discounting of termination benefits	€	1,238,271	1,152,128
• Negative reserve for treasury shares in portfolio	€	(32,992,953)	(32,993,018)
• Rounding reserve	€	0	0
• Retained earnings	€	1,497,855	1,495,330
Total	**€**	**4,085,735**	**3,997,002**

The reserve for discounting the staff severance indemnity reserve includes the gains/losses resulting from the actuarial valuations performed in application of IAS 19 on the staff severance indemnity and retirement indemnity accrued as of 31.12.2024.
The negative reserve for treasury shares in portfolio, as of 31.12.2024, amounting to €32,992,953, refers to 492,959 treasury shares purchased on the authorisation of the Ordinary Shareholders' Meeting.
In 2024 it decreased by €65 following the entry of 1 new shareholder (Municipality of Valprato Soana) to whom 1 share was sold.
Retained earnings increased during the year by a total of EUR 2,525, as per the resolution of the Shareholders' Meeting of 28.06.2024 on the appropriation of the 2023 result.
The available reserves in the 2024 budget amount to € 170,012.

PROFIT FOR THE YEAR **€ 32,368,506**

		12/31/2024	12/31/2023
Result for the year	€	32,368,506	41,451,216

This corresponds to the balance of the Profit and Loss Account as the difference between total income and total expenses and has been fully subjected to ordinary and deferred taxation for IRES and IRAP purposes.

LIABILITIES € 815,743,336

15. Non-current and current financial liabilities € 456,595,838

Financial payables as at 31.12.2024 are broken down by type in the table below:

		12/31/2024	12/31/2023
Non-current financial liabilities			
Bonds	€	89,669,465	(183,318)
Mortgages payable	€	323,819,407	249,879,866
Payables for leased assets	€	2,621,721	3,386,293
Other financial payables	€	0	0
Total	**€**	**416,110,593**	**253,082,841**
Current Financial Liabilities			
Bonds Short-term portion	€	0	135,000,000
Short-term portion of loans payable	€	5,555,556	0
Payables to banks and accrued interest	€	32,773,448	3,019,188
Payables for leased assets short-term portion	€	1,516,984	1,384,129
Other financial payables short-term portion	€	0	0
Payables to subsidiaries	€	639,257	0
Total	**€**	**40,485,245**	**139,403,317**
Total Financial Liabilities	**€**	**456,595,838**	**392,486,158**

Financial liabilities consist of:

- by medium/long-term loans (bonds and loans payable) whose total value amounted to Euro 419,044,428, net of the residual amortised cost of Euro 330,535 for the bond loan and Euro 625,037 for the loans payable;
- by "Bank debts and financial accruals" for Euro 32,773,448, which includes hot money loans for Euro 29,000,000, other short-term transactions for Euro 130,179, and financial accruals for Euro 3,643,269, the latter mainly related to interest on the bond loan for the accrued portion;
- payables for leased assets, whose total value amounted to Euro 4,138,705, net of the residual amortised cost of Euro 148,103;
- payables to subsidiaries for cash pooling of Euro 639,257.

Changes in medium- and long-term loans during the year were as follows:

		Bonds	Mortgages	Total
Balance as at 12/31/2023	**€**	**134,816,682**	**249,879,866**	**384,696,548**
New loans	€	0	80,000,000	80,000,000
Amortised cost	€	(330,535)	(536,200)	(866,735)
Amortised cost adjustment	€	183,318	31,297	214,615
Repayments for the year	€	(45,000,000)	0	(45,000,000)
Balance as at 12/31/2024	**€**	**86,669,465**	**329,374,963**	**419,044,428**

On 15 April 2024 (13 April 2024 being a non-working day), the amount of EUR 45,000,000 of the bonds was redeemed, following the exercise of the put option by certain bondholders, as explained below.

The liability for medium- and long-term loans, gross of amortised cost, is detailed in the table below:

Loans		Debt at 12/31/2024
Bonds	**€**	**90,000,000**
Loans payable		
European Investment Bank IV	€	50,000,000
European Investment Bank V	€	50,000,000
European Investment Bank VI	€	150,000,000
BPER Bank		80,000,000
Total loans payable	**€**	**330,000,000**
Total	**€**	**420,000,000**

The following table shows the liabilities broken down by type as at 31 December 2024, indicating the portion due within the following year, between year 2 and year 5 and beyond year 5, gross of amortised cost.

Type	Amount residual	Portion within year next	Share 2nd - 5th year	Quota beyond 5th year
Bonds	90,000,000		90,000,000	
Mortgages payable	330,000,000	5,555,556	125,873,016	198,571,428
Bank overdrafts and financial accruals	32,773,448	32,773,448		
Payables for leased assets	4,286,808	1,516,984	2,710,322	59,502
Other financial payables				
Payables to subsidiaries for cash-pooling	639,257	639,257		
Total	**457,699,513**	**40,485,245**	**218,583,338**	**198,630,930**

The main contractual terms and conditions are set out below.

Loans	Value line of financing	Duration years	Maturity	Installment	Rate
Ordinary non-convertible bonds	90,000,000	5	04/13/2029	annual	fixed
BPER Bank	80,000,000	8	12/31/2032	six-monthly constant capital	variable
European Investment Bank IV	50,000,000	13	12/14/2033	semi-annual constant capital	fixed
European Investment Bank V	50,000,000	13	07/19/2034	six-monthly constant capital	fixed
European Investment Bank VI	150,000,000				
• 1st tranche € 100,000,000		16	11/18/2038	quarterly with constant capital	fixed
• 2nd tranche € 50,000,000		16	12/15/2039	quarterly at constant capital	fixed

The ordinary non-convertible bond was issued on 13 April 2017.
The Bondholders' Meeting of 14 March 2024 resolved to approve the extension of the maturity date of the bond from 13 April 2024 to 13 April 2029, still maintaining the non-convertibility regime at a rate of 4.546%. Following the exercise of the put option by some bondholders, EUR 45 million was repaid on 15 April 2024 (13 April 2024 being a non-working day), so that the remaining principal amounted to EUR 90 million to date.
The bonds are listed on the regulated market of the Dublin Stock Exchange (ISE - Irish Stock Exchange); they are backed by a rating issued by Standard & Poor's, which on 29.11.2022 upgraded the Senior Unsecured rating to 'BBB+' (for further details see the Report on Operations).
The activation of the loan from institutional lenders, to finance the investments for the expansion and modernisation of the networks and production, distribution, collection and water treatment plants, envisaged in the ATO3 Investment Plan, did not require any guarantee from the Shareholders and envisages for its entire duration the maintenance of the following financial parameter calculated on the data of the Consolidated Financial Statements for the year ended 31 December and according to the definitions included in the contractual agreements:

- Net Financial Position/MOL (EBIT+Adjustments): less than or equal to 5.

The loan contracted with BPER Banca for the provision of the resources required by the Ambit Intervention Plan and following the delay in the disbursement of the PNRR funds was stipulated on 27 December 2024 with a term of 8 years, of which 1 year in pre-amortisation, and is not backed by any guarantee.
It envisages for its entire duration the maintenance of the following financial parameters calculated on the data of the Consolidated Financial Statements for the year ended 31.12 and according to the definitions included in the contractual agreements:

- Net Financial Indebtedness/MOL (EBIT + depreciation and amortisation): less than or equal to 5;
- Net Financial Indebtedness/Shareholders' Equity: less than or equal to 1.

In the event of non-compliance with even one of the above financial parameters, BPER Banca has the right to terminate the contract early.

The loans contracted with the European Investment Bank for the provision of the resources required by the investment plan included in the Ambit Plan are not secured.
These financing lines have been fully utilised due to the progress of the works for which they were stipulated.
More specifically:

- a loan of €50 million for the implementation of the works envisaged in the 2020-2024 investment programme stipulated and disbursed in 2020, with a duration of 13 years, of which 4.5 years in pre-amortisation
- a loan of €50 million to carry out the works envisaged in the 2020-2024 investment programme stipulated and disbursed during 2021, with a duration of 13 years, of which 4.5 years in pre-amortisation; and
- financing of €150 million for carrying out the works envisaged in the 2022-2027 investment programme stipulated in 2022, of which the first tranche of €100 million disbursed on 18 November 2022, with a duration of 16 years of which 4 years in pre-amortisation, and the second tranche of €50 million disbursed on 15 December 2023, with a duration of 16 years of which 4 years in pre-amortisation.

The following financial parameters, calculated on the figures of the Consolidated Financial Statements for the year ended 31.12 and according to the definitions included in the contractual agreements, are envisaged for the entire duration of these loans:

- Net Financial Indebtedness/MOL (EBIT+amortisation and depreciation): less than or equal to 5;
- Gross Financial Indebtedness/GM (EBIT+Amortisation and Depreciation): less than or equal to 4.5;
- EBITDA (EBIT+Depreciation)/Net Financial Expense (excluding Adjustments to Financial Assets) greater than 5;
- Net Financial Debt/Net Equity: less than or equal to 1;
- Residual Value/Gross Financial Debt greater than or equal to 1.30 where residual value is calculated based on the net book value of fixed assets excluding goodwill.

In the event of non-compliance with even one of the above financial parameters, the European Investment Bank has the right to terminate the contract early.

It should be noted that as at 31.12.2024, all the above financial parameters have been met.

16. Provision for severance indemnities and other benefits € 8,356,191

The provision for severance indemnity as of 31 December 2024 reflects the indemnity accrued by employees up to 31 December 2006, which will be exhausted with the payments that will be made on termination of employment or any advances in accordance with the law.
Changes in the provision (not affected by the amounts accrued during the year in favour of employees who retired during the year) were as follows:

Provision for severance indemnities			
–	**Balance at 12/31/2023**	**€**	**7,895,123**
–	Utilisations, transfers, adjustments, indemnities and advances paid during the year	€	(500,646)
–	Interest expense arising from IAS 19	€	235,460
–	Actuarial losses/(gains)	€	(85,223)
	Balance as at 12/31/2024	**€**	**7,544,714**

Other benefits refer to the estimated quantification of seniority bonuses potentially recognisable to employees who meet the relevant requirements under company regulations, as detailed below:

Retirement provision			
–	**Balance as of 12/31/2023**	**€**	**846,316**
–	Pension cost	€	45,736
–	Utilisations, transfers, adjustments, allowances and advances paid during the year	€	(104,118)
–	Interest expenses resulting from IAS 19	€	24,463
–	Actuarial losses/(gains)	€	(920)
	Balance as at 12/31/2024	**€**	**811,477**

The following tables illustrate, respectively, the economic-financial and demographic assumptions adopted for the actuarial valuation of the liability under review.

Economic-financial assumptions		
–	Annual discount rate	3.18%
–	Annual inflation rate	2.00%
–	Annual rate of TFR increase	3.00%

Demographic assumptions		
–	Mortality	ISTAT 2022
–	Inability	INPS tables by age and gender
–	Retirement age	Meeting requirements
–	% of frequency of advances	1.50%
–	Turn-over	0.50%

17. Provisions for liabilities and charges € 20,041,888

These provisions consist of:

A) Provisions for disputes and charges *€ 15,559,992*

Provisions for disputes and charges reflect the valuation, based on available valuation data, of potential liabilities arising from ongoing judicial and extrajudicial disputes, as well as other charges of various kinds that are certain or probable in the future, such as tax disputes and other local charges.
Utilisation refers mainly to the regularisation of administrative violations and, to a lesser extent, to legal expenses.
Adjustments mainly refer to the adjournment of legal disputes.

Changes in these provisions were as follows:

–	**Balance at 12/31/2023**	**€**	**12,964,020**
–	Provision for the year	€	3,938,850
–	Utilisation for the year	€	(219,648)
–	Estimated adjustments	€	(1,123,230)
	Balance as at 12/31/2024	**€**	**15,559,992**

The balance of provisions for disputes and charges as at 31.12.2024 is deemed adequate to cover estimated contingent liabilities.

B) Provision for cyclical maintenance charges *€ 1,500,000*

The provision for cyclical maintenance charges reflects the valuation of the charge technically accrued but not yet settled as of the balance sheet date against the ordinary maintenance programmes with multi-year repeatability, which cannot be expired with certainty, inherent to plants with a continuous production cycle.
The accrual of 2024 represents the prudential adjustment of the provision.

–	**Balance as at 12/31/2023**	**€**	**1,049,844**
–	Provision for the year	€	450,156
–	Utilisation for the year	€	0
	Balance as at 12/31/2024	**€**	**1,500,000**

C) Provisions Piedmont Region Law No. 61 of 29.12.2000 *€ 946,622*

The provision represents the allocation of administrative sanctions applied pursuant to Art. 54 of Piedmont Regional Law no. 61 946,622. Lgs. 152/99 to be set aside to finance the implementation of measures to prevent and reduce pollution of water bodies, net of the activities carried out.

–	**Balance as of 12/31/2023**	**€**	**586,852**
–	Provision for the year	€	359,770
–	Adjustment estimate for the year	€	0
	Balance as at 12/31/2024	**€**	**946,622**

D) Provision for Area Management Charges *€ 1,385,274*

The amount reflects the best estimate of potential charges and risks connected with the Ambit management activities.
The decrease derives from the adjustments following ARERA's approval of the MTI-4 tariff preparation with Resolution no. 569/2024/R/idr of 17/12/2024.
The provision includes the allocation of penalties for failure to meet the M6 (2021) and M3 (2023) technical quality objectives, determined respectively with ARERA Resolution no. 183/2022/R/idr of 26/04/2022 (Euro 72,434) and ARERA Resolution no. 477/2023/R/idr of 31/10/2023 (Euro 89,683), which are tied to financing new investments.

Changes in the fund are as follows:

–	**Balance as of 12/31/2023**	**€**	**3,720,504**
–	Provision for the year	€	814,287
–	Utilisation for the year	€	0
–	Adjustment of the year's estimate	€	(3,149,517)
	Balance as at 12/31/2024	**€**	**1,385,274**

E) Provision for charges other companies *€ 650,000*

The provision reflects the potential charges resulting from Shareholders' commitments for patronage on the Dexia-BIIS loan of the Company APS S.p.A. in bankruptcy since 2013 and had no movements during the current year.

–	**Balance at 12/31/2023**	**€**	**650,000**
–	Provision for the year	€	0
–	Adjustment estimate for the year	€	0
	Balance as at 12/31/2024	**€**	**650,000**

18. Deferred tax liabilities € 2,977,084

This item includes deferred charges for income taxes (IRES and IRAP), calculated at the prevailing rates on costs to be deducted in advance.
The considerable increase in the provision for deferred taxes with respect to the financial year 2023 (€ 292,530 in the previous year) is a consequence of the temporal postponement of the taxation of significant economic assets.
These effects are detailed in the table below:

Description	Accelerated depreciation	Interest Income of arrears	Dividends not collected	TOTAL
taxable base as at 12/31/2023	1,037,341	0	0	**1,037,341**
deferred tax provision as at 12/31/2023	292,530	0	0	**292,530**
2024 base utilisations		(1,735,556)		**(1,735,556)**
2024 tax utilisations		(416,533)		**(416,533)**
2024 base adjustments		5,808,240		**5,808,240**
tax adjustments 2024		1,393,978		**1,393,978**
basic provisions 2024		7,108,621	4,335	**7,112,956**
tax provisions 2024		1,706,069	1,040	**1,707,109**
taxable base as at 12/31/2024	1,037,341	11,181,305	4,335	**12,222,981**
deferred tax provision as at 12/31/2024	292,530	2,683,514	1,040	**2,977,084**

19. Other non-current liabilities € 114,183,021

This item is broken down as follows:

		31/12/2024	31/12/2023
• Acquapoint security deposits	€	183,491	546,455
• Contributions to be disbursed	€	20,747	20,747
• Multi-year deferred income	€	113,978,783	84,249,650
Total	€	114,183,021	84,816,852

The item "Deferred Deferred Income" refers to grants for investments and also includes the portion of Euro 189,089 deferred to future years of grants recognised by the Revenue Agency on capital goods pursuant to Article 1, paragraphs 184/197 of Law No. 160/2019 and Article 1, paragraphs 1054 and 1055 of Law No. 178/2020. The increase derives mainly from contributions related to the PNRR funds and FoNI tariff components included in the tariff manoeuvre, net of the allocation to the income statement of the portions related to depreciated investments.

20. Trade payables € 138,810,610

ADVANCES € 243,712

This item (€ 184,595 in the previous year) includes amounts advanced by customers for work still to be performed at the balance sheet date.

ACCOUNTS PAYABLE TO SUPPLIERS € 115,869,358

Trade payables include:

		12/31/2024	12/31/2023
• Suppliers Italy	€	53,221,647	31,032,142
• Foreign Suppliers	€	23,116	17,625
• Invoices to be received	€	62,624,595	51,008,269
Total	€	115,869,358	82,058,036

All payables to suppliers are due within one year and in no case are they secured, with the exception of the 0.5% withholding applied in accordance with the Tender Code.

PAYABLES TO SUBSIDIARIES € 2,382,948

		12/31/2024	12/31/2023
• Payables to subsidiaries	€	2,382,948	3,699,677

This item, detailed in the specific section of the Report on Operations, includes payables to the subsidiaries Risorse Idriche S.p.A. and AIDA Ambiente S.r.l.. The change from the previous year is mainly attributable to a decrease in invoices to be received of € - 2,771,965, partially offset by an increase in payables for invoices issued of € 1,445,236.

PAYABLES TO AFFILIATED COMPANIES € 16,380

		12/31/2024	12/31/2023
• Payables to affiliated companies	€	16,380	16,380

This item, detailed in the specific section of the Report on Operations, includes payables to SAP S.p.A. in liquidation deriving from residual commercial transactions carried out at normal market conditions.

PAYABLES TO PARENT COMPANIES € 763,218

		12/31/2024	12/31/2023
• Payables to parent companies	€	763,218	763,175

This item, referred to in the specific section of the Report on Operations, represents trade payables to the City of Turin, none of which are secured by collateral on corporate assets.

PAYABLES TO OTHERS **€ 19,534,994**

			31/12/2024	31/12/2023
•	Payables to others	€	19,534,994	18,957,955

This item mainly includes trade payables due to the Operating Units for invoices to be received as a result of contractual obligations undertaken with them.

21. Current tax liabilities € 6,989,518

Current tax liabilities show an increase of about €3.3 million compared to 2023, mainly attributable to the increase in tax payables for VAT and the recognition of tax payables for IRAP and IRES, in line with the higher current and deferred taxation in 2024. Consequently, with reference to current IRAP/IRES taxation, the receivable recognised in the financial statements as of 31 December 2023 was used to reduce the payable for the 2024 IRAP/IRES balance, which will be paid on the due date required by law.

22. Other current liabilities € 67,789,186

Other liabilities include:

			12/31/2024	12/31/2023
•	Payables to Social Security Institutions	€	4,055,165	4,980,738
•	Accrued liabilities	€	0	796
•	Deferred income	€	147,908	43,786
•	Due to others	€	63,586,113	64,912,133
	• *Local authority fees*	€	*3,377,074*	*3,427,011*
	• *Mountain Unions Contributions*	€	*43,967,987*	*43,925,438*
	• *Payables to municipalities for ancillary services*	€	*379,699*	*409,656*
	• *Other payables to public bodies and municipalities*	€	*3,825,932*	*3,827,963*
	• *Payables to staff*	€	*4,821,319*	*4,566,824*
	• *Sundry payables*	€	*7,214,102*	*8,755,241*
	Total	€	67,789,186	69,937,453

Amounts due to social security institutions are due within one year and in no case are they secured or interest-bearing.
The balance of payables to social security institutions as at 31.12.2024 decreased compared to the previous year, which was characterised by the application of the expansion contract in the financial year 2023.
At the time of preparation of these financial statements, these payables were paid as due.
Payables in respect of Fees to Local Authorities and contributions to Mountain Unions did not change significantly compared with the year 2023.
The Lease payments to Local Entities mainly refer to the amount due in 2024 for the instalments of the repayment plan of the loans taken out by the municipalities based on the determinations made by the Ente d'Ambito No. 3 Torinese in the early months of the 2025 financial year.
With reference to payables for contributions to the Mountain Unions, it is specified that these are disbursed on the basis of specific communications prepared by the Ambit Authority.
Payables to municipalities for ancillary services represent the best estimate of fees due on the basis of specific service contracts for operating activities in the relevant territory.
Other payables due to Entities and Municipalities mainly include payables due to CSEA for UI equalisation components for the last two months.
Payables for amounts due to personnel relate to accrued and untaken holiday leave, performance bonuses, and other payables.
Sundry payables mainly include payables for security deposits (mainly to users), collections to be remitted to the insurance company for SMAT card charges, and the residual debt for the social water and supplementary bonus. The debt for water social bonus has decreased significantly compared to 2023.

Revenues

23. Revenues € 376,007,355

Revenues are broken down as follows:

			2024	2023
–	Waterworks service	€	164,901,847	153,085,892
–	Sewerage service	€	54,980,458	51,088,600
–	Sewage service	€	160,188,792	147,392,835
–	Fire hydrants	€	5,720,704	5,227,450
–	FoNi" restricted revenues	€	(21,426,789)	(1,600,413)
–	Other revenues	€	11,642,343	15,795,651
	Total	€	376,007,355	370,990,015

All revenues pertaining to institutional activities were earned in the reference territorial area ATO 3 Torinese, as identified by Piedmont Regional Law no. 13 of 20.01.1997 and include the best estimate of revenues pertaining to the financial year for waterworks, sewerage, purification and fire-fighting services provided in the 293 municipalities acquired as a result of the reunification process that saw the entry of the municipality of Valprato Soana as from 01.09.2024.
The same derive from the new tariff articulation applied, as communicated by the Turin Area Authority following ATO Resolution no. 16 of 24/10/2024 and ARERA Resolution no. 569/2024/R/IDR of 17/12/2024, with which the update of the tariff proposal for the years 2024-2029 was approved.
Consequently, the 2024 tariffs show an increase of 9.9% compared to the previous year.
An examination of the changes in consumption for the year 2024 compared to 2023 shows an average reduction in volumes for the Aqueduct service of 1.16% and breaking them down by type of user it emerges that this reduction is mainly attributable to "Domestic" use, where the "Domestic Condominium" sub-typology had a particular impact. The policy of sensitising the population on the need to save the resource, also due to the recent summer supply difficulties, has probably contributed to the rationalisation of withdrawals.
Following the integrations of the tariff proposal, approved with the above-mentioned ARERA resolution, the item "Revenues" was netted of the FoNI tariff components, which saw a significant increase over the previous year.
Revenues from Aqueduct, sewerage, and purification services are shown net of the 50% tariff reduction for municipal and provincial utilities for public use for a total of €6,907,439.
Other revenues" mainly include ancillary revenues from users, industrial waterworks, active billing for work performed on behalf of users and third parties, in particular for modifications to the water and sewerage network, revenues for biomass analysis and treatment, water points, and sales of energy products such as biomethane withdrawal, the latter relating to activities performed on the free market.
Compared to the previous year, there was a decrease attributable to the change in the provision for risks and charges and the lack of technical quality and contractual quality premiums recognised by ARERA in 2023 with reference to the two-year period 2020-2021. This decrease was offset by higher revenues for works on behalf of third parties.

24. Revenues from design and construction activities € 227,080,414

			2024	2023
–	Revenues from design and construction activities	€	227,080,414	107,102,379

This item refers to the "design and construction activities" of assets under concession, which, as required by IFRIC 12, is recognised as revenue; the corresponding costs, net of capitalised costs for internal increases, are recognised under "Costs for design and construction activities".

25. Other Operating Revenues € 21,478,203

Other operating income is broken down as follows:

			2024	2023
– Operating grants	(A)	€	3,929,894	9,178,006
– Contributions to plant	(B)	€	7,859,531	7,303,048
– Other revenues:				
▪ Sundry revenues		€	2,062,031	1,860,229
▪ Contingent assets and non-existent liabilities		€	3,354,000	1,990,447
▪ Adjustments to provisions for risks and charges		€	4,272,747	3,781,930
	(C)	€	9,688,778	7,632,606
Total Other Operating Income (A+B+C)		**€**	**21,478,203**	**24,113,660**

The item "Operating subsidies" mainly includes the incentive for biomethane production and photovoltaic power generation.
The negative change is attributable to the elimination of the tax credit for electricity and gas, which in FY2023 amounted to €5,239 thousand.
The item Plant grants includes the portion of plant grants accrued on an accrual basis, already commented in the item "Deferred income" of these Notes to the Financial Statements.
The item recorded an increase attributable to the release of PNRR grants referred to the Digitalisation Project and FoNI components included in the tariff manoeuvre.
The item 'Other revenues' includes sundry revenues (such as rental income, stamp duty reimbursements and sundry reimbursements), contingent assets and non-existence of liabilities, as well as adjustments made to the provisions for liabilities, as already commented in the specific section 'Liabilities' of these Notes.
The increase is mainly attributable to the increase in contingent assets, non-existent liabilities and adjustments to provisions for liabilities.

Operating expenses

26. Costs for raw materials and consumables € 19,822,077

This item includes:

		2024	2023
• Maintenance materials net of change in inventories	€	9,869,216	8,873,644
• Chemicals	€	8,028,269	8,177,532
• Other materials	€	2,216,436	2,148,711
• Increases for internal work	€	(291,844)	(264,321)
Total	**€**	**19,822,077**	**18,935,566**

The positive change is attributable to the higher costs of warehouse materials used in extraordinary maintenance.

27. Costs for services and use of assets € 141,116,103

This item includes:

			2024	2023
• Electricity	(A)	€	46,977,668	50,058,870
• Maintenance, works and industrial services	(B)	€	70,732,962	73,023,306
• General Services:				
▪ Services		€	12,824,644	12,471,322
▪ Provision for miscellaneous risks and charges		€	1,610,787	1,146,356
	(C)	€	14,435,431	13,617,678
• Fees to local authorities	(D)	€	5,067,861	5,529,161
• Fees and concessions payable, leases and rentals	(E)	€	3,902,181	3,953,250
Total costs for services and use of goods (A+B+C+D+E)		**€**	**141,116,103**	**146,182,265**

The decrease in "Costs for services and use of goods" is mainly attributable to the cost of electricity.

Compared to the previous year, there was a decrease in the cost of electricity of about €3 million as a result of the reduction in both the average green tariff of -0.00463 €/kWh and consumption of 9,450,448 MWh, the latter generated by process efficiency improvements, and the savings of about 1,424 MWh enabled by the use of energy recovery technologies.

Electricity	Balance 31/12/2024	Balance 31/12/2023	Change
kWh	219,834,177	229,284,625	-9,450,448
Average tariff	0.21370	0.21833	-0.00463

The negative change in costs for *"Maintenance works and industrial services"* is determined by the decrease in costs for sludge transport and disposal for €2 million, costs for services performed by SOG and costs for gas utilities, for €0.4 million, as a result of the reduction in both the average tariff and consumption.
The negative change in costs is partly offset by higher costs for ordinary maintenance and third parties.
In the financial year 2024, there were higher provisions for disputes and cyclical maintenance charges.
Within *'General Services'*, costs for *'Services'* show an increase attributable to higher costs for software maintenance fees and laboratory equipment and higher postage costs for reminder notices and notices of default.
This increase is mitigated by lower costs for bank expenses, which in 2023 included expenses for the issue of cheques for the payment of the Social Water Bonus also related to the years 2021-2022, lower costs related to the publication of public tenders, determined by the absence of the obligation, and the decrease in insurance costs due to the reduction in the SMAT Card deductible.
Fees to local authorities" decreased in relation to the amortisation schedules of the loans taken out by the municipalities and communicated by ATO 3 Torinese.
Costs for "*Fees and concessions payable, leases and rentals*" are in line with the previous year.

28. Personnel costs € 64,122,027

Personnel costs are broken down as follows:

		2024	2023
– Wages and salaries	€	44,572,536	42,909,046
– Social security charges	€	13,677,182	13,299,584
– Severance pay	€	2,850,805	2,788,785
– Pension and similar benefits	€	45,736	44,929
– Other costs	€	2,986,414	2,436,334
– Increases for internal work	€	(10,646)	
Total	**€**	**64,122,027**	**61,478,678**

Changes in personnel during the year were as follows:

	Executi-ves	Middle managers	Clerks	Workers	Total Employees	Other types contractual[51]	**Total workforce[52]**
Workforce as at 12/31/2023	11	19	658	321	1,009	27	**1,036**
Workforce as at 12/31/2024	11	23	665	329	1,028	35	**1,063**
Change	0	4	7	8	19	8	**27**

[51] net of expectations
[52] including temporary employment contracts, secondment contracts and net of long-term expectations of a manager on leave pursuant to Article 15 of the National Collective Labour Agreement for Managers of Public Utility Companies dated 16 October 2019.

For the reporting period, the average workforce[53] was composed as follows:

–	Executives	11
–	Middle managers	21
–	Employees	660
–	Workers	327

The cost increased by about EUR 2.6 million compared to the previous year. The change is mainly attributable to increases in the National Collective Labour Agreement effective as of 1.09.2024, higher unused holidays, overtime, performance bonuses and lower past holiday entitlements, and higher costs for temporary and seconded personnel. These increases are mitigated by lower costs of the expansion contract and related items.

	Total
Workforce as at 12/31/2023	1,036
Terminations	-35
Appointments	54
Other types of contracts	8
Total	**1,063**

As at 31.12.2024, there were 35 active temporary employment contracts, 1 active secondment contract and 3 passive contracts.

29. Other operating expenses € 26,486,682

This item includes:

			2024	2023
–	Other tax charges	€	976,976	1,185,608
–	Ambit charges	€	18,911,496	17,294,919
–	Other sundry charges	€	4,278,553	3,022,449
–	Provision for risks and sundry charges	€	2,252,277	3,327,533
–	Supplementary water bonus	€	67,380	73,935
	Total	€	26,486,682	24,904,444

The item "Sundry tax charges" mainly includes charges relating to IMU, government concession taxes, and sundry local taxes. The change is attributable to the settlement of the dispute with the Inland Revenue Office for registration tax related to the acquisition of SAP's business unit.
The item "Ambit charges" includes about €17 million related to contributions to the Mountain Unions (as indicated by the Ambit Authority equal to 5% of revenues for the year 2022), up from the previous year, the charges for the Ambit Authority's operation, and the contribution to ARERA, based on the resolutions and communications received.
The item "Other sundry expenses", which includes charges for membership contributions, reimbursements for damages and indemnities, out-of-period expenses, and capital losses on the disposal of assets, shows an increase attributable to the greater non-existence of assets.
The "Provisions for Risks and Sundry Charges" cover risks for costs of a tax, administrative or other nature, certain or probable, for which, however, the exact amount or date of occurrence cannot yet be determined, recorded a negative change in the year due to lower provisions.
The cost for the "Additional water bonus" introduced by ARERA Resolution 897/2017/R/IDR and ATO Resolution 697/2018 recorded a slight decrease compared to the previous year.

30. Costs for Design and Construction Activities € 221,729,304

			2024	2023
–	Costs for design and construction activities	€	221,729,304	103,137,269

53 Including long-term expectations, of which one Executive on leave, art. 15 CCNL for Managers of public utility companies 16/10/2019

This item refers to the "Costs for design and construction activities" of assets under concession, net of capitalised costs for internal increases, which, as provided for by IFRIC 12, is entered under costs; the corresponding revenues are entered under "Revenues for design and construction activities".

31. Depreciation, Amortisation, Provisions and Write-downs € 105,596,139

This item can be broken down as follows:

		2024	2023
– Depreciation of tangible fixed assets	€	15,019,308	13,733,057
– Amortisation of other intangible assets	€	2,876,785	2,061,559
– Amortisation of assets under concession	€	74,354,860	67,028,610
– Write-down of receivables	€	13,345,186	12,363,943
Total	€	105,596,139	95,187,169

Taking into account what is stated in the valuation criteria, and the criterion of systematicity, amortisation and depreciation for the year amounted to Euro 92.2 million (compared to Euro 82.8 million in the previous year) following the use of the following ordinary rates:

Intangible fixed assets:	
– Assets under concession (leasehold improvements and freely transferable assets)	Based on the estimated useful economic-technical life of the various types of assets of reference
– Assets under concession (right of use)	Depending on the duration of the service agreement between ATO 3 and SMAT S.p.A. (2033)
– Software use licences	33.33%
– Patents	50.00%
– Expansion and development costs	20.00%
– Trademarks	10 years
– Surface rights	Based on the estimated useful life of the duration of the Company's Articles of Association
Tangible fixed assets	
– Buildings and fences	3.50%
– Photovoltaic plants	9.00%
– Light constructions	10.00%
– Specific and filtration installations	8.00%
– Measuring equipment	10.00%
– Laboratory and miscellaneous equipment	10.00%
– Furniture and fixtures	12.00%
– Office machines	12.00%
• Electronic machines	20.00%
• Hardware	20.00%
• Cars	25.00%
• Transport and other vehicles	20.00%
• Activated coal	20.00%
• Polarite	11.00%
– Tanks	4.00%
– Fixed hydraulic works	2.50%
– Manifolds	5.00%
– Purification plants	15.00%
– Machinery	12.00%
– Leased assets	Depending on contract duration

The 2024 additions to property, plant and equipment were applied at rates equal to 50% of those indicated above, representing best estimates of average rates based on months of use.
The increase compared to the 2023 financial statements derives from the effect of the implementation of investments made during the year and works carried out in previous years.
The item also includes accruals to the Allowance for doubtful accounts for about €13.3 million, calculated in accordance with IFRS 9 - Financial Instruments, as already reported in the specific item under Assets in these Notes.

Financial Income and Expenses

32. Financial income — € 10,786,322

This item includes:

			2024	2023
–	Income from related parties	€	100,313	108,632
–	Interest income and other financial income	€	10,686,009	9,769,400
	Total	**€**	**10,786,322**	**9,878,032**

"Income from related parties" consisted, as in the previous year, only of interest for cash pooling with the subsidiary Risorse Idriche.
Interest and other financial income' includes interest income on bank and postal accounts, interest on arrears, other financial income, and dividends from other companies.
The increase is mainly due to bank interest income as a result of the increase in interest rates applied to company liquidity and interest on arrears to users.

33. Financial Charges — € 10,556,592

This item includes:

			2024	2023
–	Interest expense and commissions on loans	€	10,150,505	7,013,359
–	Other interest expense and charges	€	416,087	733,127
	Total	**€**	**10,556,592**	**7,746,486**

Interest expense and commissions on loans comprise the accrued portion of interest on bonds, loans and short-term hot money financing. The item also includes the adjustment of charges according to the amortised cost method.
The increase compared to last year stems from the higher incidence of interest on the bond loan (rate of 1.95% on EUR 135 million until 12.4.2024 and rate of 4.546% on the remaining portion of EUR 90 million from 13.4.2024), on the EIB loan disbursed in December 2023, on the new loan concluded at the end of December, and on short-term loans.
"*Other interest expenses and charges*" include, in particular, financial charges on leased assets resulting from the application of IFRS 16, financial charges related to the discounting of the provision for termination indemnities in application of IAS 19, and, compared to last year, interest on the CSEA financial advance repaid in full on 10 August 2023.

34. Taxes — € 13,544,864

This item includes:

			2024	2023
–	IRAP	€	2,596,531	2,350,644
–	IRES	€	12,187,221	12,064,343
–	Taxes related to previous years	€	(1,395,275)	(1,874)
–	Change in deferred tax liabilities	€	2,684,554	(509)
–	Change in deferred tax assets	€	(2,528,167)	(1,351,611)
	Total	**€**	**13,544,864**	**13,060,993**

Although the pre-tax result decreased compared to the 12/31/2023 financial statements, overall taxation increased slightly (3.7%), taking into account the combined effect of: lower tax benefits related to the non-extension of the ACE tax relief and the absence of the tax credit on energy and gas costs not subject to taxation; higher current taxation and, above all, higher charges related to deferred taxation, due to the greater release of provisions for risks and charges and the tax deferral of significant economic items. The significant benefit of lower taxation on previous years (compared to the financial statements as at 31 December 2023) is offset by the opposite effect (higher taxation) on deferred taxation related to the time slippage of taxation of significant economic assets.

The reconciliation between the ordinary tax rate and the effective tax rate is shown in the following table:

			2024	2023
–	Pre-tax result	€	45,913,370	54,512,209
–	Theoretical applicable tax rate	%	24	24
–	Theoretical IRES	€	11,019,209	13,082,930

Effect of increases (decreases) with respect to the theoretical rate:

–	IRES on non-deductible costs	€	5,569,825	3,993,231
–	IRES on other permanent differences	€	(4,394,338)	(5,008,969)
–	Total effect of increases (decreases) in income	€	1,175,487	(1,015,738)
–	IRES deductions		(7,474)	(2,849)
–	Current IRES (Theoretical IRES + IRES on changes in income)	€	12,187,221	12,064,343
–	Deferred IRES	€	(1,237,591)	(1,352,120)
–	**Current + deferred IRES (actual total)**	**€**	**10,949,630**	**10,712,223**
	Effective tax rate	%	23.85	19.65

Given the special nature of the relative tax base, IRAP has not been taken into account for the purposes of the above table, which refers only to IRES.

Other Information

The following table provides information on commitments undertaken by the Company (I), the determination of fair value (II), financial risk management (III), remuneration of Directors and Statutory Auditors (IV), fees paid to the Auditing Firm (V), transactions with related parties (VI), contributions received from the PA (VII), significant events occurring after December 31, 2023 (VIII) and corporate agreements outside the Balance Sheet (IX).

I. Commitments undertaken by the Company

In order to follow up on Acque Potabili's extraordinary transaction, on February 24, 2020, shareholder agreements were signed with the shareholder IRETI in order to guarantee, also following the withdrawal transaction, the parity of the shareholding in Acque Potabili and to ensure the sharing of every decision, also during the subsequent liquidation procedure.

II. Determination of fair value: additional information

With regard to the fair value measurement of financial instruments in compliance with the requirements of IFRS 7, we specify the following:

Assets	
Non-current financial assets - receivables:	the book value represents their fair value
Cash and cash equivalents:	the book value represents their fair value
Available-for-sale investments:	the book value represents their fair value

Liabilities	
Variable-rate loans:	the book value represents their fair value
Trade payables:	the book value represents their fair value

III. Financial risk management

In accordance with the aforementioned IFRS 7, it should be noted that SMAT S.p.A., in the ordinary course of its operations, is potentially exposed to the financial risks already commented on in the Report on Operations.

IV. Remuneration of Directors and Statutory Auditors

The remuneration of the Directors and Statutory Auditors of SMA Torino S.p.A. is detailed below:

		2024	2023
Directors	€	346,969	306,705
Statutory Auditors	€	98,800	98,800

The remuneration corresponds to the amounts decided by the Shareholders' Meeting plus the mandatory contribution.

V. Auditing Firm Fees

Fees payable to the independent auditors Deloitte & Touche S.p.A. for auditing services on the annual and consolidated financial statements as at 31 December 2024 amounted to Euro 66 thousand.
Fees for the activities to certify the conformity of SMAT's sustainability reporting for the two-year period 2024-2025 amount to a total of €15,000 (€8,000 for 2024, €7,000 for 2025). The accrual of the fees coincides with the completion of the attestation activities.

VI. Transactions with "related parties"

Transactions with related parties were carried out at arm's length and on the basis of rules that ensure their transparency, as well as their substantial and procedural fairness.
Details of the balance sheet and income statement balances of transactions with related parties for the year ended 31 December 2024 are shown below.

	Financial Year 2024						
	Total revenue	Total costs operating	Income financial	Receivables trade receivables	Assets financial assets current	Payables trade	Liabilities financial current
CITY OF TURIN	4,514,095	1,917,424	-	1,470,897	-	763,218	-
RISORSE IDRICHE	293,040	4,108,558	13,613	186,803	-	2,312,908	639,257
AIDA AMBIENTE	301,741	1,385,045	86,702	379,381	86,700	70,040	-
SAP SPA IN LIQUIDATION	40,002	-	-	40,000	-	16,380	-
Total related parties	5,148,878	7,411,027	100,315	2,077,081	86,700	3,162,546	639,257
Total balance sheet items	624,565,972	473,276,193	10,786,322	261,234,313	99,658	138,810,610	40,485,245
Percentage of total balance sheet item	0.82%	1.57%	0.93%	0.80%	87.00%	2.28%	1.58%

VII. Contributions Law of 4 August 2017 no. 124, art. 1, paragraph 125

SMAT collected the following contributions from the Public Administrations during the closing financial year and is therefore net of the connection contributions on private sockets collected from the utilities.

Date collection	Paying party	Cause	Amount	Contributions c/Expenditure	Contributions c/Accruals
01/02/2024	GSE	PRODUCTION INCENTIVE EX CV ROSTA	844	844	
01/02/2024	GSE	PHOTOVOLTAIC PRODUCTION INCENTIVE CASTIGLIONE	11,460	11,460	
01/11/2024	FONSERVIZI	TRAINING PLAN "SAP BO SYSTEM" COD. CFA 157/2022	6,747	6,747	
01/18/2024	ENEL ITALY	CONTRIBUTION OF. 540/21 - ONE-OFF ON BALME PLANT	5,000	5,000	
01/31/2024	GSE	PHOTOVOLTAIC PRODUCTION INCENTIVE CASTIGLIONE	19,172	19,172	
01/31/2024	GSE	ADVANCED BIOMETHANE INCENTIVE CASTIGLIONE	267,000	267,000	
02/29/2024	GSE	PRODUCTION INCENTIVE EX CV ROSTA	441	441	
02/29/2024	GSE	PHOTOVOLTAIC PRODUCTION INCENTIVE CASTIGLIONE	6,593	6,593	
02/29/2024	GSE	ADVANCED BIOMETHANE INCENTIVE CASTIGLIONE	292,125	292,125	
03/06/2024	PIEDMONT REGION	IVREA TRANSFORM. PURIFICATION PLANT FROM SECONDARY TO TERTIARY	240,701		240,701
03/15/2024	MUNICIPALITY OF RIVALTA	COMMITMENT OF EXPENDITURE FOR FLASKS	3,000	3,000	
03/19/2024	FONSERVIZI	CFA OF THE TRAINING PLAN "OFFICE PACKAGE TRAINING AND UPDATING, SQL, CYBERSECURITY, PLC AUTOMATION" COD. CFA 045/2023	43,344	43,344	
03/28/2024	GSE	CASTIGLIONE ADVANCED BIOMETHANE INCENTIVE	393,750	393,750	
04/02/2024	GSE	PHOTOVOLTAIC PRODUCTION INCENTIVE CASTIGLIONE	18,213	18,213	
04/12/2024	ACSEL	ROSTA PHOTOVOLTAIC PLANT	11,719	11,719	
04/30/2024	GSE	PHOTOVOLTAIC PRODUCTION INCENTIVE CASTIGLIONE	18,213	18,213	
04/30/2024	GSE	INCENTIVE PRODUCTION EX CV ROSTA	1,150	1,150	
04/30/2024	GSE	ADVANCED BIOMETHANE INCENTIVE CASTIGLIONE	426,375	426,375	
05/13/2024	FONSERVIZI	CFA OF THE TRAINING PLAN "GDPR TRAINING, CITRIX AND TAX UPDATE "COD. CFA 169/2022	14,844	14,844	
05/17/2024	FONSERVICES	CFA OF THE TRAINING PLAN "INFORMATICS 2023" COD. CFA 104/2023	27,962	27,962	
05/29/2024	MUNICIPALITY OF MONCALIERI	WHITE WATER SEWERAGE AND STORMWATER DISPOSAL IN BORGATA BAUDUCCHI	354,360		354,360
05/30/2024	FINPIEMONTE	BioEnPro4TO PROJECT	16,588	16,588	
05/31/2024	GSE	PHOTOVOLTAIC PRODUCTION INCENTIVE CASTIGLIONE	18,213	18,213	
05/31/2024	GSE	ADVANCED BIOMETHANE INCENTIVE CASTIGLIONE	339,750	339,750	
06/25/2024	FONSERVIZI	CFA OF THE TRAINING PLAN "WATER LOSS MANAGEMENT; BLACK BELT FOR SERVICES; CYBERSECURITY AND DATA PROTECTION "CFA CODE 244/2022	19,140	19,140	
06/28/2024	GSE	ADVANCED BIOMETHANE INCENTIVE CASTIGLIONE	320,250	320,250	
07/01/2024	GSE	PHOTOVOLTAIC PRODUCTION INCENTIVE CASTIGLIONE	17,900	17,900	
07/01/2024	GSE	PRODUCTION INCENTIVE EX CV ROSTA	1,117	1,117	
07/03/2024	FONSERVIZI	CFA OF THE TRAINING PLAN "ANTI-CORRUPTION, TRANSPARENCY, MOG 231, SQL, INVOICE MANAGEMENT, CORPORATE WEB PROTECTION" CFA CODE 132/2023	25,618	25,618	
07/03/2024	FONSERVIZI	CFA OF THE TRAINING PLAN "ARERA REGULATION IN THE WATER SECTOR" CFA CODE 133/2023	26,858	26,858	
07/10/2024	FONSERVIZI	CFA OF THE TRAINING PLAN "SPSS MODELER -	15,154	15,154	

Date collection	Paying party	Cause	Amount	Contribu-tions c/Expendi-ture	Contribu-tions c/Accruals
		OFFICE 365 - VEEAM BACKUP & REPLICATION" TRAINING PLAN COD. CFA 090/2022			
07/31/2024	GSE	PHOTOVOLTAIC PRODUCTION INCENTIVE CASTIGLIONE	17,900	17,900	
07/31/2024	GSE	ADVANCED BIOMETHANE INCENTIVE CASTIGLIONE	332,250	332,250	
08/01/2024	FONSERVIZI	CFA OF THE TRAINING PLAN "COURSES DIGITISATION" COD. CFA 146/2023	5,302	5,302	
08/07/2024	SERCO ITALY	CALLISTO PROJECT	36,052	36,052	
08/22/2024	AUTHORITY OF AREA NO.3	VALPERGA OXIDATION TANK EXTENSION	3,504,000		3,504,000
08/30/2024	GSE	ADVANCED BIOMETHANE INCENTIVE CASTIGLIONE	319,125	319,125	
09/02/2024	GSE	PHOTOVOLTAIC PRODUCTION INCENTIVE CASTIGLIONE	17,900	17,900	
09/02/2024	GSE	INCENTIVE PRODUCTION EX CV ROSTA	1,117	1,117	
09/30/2024	GSE	PHOTOVOLTAIC PRODUCTION INCENTIVE CASTIGLIONE	18,401	18,401	
09/30/2024	GSE	ADVANCED BIOMETHANE INCENTIVE CASTIGLIONE	228,000	228,000	
10/09/2024	AREA AUTHORITY NO. 3	REDUCTION OF WATER LOSSES	10,000,000		10,000,000
10/31/2024	GSE	PHOTOVOLTAIC PRODUCTION INCENTIVE CASTIGLIONE	18,401	18,401	
10/31/2024	GSE	INCENTIVE PRODUCTION EX CV ROSTA	1,028	1,028	
10/31/2024	GSE	ADVANCED BIOMETHANE INCENTIVE CASTIGLIONE	208,500	208,500	
11/13/2024	UNIVERSITY OF TURIN	IN2AQUAS PROJECT	15,000	15,000	
11/18/2024	MUNICIPALITY OF VILLAFRANCA	INSTALLATION OF WATER POINT VILLAFRANCA PIEDMONT	2,000	2,000	
11/20/2024	PO RIVER BASIN DIS-TRICT AUTHORITY	LIFE CLIMAX PO PROJECT	19,094	19,094	
11/28/2024	FONSERVICES	ITIL4 FOUNDATION" TRAINING PLAN CFA CODE 181/2023	9,452	9,452	
11/29/2024	GSE	ADVANCED BIOMETHANE INCENTIVE CASTIGLIONE	211,125	211,125	
12/02/2024	GSE	PHOTOVOLTAIC PRODUCTION INCENTIVE CASTIGLIONE	18,401	18,401	
12/16/2024	UNIVERSITY OF TURIN	BIOENPROH20 PROJECT	12,436	12,436	
12/17/2024	INFRASTRUCTURE AND TRANSPORT	FUND ADJUST. PRICES 2023-2024	74,743		74,743
12/19/2024	INFRASTRUCTURE AND TRANSPORT	FUND ADJUST. PRICES 2023-2024	76,957		76,957
12/20/2024	INFRASTRUCTURE AND TRANSPORT	FUND ADJUST. PRICES 2023-2024	18,322		18,322
12/24/2024	INFRASTRUCTURE AND TRANSPORT	FUND ADJUST. PRICES 2023-2024	335,353		335,353
12/31/2024	GSE	PHOTOVOLTAIC PRODUCTION INCENTIVE CASTIGLIONE	19,861	19,861	
12/31/2024	GSE	INCENTIVE PRODUCTION EX CV ROSTA	968	968	
12/31/2024	GSE	ADVANCED BIOMETHANE INCENTIVE CASTIGLIONE	272,625	272,625	
		TOTAL	18,757,913	4,153,477	14,604,436

VIII. Significant Events Occurring After 31 December 2024

Significant events occurring after December 31, 2024 are detailed in the relevant section of the Report on Operations.

IX. Corporate agreements outside the Balance Sheet

It is acknowledged that there are no agreements outside the Balance Sheet that could have a significant impact on the Company's financial position and results of operations.

Proposals regarding resolutions on the SMAT S.p.A. financial statements as at December 31, 2024

Dear Shareholders

Having verified that there are no amounts yet to be amortised in relation to start-up, expansion, research and development and advertising costs, and that the provisions of Article 2426, paragraph 5, of the Italian Civil Code have been complied with, in relation to the foregoing, we propose that you approve the SMAT S.p.A. financial statements for the year ended December 31, 2024, which close with a net profit of € 32,368,506.10 as a whole and in the individual entries.

Considering that the Shareholders' Meeting of 06.05.2014 had taken note of the Agreement pursuant to Article 30 TUEL approved by the majority of the Shareholders both in terms of numbers and in terms of shares, and that Article 2 thereof provides for the following allocation of the profit

- 5% to the Legal Reserve;

and the remaining:

- 80% to the Reserve earmarked for the implementation of the Economic and Financial Plan;
- 20% to dividends to Shareholders for the promotion of environmental protection activities.

Based on the above, the Board of Directors therefore proposes to the Shareholders' Meeting the following allocation of the net profit for the year

- 5% to the Legal Reserve equal to € 1,618,425.31;

and the remaining:

- 80% to the Reserve earmarked for the implementation of the Economic and Financial Plan amounting to € 24,600,064.63;
- 20% equal to a total of €6,150,016.16, corresponding to a rounded unit dividend of €1.26 for each of the 4,860,004 ordinary shares entitled to it, excluding the treasury shares held by SMAT S.p.A., and therefore a total rounded dividend equal to €6,123,605.04. Consequently, the amount of the residual net profit to be carried forward is €26,411.12.

Without prejudice to the foregoing and taking into account legal obligations, the Board of Directors refers to the decisions of the Shareholders' Meeting regarding the allocation of the 2024 net profit.

Turin, May 22, 2025

On behalf of the Board of Directors
The Chairman
Paolo ROMANO

SUBSIDIARIES' FINANCIAL STATEMENTS

RISORSE IDRICHE S.P.A.
AIDA AMBIENTE S.R.L.

RISORSE IDRICHE S.p.A. FINANCIAL STATEMENTS AS OF 12.31.2024

FINANCIAL STATEMENT SCHEDULES

Balance Sheet

Profit and Loss Account

Risorse Idriche S.p.A.

SMAT Group company
Registered office in TORINO - C.so XI Febbraio, 14
Share capital i.v. Euro 412,768.72
Registered with the C.C.I.A.A. (Chamber of Commerce, Industry, Crafts and Agriculture) of TURIN Tax Code and Tax Registration No. 06087720014
VAT No.: 06087720014 - Rea No.: 759524
Subject to the management and coordination of SMA TORINO S.p.A.

FINANCIAL STATEMENTS AS AT 12/31/2024

BALANCE SHEET AND PROFIT AND LOSS ACCOUNT PURSUANT TO ART. 2424-2425 C.C.

BALANCE SHEET

ASSETS	12/31/2024	12/31/2023
A) RECEIVABLES FROM SHAREHOLDERS FOR PAYMENTS STILL DUE		
Receivables for payments due and called up	0	0
Total receivables from shareholders (A)	0	0
B) FIXED ASSETS		
I. Intangible fixed assets		
1) Start-up and expansion costs	0	0
2) Development costs	0	0
3) Industrial patent and intellectual property rights	0	0
4) Concessions, licences, trade marks and similar rights	4,413	6,017
5) Start-up	0	43,519
6) Assets under construction and advances	0	0
7) Other	0	0
Total intangible fixed assets (I)	4,413	49,536
II. Tangible fixed assets		
1) Land and buildings	0	0
2) Plant and machinery	0	0
3) Industrial and commercial equipment	9,890	11,206
4) Other Assets	19,123	21,617
5) Assets under construction and advances	0	0
Total tangible fixed assets (II)	29,013	32,823
III. Financial fixed assets		
1) Investments in:		
a) subsidiary companies	0	0
b) associated companies	0	0
c) parent companies	0	0
d) enterprises subject to the control of parent companies	0	0
d-bis) other companies	0	0
Total shareholdings	0	0
2) Receivables:		
a) from subsidiaries	0	0
b) due from associated companies	0	0
c) towards parent companies	0	0
d) from companies subject to the control of parent companies	0	0
d-bis) towards others	0	0
Total receivables	0	0
3) Other securities	0	0
4) Derivative financial instruments assets	0	0
Total financial fixed assets (III)	0	0
Total fixed assets (B)	33,426	82,359

ASSETS	12/31/2024	12/31/2023
C) CURRENT ASSETS		
I. Inventories		
1) Raw, ancillary and consumable materials	0	0
2) Work in progress and semi-finished products	0	0
3) Work in progress on orders	0	0
4) Finished products and goods	0	0
5) Advances	0	0
Total inventories (I)	0	0
II. Receivables		
1) Due from customers (within 12 months)	6,136	175,167
2) Towards Subsidiary Companies	0	0
3) From affiliated companies	0	0
4) Due from parent companies:		
– *Within 12 months*	*2,942,277*	*3,580,011*
– *Beyond 12 months*	*9,888*	*9,888*
Total receivables from parent companies (4)	2,952,165	3,589,899
5) Due from companies subject to the control of parent companies	0	0
5bis) Tax income (within 12 months)	116,882	124,804
5ter) Deferred tax assets	1,346	8,023
5 quater) From others	19,982	20,045
– *Within 12 months*	*19,982*	*20,045*
– *Over 12 months*	*0*	*0*
Total receivables (II)	3,096,511	3,917,938
III. Financial assets not constituting fixed assets		
1) Investments in subsidiaries	0	0
2) Equity investments in affiliated companies	0	0
3) Equity investments in parent companies	0	0
3 bis) Equity investments in companies controlled by parent companies	0	0
4) Other equity investments	0	0
5) Derivative financial instruments assets	0	0
6) Other securities	0	0
Total financial assets not constituting fixed assets (III)	0	0
IV. Cash and cash equivalents		
1) Bank and post office deposits	533	351
2) Cheques	0	0
3) Cash and valuables on hand	702	439
Total cash and cash equivalents (IV)	1,235	790
Total current assets (C)	3,097,746	3,918,728
D) ACCRUED INCOME AND PREPAID EXPENSES		
Accrued income	0	0
Prepaid expenses	58,263	42,311
Total accrued income and prepaid expenses (D)	58,263	42,311
TOTAL ASSETS	3,189,435	4,043,398

BALANCE SHEET		
SHAREHOLDERS' EQUITY AND LIABILITIES	12/31/2024	12/31/2023
A) SHAREHOLDERS' EQUITY		
I. Capital	412,769	412,769
II. Share premium reserve	0	0
III. Revaluation reserve	0	0
IV. Legal reserve	85,957	85,957
V. Statutory reserves	0	0
VI. Other reserves separately indicated		
1) optional reserve	63,292	63,291
2) reserve for accelerated depreciation	0	0
3) payments in capital increase	0	0
4) EUR unit rounding reserve	1	1
Total other reserves (VI)	63,292	63,292
VII. Reserve for expected cash flow hedging transactions	0	0
VIII. Retained earnings (losses)	185,137	156,005
IX. Profit (loss) for the year	94,966	29,132
X. Negative reserve for treasury shares in portfolio	0	0
Total Shareholders' Equity (A)	842,121	747,155
B) PROVISIONS FOR RISKS AND CHARGES		
1) Provisions for pensions and similar obligations	0	0
2) Provisions for taxes, including deferred taxes	0	0
3) Derivative financial instruments liabilities	0	0
4) Other	0	0
Total provisions for risks and charges (B)	0	0
C) EMPLOYEE SEVERANCE INDEMNITIES	1,026,841	966,870
D) PAYABLES		
1) Bonds	0	0
2) Convertible bonds	0	0
3) Payables to shareholders for loans	0	0
4) Payables to banks	235	210
5) Payables to others	0	0
6) Advances	0	0
7) Payables to suppliers (within 12 months)	492,601	467,436
8) Payables represented by credit instruments	0	0
9) Payables to subsidiaries	0	0
10) Payables to associated companies	0	0
11) Payables to parent companies:		
– Within 12 months	184,801	1,339,688
– Beyond 12 months	0	0
Total payables to parent companies (11)	184,801	1,339,688
11 bis) Payables to companies subject to the control of parent companies	0	0
12) Tax payables (within 12 months)	61,559	42,463
13) Payables to social security institutions (within 12 months)	139,347	128,672
14) Other payables (within 12 months)	440,577	348,838
Total payables (D)	1,319,120	2,327,307
E) ACCRUALS AND DEFERRALS		
Accrued expenses	0	0
Deferred income	1,353	2,066
Total accrued expenses and deferred income (E)	1,353	2,066
TOTAL LIABILITIES AND NET	3,189,435	4,043,398

PROFIT AND LOSS ACCOUNT			
A)	VALUE OF PRODUCTION	2024	2023
1)	Revenues from sales and services	3,852,387	3,880,449
2)	Changes in inventories of work in progress, semi-finished and finished goods	0	0
3)	Change in contract work in progress	0	0
4)	Increase in fixed assets for internal work	0	0
5)	Other revenues and income:		
	a) Operating grants	0	0
	b) Other	10,286	10,217
	Total other revenues and income (5)	**10,286**	**10,217**
	Total value of production (A)	3,862,673	3,890,666
B)	COSTS OF PRODUCTION		
6)	For raw materials, consumables and goods	29,096	15,666
7)	For services	1,728,690	1,750,962
8)	For use of third party assets	112,113	107,424
9)	For personnel:		
	a) wages and salaries	1,063,838	1,002,877
	b) social security charges	356,643	335,316
	c) severance pay	88,261	80,024
	d) provision for pensions and similar obligations	3,409	620
	e) other costs	116,547	2,635
	Total personnel costs (9)	**1,628,698**	**1,421,472**
10)	Amortisation, depreciation and write-downs		
	a) amortisation of intangible assets	49,667	48,152
	b) depreciation of tangible fixed assets	10,659	11,187
	c) other write-downs of fixed assets	0	0
	d) write-down of receivables included in current assets and of cash and cash equivalents	0	0
	Total amortisation, depreciation and write-downs (10)	**60,326**	**59,339**
11)	Changes in inventories of raw, ancillary and consumable materials and goods for resale	0	0
12)	Provisions for risks	0	0
13)	Other provisions	0	0
14)	Sundry operating expenses	168,860	377,950
	Total costs of production (B)	3,727,783	3,732,813
	Difference between value and cost of production (A-B)	**134,890**	**157,853**
C)	FINANCIAL INCOME AND EXPENSES		
15)	Income from equity investments, with separate indication of those relating to subsidiary and associated companies and those relating to parent companies and companies controlled by the latter	0	0
16)	Other financial income		
	a) from receivables included in fixed assets, with separate indication of those from subsidiary and associated companies and those from parent companies and companies subject to the control of the latter	113	0
	b) from securities included in fixed assets that are not equity investments	0	0
	c) from securities included in current assets that do not constitute equity investments	0	0
	d) income other than the above, with separate indication of those from subsidiary and associated companies and from parent companies and from undertakings controlled by the latter	0	0
	Total other financial income (16)	**113**	**0**

			2024	2023
17)	Interest and other financial expenses, with separate disclosure of those from subsidiary and associated companies and from parent companies:			
	a)	interest from parent company	13,613	108,632
	b)	loans	0	0
	c)	various	0	24
	Total interest and other financial expenses (17)		**13,613**	**108,656**
17bis)	Foreign exchange gains and losses		0	0
	Total financial income and expenses (C) (15 + 16 - 17 +/- 17 bis)		(13,500)	(108,656)
D)	VALUE ADJUSTMENTS TO FINANCIAL ASSETS			
18)	Revaluations			
	a)	of equity investments	0	0
	b)	of financial fixed assets that are not shareholdings	0	0
	c)	of securities in current assets that do not constitute participations	0	0
	d)	of derivative financial instruments	0	0
	Total revaluations (18)		**0**	**0**
19)	Write-downs			
	a)	of equity investments	0	0
	b)	of financial fixed assets not constituting shareholdings	0	0
	c)	of securities in current assets that do not constitute participations	0	0
	d)	of derivative financial instruments	0	0
	Total value adjustments on financial assets (D) (18 - 19)		0	0
	Profit before tax (A - B +/- C +/- D)		121,390	49,197
20)	Income tax for the year			
	a)	Current taxes	19,747	7,529
	b)	Deferred and prepaid taxes	6,677	12,536
	Total income taxes for the year (20)		**26,424**	**20,065**
21)	**Profit (loss) for the year**		**94,966**	**29,132**

Società del Gruppo SMAT

AIDA AMBIENTE S.r.l. FINANCIAL STATEMENTS AS OF 12.31.2024

FINANCIAL STATEMENT SCHEDULES

Balance Sheet

Profit and Loss Account

Aida Ambiente S.r.l.
A company of the SMAT Group subject to the management and coordination of SMA Torino S.p.A.
Registered office in PIANEZZA - Via Collegno, 60
Share Capital i.v. Euro 100,000.00
Registered with the C.C.I.A.A. of TURIN
Tax Code and VAT No.: 09909860018 N. Rea: 109034

FINANCIAL STATEMENTS AS AT 12/31/2024

BALANCE SHEET AND PROFIT AND LOSS ACCOUNT PURSUANT TO ART. 2424-2425 C.C.

BALANCE SHEET

ASSETS	12/31/2024	12/31/2023
A) RECEIVABLES FROM SHAREHOLDERS FOR PAYMENTS STILL DUE		
Receivables for payments due and called up	0	0
Total receivables from shareholders (A)	0	0
B) FIXED ASSETS		
I. Intangible fixed assets		
1) Start-up and expansion costs	0	0
2) Development costs	0	0
3) Industrial patent rights and rights to use of intellectual works	0	0
4) Concessions, licences, trade marks and similar rights	0	0
5) Goodwill	0	0
6) Assets under construction and advances	0	0
7) Other	3,528	3,700
Total intangible fixed assets (I)	3,528	3,700
II. Tangible fixed assets		
1) Land and buildings	0	0
2) Plant and machinery	191,208	196,216
3) Industrial and commercial equipment	25,182	26,074
4) Other Assets	9,975	10,415
5) Assets under construction and advances	0	0
Total tangible fixed assets (II)	226,365	232,705
III. Financial fixed assets		
1) Investments in:		
a) subsidiary companies	0	0
b) associated companies	0	0
c) parent companies	0	0
d) enterprises subject to the control of parent companies	0	0
(d-bis) other enterprises	0	0
Total shareholdings	0	0
2) Receivables:		
a) from subsidiaries	0	0
b) due from associated companies	0	0
c) towards parent companies	0	0
d) from companies subject to the control of parent companies	0	0
d-bis) towards others	0	0
Total receivables	0	0
3) Other securities	0	0
4) Derivative financial instruments assets	0	0
Total financial fixed assets (III)	0	0
Total fixed assets (B)	229,893	236,405

ASSETS	12/31/2024	12/31/2023
C) CURRENT ASSETS		
I. Inventories		
1) Raw, ancillary and consumable materials	0	0
2) Work in progress and semi-finished products	0	0
3) Work in progress on orders	0	0
4) Finished products and goods	0	0
5) Advances	0	0
Total inventories (I)	0	0
II. Receivables		
1) Due from customers:		
– Within 12 months	184,699	55,535
– Beyond 12 months	0	0
Total receivables from customers (1)	184,699	55,535
2) Due from subsidiaries	0	0
3) From affiliated companies	0	0
4) Due from parent companies:		
– Within 12 months	70,040	102,150
– Beyond 12 months	0	0
Total receivables from parent companies (4)	70,040	105,150
5) Due from companies subject to the control of parent companies	0	0
5 bis) Tax receivables (within 12 months)	16,836	66,253
5 ter) Deferred tax assets	19,539	10,237
5 quater) From others:		
– Within 12 months	0	1,637
– Beyond 12 months	0	0
Total receivables from others (5-quater)	0	1,637
Total receivables (II)	291,114	235,812
IV. Financial assets not constituting fixed assets		
1) Investments in subsidiaries	0	0
2) Equity investments in affiliated companies	0	0
3) Equity investments in parent companies	0	0
3 bis) Equity investments in companies subject to the control of parent companies	0	0
4) Other equity investments	0	0
5) Derivative financial instruments assets	0	0
6) Other securities	0	0
Total financial assets not constituting fixed assets (III)	0	0
V. Cash and cash equivalents		
1) Bank and postal deposits	1,524,162	1,316,880
2) Cheques	0	0
3) Cash and valuables on hand	108	122
Total cash and cash equivalents (IV)	1,524,270	1,317,002
Total current assets (C)	1,815,384	1,552,814
E) ACCRUED INCOME AND PREPAID EXPENSES		
Accrued income	0	0
Prepaid expenses	2,929	5,939
Total accrued income and prepaid expenses (D)	2,929	5,939
TOTAL ASSETS	2,048,206	1,795,158

BALANCE SHEET

SHAREHOLDERS' EQUITY AND LIABILITIES			12/31/2024	12/31/2023
A)	SHAREHOLDERS' EQUITY			
	I.	Capital	100,000	100,000
	II.	Share premium reserve	0	0
	III.	Revaluation reserve	0	0
	IV.	Legal reserve	20,000	20,000
	V.	Statutory reserves	0	0
	VI.	Other reserves separately indicated		
		1) optional reserve	353,014	353,014
		2) reserve for accelerated depreciation	0	0
		3) payments in capital increase	0	0
		4) EUR unit rounding reserve	(1)	3
	Total other reserves (VI)		353,013	353,017
	VII.	Reserve for expected cash flow hedging transactions	0	0
	VIII.	Retained earnings (losses)	352,894	346,320
	IX.	Profit (loss) for the year	73,981	176,574
	X.	Negative reserve for treasury shares in portfolio	0	0
	Total Shareholders' Equity (A)		899,888	995,911
B)	PROVISIONS FOR RISKS AND CHARGES			
		1) Provisions for pensions and similar obligations	0	0
		2) Provisions for taxes, including deferred taxes	0	0
		3) Derivative financial instruments liabilities	0	0
		4) Other	0	0
	Total provisions for risks and charges (B)		0	0
C)	EMPLOYEE SEVERANCE INDEMNITY RESERVE		206,474	192,049
D)	PAYABLES			
		1) Bonds	0	0
		2) Convertible bonds	0	0
		3) Payables to shareholders for loans	0	0
		4) Payables to banks	180	132
		5) Payables to others	0	0
		6) Advances	0	0
		7) Payables to suppliers (within 12 months)	183,265	214,190
		8) Payables represented by credit instruments	0	0
		9) Payables to subsidiaries	0	0
		10) Payables to associated companies	0	0
		11) Payables to parent companies (within 12 months)	466,081	227,961
		11 bis) Payables to companies subject to the control of parent companies	0	0
		12) Tax payables (within 12 months)	27,464	17,508
		13) Payables to social security institutions and social security institutions (within 12 months)	36,343	31,831
		14) Other payables (within 12 months)	227,235	113,959
	Total payables (D)		940,568	605,581
E)	ACCRUALS AND DEFERRALS			
	Accrued liabilities		0	0
	Deferred income		1,276	1,617
	Total accrued expenses and deferred income (E)		1,276	1,617
	TOTAL LIABILITIES AND NET		2,048,206	1,795,158

PROFIT AND LOSS ACCOUNT

A) VALUE OF PRODUCTION	2024	2023
1) Revenues from sales and services	1,853,218	1,808,778
2) Changes in inventories of work in progress, semi-finished and finished products	0	0
3) Change in contract work in progress	0	0
4) Increase in fixed assets for internal work	0	0
5) Other revenues and income:		
a) Operating grants	0	32,321
b) Other	142,072	52,287
Total other revenues and income (5)	**142,072**	**84,608**
Total value of production (A)	1,995,290	1,893,386
B) COSTS OF PRODUCTION		
6) For raw materials, consumables and goods	180,261	108,992
7) For services	987,809	956,145
8) For use of third party assets	36,814	35,642
9) For personnel:		
a) wages and salaries	353,696	336,756
b) social security charges	123,900	118,453
c) severance pay	28,337	26,638
d) provision for pensions and similar obligations	0	0
e) other costs	78,878	75,371
Total personnel costs (9)	**584,811**	**557,218**
10) Amortisation, depreciation and write-downs		
a) amortisation of intangible assets	172	338
b) depreciation of tangible fixed assets	14,654	12,886
c) other write-downs of fixed assets	0	0
d) write-down of receivables included in current assets and cash and cash equivalents	0	3.350
Total amortisation, depreciation and write-downs (10)	**14,826**	**16,574**
11) Changes in inventories of raw, ancillary and consumable materials and goods for resale	0	0
12) Provisions for risks	0	0
13) Other provisions	0	0
14) Sundry operating expenses	87,142	39,073
Total costs of production (B)	1,891,664	1,713,644
Difference between value and cost of production (A-B)	**103,626**	**179,742**
C) FINANCIAL INCOME AND EXPENSES		
15) Income from equity investments, with separate indication of those relating to and associated companies and those relating to parent companies and companies subject to the control of the latter	0	0
16) Other financial income	**0**	**0**
a) from receivables recorded as fixed assets, with separate indication of those from subsidiary and associated companies and those from parent companies and from companies subject to the control of the latter	0	0
b) from securities entered as fixed assets which are not equity investments	0	0
c) from securities included in current assets that do not constitute equity investments	0	0
d) income other than the above, with separate indication of those from subsidiary and associated companies and from parent companies and from undertakings controlled by the latter	117	102
Total other financial income (16)	**117**	**102**

			2024	2023
17)	Interest and other financial expenses, with separate disclosure of those from subsidiaries and associates and from parent companies:			
	a)	interest from parent company	0	0
	b)	loans	0	0
	c)	various	115	108
	Total interest and other financial expenses (17)		**115**	**108**
17bis)		Foreign exchange gains and losses	0	0
	Total financial income and expenses (C) (15 + 16 - 17 +/- 17a)		2	(6)
D)	VALUE ADJUSTMENTS TO FINANCIAL ASSETS			
18)	Revaluations			
	a)	of equity investments	0	0
	b)	of financial fixed assets that are not shareholdings	0	0
	c)	of securities in current assets that do not constitute participations	0	0
	d)	of derivative financial instruments	0	0
	Total revaluations (18)		**0**	**0**
19)	Write-downs			
	a)	of equity investments	0	0
	b)	of financial fixed assets not constituting shareholdings	0	0
	c)	of securities in current assets that do not constitute participations	0	0
	d)	of derivative financial instruments	0	0
	Total value adjustments on financial assets (D) (18 - 19)		0	0
	Profit before tax (A - B +/- C +/- D)		103,628	179,736
20)	Income tax for the year			
	a)	Current taxes	38,949	11,073
	b)	Deferred and prepaid taxes	(9,302)	(7,911)
	Total income taxes for the year (20)		**29,647**	**3,162**
21)	**Profit (loss) for the year**		**73,981**	**176,574**

REPORTS OF THE BOARD OF STATUTORY AUDITORS

CONSOLIDATED FINANCIAL STATEMENTS

FINANCIAL STATEMENTS

REPORTS OF THE BOARD OF STATUTORY AUDITORS

SOCIETÀ METROPOLITANA ACQUE TORINO S.P.A.
Registered Office in Turin, Corso XI Febbraio, 14
Share Capital Euro 345,533,761.65 fully paid-in
Turin Companies Register
Tax Code and VAT No. 07937540016

§§

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2024 PREPARED PURSUANT TO ARTICLE 2429, PARAGRAPH 2, OF THE ITALIAN CIVIL CODE

Dear Shareholders of Società Metropolitana Acque Torino S.p.A.,

During the financial year ended December 31, 2024, our activities were conducted in accordance with the provisions of the Italian Civil Code, Legislative Decree No. 39/2010, Regulation (EU) No. 537/2014, where applicable, international accounting standards, the Rules of Conduct for Boards of Statutory Auditors of Listed Companies issued by the CNDCEC, and other applicable national regulations.

This Board of Statutory Auditors was appointed by you on July 28, 2022 and will remain in office until the approval of the statutory and consolidated financial statements as of December 31, 2024.

The Board also acts as the Internal Control and Audit Committee pursuant to Article 19 of Legislative Decree No. 39/2010.

The draft consolidated financial statements as of December 31, 2024 were made available within the timeframe set out in Article 2429 of the Italian Civil Code.

The consolidated financial statements of the Company as of December 31, 2024 include the consolidated balance sheet, the consolidated income statement, the notes to the financial statements, and the consolidated cash flow statement, and are accompanied by the Management Report (the latter prepared jointly for the same legal purposes as the statutory financial statements).

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS).

The task of verifying the compliance of the consolidated financial statements with legal requirements and their consistency with the accounting and consolidation records is assigned to the independent auditors. Therefore, since this Board of Statutory Auditors is not responsible for the analytical review of the content of the financial statements, we have monitored the general structure and compliance with legal requirements regarding their preparation and presentation, and in this regard, we have no specific remarks to report.

From the analysis of the report pursuant to Article 14 of Legislative Decree No. 39/2010 and Article 10 of Regulation (EU) No. 537/2014 issued by the independent auditors, it emerges that the consolidated financial statements: “[...] provide a true and fair view of the financial position of the SMAT Group as of 31 December 2024, and of its financial performance and cash flows for the year then ended, in accordance with IFRS as issued by the International Accounting Standards Board and adopted by the European Union.”

In accordance with the Rules of Conduct for Boards of Statutory Auditors of Listed Companies issued by the CNDCEC, we have:

- verified the existence and adequacy within the Company's organizational structure of a function responsible for relations with subsidiaries;
- obtained information on the activities carried out by the subsidiaries and on the most significant economic, financial, and equity transactions within the Group from the Company's Directors and those of the subsidiaries, from the heads of various departments, from the independent auditors, and from the control bodies of the subsidiaries.

Following the supervisory activities carried out on the consolidated financial statements, we note that:

- the determination of the scope of consolidation, the choice of consolidation principles, and the procedures adopted reflect the requirements set out by law;
- the legal provisions regarding the preparation and presentation of the consolidated financial statements and the Management Report have been complied with;
- the Management Report is consistent with the consolidated financial statements and provides further insights into the Group's performance and economic outlook; it also contains adequate information on intercompany transactions and significant events occurring after year-end;
- the consolidated financial statements reflect the facts and information that have come to the attention of this Board in the course of its supervisory and control activities.

Therefore, the Board of Statutory Auditors, taking into account:

- the findings of the audit activity carried out by the independent auditors as set out in their report;
- the information provided by the Board of Directors and the heads of various departments;
- all the above considerations and findings, as well as the contents of our meeting minutes;

has no remarks to make regarding the 2024 consolidated financial statements of the SMAT S.p.A. Group.

Turin, June 10, 2025

The Board of Statutory Auditors

Dott. Davide Di Russo

Dott.ssa Paola Lucia Giordano

Dott. Simone Montanari

SOCIETÀ METROPOLITANA ACQUE TORINO S.P.A.
Sede Legale in Torino, Corso XI Febbraio, 14
Capitale Sociale Euro 345.533.761,65 i.v.
Registro delle Imprese di Torino
C.F. e P. I.V.A. 07937540016

§§§

REPORT ON THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2024 PREPARED PURSUANT TO ARTICLE 2429, PARAGRAPH 2, OF THE ITALIAN CIVIL CODE

Dear Shareholders of Società Metropolitana Acque Torino S.p.A.,

During the financial year ended at December 31, 2024, our activities were conducted in accordance with the provisions of the Italian Civil Code, Legislative Decree No. 39/2010, Regulation (EU) No. 537/2014, where applicable, international accounting standards, the Rules of Conduct for Boards of Statutory Auditors of Listed Companies issued by the CNDCEC, and other applicable national regulations.

This Board of Statutory Auditors was appointed by you on July 28, 2022 and will remain in office until the approval of the statutory and consolidated financial statements as December 31, 2024.

It is noted, preliminarily, that the Board of Directors has decided to make use of the extended deadline provided for under Article 2364 of the Italian Civil Code and Article 14.5 of the Company's By-laws for convening the Shareholders' Meeting to approve the 2024 financial statements, given the existence of the relevant conditions.

The draft financial statements for the year ended at December 31, 024 were made available within the timeframe set out in Article 2429 of the Italian Civil Code.

The draft financial statements for the year ended at December 31, 2024 were approved by the Board of Directors at May 22, 2025.

Supervisory and Control Activities

We monitored compliance with the law and the by-laws, as well as adherence to principles of sound management.

We attended the Shareholders' Meetings and the meetings of the Board of Directors; based on the information obtained, we did not detect any violations of the law or the by-laws, nor any transactions that were manifestly imprudent, risky, potentially in conflict of interest, or such as to compromise the integrity of the Company's assets.

We obtained information on the progress of corporate operations during the meetings of the Board of Directors.

We received, during meetings, information from the Chief Executive Officer and the Heads of the various Departments regarding the general performance of management and its foreseeable evolution, as well as on the most significant transactions, due to their size or nature, carried out by the Company and its subsidiaries. Based on the information acquired, we have no specific remarks to report.

During the 2024 financial year and up to June 9, 2025, we met with the independent auditors, Deloitte & Touche S.p.A., and no facts, circumstances and/or relevant information emerged from those meetings that should be highlighted in this report, including with reference to the subsidiaries (Risorse Idriche S.p.A. and Aida Ambiente S.r.l.) of Smat S.p.A.

We met with the Boards of Statutory Auditors of the subsidiaries, as well as with the Board of Statutory Auditors, the independent auditors, and the Liquidator of SAP S.p.A. in liquidation. No facts, circumstances and/or relevant information emerged from those meetings that should be highlighted in this report, except as noted below regarding the acquisition of Aida Ambiente S.r.l.

In this regard, the Board of Statutory Auditors, referring to the disclosures in the notes to the financial statements, acknowledges that certain municipalities, shareholders of the Company, pursuant to Article 20, paragraph 2, letter c), of Legislative Decree No. 175/2016 as amended, resolved in their rationalisation plans to divest their interest in the Aida Consortium. In light of what was approved and reported in the 2015 and 2020 industrial plans of Smat S.p.A., the Board requested the Chief Executive Officer to take all useful and necessary actions to reach a resolution of the matter as soon as possible, in accordance with applicable regulations, stressing the urgency of fulfilling the commitments made by the Consortium in the Shareholders' Meeting.

We did not detect, nor did we receive from the Board of Directors, the independent auditors, the Supervisory Body, the Heads of the various Departments, or the control bodies of the subsidiaries, any reports regarding the existence of atypical and/or unusual transactions carried out by the Company with third parties or related parties.

We met with the Head of Internal Auditing, and no facts, circumstances and/or relevant information emerged from those meetings that should be highlighted in this report.

We met with the Supervisory Body and reviewed its reports, from which no issues emerged regarding the proper implementation of the organisational model that should be highlighted in this report.

We met with the Officer responsible for the prevention of corruption and transparency and reviewed the related 2024 Report, from which no issues emerged that should be highlighted in this report.

We acquired knowledge of and monitored, within the scope of our responsibilities, the adequacy and functioning of the Company's organisational and administrative-accounting structure, also through the collection of information from the Heads of the various Departments and the independent auditors. From this analysis, it emerged that the organisational and administrative-accounting system is adequate, reliable, and capable of correctly representing management events.

No intervention was required pursuant to Article 2406 of the Italian Civil Code due to omissions by the Board of Directors.

No complaints were filed pursuant to Article 2409, paragraph 7, of the Italian Civil Code.

No censurable facts, omissions, or reports emerged, and no complaints were received pursuant to Article 2408 of the Italian Civil Code.

During the supervisory activities described above, no other significant events emerged that would require mention in this report.

Supervisory activities pursuant to Legislative Decree no. 39/2010, as amended by Legislative Decree no. 135/2016

We have supervised, in our capacity as Internal Control and Audit Committee, pursuant to Article 19 of Legislative Decree No. 39/2010, as amended by Legislative Decree No. 135/2016, also on the basis of information received from the independent auditors:

- the financial reporting process;
- the effectiveness of the internal control, internal audit and risk management systems;
- the statutory audit of the financial statements and consolidated financial statements;
- the independence of the statutory auditor, in particular with regard to the provision of non-audit services.

From the analysis of the report pursuant to Article 14 of Legislative Decree No. 39/2010 and Article 10 of European Regulation No. 537/2014 of the auditing firm, it appears that the financial statements: '[...] give a true and fair view of the Company's financial position as at December 31, 2024, of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards adopted by the European Union and the provisions issued in implementation of Article 9 of Legislative Decree No. 38/05'.

On June 10, 2025, pursuant to Article 11 of European Regulation No. 537/2014, we received the additional report prepared by the auditing firm, which explains the results of the statutory audit carried out. We have informed the Company's administrative body of the outcome of the statutory audit and forwarded the aforementioned additional report to the latter.

Remarks on the financial statements

The draft financial statements for the year ended December 31, 2024 were approved by the Board of Directors on May 22, 2025 and consist, as required by the Italian Civil Code, of the Balance Sheet, the Income Statement, the Cash Flow Statement, the Notes to the Financial Statements and is accompanied by the Management Report, including the 2024 Sustainability Report prepared in accordance with Legislative Decree 125/2024.

To the best of our knowledge, the Directors have applied the International Financial Reporting Standards (IFRS), which have been applied consistently.

As highlighted in the notes to the financial statements, the Company has chosen not to apply in advance the IFRS amendments approved by the European Union as at December 31, 2024 but not yet mandatory.

The financial statements show a profit for the year of €32,368,506 and can be summarised as follows:

Statement of Financial Position:		
Total Assets	€.	1.601.461.797
Total Liabilities	€.	815.743.336
Shareholders' Equity	€.	753.349.955
Net Profit	€	32.368.506
Income Statement:		
Revenues	€.	624.565.972
Operating Costs	€.	473.276.193
Depreciation, Provisions and Impairments	€	(105.596.139)
EBIT	€.	45.693.640
Net Financial Income/Expenses	€.	219.730
Income Taxes	€.	13.544.864
Net Profit	€.	32.368.506

The responsibility for preparing the financial statements lies with the Company's Board of Directors. As the Board of Statutory Auditors is not tasked with a detailed analytical review of the financial content, our oversight focused on the general structure and compliance of the financial statements with applicable laws. No material observations emerged in this regard.

The draft financial statements were therefore examined, and the following information was provided:

- the criteria used in preparing the financial statements for the year ended December 31, 2024 do not differ from those used in preparing the financial statements for the previous year;

- the item “Goodwill” was reported in the balance sheet assets at zero value because, as permitted by industry practice and verified by the auditing firm, the business relating to the acquisitions of the branches of the companies 'Acque Potabili S.P.A.' and ‘Acque Ciriacese S.R.L.’ has been reclassified under ‘Concession rights’, with the asset being amortised until the end of the concession, currently set for 2033;
- there are no start-up and expansion costs in the balance sheet assets;
- the balance sheet items are comparable with those of the previous financial year.

No reports have been made to the administrative body or received from public creditors pursuant to and for the purposes of Legislative Decree no. 14 of 12 January 2019, as amended, and other applicable regulations.

We have verified, in accordance with the requirements of current legislation, the general compliance with the law, in terms of its formation and structure, of the management report with the financial statements and, in the opinion of this Board, it is consistent with the latter and provides you with further considerations on the performance of the company's operations and the economic prospects of the Company.

Sustainability reporting prepared in accordance with Directive (EU) 2022/2464

Pursuant to Legislative Decree no. 125 of September 6, 2024, implementing Directive 2022/2464/EU (Corporate Sustainability Reporting Directive; ‘CSRD’) and in accordance with Delegated Regulation (EU) 2023/2772 of July 31, 2023 and Regulation (EU) 2020/852 (the so-called Taxonomy Regulation), with effect from 2025, with reference to the 2024 financial year, the Company is required to prepare and include in a specific section of the management report the Consolidated Sustainability Report, in place of the Non-Financial Statement (formerly ‘DNF’) Legislative Decree 254/2016.

Pursuant to Article 10, paragraph 1 of Legislative Decree 125/2024, as part of the performance of our duties and within the scope of our competence, we have monitored compliance with the provisions of Legislative Decree 125/2024. In particular, we have monitored compliance with the provisions governing the process of preparing and publishing sustainability reporting, also taking into account the provisions of the EU Taxonomy Regulation (EU Reg. 2020/852).

We paid particular attention to the process that led to the approval by the Board of Directors of Smat S.p.A. of the qualitative and quantitative information relevant to the preparation of the consolidated sustainability report as at December 31, 2024, monitoring throughout the year the project launched by the Company for the preparation of the first consolidated sustainability report. In this regard, no elements or critical issues worthy of mention here have emerged.

We also point out that the responsibility for ensuring that the report is prepared and published in accordance with the provisions of the law lies with the Directors.

The 2024 consolidated sustainability report has been prepared, pursuant to Articles 3 and 4 of Legislative Decree 125/2024, in accordance with the reporting standards adopted by the European Commission pursuant to Article 29-ter of the so-called Accounting Directive, as amended by the CSRD (the so-called “ESRS”), and has been subject to limited assurance by REVI.TOR, the auditing firm appointed to issue the certification of the Sustainability Report.

The auditing firm REVI.TOR S.r.l. issued the certification report (Limited Assurance) on the Sustainability Report pursuant to Article 8, paragraph 10, of Legislative Decree 254/2016 on 10 June 2025, also certifying its independence.

Since the activity carried out by REVI.TOR S.r.l. in relation to sustainability reporting is a limited audit, the opinion is expressed in terms of negative assurance. In fact, in the context of this report, REVI. TOR certifies that, based on the work performed, no matters have come to its attention that cause it to believe that the consolidated sustainability reporting for the year ended December 31, 2024 has not been prepared, in all material respects, in accordance with the reporting standards adopted by the European Commission pursuant to Directive 2013/34/EU (European Sustainability Reporting Standards (ESRS)) and that the information contained in the paragraph 'European Taxonomy - information pursuant to Regulation 2020/852' of the consolidated sustainability report has not been prepared, in all material respects, in accordance with Article 8 of Regulation (EU) No. 852 of June 18, 2020 ('Taxonomy Regulation').

The Board of Statutory Auditors, in turn, notes that, as a result of the activities carried out, no elements of non-compliance with the relevant regulatory provisions on sustainability reporting have come to its attention.

Significant events occurring after 12/31/2024

The Board of Statutory Auditors verified that the Company took into account the significant events that occurred after 31 December 2024 and the foreseeable evolution of operations, as reported in the management report.

In particular, the Board acknowledges that, on March 18,2025, the Board of Directors approved the corporate transaction for the acquisition of the business unit (effective 1 April 2025) from Acea Pinerolese Industriale S.p.a. The sale price is based on the value of the assets as at 30 June 2024, therefore the final price must be determined by 30 June 2025 and settled by 30 September 30, 2025 with reference to the actual value of the assets as at March 31, 2025.

The sale agreement was signed and the down payment was made by notarial deed on April 1, 2025.

Final remarks

The Board of Statutory Auditors, taking into account:

- the findings of the activities carried out by the independent auditors contained in the relevant report;
- the information provided by the Board of Directors and the heads of the various departments;
- all of the above and the contents of its meeting minutes;

finds that there are no reasons to prevent the approval of the Company's financial statements for the year ended December 31, 2024, as prepared by the Directors, as well as the proposal put forward by the latter regarding the allocation of the profit for the year.

Turin, June 10, 2025

Il Board of Statutory Auditors

Dott. Davide Di Russo

Dott.ssa Paola Lucia Giordano

Dott. Simone Montanari

AUDIT REPORTS ISSUED BY INDEPENDENT AUDITING FIRMS

CONSOLIDATED FINANCIAL STATEMENTS
ANNUAL FINANCIAL STATEMENTS
SUSTAINABILITY REPORTING

Deloitte.

Deloitte & Touche S.p.A.
Galleria San Federico, 54
10121 Torino
Italia

Tel: +39 011 55971
www.deloitte.it

INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010
AND ARTICLE 10 OF THE EU REGULATION 537/2014

To the Shareholders of
Società Metropolitana Acque Torino S.p.A.

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

We have audited the consolidated financial statements of Società Metropolitana Acque Torino S.p.A. and its subsidiaries ("SMAT Group" or the "Group"), which comprise the consolidated statement of financial position as of December 31, 2024, and the income statement, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the SMAT Group as of December 31, 2024, and of its consolidated financial performance and its consolidated 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 and the requirements of national regulations issued pursuant to art. 9 of Italian 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 Consolidated Financial Statements* section of our report. We are independent of Società Metropolitana Acque Torino S.p.A. (the "Company") in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. 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 judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition – Revenues earned and not yet billed at year-end	
Description of the key audit matter	As disclosed in paragraph "Valuation criteria - Costs and revenues" of the notes to the financial statements, revenues from sales of water are recognized and accounted for when the service is rendered and include an accrual for revenues earned but not yet billed at year-end (Euro 66,618 thousand as of December 31, 2024). This amount is determined in an estimative manner by taking into account the regulated reference rate (ARERA resolution no. 580/2019/R/IDR of 28/12/2019) and on the basis of historical trend of consumptions. We have considered the procedure used for the determination of the above accrual to be a key matter for the audit of the Group's financial statements as of December 31, 2024 in view of: *i)* the estimative component; *ii)* the materiality of its total amount; *iii)* the effort required to perform the related audit procedures, as well as the need to seek support from IT specialists to test the calculation algorithms adopted by the Group for the determination of revenues due to sales of water.
Audit procedures performed	The audit procedures performed by us on the accrual for revenue earned but not yet billed at year-end have included, among others, the following: • analysis of the procedures adopted by the Group for the determination of the accrual for revenues earned but not yet billed and the related calculation algorithms; • identification and understanding of the key controls implemented by the Group to monitor the risk of an incorrect accrual and testing of the effectiveness thereof also with the support of IT specialists; • verification, on a sample basis, of the process for the estimation of presumed quantities consumed and the application of the correct reference rates; • verification of the appropriateness of accruals made in previous years with respect to amounts subsequently billed and analysis of the possible evolution of the main parameters relating to consumption used to determine the aforesaid accruals; • review the adequacy of the disclosures provided in this regard.

Responsibilities of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The Directors are responsible for the preparation of consolidated 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 and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Directors are responsible for assessing the SMAT Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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;

- obtain 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 Group's internal control;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;

- conclude on the appropriateness of management's 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 Group'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 consolidated 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 Group to cease to continue as a going concer;.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate 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 identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Società Metropolitana Acque Torino S.p.A. has appointed us on September 27, 2017, as auditors of the Company for the years from 2017 to 2025.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the 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 role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions and statement pursuant to art. 14 paragraph 2, sub-paragraphs e), e-bis) and e-ter) of Legislative Decree 39/10 and pursuant to art. 123-bis, paragraph 2, sub-paragraph b) of Legislative Decree 58/98

The Directors of Società Metropolitana Acque Torino S.p.A. are responsible for the preparation of the report on operations – including the information required by article 123-bis, paragraph 2, sub-paragraph b) of Legislative Decree 58/98 - of the SMAT Group as of December 31, 2024, including its consistency with the related consolidated financial statements and its compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to:

- express an opinion on the consistency of the report on operations with the consolidated financial statements;

- express an opinion on compliance with the law of the report on operations, excluding the section related to the consolidated corporate sustainability reporting;

- make a statement about any material misstatement in the report on operations.

In our opinion, the report on operations is consistent with the consolidated financial statements of the SMAT Group as of December 31, 2024.

In addition, in our opinion, the report on operations, excluding the section related to the consolidated corporate sustainability reporting, is prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2, sub-paragraph e-ter), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

Our opinion on the compliance with the law does not extend to the section related to the consolidated corporate sustainability reporting. The conclusions on the compliance of that section with the law governing criteria of preparation and with the disclosure requirements outlined in art. 8 of the EU Regulation 2020/852 are expressed by another auditor in the assurance report pursuant to art. 14-bis of Legislative Decree 39/10.

DELOITTE & TOUCHE S.p.A.

Signed by
Luca Scagliola
Partner

Turin, Italy
June 10, 2025

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.

Deloitte & Touche S.p.A.
Galleria San Federico, 54
10121 Torino
Italia

Tel: +39 011 55971
www.deloitte.it

INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010
AND ARTICLE 10 OF THE EU REGULATION 537/2014

To the Shareholders of
Società Metropolitana Acque Torino S.p.A.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Società Metropolitana Acque Torino S.p.A. (the "Company"), which comprise the statement of financial position as of December 31, 2024, the income statement, statement of comprehensive income, statement of changes in net equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as of December 31, 2024, and of its financial performance and its 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 and the requirements of national regulations issued pursuant to art. 9 of Italian 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 our report. We are independent of the Company in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. 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 judgment, 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.

Revenue recognition – Revenues earned and not yet billed at year-end	
Description of the key audit matter	As disclosed in paragraph "Valuation criteria - Costs and revenues" of the notes to the financial statements, revenues from sales of water are recognized and accounted for when the service is rendered and include an accrual for revenues earned but not yet billed at year-end (Euro 66.618 thousand as of December 31, 2024). This amount is determined in an estimative manner by taking into account the regulated reference rate (ARERA resolution no. 580/2019/R/IDR of 28/12/2019) and on the basis of historical trend of consumptions. We have considered the procedure used for the determination of the above accrual to be a key matter for the audit of the Company's financial statements as of December 31, 2024 in view of: *i)* the estimative component; *ii)* the materiality of its total amount; *iii)* the effort required to perform the related audit procedures, as well as the need to seek support from IT specialists to test the calculation algorithms adopted by the Group for the determination of revenues due to sales of water.
Audit procedures performed	The audit procedures performed by us on the accrual for revenue earned but not yet billed at year-end have included, among others, the following: • analysis of the procedures adopted by the Company for the determination of the accrual for revenues earned but not yet billed and the related calculation algorithms; • identification and understanding of the key controls implemented by the Company to monitor the risk of an incorrect accrual and testing of the effectiveness thereof also with the support of IT specialists; • verification, on a sample basis, of the process for the estimation of presumed quantities consumed and the application of the correct reference rates; • verification of the appropriateness of accruals made in previous years with respect to amounts subsequently billed and analysis of the possible evolution of the main parameters relating to consumption used to determine the aforesaid accruals; • review the adequacy of the disclosures provided in this regard.

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 and the requirements of national regulations issued pursuant to art. 9 of Italian Legislative Decree no. 38/05 and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or for the termination of the operations or have no realistic alternative to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established 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 these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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;

- obtain 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;

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;

- conclude on the appropriateness of management's 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;

- evaluate 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 communicate 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 identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence applicable in Italy, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine 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 describe these matters in our auditors' report.

Other information communicated pursuant to art. 10 of the EU Regulation 537/2014

The Shareholders' Meeting of Società Metropolitana Acque Torino S.p.A. has appointed us on September 27, 2017, as auditors of the Company for the years from 2017 to 2025.

We declare that we have not provided prohibited non-audit services referred to in art. 5 (1) of EU Regulation 537/2014 and that we have remained independent of the Company in conducting the 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 role of Audit Committee, referred to in art. 11 of the said Regulation.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions and statement pursuant to art. 14, paragraph 2, sub-paragraphs e), e-bis) and e-ter), of Legislative Decree 39/10 and pursuant to art. 123-bis, paragraph 2, sub-paragraph b) of Legislative Decree 58/98

The Directors of Società Metropolitana Acque Torino S.p.A. are responsible for the preparation of the report on operations - including the information required by article 123-bis, paragraph 2, sub-paragraph b) of Legislative Decree 58/98 - of the Company as of December 31, 2024, including their consistency with the related financial statements and their compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 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 related to the consolidated corporate sustainability reporting;

- make a statement about any material misstatement in the report on operations.

In our opinion, the report on operations is consistent with the financial statements of Società Metropolitana Acque Torino S.p.A. as of December 31, 2024.

In addition, in our opinion, the report on operations, excluding the section related to the consolidated corporate sustainability reporting, is prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2, sub-paragraph e-ter), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

Our opinion on the compliance with the law does not extend to the section related to the consolidated corporate sustainability reporting. The conclusions on the compliance of that section with the law governing criteria of preparation and with the disclosure requirements outlined in art. 8 of the EU Regulation 2020/852 are expressed by another auditor in the assurance report pursuant to art. 14-bis of Legislative Decree 39/10.

DELOITTE & TOUCHE S.p.A.

Signed by
Luca Scagliola
Partner

Turin, Italy
June 10, 2025

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.

REVI.TOR

smat gruppo

INDEPENDENT INDEPENDENT AUDITORS' REPORT ON THE LIMITED EXAMINATION OF CONSOLIDATED SUSTAINABILITY REPORTING PURSUANT TO ART. 14- BIS OF LEGISLATIVE DECREE NO. 39 OF 27 JANUARY 2010

SMAT

– SOCIETA' METROPOLITANA ACQUE TORINO SPA –

AS OF 31 DECEMBER 2024

Revi.Tor S.r.l. ● Subscribed and paid-up share capital 10,000 euros – Tax Code, VAT number and Registration in the Turin Business Register no. 08721550013
Registered office: Corso Galileo Ferraris, 14 – 10121 Turin, registered in the Register of Auditors with provision dated 25/11/2003 published in the Official Gazette of the Italian Republic no. 95 – IV special series – of 05/12/2003 at no. 131030
Tel. (+39) 011.09.20.159 – Fax 011.07.03.995 – www.revitor.it - info@revitor.it

Report of the independent auditors on the limited examination of consolidated sustainability reporting pursuant to art. 14-bis of Legislative Decree no. 39 of 27 January 2010

To the Shareholders of the

Società Metropolitana Acque Torino S.p.A.

Conclusions

Pursuant to art. 8 of Legislative Decree no. 125 of 6 September 2024 (hereinafter also the "Decree"), we have been appointed to carry out the limited assurance engagement of the consolidated sustainability reporting of the SMAT Group (hereinafter also the "Group") relating to the year ended 31 December 2024 prepared pursuant to art. 4 of the Decree, presented in the specific section of the report on operations.

On the basis of the work carried out, no elements have come to our attention that would lead us to believe that:

- the consolidated sustainability reporting of the SMAT Group for the year ended 31 December 2024 has not been prepared, in all significant respects, in accordance with the reporting standards adopted by the European Commission pursuant to Directive 2013/34/EU (European Sustainability Reporting Standards, hereinafter also "ESRS");
- the information contained in the paragraph "European Taxonomy – information pursuant to Regulation 2020/852" of the consolidated sustainability report has not been prepared, in all significant respects, in accordance with art. 8 of Regulation (EU) No. 852 of 18 June 2020 (hereinafter also referred to as the "Taxonomy Regulation").

Evidence for the conclusions

We have carried out the limited examination assignment in accordance with the Sustainability Reporting Attestation Standard - SSAE (Italy). The procedures carried out in this type of assignment vary in nature and timing from those necessary for the performance of an assignment aimed at acquiring a reasonable level of security and are also less extensive. Consequently, the level of confidence obtained in a limited examination assignment is substantially lower than the level of confidence that would have been obtained if a reasonable level of confidence assignment had been carried out. Our responsibilities under this Standard are further described in the paragraph "Independent Auditors' Responsibilities for Attesting to Consolidated Sustainability Reporting" of this report.

We are independent in accordance with the rules and principles on ethics and independence applicable to the assignment of attesting to consolidated sustainability reporting in the Italian legal system.

Our auditing firm applies the International Quality Management Standard (ISQM Italy 1) according to which it is required to configure, implement and operationalize a quality management system that includes directives or procedures on compliance with ethical principles, professional principles and applicable laws and regulations.

We believe that we have acquired sufficient and appropriate evidence on which to base our conclusions.

Revi.Tor S.r.l. • Subscribed and paid-up share capital 10,000 euros – Tax Code, VAT number and Registration in the Turin Business Register no. 08721550013
Registered office: Corso Galileo Ferraris, 14 – 10121 Turin, registered in the Register of Auditors with provision dated 25/11/2003 published in the Official Gazette of the Italian Republic no. 95 – IV special series – of 05/12/2003 at no. 131030
Tel. (+39) 011.09.20.159 – Fax 011.07.03.995 – www.revitor.it - info@revitor.it

Other aspects

The comparative information presented in the consolidated sustainability report for the year ended 31 December 2023 was not audited.

Responsibilities of the Directors and the Board of Statutory Auditors of Società Metropolitana Acque Torino
S.p.A. for consolidated sustainability reporting

The Directors are responsible for developing and implementing the procedures implemented to identify the information included in the consolidated sustainability reporting in accordance with the requirements of the ESRS (hereinafter the "materiality assessment process") and for describing these procedures in the paragraph "Description of the process for identifying and assessing material impacts, risks and opportunities" of the consolidated sustainability reporting.

The Directors are also responsible for preparing the consolidated sustainability report, which contains the information identified through the materiality assessment process, in accordance with the requirements of art. 4 of the Decree, including:

- compliance with ESRS;
- compliance with art. 8 of the Taxonomy Regulation of the information contained in the paragraph "European Taxonomy – information pursuant to Regulation 2020/852".

This responsibility involves the configuration, implementation and maintenance, within the terms provided for by law, of that part of the internal control deemed necessary by the Directors in order to allow the preparation of consolidated sustainability reporting in accordance with the requirements of art. 4 of the Decree, which does not contain significant errors due to fraud or unintentional conduct or events. That responsibility also involves the selection and application of appropriate methods for processing the information and the development of assumptions and estimates of specific sustainability information that are reasonable in the circumstances.

The Board of Statutory Auditors is responsible for supervising, within the terms provided for by law, compliance with the provisions established in the Decree.

Inherent limitations in the preparation of consolidated sustainability reporting

For the purposes of reporting forward-looking information in accordance with the ESRS, Directors are required to prepare such information on the basis of assumptions, described in the consolidated sustainability report, regarding events that may occur in the future and possible future actions by the Group. Due to the uncertainty associated with the realization of any future event, both as regards the materialization of the event and as regards the extent and timing of its manifestation, the deviations between the final values and the prospective information could be significant.

The information provided by the Group is subject to intrinsic limitations regarding energy consumption at the Chiomonte plant, for which the figure is estimated and not measured directly, and regarding the measurements of greenhouse gas emissions for Scope 1 due to the high variability in the parameters used to estimate removals from green areas and emissions from the wastewater purification process influenced by the uncertainty of the coefficients IPCC.

Revi.Tor S.r.l. • Subscribed and paid-up share capital 10,000 euros – Tax Code, VAT number and Registration in the Turin Business Register no. 08721550013
Registered office: Corso Galileo Ferraris, 14 – 10121 Turin, registered in the Register of Auditors with provision dated 25/11/2003 published in the Official Gazette of the Italian Republic no. 95 – IV special series – of 05/12/2003 at no. 131030
Tel. (+39) 011.09.20.159 – Fax 011.07.03.995 – www.revitor.it - info@revitor.it

The disclosure provided regarding Scope 3 emissions is also subject to inherent limitations due to the limited availability and relative accuracy of the information used to define both quantitative and qualitative Scope 3 emissions information related to the value chain.

Responsibility of the independent auditors for the attestation of consolidated sustainability reporting

Our objectives are to plan and carry out procedures in order to gain a limited level of assurance that the consolidated sustainability reporting does not contain material errors, whether due to fraud or unintentional conduct or events, and to issue a report containing our conclusions. Errors may result from fraud or unintentional conduct or events and are considered material if they can reasonably be expected to be able to influence user decisions made on the basis of consolidated sustainability reporting.

As part of the engagement to acquire a limited level of assurance in accordance with the Sustainability Reporting Attestation Principle (SSAE), we exercised professional judgement and maintained professional scepticism throughout the engagement.

Our responsibilities include:

- the consideration of risks to identify the information in which a material error is likely to occur, whether due to fraud or unintentional behavior or events;
- the establishment and implementation of procedures to verify the disclosure in which a material misstatement is likely to occur. The risk of not detecting material misstatement due to fraud is higher than the risk of not detecting material misstatement resulting from unintentional conduct or events, as fraud may involve collusion, falsification, intentional omissions, misrepresentations or overreach;
- steering, supervising and conducting the limited review of consolidated sustainability reporting and taking full responsibility for the conclusions on consolidated sustainability reporting.

Summary of the work done

A limited level of security engagement involves conducting evidence procedures as a basis for our conclusions.

The procedures carried out were based on our professional judgment and included interviews, mainly with the staff of Società Metropolitana Acque Torino S.p.A. responsible for the preparation of the information presented in the consolidated sustainability report, as well as analysis of documents, recalculations and other procedures aimed at acquiring evidence deemed useful.

We have carried out the following main procedures:

- understanding of the business model, the Group's strategies and the context in which it operates with reference to sustainability issues;
- understanding of the process put in place by the Group for the identification and assessment of material impacts, risks and opportunities ("IROs"), based on the principle of double materiality, in relation to sustainability matters and, on the basis of the information acquired therein, carrying out considerations

Revi.Tor S.r.l. • Subscribed and paid-up share capital 10,000 euros – Tax Code, VAT number and Registration in the Turin Business Register no. 08721550013
Registered office: Corso Galileo Ferraris, 14 – 10121 Turin, registered in the Register of Auditors with provision dated 25/11/2003 published in the Official Gazette of the Italian Republic no. 95 – IV special series – of 05/12/2003 at no. 131030
Tel. (+39) 011.09.20.159 – Fax 011.07.03.995 – www.revitor.it - info@revitor.it

with regard to any contradictory elements that have emerged that may highlight the existence of sustainability issues not considered by the Group in the materiality assessment process. In particular, mainly through surveys, observations and inspections, we have understood how the Group:

- took into account the interests and views of the stakeholders involved;
- identified IROs related to sustainability issues, and we found them to be consistent with our knowledge of the Group and the context in which it operates;
- defined and assessed the relevant IROs through the analysis of the qualitative and quantitative materiality thresholds determined by it, and we found their consistency with the results of the Enterprise Risk Management (ERM) process.

- understanding of the processes underlying the generation, collection and management of the qualitative and quantitative information included in the consolidated sustainability reporting, including the analysis of the reporting scope through interviews and interviews with Group personnel and the performance of limited documentary checks;
- identification of the information in which a material error is likely to occur, taking into account, among others, factors related to the process of generating and collecting information, the presence of estimates and the complexity of the related calculation methodologies, as well as qualitative and quantitative factors attributable to the nature of the information itself;
- Establishing and carrying out procedures, based on our professional judgment, to respond to the significant risks of misstatement identified, including:
  - conducting investigations and limited checks with reference to qualitative information and, in particular, policies, actions and objectives related to sustainability issues;
  - carrying out procedures of comparative analysis, inspections, observations and recalculations on a sample basis with reference to quantitative information;
- understanding of the process put in place by the Group to identify eligible economic activities and determine their aligned nature based on the provisions of the Taxonomy Regulation, and verification of the related disclosures included in the consolidated sustainability reporting;
- matching the information reported in the consolidated sustainability report with the information contained in the Group's consolidated financial statements pursuant to the applicable financial reporting framework or with the accounting data used for the preparation of the consolidated financial statements themselves or with the management data of an accounting nature;
- verification of the compliance with the ESRS of the structure and presentation of the disclosures included in the consolidated sustainability reporting;
- obtaining the letter of attestation.

REVI. TOR S.r.l.

(Barbara NEGRO)

Barbara Negro

(One Member)

Turin, 10 June 2025

Revi.Tor S.r.l. • Subscribed and paid-up share capital 10,000 euros – Tax Code, VAT number and Registration in the Turin Business Register no. 08721550013
Registered office: Corso Galileo Ferraris, 14 – 10121 Turin, registered in the Register of Auditors with provision dated 25/11/2003 published in the Official Gazette of the Italian Republic no. 95 – IV special series – of 05/12/2003 at no. 131030
Tel. (+39) 011.09.20.159 – Fax 011.07.03.995 – www.revitor.it - info@revitor.it

ORDINARY SHAREHOLDERS' MEETING OF JUNE 25, 2025

Chaired by the Chairman of SMAT Paolo Romano, Secretary Marco Boccadoro, present at the beginning of the meeting were 106 shareholder representatives out of a total of 297, holders of 4,897,187 ordinary shares out of 5,352,963, equal to 91.49% of the share capital, the Shareholders' Meeting, after having acknowledged the Consolidated Financial Statements as at 12.31. 2024 of the SMAT Group, resolved to approve the Financial Statements for the year 2024 and the allocation of the net profit for the year 2024, which takes into account the Convention pursuant to art. 30 TUEL signed by the Shareholders and which, in art. 2 thereof, provides for the following allocation of the profit

- 5% to the Legal Reserve

and the remaining 95%

- 80% to Reserve tied to the implementation of the Economic and Financial Plan;
- 20% to Dividend to Shareholders for the promotion of environmental protection activities.

Put to the vote, the financial statements for the year ended December 31, 2024 of the Company were unanimously approved, showing a net profit of EUR 32,368,506.10, as a whole and in individual entries, and the allocation of the net profit as follows

- 5% to the Legal Reserve and therefore amounting to €1,618,425.31;

and the remaining 95%:

- 80% to the Reserve earmarked for the implementation of the Economic and Financial Plan amounting to € 24,600,064.63;
- 20% equal to a total of € 6,150,016.16, corresponding to a rounded unit dividend of € 1.26 for each of the 4,860,004 ordinary shares entitled to it, and therefore a total rounded dividend of € 6,123,605.04. Consequently, the amount of the residual net profit to be carried forward is €26,411.12.

Società Metropolitana Acque Torino S.p.A.
Corso XI Febbraio, 14 - 10152 Torino (Italy)
Tel. +39 011 4645.111
info@smatorino.it