



CORPORATE IDENTITY



GROUP PROFILE

ACEA'S HISTORY

Established in 1909 as Azienda Elettrica Municipale (AEM) of the Town of Rome, Acea is responsible for the development and management of the Rome's essential infrastructure, thus providing the electricity and water services required to guarantee the productive growth, social development and environmental balance of the city. Throughout its history, Acea has taken advantage of the opportunities that came from the market, the regulatory context and its stakeholders, thus adapting its corporate and operating setup to the most functional and efficient models, such as being listed on the Stock Exchange in 1999 and the opening to qualified strategic partners.

Starting from the local dimension, Acea has gradually become a nationwide industrial group, thus working in the areas of integrated water management, electricity production, distribution and sales and environmental services. The current development guidelines set out in the strategic plans are characterized by the consolidation of its **leadership position** in the water industry, where the renewal of the Pescara Aqueduct concession and the related planned improvement investments were particularly important as well as the expansion of both the **geographical area of interest** of the Group, with reference to Central Italy, and the **businesses managed**: in the sector of energy production from renewable sources to the circular economy and the distribution of gas. **Technological innovation** and **digitalization** are the levers that make it possible to pursue operating efficiency and high quality

of services, thus improving the **development of modern network infrastructure** that are resilient and integrated, as well as able to promise widespread, sustainable development.

BUSINESSES AND FUNCTIONS OF THE MAIN GROUP COMPANIES

Today Acea is one of the main Italian multi-utilities working in the public energy (production, distribution, including public lighting, and sales), water (integrated cycle) and environmental services (waste valorization, composting and value-added services).

As mentioned above, the company is the reference operator in the Rome's territory.

In the water industry, as an industrial partner for local operators, Acea is present in other parts of Central Italy (Tuscany and Umbria) and Southern Italy (Campania).

In line with the new strategic guidelines, in 2019 some initial operations were also carried out in the gas distribution sector, the production of photovoltaic electricity – with the acquisition of plants having a total capacity of about 28 MWp – and the circular economy, with the development of composting and the acquisition of waste treatment plants. These developments were accompanied by initiatives and agreements both at the technological level and in the development of activities (see the in-depth box and the chapter titled *Institutions and the Company*).

ACEA ENERGIA AND ERG: POWER PURCHASE AGREEMENT (PPA) FOR RENEWABLE ENERGY

In October 2019 Acea Energia entered into the first two agreements with ERG (ERG Power Generation) for the supply of a total of 1.5 TWh of renewable energy in the period from 2020 to 2022. PPA contracts make it possible to optimize **synergies between the two complementary operators** (wholesaler and producer) to their mutual benefit: the purchase of energy for re-

sale to one's customer portfolio and the sale of energy produced from renewable sources.

The agreement provides for Acea Energia to withdraw the entire production of electricity from ERG's 13.2 MW recently-rebladed wind farm in Avigliano at a fixed price.

The signing of these contracts will allow Acea Energia to diversify the energy supply for end

customers, thus ensuring more stable prices, and to support the energy transition process the Acea Group is engaged in.

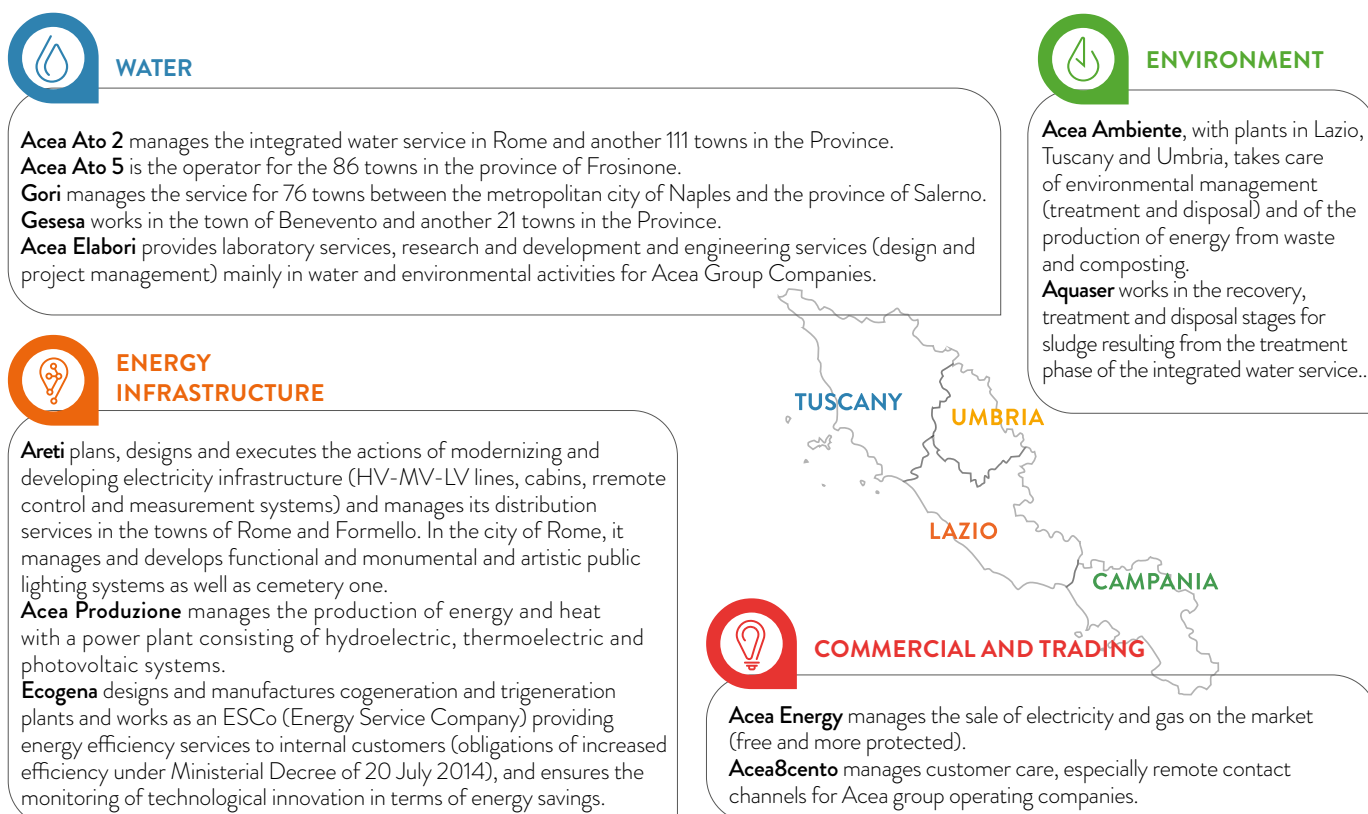
The price dynamics underlying these agreements, which make it possible to optimize the levels of risk for both partners, may in the future be the basis for further medium-long term relationships between the parties (ten-year PPAs).

Table no. 6 shows some representative data of the Group, while the business areas and geographical reach of the main companies are briefly detailed in chart no. 2.

TABLE NO. 6 – ACEA GROUP IN NUMBERS, 2019

PERSONNEL (number, by % consolidation)	7,576
NET REVENUES (million €)	3,186.1
INVESTED CAPITAL (million €)	5,169.5
<i>net equity debt</i>	3,062.8
<i>shareholders' equity</i>	2,106.7
TOTAL ASSETS IN THE FINANCIAL STATEMENTS (million €)	8,954.4
ELECTRICITY	
generation (GWh) (gross)	904.1
<i>of which from renewable sources (GWh) (gross)</i>	635.0
<i>hydroelectric</i>	425.9
<i>photovoltaic</i>	10.9
<i>waste-to-energy</i>	178.4
<i>biogas</i>	19.8
network demand (GWh)	10,609
sales (GWh) (free and protected market)	6,432
electricity and gas customers (number)	1,365,869
WASTE-TO-ENERGY (WtE)	
electricity generation (GWh) (gross total)	357.2
waste burnt (t)	434,623
<i>SRF</i>	340,531
<i>pulper</i>	94,092
PUBLIC LIGHTING	
bulbs managed in Rome (number)	225,730
WATER (INTEGRATED WATER SERVICE)	
drinking water supplied and billed (Group) (Mm ³)	629
<i>of which (Acea Ato 2, Acea Ato 5, Gori and Gesesa)</i>	447
analytical checks on drinking water (Group) (number)	1,416,870
<i>of which (Acea Ato 2, Acea Ato 5, Gori and Gesesa)</i>	607,309
wastewater treatment (Group) (Mm ³)	855
<i>of which (Acea Ato 2, Acea Ato 5, Gori and Gesesa)</i>	666
inhabitants served (Group) (million)	8.6
<i>of which (Acea Ato 2, Acea Ato 5, Gori and Gesesa)</i>	5.8

CHART NO. 2 – THE BUSINESSES OF THE MAIN ACEA COMPANIES IN THE TERRITORY



CONTEXT ANALYSIS AND BUSINESS MODEL

CONTEXT ANALYSIS

Acea Group has an attentive and sustainable operational and economic-financial management, guided by the principles of corporate social responsibility and able to promote the development of the territories it works in.

It therefore monitors the scenario of reference, thus identifying and analyzing the factors that be significant for its business, such as **competitive, sustainability and regulatory areas** that can affect the achievement of strategic goals.

Factors outside the Group are supplemented by the context within the Group, in organizational terms and relating to energy and environmental impacts, technological innovations, development of human capital, protection of workers' health and safety and sustainable and responsible management of the supply chain.

THE ENERGY MARKET AND COMPETITORS

The Acea Group is vertically integrated into the electricity supply chain through independent companies that guarantee neutrality in the management of infrastructure essential for the development of a free energy market, to avoid discrimination in access to commercially sensitive information and cross-subsidization between the various segments of the chain.

In the **sales segment** there was an extension to 1/1/2022 for the completion of the liberalization of retail sales with the expiry of the protected prices for all types of customers, pending the definition of how to phase out the standard market. Competition among operators will increasingly be characterized by the search for **distinctive added-value elements**, to be achieved through investments in technological innovation and digitalization to the benefit of the customer.

Technological innovation also plays an important role in the development of the electrical **grid-distribution** and public lighting industry. In particular, further progress is envisaged in the automation and efficiency of processes and applications in the **smart metering, smart grid and smart city areas**.

THE INTEGRATED WATER SYSTEM

In the **water sector**, the main development driver is the progress being made in the regulation by the ARERA, which **rewards the efficiency of operators**. Similarly to the electrical industry, in fact, the national Authority resolved on the new regulation for the technical quality of the integrated water service starting from December 2017 using a reward/penalty mechanism linked to the compliance with performance standards (service levels) and also an automatic indemnity system for customers which is added to that already defined in relation to contractual quality. There are therefore **development opportunities for the service managers that are closely linked to the capacity to adopt developed technological systems**, highly efficient disclosure and organizational models, standardized and repeatable, capable of significantly affecting the improvement of performance levels.

THE WASTE MANAGEMENT MARKET

The current situation of production and treatment capacity for waste in the traditional operational areas of the Acea Group and in the neighboring areas shows a **high "potential demand" for waste management** (disposal in landfills, waste-to-energy, composting and biogas production, sludge and liquid waste treatment, recycling of mixed materials and production of secondary raw materials). This is facilitated by a national **regulatory framework** that provides **incentives**, by European directives on the recovery

of materials and energy and by the European Union's policy guidelines on the circular economy (closing the loop), which are being implemented at the national level by virtue of a delegated law that has given the government the obligation to update environmental standards – thus adapting it to the new EU standards – by 2020. Opportunities for developing the sector are therefore highlighted, **also facilitated by the availability of new technologies** (for example in composting) and by possible **forms of industrial integration** with other operators.

INSTITUTIONAL INVESTORS

In 2019, the Italian Stock Exchange **recorded a positive performance** (FTSE Italia Mid Cap +18.3%; FTSE MIB +28.3%) in line with the main European stock markets.

International stock markets have been influenced by, among other things, the new expansionary policies implemented by central banks and the evolution of Brexit and US-China trade relations. In particular, the greater clarity of the policy framework in Great Britain and the framework agreement reached in December between the US and China for the reformulation of duties have helped ensuring **greater stability** in the markets.

During the year, the **growth of ethical investments** was recorded and the trend continued – already highlighted in 2018 – towards a progressive change in the strategies adopted by Investors. **ESG** (Environmental, Social, Governance) values are increasingly considered **data to be included** along with traditional analyses **in the investment decision-making process**. **Engagement and voting strategies are also increasingly used with the aim of inducing companies towards more sustainable behaviors**, thus leading them to make decisions that also take into account social, environmental and good governance issues in their corporate policies. The most common issues include climate change and related matters such as reducing the level of CO₂ emissions, efficient management and, where possible, the recycling of natural resources.

The Chief Responsible Investment Officer of Amundi – among the most important investment funds, leader in Europe – highlighted how he intends to influence issuers by: *"improving the ESG procedures of companies through: active dialog, engagement as a measure of direction and voting policies"*.

SUSTAINABLE DEVELOPMENT

The 2019 sustainability scenario has been subject to evolutionary pressures from public and private institutions both nationally and internationally. It should, for example, be noted the new direction given by the **European Union with the Action Plan to finance sustainable growth**, and subsequently with the **Green New Deal**, which the Commission, chaired by Mrs. Ursula von der Leyen, has placed **at the center of its strategy**. The latter, closely related to the objectives of the UN Agenda 2030 (SDG), aims at reconciling the economy with the principles of environmental protection and social inclusion, thus shifting the paradigm of the circular economy.. Making the EU climate-neutral in 2050 and decoupling growth from resource consumption and ensuring a balanced social transition are some of the biggest challenges that can be dealt with also thanks to adequate financial investment. This is in sync with the **new policy of the European Investment Bank (EIB)**, which from 2020 plans to align its activities with the **objectives of the Paris climate agreement**, and from 2021 to interrupt funding for fossil fuel projects. However, notwithstanding strong positions like those of Europe, at an international level a setback was suffered due to the substantial failure of the UN Climate Conference (COP 25) held in December in Madrid, which postponed some important decisions until 2020, including the definition of the rules for the carbon market.

Confirming the European position, **national institutions are orient-**

ed towards the cross-cutting integration of sustainability and support for the **transition to a circular economy**. Regulatory interventions have already generated basic measures such as the climate law decree, then converted into law, which introduces, among other things, the transformation of the CIPE into CIPESS (Interministerial Committee for Economic Planning and Sustainable Development), legislation on the end of waste and an investment plan for the Italian Green New Deal outlined in the 2020 finance law. These initiatives should facilitate making up for the delays that our Country is experiencing in the **pursuit of the SDGs** despite encouraging signs, as noted in the Asvis 2019 report presented in October to the highest Italian institutional offices.

Another sign of the change under way, in this case **coming from the production system**, was launched by the **Business Roundtable**, an association that brings together more than 180 of the largest U.S. companies, which by redefining in its statement the purpose of the companies has unequivocally affirmed their role in the **creation of long-term value for the benefit of all stakeholders**. Similarly, in Italy great attention was paid to the announcement of the **updating of the Corporate Governance Code**, which will represent a best practice for companies when implementing strategies increasingly oriented towards sustainability: *"The primary task of the Board of Directors is to pursue the company's 'sustainable success', where long-term value creation for the benefit of shareholders is achieved taking into account the interests of other stakeholders"*.

Taking into account these developments, Acea continues its development by integrating sustainability in its strategies and organization. In this regard, the **updates to the Business Plan and the Sustainability Plan for 2019-2022** are particularly worthy of note, with an increase in investments related to sustainability targets of €400 million, equal to half of the entire amount of new investments, for a total value of investments linked to sustainability aspects over the plan period of €1.7 billion. An initial sharing of the program and the main initiatives put in place by the company on sustainable development and innovation with the public and qualified stakeholders was made possible during the year thanks to two important initiatives: Acea Sustainability Day and Acea Innovation Day.

ENVIRONMENTAL AND ENERGY IMPACTS

The natural environment is the scenario where the activities of the Group are performed and is to be preserved with a responsible and efficient use of resources, protection of sources, safeguard of the natural areas where the plants and service networks encroach, **mitigation of the physical and the external impacts generated in the ecological context of the operating processes**. One example is energy generation, where repowering initiatives are constant in order to modernize plants including by pursuing lower environmental impacts in terms of emissions, or the integrated water service, where Acea's responsible management starts with the supply phase, making it available to people, and concludes with a commitment to return wastewater to the receiving body in the best possible conditions, and again to the environmental services sector linked to waste management, where the commitment to the ecosystem concerns both operational processes and the transformation of waste in a circular economy, as is the case for the treatment of sewerage sludge.

In line with the desire to work while respecting and protecting the surrounding environment, Acea implemented initiatives aimed at better managing the aspects of its activities that have a general impact on the environment and, specifically, on energy, also thanks to the use of advanced systems and technologies.

- Management systems: the **widespread adoption of environmental and energy management systems** is a concrete response on the importance of environmental dynamics for Acea and a managerial tool for continuous improvement in performance.
- Mobility management: in this context, the Acea Group has undertaken initiatives to reduce employee travel and to encourage less polluting means of transport.
- Carbon Disclosure Project (CDP): Acea publishes its initiatives, communicating them to the international CDP organization, which drafts annual online reports aimed at informing analysts and lenders about the levels achieved by companies in **managing risks and opportunities related to the topic of climate change**.
- Green purchases and environmental awareness development of the supply chain: Acea has set itself the goals of increasingly integrating the assessment of environmental aspects through the implementation of CAMs for the supply of compatible product categories. Moreover, it has committed to assessing its suppliers on an annual basis with regard to the **environmental performance of the products/services supplied**, and to inform/train contractors and subcontractors regarding the environment.
- Energy management: using energy management, Acea Group promotes the improvement of the energy performance of plants and buildings by implementing best procedures to **reduce energy consumption and encourage the use of energy from renewable sources**.

Acea has included actions to combat climate change in its 2019-2022 Sustainability Plan, which comprises both mitigation and adaptation actions and monitors the matter and related EU and international developments (the COP – Conference of the parties and European legislation). Environmental issues related to the array of services provided by the Group are included in the Organization and Management Model pursuant to Italian Legislative Decree no. 231/2001.

STANDARDS IN THE REFERENCE MARKETS AT A LOCAL, NATIONAL AND SUPRA-NATIONAL LEVEL

The regulatory context of Acea is wide-ranging and articulated according to the specificity of the businesses handled – water, energy and environment – and the variety of the frameworks within which the legal and regulatory disciplines intervene, which affect the business operations, from administrative authorization profiles to those protecting the market and competition. Added to such aspects is the peculiarity of the nature of listed Company, with the related legal impacts, for example, in terms of regulating communications to the market. The regulatory scenario is therefore analysed from a multidisciplinary viewpoint, applying a 360° overview and continuous interpretative analysis, in order to detect developments of particular significance, thus identifying and assessing risks and opportunities in terms of strategy and operating management. The revision of the regulatory framework governing the procurement sector, with amendments to the new Code of Public Contracts, is one of the most important issues of the year.

REGULATION OF THE SECTOR AUTHORITY

Since 2015, the Regulation Authority for Energy, Networks and the Environment (ARERA) has defined the regulation of the **contractual quality of the integrated water service (RQSII)**, thus establishing specific and general levels of contractual quality that are homogeneous throughout the territory. In December 2019 with resolution 547/2019, ARERA updated – from 1 January 2020 – the current regulations **by broadening the scope**

of the regulation **and integrating** what is already envisaged in terms of billing, check of meters, execution time of complex works, methods of recording, procedures and parties obliged to report. The same measure also includes, also for contractual quality, an incentive system (bonuses/penalties) to be recognized from 2022 on the basis of the performance achieved by operators in each of the two previous years (2020 and 2021). For the **technical quality of the water service**, regulated since 2017, from January 2019 operators have been required to record and archive the data envisaged in Resolution 917, and from 2020 the first quantification of bonuses/penalties will be calculated on the basis of the performance achieved in the years 2018 and 2019. Finally, Resolution 580/2019 “Approval of the water tariff method for the third regulatory period MTI – 3” of 27 December 2019, which partially added the incentive mechanism envisaged in the regulation of technical quality and specified the methods for covering the bonuses envisaged by the incentive mechanisms identified in the RQSII (as updated by Resolution 457/2019) and in the RQTI.

With reference to **the technical quality of the electricity industry**, in 2018 ARERA introduced a mechanism of bonuses/penalties (Resolution 668/2018/R/eel) to encourage distribution companies to invest in actions to make the network more resilient to the stresses resulting from severe weather events. In 2019 this mechanism was implemented with Resolution 534/2019/R7eel, which published the resilience-building measures relating to the 2019-2021 plans eligible for a bonus and/or penalty, and, among these, that of the Areti distribution company.

The Authority also launched (Resolution 467/2019/R/eel) an experimental regulation for the modernization of buildings’ old riser cables, thus offering a contribution financed by distribution fees to **promote the renewal of old electrical systems inside apartment complexes**, improving their safety and efficiency, with reimbursements to the complex for any construction works implemented. With regard to commercial aspects, the 2020 Budget Law approved in 2019 introduced new guidance regarding **incorrect billing and adjustments** in all regulated sectors, which significantly change the previous regulation. The application definition should be available during 2020.

DEVELOPMENT AND TECHNOLOGICAL INNOVATION

At Acea, the Innovation, Technology & Solutions Function reports directly to the CEO and has the task of ensuring **a model of innovation for the Group through the implementation of processes and approaches typical of open innovation**, with the involvement of internal and external stakeholders as defined by the Industrial Plan. In this context, the dissemination of a culture of innovation has been encouraged by involving all Group employees in specific initiatives; partnerships have been established at a national and international level with the aim of strengthening Acea’s positioning in the innovation ecosystem and identifying new business opportunities; innovative solutions (proof of concept) from start-ups and SMEs have been analyzed and tested.

DEVELOPMENT OF HUMAN CAPITAL

People are the most important resource and they are given the tools and skills necessary to respond effectively to the challenges of the business during the main stages of corporate life: selection, welcoming, training, rewarding and development.

Entrepreneurship, teamwork and action are the three driving values of the Leadership Model upon which the Group’s initiatives are based to achieve the goals of the strategic plan and the sustainability plan. The Human Resources Function works on skills and improvement of people management and development processes in three different ways:

- professional development, managerial growth, training and development of skills;
- involvement of people in the Group’s identity;
- inclusion and organizational well-being, thus recognizing the strategic value of diversity and workers’ health and safety.

SUSTAINABLE MANAGEMENT OF THE SUPPLY CHAIN

At the service of the territory and the public, Acea is fully mindful of the **virtuous partnership that can be established with the supply chain**. In fact, it attributes greater value and reliability to contractors that have certified quality, environmental, safety, energy and social responsibility management systems and provides a self-assessment questionnaire on these issues for the majority of suppliers that register for qualification systems. In terms of green procurement, Acea applies the Minimum Environmental Criteria in its tender specifications and is working to extend this same approach to product categories that are not yet mentioned in the relevant Ministerial Decrees. With the aim of raising awareness and supporting the continuous improvement of the supply chain, Acea also carries out second-party checks and strict safety inspections at the construction sites. This brings to light good practices and, at the same time, identifies shared paths towards growth and improvement.

SAFETY AND HEALTH AT WORKPLACE

Acea works hard to instill a **widespread safety culture**, involving all its employees and the supply chain. It therefore carries out targeted awareness campaigns addressed both internally and to contractors, directly involving people, in the belief that it is necessary to set up effective tools for the prevention of accidents. For this purpose, it has also implemented an advanced risk assessment model, not to mention control and mitigation measures. Acea’s “Vision” of workplace safety – which is the prelude to the preparation of a model of Safety Governance – and the theoretical and practical tools to achieve it have been defined together with top management. The Holding Company set up a Group RSPP Coordination Committee, which meets quarterly in order to, among other things, share the results of safety performance analyses and experiences and good procedures. A **special H&S Dashboard was also prepared** and it has become a shared tool for the reporting of occupational health and safety performance.

THE BUSINESS MODEL

The implemented business model (chart no. 3) is based on an organizational structure wherein the Holding performs the role of steering and coordination of the Companies that make up the Group. Moreover, Acea SpA offers managerial support by means

of management and legal, logistic, technical, financial and administrative services. Acea SpA's **organizational macrostructure** consists of **corporate functions** and **industrial segments** to which the operating companies report (see chart no. 4).

CHART NO. 3 – ACEA'S BUSINESS MODEL

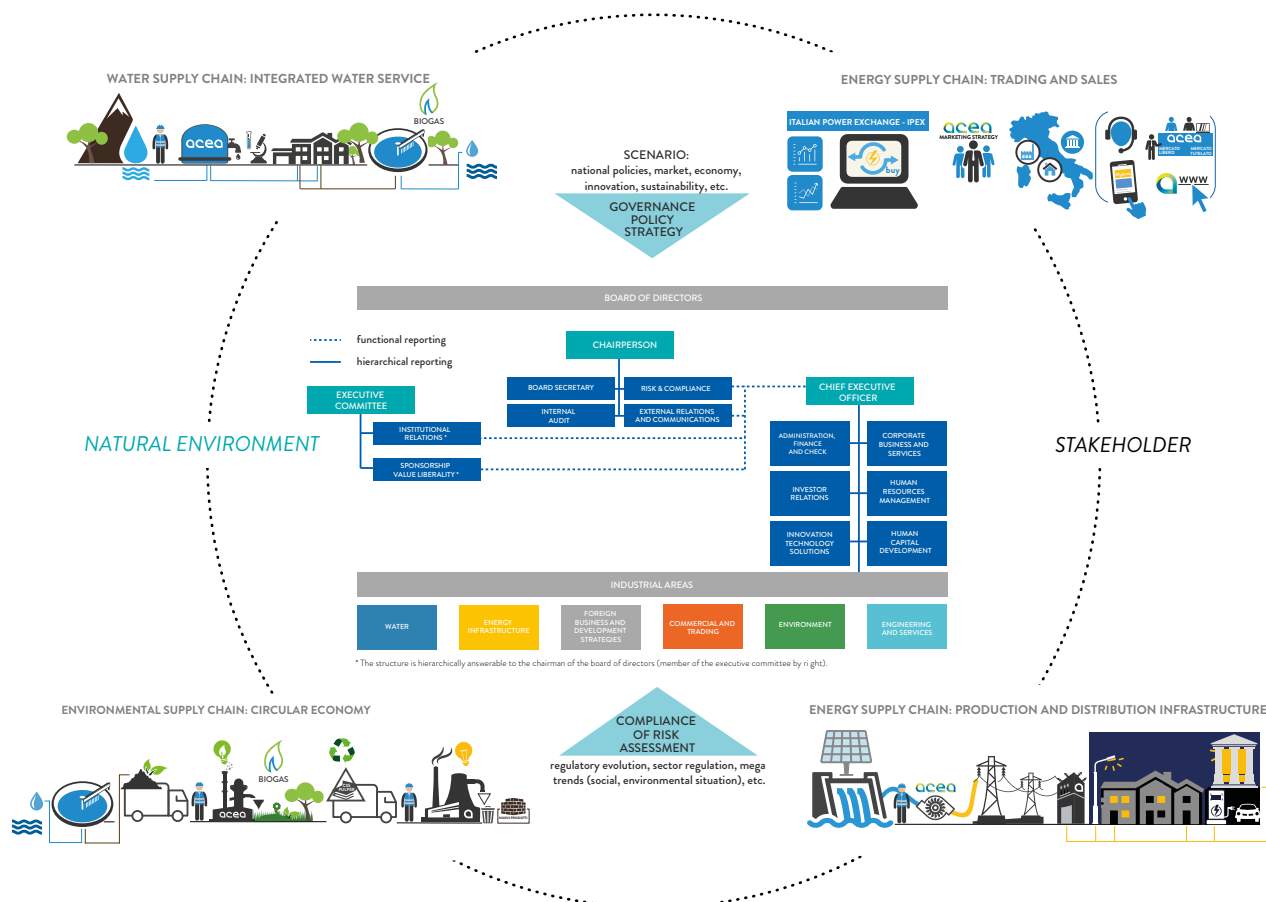
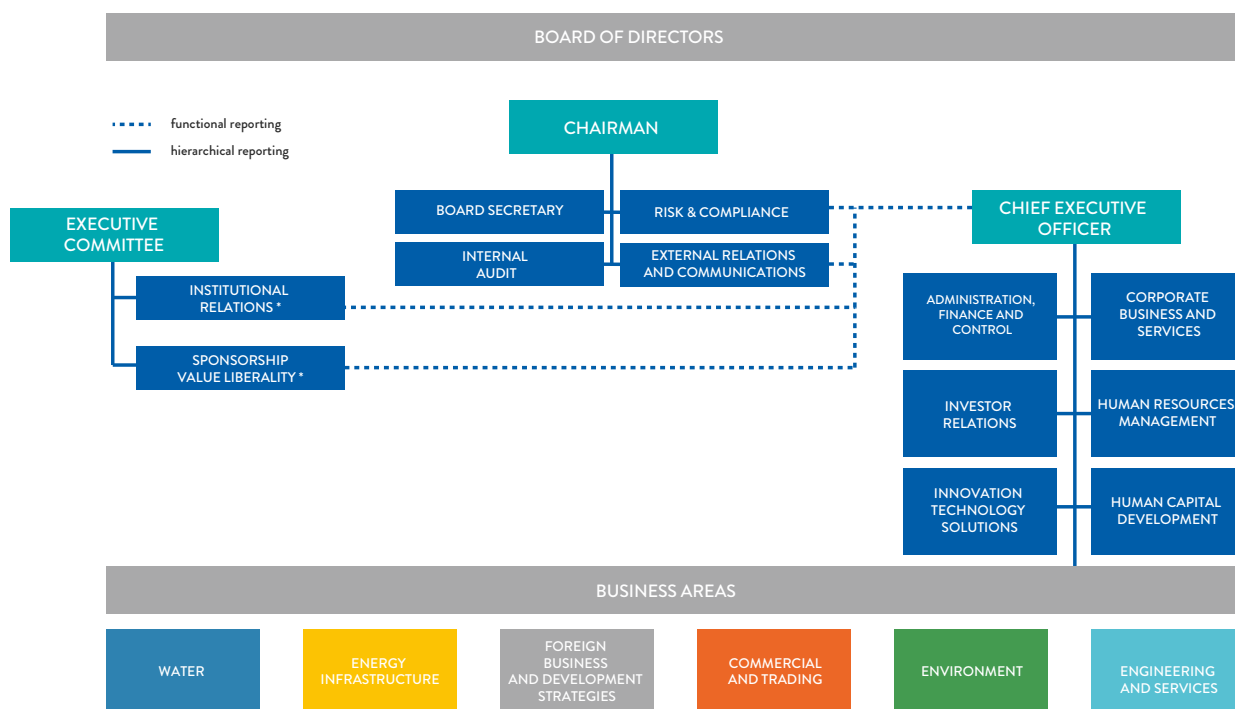


CHART NO. 4 – ACEA SPA ORGANISATION CHART AS AT 31.12.2019

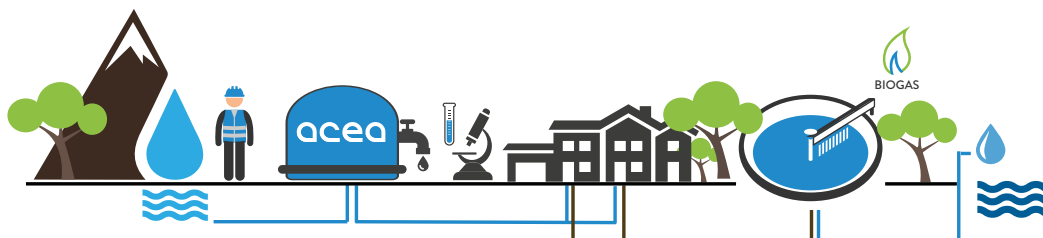


* The structure is hierarchically answerable to the Chairman of the Board of Directors (a member of the Executive Committee by right)

Through Companies that it has equity investments in and for which it plays the role of industrial entity of reference, the Acea Group is involved in the 4 chains of activities already mentioned and shown below. The business activities are broken down in the strategic Plan (see the section titled *Integrated strategy reading*), which defines corporate development guidelines based on the assessments of **opportunities offered by the market**, the regulatory and social **context**

of reference, the **governance system** and a careful **identification and weighting of the risks** that can impede the achievement of the goals. When performing activities and supplying services, Acea Group pays the greatest attention to its **interactions with the natural environment** and **relations with stakeholders**, thus managing the corporate activities in a manner that is consistent with the principles of sustainable development.

WATER SUPPLY CHAIN: INTEGRATED WATER SERVICE



The water supply chain: starting from a careful analysis of springs and groundwater and the potential impacts of operational processes on them – for example, by defining and monitoring water districts and preparing water balances – Acea checks and guarantees the quality of water during collection

and distribution in compliance with the regulatory standards envisaged for end uses. The same care is devoted to wastewater and advanced treatment phases to recover useful material and return the resource to the environment in the best possible conditions for its natural cycle to resume.

ENERGY SUPPLY CHAIN: PRODUCTION AND DISTRIBUTION INFRASTRUCTURE



Production and distribution of electricity: Acea produces energy at hydroelectric plants, waste-to-energy plants, thermoelectric plants (high-efficiency cogeneration), anaerobic digestion plants (biogas) and photovoltaic plants, for a total generation from renewable sources of about 70%. Users receive electricity thanks to the distribution grid managed and

developed by Acea. The digital and innovative development in the services, stimulated and required by a constantly evolving market, commits the Distributor to tend towards smart city solutions. This is accompanied by a resilient management of the networks by which it is possible to support a future shift and increase in the uses of the electrical vector.

ENERGY SUPPLY CHAIN: TRADING AND SALES



Sale of energy and gas: the purchase of commodities (energy and gas) takes place by means of bilateral contracts or exchanges on market platforms (Electronic stock exchange) where Acea Energia supplies itself in order to resupply clients according to its respective commercial policies. The Company develops relations with the customers, based on

their type, by means of increasingly more innovative and digital contact channels, however retaining traditional tools such as the telephone and public counters. The promotion of its products takes place through pull channels (shop, website, branches) as well as through sales agencies that are selected, trained and their commercial procedures monitored.



Waste valorization and circular economy: the environmental supply chain has as its objective the valorization of waste through the reduction of volumes, their treatment, conversion into biogas, transformation into compost for agriculture and floriculture and recycling into material that is reusable in production processes.

In particular, with a view to circular economy, Acea exploits the integration into water activities to recover sludge from water purification and send it for treatment to become compost, also committing itself to the growth of its market position and operational capacity through plant acquisition and development projects.

OWNERSHIP STRUCTURE OWN ASSETS AND GENERAL ECONOMIC INDICATORS

Acea SpA is listed on the Italian Stock Exchange organized and managed by Borsa Italiana. The Company is included in the FTSE Italia Mid Cap Index. **Roma Capitale** is Acea SpA's majority shareholder, holding **51% of its share capital**. As at **31.12.2019**, other significant direct or indirect equity interests were held by **Suez** for over 23% and **Caltagirone Francesco Gaetano** at approx. 5% (see chart no. 5).

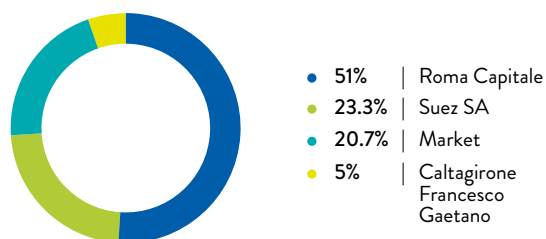
Institutional investors control more than 14% of the share capital, with a geographical distribution that shows a predominance of

American shareholders, followed by those in Italy, Norway and the UK (see chart no. 6).

Retail investors hold less than 5% of the share capital.

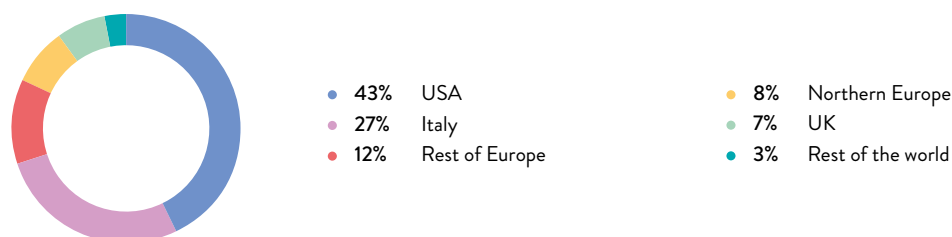
Economic performance 2019 saw positive results for the Group and further growth compared to 2018, exceeding the guidance communicated to the market. The performance achieved is part of the steady growth seen over the last three years, which reflects the economic and financial environment combined with the best results achieved by the Group and the sustained growth of its capitalization, and the expansion of the company's scope and industrial activities. The items in the financial statements are all positive: **EBITDA** stabilized at **€1,042 million** (+12% compared to 2018) and **EBIT** amounted to **€518 million** (+8% compared to 2018). The **Group profit** was **€284 million** (+5% compared to 2018).

CHART NO. 5 – PROPRIETARY STRUCTURE AS AT 31.12.2019



Source: CONSOB

CHART NO. 6 – GEOGRAPHICAL REPRESENTATION OF THE INSTITUTIONAL INVESTORS IN ACEA



TOTAL SHARE HELD **14%**

TABLE NO. 7 – THE MAIN ECONOMIC AND EQUITY DATA OF THE ACEA GROUP (2018-2019)

(in million €)	2018	2019
net revenues	3,028.5	3,186.1
operating costs	2,138.5	2,185.3
<i>staff costs</i>	219.6	248,9
<i>xternal costs</i>	1,918.9	1,936.4
income/(expense) from non-financial investments	43.3	41.4
gross operating margin (EBITDA)	933.2	1,042.3
gross operating margin (EBIT)	478.5	518.1
financial management	(82.9)	(90.3)
investments management	13.3	2.6
profit/(loss) before tax	409	430.3
income tax	124.3	123.2
net profit/loss	284.7	307.2
profit/loss attributable to third parties	13.7	23.5
net profit/(loss) of the Group	271	283.7

Consolidated revenues in 2019 amounted to **€3,186.1 million** (€3,028.5 million in 2018), up 5%, mainly as a result of the strong increase in the water segment (€221 million more than in the previous year).

External costs remain essentially stable at approximately **€1.93 billion** (compared to €1.91 billion in 2018). Cost trends are mainly affected by the change in the scope of consolidation.

The **EBITDA** of approximately **€1,042 million is up** from €933 million last year (+12%), and performed better than the guidance.

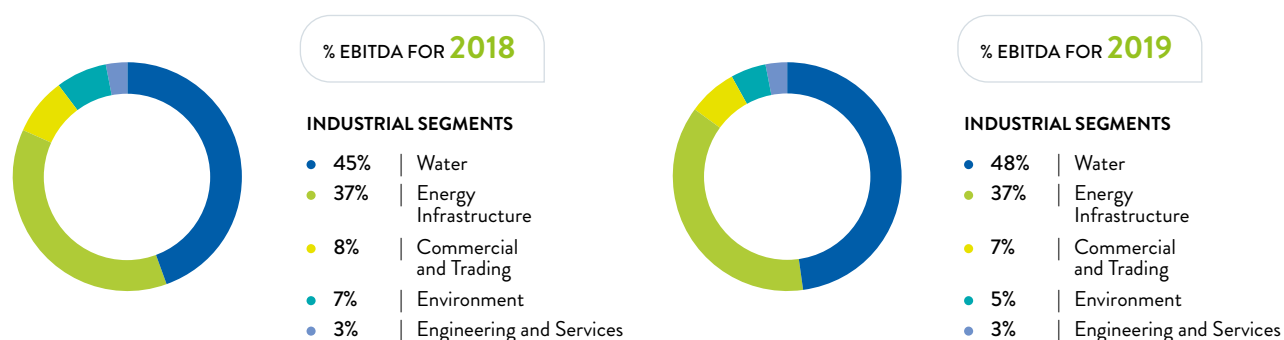
The Industrial Segments contributed to the overall value of EBITDA, as follows:

- **Water** operating segment at 48%, with €505 million, a 17% increase respect to the data from 2018 (€433 million). The

change is attributable to the results of the newly consolidated companies such as Gori, AdF and Pescara Distribuzione Gas;

- 37% from the **Energy Infrastructure** industrial segment, with €392 million, up about 9% from the previous year (€361 million). This positive change is mainly attributable to Areti, following the annual tariff updates of the distribution for greater investments;
- **Commercial and Trading** accounted for 7%, with €69 million, down 9% (€76 million);
- the **Environment** industrial segment accounted for 5%, with €52 million, down about 21% from the previous year (€66 million) due to lower revenues from the CIP6 tariff.

Also contributing to the Group EBITDA are the **Overseas** segment and the **Engineering and Services** segment totaling 3%.

CHART NO. 7 – CONTRIBUTION OF THE BUSINESS AREAS TO OVERALL EBITDA (2018-2019)


Operating profit (EBIT) came to **€518 million**, up by €40 million (+8% on 2018). The increase is limited by the growth

in amortization and depreciation as a result of changes in the Group's scope.

STRATEGY AND SUSTAINABILITY

INTEGRATED STRATEGY READING

Taking advantage of the opportunities offered by the evolution of the setting and the new economic, social and environmental challenges, in an increasingly integrated perspective, Acea's strategic planning balances both the industrial dimension and the sustainability aspects in its business goals.

Consolidating the evidence of the successful results already achieved in the previous year, in April 2019 Acea updated the **Business Plan for 2019-2022 with even more challenging objectives** than the previous ones. In the development process, the Company confirmed the following strategic pillars:

- **Industrial growth** focused on infrastructural development and a customer-oriented approach;
- **Territory and sustainability** based on decarbonization through greater electrification of consumption, the recovery

of material in the waste cycle;

- **Technology, innovation and quality**, with innovative projects involving automation and resilience of infrastructure to facilitate the transition to advanced models of smart grids and smart cities;
- **Operating efficiency**, by means of the careful regulation of costs and investments and improvement of performance.

The total investments envisaged in the Plan amount to **€4 billion**.

Working towards an alignment between the business and sustainability strategies, **Acea updated its Sustainability Plan** for 2019-2022, which was approved by the Board of Directors in December. Again, the Group **confirmed the articulation of the Sustainability Plan at a governance level**, oriented towards the progressive integration of sustainability aspects into the company's management **and into five macro operational goals**, which remained unchanged, broken down into targets for 2022 and related KPIs.

MAIN ACTIONS AND STRATEGIC OBJECTIVES OF THE 2019-2022 BUSINESS PLAN BY BUSINESS AREA



WATER

Development of a Smart Water Company for a sustainable use of water by improving the quality and efficiency of the service

- Introduction of **remote reading systems** on meters for a total of over 500,000 smart meters installed and **division of the network into districts**
- **Boosting of purification** with a rationalisation plan for small plants and the reinforcement and automation of large plants
- New Peschiera section to **guarantee the availability of water**
- Strong focus on investments to **improve the technical quality**
- Strengthening the leadership position in the industry through the growth of the **consolidation of water management**
- Entry into **the gas** distribution industry



ENERGY INFRASTRUCTURE

Strengthening the focus on the energy transition with projects to promote decarbonization of the system

- Renovation of the LV/MV grid for over 2,500 km, to **increase the network's resilience** and the capacity of power available in view of the increase in electricity consumption
- **Smart metering for the Rome grid** by starting the installation of 600,000 2G smart meters and extending the remote control of **substations**
- Development of **the fiber** optic network, with the laying of over 600 km of cables to develop its service infrastructure
- Increase of 150 MW of installed power via solar energy, both through the acquisition of plants and through the construction of new ones



COMMERCIAL AND TRADING

Retail portfolio growth and improvement in quality of service and enhancement of energy transition opportunities

- Improvement of initiatives to pursue **customer satisfaction**, including through the development of value-added services (smart meters, insurance, domestic thermal systems)
- **Optimization of operational processes** to obtain cost reductions
- Commercial push on digital channels and pull channels (shop, branches, digital) with the prospect of increasing the customer base by 30% by 2022



ENVIRONMENT

Acceleration of plant development aimed at the recovery of materials and energy with a view to Circular Economy

- **Doubling** the amount of treated waste (target 2.2 Mtonnes) with the development of new plants (organic fraction, liquid-sludge, multi-material)
- Search for partnerships and corporate acquisitions to grow in the circular economy

The updating process was carried out with the **full involvement of the organizational structures** (Parent Company and Operating Companies Functions). **Two new governance objectives** were introduced, bringing to 8 the cross-cutting goals, focusing respectively on the implementation of a **welfare plan** for employees, based on an advanced model of industrial relations, capable of **identifying emerging social needs** and **sustainable management of the supply chain**, with a focus on circular procurement. At the **operational level**, **new targets were introduced** and **many of the previous ones were updated** by the Functions of the Holding and the Companies, taking into account the **sustainability aspects related to the industrial guidelines of the business areas**, the **material issues defined by listening to stakeholders** and the **relevant Sustainable Development Objectives of Agenda 2030**. Overall, the **2022 targets** increased from 137 to 183.

In addition to more challenging environmental objectives, linked in

particular to the **fight against climate change** (mitigation and adaptation), **the efficient use of resources** and a logic of **circular economy**, new targets have been set for the development of a **structured approach to stakeholder involvement**, **employee welfare** and the widespread dissemination of a **culture of safety** within the Group and along the supply chain, as well as **technological innovation** applied to all infrastructure to increase intelligence and resilience, also by promoting excellence and skills and developing **research projects** in partnership.

Investments envisaged in the 2019-2022 Business Plan related to sustainability targets **increased by €400 million** for a total of **€1.7 billion**. In 2019 both the **progress of the targets** and the **amount of investments committed** were **monitored**, which, as at 31.12.2019 amounted to **approximately €328.5 million**. The amount of the year, added to the investments committed in 2018 (€175 million) **brings the figure for the two-year period to €503.5 million**.

THE GOVERNANCE LEVEL OF THE 2019-2022 SUSTAINABILITY PLAN: CROSS-CUTTING OBJECTIVES FOR INTEGRATION

GOVERNANCE AREAS

STRATEGY

SUSTAINABILITY IN THE RISK ASSESSMENT

- considering ESG material issues in the model for **identifying, assessing and monitoring business risks**

SUSTAINABILITY IN THE STRATEGY

- highlighting **the total value generated by the Group** with an integrated reading of economic and sustainable development

SUSTAINABILITY IN THE MBOs

- enhancing the objectives aimed at promoting sustainability impacts by integrating them into the **performance management systems**

CF SUSTAINABILITY CULTURE SPREAD

- involving internal and external stakeholders in the matter by disseminating the **"sustainability culture"**

FCR SUSTAINABILITY FOR SHAREHOLDERS AND LENDERS

- highlighting **ESG – Environmental, Social, Governance – elements** of corporate management **in relations with shareholders and investors**

SUSTAINABILITY IN THE REGULATION SECTOR

- identifying **sustainability-related topics** in **evolutionary trends** in **national and European regulations**

SUSTAINABILITY IN THE MANAGEMENT OF PEOPLE

- increasing the **organizational and personal well-being** of employees, identifying social needs through evolved and participatory industrial relations

SUSTAINABILITY IN PROCUREMENT

- introducing sustainability aspects into the management of the **supply chain**, considering the best procedures in the field

THE OPERATIONAL LEVEL OF THE 2019-2022 SUSTAINABILITY PLAN: SPECIFIC FEATURES OF THE 5 MACRO OBJECTIVES

MACRO OBJECTIVE

STRATEGY



PROMOTING A FOCUS OF THE CUSTOMER

- reaching challenging levels of **commercial and technical quality of the supplied services** and improving the channels of contact to fully meet the customer requirements



VALUING PEOPLE FOR THE GROUP'S GROWTH

- training**, expanding know-how (active ageing) and development plans, **sharing strategies, sustainability** in performance management systems and promoting **inclusion**



QUALIFYING PRESENCE IN THE REGIONS AND PROTECTING THE ENVIRONMENT

- more **resilient infrastructures** in relation to climate change, **contained impact** on the natural environment and territorial protection, more efficient use of resources and reduction of CO₂ emissions, development of **initiatives for circular economy**, promotion of sustainability along the supply chain and structured approach to involve the parties concerned



PROMOTING HEALTH AND SAFETY ALONG THE VALUE CHAIN

- prevention and **circulation of the culture of safety along the value chain**, internal and external, by means of training and awareness, increased **verification and control activities** and actions to ensure the health and safety of customers



INVESTING IN INNOVATION FOR SUSTAINABILITY

- experimentation of **new technologies and new ways of working**, research for the **development and resilience of infrastructure**, contribution to the development of the urban scenario with a view to develop **smart cities**

CHART NO. 8 – THE 2019-2022 SUSTAINABILITY PLAN IN NUMBERS

183 targets



32 targets (17%)

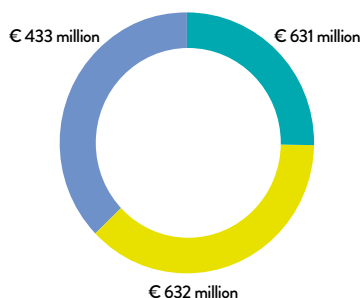
23 targets (13%)

73 targets (40%)

24 targets (13%)

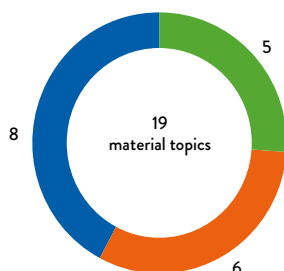
31 targets (17%)

total investments in sustainability for 2019-2022
€ 1.7 billion



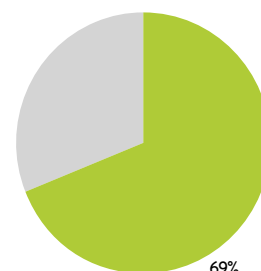
● Water Segment ● Energy Infrastructure Segment
● Environment Segment

100% of the material topics covered
(medium and high significance)



● Environmental ● Social ● Governance

127/183 targets related to the SDGs



NOTE Each target can be related to multiple material topics and SDGs

ACEA SUSTAINABILITY DAY

Acea's first Sustainability Day was held in October 2019 and was an opportunity for the Company and representatives of institutions, research, businesses and experts in the field to **discuss the scenarios and challenges** posed by an economic and social system progressively marked by sustainable development. The event, entitled **Enterprise, sustainability and the future**, focused the dialog between the qualified participants on the evolutionary dynamics that the path towards a sustainable economy places on current business, pro-

duction and development models, in a perspective that is even evident in the guidelines expressed by the new EU Commission. The Chairman and the Managing Director of Acea SpA took part in the **two round-table** discussions with the Chairman of Labsus, the Spokesperson of Asvis, the Chairman of GSE and ENEA, the Deputy Secretary General of Unione del Mediterraneo, and, representing the national institutions, the Chairman of ARERA and a representative of Consob. A further moment of sharing

was dedicated to the initiatives on circular economy and innovation that engage Acea through its Companies and in partnership with research bodies and companies, and in the final session the participants shared their reflections on the renewed prominence of industrial organizations as agents of innovation, towards a company management characterized by forward-looking perspectives within an appropriate regulatory and institutional framework sensitive to these issues.

The **Policy for sustainability and the quality, environment, safety and energy system**¹⁹ adopted in Acea reflects the **principles, values and commitments** undertaken by the company, placing them in the framework of the pursuit of sustainable development, and it is an **integral part of the Management Systems** compliant with ISO 9001, ISO 14001, ISO 45001 and ISO 50001 standards (see also the section titled *Management systems*). The Policy sees the following values as **fundamental elements for sustainability**, helping to integrate it more and more in the **planning and management of activities**:

- promotion of a **culture of quality**;
- **respect for the environment** and **preservation of ecosystems**;
- the **development of people** and **safety at workplace**;
- the efficient **management of resources**;
- a **risk assessment and responsible management of economic, social and environmental impacts**;
- **dialog with stakeholders**;
- the promotion of **sustainability in the value chain** involving the supply chain.

The guidelines expressed in the Group's two strategic industrial and sustainability planning documents, already related in operational management, lend themselves to an integrated interpretation, which enhances the peculiarities and complementarity between the two Plans – one focused on **aspects related to the economic solidity of industrial growth** and the other on the **expected results for stakeholders and from the social and environmental point of view** – in the framework of Acea material issues and the relevant UN sustainable development goals (SDGs). **An emblematic aspect**, consistent with the integrated perspective taken over and responding to one of the most significant challenges, is that of **climate change**. This issue is of particular importance and represents one of the elements demanding the greatest attention from a social, environmental and economic point of view, as evidenced by the positions expressed by the European Union or by qualified international bodies, like the TCFD (Task Force on Climate-related Financial Disclosures) set up within the Financial Stability Board. The initiatives taken by Acea to tackle climate change were highly appreciated as evident in the recognition noted in the latest CDP assessment (see the dedicated box).

ACEA INCLUDED IN THE LEADERSHIP CATEGORY OF THE CARBON DISCLOSURE PROJECT – CDP

CDP is an organization that offers investors a system to **measure climate change policies and performance**. The initiative, which for more than ten years has been supported by a pool of international investors with assets under management equaling \$96 trillion dollars, analyses more than 8,000 companies in the world on performance linked to measures to combat climate change, endorsing the best

in class in the strategic and operational management of risks and impacts inherent in the "climate" issue.

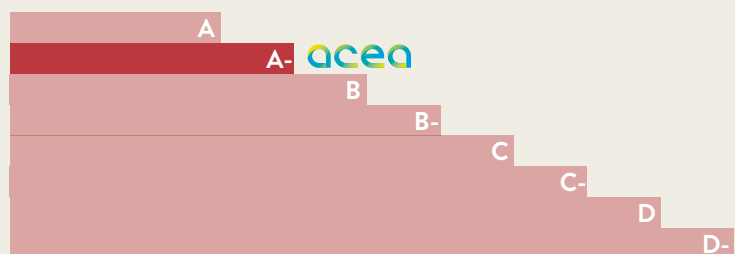
In 2019 CDP gave Acea a **score of A-**, improving on the score received in the previous year (B) and qualifying for the Leadership category. The rating (D-/A scale) is based on the assessment of various areas, such as the presence of targets and initiatives undertak-

en for the reduction of emissions, the analysis and management of risks, the assessment of financial impacts due to climate change, reporting, etc. The positioning obtained therefore recognizes Acea's constant and growing commitment to combating climate change through an increasingly sustainable business model that is attentive to the issues of the energy transition.

- + 8,300 companies from around the world responded to CDP Climate Change, of which 110 were based in Italy
- The average score for energy utilities is B



CLIMATE



Fonte: CDP 2019 Score Report

A/A- : Leadership = Implementing current best procedures

B/B- : Management = Taking coordinated action on climate change issues

C/C- : Awareness = Knowledge of impacts on and of climate change issues

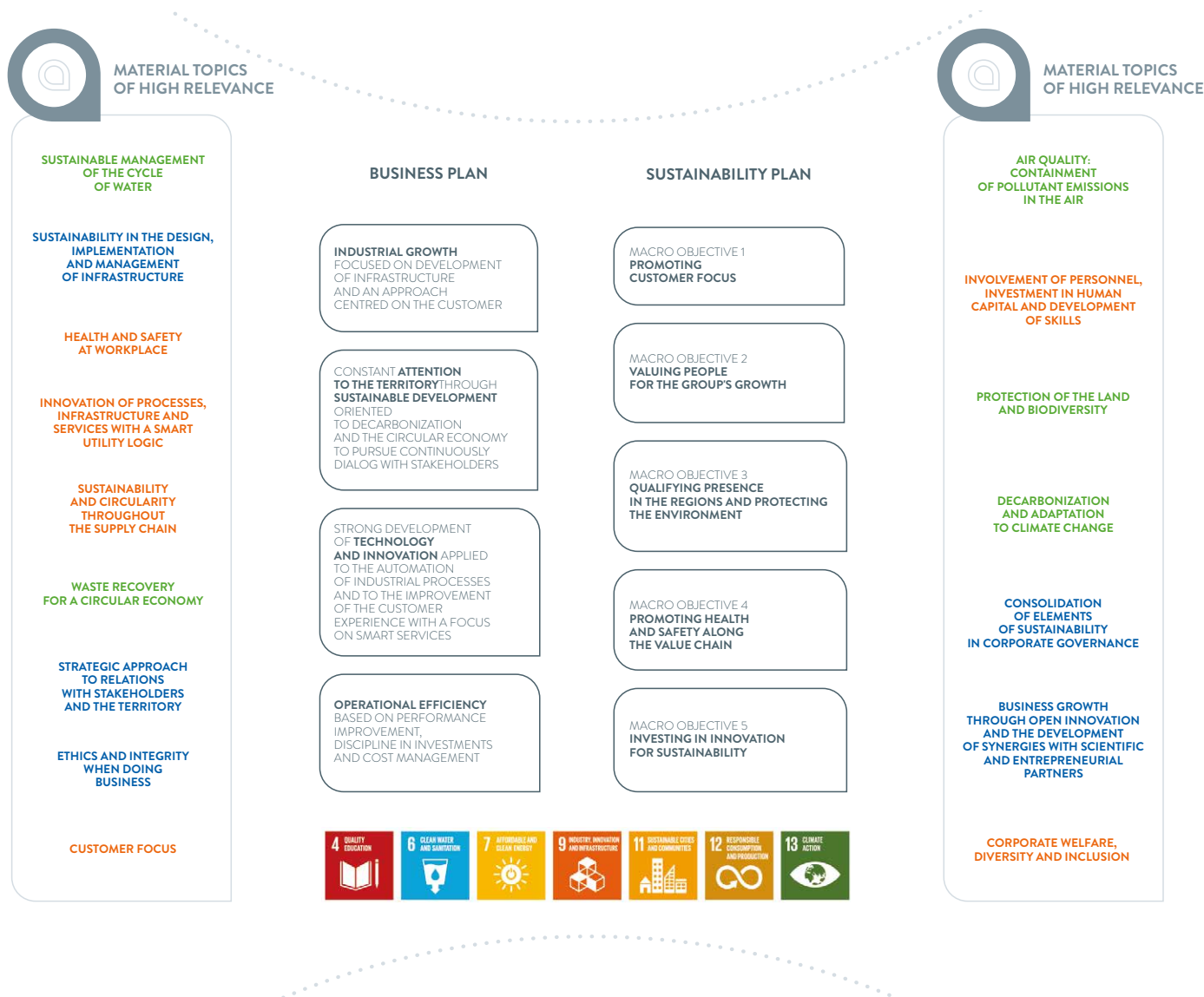
D/D- : Disclosure = Transparency about climate change issues

F: Failure = Please provide sufficient information to CDP to be evaluated for this purpose

More information can be found on the website: <https://www.cdp.net>.

¹⁹ The Policy is available from the institutional website www.gruppo.acea.it.

CHART NO. 9 – KEY ELEMENTS OF THE STRATEGY



During the year, the Sustainability Unit, organizationally within the Parent Company's Risk & Compliance Department, was **regularly called up by the Board Committees** responsible for overseeing these issues (see the section titled *Corporate Governance and Man-*

agement Systems) and the **Sustainability Advisory Board was operational**, a management body supporting the Acea Chairman and Managing Director (see the dedicated box) and a venue for sharing and analyzing the main developments and internal matters.

THE ACTIVITIES OF THE SUSTAINABILITY ADVISORY BOARD

The activities of the Sustainability. Since 2018, the Acea **Sustainability Advisory Board**, a panel responsible for providing support to the Acea Chairman and CEO, began its activities in order to supervise the implementation of the Sustainability Plan – with regard to both governance level guidelines and operational level objectives – and its periodic review. The Board operates on the basis of its own Rules; its composition is approved by the Board of Directors and consists of the **main Functions and Departments of the Holding**

Company, which also have responsibility for the governance of sustainability planning. To date, the Functions/Departments involved are: Administration, Finance and Control; Corporate Affairs and Services; External Relations and Communications; Procurement and Logistics; Human Resources Management; Innovation, Technology & Solution; Internal Audit; Investor Relations; Regulatory; Risk & Compliance; Human Capital Development; Secretary of the the Board of Directors. The Board met 3 times during

2019. Aside from discussing the process for updating and defining the new Sustainability Plan, the developments and evidence on important initiatives carried out by Acea were studied and shared, such as the Group's stakeholder engagement project, or the definition within the framework of the working group activated in the CSR manager network of a guideline to integrate sustainability and ERM systems, and finally the presentation of the first solicited ESG Standard Ethics rating requested and obtained by Acea.

The below section is a **summary image** of the Plan and a **detailed breakdown of the operating level, with the 2019 actions and related KPIs.**

PLAN FOR 2019-2022 AND THE OPERATIONAL GOALS

The **2019-2022 Sustainability Plan**, as already mentioned, **acts on governance and operational levels**, identifying 8 cross-cutting objectives aimed at incorporating sustainability into the governance of the company and

GOVERNANCE LEVEL THE 8 OBJECTIVES

ACEA IS COMMITTED TO THE ADEQUATE INTEGRATION OF SUSTAINABILITY IN CORPORATE GOVERNANCE THROUGH:

- consideration of material ESG topics in its risk management model;
- an integrated reading of economic, financial and sustainability data so as to present the overall value generated by the Group;
- the inclusion of objectives in management performance systems oriented towards the promotion of impacts on sustainability;
- the dissemination of a “sustainability culture” through initiatives of awareness and engagement of internal and external stakeholders;
- a focus on ESG elements – Environmental, Social, Governance – in relations with shareholders and investors;
- the reading of evolutionary trends of regulations both at a national and European level with respect to issues related to sustainability in the areas the company works in;
- the development of an advanced industrial relations model able to meet to new social needs and focused on the well-being of the company and employees;
- sustainable supply chain management, implementing the best procedures in the fields of supply management and circular procurement.

OPERATIONAL LEVEL THE 5 MACRO-OBJECTIVES

WITH A SPECIFIC FOCUS ON THE FOLLOWING 5 MACRO-OBJECTIVES AND ON THE RELATED AREAS OF ACTIONS AND OPERATIONAL OBJECTIVES(*)



**PROMOTING
A CUSTOMER
FOCUS**

Improving communication with customers

- Developing a web presence and digital channels consistent with communication and positioning needs of the Group

Improving the quality of services

- Improving the commercial quality of services
- Improving the technical quality of services



**ENHANCING
STAFF FOR
THE GROUP'S
GROWTH**

Professional enhancement, training and development of skills

- Enhancing and boosting Human Capital skills
- Investing in the development and improvement of the staff assessment and recruitment system

Involving people in the Group's identity

- Facilitating the implementation of the new execution organization
- Boosting the level of engagement of the company population
- Defining and promoting an employer branding plan

Organizational inclusion and well-being

- Identifying and improving the organizational well-being of the entire company population
- Enhancing diversity and promoting inclusion

5 macro Group operational objectives. **The 5 macro objectives** are broken down into **14 frameworks for action**, **26 operational objectives** as shown by the summary image, and **183 objectives** for 2022 and **related KPIs** that allow the **progressive achievement thereof to**

be monitored, below. It is envisaged that the **Plan will be updated periodically**, especially at an operational level, so that consistency with changes to the management and strategic industrial guidelines of the Group is ensured.



QUALIFYING PRESENCE IN THE TERRITORY AND PROTECTING THE ENVIRONMENT

Reducing the environmental impact

- Planning and implementing actions aimed at fighting climate change (mitigation and adaptation)
- Promoting an efficient use of resources, thus facilitating circular economy
- Taking initiatives to protect the land and limit impacts on the natural environment
- Enhancing certified environmental and energy management systems
- Implementing sustainability logics in procurement procedures

Contributing to the well-being of the community

- Promoting activities with positive impact on the collectivity and on the territories where the company works

Consolidating relations with the territory

- Contributing towards creating awareness on social and environmental matters
- Promoting the involvement of stakeholders in corporate projects to create shared value



PROMOTING HEALTH AND SAFETY ALONG THE VALUE CHAIN

Health and safety at workplace for Group workers

- Promoting health and safety culture at workplace

Health and safety at workplace for contractors and subcontractors

- Creating awareness among contractors on workplace health and safety

Health and safety of the communities with which the Group operates

- Ensuring the health and safety of the customers of the reference community for the various services provided



INVESTING IN INNOVATION FOR SUSTAINABILITY

Organizational innovation

- Promoting smart processes and working methods

Technological and process innovation

- Promoting the resilience of the urban territory and innovation from a smart city perspective
- Implementing remote control systems and remote interventions
- Applying new technologies in leak detection and other operations

Creating and promoting knowledge

- Developing research projects in partnership with other relevant departments

(*) Each objective is divided into multiple targets and KPIs in the detailed Plan to which reference is made.

DETAILED OBJECTIVES OF THE 2019-2022 SUSTAINABILITY PLAN: KPI AND ACTIONS FOR 2019



MACRO-OBJECTIVE NO. 1 Promoting customer focus

OPERATIONAL OBJECTIVES	TARGET FOR 2022 FUNCTIONS/OWNER COMPANIES OF THE PROCESS	KEY PERFORMANCE INDICATORS	2019 ACTIONS
AREA OF ACTION 1: Improving communication with customers			
Developing web presence and digital channels in compliance with the Group's communication and positioning needs	Adapting the structure of the website to the corporate and marketing communication needs, in terms of efficiency and transparency. ACEA SpA – EXTERNAL RELATIONS AND COMMUNICATIONS (Digital and corporate media)	Reviewing the Group's digital identity (0-100%) = 100 2022 target achieved	Since June 2019, the new institutional website www.gruppo.acea.it has been live, clearly defining the Group's corporate identity, mission and new positioning using transparent, effective digital communication. Acea was the best improver in Webranking Italy for 2019-2020, i.e. having the best score growth for a listed company for both in Italy and abroad. It was also included in the "gold class" of .trust, the study that assesses the ability of listed companies in Italy to tell their story in a clear, engaging way.
	Creation of a website for Areti with effective, useful information intended for users of electricity distribution. ACEA SpA – EXTERNAL RELATIONS AND COMMUNICATIONS (Digital and corporate media)	Website development: Yes/No = No	The planning of activities related to achieving the target has been started.
	Developing "corporate" social channels and monitoring the existing ones. ACEA SpA – EXTERNAL RELATIONS AND COMMUNICATIONS (Digital and corporate media)	0-100% = 100 2022 target achieved	Since 2019, the Acea Group has been active on major social media channels: Facebook, LinkedIn, Twitter, YouTube and Instagram. An important step for the company's communication with its stakeholders.
	Creating at least one communication campaign per year intended for customers regarding the use of the MyAcea and online payment of bills app (reducing the impact of producing paper bills, reducing times, reducing movements, etc.). ACEA SpA – EXTERNAL RELATIONS AND COMMUNICATIONS (Advertising, Brand Image and Events)	Yes/No = Yes	Two communications campaigns were carried out targeting Acea Ato 2 customers called "My Acea" and "Digital Services", disseminated on digital newspapers (ilmessaggero.it, Leggo.it, corriere.it, repubblica.it, iltempo.it, romatoday.it, dagospia.com, adnkronos.com) and through posters in Rome and its province
	Creating two information campaigns for the use of digital channels (webforms and online bills) through the call center and email, aimed at raising awareness on the use of digital channels among customers. ACEA ATO 5	No. of campaigns to be carried out/no. campaigns to be carried out = 1/2	During the year, an information campaign aimed at customers via email was carried out to promote the use of digital channels (webform and web bills).
	Creating a mass communications campaign to raise awareness of the use of digital channels among customers. GORI	Campaign completed: Yes/No = Yes 2022 target achieved	In November, the "Web Bill" information campaign was launched to bring users closer to the digital channels to be used to manage water operations more quickly, effectively and sustainably.

(cont.)
Developing web presence and digital channels in compliance with the Group's communication and positioning needs

Expanding commercial operations that can be carried out by the customer independently through digital channels up to 80%.
 ACEA ENERGIA

Commercial operations that can be carried out online / total commercial processes CRM = **25/34 that can be digitized, equal to 74%**

In 2019, thanks to the expansion of digital channels, 74% of commercial transactions can be carried out independently by the customer.

Improving the customer experience, which can be measured by a real-time measurement of customer satisfaction through a Net Promoter Score, calculated on the basis of the answers to the following two questions: "Has the operator responded politely?" and "Has the operator responded professionally?".
 2022 target: NPS >32%.
 ACEA8CENTO

No. toll-free numbers to serve the "free market" = **3**
 Net Promoter Score "Has the operator responded politely?" = **48.2%**
 "Has the operator responded professionally?" = **45.8%**

Real-time measurement of customer satisfaction was performed.

Creating awareness among customers with reference to digital channels also through targeted campaigns and "drive to web" initiatives to be activated on the contact channels (counter, call center, post), with the aim of reaching 50% of accounts linked to MyAcea.
 ACEA ATO 2, in conjunction with ACEA SpA –
 EXTERNAL RELATIONS AND COMMUNICATIONS

No. of utilities registered on MyAcea /total active utilities of Acea Ato 2 = **201,309/692,949, equal to approximately 29%**

During the year, an awareness campaign was organized and sent to customers via email, to encourage them to use digital contact channels. In addition, the "Bottle at the counter" campaign was carried out, which included the distribution of drinking bottles to customers who subscribed to the web bill.

Increasing the number of active subscribers to the MyAcea website (reaching 25% of the total Acea Energia consumer and micro-business customer base each year with at least 1 access to the reserved area per year).
 ACEA ENERGIA

Customers who have accessed the reserved area at least once in the last 12 months/total consumer and micro-business customer base of Acea Energia = **223,150/1,096,124, equal to 20.4%**

In 2019, 20.4% of Acea Energia's customers accessed the reserved area (ML and MT) at least once. In detail, separating the data for ML and MT, the percentages are 25.2% and 18.3%, respectively.

Increasing 5,500 users/year (46,000 by 2022) registered in the MY Acea website compared to 2018 data (20,818 registered with the online counter).
 ACEA ATO 5

No. of new members at the online counter/year = **9,338 for a total of 30,156 registered as at 31.12.2019**

In 2019, the activities carried out to encourage customers to subscribe to the MyAcea portal and use the app were: "Breakfast with the elderly" aimed at retirement homes with the aim of bringing senior citizens closer to digital tools, information campaigns on the advantages of using the portal on local websites and media, and a booth dedicated to the Company at the Christmas Village in Frosinone.

Creating a web counter, exclusively dedicated to digital services, to be located at the sales counter.
 ACEA ATO 5, in conjunction with ACEA SpA –
 EXTERNAL RELATIONS AND COMMUNICATIONS

Yes/No = **Yes**
Target achieved

2022 target achieved in 2018.

Planning a communication campaign aimed at customers regarding the plan concerning the replacement of first generation meters with the second generation ones.
 Implementing the communications campaign on 30% of the customers affected by the replacement of the installed meters.
 ARETI, in conjunction with ACEA SpA –
 EXTERNAL RELATIONS AND COMMUNICATIONS

Defining communications campaign – Yes/No
 Customers reached by the campaign/customers whose meters have been replaced

The planning of the activity related to achieving the target has been started.

Initiate an inbound and outbound contact model to support metering performance improvement actions. The model provides for the development of contact channels, particularly digital ones (text message, email, WhatsApp).
 By 2022 at least 30,000 inbound/outbound contacts.
 ARETI

Activation of contact channel: Yes/No = **Yes**
 Number of total inbound and outbound contacts = **26,542**

The experimentation of new contact methods to be used during the mass replacement of meters and to provide support to contractors in reading has begun.

AREA OF ACTION 2: Improving the quality of services

Improve the sales quality of services	Improving the customer journey, which can be measured through the Net Promoter Score, assessed in real time based on the answers to the question "Would you recommend our services to a friend?". 2022 target: NPS > 22% ACEA ENERGIA	Net Promoter Score (NPS) = 23%	Real-time measurement of customer satisfaction was performed.
	Maintaining waiting times at the counter < 10 minutes (target lower than the levels required by the Authorities). ACEA ATO 2	Customer average wait time at the counter = 5'19" counters in Rome 6'06" counters outside Rome	In 2019, following the installation of queue management systems at the last 2 counters that didn't have them, Acea Ato 2 completed the installation of tools for managing user flows on all 14 counters.
	Reducing the average age of the customers' readings and at the same time reaching the implementation of smart meters, 80% of the billing amount entirely based on actual consumption. ACEA ATO 2	Turnover on actual consumption/total turnover = 79%	During the year, approximately 17,000 smart meters were installed.
	Improving the quality of metering systems by replacing 21,000 meters per year (over 10 years of age). ACEA ATO 5	No. of meters replaced per year/21,000 meters = 32,028/21,000	In order to improve the quality of the metering, 32,028 meters were replaced during the year.
	Consolidating and developing – including through at least 1 initiative per year – interaction with Consumer Associations aimed at enhancing relations between the Group and customers in the relevant territories. ACEA SpA – EXTERNAL RELATIONS AND COMMUNICATIONS (Relations with the Stakeholders)	No. of initiatives organized = 2	The Acea SpA ADR Body (Alternative Dispute Resolution) held two dialog initiatives with Consumer Associations.
Improving the technical quality of services	Improving management of appointments with end customers for technical/commercial performance. The target for 2022, relating to the % reduction in missed appointments, will be determined on the basis of data for the base year 2019. ARETI	Valid KPI from 2020: % reduction in missed appointments	New operating methods were introduced that facilitate contact with the customer. Among these: a single toll-free number that, in addition to being the only contact for malfunctions and utility management, adds a service to check the identity of the technician who is working on the problem; a service that sends reminders to users for appointments made; a service that facilitates new bookings in case of impossibility in performing the maintenance.
	Replacing 265,000 meters in the period from 2019 to 2022 to ensure the quality of the metering systems. GORI	Number of meters replaced/265,000 = 62,166/265,000	About 62,000 meters were replaced.
	Checking the calibration of meters for water intended for human consumption and obtaining ACCREDIA accreditation of the test pursuant to UNI CEI EN ISO/IEC 17025:2015. ACEA ELABORI	Check of the calibration: Yes/No = No Test Accreditation: Yes/No = No	During the year, the benches were acquired for the calibration of the meters and training was carried out for their use.
Improving the technical quality of services	Implementing and maintaining UNI CEI EN ISO/IEC 17020 accreditation for "Verifying projects" pursuant to article. 26 of Legislative Decree no. 50/2016 extending the accreditation sector also to the "Works execution check". ACEA ELABORI	Implementing and maintaining "Project verification" accreditation: Yes/No = Yes Implementing and maintaining Accreditation for "Works execution check": Yes/No = No	Acea Elabori successfully passed the audits for maintaining UNI CEI EN ISO/IEC 17020 accreditation of the Project Verification Unit.

(cont.) Improving the technical quality of services	Implementing in the design of strategic water infrastructure works (Marcio – Peschiera Aqueducts) of devices, criteria, recognised protocols for the maximization of benefits in sustainable terms (benefits for the protection of the territory, landscape, economic development). Getting Envision certification on at least one strategic works project. ACEA ATO 2 and ACEA ELABORI	Applying of criteria/protocols during design: Yes/No = Yes Earn Envision Certification on the design of a strategic work: Yes/No = No	The staff responsible for the design and construction of the new upper section of the Peschiera Aqueduct and the new Marcio Aqueduct were trained on the Envision protocol.
	Reducing the average construction time by 10%, thus guaranteeing greater quality of processes through the direct supervision of all phases (ISO 9001:2015 certification in the EA28 sector; intra-group assignment of the construction of the works with a gross work amount > €25 million in 2022). ACEA ELABORI	Obtaining the extension of ISO 9001 to EA-28 Sector (Construction), Year 2019: Yes/No = Yes CONSTRUCTION work for amount > €7 million Year 2020: Yes/No = No CONSTRUCTION work for amount > €14 million Year 2021: Yes/No = No CONSTRUCTION work for amount > €25 million Year 2022: Yes/No = No % reduction: [1- (average time from intercompany assignment to delivery of works (CONSTRUCTION)/ average time from publication of tender to delivery of works (STANDARD contract)]	During the year, ISO 9001:2015 certification was obtained for the EA-28 construction sector.
	Expanding the purification capacity in 13 towns of the Ato 5 through works on 7 new purification plants and 6 existing purification plants: +4.8 times more than the population equivalent (PE) handled in 2017. ACEA ATO 5	Purification potential in PE/purification potential in PE in 2017 (target scope) = 12,000/9,500, equal to an increase of 1.26 times	The treatment plant of Sant'Apollinare Rivolozzo in the province of Frosinone was built.
	Expanding the purification capacity in 14 towns of the Ato 2, in critical situations, through works on 13 existing purification plants and 3 new purification plants: +58% of population equivalent (PE) handled. ACEA ATO 2	Purification potential in PE/purification potential in PE in 2017 (target scope) = 193,675/163,975, equal to approximately 18% more than the equivalent PE	Two projects have been completed to upgrade the treatment plants in the municipalities of Castelnuovo di Porto and Roiate.
	Achieving 92% coverage of the purification service with respect to the total active units (2017 data). ACEA ATO 2	% of users covered by the sewerage treatment service (compared to total users as of 2017) = 94% 2022 target achieved	2022 target achieved in 2018.
	Replacing 34% of the current 361 thermal substations serving the remote-heating network, for greater efficiency of the service and reliability of the user's service. ACEA PRODUZIONE	Substations replaced/ total substations serving district heating = 53/361	In 2019, 53 thermal substations belonging to the remote heating network were replaced, accounting for approximately 15% of the total number of sub-plants.
	Replacement/installation of 22 valves on the district heating distribution network to perform out-of-service interventions, thus reducing the impact on serviced utilities ACEA PRODUZIONE	No. of valves replaced or installed/no. valves to be replaced or installed = 14/22	14 priority valves were replaced
	Doubling the district heating network in the section exiting the plant in order to ensure the supply of heat and drinking water even in the event of heavy maintenance and/or malfunctions (section affected 600 meters). ACEA PRODUZIONE	Metres of network installed on the overall length of the network to be built	Activities for the completion of the target have begun.

(cont.)
Improving the
technical quality
of services

Compared to 2018 base levels, reducing the troubleshooting times of Public Lighting systems in line with the zonal prioritization defined according to the relevance of the area (i.e. aggregation sites): critical – 6h; high – 1 day; average – 1 day; low – 2 days.
Baseline levels recorded in 2018 by relevance: CRITICAL – 2.04 days, HIGH – 2.03 days, AVERAGE – 2.14 days and LOW – 3.07 days
ARETI (Public Lighting)

CRITICAL = 1 day
12 hours
HIGH = 1 day 7 hours
MEDIUM = 1 day
11 hours
LOW = 1 day 11 hours

The zonal prioritization was defined and the development of a reporting system of interventions for real-time monitoring of activities was started.



MACRO OBJECTIVE NO. 2

Enhancing staff for the Group's growth

OPERATIONAL OBJECTIVES	TARGET FOR 2022 FUNCTIONS/OWNER COMPANIES OF THE PROCESS	KEY PERFORMANCE INDICATORS	2019 ACTIONS
AREA OF ACTION 1: Professional enhancement, training and development of skills			
Enhancing and boosting Human Capital skills	Implementing training courses involving 80% of the population included in development programs annually, useful for defining specific career paths. ACEA SpA – HUMAN CAPITAL DEVELOPMENT	No. of persons trained/ total persons included in development programs = 81/82	During the year, the Aurora programme was developed and implemented as part of the Managerial Academy project (63 employees involved). In addition, a pilot course of the “monographic” programme was carried out with the aim of expanding the knowledge of employees in the development areas (18 employees involved).
	Launching specific training programs through the Digital Academy, starting from the current level of coverage of strategic digital skills defined by Digital DNA through: - 2019: an initiative involving 100% of the staff for the AS-IS mapping of digital maturity and launch of the pilot Data Analytics program; - 2020: training programs to meet 70% of the needs identified each year ACEA SpA – HUMAN CAPITAL DEVELOPMENT	No. of employees involved in digital maturity mapping/ no. of employees to be involved = 5,716/5,716 Launch of Data Analytics pilot program: Yes/No = Yes No. of employees trained/ no. of employees with training needs identified = 27/108	Following the definition of key digital skills for the Group (Digital DNA), a survey was launched to identify these skills among the entire population and a pilot training course involving 27 employees was organized.
	Sustaining Active Ageing policies, thus ensuring each year the transfer of know-how for 100% of critical skills. ACEA SpA – HUMAN CAPITAL DEVELOPMENT	No. of training programs defined/no. of critical skills = 27/27	Since 2018, 60 critical skills have been mapped with the involvement of 7 Group Companies (Acea Ato 2, Acea Ato 5, Areti, Acea Produzione, Acea Elabori, Aquaser and Acea SpA) and 72 trained Operating Company Trade Masters. In 2019, 27 training programs were defined to support the critical skills identified and 10 courses were launched.
	Developing the managerial skills of managers and office staff in positions of responsibility every year, using training processes involving 80% of the managers with identified training needs. ACEA SpA – HUMAN CAPITAL DEVELOPMENT	No. of managers trained/ total managers to be trained = 89/89	During the year, as part of the Managerial Academy project, the Elios program was implemented for a total of 89 managers and office staff in positions of responsibility.
	Training 100% of the staff transferred each year from the regional facilities through targeted training courses. GORI	No. of employees trained/no. of employees transferred in the year = 131/156, equal to 84%	Approximately 3,400 hours of training on environment, safety, quality, IT systems and technical and specialized activities were provided to incoming personnel from the acquired regional plants.

	<p>Engaging 100% of the staff of the Group every year in at least one initiative aimed at implementing the Leadership Model and carry out a survey in 2020 intended for identifying the model's level of penetration.</p> <p>ACEA SpA – HUMAN CAPITAL DEVELOPMENT</p>	<p>No. of resources involved/total resources to be involved = 5,716/5,716</p>	<p>In 2019, with regard to the Group Leadership model, the main stages of the development of human capital were defined in which to act on the model's behavior: selection, on-boarding, training, rewarding and development. The initiative was shared with the entire company through the new intranet and included in staff development activities.</p>
Investing in the development and improvement of the staff assessment and recruitment system	<p>Ensuring the use of the various dedicated tools (both conventional and innovative) aimed at the structured assessment of candidates and full traceability of the process, thus promoting the visibility of the brand on the external market with respect to the recruitment of staff, for 80% of the selections managed during the year.</p> <p>ACEA SpA – HUMAN CAPITAL DEVELOPMENT</p>	<p>Internal processes – No. of selection processes activated by dedicated tools/total selection processes activated = 167/167</p> <p>External processes – No. of searches activated in visual mode/total searches activated = 109/203</p>	<p>During the year, Acea reviewed the personnel selection procedure and used various channels for the search for new resources, such as participation in Recruiting Day, Career Day and Job Meetings and collaboration with the local university placement offices. The recruiting of candidates was done with innovative tools and methods to optimize recruiting times and methods, such as gamification, useful for testing skills and candidates' digital mindset.</p>
	<p>Progressive extension of objectives aimed at promoting sustainability impacts to the entire population with respect to MBO assessed with performance management systems.</p> <p>ACEA SpA – HUMAN CAPITAL DEVELOPMENT</p>	<p>No. of resources with Sustainability objective in MBO/total resources with MBO = 229/471</p>	<p>As part of the Group's performance management system, intended for executives and managers, the MBO Catalogue was developed, thus combining industrial planning objectives with those of sustainability.</p>
AREA OF ACTION 2: Involving people in the Group's identity			
Facilitating the implementation of the new "execution" organization	<p>Implementing the "execution" model: a new way of engaging the people in work cross-groups ("action team"), aimed at implementing improvement actions. Informing among 100% of the company population and activating at least 10 action teams/year.</p> <p>ACEA SpA – HUMAN CAPITAL DEVELOPMENT</p>	<p>No. of employees informed/total employees = 5,716/5,716</p> <p>No. of action teams activated/total action teams to be activated = 10/10</p>	<p>In 2019, the 10 Action Teams active within the "execution" model were completed, including: Cresco #2, Acea Blu Green, Intellectual property strategy, Key digital indicator, Acea holds your hand, Teams ambassador. Ideas for new project initiatives for 2020 were also gathered.</p>
Boosting the level of engagement of the company population	<p>Informing 100% of the employees of the initiatives, with local impact and aimed at boosting the sense of belonging in the company, thus involving the co-workers concerned. Implementing 4 initiatives/year.</p> <p>ACEA SpA – HUMAN CAPITAL DEVELOPMENT</p>	<p>No. of employees involved/total employees = 5,716/5,716</p> <p>No. of initiatives launched/total initiatives to be launched = 5/4</p>	<p>The launch of the new website, the activation of social channels, the renewed corporate intranet have favored the dissemination of information focused on stories, posts, photos and videos to present projects having an impact on employees, the local community and social context, including Teleworking, Managerial Academy, Role Model, Ideation, Intergeneration lab.</p>

	Ensuring that 100% of the company population is informed of the strategic choices, mission and policies of the Group, by implementing at least 6 initiatives/year to this end. ACEA SpA – EXTERNAL RELATIONS AND COMMUNICATIONS (Internal communications)	% of the company population reached by the information = 100 No. of initiatives carried out during the year/ initiatives to be carried out = 7/6	In 2019, a total of 7 awareness-raising and information actions were carried out for the company population regarding various strategic issues, including Sustainability, Health and Safety, and Corporate Welfare.
	Measuring the level of information through 2 surveys to be implemented over the course of the Plan and that engages 100% of the company population. ACEA SpA – EXTERNAL RELATIONS AND COMMUNICATIONS (Internal communications)	No. of surveys conducted % of the company population engaged	No action during the year.
(cont.) Boosting the level of engagement of the company population	Boosting the sense of team spirit and belonging of our employees with respect to the Group, thus promoting at least 2 initiatives per year. ACEA SpA – EXTERNAL RELATIONS AND COMMUNICATIONS (Internal communications)	No. of initiatives carried out during the year/ initiatives to be carried out = 2/2	To increase the sense of internal team spirit, two initiatives were organized during the year: the intragroup sports tournament (beach volleyball, swimming, burraco, triathlon, table football and cycling) and the delivery of Christmas packages, totally recyclable and with environmentally friendly packaging.
	Carrying out at least 2 initiatives per year aimed at boosting the sense of belonging in the company. GORI	No. of initiatives carried out/no. initiatives to be carried out = 2/2	During the year, the “Family Fun Day” was held with a theme of Plastic Free, and another event dedicated to sustainability for employees.
	Developing and implementing a new corporate intranet as a tool for service and information/communication to the employee with the objective from 2020 to extend access to all Acea Group companies, thus promoting a sense of belonging and team spirit (100% of the company population). ACEA SpA – EXTERNAL RELATIONS AND COMMUNICATIONS (Internal communications)	Creation of a new intranet: Yes/No = Yes % company population reached = 100 2022 target achieved	In September, the new company intranet was launched, a real “service” tool accessible to all Group companies that has introduced a number of innovative features, including the ability to be accessed from mobile devices and the availability of a personal area.
Defining and promoting an employer branding plan	Reinforcing the employer brand identity so that employees act in accordance with Group values and shared rules of conduct, thus engaging 100% of the company population in specific initiatives. ACEA SpA – HUMAN CAPITAL DEVELOPMENT	No. of employees engaged/total employees = 5,716/5,716	In order to increase the involvement of company employees, in 2019 the following initiatives were launched: Sustainability Innovators, Intergeneration Lab, Feedback Week.

AREA OF ACTION 3: Organizational inclusion and well-being

Identifying and improving the organizational well-being of the entire company population	Reinforce employer satisfaction, developing an EVP (employee value proposition) consistent with the company’s strategy as well as with the needs identified through internal organizational well-being survey, by identifying 3 improvement actions/year. ACEA SpA – HUMAN CAPITAL DEVELOPMENT	Carrying out internal organisational well-being surveys: Yes/No = Yes No. of improvement actions activated/total improvement actions to be activated = 2/3	During the year, 3 initiatives were put in place to monitor the EVP of employees. In particular, the administration of a survey analyzing the expectations, satisfaction and perceptions of teleworking workers and managers, a focus group aimed at teleworking managers regarding remote work, and Feedback Week. These engagement activities generated improvement actions related to the union agreement on teleworking and the KPIs for assessing the impact of remote working on the performance of the workers involved.
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(cont.) Identifying and improving the organizational well-being of the entire company population	Analysis of the context, development and drafting of a work-related stress policy aimed at detailing the objectives set by the company and framing preventive interventions in the field of monitoring and prevention. ACEA SpA – CORPORATE AFFAIRS AND SERVICES (Safety at Work)	Context analysis: Yes/ No = No Development and drafting of a policy: Yes/ No = No	Analysis and assessment of the organizational context preparatory to the development and drafting of the policy were initiated.
	Improving personnel's knowledge of stress-related risks and ability to adapt to work through primary prevention actions intended for 100% of employees. ACEA SpA – CORPORATE AFFAIRS AND SERVICES (Safety at Work)	% of employees involved	In 2019, an information initiative was planned for all Acea SpA employees with the goal of introducing essential concepts to act on organizational well-being, starting with the training, listening and circular activation of the specific information related to this area.
	Establishing a listening desk aimed at offering support to people who experience an intense or disabling work conditions and/or personal discomfort. ACEA SpA – CORPORATE AFFAIRS AND SERVICES (Safety at Work)	Establishment of the desk: Yes/No = Yes 2022 target achieved	In 2019, a listening service was established dedicated to people in need of support for psychological and relational aspects related to the quality of working life.
Enhancing diversity and promoting inclusion	Establishing a listening desk aimed at offering support to people who experience an intense or disabling work conditions and/or personal discomfort. ACEA SpA – HUMAN CAPITAL DEVELOPMENT	No. of employees involved/total employees = 5,716/5,716 No. of initiatives launched/total initiatives to be launched = 3/2	Acea signed the "Utilitalia Pact. Diversity makes the Difference" to increase diversity in the selection, training and development processes of the Group's personnel and made it available to all employees by communicating it through digital channels. The initiative was shared with the Sustainability Officers and Representatives present in the Group at a dedicated meeting. Moreover, the company implemented two initiatives in the field of diversity: the Intergeneration Lab Program on intergenerational diversity in work teams, and the Inspirational Talks Role Model for the promotion of STEM (Science, Technology, Engineering and Mathematics) training courses among female middle and high school students.
	Promotion of differences and support for diversity through initiatives aimed at different sub-groups of workers through workshops and opportunities for discussion, awareness, communication and engagement on specific issues. ACEA SpA – CORPORATE AFFAIRS AND SERVICES (Safety at Work)	% of workers involved out of total workers to be involved	Analysis and assessment of the organizational context of Acea SpA and the actions undertaken in the field of disability management in the three-year period from 2017 to 2019 and reflection on the specific evidence found were initiated.
	Within the framework of workplace disability management, establishing the monitoring of sensitive resources with congenital and acquired disabilities (support for the process of integration and reintegration into the company), including assessing the possibility of meeting the specific needs of the various subgroups of workers. ACEA SpA – CORPORATE AFFAIRS AND SERVICES (Safety at Work)	Monitoring started: Yes/ No = No	Analysis and assessment of the organizational context of Acea SpA and the actions undertaken in the field of disability management in the three-year period from 2017 to 2019 and reflection on the specific evidence found were initiated.



MACRO-OBJECTIVE N.3

Qualify presence in the territories and protecting the environment

OPERATIONAL OBJECTIVES	TARGET FOR 2022 FUNCTIONS/OWNER COMPANIES OF THE PROCESS	KEY PERFORMANCE INDICATORS	2019 ACTIONS
AREA OF ACTION 1: Reduce the environmental impact			
Planning and implementing actions aimed at fighting climate change (mitigation and adaptation)	Reducing the specific consumption of natural gas by 5% by reconvertng the Tor di Valle thermal power station into a High Efficiency Cogeneration Plant (CAR). ACEA PRODUZIONE	% reduction in specific consumption of natural gas = 16.9% for the cogeneration section and 5.7% for auxiliary boilers 2022 target achieved	2022 target achieved in 2018.
	Acquisition/construction of photovoltaic plants for a total of 150MW of installed power with consequent expected reduction of the emission intensity index of plants managed by Acea Production up to 55g CO ₂ /kWh (-30% compared to 78g CO ₂ /kWh in 2018). ACEA PRODUZIONE	MW installed power v. expected MW = 28 v. 150g CO₂/kWh produced (and percentage reduction compared to 2018) = 70g CO ₂ /kWh (10% less than 2018) = 70 g CO₂/kWh (10% less than 2018)	During the year, photovoltaic systems were acquired for a total capacity of 28 MW.
	Reducing the energy (electrical and gas) consumption of the company headquarters through specific projects (replacement of lighting with LED lamps; refurbishment of the balcony air conditioning system; replacement of fixtures; installation of photovoltaic panels), with a total energy savings of 232MWh/y and 13,800Sm ³ /y with respect to pre-construction consumption (referring to the entire company headquarters), equal respectively to: 3,780MWh/y and 115,500Sm ³ /y. ACEA SpA (Energy Manager) in cooperation with ECOGENA	MWh pre-construction – MWh post-construction Sm ³ pre-construction – Sm ³ post-construction	During the year, the work for the refurbishment of the balcony air conditioning system was completed and the possibility of continuing to replace traditional lamps with low-energy LED ones was considered.
	Reducing the electrical energy consumption of the Data Center (CEDET) through specific projects (modification of the air conditioning system, compartmentalization of the “hot corridors” and “cold corridors”, change in the air conditioning of the rooms of the Uninterruptible Power Supply (UPS) and their replacement) with a total energy savings of about 700MWh/y with respect to pre-construction consumption, equal to 4,337MWh/y.. ACEA SpA (Energy Manager) in cooperation with ECOGENA	MWh/y pre-construction – MWh/y post-construction	The planning of activities related to the target has been started.
	Implementing energy leakage reduction interventions on the grid (voltage change, low-leakage transformers, etc.) and other efficiency enhancement interventions that will enable achieving about 18,000MWh energy savings, about 6,500t of reduction of emission of CO ₂ and saving about 3,400TOEs as compared to the 2016 data. ARETI	MWh saved/net MWh distributed = 1,350/9,828,737 t CO₂ not emitted = 486 (3,006 also considering the savings achieved in 2018) TOE saved = 252 (1,561 also considering the savings achieved in 2018)	The main energy efficiency measures of the year concerned the installation of transformers with very low leaks and the upgrading of some sections of the electricity distribution grid from 8.4 to 20 kV.
	Reduction of about 430t of CO ₂ emissions by replacing 100 conventional combustion vehicles with at least 55 electric vehicles. ARETI	No. of electric vehicles purchased = 25 t of CO ₂ avoided = 6.2 net of emissions from electric energy consumed by the vehicles	Internal car sharing was introduced with the inclusion of 25 electric vehicles replacing 40 traditional cars.
	Increasing the resilience of the electrical system through 200 maintenance/network development projects with a consequent reduction of the intervention risk index (IRI) by 40%. ARETI	No. of interventions carried out = 37 Change in the annual percentage of the IRI = (post-intervention value/pre-intervention value) – 4.8%	37 interventions were completed, including: adaptation of the MV-LV equipment of the secondary cabins of 39 lines concerned and reconfiguration of the network diagram of 12 MV lines.

(cont.)
Planning and
implementing
actions aimed at
fighting climate
change (mitigation
and adaptation)

Achieving at least 40% of the events organized by the companies of the Group that can be classified as "eco-sustainable". ACEA SpA – EXTERNAL RELATIONS AND COMMUNICATIONS (Advertising, Brand Image and Events) in conjunction with CORPORATE AFFAIRS AND SERVICES (Procurement and Logistics)	No. of eco-sustainable events/total events organized	The Group Guidelines for the organization of more sustainable corporate events are being defined. In 2019, Acea's Rome by Light project (illumination of Via del Corso) created a lighting system with technological, innovative and interactive lights and lighting fixtures having a low environmental impact using LED technology capable of minimizing light pollution and CO ₂ emissions into the atmosphere.
Preparing a recovery system in the water production cycle of the 1 st and 2 nd rainwater at the Terni e San Vittore del Lazio plants. ACEA AMBIENTE	Preparation of 1st and 2nd rainwater recovery system at the San Vittore plant: Yes/No = Yes Preparation of 1st and 2nd rainwater recovery system at the Terni plant: Yes/No = Yes (in 2018) 2022 target achieved	At the Terni plant, the recovery system was set up in the 1st and 2nd rainwater production cycle.
Enhancing efficiency and reducing the energy consumption of the saturated vapor condensation system by 20%, in the recovery plants (Terni waste-to-energy plant). ACEA AMBIENTE	Energy consumption/ pre-construction energy consumption	Activities related to the achievement of the target have been planned.
Developing biogas cogeneration (39,000MWh of energy generated from biogas/year) in 4 compost plants, thus ensuing reduction of CO ₂ (14,000t CO ₂ avoided per year). ACEA AMBIENTE	MWh/year from renewable sources of biogas = 6,720	The adaptation of the composting plants of Monterotondo Marittimo and Aprilia, which generated about 5MWh of electricity during the year, was completed. The Orvieto plant, already equipped with a cogeneration solution, produced 6,715MWh of electricity. Overall, the plants generated 6,720MWh and achieved savings of about 2,400 tonnes of CO ₂ .
Obtaining white certificates for 2 energy efficiency projects in the water and purification industry for an energy efficiency of 420TOE. ACEA ATO 2	No. of projects approved TOE white certificates/ TOE total plants involved prior to works	With the support of Ecogena, Acea Ato 2 identified two possible energy efficiency projects at the Casilino Water Center and the Purifier in Southern Rome.
Increasing the resilience of the aqueduct system serving Rome and the Metropolitan City through the manufacture of new strategic works on the Peschiera and Marcio aqueducts with technical solutions aimed at innovation and sustainability. ACEA ATO 2	Progress of work execution schedule/ expected completion times	Following the renewal of the regional water permit for the Peschiera – Le Capore spring system, Acea Ato 2 commissioned the Acea Elaborasi Group Company to design the "New Upper Branch of the Peschiera Aqueduct"..
Developing a quality-quantity assessment program for at least 70% of the managed sewerage system to orient actions and mitigate the effects of parasitic water/rainwater and improving the resilience of systems to exceptional weather events. ACEA ATO 2	km verified sewerage system/km total managed sewerage system = 793/6,837, equal to approximately 12% of the managed sewerage system	In 2019, 16 studies of parasitic waters were completed.

(cont.)
Planning and
implementing
actions aimed at
fighting climate
change (mitigation
and adaptation)

Implementation of management and structural interventions in the Integrated Water Service systems that involve an improved energy efficiency of 8GWh. ACEA ATO 2	% of target achieved = 98%	During the year, energy efficiency projects were carried out on 12 purifiers that concerned: the installation of timers, the adjustment of dissolved oxygen, the replacement of surface aerators and the automatic adjustment of oxidation valves.
Overall reduction of 2% of total consumption of Acea Ato 5 (2018 figure: 76,583,659 kWh) through the efficiency of 11 plants (10 relating to the water network and one to the purification network). ACEA ATO 5	kWh saved in the year/2018 consumption = 680,000/76,583,659, equal to approximately 1%	During the year, efficiency works were carried out at some plants (water lifting and wells), with calculated energy savings of about 680MWh.
Developing customer sensitivity to reduce emissions through specific initiatives aimed at promoting and increasing the purchase of "green" energy. ACEA ENERGIA	awareness-raising activities: Yes/No = No MWh of green energy sold to customers in the open market (reporting year)/MWh of green energy sold to customers in the open market (previous year) = 1,144,000/890,000	No awareness-raising activities aimed at customers were carried out during the year, however the sale of clean energy to final customers increased.
Reducing the consumption of primary energy sources by business customers through the manufacture of combined electrical and thermal energy production plants for a total electrical power of 6MW. ECOGENA	MW	A market analysis with Milan Polytechnic in the field of cogeneration was carried out and scouting of business customers was started. The Ecogena Board of Directors approved the acquisition of two cogeneration plants with a power greater than 5MW.
Reducing the consumption of primary energy sources through the manufacture of at least 5 insulation systems for thermal insulation (thermal cladding) on residential customer facilities. ECOGENA AND ACEA ENERGIA	no. of interventions carried out	Key partners for the development of the commercial network and structured partnership agreements for the development of the market have been identified. With regard to residential customer scouting, the contact list was generated and 10 preliminary offers and 8 commercial offers were sent.
Maintaining full use of "green energy" to meet the internal electricity needs of the main Group Companies, equal to about 400,000MWh/year and over 140,000 tonnes of CO ₂ avoided. ACEA ENERGY and ACEA ENERGY MANAGEMENT	MWh (internal consumption) supplied with green energy = 424,000 t CO ₂ avoided = about 153,000	During the year, the consumption of 7 Group Companies was covered by green GO energy, for a total of about 424GWh (equivalent to about 153,000 tonnes of CO ₂ avoided).
Reducing electrical energy consumption for lighting corporate offices and sites (10 sites, including operational offices and installations): 35% reduction in consumption with respect to pre-construction consumptions records (equal to 30,156.30 kWh), by installing LED solutions. ACEA ATO 5	% kWh saved compared to historical consumption prior to operation	No action during the year.
Quality-quantitative hydrogeological analysis, measurements and physical modelling of the main local aquifers, aimed at the sustainable exploitation of the resource and its management even with deficits due to climatic variations. GORI	Hydrogeological analysis: Yes/No = No Major physical measurements and modelling of aquifers: Yes/No = No	An agreement has been signed with the Department of Earth Sciences of the Federico II University of Naples for technical and scientific support in the design of a hydrogeological monitoring network for the main aquifers.

(cont.) Planning and implementing actions aimed at fighting climate change (mitigation and adaptation)	Reduction of 5% (compared to the 0.45 kWh/m ³) of the average specific energy consumption of 5 among the energy plants (Mercato Palazzo, Centrale di Nola, S. M. La Foce, Campitelli and Santa Marina di Lavarate). GORI	Reduction % kWh/m ³ = - 4% approx. - 0.43 kWh/m³ in 2019	Efficiency works were carried out on the plants of Mercato Palazzo, S. M. La Foce, Campitelli and Santa Marina di Lavarate.
	Reducing lost volumes of water by 25% compared to 2016 (2016 figure: 384Mm ³ volume lost). ACEA ATO 2	% reduction in lost volume of water compared to 2016 = approx. 21%	During the year the division into districts of the water networks of the town of Rome and 12 other towns was carried out. Interventions were also performed, aimed at improving the efficient use of water and identification of abuses.
Promoting an efficient use of resources, thus facilitating circular economy	Reducing by 5% the volume of water injected into the distribution network (base year 2018 volume: 107,797,030m ³). ACEA ATO 5	% reduction in volume injected into the network (base year 2018) = approx. 2%	The activities carried out during the year to reduce the volumes of water leaks were: searches for leaks, network pressure adjustment, water network district planning, calibration of wells and springs and adjustments to the supply branches.
	Boosting the River Tevere water potability systems as an emergency reserve for the town of Rome (about 500l/s), to supplement the water resources that can be drawn from Bracciano Lake. ACEA ATO 2	l/s of reserve water available for the city of Rome purified from the Tiber river = 500 l/s 2022 target achieved	2022 target achieved in 2018.
	Installation of 1,500 pressure and flow gauges for monitoring water districts and the efficient management of water networks. ACEA ATO 2	No. of pressure and flow gauges installed = 520	520 flow and pressure gauges were installed to monitor the networks and water districts managed.
	Carrying out projects to recycle purified wastewater mainly for irrigation or for production processes up to 7Mm ³ /year of reused wastewater. ACEA ATO 2	Mm ³ /year of reused wastewater	In 2019, the treatment system for the reuse of wastewater discharged from the Cobis purification plant was completed and work began on revamping the industrial water network at the Purifier in Southern Rome.
	Increasing the overall waste treatment capacity by about 1,100,000 tonnes (equivalent to about 120% more with respect to the 2017 data). ACEA AMBIENTE	overall t of treated waste/ overall t of treated waste (2017 data) = 1,219,000/1,077,000, equal to 13% more (data from scope of consolidation)	The expansion of the composting plants of Monterotondo Marittimo and Aprilia was completed and 2 waste treatment plants (DEMAP and Berg) were acquired. Work has begun for the manufacture and/or acquisition of new plants.
	Manufacturing an organic sludge management and treatment system and transformation into biolignite (10% of the dehydrated sludge treated). ACEA AMBIENTE	t of biolignite produced/ organic sludge treated	No action during the year.
	Operation of recently purchased milk whey drying plants for transformation into powder for use in the zootechnics industry (30,000t of whey recovered/year). ACEA AMBIENTE	t whey recovered = 48,894 2022 target achieved	Target achieved in 2018.

(cont.) Promoting an efficient use of resources, thus facilitating circular economy	Acquiring a platform for selecting light multi-material coming from separated collection (recovery of 65% of the managed waste). ACEA AMBIENTE	t of recovered material/t of managed waste	The Turin DEMAP plant was acquired during the year, a secondary sorting centre (SSC) affiliated with Corepla that deals with the recovery, sorting and recycling of single-material or multi-material plastic packaging (e.g. plastic with iron, aluminium and cardboard, with a maximum of 22% foreign fraction).
	Through plant development/acquisition, launch at least 4 material recovery initiatives in line with the circular economy. ACEA AMBIENTE	No. of initiatives organized = 4	In addition to the acquisition of 90% of DEMAP, the acquisitions of 3 plants for the recovery of plastic, paper and the sorting of other waste fractions are also being finalized.
	Reducing by 4% the volume of water injected into the managed distribution network compared to 2018 levels (equal to 44,931m ³ /d), resulting in a reduction in leaks of about 2% compared to the same year (equal to 19,450m ³ /d) GESESA	% reduction in volume injected into the network (base year 2018) % reduction in lost volume of water (base year 2018)	During the year, Gesesa continued to develop the division of water networks into districts.
	Reducing the volume of leaks by replacing 80km of deteriorated pipelines. GORI	km of pipelines replaced/ km of pipelines to be replaced = 63/80 volume losses year/ volume lost per year – 1 = 99.96 Mm³/105.09 Mm³, equal to approx. 7% less	Sections of the water network with a high failure rate were replaced by installing new pipelines and user connections.
	Implementing systems to minimize the production of sewage sludge with the definition of waste treatment methods, aimed at the recovery of material (phosphorus or other minerals, aggregates) and the energy recovery of these residues (on at least 6 plants). ACEA ELABORI	No. of minimization technologies implemented No. of plants involved	The study for the identification of technologies for the treatment of dehydrated purification sludge and the recovery of phosphorus was completed and the technical documentation was prepared to install the technology studied on a pilot site.
	Implementing waste recovery and waste energy recovery technologies on an industrial scale. ACEA ELABORI	No. of recovery technologies/projects implemented	In 2019, in cooperation with Acea Ambiente, the analysis for the identification of the best technology for the energy recovery of sludge and waste was completed and the technical documentation was prepared to install the technology studied on a pilot site.
	Boosting the use of online bills: 300,000 digital bills (equivalent to about 42t of paper saved/year). ACEA ATO 2	No. of active web bills = 83,909 t paper saved per year = 12	During the year, an awareness campaign was organized and sent to customers via email, to encourage them using digital contact channels. In addition, the “Bottle at the counter” campaign was carried out, which included the distribution of drinking bottles to customers who subscribed to the web bill.
Taking initiatives to protect the territory and limit impacts on the natural environment	Boost the use of online bills: 300,000 digital bills (equivalent to about 42 t of paper saved/year). ACEA ENERGIA	No. of active supplies with web bill option = 263,244 t paper saved per year = 36.7	The information campaigns carried out over time by the company have helped to increase the number of customers with web bills.

(cont.) Taking initiatives to protect the territory and limit impacts on the natural environment	Further reduction of use of paper by digitizing processes, especially in sales relations (new activities): 80% of digitized contracts. ACEA ENERGIA	% of digitized contracts = 58	The updating of the software for the digitization of the customer contract has been started, which will be able to receive and accept the contract through a web platform.
	Removing 167 pylons, by modernization of the electrical supply system as well as high and ultra-high voltage transmission. ARETI	No. of pylons removed/ no. of pylons to be removed = 44/167 (of which 39 were removed in 2018)	5 supports of the 60kV Collatina – Tiburtino line were demolished.
	Completing the supplementation of the Tiber River and River Aniene quality monitoring system as concerns the Rome city center fluvial section (7 control units by 2022). ACEA ELABORI	No. of control units/total number of control units to be implemented = 7/7 2022 target achieved	2022 target achieved in 2018.
	Increasing purification efficiency by 5% in terms of reduction of BOD5 on 5 purification plants being upgraded (purification efficiency of the BOD5 in 2018 equal to 89%). ACEA ATO 5	(BOD5in-BOD5 out/BOD5in)*100/ (BOD5in-BOD5 out/ BOD5in)*100 (year-1)	Work began on increasing the purification efficiency of the Ceccano and Sant'Andrea del Garigliano plants.
	Monitoring 83 sewerage basins and 1,025km of sewerage network activating specific checks to prevent critical issues related to pollutants present in the sewerage conveyed. ACEA ATO2	No. of sewerage basins monitored/total basins to be monitored = 13/83 km network monitored/ km to be monitored = 210/1,025	During the year, 13 studies were completed on the same number of sewerage basins.
	Developing new infrastructure monitoring systems (aqueduct sections and strategic installations) by using drones and/or satellite systems. ACEA ATO 2	Yes/No = Yes 2022 target achieved	2022 target achieved in 2018.
	Reducing the annual amount of dehydrated/dried sludge leaving the purification plants managed by Acea Ato 2 by 40% (compared to 2017 volumes equal to 107,205 tonnes) by means of actions aimed at improving the efficiency and industrialization/innovation of sludge lines. ACEA ATO 2	% reduction = about 35% The data reflect the sludge emergency created in 2018	After experiments at the Ostia purification plant, the ozone depletion technique was put into operation and the process for the construction of a solar dryer was initiated. A dryer has been in operation at the Purifier in Northern Rome since this year and the anaerobic digestion process started in the plant in Southern Rome.
	Increasing purification efficiency by 5% with respect to 2019 (year of acquisition of purification plants > 100,000 inhabitants) in terms of reducing SST of all plants managed. GORI	Valid KPI from 2020: (SSTin – SSTout / SSTin) x 100	Efficiency of maintenance and management was improved and checks of purification plants were increased.
	Reduction of 30% of non-dried sludge (180 t) compared to 2018 (equal to 623 t). GESESA	% reduction of non-dehydrated sludge	During the year, work was carried out to improve the efficiency of the drying processes of the Reullo purification plant in Sant'Agata de' Goti and work was planned for the manufacture of a centrifuge at the Ponte Delle Tavole plant in the province of Benevento, so there is still no appreciable percentage reduction. Moreover, training was provided to employees on the use of mechanical sludge dehydration systems.

(cont.) Taking initiatives to protect the territory and limit impacts on the natural environment	Increasing the number of web bills to at least 10% of total users (57,404 total users in 2018). GESESA	No. of users with web bill/total users (as of 2018) = 2,482/57,404, equal to 4% of total users	To increase the number of activations of web bills, Gesesa launched the advertising campaign "All of GESESA...in one click!" on social channels, traditional local media and through local posters.
	Boosting the use of web bills to about 78,000 (90% more than the 41,000 web bills as at 31.12.2018) equivalent to about 11t/year saved. GORI	No. of active web bills/ No. of active web bills 2018 = 58,515/41,000 t paper saved per year = 5.2	In addition to the Web Bill campaign, in 2019 training was provided to call center and contact point staff in order to promote the activation of electronic bills among customers.
Enhancing certified environmental and energy management systems	Reaching 100% of ISO14001 certification for companies within the scope (13 companies). Obtaining ISO 50001 certification for energy companies (>10,000 TOE equivalent) (7 companies). Maintaining the currently valid environmental and energy management system certificates. ACEA SpA – RISK & COMPLIANCE (Certification integrated systems)	ISO 14001 certified companies/companies in scope = 10/13 ISO 50001 certified companies/energy companies in scope = 5/7	During the year, the audits for the maintenance of the certifications of the environmental and energy management systems were carried out successfully.
	Integrating the environmental management system with certified quality and safety management systems. GORI	System integration: Yes/ No = No	Activities for achieving the target have begun.
Implementing sustainability logics in procurement procedures	Achievement of an average of 20 points (15 points for Acea Ato 5) of technical scores referring to green/sustainable criteria (i.e. certifications, high efficiency engines, reuse/recycling/recovery of materials used, plastic reduction, eco-friendly product design, eco-friendly packaging, etc.) in tenders carried out with the most competitive bid for the procurement of supplies and services. ACEA ATO 2; ACEA ATO 5; ARETI	Sum of Green score awarded x Purchase Order amount/Total tender amount for calls carried out with the most competitive bid for the supply of supplies and services. Acea Ato 2 = 14.06 Acea Ato 5 = 12.64	During the year, green and sustainability criteria were included in the tenders published with OEPV.
	Extension of the sustainable development training plan in the integrated water service for 100% of process managers to allow greater integration of sustainability issues in the supply chain. ACEA ATO 2	Process managers trained/total process managers = 3/50, equal to 6%	Training on Green Public Procurement (GPP) and environmental management systems was provided to 8 company employees, including 3 Process Managers. In addition, one employee attended the Green Manager course promoted by the Lazio Region.
	Introducing self-assessment in terms of quality, environment, safety, energy and social responsibility (QASER), where relevant, for all economic operators registered in the goods/services/labour procurement qualification systems. ACEA SpA – CORPORATE AFFAIRS AND SERVICES (Procurement and logistics)	No. of QASER self-assessed suppliers/total qualified suppliers = 345/396, equal to 87%	In 2019, 87% of suppliers performed a self-assessment on quality, environment, safety, energy and social responsibility (QASER) during the qualification phase.

(cont.) Implementing sustainability logics in procurement procedures	As concerns 50% of the Classes of Commodities regarding procurement of compatible Goods and Services, defining one or more sustainability criteria applicable when defining technical and/or awarding requirements according to the most competitive bid criterion. ACEA SpA – CORPORATE AFFAIRS AND SERVICES (Procurement and logistics) with contribution from Operative companies	No. of product categories with defined criteria/ total compatible product categories = 11/30, about 37% of the compatible product categories	For the 11 product categories with defined criteria, of the 30 total product categories, 71% of the tenders were carried out using rewarding criteria of “sustainability” in the assessment of the technical offer (ISO 9001, ISO 14001, OHSAS 18001/ISO45001, ISO 37001, ISO 50001, the joint presence of another certification, energy efficiency, eco-sustainability, sustainable waste management, ecological vehicles, hydraulic efficiency).
	Use of at least 90% of the applicable CAMs (Minimum Environmental Criteria), pursuant to the respective Italian Ministerial Decrees when defining technical and/or awarding requirements in procurement processes regarding multicompany contracts managed centrally. ACEA SpA – CORPORATE AFFAIRS AND SERVICES (Procurement and logistics)	No. of CAMs applied / total no. of CAMs applicable to common contracts valid during the period of reference = 9/10, equal to approximately 90%	During the year, 3 CAM tenders were launched, of which 2 were awarded for the supply of digital equipment and printer cartridges.
AREA OF ACTION 2: Contributing to the well-being of the community			
Promoting activities with positive impact on the collectivity and on the territories where the company works	Supporting at least 3 social-oriented initiatives per year aimed at promoting sports. ACEA SpA – EXTERNAL RELATIONS AND COMMUNICATIONS (Advertising, Brand Image and Events)	No. of social initiatives to promote sponsored sports = 8	In 2019, Acea supported 8 major sporting initiatives, including the Acea Marathon in Rome, the Rome-Ostia Half Marathon, the Via Pacis Marathon in Rome, the Rugby 6-nation Tournament, the Volleyball School Trophy.
	Carrying out at least 5 cultural events/communication initiatives per year related to the core business to consolidate and improve relations with the local community, disseminate the contents and corporate values including through the development of industrial sites and facilities of the Group’s companies. ACEA SpA – EXTERNAL RELATIONS AND COMMUNICATIONS (Advertising, Brand Image and Events)	No. of events held = 2 No. of industrial sites/ plants developed = 12	During the year, Acea promoted a number of initiatives aimed at improving relations with the local community, including events related to the inauguration of company facilities such as the Monterotondo Marittimo plant and the commercial desks in Frosinone and surveys to plants and sites of the Group (the Chiocciola, the Bomba Dam, the Eur Water Centre and the Maneuvers Chamber of the Trevi Fountain) that involved about 2,300 people.

(cont.)

Promoting activities with positive impact on the collectivity and on the territories where the company works

Promoting at least 1 initiative or project dedicated to the development of the Roman territory to support the improvement of the city.

ACEA SpA – EXTERNAL RELATIONS AND COMMUNICATIONS (Advertising, Brand Image and Events)

No. of initiatives promoted = **5**

A partnership with the ACLIs of Rome (Associazioni Cristiane dei Lavoratori Italiani) was launched to organize the online charity auction “Together for water” that envisages the donation of posters of the Acea “Why?” campaign on water conservation. The funds raised will be used for the construction of works for the benefit of the local community and for solidarity purposes. Acea also promoted the Rome Museum Exhibition, an international initiative to promote culture as an element of social cohesion, well-being and cooperation between peoples, and various initiatives for urban livability such as the renovation of public and artistic lighting of monuments.

AREA OF ACTION 3: Consolidating relations with the territory

Support or management of at least 4 awareness initiatives per year and promotion of socially useful campaigns (prevention of cancer, women’s rights, promoting diversity).

ACEA SpA – EXTERNAL RELATIONS AND COMMUNICATIONS (Advertising, Brand Image and Events)

No. of initiatives supported and/or managed = **12**

During the year, Acea supported various awareness-raising and social promotion initiatives, including: the exhibition on the Holocaust Shoah Memorial, Fiaba Day, the National Day for eliminating architectural barriers, support for the Gay Center for diversity and against violence, the Pink Ribbon awareness-raising campaign for the prevention of breast cancer.

Contributing to create awareness on social and environmental matters

Planning and implementing awareness campaigns aimed at compulsory school age students present in the territory where the companies of the Group work, as concerns responsible use of natural resources (at least 6,000 students per year).

ACEA SpA – EXTERNAL RELATIONS AND COMMUNICATIONS (Advertising, Brand Image and Events)

No. of students involved per year/no. of students to be involved = **about 10,000 students/6,000**

Once again this year, Acea carried out the Acea School project at the Conciliation Auditorium in Rome to raise awareness among school students about the correct use of natural resources in and around Rome. The initiative involved 10,000 young people and included the award of the best Acea School project “Let’s defend water”. Awareness-raising actions on the responsible use of resources also involved other events for young people, including the Volleyball School Trophy, Acea Camp and the Difference “Me too” initiative.

(cont.) Contributing to create awareness on social and environmental matters	<p>Creating at least 1 campaign per year or awareness initiatives addressing saving water, energy and environmental protection targeting the collectivity. ACEA SpA – EXTERNAL RELATIONS AND COMMUNICATIONS (Advertising, Brand Image and Events) and Group companies</p>	No. of campaigns or initiatives carried out during the year = 5	<p>In addition to the campaign to promote the Acea School project, a communications campaign was organized for Acea's first Sustainability Day in October, published in the main newspapers. The Group also participated in Ecomondo and Sustainability Island, with booths presenting innovative environmental projects such as Acea Smart Comp.</p>
	<p>Supporting an initiative/event aimed at promoting the reduction of pollution in the environment (plastic free initiatives, recycled material projects and redevelopment of culturally significant areas). ACEA SpA – EXTERNAL RELATIONS AND COMMUNICATIONS (Sponsorship and Value Liberality)</p>	Promotion of environmental impact reduction project: Yes/ No = Yes 2022 target achieved	Acea supported the Indoor Rowing sporting event by making drinking water tankers available to participants to fill refillable bottles, thus limiting the use of plastic water bottles.
	<p>Checking compliance with requirements in terms of quality, environment, safety, energy and social responsibility (QASER) for all the main economic operators registered in the works and waste management qualification systems, holding a currently valid contract worth more than €50,000. ACEA SpA – RISK & COMPLIANCE (Certification integrated systems – supplier audits)</p>	No. of QASER verified suppliers/total suppliers of certified works and waste management services holding currently valid contracts > € 50,000 = 40/100	In 2019, the Unit carried out 40 audits with as many contracted economic operators registered in the works and waste management qualification systems.
	<p>Increasing the awareness of suppliers registered in the works and waste management qualification systems holding a current contract on QASER issues. ACEA SpA – RISK & COMPLIANCE (Certification integrated systems – supplier audits)</p>	Average of the final score of suppliers per year of reference > average of the final score of suppliers in the previous year = 81.26 < 83.18	Audits carried out in 2019 on suppliers' premises regarding compliance with QASER requirements found a worsening of about 2% in the suppliers' final scores.
Facilitating the engagement of stakeholders in company projects with the aim of creating shared values	<p>Planning and carrying out Work-Study projects reserved for local Technical Secondary School students (engaging 150 students/ year for 10 hours of work-study per student/year). Project involving the following Acea Group companies: Acea Ato 2, Acea Ato 5, Gesesa, Gori, Acea Elaborasi, Areti, Acea Produzione, Acea Ambiente. ACEA SpA – HUMAN CAPITAL DEVELOPMENT</p>	<p>No. of students involved/ students to be involved = 360/150 No. of hours of work-study/student = 22</p>	The Work-Study programs involved 360 students during the year who were given a total of 7,920 hours of training.
	<p>Implementation of the "Acea Group Stakeholder Engagement Project" aimed at implementing a program that allows the Group integrating stakeholder engagement within its processes and business activities. ACEA SpA – EXTERNAL RELATIONS AND COMMUNICATIONS (Relations with the stakeholders) in collaboration with the main operating companies</p>	<p>Method and tool definition (0/100%) = 25% Group stakeholder mapping status (0/100%) = 60%</p>	In 2019, following the survey and analysis of the status quo of stakeholder engagement at a Group level, a draft of the Stakeholder Engagement Policy was drafted, a model and operational tools were developed and the first application of the pilot project in two Group Companies was planned.

(cont.) Facilitating the engagement of stakeholders in company projects with the aim of creating shared values	Designing and implementing at least 1 stakeholder engagement initiative per year and promoting it within the Group, in agreement with the Group companies/Areas/Functions. ACEA SpA – EXTERNAL RELATIONS AND COMMUNICATIONS (Relations with the Stakeholders)	No. of stakeholder engagement initiatives carried out during the year = 2	Two internal engagement initiatives were carried out aimed at co-designing stakeholder engagement tools through the establishment of an inter-functional and inter-company Working Group that involved company representatives at a Group level.
	Creating a historical and current photographic and documentary archive that can be used by the Group Companies and that is also accessible from the outside ACEA SpA – EXTERNAL RELATIONS AND COMMUNICATIONS (Advertising, Brand Image and Events)	Archive created: Yes/No = No	The images for the photographic archive have been selected and partly uploaded to the dedicated platform.
	Implementation of the project dedicated to the creation of a Water Museum. ACEA SpA – EXTERNAL RELATIONS AND COMMUNICATIONS (Sponsorship and Value Liberality and Advertising, Brand Image and Events)	Planning of the Water Museum (year 2019): Yes/No = Yes Construction of the Water Museum (year 2022): Yes/No = No	The project has been drafted, the site that will host the Museum has been identified and the team of experts has been set up to deal with the historical and scientific issues to be managed.
	Completion of at least 3 projects per year for the redevelopment and upgrading of urban areas, metropolitan areas and territories where the Group works through public and artistic lighting. ACEA SpA – EXTERNAL RELATIONS AND COMMUNICATIONS (Sponsorship and Value Liberality) in partnership with Areti and other Group Companies	No. of initiatives carried out during the year = at least 5	The main urban redevelopment initiatives concerned the renovation of the lighting of the Synagogue, Piazza dei Gerani and Piazza Mignanelli in Rome and the Church of Sant'Ilario in Port'Aurea in the province of Benevento. Moreover, Acea designed and manufactured the Christmas lighting of Via Veneto in Rome.
	Attending at least 10 Work Groups and/or technical-regulatory workshops headed by organizations of the industry or scientific bodies for conveying management-operational needs and critical issues in the implementation of future guidelines and recommendations. ACEA ELABORI	No. of initiatives organized = 5	During the year, participation in institutional Working Groups and technical tables on strategic issues for the Group was increased: Platform P, Water Strategy, GdL Utilitalia Technological Innovation, Unichim tables on Material Control and Continuous Monitoring.



MACRO OBJECTIVE NO. 4

Promoting health and safety along the value chain

OPERATIONAL OBJECTIVES	TARGET FOR 2022 FUNCTIONS/OWNER COMPANIES OF THE PROCESS	KEY PERFORMANCE INDICATORS	2019 ACTIONS
AREA OF ACTION 1: Health and safety at workplace for Group workers			
Promoting a culture of health and safety at workplace	Training 100% of the dispatched staff who use company vehicles, promoting proper driving behavior. ACEA SpA – HUMAN CAPITAL DEVELOPMENT (Training)	No. of employees trained/ no. of employees to be trained = 679/1,200, of which 519 trained in 2018	Eleven editions of the Safe Driving course were provided, involving 160 employees of the companies Areti, Acea Ato 2, Acea Ato 5 and Acea SpA.
	Consolidating the downward trend in the Group's accident indices (SI, FI). ACEA SpA – CORPORATE AFFAIRS AND SERVICES (Safety at Work)	SI, FI < reporting year -1 = SI: 0.26; FI:7.73 (in 2018, they were SI 0.30; FI 8.02)* * To allow comparison with the previous year, the data do not include the Gori Company, which entered the NFS reporting scope in 2019. Including Gori, accident rates for the year increase: SI: 0.30; FI: 9.74.	During the year initiatives were taken to prevent accidents, including the implementation of the "Safety Leadership" campaign to increase the safety culture; the establishment of RSPP Coordination Committees (Prevention and Protection Service Managers) in all companies; the establishment of work tables on safety performance, technical issues, the development of synergies and sharing of best practices, and the drafting of guidelines.
	Creating an HSE dashboard and using it to increase awareness of health and safety at workplace issues by presenting data in at least 30 formal meetings per year (Steering Committees, training sessions, safety meetings, Group RSPP coordination, etc.). ACEA SpA – CORPORATE AFFAIRS AND SERVICES (Safety at Work)	Creation of HSE Dashboard: Yes/No = Yes No. of meetings where the HSE dashboard is shown/no. of expected meetings per year = 60/30 2022 target achieved	In 2019, a Group safety performance monitoring dashboard was designed. The performance, periodically updated, is explained during training courses and formal meetings.
	Carrying out a health and safety awareness campaign each year involving 100% of Group employees (NFS scope). ACEA SpA – CORPORATE AFFAIRS AND SERVICES (Safety at Work) in cooperation with EXTERNAL RELATIONS AND COMMUNICATIONS (Internal communications)	No. of employees involved/no. of employees expected = 2,392/5,716, equal to approximately 42%	Acea carried out the "Acea Sicura di Te" campaign that included workshops, coaching sessions and safety training for Group managers, ambassadors and employees.
	Each year organizing information/training – in addition to the mandatory training – involving 100% of the operating personnel transferred from regional plants and/or newly hired on company safety quality standards. GORI	No. of employees trained/no. of employees to be trained = 86/91, equal to 96%	Provision of training – in addition to mandatory sessions – on safety and the environment to all operational personnel transferred from the plants previously managed by the Campania Region.
	Providing dispatched employees, who work in confined spaces, with a safety system of ALERTS on TABLET ("Smart PPE") with the aim of enhancing their protection and timely assistance in case of unwellness or injury. ACEA ATO 2	Yes/No = No	Preparation for the acquisition of 400 oxygen gas detectors with man down have begun.
	Planning and implementing a special activity addressing smoking cessation. ACEA ENERGIA, ACEA8CENTO	Yes/No = No	Employee enrollment has begun for the program planned to help stop smoking.

AREA OF ACTION 2: Health and safety at the workplace for contractors and subcontractors

Creating awareness among contractors on workplace health and safety at workplace	Creating safety communication tools (information pamphlets, brochures, videos, manual, etc.), on the types of risk underlying the managed plants, in various languages (i.e. English, Romanian, Polish) with the aim of facilitating learning efficiency by the laborers of the contractor companies. ACEA ATO 5, in conjunction with ACEA SpA – EXTERNAL RELATIONS AND COMMUNICATIONS	Yes/No = No	In 2019, the brochure was prepared in Italian and a survey was completed to identify the languages spoken by foreign workers in the contracted companies in order to translate the document.
	Working with suppliers for the development of at least 2 communications initiatives/tools to increase safety awareness of company workers. ACEA ATO 2	Awareness-raising initiatives/tools implemented = 1	In 2019, Acea Ato 2 presented its company safety procedures to 7 suppliers, involving about 82 people, for a total of 421 hours.
	Creating an annual safety award aimed at creating awareness on safety issues regarding contractors and subcontractors. ACEA ATO 5	Yes/No = No	The contest rules were defined during the year.
	Extending the introduction of awarding criteria related to health and safety issues to all contracts on networks and plants. ARETI	No. of contracts featuring awarding criteria related to health and safety/ total number of contracts in the year	Activities related to achieving the target have begun.
	Increasing annual inspections aimed at verifying the application of safety procedures and regulations on network maintenance contracts monitored by the Procurement Safety Unit by 30% (equal to 11,270 in 2018). ACEA ELABORI	No. of safety inspections/ no. of inspections as of 2018 = 12,481/11,270	Acea Elaborasi carried out 12,481 safety inspections with an increase of 11% compared to 2018.
	Dissemination of safety culture to the companies executing the works (contractors and subcontractors) through the standardization of the Model defined by the Procurement Safety Unit and verification of its correct application for 100% of the contracts managed, with an expected reduction of 10% per year in the ratio between penalties found and inspections carried out. ACEA ELABORI	No. of contracts that adopt the standard of the Procurement Safety Unit/total no. of contracts managed by the Procurement Safety Unit = 63/100, equal to approximately 60% No. of penalties found/ no. inspections carried out = 1,741/12,481, equal to approximately 14%	During the year, Acea Elaborasi's Procurement Safety Unit held 63 meetings with contractors to promote safety culture and disseminate the adoption of its procedures in this area. As part of its verification, the unit also checked for the application of these rules.
	Activation of a "rating on emergency orders" for the automatic generation of site inspections to handle onsite checks and safety of contractors. GORI	Rating put in place: Yes/No No. of automatically generated site inspections	Activities for achieving the target have begun.
	Reaching 100% of OHSAS 18001/ISO 45001 certifications for companies within the scope (13 companies). ACEA SpA – RISK & COMPLIANCE (Certification integrated systems)	Certified companies/ companies in scope = 12/13, equal to 92% of companies in scope	Acea Ato 2 and Areti have passed the audits to maintain their occupational health and safety certification; Acea SpA, Acea Elaborasi, Acea Energia and Acea Produzione have made the transition to the new edition of the standard.

(cont.) Creating awareness among contractors on health and safety at workplace	Promoting a culture of company safety throughout Acea's value chain with at least one awareness-raising session per year to selected contractors based on workers' risk exposure. Acea SpA – CORPORATE AFFAIRS AND SERVICES (Safety at Work)	No. of contractors involved/no. of contractors to be involved = 8/8	During the year, 10 awareness-raising meetings were organized for contractors of Acea SpA on the subject of occupational safety, involving a total of 40 people.
	Application of awarding criteria related to health and safety, in 80% of the related tender contracts, awarded according to the most competitive bid criterion. ACEA SpA – CORPORATE AFFAIRS AND SERVICES (Procurement and logistics)	No. of tenders with H&S criteria/ no. of tenders awarded with the most competitive bid = 23/23	For all tenders awarded to the most competitive bid, rewarding criteria have been included regarding additional training and safety certifications.

AREA OF ACTION 3: Health and safety of the communities with which the Group works

Ensuring the health and safety of the customers of the reference territory for the various services provided	Drawing up risk prevention/mitigation plans according to the guidelines of the Water Safety Plan for 100% of the springs/ population served by Acea Ato 2. ACEA ATO 2	Population served by springs with WSP/total population served Acea Ato 2 = 350,000/3,600,000	Work is in progress on the implementation of Water Safety Plans (WSPs) for water collection and supply processes, which will be completed in 2020.
	Drawing up risk prevention/mitigation plans according to the guidelines of the Water Safety Plan for 2 springs serving 70,000 people. ACEA ATO 5	Population served by springs with WSP/target population	The planning of activities related to achieving the target has been started.
	Drawing up risk prevention/mitigation plans according to the guidelines of the Water Safety Plan for springs that serve at least 50% of the total population. GESESA	Population served by springs with WSP/total population served	Training courses for employees involved in the Water Safety Plan project were conducted.
	Drawing up risk prevention/mitigation plans according to the guidelines of the Water Safety Plan for 100% of springs/ population served. GORI	Population served by springs with WSP/total population served	During the year, a multidisciplinary team was set up to prepare the Water Safety Plan for the Sarnese spring system and the risk assessment was started.
	Conducting information campaigns on the good quality of the drinking water distributed to increase its use by customers. GORI	Information campaigns: Yes/No = Yes % increase of users (customer satisfaction sample) who report regularly or occasionally drinking tap water = 6%	During the year, the #SorSi Sorgente Sicura information campaign was launched to promote the use of tap water among customers. Surveys showed an increase of 0.7% compared to last year for those who said they regularly drink tap water and 5.3% for those who said they occasionally drink tap water.
	Improving the monitoring of the disinfection process of the water drawn through remote acquisition/TLC of data from chlorine residual meters (18 to be restored/activated) useful to ensure a constant level of residual chlorine in the network necessary to eliminate any microbiological contamination. ACEA ATO 5	No. of chlorine residual meters installed/ activated = 6 No. of chlorine residual meters in TLC	6 chlorine residual meters were installed at strategic points to verify the measurements.
	Reducing response times by 30% (with respect to 2018) for complex laboratory analysis and expanding the analytical survey spectrum with the aim of reducing risks (WSP – potable water), by implementing high technology analytical techniques (off-target techniques), robotics and early warnings. ACEA ELABORI	% reduction (response time for the year under review/response time 2018) No. techniques/survey systems introduced = 1	During the year, new systems were acquired for automatic weighing of SST in wastewater and a screening method was developed to search for unconventional micropollutants (no-target).



MACRO OBJECTIVE NO. 5

Investing in innovation for sustainability

OPERATIONAL OBJECTIVES	TARGET FOR 2022 FUNCTIONS/OWNER COMPANIES OF THE PROCESS	KEY PERFORMANCE INDICATORS	2019 ACTIONS
AREA OF ACTION 1: Organizational innovation			
Promoting “smart” processes and working methods	Activating teleworking as an agile working method for the entire Group, thus satisfying 100% of the requests for participation received from the interested population eligible under the union agreement. ACEA SpA – HUMAN CAPITAL DEVELOPMENT	No. of employees involved/no. of employees interested and eligible under the agreement = 508/1,500	In 2019, the teleworking project called “Smart People” continued, thus involving over 500 people. The union agreement on agile work was also revised and the Smart Working 2020 project was launched.
	Designing and opening at least 5 environments (physical and virtual) for company and extra-company co-working to promote smart ways of working. ACEA SpA – HUMAN CAPITAL DEVELOPMENT	No. of co-working environments opened/ no. of environments to be opened = 1/5	During the year, at the same time as the start of teleworking, the Microsoft Teams application was launched, a virtual remote workplace that allows sharing and storing files, exchanging instant messages, making video calls and holding meetings online.
	Implementing a Group innovation model that defines governance procedures (roles and responsibilities), business processes and dedicated tools. ACEA SpA – Information, Technology & Solutions (Open Innovation)	Yes/No = Yes 2022 target achieved	2022 target achieved in 2018.
AREA OF ACTION 2: Technological and process innovation			
Promoting the resilience of the urban territory and innovation from a smart city perspective	Installation of a pilot system for monitoring weather conditions with the aim of estimating the resilience of the power supply network. ARETI	Yes/No = Yes 2022 target achieved	2022 target achieved in 2018.
	Identification (intermediate target at 2020) and implementation of actions to improve the resilience of the power supply network following the monitoring of weather conditions. ARETI	No. of actions identified No. of actions carried out	Starting preparation for the creation of a platform for the real-time acquisition and monitoring of data of weather capable of altering the network's operating conditions.
	Implementing broadband connectivity on an optical fiber network owned by the company (or any other broadband connection) serving the operation of the power supply network covering all 70 main cabinets (CP) and 250 secondary cabinets (CS). ARETI	No. of CPs with broadband connection/70 CPs No. of CSs with broadband connection/250 CSs	No action during the year.
	Equipping 1,500 Public Lighting poles with intelligent equipment (Luce +). ARETI	No. of poles equipped with intelligent equipment	Activities related to achieving the target have begun.
	Analytics tools in business intelligence applications with a target associated with the amount of data analysed (8,000 Tbytes) and analysis size (2,800). ARETI	Quantity of data analyzed Analysis size	The definition of the model for the development of a single integrated database (data lake) for the Business Units of the Energy Infrastructure segment was completed.

(cont.) Promoting the resilience of the urban territory and innovation from a smart city perspective	Optimization of IP infrastructure maintenance through the implementation and progressive application of Advanced Analytics systems. The target for 2022 is the use of the system for about 50% of interventions. ARETI (Public Lighting)	Development of Advanced Analytics systems: Yes/No = Yes Maintenance interventions carried out with the application of Advanced Analytics/total interventions = 19/200, equal to approximately 10%	A breakdown monitoring system has been put in place, with territorial aggregation of the interventions, and a new intervention management system is being implemented.
	Smart services applied to the organic fraction of waste: prototyping, industrialization and distribution of local composting systems for the transformation of organic fraction compost. ACEA ELABORI	No. of facilities installed = 1	Following the development of the prototype, the first SMART machine was installed in the canteen of Acea's main offices in 2019. Activities for installing a second machine on a customer's premises have begun.
	Electric mobility experimentation project in both the CPO (Charge Point Operator) area, with the installation of at least 1,500 columns, and the MSP (Mobility Service Provider) area, with the creation of a mobility services platform. ACEA SpA – Information, Technology & Solutions (Open Innovation) and ECOGENA	Installation of columns (CPO area)= 6 Creation of mobility services platform (MSP area): Yes/No = Yes	During the year, the project was started experimenting on a platform for mobility services and the installation of 6 columns.
	Conveying information to the public in conjunction with local authorities using 100% of the Water Kiosks. ACEA SpA – EXTERNAL RELATIONS AND COMMUNICATIONS (Advertising, Brand Image and Events)	% of Water Kiosks through which information can be conveyed: = 100 2022 target achieved	In 2019, the video content to be conveyed with the Water Kiosks was updated and the implementation of the related management platform was initiated.
	In collaboration with start-ups, innovative SMEs, universities, research centers, hubs, business incubators and other innovation players, developing innovative projects linked to the Group's core and non-core businesses, for at least 100 innovative proposals/year analyzed, 10 trials/year (PoCs) launched and 1 industrialized process/year. ACEA SpA – Information, Technology & Solutions (Open Innovation)	No. of innovative ideas/proposals analysed= 300 Trials started (PoC)= 12 Projects industrialised = 1	In 2019, Acea established national and international partnerships and collaborations aimed at activating startup scouting deal flows and innovative solutions in the Group's areas of interest. In addition, 12 PoCs launched during the year were concluded and an innovative project was industrialized.
	Providing visibility to collaborations with start-ups through the organization of events/initiatives in synergy with universities, institutions, etc. ACEA SpA – EXTERNAL RELATIONS AND COMMUNICATIONS (Advertising, Brand Image and Events)	No. of events/initiatives held = 2	Acea organized its first Innovation Day, involving a total of 300 stakeholders representing national and international companies, start-ups, institutions and academia. In addition, the company participated in the 2019 edition of Maker Faire, the largest European event on innovation.
Implementing remote control systems and remote interventions	Installing remote-read meters for users with bi-monthly billing (200). ACEA ATO 5	Number of remote-read meters installed/200 = 5/200	5 pilot meters were installed to carry out signal tests and send readings to the Company's Data Management Centre.

(cont.) Implementing remote control systems and remote interventions	Installing smart meters for 70% of the Acea Ato 2 users. ACEA ATO 2	No. of users with smart meter/no. of users of Acea Ato 2 (662,000 in 2017) = 17,095/662,000, equal to approximately 3%	During the year, 17,095 smart meters were installed with the proteus module, a transmitter that allows remote sending of counter data.
	Remote control of 100% of the IP plants. ARETI (Public Lighting)	% of remote-controlled control panels = 28.5%	1,226 remote-controlled panels have been activated.
	Implementing the current remote control system (225 plants) with the aim of reaching a total of 450 plants remotely. ACEA ATO 5	no. plants connected via TLC = 278 of which 91 in 2019	91 remote control plants were installed.
	Remotely control at least 15% of the total number of LV lines. ARETI	% of remote controlled LV lines	The pilot project for the remote control of LV lines on 20 cabins was implemented.
	Remote control of 100% of the purification plants with capacity >2000 PE (equal to 13 plants), 100% of the sewerage lifting plants (13 plants) and 100% of the aqueduct plants of the city of Benevento (27 plants). GESESA	No. of purification plants > 2000 PE remotely controlled/no. of purification plants > 2000 PE total No. of remotely controlled sewerage lifting plants/no. of total sewerage lifting plants No. of remotely controlled Benevento aqueduct plants/no. of total Benevento aqueduct plants	During the year, interventions were carried out to: adapt TLC hardware and software, redirect remote control stations, replace and modernize sensors and implement alarm systems. There are 26 sites equipped with remote control technology as at 31.12.2019.
Applying new technologies in leak detection and other operations	Application of new IoT technologies and advanced sensors with the installation of 300 sensors for environmental protection with the remote monitoring of wastewater dischargers. GORI	Application of technologies: Yes/No No. of sensors installed/ no. of sensors to be installed	Activities for achieving the target have begun.
	Testing 5 new leakage detection technologies and dividing the Roman purification zone into districts. ACEA ELABORI	No. of technologies tested = 3	Pilot tests of 3 satellite techniques were completed.
	Expanding the analysis of solids deriving from waste treatment by implementing hi-tech analytical techniques. ACEA ELABORI	No. of studies introduced = 2	Mass spectrometric research on decabromodiphenyl ether, pentachlorophenol and derivatives for the assessment of solids' eligibility for landfills has been introduced. A method for the determination of the organic chlorine content in purification sludge is being tested.
	Implementing techniques for detecting microplastics in environmental areas (treated water – Tiber, wastewater and sludge) and apply them in monitoring plans for environmental areas. ACEA ELABORI	Implementation of microplastic detection techniques: Yes/No = Yes Application in environmental area monitoring plan: Yes/No = No	Identified the Raman Microscopy technique for the identification and quantification of microplastics even below 5 µm and defined an agreement with ENEA and La Sapienza University of Rome for the development of water research and monitoring programmes.
	Application of new IoT technologies and advanced sensors with the installation of 300 sensors for the development of remote water network systems and leak detection. GORI	Application of technologies: Yes/No = Yes No. of sensors installed/ no. of sensors to be installed = 55/300	Installation of a total of 55 devices including pressure monitoring devices based on the LoRaWAN standard and flow meters connected to the NB-IoT standard.

AREA OF ACTION 3: Creating and promoting knowledge

Developing research projects in partnership with other competent organizations	Expanding cooperation with the national and international scientific community on research and environmental sustainability issues of interest to businesses managed through Framework Agreements for collaboration with the scientific community (ENEA, ISS, University, IRSA CNR). ACEA ELABORI	No. of projects funded with Acea participation No. of formal scientific partnerships = 3 No. of scientific publications or presentations at major conferences = 11	In order to create a Technology Research Hub at the headquarters in Grottarossa, discussions were held and Framework Agreements signed with leading institutional entities in the area (ENEA, La Sapienza University – DICEA, University of Tuscia)
	Developing further methods for the research of at least 10 emerging organic micro-pollutant chemical classes – MOE (interfering endocrines, drugs, antibiotics, therapeutic substances, abused drugs) and implement a monitoring plan (drinking water/wastewater) for the research of MOE. ACEA ELABORI	No. chemical classes of micropollutants studied = 19/10 Implementation of monitoring plan for MOE research in drinking water: Yes/No = Yes Implementation of monitoring plan for MOE research on wastewater: Yes/No = Yes 2022 target achieved	During the year, the number of compounds sought while monitoring drinking water and wastewater increased, introducing 19 new pollutants belonging to 12 chemical classes (alkaloids, amphetamines, anticoagulants, cannabinoids, diaminopyridines, dibenzazepines, estrogens, NSAIDs, lincosamides, cocaine metabolites, steroid hormones, sulfamides).
	Promoting internships and job placement by recruiting from schools and the local community, thus encouraging employment growth (4/year). ACEA ATO 5	No. of internships/job placement = 3	3 internships were offered in agreement with the University of Cassino.
	Involving at least 200 people/year in innovation activities: participation in the innovation community, events and activities aimed at fostering a culture of innovation and entrepreneurship, collaboration on innovative projects ACEA SpA – Information, Technology & Solutions (Open Innovation)	No. of persons involved = 289	The Acea Innovation Garage program and the idea generation workshops held during the year involved 289 people.
	Promoting idea generation through the implementation of at least 4 initiatives per year (workshops, calls, contests, etc.) addressed both internally and externally. ACEA SpA – Information, Technology & Solutions (Open Innovation)	No. of initiatives carried out/no. initiatives to be carried out = 9/4	During the year, in addition to the Acea Innovation Garage program, dedicated to the entrepreneurship of its employees, 8 workshops were held with a focus on idea generation.
	Participating in funded projects involving environmental research and sustainability at a national and/or EU level. GORI	No. of projects = 4	Gori has participated in 4 calls for proposals for financing projects at a national and European level.

CORPORATE GOVERNANCE AND MANAGEMENT SYSTEMS

CORPORATE GOVERNANCE AT ACEA

The governance model adopted by Acea complies with the recommendations of the *Corporate Governance Code for listed companies* and with the principles of **transparency, balance and separation between guidance, management and control activities**.

The Acea SpA Board of Directors **establishes the strategic guidelines of the Group** and is responsible for corporate governance. According to the best practices of the Corporate Governance Code, three committees were set up within the Board with propositional and advisory functions: the **Control and Risk**

Committee, the **Appointments and Remuneration Committee** and the **Ethics and Sustainability Committee**.

Two other bodies are also operational: the **Committee for Related Party Transactions**, in implementation of Consob regulations and composed of independent directors, and the **Executive Committee**, set up in accordance with the Italian Civil Code (art. 2381) and the By-laws (art. 20, para. 1), composed of the Chairperson and Managing Director of Acea SpA and two independent Directors, one of whom chairs it, with powers relating to institutional affairs, sponsorships and donations, to be managed within the budget established by the Board of Directors. Lastly, the Board of Statutory Auditors performs supervisory duties, according to the traditional model in force.

CHART NO. 10 – ACTIVITIES OF CORPORATE GOVERNANCE COMMITTEES

COMMITTEE	COMPOSITION	TASKS
CONTROL AND RISKS	At least 3 independent directors or, alternatively, non-executive directors with an independent majority, from whom the Chairman is chosen 11 MEETINGS IN 2019	Issues a prior opinion to the Board of Directors regarding the definition of the Guidelines for the Internal Control and Risk Management System for the Group Companies, including those relevant for medium-long term sustainability , so that they are correctly identified, measured, managed and monitored. Supports the assessments and decisions of the Board of Directors on these issues. Assists the Board of Directors, together with the competent Function and having consulted with the independent auditor and Board of Statutory Auditors, in assessing the correct use of accounting standards adopted in order to draw up the consolidated non-financial statement as per Legislative Decree 254/2016. For the matters within its remit, monitors the adequacy and effective implementation of the Code of Ethics .
APPOINTMENTS AND REMUNERATION	At least 3 non-executive directors with an independent majority, from whom the Chairman is chosen 10 MEETINGS IN 2019	Provides opinions to the Board of Directors regarding its composition: size, adequacy of skills, compatibility of positions . Proposes the remuneration policy for Directors and Executives to the Board of Directors, promoting medium-long term sustainability .
ETHICS AND SUSTAINABILITY	At least 3 non-executive directors with an independent majority, from whom the Chairman is chosen 8 MEETINGS IN 2019	In a proactive and advisory manner, supports the Board of Directors in the context of corporate ethics and environmental, social and governance topics . Promotes the integration of sustainability into the corporate strategy and culture . Supervises the main sustainability issues related to business activities and interactions with stakeholders. Examines the guidelines of the Sustainability Plan and, once approved by the Board of Directors, supervises its monitoring. Checks the adequacy and implementation of the Code of Ethics . Promotes a culture of diversity and fighting discrimination in the company.

The company is managed by the **Board of Directors**, which can have from 5 to 9 members depending on the decision of the Shareholders' Meeting. The members of the BoD – identified and appointed according to Acea's By-laws, according to applicable law – remain in office for three financial years and can be re-elected. The method for selecting the members of the Board guarantees the **representation of the genders**, an adequate number of **Directors representing the minorities** and **independent Directors** in accordance with the law²⁰.

The **Board in office**, appointed in April 2017, is composed of **9 directors**, 5 of whom are women. In April 2019, following the resignation of the Director Luca Lanzalone, the Shareholders' Meeting appointed Ms Maria Verbeni Sterpetti to the Board of Directors. In December 2019, following the resignation of the Director Fabrice Rossignol, the Board of Directors co-opted Diane Galbe.

The Board of Directors met 13 times during the year. The **Chief Executive Officer** is the only **executive Director**.

In accordance with the *Corporate Governance Code*, **Acea carries out a board evaluation annually**, availing of an external advisor in order to assess the adequacy of the **dimension, composition and function of the BoD and its internal Committees**, as well as the issues discussed.

The **Report on corporate governance and shareholders' structure**, available on the institutional website (www.gruppo.acea.it), provides information about the Directors of Acea SpA: **CVs, diversity, qualification of independence**, presence in meetings of the Board and the Committees they are members of and any positions in other Companies listed in regulated markets, including abroad, in financial, banking or insurance companies or of significant size.

²⁰ Pursuant to art. 147 ter., para. 4 of Legislative Decree 58/98, so-called Finance Act (TUF), the minimum number of independent Directors must be 1 in the case of a BoD up to 7 members, 2 in the case of BoD exceeding 7 members. During the year the BoD verified that the Directors met the conditions required to qualify as independent. As at 31/12/2019, 7 directors are effectively independent.

TABLE NO. 8 – STRUCTURE OF THE BOARD OF DIRECTORS AND COMMITTEES OF ACEA SPA (AS AT 31.12.2019)

	ROLE IN THE BoD	EXECUTIVE COMMITTEE	APPOINTMENT AND REMUNERATION COMMITTEE	CONTROL AND RISKS COMMITTEE	ETHICS AND SUSTAINABILITY COMMITTEE	EXECUTIVE DIRECTOR	INDEPENDENT DIRECTOR
MRS. MICHAELA CASTELLI	Chairman	De jure component		Member	Member		
MR. STEFANO ANTONIO DONNARUMMA	MD	De jure component				X	
MRS. LILIANA GODINO	Director		Chairman	Chairman			X
MRS. GABRIELLA CHIELLINO	Director		Member		Chairman		X
MR. LUCA ALFREDO LANZALONE	Director until 15/3/2019						
MRS. MARIA VERBENA STERPETTI	Director since 17/4/2019						X
MR. MASSIMILIANO CAPECE MINUTOLO DEL SASSO	Director	Member	Member	Member			X
MR. ALESSANDRO CALTAGIRONE	Director						X
MR. GIOVANNI GIANI	Director	Chairman	Member	Member	Member		X
MR. FABRICE ROSSIGNOL	Director until 06/12/2019						X
MRS. DIANE GALBE	Director since 11/12/2019						X

THE ROLE AND POWERS OF THE BOARD OF DIRECTORS IN ACEA

The **duties lying with the Board of Directors** pursuant to the law provisions, the Articles of Association and in compliance with the recommendations provided in the *Code of Conduct* include:

- Definition of the strategic direction;
- Economic and financial coordination of the Group's activities;
- Definition of the guidelines of the Internal Control and Risk Management

System (SCIGR), nature and level of risk compatible with the Company's strategic objectives, including **significant risks for medium-long term sustainability**;

- Establishing the Committees required by the *Code of Conduct* and appointing their members;
- Adopting the *Organization, management and control model* as pursuant to Legislative Decree no. 231/01;

- Assessing the adequacy of the organizational, administrative and accounting structure of Acea and its strategic subsidiaries;
- Interacting with the shareholders, encouraging their participation and enabling them to exercise their rights;
- Evaluating the independence of its non-executive members at least on a yearly basis.

FUNCTIONS OF THE CHAIRMAN, CHIEF EXECUTIVE OFFICER

The **Chairman** is the legal representative of the Company and is vested with powers of signature. He/she also convenes and chairs the Board of Directors and Shareholders' meetings. He/she has powers relating to: overseeing the activities of the Group, verifying the implementation of Board resolutions and corporate governance rules; verifying and monitoring delivered and perceived quality indicators and issues related to **corporate social responsibility**. Supervises the corporate secretariat of the parent company and chairs the Tenders Supervisory Committee.

The **Managing Director** is entrusted with the

ordinary business of the Company. He/she has signing powers for the company and legal and procedural representation and any other powers delegated to him/her within the limits of the law and the By-laws. His/her terms of reference are based on long-term plans and annual budgets approved by the Board of Directors. Moreover, he/she ensures and monitors compliance with operating guidelines, implementing organizational and procedural changes to the Parent Company's activities consistent with the guidelines issued by the BoD. The current Managing Director is identified by the Board of Directors as the Director in charge of

the SCIGR and performs the duties of Head of the Foreign Industrial Area and Business Development Strategies.

The Chairman and the Chief Executive Officer may jointly implement acts reserved for the Board of Directors concerning contracts, purchases, participation in tenders, issue of sureties, appointment of members of the Board of Directors and Boards of Statutory Auditors of the most significant subsidiaries and affiliates when the urgency of the matter does not allow their convocation, informing the Board at its first subsequent meeting, which shall verify the legitimacy of such operations.

The **Integrated Governance Index (IGI)** clearly and succinctly expresses the positioning of companies in relation to sustainability governance (or integrated governance). Developed by ETicaNews, the project reached its fourth edition in 2019. With an expanding panel of companies involved, the index was applied to the first 100 companies listed on the Milan Stock Exchange, to the companies that publish a Non-Financial Statement pursuant to Legislative Decree no. 254/2016, and to the first 50 non-listed and industrial companies in the Mediobanca classification. Based on a questionnaire, the index calculates the assessment according to a predetermined score.

The **questionnaire** consists of an **ordinary area, divided into eight areas of investigation, and an extraordinary area, which varies each year**, and explores challenging issues. In 2019 the Extraordinary Area concerned the management of ESGs by the Human Resources function. The topics examined by the Ordinary Area were: Code of self-discipline and sustainability; Diversity, professionalism, independence of the board; ESG integrated into remuneration; ESG integrated into business strategies; Board committees and sustainability; Materiality, Succession plans; ESG Finance.

In the third year of participation in the IGI sur-

vey, **Acea** scored 62.78 (scale 0-100), ranking 23rd out of 61 respondents. In particular, the areas where Acea performed best were **compliance with the Corporate Governance Code, the composition of the Board of Directors in terms of diversity and skills, the Board Committees with particular focus on the Ethics and Sustainability Committee and the Materiality Analysis**. The aspects with a lower score were those relating to the **integration of the ESGs in remuneration, succession plans and ESG Finance**.

Note: The data and information related to the Integrated Governance Index were prepared with the cooperation of ETicaNews.

In accordance with current legislation, the Ordinary and Extraordinary **Shareholders' Meeting may be called up** by the **Board of Directors** and **at the request of shareholders** representing at least 5% of the share capital. Furthermore, in compliance with such provisions, the shareholders representing at least 2.5% of the share capital may request the addition of new topics to be added to those to be discussed and submit resolution proposals for matters already included in the agenda.

Shareholder participation is facilitated by technology-based interactions (electronic notice of proxies; notice of call posted on the website). Prior to the date set for the meeting, the shareholders may submit enquiries regarding topics on the agenda, also by email. There are no shares with limited voting rights or devoid of such right²¹.

Except for the shareholder Roma Capitale, restrictions shall apply to the voting right of shares exceeding 8% of the share capital, as laid down by the Articles of Association. Neither shareholders' agreements nor special rights of veto or in any way affecting the decision-making process exist other than as a result of the equity interest held.

The Parent Company has a number of **Company Committees** that operate on a continuous or periodic basis, chaired by the Managing Director of Acea SpA or by a Business Area Manager, where the Managers of the Industrial Segments and Functions of Acea SpA take part. The matters dealt with may be the subject of reports to

the Board of Directors. The following Committees are set up with technical and advisory functions that are carried out in synergy, facilitating decision-making processes and increasing the ability to respond to emerging problems promptly and in a coordinated manner:

- the **Steering Committee**, composed of the first reports of the Managing Director;
- the **Business Review Committee** for the analysis of data and economic-financial performance;
- the **Business Strategy Committee**, which analyses the possibility of developing core and non-core activities in Italy;
- the **Post Audit Committee**, which analyses the corrective actions taken to overcome any critical issues identified in audit reports;
- the **Procurement Supervisory Committee**, which the Chairperson also participates in, which monitors the application of current legislation and company procurement procedures as well as the progress of the tender procedures and execution of the most significant contracts (in terms of economic value, strategic value and executive risks); informs the company bodies of new tenders and potential risks and impacts on existing and planned tender procedures.

Finally, at the industrial segment level, ad hoc committees work in specific operational areas: the **Investment Committee**, the **Public Lighting Committee**, the **Private Electricity Grid Committee**, the **Group Water Company Committee**, the **Aqueduct Development Committee** and the **Treatment Development Committee**.

TOP MANAGEMENT REMUNERATION DETERMINATION PROCESS

A **remuneration policy** is in place in Acea concerning top management, directors tasked with specific duties and executives holding key positions.

The remuneration system regarding these individuals is based on a **clear and transparent process**, with a key role being played by the **Appointment and Remuneration Committee** which formulates proposals regarding the remuneration Policy and the **Board of Directors** of the Company which approves them. The

role of the two main corporate governance bodies ensures the observance of rules which avoid producing conflicts of interest and ensuring clarity through adequate information. The Shareholders' Meeting may set the fixed emoluments of the Board members throughout their term of office and, furthermore, issues a non-binding resolution on the Policy pursuant to Article 123-ter, paragraph 6, of the Finance Act) on remuneration. In relation thereto, the remunera-

tion was confirmed for the Board members, as established by resolution of 5 June 2014 whereas, in exercising its competence in setting the payments for the Directors with special offices, the Board of Directors resolved on the retributive references for the Chairman and the Chief Executive Officer throughout their term in office.

For further details, see the *Remuneration Report Financial Year 2019* available on the website www.acea.it.

²¹ With the exception of 416,993 own shares (corresponding to about 0.2% of the total shares) for which the right of vote is suspended pursuant to art. 2357-ter Civil Code. See also the Report on corporate governance and the shareholders' structure 2019.

- **identify the risks** that can affect the pursuit of the objectives defined by the Board of Directors;
- **encourage the taking of conscious decisions** that are consistent with the company's objectives, within the framework of a widespread knowledge of the risks and the level of propensity for them established by the Board of Directors, legality and company values;
- **safeguard the company's assets, the efficiency and effectiveness of its processes, the reliability of the information** provided to corporate bodies and the market and compliance with internal and external regulations.

recommendations of the Corporate Governance Code of Borsa Italiana and are inspired by existing best practices, in particular **COSO – Internal Control – Integrated Framework** (Committee of Sponsoring Organizations of the Treadway Commission), are intended to:

- Provide guidance for the actors of the SCIGR, **so that the main risks** pertaining to the Acea Group, including those regarding sustainability in the medium-long term, are **correctly identified** and adequately **measured, managed and monitored**;
- **Identify the principles and responsibilities** of the governance, management and monitoring of the risks connected to the Company's activities;
- Provide for **control activities** at all operational levels and identify tasks and responsibilities to ensure coordination between the main subjects involved in the SCIGR.

Risk management is a **cross-cutting process** with **widespread responsibilities involving all the parties of the company in various ways**: the Board of Directors and the Board Committees, the Director in charge of the SCIGR (who is also the Chief Executive Officer), the Board of Statutory Auditors, all the managers and employees, the Manager in charge, the second level Supervisors, the Supervisory Body and the Internal Audit Function.

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graph TD
    BD[BOARD OF DIRECTORS] --- CR[CONTROL AND RISKS COMMITTEE]
    BD --- AIC[ADMINISTRATOR IN CHARGE OF THE SCIGR]
    BD -.-> BOA[BOARD OF AUDITORS]
    BD -.-> ER[EXECUTIVE RESPONSIBLE]
    BD -.-> SSB[231 SUPERVISORY BODY]
    BD -.-> DPO[DPO]
    AIC -.-> L1P[1ST LEVEL PROTECTION]
    AIC -.-> L2P[2ND LEVEL PROTECTION]
    AIC -.-> L3P[3RD LEVEL PROTECTION]
    L1P --- L1D[Employees and operating structures responsible for risks and their daily management]
    L2P --- L2D[Business functions that supervise the management of certain types of risk through guidance and monitoring]
    L3P --- L3D[Function ensuring independent verification of SCIGR adequacy]
    BOA -.-> L3D
    ER -.-> L3D
    SSB -.-> L3D
    DPO -.-> L3D
    LA[LEGAL AUDIT, CERTIFICATION BODIES, ETC.] -.-> L3D
  
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BOARD OF DIRECTORS

CONTROL AND RISKS COMMITTEE

ADMINISTRATOR IN CHARGE OF THE SCIGR

BOARD OF AUDITORS

EXECUTIVE RESPONSIBLE

231 SUPERVISORY BODY

DPO

1ST LEVEL PROTECTION

- Operational controls
- Management controls

2ND LEVEL PROTECTION

- ERM
- SGI QASE
- Mod. 262
- Privacy
- Safety
- MOG 231
- Antitrust - PCS
- ...

3RD LEVEL PROTECTION

- Internal Audit

LEGAL AUDIT, CERTIFICATION BODIES, ETC.

Employees and operating structures responsible for risks and their daily management

Business functions that supervise the management of certain types of risk through guidance and monitoring

Function ensuring independent verification of SCIGR adequacy

BOD: determines the guidelines of the SCIGR so that the main risks for Acea and its subsidiaries are identified, measured and managed

BOARD OF STATUTORY AUDITORS: monitors the legislative and procedural conformity and the correctness of the administration

MANAGER RESPONSIBLE FOR PREPARING THE COMPANY'S FINANCIAL REPORTS: responsible for instituting and maintaining the System of Internal Audit on the financial information

SUPERVISORY BODY: assigned with the powers of initiative and intervention for the operation of MOG 231

INTERNAL AUDIT: carries out independent audits on the operations and suitability of the SCIGR using and audit plan (risk based) approved by the BoD and monitors the execution of the action plans issued following the audits performed

Dedicated corporate structures in the Parent Company have the task of creating and adopting **specific models** for monitoring risks, including those relating to the commission of crimes.

TABLE NO. 9 – MODELS AND CONTROLS

OVERSIGHT AREAS	
Organization, Management and Control Model as per Legislative Decree 231/01	Risk of committing crimes and administrative offences in the performance of the Company's activities
Guidelines of the Management and Control Model pursuant to Law 262/05 (updated in 2019 together with the Regulations of the Financial Reporting Officer)	Risks the Group's Financial Statement
Privacy Governance Model	Compliance with EU Regulation 2016/679 (GDPR) and other national and European provisions on the protection of personal data
Antitrust Compliance Programme	Compliance with antitrust and consumer regulations and development of a corporate culture to ensure the protection of competition and consumers
Oversight of ISO45001 and ISO14001	Monitoring workplace health and safety risks and environmental risks in accordance with international standards
Oversight of Cyber Security	Cyber risk management, also in compliance with EU Directive 1148/2016 on European Information Systems and Networks (NIS)

COMPLIANCE WITH EU PERSONAL DATA REGULATION (GDPR)

The programme of compliance with the European Regulation on the protection of personal data (GDPR) launched in Acea in 2017 is developed according to a modular logic. After the definition and implementation of the **Privacy Governance Model** for the Group last year, **topical follow-ups were carried out in 2019** on areas and processes with a high privacy impact. The **3rd phase of the GDPR compliance programme** was then launched, dedicated to identifying the specificities of the company, ensuring the widespread dissemination of the Model including through personalized training initiatives, and at the same time to achieve the refinement

of the actions implemented at the central level to verify their effectiveness and correct any inefficiencies for the benefit of the Parent Company's processes, with effects on the entire corporate scope.

The **internal network between the structures** (the Parent Company's DPO, the DPO Office and the Privacy departments within the Risk & Compliance Units of the Operating Companies) **has been consolidated** by sharing information and support tools released over time and with a cross-cutting impact. In accordance with the Regulation, **the privacy risk assessment methodology applied to some processing was validated**, also to devel-

op the corresponding DPIA (data protection impact assessment), identifying the sources of risk (threats), their impact and mitigation measures (or controls).

The online **training programme**, already carried out in the Parent Company, has been extended to the Companies to achieve the first level of compliance for Data Controllers with regard to the training of Data Processors, on individual corporate processes (for example, commercial activities, IT Systems).

No cyber incidents have been reported affecting the personal data held by Group companies.

ANTITRUST COMPLIANCE PROGRAMME

The Acea Group pays constant attention to compliance with antitrust law and consumer protection regulations. Following Acea's adoption of the **Antitrust Compliance Programme** aimed at strengthening internal controls, implementing organizational and regulatory instruments and promoting **the principles of fair competition and consumer rights** and the appointment of **the Holding Company**

Antitrust Officer, activities already carried out last year, **in 2019 the main Group companies adopted the Antitrust Compliance Programme** in line with the indications of the Holding Company, and set up organizational structures to which **Company Antitrust Officers** were appointed. These have the task of implementing the programme, depending on the specific characteristics of the company,

the regulatory provisions and the market context they operate in. To this end, the Group companies are responsible for the implementation of the Compliance Programme in their own organizations. Corporate representatives also received specific training and support coordinated by the Holding Company's Antitrust Officer, aimed at implementing their technical and regulatory skills.

Within the framework of the internal control and risk management system, Group companies adopt their own **organization, management and control models pursuant to Legislative Decree no. 231/2001** to prevent the risk of certain crimes or administrative offences committed in their interest or benefit by top management or subject to the management or supervision of the latter. The development of the Models is preceded by a **mapping of the business areas concerned**

(so-called risk areas) and the identification of sensitive activities and potential offences. The Models are **updated** in response to changes in the organization or activities carried out, or following the introduction of new cases in the catalogue of predicate offences of the aforementioned legislative decree. The **Supervisory Body (SB)** has **full and autonomous powers** of initiative, action and control **regarding the operation, effectiveness and observance of the specific Models²²**.

²² In December 2019 an oversight organization was set up to ensure the auditing and monitoring of the instrumental processes covered by Legislative Decree no. 231/01 and envisaged in the Annual Audit Plan, to prepare the reports at the end of the individual audits and ensure the flow of information to the Supervisory Body.

For Acea, the adoption of principles and compliance with the rules set out in the Company Code of Ethics – an integral part of the 231 Model and the internal control system – are also relevant to prevent crimes pursuant to Legislative Decree no. 231/2001, as well as being a ready reference for all those who are addressed by the Code.

The **Internal Audit** function carries out the controls envisaged in the **Audit Plan**, approved by the **Board of Directors** and subject to the opinion of the Control and Risk Committee. The Plan is drawn up **on the basis of the analysis and prioritisation of the main risks for Acea and its subsidiaries**, carried out during the Risk Assessment, also thanks to the monitoring carried out by the corporate Functions responsible for second-level controls.

In 2019, about **81.4% of the Plan activities** concerned **corporate processes deemed as exposed to the risks as per Legislative Decree no. 231/01**, amongst which the crimes regarding **corruption** and the **environment**, and in violation of **injury prevention laws and the laws safeguarding health in the workplace**.

With regard to audits of processes **related to risks of corruption**, there are in particular periodic audits of “Sponsorships”, “Consulting”, “Personnel selection”, “Purchasing and payments”.

As required by the professional standards of the **Institute of Internal Auditors (IIA)**, the audits also assess the specific fraud risks of the process analysed and test the operation of the related controls. With reference to **fraud detection** activities, 5 Fraud Key Risk Indicators have been adopted for the purchasing area, which are analysed every six months.

REPORTS RECEIVED RELATED TO THE CODE OF ETHICS

Acea has adopted a procedure that can be **followed by both employees and external parties** for the reception, analysis and processing of **reports** – so-called “**Whistleblowing**” – relating to any failure to comply with the law, internal rules and the Code of Ethics, as well as issues relating to the Internal control system, corporate notices, the administrative responsibility of the Company (Legislative Decree no. 231/01), fraud and conflicts of interest. This procedure requires an assurance of the **maximum level of confidentiality and privacy** in the processing of communications

received, **protecting those voicing their concerns and those responsible**.

In coordination with other competent corporate Functions when necessary, the **Internal Audit Function** is responsible for acquiring, registering and ascertaining the existence of violations, and in 2019 analysed **5 cases of presumed violations** of the *Code of Ethics*. One was attributable to Article 13 “Relations with customers” and the other four to Article 14 “Management, employees and collaborators”. **There are no reports related to discrimination**.

The Internal Audit Function prepares **periodic reports** on the progress of the findings, forwarding the most relevant cases to the Control Bodies.

In **December 2019**, the **Ethics Officer** was **established** as a collective Group Body whose purpose is to manage the system for reporting alleged violations for non-compliance with the law, internal regulations and the *Code of Ethics* and to monitor compliance with the values of transparency, legality, fairness and ethical integrity in relations with employees, suppliers, customers and all stakeholders.

INTEGRATED ANALYSIS AND RISK MANAGEMENT METHOD

To improve an **integrated vision of risks and their proactive management** within a structured and continuous process, in 2019 Acea further developed the **ERM Programme** based on the **COSO framework** “Enterprise Risk Management (ERM) – Integrating with Strategy and Performance” 2017.

The purpose of the ERM Programme is to:

- Represent the **type and significance** (probability and economic-financial and/or reputational impact) **of the main risks, including sustainability risks, that may jeopardize the achievement of the Group’s strategic and business objectives**;
- Address strategies and subsequent additional mitigation actions.

The methodology implemented and the tools developed to identify risks and assess their severity in a consistent manner at a Group level – **definition of the Risk Model** – included **ESG aspects** and risk scenarios associated with the **issues that emerged from the Materiality Analysis**. The first evidence from the risk assessment, which represents the risk scenarios related to the material issues with the possible impacts and monitoring procedures prepared by Acea, are shown in table no. 10.

The results of the ERM Programme are also taken into account when **planning actions to mitigate risks and seize opportunities** by Group companies with certified Management Systems.

The ERM processes allow for constant interaction between the ERM Unit of the Parent Company’s Risk & Compliance Function and the focal points in the Risk & Compliance Units of the Operating Companies (see chart no. 13).

CHART NO. 13 – THE ERM UNIT AND THE CORPORATE FOCAL POINTS

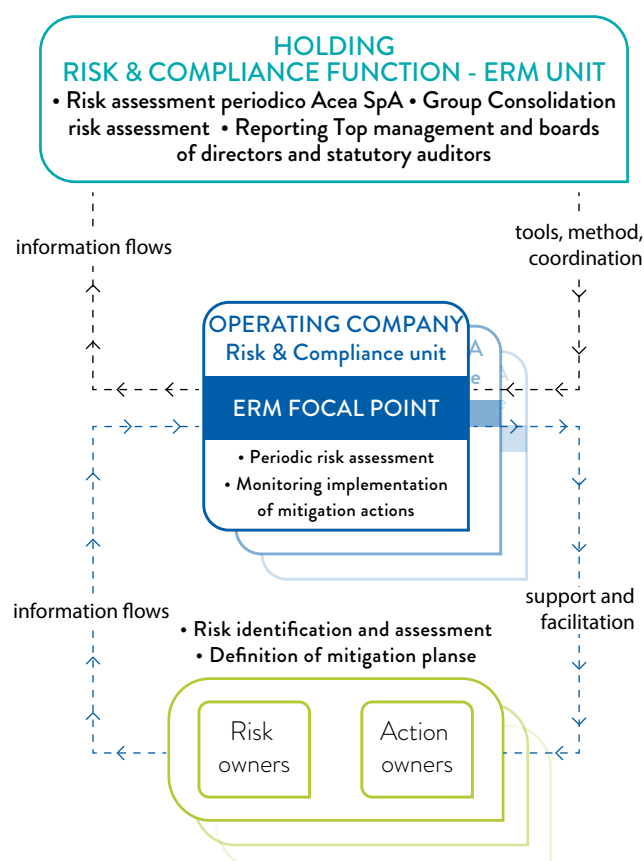


TABLE NO. 10 – MATERIAL TOPICS, RISKS AND MANAGEMENT METHODS

HIGHLY SIGNIFICANT MATERIAL TOPICS AND RELATED RISK	POTENTIAL IMPACT ON ACEA	POTENTIAL IMPACT ON STAKEHOLDERS AND CAPITAL	RISK MANAGEMENT METHOD
SUSTAINABLE WATER CYCLE MANAGEMENT Unfavourable natural events and/or climate change; authorisation delays impacting on optimal management conditions; monitoring and analysis	economic/financial reputational	<i>environment and community</i> natural and social-relational capital	- system of procedures and emergency plans – ad hoc maintenance – disciplined relations with institutions and authorising bodies – ISO 17025 accreditation Analysis laboratories
SUSTAINABILITY IN INFRASTRUCTURE DESIGN, CONSTRUCTION AND MANAGEMENT Environmental and social impacts from inadequate and failed design, construction and/or management of plants/networks	economic/financial reputational	<i>environment, community, institutions, suppliers</i> natural, production and social-relational capital	- design procedures – monitoring and reporting of the progress of the authorisation/design process – asset monitoring and inspection
OCCUPATIONAL HEALTH AND SAFETY Accidents at work	reputational	<i>employees</i>	- company policies and compliance guide-lines – training and communication plans – ISO 45001 health and safety management systems
INNOVATION OF SMART UTILITY PROCESSES, INFRASTRUCTURE AND SERVICES Operational inefficiency due to technological and innovative inadequacy	economic/financial reputational	<i>community and business partners</i> production, intellectual and social-relational capital	- monitoring the technical and technological progress of projects
SUSTAINABILITY AND CIRCULARITY ALONG THE SUPPLY CHAIN Failure to control the purchasing process – failure of suppliers to comply with the requirements (health and safety, environmental, anti-corruption)	economic/financial reputational	<i>environment and suppliers</i> natural, human and social-relational capital	- system of procedures – quality monitoring of goods/services received – ISO 45001 health and safety management systems – qualified suppliers register
RECOVERY OF WASTE FOR A CIRCULAR ECONOMY Failure to comply with regulations; obstacles in the waste treatment and delivery market	economic/financial	<i>environment</i> natural capital	- monitoring and control plans for Integrated Environmental Authorisations – ISO14001 and EMAS environmental management system
STRATEGIC APPROACH TO STAKEHOLDER RELATIONS Tensions with stakeholder representatives in the region with negative effects on the development of activities	economic/financial reputational	<i>community</i> social-relational capital	- stakeholder engagement activities – Code of Ethics
BUSINESS ETHICS AND INTEGRITY Conduct contrary to binding regulations, internal rules and standards of reference	economic/financial reputational	<i>community, institutions and business partners</i> production, intellectual and social-relational capital	- 231/01 organization, management and control model – Code of Ethics – whistleblowing system – training and communication plans
CUSTOMER FOCUS Failure to achieve service quality levels until they are discontinued	economic/financial reputational	<i>customers</i> social-relational capital	- customer analysis – analysis of services – monitoring of regulatory framework of reference (e.g. Consumer Code) – ISO 9001 quality management system
AIR QUALITY: CONTAINMENT OF POLLUTANT EMISSIONS INTO THE ATMOSPHERE Exceeding the emission limits envisaged by laws and authorisation decrees	economic/financial reputational	<i>environment and community</i> natural capital	- monitoring and control plans (Integrated Environmental Authorisations) – ISO 14001 and EMAS environmental management system
INVOLVEMENT OF PERSONNEL, INVESTMENT IN HUMAN CAPITAL AND DEVELOPMENT OF SKILLS Lack of adequacy both in terms of skills and organic plants	economic/financial	<i>employees</i> human capital	- remuneration and incentive policies – performance evaluation system – training and education plans
PROTECTION OF THE COMMUNITY AND BIODIVERSITY Impacts on environmental balance conditions caused by plants that unexpectedly do not comply with legal limits	economic/financial reputational	<i>environment</i> natural capital	- plant management procedures – control and monitoring – training plans – ISO14001 and EMAS environmental management system
DECARBONISATION AND ADAPTATION TO CLIMATE CHANGE Failure to build sustainable plants and to adapt operating practices to the evolution of climate change (production of energy from renewable sources, resilience of the electricity grid, availability of water)	economic/financial reputational	<i>environment and community</i> natural and production capital	- monitoring and reporting – ISO 14001 and EMAS environmental management system – ISO 50001 energy management system

TABLE NO. 10 – MATERIAL TOPICS, RISKS AND MANAGEMENT METHODS (cont.)

HIGHLY SIGNIFICANT MATERIAL TOPICS AND RELATED RISK	POTENTIAL IMPACT ON ACEA	POTENTIAL IMPACT ON STAKEHOLDERS AND CAPITAL	RISK MANAGEMENT METHOD
CONSOLIDATION OF SUSTAINABILITY ELEMENTS IN CORPORATE GOVERNANCE Violation of Italian Legislative Decree 254/16; inadequacy of the internal regulatory system with respect to the guidelines of the Corporate Governance Code	reputational	<i>shareholders</i> economic-financial and intellectual capital	- auditor's assurance – activities of the board committees (Ethics and Sustainability, Control and Risks) – Sustainability consultation table – certification of data managers – updating and verification of information systems and organization
BUSINESS EVOLUTION THROUGH OPEN INNOVATION AND DEVELOPMENT OF SYNERGIES WITH SCIENTIFIC AND ENTREPRENEURIAL PARTNERS Inability to seize opportunities deriving from technological innovations and their integration into business processes	economic/financial	<i>community, institutions and business partners</i> production, intellectual and social-relational capital	- organizational structure responsible for innovation (innovation board and ITS function)
COMPANY WELL-BEING, DIVERSITY AND INCLUSION Increased absenteeism rate; negative company climate; possible lawsuits from employees	reputational	<i>employees</i> intellectual and social-relational capital	- “Protection, inclusion, promotion of diversity and workers’ well-being” procedure - teleworking – diversification of working hours and economic adjustments – Code of Ethics – Diversity management charter – health plans (health check-ups)

● ECONOMIC GOVERNANCE TOPICS

● SOCIAL TOPICS

● ENVIRONMENTAL TOPICS

ACEA AT THE CSR MANAGER NETWORK WORKING GROUP ON ERM AND SUSTAINABILITY

The growing legislative and self-regulatory attention to the management of corporate risks, financial and otherwise, has stimulated companies to deal with these new challenges, pushing them towards an integrated approach to the Internal Control and Risk Management System, also thanks to the role assumed by the Management and Supervisory Bodies.

The CSR Manager Network, a national association that brings together professionals engaged in the management of sustainability issues related to business activities, has

selected the proposal formulated by Acea and SCS Consulting to establish a working group between ESG and ERM representatives, to **share and analyse the experiences of integration of sustainability issues in risk management**. The first phase of the activity was aimed at sharing and analysing the experiences of sustainability integration in the field of ERM, both with regard to international best practices and initiatives already developed within the companies participating in the working group. To this end, an online **survey was prepared** thanks to which com-

panies were able to compare their business models with reference to the areas of governance, materiality and risks and the ESG risk management process. Parallel to the survey, an analysis was done of NFSs from 2018 prepared pursuant to Legislative Decree no. 254/2016, and the corporate documents produced by the companies in the FTSE MIB and by the companies of the working group. The second phase led to the development of Operating Guidelines, including procedures and tools, for the management of risks related to ESG issues.

As shown by the CDP (formerly Carbon Disclosure Project) questionnaire, one of the ways that Acea monitors **climate change** is through the assessment of risks and opportunities related to its activities in the **short and medium term**. Table no. 11

provides a representation of the main evidence: short- and medium-term scenario and more significant implications for the company in terms of financial, reputational, environmental and customer impact.

TABLE NO. 11 – RISKS AND OPPORTUNITIES RELATED TO CLIMATE CHANGE: CDP EVIDENCE

TYPE OF RISK	DESCRIPTION OF THE RISK	MOST IMPACTED INDUSTRIAL AREAS
TRANSITION Risks arising from the ongoing transition to a decarbonized economic system (e.g. regulatory, technological, market)	The main risks identified relate to the political-regulatory sphere. The expected scenarios related to a transition to an economic system committed to tackling climate change take the following forms: increasing carbon tax policies; changes in incentive programmes; tightening of the values associated with the Emission Trading Scheme (both in terms of allowances – paid or not – and actual emission allowance costs); increased legal and financial risks for non-compliance with performance standards (fines and incremental compliance costs).	Energy production (thermoelectric and waste-to-energy) Management of electrical grids Management of water

TABLE NO. 11 – RISKS AND OPPORTUNITIES RELATED TO CLIMATE CHANGE: CDP EVIDENCE (cont.)

TYPE OF RISK	DESCRIPTION OF THE RISK	MOST IMPACTED INDUSTRIAL AREAS
PHYSICAL Risks arising from the physical effects of climatic events (acute if related to episodic phenomena, or chronic if related to long-term changes)	The main risks identified relate to both extreme weather events and possible chronic environmental changes : stress on the resilience of the power grid due to extreme weather events; changed weather conditions with impact on the availability of water for human consumption.	Management of electrical grids Management of water
OPPORTUNITIES		
Circular economy	Opportunities to promote circular economy models and waste recovery projects, for example with thermal renewal processes combined with material recovery (sodium).	Environment Segment
Development of photovoltaic plants	Opportunities related to the diversification of production facilities with the acquisition and/or construction of photovoltaic plants that, in addition to receiving incentives for the feeding of electricity produced into the grid, allow balancing any reductions in hydroelectric production.	Production of electricity
Increase in network resilience	Opportunities arising from investments promoted by the Authority for the safety of the electricity network.	Distribution of electricity
Market and services	Opportunities arising from the change in energy demand related to changes in peak ambient temperatures, with an impact on price growth and volumes sold.	Energy sales

ANALYSIS OF POTENTIAL ENVIRONMENTAL RISKS

The companies operating in the industrial segments of **Water, Energy Infrastructure and the Environment** with ISO 14001:2015 certified environmental management systems have identified the **potential negative environmental impacts** generated by the activities. Therefore, specific events have been hypothesised with respect to the different operations, which could have a significant impact on the environment.

For the **Water sector**, the main risks are due to the effects of acute or chronic climatic phenomena: inefficient operational management of water, which could cause high levels of losses with consequent excessive consumption; water stress; possible breach of water control parameters with environmental consequences; inadequate interventions on the sewerage treatment system with possible contamination of the soil and water bodies; risks of fires and explosions in treatment plants related to the

production of biogas, with possible impacts in terms of emissions into the atmosphere.

In the context of **Energy Infrastructure**, for the transformation of electricity and transport for delivery to end users, the main risks are attributable to: existence of overhead and underground systems with impacts in terms of land use and subsoil; generation of waste and impacts on ecosystems; generation of electromagnetic fields with impacts in terms of exposure; maintenance of transformation plants with potential soil and subsoil contamination with hazardous materials; maintenance and construction of plants with impacts in terms of production of special waste. With reference to electricity production using renewable and conventional power plants, the potential environmental risks concern the accidental spillage of pollutants or the exceeding of threshold values in emissions (into the atmosphere, surface water and sewerage) in the ordinary manage-

ment of plants or in the event of critical events like fires or explosions. An example of environmental risk derives from the potential dangerousness of structural failure of hydraulic works attributable to critical natural phenomena (such as earthquakes of particular intensity), which could affect the territory downstream of the plants (e.g. floods).

For the **Environmental** industrial segment – operating in the treatment, recovery and disposal of waste, the recovery of materials and energy through waste-to-energy and composting plants and the collection, transport, recovery and disposal of non-hazardous waste produced by waste treatment plants – the potential risks with environmental impact could arise with spills of hazardous substances and consequent contamination of the soil and aquifers or surface waters or with emissions into the atmosphere above specific prescribed limits.

MANAGEMENT SYSTEMS

A complex **internal rule system** supervises the organizational system, from the definition of the general directives to the statement of the particular business aspects, according to the following criteria:

- **Group guidelines:** principles, policies and management rules with which the Parent Company defines the general

guidelines, guiding, coordinating and controlling the Group companies;

- **Procedures:** acts governing the way in which a process is implemented, identifying the roles and responsibilities in detail. The procedures also define the forms to be used and the records to be archived. Each corporate structure responsible for issues subject to internal regulation (*Process Owner*) draws up the procedure directly.

In order to ensure the **overall consistency and compliance of the**

internal rules, before publication on the intranet they are subject to verification by specific units, such as Organization and planning, Compliance, etc.

The **Integrated Certification Systems Unit** within the Risk & Compliance Function defines the methods and standards of reference for the implementation of **QASE certified management systems** (Quality, Environment, Safety and Energy) as well as for further certifications and accreditations that the Acea Group intends to acquire, and operates in synergy with the Risk & Compliance Units of the Operating Companies, to which the certified Management Systems are ascribed. These Units collaborate with the Energy Manager for the development and management of the **Energy Management System** and with the Head of the Prevention and Protection Service (RSPP) and the emergency coordinator for the **Workplace Health and Safety Management System**. The management of

health, safety and environmental emergencies is handled by means of a specific procedure.

Acea also relies on professional profiles such as the **Energy Manager** – in the Parent company and in the Companies – and the **Mobility Manager**, whose duty is to respond to the demands for optimum management of internal energy consumption and staff mobility. They seek **systemic efficiencies and savings** in important aspects related to the running of an organization, such as use of energy and employees' transfers, which also create **positive external effects** in terms of lower use of resources and **reduction in greenhouse gas emissions** and optimisation of travelling times and routes for employees, respectively, while increasing **road safety and reducing urban traffic**. The Energy manager, in particular, has the duty of implementing actions regarding **energy efficiency**, reduction of consumption and cost control, in order to ensure the progressive optimisation of the Group's energy costs, activating coordination with Energy managers in the Companies.

CHART NO. 14 – THE CERTIFIED INTEGRATED MANAGEMENT SYSTEM



The management of quality, the environment, safety and energy is a central aspect in corporate operations, as can be deduced from the number of Group companies which have implemented certified integrated management systems over time.

In 2019 **12 of the Group companies had certified management Systems** (see table no. 12) and the **Acea Ambiente** plants located in Terni, San Vittore del Lazio and Orvieto were **EMAS registered**.

New developments during the year include:

- ISO 9001 certification for **Acea Energia** and the implementation of stage 1 for obtaining ISO 14001 certification;
- ISO 9001 certification in the EA28 sector (construction and installation) for **Acea Elabori**;

- **Ecogena's** implementation of stage 1 for obtaining ISO 50001 certification.

Considering all the Companies in the scope:

- **more than 80%** have a **quality** certification;
- **77%** have an **environmental** certification (100% in the Water and Environment business areas);
- **more than 90%** have a **safety** certification (100% in the Water, Environment and Infrastructure business segments);
- **about 40%** have a certified **energy** management system (this percentage includes the most energy-intensive companies, with consumption of at least 10,000 TOE).



TABLE NO. 12 – CERTIFIED MANAGEMENT SYSTEMS IN THE ACEA GROUP (AS AT 31.12.2019)

	QUALITY (ISO 9001)	ENVIRONMENT (ISO 14001)	SAFETY (OHSAS 18001/ ISO 45001)	ENERGY (ISO 50001)	OTHER
Acea SpA	X	X	X (ISO 45001)	X	
WATER AND ENGINEERING SEGMENT					
Acea Ato 2	X	X	X	X	
Acea Ato 5	X	X	X (ISO 45001)	X	
Gesesa	X	X	X		
Gori ^(*)	X	X	X		
Acea Elabiori	X	X	X (ISO 45001)		UNI CEI EN ISO/IEC 17025:2005 Accreditation of lab analyses UNI CEI EN ISO/IEC 17020:2012 Accreditation of inspection bodies
ENERGY INFRASTRUCTURE SEGMENT					
Areti	X	X	X	X	
Acea Produzione		X	X (ISO 45001)		
Ecogena	X		X (ISO 45001)		UNI CEI 11352
COMMERCIAL AND TRADING SEGMENT					
Acea Energia	X		X		
Acea8cento					
ENVIRONMENT SEGMENT					
Acea Ambiente	X	X	X	X	EMAS
Aquaser	X	X	X		ISO 39001:2012

(*) Quality and Environment certifications specifically cover engineering, design and project management activities; analysis (chemical-physical-biological and microbiological); control of industrial waste discharges.

Each company with certified Management systems carries out an **annual management review** with the aim of assessing the **effectiveness of quality, environment, safety and energy management systems**, proposing possible improvements and verifying the progress of activities. On these occasions, which are attended by **the Top Management and the first line of managers** of the Companies in question, elements are analysed, including: policy; context analysis and materiality analysis at a Group level; risk assessment; process performance; significant environmental and energy aspects; changes in legal requirements and those relating to workplace health and safety, environment and energy; supplier per-

formance; customer satisfaction levels; analysis of complaints; accidents and injuries; objectives.

The results of the review for 2019, finding no criticalities, confirmed the adequacy and efficiency of the management Systems.

Finally, it should be noted that Acea – continuing the process of integration initialized and formalized the Sustainability Policy and the environmental, safety and energy quality system – **continued to manage the objectives required by the Management system in an integrated manner with the objectives of the 2019-2022 Sustainability Plan** approved by the Board of Directors.



STAKEHOLDERS AND ALLOCATION OF GENERATED VALUE

STAKEHOLDERS AND THEIR INVOLVEMENT

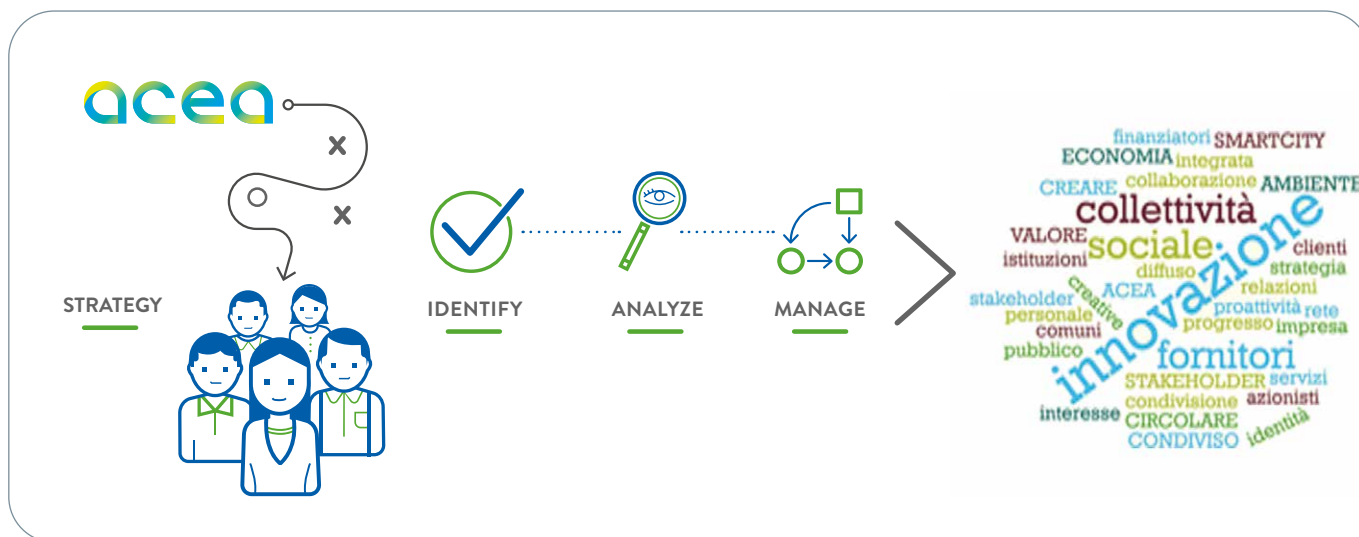
Acea promotes the involvement of stakeholders²³ in line with the commitments expressed in the **Sustainability Policy and the Quality, Environment, Safety and Energy System** and the principles set out in the **Code of Ethics**, with a constructive approach that tends to rely on the results of dialogue and discussion.

Identifying, analysing and managing interactions between the stakeholders and the Company are continuous and dynamic

activities stemming from both company actions and objectives as well as inputs from outside.

The **stakeholder identification** phase makes it possible to identify the parties directly or indirectly involved in company activities in order to assess their level of qualitative and quantitative impact. The **analysis** phase is used to perform a structured evaluation of **the existing interactions** both between the company and the stakeholders as well as among the stakeholders themselves so that dialogue and shared accountability paths may be developed. Lastly, the **management** phase leads to the **identification of answers** to the questions raised by the stakeholders or the company in order to pursue the achievement of company goals consistent with expectations.

CHART NO. 15 – STAKEHOLDERS AND THEIR INVOLVEMENT



ACEA GROUP STAKEHOLDER ENGAGEMENT PROJECT

In July 2019, the **Acea Group Stakeholder Engagement Project** was launched, managed by the Stakeholder Relations Unit (External Relations and Communications Department), to **incorporate structured stakeholder engagement within business processes and activities**, contribute to the achievement of the objectives set out in the 2019-2022 Sustainability Plan and spread the culture of a strategic approach towards stakeholders in light of the evolution of the context of reference and the Group's development prospects. Expected to last 15 months, the Project is based on the following guidelines: develop-

ing existing practices in this area; promoting a bottom-up and top-down approach with the involvement of Group companies; creating an integrated system and developing internal skills. All activities are carried out with the **direct involvement** of the Acea Group Companies/Industrial Segments/Functions/Departments in a specific phase through an **inter-functional and inter-company Working Group**.

During the year, the business plan provided for an **assessment of the status quo** through **24 one-to-one interviews with the top figures** of all the Group's Functions/Departments/Industrial

Segments and Companies and **14 interviews with their operating references** to gather more detailed information on projects and business initiatives that have been implemented.

16 categories of stakeholders were **identified and mapped** and in turn divided into **105 subcategories**, and the first guidelines of the **Group policy document on Stakeholder engagement** were drawn up. A **first active training session** on stakeholder engagement was also carried out within the Working Group.

Two **pilot projects** of the initiative will be carried out in collaboration with **Gori and the Environment industrial segment**.

²³ Stakeholders (concerned parties) are those entities – individuals, groups, organizations – having significant relations with the company and whose interests are involved in the corporate activity for various reasons for the exchange relations held with the latter or because they are significantly influenced by them.

THE RESULTS OF THE FIRST PHASE OF STAKEHOLDER MAPPING



CHART NO. 16 – STAKEHOLDER MAP



For stakeholders, engagement initiatives are organized with the aim of establishing collaborations in a perspective of shared value, to pursue advantages that benefit both the company – consolidating its legitimacy to operate and the

pursuit of strategic objectives – and stakeholders, promoting responses to their expectations. The boxes below illustrate the year's most significant interactions with the main categories of stakeholders.



CUSTOMERS

Acea is one of the **main Italian multi-utilities by territory and customers served**. Its customer base includes approximately 1.2 million in the energy sector and more than 190,000 gas customers, more than 1.6 million withdrawal points for energy distribution, 2.6 million water users, equal to 8.6 million inhabitants served – for all water companies operating in Italy. Acea is committed to monitoring their satisfaction and to meeting their constantly developing needs. Customers are becoming **increasingly engaged, aware and digitized**. There is a constant increase in the number of **prosumers** – both customers and energy producers – in the Areti distribution network (13,591 customers, +9% compared to 2018) and the **use of digital tools** (180,000 MyAcea app installations, +63% compared to 2018). Water and energy are fundamental elements for the dignity and quality of life, to be used and delivered in the most correct and sustainable forms. One of the initiatives for these purposes is the **social water and electricity bonus**, regulated by the public system (ARERA) for customers in difficult conditions. In this regard, Acea promotes **the awareness of its users** through **information campaigns**. The company is proactively committed to adopting initiatives that maintain the highest level of trust and good customer relations. In addition to the activities of the **ADR Body** for the out-of-court settlement of disputes, worthy of note are initiatives aimed at promoting the **elimination of abuse** in the water sector and important results in **preventing cases of unfair commercial practices** (60 cases reported to sales agencies during the year, compared with 539 cases in 2018) or **anti-competitive conduct** (the fine imposed by the AGCM for abuse of a dominant position was fully voided by the Lazio Regional Administrative Court). Finally, taking into account the requests of an increasingly sensitive customer base, Acea **has promoted a style of sustainable consumption**: in 2019 the total amount of **green energy** sold was **1,144 GWh**, an increase of about 28.5% compared to 2018 (890 GWh).



INSTITUTIONS

For a company that delivers essential public services, mostly subject to **regulation by the public authorities**, the relationship with institutions is essential both for planning and performing the company activities. Moreover, Acea is a **strategic player in the multi-level group of public and private entities** that contribute to protect higher public interest needs. For this reason it participates in working groups of high institutional profile, in particular on prevention and management of critical events, and guarantees support in case of emergencies to the relevant Authorities in the field of public health, civil protection and public safety. Among the most relevant issues is the threat to the IT networks of services of general interest. In this area, Acea collaborates with the Computer Emergency Response Team (CERT) of the **Ministry of Economic Development**, the Network and Information Security Authorities (NIS) of the **Ministry of the Environment** and the National Anti-Crime Information Centre for the Protection of Critical Infrastructure (CNAIPIC) of the **Ministry of the Interior**. Finally, in 2019 an important example of the Company's participation in initiatives of institutional interest was joining the Italian platform coordinated by ENEA and called ICESP (**Italian Circular Economy Stakeholder Platform**) to promote a national approach to circular economy.



COMPANY

The **Business Plan, updated during the year**, consolidates the important results already achieved and, confirming the current strategic pillars, sets new and challenging objectives for the Group. **Investments** as at 2022 reach the figure of **4 billion** – the largest commitment ever made by Acea, with an increase of a further 900 million compared to the previous version of the Plan – of which 1.7 billion in projects directly related to sustainability objectives. At the same time, consistent with the industrial lines, the material issues and the sustainability objectives of Agenda 2030, thanks to widespread participation and sharing within Acea the **Sustainability Plan** was also updated, both at the governance level (guidelines for the Holding Functions) and at the operating level (target of operating companies/Holding Functions). The Group developed in all business segments: in the **water** segment, strengthening its leadership through the consolidation of companies within the Group and the start of the project to make the Peschiera and Marcio system safe, in the **energy** segment with the development of photovoltaic production and the resilience of the electricity grid, in the **environmental** segment with development initiatives on waste recovery and treatment plants.

Acea pays the utmost attention to maintaining an **internal organizational infrastructure** (procedures, rules, and organizational structures) adequate to the challenges and ready to seize the opportunities emerging from the market. For example, a constant analysis and implementation of the best organizational solutions, like the **expansion of Risk & Compliance controls** within the Operating Companies or the establishment in the Water Companies of **Units responsible for water resource protection initiatives**. An enabling driver of the ongoing changes is innovation, as applied to business processes. During the year, **Acea Innovation** was established to develop projects for the Group and create an ecosystem conducive to innovation and an entrepreneurship culture, and a Memorandum of Understanding was signed with **Google Cloud** to accelerate the implementation of digital innovation. Finally, particularly worthy of note is the signing of a Network Contract for the establishment of the first **Italian Research and Industrial Development Centre** engaged in the development of the circular economy and environmental sustainability together with 13 other companies and research centres.



SHAREHOLDERS AND INVESTORS

The relationship with the **capital markets** guarantees the best conditions thanks to a careful diversification of sources. About 78% of the debt stems from bond **placement operations**. With regard to bank loans, which are worth about 17%, Acea mainly borrows from **institutional operators (EIB, Cassa Depositi e Prestiti)** whose mission is to **support strategic infrastructure**. Relationships with analysts, credit rating agencies and investors are frequently monitored in important national and foreign markets like Milan, London, Paris and New York. During the year, meetings and roadshows were organized **with around 130 investors and analysts**, for the presentation of annual and interim results and the 2019-2022 Business Plan. There was a growing **presence of ESG investors** (environmental, social, governance), representing 4% of the share capital and 26% of institutional investors. Because of this, Acea's interactions with **ESG analysts** are in **continuous development**. During the year, Acea confirmed its presence in the **Ethibel excellence investment register**, improved its score (A-) in the **Carbon Disclosure Project** thus being included in the Leadership category and maintained its rating (C+) with **ISS ESG**. Acea received the first sustainability solicited rating from the **Standard Ethics** agency, an EE- (investment grade) with a positive long-term outlook. Finally, Acea was evaluated in its performance by leading sustainability analysts like Sustainalytics, VigeoEiris, Gaia Rating and FTSE Russel ESG.



SUPPLIERS

In 2019, the value of contracts for goods, services and works procured was **about € 1.2 billion**, with **about 1,400 suppliers**, up 27% compared to last year's supplier portfolio. **81%** of total volumes were procured through the use of **competitive tendering** procedures. This year Acea launched a system for monitoring supplier **payment times**. The protection of suppliers' personnel was the subject of specific actions between Acea and its social partners. It renewed its commitment to promoting the fight against **forms of work that are illegal** or inconsistent with applicable national collective bargaining agreements. And for tenders relating to water contracts and the contact centre service (water and electricity) rules relating to the so-called **"social clause"** were defined and implemented.

For all tenders relating to works, as well as for numerous contracts for goods and services, suppliers must have an **ISO 9001 certified management system and sustainability criteria** have been defined for 11 product categories of goods and services (out of 30 compatible categories) to be applied in the tender. Similarly, **MEC references** (minimum environmental criteria) have been applied in 9 out of 10 cases, according to the product categories being procured. Acea assesses its suppliers' ESG approaches, starting from registration with Qualification Systems. This year **more than 87% of qualified suppliers** completed the self-assessment questionnaire on quality, environment, safety, energy and social responsibility management systems. Worker **safety**, which is a fundamental element for the services provided to the Group, was verified through **12,481 on-site inspections** (+11% compared to 2018).



EMPLOYEES

Employees are the company's most important asset. Acea is committed to creating the best conditions of **stability**, promoting **safety** and developing a sense of **cohesion** and **participation** in the company's mission. The percentage of resources with a **permanent contract (98%)** and the **average duration of the employment relationship** (64% of the people who left the Group during the year served for between 30 and 50 years) testify to a **structured and long-lasting relationship** with the company. The presence of **women is 22%** of the total workforce. Considering the **governing bodies** (Board of Directors, Board of Statutory Auditors and 231 Supervisory Bodies), the percentage of women in the companies within the scope, excluding the Holding Company, with 55.6%, is **33.5%**.

The favourable climate of industrial relations is the foundation for the trade union agreement from which the **Group Welfare Plan** was born, which made numerous services available to participants, based on the needs carefully identified in the company's population and used by **over 2,700 people**. Acea sought to further boost employees' participation in the Plan by **redeploying part of the tax relief enjoyed**, both by making additional payments and by offering healthcare services and preventive check-ups.

With regard to the **protection of employee safety**, Acea has developed tools aimed at improving the operating management of occupational safety, including the **HSE dashboard** (Health, Safety, Environmental) to monitor the performance data underlying the improvement measures, and the new **Group Safety Guidelines** drawn up also taking into account the findings of the meetings with the Group's Prevention and Protection Managers. In 2019 the **Acea SiCura di te** campaign for the prevention of accidents took place, which involved 31 managers, 206 safety specialists and 84 Ambassadors and included 174 cascading sessions. Finally, the relationship of responsibility and mutual trust between the company and its workers and the participation of the latter in the company's mission is highlighted by two significant results: the number of **smart workers**, which in the year was 508 (295 in 2018), testifying to the participation in the Acea leadership model at a widespread level. Moreover, sharing the objectives set by Acea for its development, **50%** of the company population included in the MBO system has **set individual goals with an impact on sustainability**.



ENVIRONMENT

The **natural context** is the framework within which Acea's activities find their **origin, purpose and limit**. Acea is engaged in areas where this evidence is confirmed: from **technological innovation to circular economy**, from **climate to water management**. An example of the virtuous link between technology and circular economy is represented by the **SmartComp** project, which involves the development of community composting through mini-plants for the local treatment of organic waste dedicated to large users, for the local treatment of organic waste. When fully operational (250 systems installed), the project will reduce the **transport by 25,000 tonnes/year of waste, saving 3,600 tonnes of CO₂**. Combining advanced technology, attention to the local communities and environmental solutions with a view to circular economy, in Tuscany Acea has one of the **largest anaerobic digestion composting plants in central Italy**, with a treatment capacity of 70,000 tonnes of waste per year, which will produce compost and **biogas** for energy equal to 6 GWh per year. Efforts to **combat climate change** include initiatives involving decarbonisation. With the increase in production from renewable energy sources, thanks to the **photovoltaic development plan** promoted by the recent Business Plan and with the increase in the efficiency of internal energy end-uses and process uses, the Group continues to maintain **carbon intensity** values (gCO₂/kWh produced) **among the lowest** in the industry. In addition, in support of energy transition and responding to the evolution of the type of consumption of its customers in the free market (+28.5% volumes of green energy consumed), Acea Energia has signed the **first two PPAs (Power Purchase Agreement)** for the supply of **1.5 TWh of renewable energy** for resale to customers in the period 2020-2022. In the water segment, Acea's attention is expressed through initiatives that involve the entire supply chain, from the project **to make the Peschiera e Marcio safe** to increase the resilience of the water system in Rome, to the network's division into districts to optimize management, facilitating maintenance and reducing losses. Attention to water is applied in Acea both with the implementation of **Water Safety Plans (WSPs)** to **reduce the risk assessed based on the probability of pollution or water shortages** and with the promotion of reuse.



COMMUNITY

The Group's mission and values include **dialogue with the local territories** and communities, seeking opportunities to create shared value. During the year Acea launched the **stakeholder engagement project** with the aim of increasingly integrating the point of view and contribution of stakeholders into the company's processes and activities. Acea has expanded its role and its sphere of intervention, generating positive effects at the local level. This includes support for many sport, social and cultural initiatives. **New generations and schools** have always been a particular area of attention for the Group. The Acea Scuola environmental education programme, just to mention the most important one, involved **10,000 students from Roman schools during the year**, and the **IdeAzione** work-study programme involved 360 students from high schools in Lazio and Campania. In addition to these initiatives, there is the well-established **support programme** to raise awareness regarding fundamental **social issues**, managed in a structured manner by the Sponsorship and Value Liberality Unit. Finally, it is worth mentioning some public events organized thanks to the support offered by Acea: the **Rome Marathon**, the 49th edition of **Earth Day Italy**, **Fiaba Day**, a national day for the removal of physical, cultural and psychological barriers and for the dissemination of the culture of equal opportunities.

TOOLS AND ACTIONS FOR SUSTAINABILITY

The Group works towards spreading sustainability values, culture and practices, both within the organization and in the contexts it

operates in, adopting tools and policies which today cover the most important phases of planning, management and accounting.

CHART NO. 17 – SUSTAINABILITY TOOLS

RULES AND PROCEDURES

- Code of Ethics – Committee for Ethics and Sustainability
- Sustainability Policy and QASE
- Quality, Environment, Safety Energy, EMAS certified management systems
- ERM
- Regulatory provisions (like Antitrust, DPO)
- Sustainable corporate controls
- Management by Objective

LISTENING AND ENGAGEMENT

- Awareness-raising and training
- Studies and research
- Materiality Analysis
- Engagement with stakeholders (projects with specific categories)
- Sponsorships and donations

REPORTING AND COMMUNICATION

- Sustainability Report (NFS)
- Website
- Communication On Progress (Global Compact)
- CDP
- Events and campaigns (Sustainability Day and Innovation Day)

MEMBERSHIPS AND RATINGS

- CSR Manager Network
- Global Compact Network Italy
- Sustainable Development Foundation
- Ratings and ESG Indices (environment, social, governance)



THE DISTRIBUTION OF THE VALUE GENERATED BY ACEA

The overall economic value generated by the Acea Group in 2019 is **€ 3,245.9 million** (€ 3,102.8 million in 2018).

Below is a breakdown of the above figure amongst the stakeholders: 59.5% to **suppliers**, 19.8% to the **company** as resources to be reinvested; 7.6% to **employees**; 5.8% to **shareholders** in the form of dividends; 3.3% to **financiers** in the form of interest on capital provided; 3.8% to the **public administration**²⁴ in the form of taxes paid and 0.2% to the **community** by way of sponsorships and donations for events and similar endeavours.

TABLE NO. 13 – ECONOMIC VALUE DIRECTLY GENERATED AND DISTRIBUTED (2018-2019)

(in € million)	2018	2019
TOTAL ECONOMIC VALUE DIRECTLY GENERATED	3,102.8	3,245.9
DISTRIBUTION TO STAKEHOLDERS		
operating costs (suppliers)	1,915	1,930.4
employees	219.6	248.9
shareholders ^(*)	164.1	189.2
financiers	100.6	106.1
public administration	124.3	123.2
community	3.9	6
company	575.3	642.1

(*) Includes any dividends from reserves and minority interests.

TABLE NO. 14 – BREAKDOWN OF VALUE GENERATED BY STAKEHOLDER (2018-2019)

	2018 (%)	2019 (%)
suppliers	61.7	59.5
employees	7.1	7.6
shareholders	5.3	5.8
financiers	3.2	3.3
public administration	4	3.8
community	0.1	0.2
company	18.6	19.8

²⁴ The amount paid to the public administration net of state and regional public contributions which Acea receives from such stakeholder (equal to € 11.1 million) is € 112.1 million.