

The background image shows a school assembly. A large green circle is overlaid on the right side of the image. Inside the green circle, there is a smaller, semi-transparent rectangular frame showing a person in a white lab coat. The text "RELATIONS WITH THE STAKEHOLDERS" is written in white capital letters across the middle of the green circle. On the left side of the image, there is a banner with the text "SCUOLA" and "AMO l'acqua!".

SCUOLA  
AMO l'acqua!

## RELATIONS WITH THE STAKEHOLDERS



## CUSTOMERS AND THE COMMUNITY

### SCOPE OF REFERENCE

Data pertaining to the volume of customers, apart from the Companies Acea Energia, Areti, and, in the water segment, to the Companies Acea Ato 2, Acea Ato 5, Gesesa and Gori, also includes data related to other water companies (Acque, Publiacqua, AdF and Umbra Acque) – that are not included in the NFS scope – highlighting the single contribution for the sole purpose of providing a “global” dimension. Data pertaining to perceived quality, delivered quality, tariffs, customer care and communication activities relates to the operating companies – Acea Energia, Areti, Acea Ato 2, Acea Ato 5 and, where possible, Gesesa and Gori – and the Parent Company – as recalled in the text.

## ACEA GROUP’S CUSTOMERS: ELECTRICITY AND WATER SERVICES



MORE THAN **1.2 million**  
CUSTOMERS  
FOR ELECTRICITY SALES  
AND MORE THAN **192,100**  
GAS CUSTOMERS



MORE THAN **1.6 million**  
WITHDRAWAL POINTS  
FOR ELECTRICITY  
DISTRIBUTION



**892,716 water**  
**users in Lazio**  
(ACEA ATO 2 AND ACEA ATO 5)  
EQUAL TO ABOUT  
**4.2 million**  
INHABITANTS SERVED



**2.6 million**  
WATER USER ACCOUNTS  
IN ITALY EQUALLING ABOUT  
**8.6 million**  
RESIDENTS SERVED

According to the latest data from the Regulation Authority for Energy, Networks and the Environment (ARERA)<sup>25</sup>, **Acea Energia** is **Italy’s tenth largest operator** in terms of volumes of electricity sold on the final and **third** market, with a 3.3% market share, for **ener-**

**gy sold to families** (“domestic customers”). In 2019, the company was also **the second largest national operator** in terms of volumes sold to customers of the **standard market**, with a 5% market share, and **18th** in terms of volumes sold to the **free market**, with a 1.3%

<sup>25</sup> See the Annual report on the status of services and activities carried out, 2019 edition (on 2018 data), *Structure, pricing and quality in the electricity sector* available online on the Authority’s (ARERA) website; the Authority specifies that the data are to be considered provisional.

market share. Between the sale of electricity and gas (open market and standard market<sup>26</sup>), as of 31.12.2019 Acea Energy manages **over 1,365,000 supply contracts** (+2% compared to 2018). This increase depends on the **growth of active supply points in all segments of the free market**, only partly offset by the reduction in the standard market electricity service (see table no. 15).

**Areti**, holder of the ministerial concession for the **distribution of**

**electricity** in the territory of Rome and Formello, is Italy's **third largest operator** in terms of **volumes of energy distributed**, with 3.6% of the market share (4.6% in the "domestic" and 3.3% in the "non-domestic") and **Italy's second largest operator** in terms of **withdrawal points**<sup>27</sup>. As at 31.12.2019, it manages **1,634,917 withdrawal points**. The growth of the customer base, which generally shows slight changes, is due both to urban expansion and disposals resulting, for example, from discontinued operations (see table no. 15).

## PROSUMERS CONNECTED TO ACEA NETWORKS: +9% IN 2019

A **prosumer** is both a **producer** and **consumer of energy**, capable of partially or totally ensuring its own energy supply and transferring any surplus produced to the grid. This protagonist of the **new energy model** interacts in new ways with both the distributor and the party responsible for selling/withdrawing energy. Acea is open and proactive with regard to the **forms of innovation** introduced by the new energy

model, and in particular to the **development of the capacity of the connection, transmission and distribution systems**.

As at 31.12.2019, Areti registered **13,591 active prosumers** on its distribution network, **more than 82%** of whom (11,170) are **"domestic customers"** and at the same time **small energy producers**, while the remaining 2,421 are qualified as "other uses", i.e. non-domestic

users (businesses, professional and artisanal activities). The overall figure, **up 9%** compared to 12,458 prosumers active in 2018, marks a **steady and regular increase over the three-year period**. About 7,000 of the prosumers on the Acea network are fed Acea Energia customers. **The energy injected into the grid** by these subjects was **77.07 GWh** in 2019, **about 75% photovoltaic**.

## INCREASING NUMBER OF USERS OF THE ELECTRICITY SOCIAL BONUS AGAIN IN 2019

For customers who are **under financial hardship**, also in relation to large family numbers, and customers who because of their **health** require the use of energy-consuming medical equipment<sup>28</sup>, ARERA, acting on the advice of the government, has made the **"electricity bonus"** operational, a discount applied to the cost of the electricity consumed. In recent years, the upward trend in the number of

users has confirmed the **growth of social distress**. In 2019 the number of Acea customers **benefiting from the bonus**, on both the protected market and the free market, **totalled 29,894**<sup>29</sup> (about **26% more** compared to the 23,746 clients accepted in 2018): 29,159, equal to **98% of the total**, due to financial difficulties and 735 due to physical hardship (health). Overall, **the electric bonus system**

**saved the participating Acea Energia customers about € 3 million in annual revenues**.

In addition, in the region served by **Areti's distribution network** there are **11,712 customers eligible for the electricity bonus** (11,429 for economic hardship, 283 for physical hardship), **about 28%** more than the 9,174 in 2018, served for the "sales" component by companies other than Acea Energia.

Acea is also Italy's **leading integrated water service operator** (catchment, supply, purification, wastewater collection and treatment) in terms of **population covered**, with **more than 2.6 million connected users** and an overall base consisting of **8.6 million inhabitants in Italy** (see table no. 15). Within the area of Rome and province alone, managed by Acea Ato 2, there are **about 693,000 users** and a served population equal to about **3.7 million people**. Starting from this area – Ato 2 – Central Lazio

– over time the Group has expanded its activities, becoming the reference operator also in the province of Frosinone (Lazio), in the provinces of Pisa, Florence, Siena, Grosseto, Arezzo and Lucca (Tuscany), in the areas from the Sorrento peninsula to the areas around Vesuvius in the provinces of Naples and Salerno and the province of Benevento (Campania) and Perugia and Terni (Umbria). Moreover, the Group operates in a number of South American countries.

## SUSTAINABILITY OF WATER SERVICES: ARREARS AND WATER BONUSES

With regard to **arrears**, in 2019, after consulting the stakeholders, the Authority published Resolution 311/2019/R/ldr containing the attached Regulation of arrears in the integrated water service (REMSI), in force since 1 January 2020. The measure introduces **greater protection of residential domestic users**: a provision not to stop the supply by termination of the contract

and removal of the meter, except in a few well-defined cases, and a prohibition against charging penalties for reactivating the supply. It also illustrates the **categories of end users who cannot be disconnected**, as well as the timing and methods of notice, deactivation, suspension, limitation and reactivation of the supply. Provisions are made to **protect the accounts of apartment complexes**,

such as the prohibition against procedures for restriction, suspension or deactivation of the water supply against partial payments, provided that they are made within the due date and equal to at least half of the amount due. The Area Governing Body (AGB) must promote the installation of a meter for each individual real estate unit, allowing for selective deactivation. REMSI envisages au-

<sup>26</sup> The relevant national Authority accurately defines the energy market segments. See the ARERA website.

<sup>27</sup> See the Annual report on the status of services and activities carried out, 2019 edition (on 2018 data), Structure, pricing and quality in the electricity sector available online on the ARERA website.

<sup>28</sup> For details of the conditions legitimising the request and granting of the electricity bonus, see the specific section of the ARERA website.

<sup>29</sup> For customers with financial hardship and health problems reference is made to the number of customers who benefited from the bonus at least once during the year.

## SUSTAINABILITY OF WATER SERVICES: ARREARS AND WATER BONUSES (cont.)

automatic compensation that is additional to any provisions for contractual quality in the event of non-compliance with the measures on the regulation of late payments. With the **new IWS User Regulation** in OTA 2 Central Lazio, approved by the Conference of Mayors in July 2019, **Acea Ato 2 extended the protections for “fragile” users**, including resident domestic users in conditions of

physical hardship among those users who cannot be disconnected.

The **social water bonus**, regulated by the Authority since 2017 with the approval of the application methods (TIBSI)<sup>30</sup>, provides for a discount for the supply of water to domestic users with ascertained socio-economic hardship, based on specific thresholds of the ISEE indicator<sup>31</sup>. The bonus is

calculated by each operator according to family numbers (per capita basis), applying the discounted tariff to the quantity of water required to satisfy the protected amount (about 50 litres/inhabitant/day). **Area Governing Bodies may introduce or confirm further measures of protection** for users in financially vulnerable conditions, granting a “supplementary water bonus”.

## INFORMATION CAMPAIGNS AND WATER BONUS USERS FOR ACEA GROUP COMPANIES

In 2019, Water Companies launched information campaigns on the water bonus aimed at users. In particular, to facilitate access to the discount, **Acea Ato 2 launched a communications campaign aimed at residents of the capital and the metropolitan area** in major Roman newspapers and information websites, produced a brochure to be distributed to citizens and posted over **4,500 posters in Rome and 90 municipalities in the province**. Acea Ato 2 also recognizes on a local basis the **supplementary water bonus** approved by the AGB and communicated through the aforementioned campaigns. During the year, **Acea Ato 2 accepted 7,910 applications** for the use

of the water bonus<sup>32</sup> for a financial value of about **€ 56,700**. **Acea Ato 5 informed users** about the possibility and methods of accessing the discount, also noting the increase in the ISEE threshold defined by the Authority, and **accepted 2,828 requests for the use of the bonus** that generated a total financial savings for the beneficiaries of about **€ 63,000**. **Gesesa accepted 1,324 applications** for water bonuses from resident domestic users, for a financial value of about **€ 51,100**. Between October and April 2019 **Gori launched a multichannel communications campaign on the water bonus**, broadcast on the company pages of **Instagram, Twitter, LinkedIn**

and on **Facebook** “Water Bonus”. In addition, the municipalities managed by Gori have received all the necessary informative materials from the company, both in paper and digital formats. In order to reinforce the message, a **public service video** was also made in which 20 mayors of municipalities in the managed area explained the operation and the requirements for access to the bonus using infographics and simple, clear language. **Gori accepted 18,396 applications** for water bonuses, with **savings for beneficiaries of about € 511,000**. Therefore, for the four Water Companies in the scope, the **water bonus system saved the beneficiaries about € 682,000 in total**.

TABLE NO. 15 – ACEA GROUP CUSTOMERS (ENERGY AND WATER SECTORS) (2017-2019)

	m. u.	2017	2018	2019
<b>ENERGY AND GAS SALES (Acea Energia)</b>				
standard market service	no. of withdrawal points	892,877	832,719	774,823
free market – mass market	no. of withdrawal points	275,688	286,714	322,037
free market – large customers	no. of withdrawal points	43,020	44,364	76,902
free market gas	no. of redelivery points	167,337	172,755	192,107
<b>total</b>	<b>no. of supply contracts</b>	<b>1,378,922</b>	<b>1,336,552</b>	<b>1,365,869</b>
<b>ENERGY DISTRIBUTION (Areti)</b>				
domestic customers, low voltage	no. of withdrawal points	1,316,339	1,319,118	1,326,078
non-domestic customers, low voltage	no. of withdrawal points	311,141	307,961	305,925
customers at medium voltage	no. of withdrawal points	2,886	2,894	2,907
customers at high voltage	no. of withdrawal points	7	7	7
<b>total</b>	<b>no. of withdrawal points</b>	<b>1,630,373</b>	<b>1,629,980</b>	<b>1,634,917</b>
<b>WATER SALE AND DISTRIBUTION (main water Companies of Acea Group)</b>				
Acea Ato 2	no. of users	649,319	689,827	692,893
Acea Ato 5	no. of users	194,360	197,821	199,823
Gori	no. of users	523,352	526,808	528,437
Gesesa	no. of users	55,253	57,404	57,142
Acque	no. of users	325,912	327,323	328,208
Publiacqua <sup>(*)</sup>	no. of users	393,091	395,635	397,682
AdF <sup>(*)</sup>	no. of users	231,482	231,563	231,771

<sup>30</sup> Resolution 897/2017, integrated text of the implementing rules for the social water bonus – TIBSI and subsequent amendments and additions in 2019 (resolution 165/2019/R/com and resolution 1/2019 – DACU) to update the measure to the regulatory provisions contained in Law 26/2019 (urgent provisions on national income and pensions), establishing that beneficiaries of universal income/pensions may also apply for the bonus from 20 May 2019.

<sup>31</sup> With Resolution 499/2019/R/com, the value of the ISEE threshold allowing access to the discount was updated and increased, starting from 1 January 2020.

<sup>32</sup> The 2019 data for all water operating companies are not comparable with the previous year as the possibility of submitting the application was made available in July 2018.



**TABLE NO. 15 – ACEA GROUP CUSTOMERS (ENERGY AND WATER SECTORS) (2017-2019) (cont.)**

	m. u.	2017	2018	2019
Umbra Acque	no. of users	232,910	233,405	233,460
<b>total</b>	<b>no. of users</b>	<b>2,605,679</b>	<b>2,659,786</b>	<b>2,669,416</b>
Acea Ato 2	population served	3,631,529	3,703,160	3,704,931
Acea Ato 5 <sup>(*)</sup>	population served	481,000	469,836	469,836
Gori <sup>(**)</sup>	population served	1,439,091	1,446,004	1,456,462
Gesesa <sup>(*)</sup>	population served	109,841	118,044	120,574
Acque	population served	740,299	738,903	737,455
Publiacqua <sup>(*)</sup>	population served	1,243,649	1,247,216	1,247,216
AdF	population served	403,084	403,016	402,083
Umbra Acque	population served	504,155	502,065	501,186
<b>total</b>	<b>population served</b>	<b>8,552,648</b>	<b>8,628,244</b>	<b>8,639,743</b>

(\*) Some of the data relating to users and/or “population served” in 2017 and/or 2018 has been corrected by the Companies Gesesa, AdF and Publiacqua, modifying the totals accordingly. The 2019 data of the population served by Publiacqua and Acea Ato 5 are also estimated.

(\*\*) The 2019 figure refers to the resident population at 1 January 2019.

## QUALITY PERCEIVED



SURVEYS OF CUSTOMER AND PUBLIC SATISFACTION  
WITH SERVICES DELIVERED:

**more than 28,690 people interviewed**



THE **overall ratings** FOR SERVICES DELIVERED IN 2019 (RATING 1-10):

ELECTRIC SERVICE “SALES” AND “DISTRIBUTION”: **7.8**

PUBLIC LIGHTING SERVICE: **6.5**

WATER SERVICE IN ROME AND VICINITY: **7.8 AND 7**

IN FROSINONE AND VICINITY: **6.1**

IN SARNESE VESUVIANO: **6.4**

IN BENEVENTO AND VICINITY: **6.9**

The **Stakeholder Relations Unit** of the Parent Company (External Relations and Communications Department) **coordinates the process of measuring the satisfaction of customers and the public with the services provided** in the electrical, water<sup>33</sup> and Public Lighting sectors. It works in concert with the operating companies that manage the services and **supports the Top Management in analysing the data collected**. **Customer satisfaction surveys** (“perceived quality”) are carried out **twice a year** by an institute specialising in demographic research, selected by tender.

The 2019 semi-annual surveys, conducted using THE CATI<sup>34</sup> method, made it possible to calculate the following primary indicators:

- the **overall judgement** of the quality of the service (**from 1 to 10**), which expresses an **instinctive assessment** by the customers;
- **summary satisfaction indices** (Customer Satisfaction Index – CSI, **index 0-100**), both overall and partial, based on the **percentage of customers who stated they were satisfied** and the **importance attached to each aspect** of the service;
- **satisfaction degree indices** (Customer Satisfaction Index – CSI, **expressed in % of satisfied customers – threshold value 75%**) which measure “to what extent” the customers are satisfied or dissatisfied with the service.

Interviews on the “**contact channels**” involve **customers** selected using the “**call back**” method **among those who have recently used**

**the services** (toll free number for commercial information or reporting faults, website, helpdesk, technical interventions) and gave their authorisation to be called back.

During the year **28,694 people** overall **were interviewed** about the quality of the services provided by the Companies Acea Energia, Areti, Acea Ato 2, Acea Ato 5, Gori and Gesesa. The **overall ratings** received by each service are **all in the area of an intermediate level of satisfaction**, between 6.1 and 7.8.

For **sales** by Acea Energia, compared to last year the total and partial Customer Satisfaction Index for the **electricity service** show a slightly lower assessment of “billing” and the “toll-free number” and improvements on “branch” and “website”, which received excellent ratings. **The distribution** managed by Areti saw slight declines in satisfaction for all aspects assessed, more marked for “fault reporting” and “technical intervention”, although the areas “technical aspects of the service” and “scheduled interruption” remained high. Residents of the municipalities of Rome and Formello were interviewed about the **Public Lighting service** for all areas. The “fault reporting” satisfaction level, while remaining very good, dropped compared to previous surveys. Both for electricity service (sales and distribution) and for public lighting the **overall CSIs remain positive**.

<sup>33</sup> As regards water services, the main results of the customer satisfaction surveys carried out by Acea SpA and reported here concern the customers of the companies Acea Ato 2 (Rome and province) and Acea Ato 5 (Frosinone and province) operating in the Lazio area, and Gesesa and Gori, both operating in Campania.

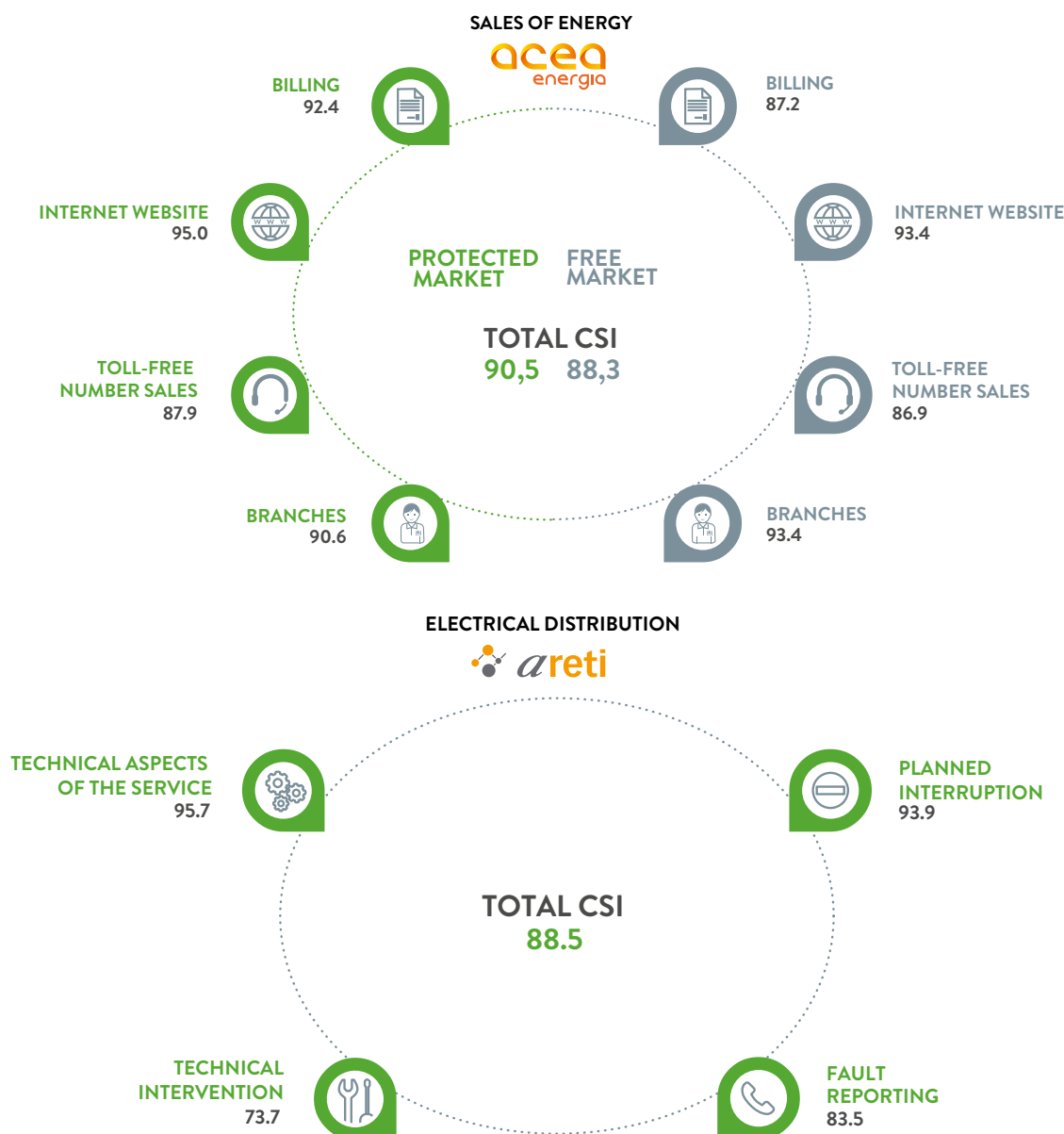
<sup>34</sup> Computer Assisted Telephone Interviewing of a stratified sample based on variables and representative of the universe of reference, following a structured questionnaire. Depending on the sample, the statistical error varies between +/- 2.3% and a maximum of +/- 4.4% and the level of significance is 95%.

As regards the water service (sale and distribution of water), the satisfaction of the customers in **Acea Ato 2** (Rome and vicinity) and **Acea Ato 5** (Frosinone and vicinity) in Lazio and the customers of **Gori** and **Gesesa**, operating in Campania, was measured. The overall satisfaction level for the service provided by **Acea Ato 2** in Rome and Fiumicino is very high and is improving, the declines in the assessment of some aspects, in particular “fault reporting”, are in fact offset by the improvement of others, especially the “technical intervention” area. There were excellent ratings for “technical aspects of the service” and “branch”. For **Acea Ato 5**, in the area of Frosinone and vicinity, the overall satisfaction index for the service improved. More specifically, the satisfaction levels for “technical aspects of the service” and “billing” increased and the ratings of other aspects, such as “branch” and “sales toll-free number” remained high or excellent. Also for **Gori**, which manages the service in the area of the Sorrento peninsula and the Vesuvian region between the provinces of Naples and Salerno, the overall satisfaction level, already positive, is improving. The declines recorded in some areas, in particular “fault reporting”, are offset by the increase in the ratings for “technical intervention” and “branch”. Finally, for **Gesesa**, operating in Benevento and its vicinity, the customer satisfaction survey was introduced in the

second half of 2018 and replicated in the two 2019 cycles. Therefore, pending comparable two-year data, the results of the survey are illustrated only in the text and not in the table. Given the size of the sample of customers interviewed (about 500 per cycle), the survey calculated the overall assessment and that of the individual aspects of the service, expressed with a rating of 1 to 10. The overall rating as an average of the two surveys is 6.9/10, with a percentage of satisfaction of 87%. The technical aspects of the service receive a rating of 7/10, with 86.8% of respondents satisfied with the quality factor “continuity of service”. For billing the rating is 6.8/10, with 84.5% of respondents satisfied with the “correctness of the amounts in the bill” and 83.2% satisfied with the “clarity and ease of reading of bills”, the two quality factors of the service considered most important.

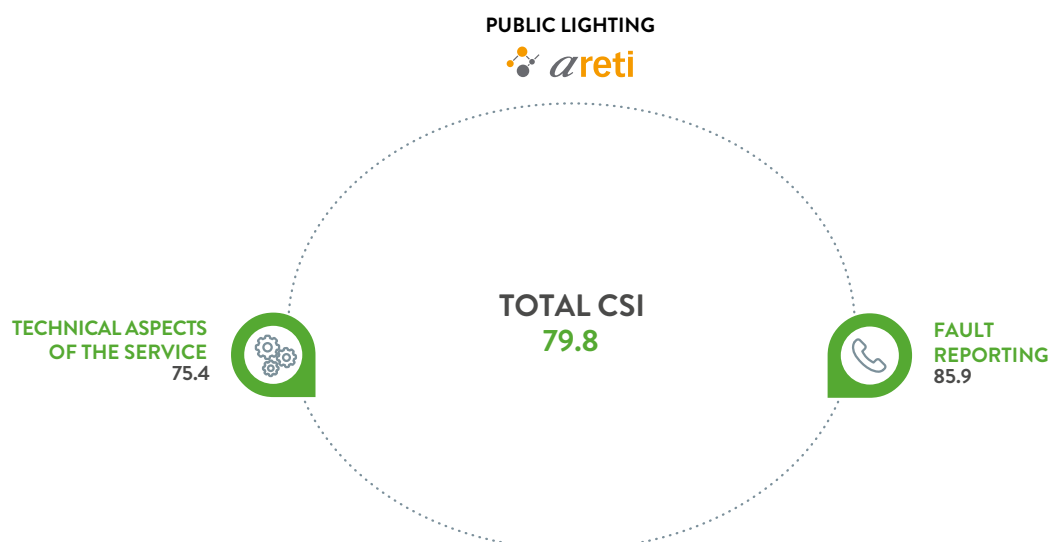
The charts below illustrate the 2019 satisfaction levels (CSI – index 0-100) for each service as an average of the two surveys for the year, and for Gesesa the opinions expressed on a scale of 1-10. table no. 16 also shows the percentages of satisfied customers on the most important factors of the quality of the services and comparison with the previous year, with evidence of significant deviations.

**CHART NO. 18 – OVERALL CSI AND ON ELECTRICITY SERVICE ASPECTS – SALE AND DISTRIBUTION OF ENERGY (2019) (INDEX 0-100)**



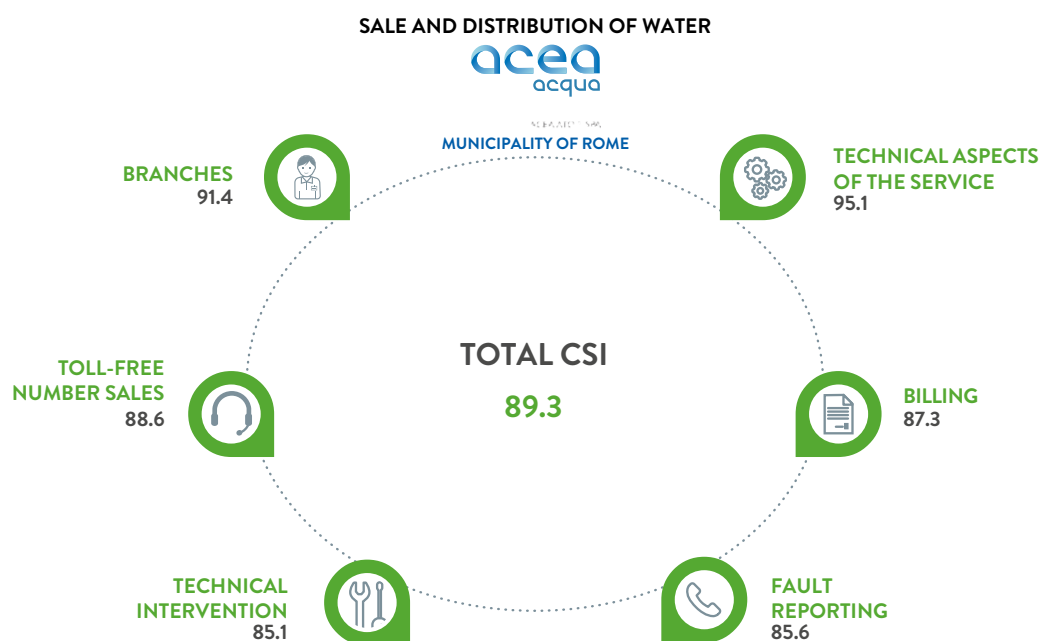
**NOTE** The Customer Satisfaction Indexes – overall and on the individual aspects of the service – shown in the chart are the average of the two semi-annual surveys.

**CHART NO. 19 – OVERALL CSI AND ON ASPECTS OF THE PUBLIC LIGHTING SERVICE IN ROME AND FORMELLO (2018) (INDEX 0-100)**



**NOTE** The Customer Satisfaction Indexes – overall and on the individual aspects of the service – shown in the chart are the average of the two semi-annual surveys. The “technical aspects of the service” include both factors directly dependent on Acea and those that do not depend on the company, as both contribute to the calculation of the overall CSI.

**CHART NO. 20 – OVERALL CSI AND ON ASPECTS OF THE WATER SERVICE – SALE AND DISTRIBUTION OF WATER IN ROME AND FIUMICINO (2019) (INDEX 0-100)**



**NOTE** The Customer Satisfaction Indexes – overall and on the individual aspects of the service – shown in the chart are the average of the two semi-annual surveys.

#### **SURVEYS ON CUSTOMER SATISFACTION WITH WATER SERVICE DELIVERED IN OTHER OTA 2 MUNICIPALITIES – CENTRAL LAZIO**

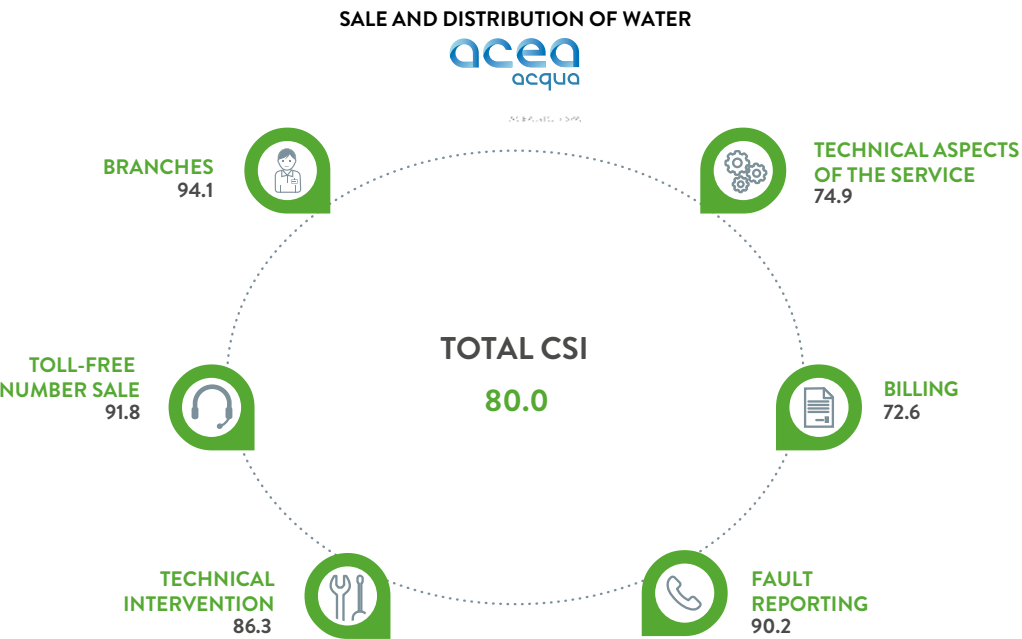
Customer satisfaction surveys were also conducted in some other municipalities in the province of Rome. The two semi-annual surveys in 2019 involved a sample of 1,000 residents, representative of all of the direct or apartment complex accounts present in the four “sentinel” municipalities – **Collefer-**

**ro, Formello, Palestrina and Velletri** – within Optimal Territorial Area 2, Province of Rome and **different from the municipalities monitored with the previous survey cycles**. The **overall rating** recorded was **7 out of 10**.

The overall **service satisfaction index** (index 0-100) is good and equal to **83.9** as an av-

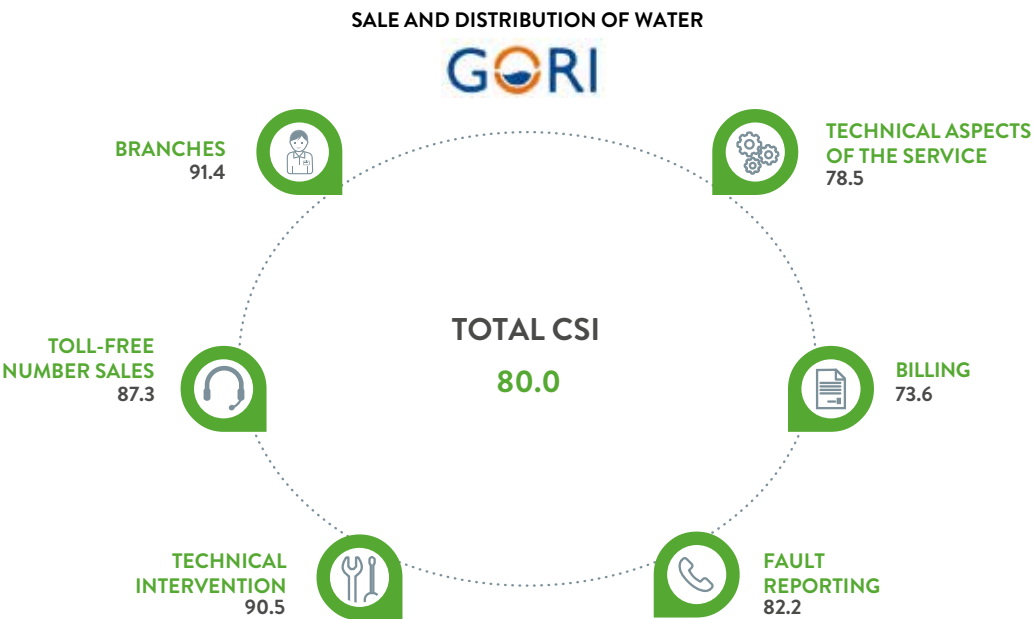
erage of the two semi-annual surveys. With regard to the **individual aspects** being judged, there are very positive ratings for “technical aspects” (89.3), “billing” (88.1) and “technical intervention” (83.4), and lower yet still positive for “sales toll-free number” (77.6) and “fault reporting” (75).

CHART NO. 21 – OVERALL CSI AND ON ASPECTS OF THE WATER SERVICE – SALE AND DISTRIBUTION OF WATER IN FROSINONE AND VICINITY (2019) (INDEX 0-100)



**NOTE** The Customer Satisfaction Indexes – overall and on the individual aspects of the service – shown in the chart are the average of the two semi-annual surveys.

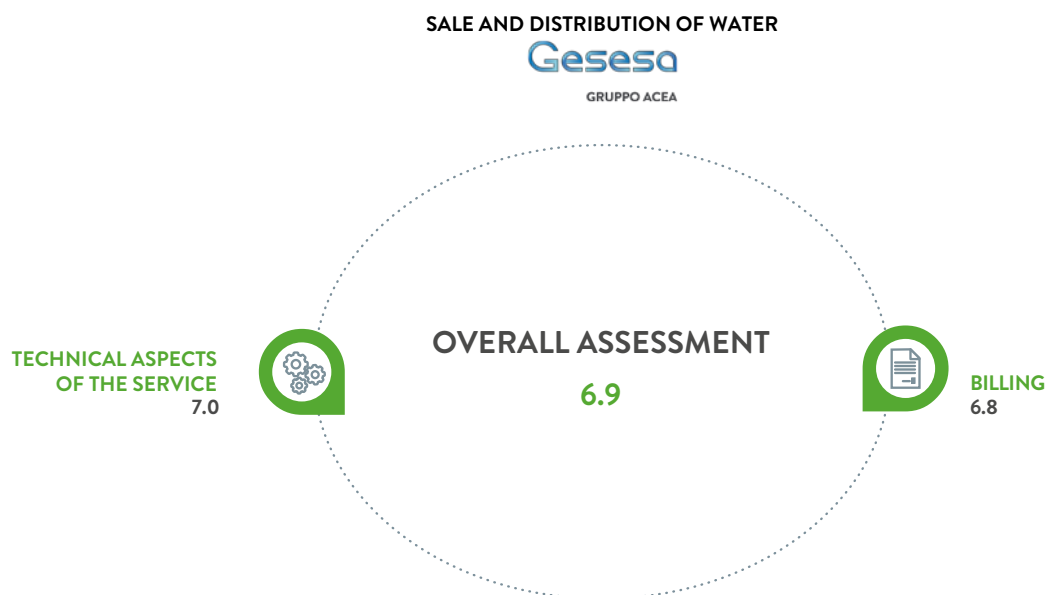
CHART NO. 22 – OVERALL CSI AND ON ASPECTS OF THE WATER SERVICE – SALE AND DISTRIBUTION OF WATER IN SARNESE VESUVIANO (2019) (INDEX 0-100)



**NOTE** The Customer Satisfaction Indexes – overall and on the individual aspects of the service – shown in the chart are the average of the two semi-annual surveys.



**CHART NO. 23 – OVERALL ASSESSMENT AND ON ASPECTS OF THE WATER SERVICE – SALE AND DISTRIBUTION OF WATER IN BENEVENTO AND VICINITY (2019) (RATING 1-10)**



**NOTE** The judgements – overall and on the individual aspects of the service – shown in the chart are the average of the two semi-annual surveys.

**TABLE NO. 16 – RESULTS OF CUSTOMER SATISFACTION SURVEYS (2018-2019)**

average of the two interim reports

	m.u.	2018	2019	
<b>ELECTRICAL SERVICE – SALE OF ENERGY – ACEA ENERGY</b>				
<b>STANDARD MARKET CUSTOMERS</b>				
<b>sales activity (CIS inclusive)</b>	<b>0-100</b>	<b>92.2</b>	<b>90.5</b>	
ASPECTS OF THE SERVICE AND ELEMENTS OF QUALITY				
<b>billing</b>	<b>0-100</b>	<b>95.2</b>	<b>92.4</b>	
<i>correctness of the amounts</i>	%	94.9	91.6	
<i>bill clear and easy to read</i>	%	95.3	92.7	
<b>internet website</b>	<b>0-100</b>	<b>91.6</b>	<b>95.0</b>	
<i>range of available operations</i>	%	93.0	93.7	
<i>wealth of information available</i>	%	92.2	94.8	
<b>sales toll free number</b>	<b>0-100</b>	<b>90.0</b>	<b>87.9</b>	
<i>operator's competence</i>	%	89.7	87.4	
<i>clarity of answers provided</i>	%	89.2	87.0	
<b>branch</b>	<b>0-100</b>	<b>89.9</b>	<b>90.6</b>	
<i>operator's competence</i>	%	89.1	89.6	
<i>operator's courtesy and availability</i>	%	91.9	92.1	
<b>FREE MARKET CUSTOMERS</b>				
<b>sales activity (CIS inclusive)</b>	<b>0-100</b>	<b>90.9</b>	<b>88.3</b>	
ASPECTS OF THE SERVICE AND ELEMENTS OF QUALITY				
<b>billing</b>	<b>0-100</b>	<b>92.4</b>	<b>87.2</b>	▼
<i>correctness of the amounts</i>	%	91.3	85.9	▼
<i>bill clear and easy to read</i>	%	93.9	86.5	▼
<b>internet website</b>	<b>0-100</b>	<b>86.6</b>	<b>93.4</b>	▲
<i>wealth of information available</i>	%	87.4	91.1	
<i>operation user friendliness</i>	%	83.3	95.5	▲
<b>sales toll free number</b>	<b>0-100</b>	<b>89.7</b>	<b>86.9</b>	
<i>operator's competence</i>	%	88.9	86.8	
<i>operator's courtesy and availability</i>	%	92.0	89.7	
<b>branch</b>	<b>0-100</b>	<b>91.7</b>	<b>93.4</b>	
<i>operator's competence</i>	%	90.4	92.8	
<i>clarity of the information provided</i>	%	90.7	92.6	

**TABLE NO. 16 – RESULTS OF CUSTOMER SATISFACTION SURVEYS (2018-2019) (cont.)**

	u. m.	2018	2019	
<b>ELECTRICAL SERVICE – ENERGY DISTRIBUTION – ARETI (Rome and Formello)</b>				
<b>distribution activity (CIS inclusive)</b>	<b>0-100</b>	<b>95.5</b>	<b>88.5</b>	<b>▼</b>
ASPECTS OF THE SERVICE AND ELEMENTS OF QUALITY				
<b>technical aspects of the service</b>	<b>0-100</b>	<b>98.3</b>	<b>95.7</b>	
service continuity	%	98.3	95.6	
<b>planned interruption</b>	<b>0-100</b>	<b>95.0</b>	<b>93.9</b>	
correctness of information about recovery times	%	95.4	92.3	
prior notice of suspended supply	%	95.2	96.3	
<b>fault reporting</b>	<b>0-100</b>	<b>96.7</b>	<b>83.5</b>	<b>▼</b>
clarity of the information provided	%	96.1	83.0	<b>▼</b>
operator's courtesy and availability	%	97.7	89.2	<b>▼</b>
<b>technical intervention</b>	<b>0-100</b>	<b>89.5</b>	<b>73.7</b>	<b>▼</b>
technicians' competence	%	92.7	79.0	<b>▼</b>
intervention speed following the request	%	85.2	63.8	<b>▼</b>
<b>PUBLIC LIGHTING SERVICE – ARETI (Rome and Formello)</b>				
<b>lighting service (CIS inclusive)</b>	<b>0-100</b>	<b>82.2</b>	<b>79.8</b>	
ASPECTS OF THE SERVICE AND ELEMENTS OF QUALITY				
<b>technical aspects of the service<sup>(*)</sup></b>	<b>0-100</b>	<b>75.3</b>	<b>75.4</b>	
(directly depending on Acea)				
service continuity	%	72.7	72.7	
(not directly depending on Acea)				
presence/network of the lighting service in the city	%	73.9	75.3	
<b>fault reporting</b>	<b>0-100</b>	<b>92.1</b>	<b>85.9</b>	<b>▼</b>
clarity of the information provided	%	91.0	84.1	<b>▼</b>
operator's courtesy and availability	%	93.4	86.8	<b>▼</b>
<b>WATER SERVICE – SALE AND SUPPLY OF WATER – ACEA ATO 2 (Rome and Fiumicino)</b>				
<b>water service (CIS inclusive)</b>	<b>0-100</b>	<b>88.8</b>	<b>89.3</b>	
ASPECTS OF THE SERVICE AND ELEMENTS OF QUALITY				
<b>technical aspects of the service</b>	<b>0-100</b>	<b>97.7</b>	<b>95.1</b>	
service continuity	%	98.3	96.1	
<b>billing</b>	<b>0-100</b>	<b>86.6</b>	<b>87.3</b>	
correctness of the amounts	%	88.7	86.1	
bill clear and easy to read	%	89.1	87.9	
<b>fault reporting</b>	<b>0-100</b>	<b>90.7</b>	<b>85.6</b>	<b>▼</b>
clarity of the information provided	%	89.5	82.0	<b>▼</b>
operator's courtesy and availability	%	93.5	89.5	
<b>technical intervention</b>	<b>0-100</b>	<b>70.8</b>	<b>85.1</b>	<b>▲</b>
intervention speed following the request	%	57.7	78.1	<b>▲</b>
technicians' competence	%	81.2	87.8	<b>▲</b>
<b>sales toll free number</b>	<b>0-100</b>	<b>89.3</b>	<b>88.6</b>	
operator's competence	%	89.0	88.8	
clarity of the information provided	%	88.8	88.0	
<b>branch</b>	<b>0-100</b>	<b>88.5</b>	<b>91.4</b>	
operator's competence	%	87.8	90.7	
clarity of the information provided	%	87.7	90.4	
<b>WATER SERVICE – SALE AND SUPPLY OF WATER – ACEA ATO 5 (municipalities covered by OTA 5 – Frosinone)</b>				
<b>water service (CIS inclusive)</b>	<b>0-100</b>	<b>77.5</b>	<b>80.0</b>	
ASPECTS OF THE SERVICE AND ELEMENTS OF QUALITY				
<b>technical aspects of the service</b>	<b>0-100</b>	<b>69.3</b>	<b>74.9</b>	<b>▲</b>
service continuity	%	68.6	74.8	<b>▲</b>
<b>billing</b>	<b>0-100</b>	<b>69.6</b>	<b>72.6</b>	
correctness of the amounts	%	69.2	71.2	
bills sent regularly	%	78.5	73.8	<b>▼</b>
<b>fault reporting</b>	<b>0-100</b>	<b>90.2</b>	<b>90.2</b>	
clarity of the information provided	%	91.5	89.7	

**TABLE NO. 16 – RESULTS OF CUSTOMER SATISFACTION SURVEYS (2018-2019) (cont.)**

	u. m.	2018	2019	
<i>operator's courtesy and availability</i>	%	94.0	93.7	
<b>technical intervention</b>	<b>0-100</b>	<b>87.3</b>	<b>86.3</b>	
<i>technicians' competence</i>	%	87.7	88.2	
<i>intervention speed following the request</i>	%	83.5	82.0	
<b>sales toll free number</b>	<b>0-100</b>	<b>90.7</b>	<b>91.8</b>	
<i>operator's competence</i>	%	88.7	91.3	
<i>clarity of the information provided</i>	%	92.0	90.8	
<b>branch</b>	<b>0-100</b>	<b>94.7</b>	<b>94.1</b>	
<i>operator's competence</i>	%	95.7	94.5	
<i>clarity of the information provided</i>	%	94.7	94.7	
<b>WATER SERVICE – SALE AND SUPPLY OF WATER – GORI (municipalities in the Sarnese Vesuvian District)</b>				
<b>water service (CIS inclusive)</b>	<b>0-100</b>	<b>78.8</b>	<b>80.0</b>	
ASPECTS OF THE SERVICE AND ELEMENTS OF QUALITY				
<b>technical aspects of the service</b>	<b>0-100</b>	<b>79.8</b>	<b>78.5</b>	
<i>service continuity</i>	%	80.4	79.4	
<b>billing</b>	<b>0-100</b>	<b>74.0</b>	<b>73.6</b>	
<i>correctness of the amounts</i>	%	75.9	70.3	▼
<i>bill clear and easy to read</i>	%	72.9	75.4	
<b>fault reporting</b>	<b>0-100</b>	<b>88.6</b>	<b>82.2</b>	▼
<i>clarity of the information provided</i>	%	89.5	82.0	▼
<i>operator's courtesy and availability</i>	%	89.0	84.7	
<b>technical intervention</b>	<b>0-100</b>	<b>84.9</b>	<b>90.5</b>	▲
<i>intervention speed following the request</i>	%	80.2	87.0	▲
<i>technicians' courtesy and availability</i>	%	89.5	93.5	
<b>sales toll free number</b>	<b>0-100</b>	<b>86.3</b>	<b>87.3</b>	
<i>clarity of the information provided</i>	%	87.7	89.5	
<i>operator's courtesy and availability</i>	%	91.7	90.7	
<b>branch</b>	<b>0-100</b>	<b>87.3</b>	<b>91.4</b>	
<i>clarity of the information provided</i>	%	88.0	92.2	
<i>operator's courtesy and availability</i>	%	91.0	93.7	

(\*) The average of the assessments of the technical aspects dependent on and not dependent on Acea is shown below.  
**NOTE** The table **only includes quality factors that the sample interviewed deems to be most important in 2019**; this may give rise to consequent changes in column 2018. Furthermore, in the right hand column there are **significant differences, equal to 5 points or more**. In any case, it must be taken into consideration that the **value indicating adequate customer satisfaction is equal or more than 75%** (threshold value).

## QUALITY DELIVERED

Acea is committed to the progressive and constant improvement of the **overall quality of the services provided**, with adequately trained and updated staff to:

- improve process efficiency;
- renovate or expand infrastructure (networks and installations);
- provide effective and timely repairs in the event of faults;
- manage communications, commercial aspects and diversify customer contact channels.

The “**quality delivered**” is also measured on the basis of reference parameters established by the sector Authorities or indicated in the **service contracts and management agreements** with local authorities, specifically:

- for the **Public Lighting** service, the contract between Acea and Roma Capitale regulates the qualitative parameters (performance standards);
- the **technical and commercial quality standards in the energy sector** (for both distribution and sales) and for the **contractual and technical quality of the integrated water service** are established and regulated by the **Regulation Authority for Energy, Networks and the Environment (ARERA)** and, for the water sector alone, also by the local Authorities.

The **main regulatory interventions of ARERA** in 2019 for the electricity and water sectors are briefly illustrated in the *Group Profile* chapter, in the paragraph *Context analysis and business model*, to which reference is made. Here, it should be noted that for the water service from 1 January 2019 operators are subject to the obligations of recording and archiving **technical quality** data and that the Authority partially expanded the incentive mechanism envisaged by its own year-end measure. For the energy distribution and sales service, the Authority provided **incentive mechanisms on interventions aimed at making the networks more resilient**, and in 2019 published interventions relating to the 2019-2021 plans of distributors – including Areti SpA – eligible for bonuses and/or penalties. **With regard to the sale of electricity**, it should be noted that the **end of the standard market service** for the more than 16 million families still present in this market segment **was postponed** from 1 July 2020, as previously planned, to 1 January 2022.

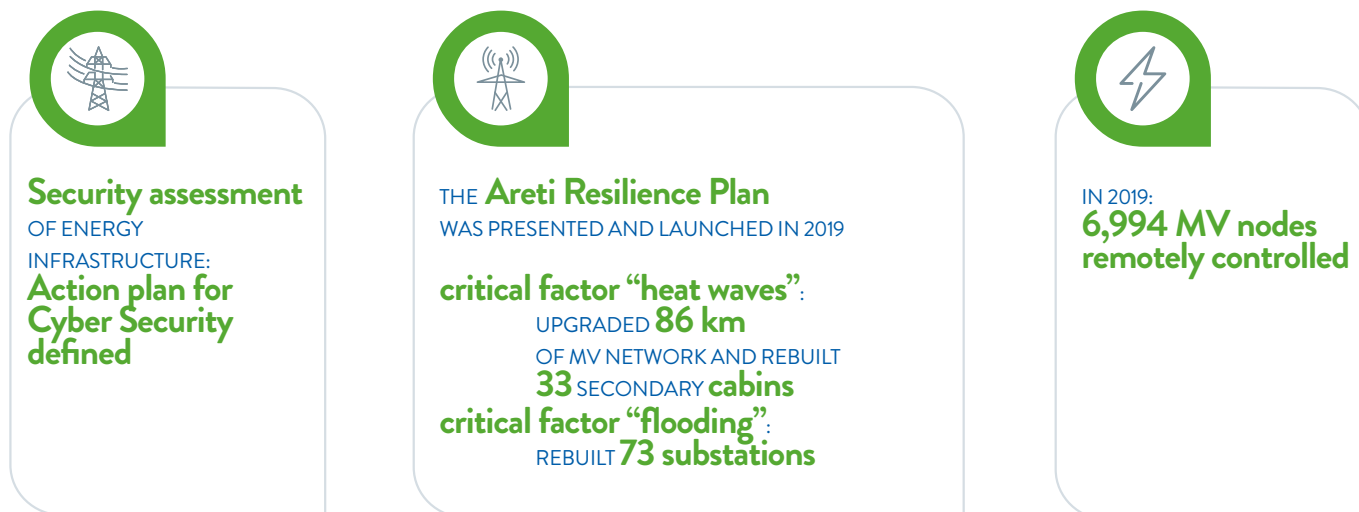
In addition to regulatory measures, the **UNI EN ISO certified management systems** used by the companies for some time now, based, as is well known, on a **logic of continuous improvement**, have contributed to increasing the quality of the services provided (see also *Company identity*, paragraph *Management systems*).

## QUALITY IN THE ENERGY AREA

This section illustrates the quality aspects related to **electricity distribution services** in the municipalities of Rome and Formello, and **Public Lighting** in the municipality of Rome, both managed by Areti<sup>35</sup>, while for the sale of electricity see the paragraph on Customer Care.

The Company operates in compliance with the **QASE (Quality, Environment, Safety and Energy) Management System** for both the construction and management of distribution infrastructure and Public Lighting.

## THE DISTRIBUTION OF ELECTRICITY



Areti plans and carries out **modernisation and expansion works on the electricity distribution network**, comprising **high, medium and low voltage electricity lines, stations and substations, systems for remote control and for measuring electricity** drawn from and fed into the grid..

The interventions take into account the objectives established by the National Authority (ARERA), the progressive evolution of electricity applications, the increase in “prosumers”, new connections and other factors that indicate the **need for increasingly resilient infrastructure**, with an adequate and enabling network configuration for future scenarios.

The **Regulatory Plans** of the HV, MV and LV grids are the operational tool for the **integrated development of the electricity grids**, and every year Areti implements them with interventions of construction (and also dismantling or demolition and consequent reduction of environmental impacts in specific areas), transformation,

modernisation, maintenance, etc., with the main projects being illustrated in table no. 17. These interventions are necessary to **rationalize and upgrade networks**, expanding transport capacity and margins for further use, **increasing the resilience of infrastructure** and **reducing network losses and voltage drops**, improving the continuity of service. In 2019, as part of the implementation of the **Resilience Plan** presented to ARERA in June, it is noted that **86 km** of 20 kV medium-voltage **cable were modernized** and **33 renovations of substations** were carried out **to increase their resilience to the critical factor of “heat waves”**, and there were **73 renovations of substations** to increase their resilience **to the critical factor of “flooding”**.

For LV networks, 282 km were installed as part of the **overall network modernisation programme**, preparatory to the subsequent voltage change from 230 V to 400 V. In addition, **remote control was extended** to a further 193 substations and 77 reclosers for a **total of 6,994 remotely controlled MV nodes** as at 31.12.2019.

**TABLE NO. 17 – THE MAIN INTERVENTIONS FOR THE MANAGEMENT AND DEVELOPMENT OF NETWORKS AND ELECTRICAL SUBSTATIONS (2019)**

TYPE OF WORK	HV LINES AND STATIONS (CP)
Demolition of grid and supports	The demolition of the <b>150 kV Flaminia 2 – East Sorting 2 overhead line</b> continued (22.58 km long and composed of 74 supports).
Construction of grid and supports	The construction <b>of the new section</b> of the <b>150 kV Roma Nord – San Basilio overhead line</b> continued (4.08 km long and composed of 21 supports).
Station upgrading, expansion, renovation	Interventions on <b>29 stations</b> ; The installation of the <b>Petersen system</b> was continued at the <b>Nomentano station and Villa Borghese</b> in order to reduce grid losses.
Ordinary and extraordinary maintenance on CP station equipment	Interventions on 107 HV switches and 942 MV switches maintained; Overhauled 17 variators under power transformer load; replaced 60 HV transformers (54 voltage and 6 current).
	<b>HV and MV protection and measures</b>
Electrical protection systems	Installed, calibrated and commissioned <b>53 new MV line stalls</b> ; <b>checked 293 poles</b> (57 HV poles and 236 MV poles) and <b>37 transformers</b> (between HV/MV and MV/MV).

<sup>35</sup> Areti holds the ministerial concession for the distribution of electricity in the areas indicated and manages public lighting under the Service Contract stipulated between Acea SpA and Roma Capitale.

**TABLE NO. 17 – THE MAIN INTERVENTIONS FOR THE MANAGEMENT AND DEVELOPMENT OF NETWORKS AND ELECTRICAL SUBSTATIONS (2019) (cont.)**

measurements	Ground resistance measurements on <b>2,783 substations</b> ; Step and touch voltage measurements and total ground resistance measurements on <b>75 stations</b> (24 CP and 51 CS).
<b>MV and LV lines</b>	
Modernisation and upgrading of MV networks (transformation from 8.4 kV to 20 kV) and LV networks (transformation from 230 V to 400 V)	<b>Installed 272 km of 20 kV MV cables</b> (12 km for expansion and 260 km for refurbishment), of which <b>86 km</b> for increased resilience to “heat waves”; <b>Installed 328 km of LV cable</b> (46 km for expansion and 282 km for preliminary refurbishment for voltage change).
Ordinary and extraordinary maintenance	<b>124 extraordinary maintenance operations</b> (replacement of equipment, supports, conductors, etc.) on MV overhead lines.
<b>substations (CS) and remote control</b>	
CS construction, expansion, renovation	Built/expanded/rebuilt <b>1,108 substations</b> (99 for new connections or power increases, 1,009 for 20 kV voltage adjustment, equipment renovation, remote control), of which <b>106</b> substations were rebuilt for increased resilience to “heat waves” (33 stations) and “flooding” (73 stations).
ordinary and extraordinary maintenance on CS	915 extraordinary maintenance operations and 2,602 inspections of substations.
Remote management	Extended to 193 CS and 77 reclosers (6,994 remotely controlled MV nodes as at 31.12.2019); 6,696 maintenance operations on TLCs and reclosers.

As part of the **strengthening of the central systems for remote control**, in 2019 particular attention was paid to the issue of **Cyber security**. Following the results of the “**security assessment**” conducted on the technology underlying the Energy Infrastructure, a **plan of interventions** was defined in the operating (lines of communication with the outside world) and governance areas. It gave impetus to the definition of the first Cyber Security policies and the carrying out of **Benefit Impact Assessments (BIA)** and **risk assessments**. The necessary documentation was prepared for the establishment of a **Security Operation Centre (SOC)** and activities have also been carried out to raise the level of cyber security of stations and substations.

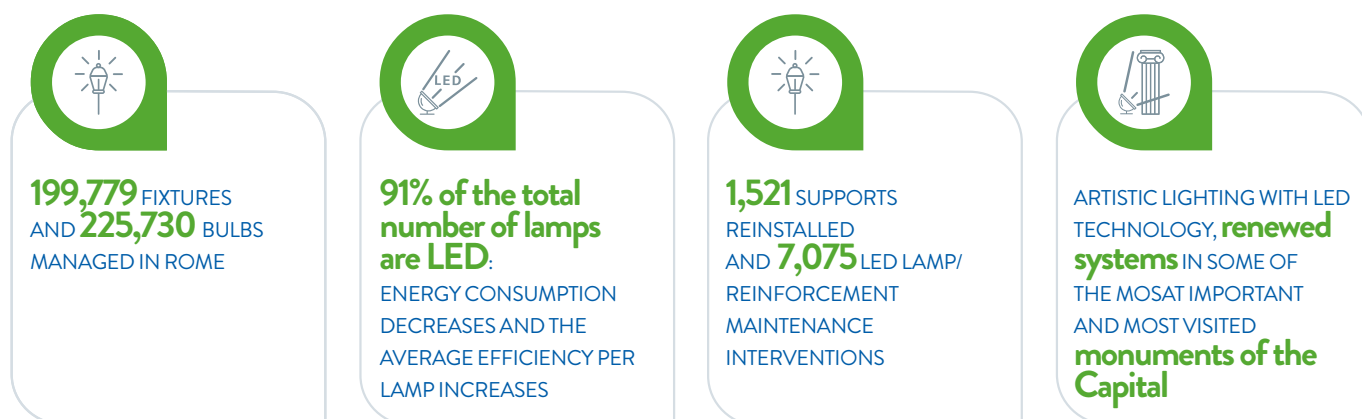
The year also saw **the launch of the tender** as part of the agreement between Acea and Open Fiber for the construction of the broadband communication network for the **smart grid in the territory of Roma Capitale** that envisages the **connection of stations and substations with fibre optics**. See also the chapter *Institutions and Business* for an in-depth analysis of research and innovation and the projects implemented.

With regard to **digital meters** and **smart metering** systems, in order to replace first-generation (1G) meters with second-generation (2G) meters, Areti launched a **public tender for the supply of 2G devices and the most advanced central data acquisition system**, which was awarded to Enel Global Infrastructure & Networks. The **plan for mass replacement of 2G meters**, approved by ARERA, **will be launched starting in 2020** and progressively throughout the managed region of Rome and Formello **for a total of about 1.7 million meters**.

The characteristics of the new meters give customers a number of opportunities and benefits, such as: **the availability of data that promotes a greater awareness of consumption**, with the consequent possibility of changing their habits for the purpose of saving energy, the **reduction of estimated bills**, the choice of commercial offers that are more suited to the needs of each, as well as the reduction of switching times.

Lastly, the installation of **digital meters under remote management** continued for low voltage users for a total of **1,635,163 meters installed** on active low voltage users as at 31/12/2019, equal to 99.7% of the total LV meters.

## PUBLIC LIGHTING



Under the *Service Contract*<sup>36</sup> between Acea SpA and Roma Capitale, Areti employs a **dedicated unit** to manage works on the **functional and monument artistic Public Lighting** infrastructure with

**approximately 199,700 points of light** located in a territory covering approximately 1,300 km<sup>2</sup>. The Company carries out the **design, construction, operation,**

<sup>36</sup> By Resolution of the City Council No. 130 dated 22 December 2010 regarding the Updating of the Service Agreement between Roma Capitale and Acea SpA, effective 15 March 2011, the agreement was extended to 31/12/2027.



**maintenance and renovation of networks and lighting systems** and plans work in accordance with the instructions given by **local government and supervisory departments and authorities** responsible for new urban developments, improvement

projects and the cultural heritage. In addition to the service provided to Roma Capitale, Areti also makes public and artistic lighting services available to other stakeholders (e.g. ecclesiastical bodies, hotels, etc.).

**TABLE NO. 18 – PUBLIC LIGHTING IN ROME IN FIGURES (2019)**

lighting points (no.)	199,779
Monumental artistic lighting points (no.)	about 9,900
bulbs (no.)	225,730
MV and LV network (km)	7,982

The **overall power of the lamp inventory** went from 17.83 MW in 2018 to 15.63 MW in 2019, with a **clear reduction in consumption**, while the **average efficiency per lamp has increased**. This is also due to the **transformation of systems** in recent years: in 2019 out of a total of 225,730 lamps, **205,670 – or about 91% of the total – use LED technology** (see also the *Environmental accounts*).

Areti **completed** the “**LED Plan for the Capital**”, with the **overall installation as at 31.12.2019** of more than **180,000 light fixtures**, generating benefits in terms of **energy savings** and reduction of the effects of light dispersion. The effect of the LED transformation,

especially in terms of **general improvement of the lighting level**, allowed **the total number of light points to be limited**. Indeed, during the year the balance between the new installed light points and the failure to reposition the existing ones even saw a slight decrease, with a reduction of 4 light points compared to the previous year. In addition, the **second section of the Giovanni XXIII tunnel was transformed into LEDs** as part of the plan approved by the Municipal Administration in 2017, as well as the **new lighting of some parks**, including Aqueduct Park, Romanina Park and Baden-Powell Park. A total of **228 poles and garden reinforcements** were installed and more than 5 km of cables were laid (see the box for details).

## NEW PARK LIGHTING

The project for the new lighting of the **Aqueduct Park**, located in the Appio Claudio district and part of the Appia Antica Regional Park, called for the installation of **68 5-metre poles** with garden reinforcements, with a total installed power of 2,000 W, in addition to the laying of 2 km of cable. Before being approved, the project was **subjected to progressive refinements** and repeated review by MIBAC and the Park Authority, to **minimize interference with the trees and ensure the full integration of the plants with the park’s archaeological area**. All excavation work was carried out under the supervision of an archaeologist to check for ruins in the subsoil and an agronomist to safeguard the existing trees. The system illuminates the pathways and the playground inside the park.

For **Romanina Park** in the Anagnina area, the project to expand the usability of the green area included two phases, the first managed

by the SIMU department (Infrastructure Development and Urban Maintenance) and the second by Municipality VII, responsible for the area. The works, which lasted from July to November 2019, involved the installation of **102 poles and garden reinforcements**, with a total power of 3,000 W and the laying of 1.7 km of cable.

For the new lighting of **Baden-Powell Park** in Colli Aniene, **58 poles and garden reinforcements** were installed, with a total installed power of 1,300 W and the laying of 1.4 km of cable. Thanks to the synergy with the Garden Service Office of Roma Capitale, the initial project was revised both during the design and construction phases due to the considerable presence of the Common Pine. This involved an **increase of the excavation section** for the housing of the backbone and **the shifting of a part of the plant** to ensure **less interference with the trees**.

Numerous works of **monumental artistic lighting** have also led to the renovation of existing facilities **at sites of cultural interest and high-traffic tourist attractions**, including **Trevi Fountain**, **Castel Sant’Angelo**, the **Colosseum**, the **Basilica of San Giovanni in Laterano** and the **Theatre of Marcello** (see the box for details), con-

tributing to enhance its beauty for the benefit of the local public and visitors.

Each year Acea carries out **efficiency and safety operations** on the light fixtures as well as **scheduled and unscheduled maintenance** on the systems (see table no. 19).



**TABLE NO. 19 – MAIN INTERVENTIONS FOR IMPROVED EFFICIENCY, SAFETY, REPAIRS AND MAINTENANCE (2019)**

TYPE OF WORK	(QTY.)
Actions to <b>improve energy efficiency/technological innovation</b> (fixture replacement)	12,200 lighting points
<b>Safety measures</b>	3,512 lighting points
<b>Checking corrosion on lamp posts</b>	33,009 supports verified (functional and artistic)
<b>LED lamp reinforcement/maintenance</b>	7,075 interventions
<b>Reinstalling lamp posts</b> that were corroded or knocked down due to accidents	1,521 lamp posts reinstalled

**NOTE** The table includes operations carried out for the Municipality of Rome and third parties.

Acea monitors the **quality parameters of the Public Lighting service** with regard to **fault repair times**, calculated starting from the arrival of the notification<sup>37</sup>.

The **service standards** are **expressed by an average admitted recovery time (TMRA)**, within which the repairs should take place

and a **maximum time (TMAX)**, after which a **penalty system** is activated<sup>38</sup>.

The **average recovery time (TMR) for systems** used by Acea in 2019 for the different types of faults (see table no. 20) fell within the average recovery time allowed.

**TABLE NO. 20 – PUBLIC LIGHTING FAULT RECOVERY: FINES, STANDARDS AND ACEA PERFORMANCE (2018-2019)**

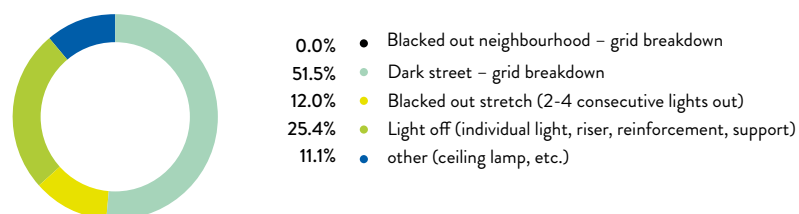
FAULT TYPE	FINE PER DAY OF DELAY (euro)	SERVICE LEVEL AGREEMENT <sup>(*)</sup>		ACEA PERFORMANCE	
		TMRA (average recovery time allowed) (working days)	TMAX (maximum recovery time) (working days)	TMR (average recovery time) (working days)	
				2018	2019
Blacked out neighbourhood – MV grid failure	70	1 day	1 day	< 1 day	< 1 day
Blacked out street – MV or LV grid failure	50	5 days	8 days	2.6 days	1.9 days
Blacked out stretch (2-4 consecutive lights out)	50	10 days	15 days	9.9 days	8.4 days
Lighting points out: single lamps, posts, supports and armour	25	15 days	20 days	9.3 days	11.9 days

(\*) Consistent with previous years, data were monitored in compliance with provisions under Annex D/2 to the 2005-2015 Service Agreement between the Municipality of Rome and Acea SpA.

The fault is **detected by control systems** like remote management, and **can be reported** through the various contact channels (call centre, web, fax or letter)<sup>39</sup>. **23,537 fault reports were received in 2019<sup>40</sup>** and **97%** of them were dealt with by the end of the year.

The **percentage distribution of reports by type of fault** is shown in chart no. 24. The most significant incidents concern “blacked

out street”, in relation to a network fault (51.5%) and “lighting point out” (25.4%), having the lowest impact in terms of safety, the “blacked out stretch” is more contained (12%). During the year there have been no cases of “Blacked out neighbourhood” due to grid failure.

**CHART NO. 24 – TYPES OF PUBLIC LIGHTING FAULTS OUT OF TOTAL REPORTS RECEIVED (2019)**

<sup>37</sup> For the purpose of calculating service levels, reports pertaining to damages caused by third parties are not be considered.

<sup>38</sup> Fines are calculated using the following criteria: each repair completed beyond the TMAX will be sanctioned; repairs completed within the TMAX but exceeding the TMRA will be sanctioned only if TMR>TMRA. At the time of publication of this document the data is not yet definitive, therefore the accurate data on 2019 reports subject to fines being calculated is not available.

<sup>39</sup> More detailed information on call centre performance and written complaints is provided in the Customer Care section.

<sup>40</sup> The data excludes reminders and repeated reporting of the same fault.

As mentioned, **Acea contributes to the enhancement of the monumental heritage of the capital** in agreement with the relevant authorities, with about **10,000 light fixtures** for artistic

lighting. The main **interventions of the year**, already mentioned at the beginning of the paragraph, are illustrated in a separate box.



## RENOVATION OF LIGHTING FOR SOME OF THE MOST POPULAR MONUMENTS IN THE CAPITAL

In 2019 Areti intervened on some of the **most important and well-known monumental sites of Rome**, renewing the existing systems. In particular, with the support of Roma Capitale, the artistic lighting of **Fontana di Trevi** was renovated, **with the replacement of 56 spotlights with LED technology**. The lamps were inserted in strategic points of the monument to restore the accent lighting created by Acea in 2015. The plant has a total of 85 underwater spotlights and 6 spotlights on shelves, with a total power of only 2.1 kW, saving 70% of electricity.

The pointing of **some spotlights installed on the shells** behind the statue of Ocean **highlights the central structure** of the fountain, while the others inserted inside the basin and at the foot of the reef and the side statues bring out the details on the side of the central body. With this intervention the upper basin is once again fully illuminated.

In **Castel Sant'Angelo** the artistic lighting system was renovated with **220 new spotlights** between the Mole, Ponte Sant'Angelo and the five hectares of park surrounding the complex. In addition, part of the power lines have been restored and **a new remote control technology has been introduced** to remotely manage the operation of the spotlights and to remotely control the system in the event of failure.

**Extraordinary maintenance** was carried out on the **Colosseum's** internal and external lighting system. Acea technicians worked at night in order not to compromise the usability of the monument by tourists, **inspecting the 298 existing spotlights and replacing a total of 120**. In particular, on the first level of arches, the restoration activities of the plant led to turning 65 spotlights back on and were carried out with the use of special machinery, progressively subdividing the areas of intervention. On the second level, the works on the lights located near the arches – for a total of 34 spotlights turned

back on – were carried out inside and outside the monument, and from outside, through the use of mobile lifts. Finally, on the third level, 21 spotlights were switched back on from inside the monument. The renovation of the lighting system of the **Marcello Theatre**, located between the Tiber River and the Capitol, also affected the **internal and external archaeological area** of the monument, with the overall replacement of **115 spotlights**. The arches of the first and second level of the Marcello Theatre have been illuminated internally, as well as the archaeological remains located in the outdoor area, including the Corinthian columns of the Temple of Apollo Sosiano. With the support of Roma Capitale and the Directorate of Infrastructure and Services of the territory governed by Vatican City, Areti intervened on the lighting system of the **Basilica of San Giovanni in Laterano**, the first and oldest of the four major papal basilicas, with the **replacement of 106 spotlights**, positioned to enhance the 18th-century architecture of the main façade and the 16 statues that overlook it. The works, completed in just ten days, also involved the northern façade of the Basilica, the two medieval bell towers, the portico and the frescoed loggia with sacred images.

Finally, again in 2019, thanks to a private donation, the lighting system of the **Immacolata column** of Piazza Mignanelli was built based on a project conceived by the master Vittorio Storaro, with the installation of 29 energy-saving hi-tech LED lighting fixtures for a total consumption of only 1 kW. The new LEDs were positioned in accordance with the Special Archaeological Superintendence, Fine Arts and Landscape of Rome and the Capitoline Superintendency for Cultural Heritage, within a perimeter formed by deterrents placed around the column with lighting fixtures and spotlights inserted in special recesses that depressions that minimize their visual impact to leave the view of the monument unobstructed.

## THE QUALITY LEVELS REGULATED BY ARERA IN THE ELECTRICITY SECTOR

The **Regulatory Authority for Energy Networks and Environment (ARERA)** defines national standards for the **commercial quality** (quotes, works, supply activation/deactivation, responses to complaints) and **technical aspects** (supply continuity) **of the electrical service. It reviews them on a regular basis, making them more stringent**, stimulating operators to constantly improve their performance.

The **commercial quality** consists of “**specific**” levels and “**general**” levels<sup>41</sup>, applicable to the operations pertaining to the **distribution company** (divided into low and medium voltage supplies) as well as those of the **seller** (see tables no. 21, 22 and 23).

Every year **Acea reports the results achieved to ARERA** for review and discloses them to its own customers by enclosing them in the bill.

For the **commercial and technical quality performance in 2019**, related to the **distribution** and measurement of electricity, we present **data produced with the best estimate available**<sup>42</sup>, which may differ from those sent to the Authority (ARERA) according to the deadlines set by the same.

As regards the “**specific**” **commercial quality levels**, for low voltage supplies to domestic customers and for medium voltage supplies, in many cases there was a slight improvement in performance. With regard to the “**general**” levels of responses to written complaints/requests for information, there was a substantial improvement in performance compared to 2018 for the distribution service and a worsening in the metering service (see table no. 21).

The automatic indemnities<sup>43</sup> to be granted to customers in the event of failure to comply with “specific” quality levels start from a basic amount<sup>44</sup>, which can either double (when operations are performed in a timeframe between twice and three times the required standard) or treble (if operations are

performed in a timeframe three times the required standard). For aspects relating to the quality of the **sales service**, it should be noted that in 2019 **more stringent parameters for some services came into force**. During the year, **Acea Energia aligned the processing of written complaints with the volumes currently being received**, thus reducing the backlog to a so-called “normal” quantity. This has led to the **continued high level of compliance** with the standards established by ARERA, also in the face of the significant reduction in the time limits within which to perform the services (see table no. 22) and a reduction in the amount of compensation to be paid to end customers.

Areti’s 2019 performance related to the “**technical**” quality of the service<sup>45</sup> (**continuity of electricity supply**), published here, is not the same as what is communicated to ARERA<sup>46</sup> but rather the best estimate available.

With regard to the **duration of disruptions** and the **number of disruptions** for LV users, the data concerning 2019 and shown in table no. 23 indicate that in areas of high concentration, i.e. the urban environment where most users of Areti are located, continuity of service was guaranteed with the same quality as 2018. On the other hand, there is a decline in results in peripheral and rural areas.

**Disruptions** occurring at any voltage level within the electricity system are also regulated for **MV customers**. The regulatory system entitles medium-voltage customers to receive automatic compensation provided that they can certify the adequacy of their systems<sup>47</sup> in the event of **a number of disruptions in the supply of electricity exceeding that stated by a specific standard**. Prolonged or extended disruptions, in other words **service disruptions exceeding the duration established by standards**, are also regulated for both **LV customers** and **MV customers**. In such eventualities, the operator is required to pay a fine, calculated on the basis of the number of LV customers cut off as a result of disruptions due to “other causes”, to the extraordinary event fund set up with the Energy and Environmental Services Fund. In addition, the distributor will automatically indemnify customers affected by disruptions.

<sup>41</sup> “Specific quality standards” are defined as the deadline within which the service provider must provide a given service and, in the event of non-compliance, they require that automatic compensation is granted to customers; the general quality standards” are defined as the minimum percentage of services to be provided within a given deadline.

<sup>42</sup> Due to the misalignment between the delivery times of reports to the Authority and those required by law for the publication of this document.

<sup>43</sup> Where due, automatic compensation is paid to the customer by deduction from the amount charged in the first subsequent bill and if needed in following bills, or paid by direct remittance. In any case, such automatic compensation must always be paid to the customer within 6 months from the date of receipt of the written complaint or the request for reimbursement of double billing, with the exception of customers who are billed quarterly, for which the term is set at 8 months. Compensation for distribution is paid to customers by deducting the amount from the bill or by issuing a cheque within 30 days of the date of the service in question or, at the latest, by three times the period of standard time established for such service, excluding automatic compensation for failure to comply with the punctuality range for appointments, in respect of which the time will commence on the date of the appointment.

<sup>44</sup> The amount currently set by the Authority for compensation for non-compliance with the specific quality standards for the distribution service starts from a basic amount of € 35 for domestic low voltage customers; € 70 for non-domestic low voltage customers and € 140 for medium voltage customers. In the event of non-compliance with the specific quality standards of the sale, the seller shall pay the final customer an automatic compensation of € 25. The indemnity increases in relation to the delay in the execution of the service: if it takes place beyond the standard but within twice the time limit, the basic automatic compensation is paid; if in more than twice the time but within three times the standard, twice the basic automatic compensation is paid; finally, if the execution of the service occurs beyond three times the standard, triple the basic automatic compensation is paid.

<sup>45</sup> Resolution 646/15/R/eel as amended.

<sup>46</sup> Due to the misalignment between the delivery times of reports to the Authority and those required by law for the publication of this document.

<sup>47</sup> In order to be entitled to compensation, medium voltage customers must prove that they have installed protection devices at their plants that can prevent any interruption caused by faults within their utility plants from having repercussions on the network, damaging other customers connected nearby. Furthermore, in order to access compensation customers will be required to have arranged for the distribution company to receive a plant adequacy statement issued by parties with specific technical and professional expertise. Failure by customers to meet the requirements whereby compensation may be sought will cause the amount of the compensation to turn into a fine, which the distribution company is required to transfer to the Energy and Environmental Services Fund.



**TABLE NO. 21 – MAIN SPECIFIC AND GENERAL LEVELS OF COMMERCIAL QUALITY – ENERGY DISTRIBUTION (2018-2019)**  
– (ARERA parameters and Areti performance – 2018: data submitted to ARERA; 2019: estimated data)

**ENERGY DISTRIBUTION**

**SPECIFIC LEVELS OF COMMERCIAL QUALITY**

SERVICES	ARERA PARAMETERS – MAX. TIME FOR SERVICE DELIVERY	Service delivery average actual time	Percentage of services carried out within time limit	Service delivery average actual time	Percentage of services carried out within time limit
			2018		2019
<b>LOW VOLTAGE (LV) SUPPLIES</b>					
<b>DOMESTIC CUSTOMERS</b>		<b>ARETI'S PERFORMANCE</b>			
estimates for work on LV networks (ordinary connections)	15 working days	7.18	96.80%	7.35	97.17%
completion of simple work (ordinary connections)	10 working days	8.05	86.02%	8.29	85.62%
completion of complex works	50 working days	16.09	94.51%	15.13	96.74%
supply activation	5 working days	1.82	96.33%	1.42	96.53%
deactivation of supply on customers request	5 working days	1.18	98.42%	0.86	98.47%
reactivation of supply following disconnection for late payment	1 working day	0.15	99.10%	0.21	99.33%
resumption of the supply following faults of the metering equipment (requests sent during business days from 08:00 to 18:00)	3 hours	2.40	78.49%	2.18	81.42%
resumption of the supply following faults of the metering equipment (requests sent during non-business days or from 18:00 to 08:00 hrs.)	4 hours	2.55	88.20%	2.25	89.87%
maximum punctuality band for appointments with customers	2 hours	n.a.	80.67%	n.a.	87.30%
<b>NON-DOMESTIC CUSTOMERS</b>		<b>ARETI'S PERFORMANCE</b>			
estimates for work on LV networks (ordinary connections)	15 working days	7.29	96.49%	7.58	96.46%
completion of simple work (ordinary connections)	10 working days	7.79	87.14%	9.74	84.14%
completion of complex works	50 working days	16.31	94.49%	15.46	94.38%
supply activation	5 working days	2.13	94.97%	2.60	92.18%
deactivation of supply on customers request	5 working days	7.72	93.63%	8.65	94.68%
reactivation of supply following disconnection for late payment	1 working day	0.18	98.78%	0.41	98.88%
resumption of the supply following faults of the metering equipment (requests sent during business days from 08:00 to 18:00)	3 hours	2.84	72.84%	2.52	75.68%
resumption of the supply following faults of the metering equipment (requests sent during non-business days or from 18:00 to 08:00 hrs.)	4 hours	2.72	86.80%	2.51	89.22%
maximum punctuality band for appointments with customers	2 hours	n.a.	81.73%	n.a.	89.50%
<b>MEDIUM VOLTAGE SUPPLIES (MV)</b>					
<b>FINAL CUSTOMERS</b>		<b>ARETI'S PERFORMANCE</b>			
estimates for work on MV networks	30 working days	18.65	83.08%	15.92	91.40%
completion of simple work	20 working days	5.27	100.00%	6	100.00%
completion of complex works	50 working days	18.19	95.24%	23.92	95.12%
supply activation	5 working days	7.14	64.29%	5.31	71.88%
deactivation of supply on customers request	7 working days	29.71	61.29%	10.50	73.08%
reactivation of supply following disconnection for late payment	1 working day	1.53	82.35%	0.81	81.82%
maximum punctuality band for appointments with customers	2 hours	n.a.	90.76%	n.a.	83.33%



**TABLE NO. 21 – MAIN SPECIFIC AND GENERAL LEVELS OF COMMERCIAL QUALITY – ENERGY DISTRIBUTION (2018-2019) – (ARERA parameters and Areti performance – 2018: data submitted to ARERA; 2019: estimated data) (cont.)**

**GENERAL LEVELS OF COMMERCIAL QUALITY**

SERVICES	ARERA PARAMETERS – MINIMUM PERCENTAGE OF SERVICES TO BE PERFORMED WITHIN A MAXIMUM TIME	Service delivery average actual time	Percentage of services performed within the maximum time.	Service delivery average actual time	Percentage of services performed within the maximum time
			2018	2019	
LOW VOLTAGE (LV) SUPPLIES					
DOMESTIC CUSTOMERS		ARETI'S PERFORMANCE			
reply to written complaints/enquiries regarding distribution operations	95% within 30 calendar days	39.07	75.00%	30.76	82.88%
reply to written complaints/enquiries regarding metering operations	95% within 30 calendar days	25.67	81.00%	52.95	65.08%
NON-DOMESTIC CUSTOMERS		ARETI'S PERFORMANCE			
reply to written complaints/enquiries regarding distribution operations	95% within 30 calendar days	46.82	70.00%	26.95	82.96%
reply to written complaints/enquiries regarding metering operations	95% within 30 calendar days	29.36	78.00%	48.97	63.62%
MEDIUM VOLTAGE SUPPLIES (MV)					
FINAL CUSTOMERS		ARETI'S PERFORMANCE			
reply to written complaints/enquiries regarding distribution operations	95% within 30 calendar days	35.31	72.00%	11.21	95.09%
reply to written complaints/enquiries regarding metering operations	95% within 30 calendar days	25.16	74.00%	52.05	56.41%

**NOTE** The symbol “/” is used when services were not requested during the year, n.a. means the data are not applicable.

**TABLE NO. 22 – MAIN SPECIFIC AND GENERAL LEVELS OF COMMERCIAL QUALITY – ENERGY SALES (2018-2019) – (ARERA parameters and Acea Energia performance – data submitted to ARERA)**

**ENERGY SALES**

**SPECIFIC LEVELS OF COMMERCIAL QUALITY<sup>(\*)</sup>**

SERVICES	ARERA PARAMETERS MAXIMUM TIME BY WHICH THE SERVICE MUST BE PERFORMED	Percentage of services carried out within time limit	Percentage of services carried out within time limit
		2018	2019
<b>MORE PROTECTED SERVICE</b>		<b>ACEA ENERGIA'S PERFORMANCE</b>	
billing adjustments	90 calendar days (2018) 60 calendar days (2019)	80.0%	50.0%
double billing adjustments	20 calendar days	100.0%	/
reasoned reply to written complaints	40 calendar days (2018) 30 calendar days (2019)	76.0%	79.0%
<b>FREE MARKET</b>		<b>ACEA ENERGIA'S PERFORMANCE</b>	
billing adjustments	90 calendar days (2018) 60 calendar days (2019)	60.0%	40.0%
double billing adjustments	20 calendar days	/	/
reasoned reply to written complaints	40 calendar days (2018) 30 calendar days (2019)	85.5%	82.6%

**GENERAL LEVELS OF COMMERCIAL QUALITY**

SERVICES	ARERA PARAMETERS MINIMUM PERCENTAGE OF SERVICES TO BE PERFORMED WITHIN A MAXIMUM TIME	Percentage of services performed within the maximum time	Percentage of services performed within the maximum time
<b>MORE PROTECTED SERVICE</b>		<b>ACEA ENERGIA'S PERFORMANCE</b>	
Reply to written enquiries	95% within 30 calendar days	99.9%	100%
<b>FREE MARKET</b>		<b>ACEA ENERGIA'S PERFORMANCE</b>	
Reply to written enquiries	95% within 30 calendar days	98.8%	99.4%

**(\*)** The symbol “/” is used when services were not requested during the year, n.a. means the data are not applicable.

**TABLE NO. 23 – SERVICE CONTINUITY DATA – ENERGY DISTRIBUTION (2017-2019) – (ARERA parameters and Areti performance – 2017-2018: data certified by ARERA; 2019: provisional data)**

**ENERGY DISTRIBUTION – CONTINUITY INDICATORS – LV CUSTOMERS**

**DURATION OF DISRUPTIONS AND PERCENTAGE CHANGES**

SERVICES	Average aggregate duration of lasting disruptions without prior notice under the operator's responsibility per LV customer per year (minutes)			Percentage changes	
	2017	2018	2019	2019 v. 2017	2019 v. 2018
high concentration	34.93	43.61	43.81	25.4%	0.4%
medium concentration	39.51	50.02	60.15	52.3%	20.3%
low concentration	53.63	54.44	66.35	23.7%	21.9%

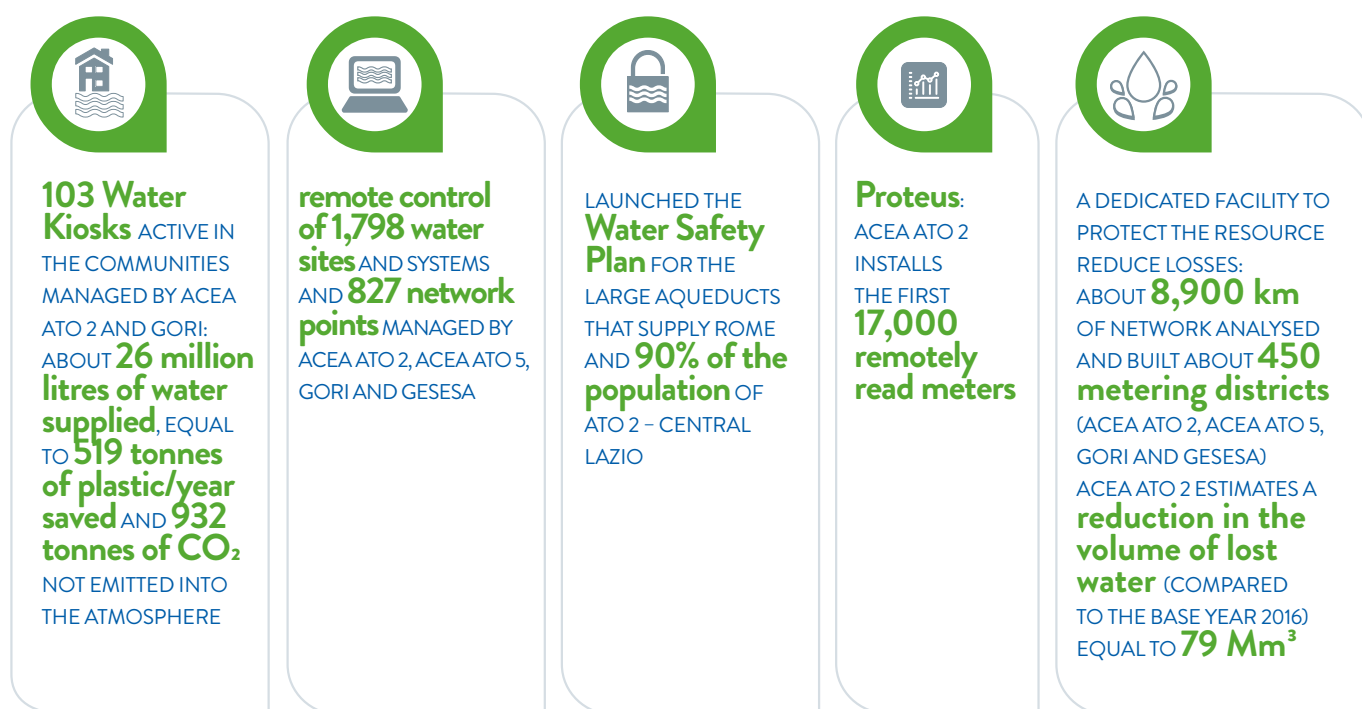
**AVERAGE NO. OF DISRUPTIONS AND PERCENTAGE CHANGES<sup>(\*)</sup>**

SERVICES	Average no. of disruptions without prior notice under the operator's responsibility per LV customer per year			Percentage changes	
	2017	2018	2019	2019 v. 2017	2019 v. 2018
high concentration	1.78	1.99	2.02	13.2%	1.1%
medium concentration	1.92	2.19	2.52	31.3%	15.0%
low concentration	2.57	3.01	3.33	29.3%	10.5%

(\*) The yearly average number of disruptions per low voltage customer considers both lasting disruptions (> 3 minutes) as well as short disruptions (≤ 3 minutes but longer than 1 second).

**NOTE** The three territorial areas are defined on the basis of the degree of concentration of the resident population: more than 50,000 inhabitants is defined as "high concentration"; between 5,000 and 50,000 inhabitants is defined as "medium concentration"; less than 5,000 inhabitants is defined as "low concentration".

## QUALITY IN THE WATER AREA



Through subsidiaries and investee companies, the Acea Group manages the integrated water service (IWS) in several Optimal Areas of Operations (ATO) or District Areas of Lazio, Tuscany, Campania and Umbria.

Consistent with the reporting scope (see *Disclosing sustainability: methodological note*), below are described the activities carried out in **Lazio and Campania** by the following companies:

- **Acea Ato 2**, in OTA 2 – Central Lazio (Rome and another 111 municipalities, of which 79 managed<sup>48</sup>, equal to about 94% of the population included in the Area), the “historical” area of the Group’s operations<sup>49</sup>, with more than 3.7 million inhabitants served in 2019;
- **Acea Ato 5**, in OTA 5 – southern Lazio – Frosinone (86 municipalities managed<sup>50</sup> in the area of Frosinone and vicinity,

<sup>48</sup> In 79 municipalities, equal to about 94% of the population in OTA 2 – Central Lazio, Acea Ato 2 managed the entire IWS (aqueduct, sewerage and waste water treatment), and the IWS was partially managed in another 18 municipalities.

<sup>49</sup> Acea was entrusted with the running of the capital’s aqueduct service since 1937, the water treatment system since 1985 and the entire sewerage system since 2002, effective 1 January 2003.

<sup>50</sup> Including the management of two municipalities outside the area (Conca Casale and Rocca d’Evandro).

equal to about 95% of the population), for about 470,000 inhabitants served;

- **Gori** – in the reporting scope from this year – operating in the Sarnese-Vesuviano district (in 76 municipalities – 59 in the province of Naples and 17 in the province of Salerno – of which 74 managed), with over 1.4 million inhabitants served;
- **Gesesa**<sup>51</sup>, operating in OTA – Calore Irpino (22 municipalities managed, in the Benevento area and vicinity), with more than 120,000 inhabitants served<sup>52</sup>.

The four companies in question alone account for approximately 67% of the population served in the water sector throughout the Group.

The integrated water service (IWS) involves the entire cycle of drinking water and wastewater, from the collection of water from the springs until its return to the environment, and is regulated by a **management agreement signed between the Company that takes charge of the service and the Area Authority** (AGB – Area Governing Body). ARERA defined the minimum essential contents, uniform throughout the country, of the **“Standard Agreement” that governs the relations between the entrusting bodies and the service operators**. For the main regulatory interventions in the water sector undertaken during the year by ARERA, see paragraph *Context analysis and business model* (Group Profile chapter), and for more details see the Authority’s website.

The **Integrated water service charter** annexed to the Agreement defines the **general and specific quality standards** that the operator must respect in relation to the users, **in compliance with the ARERA Resolutions on contractual quality and technical quality aspects**. The **User Regulations**, also annexed to the Agreement govern the **relationship with customers**, establishing the technical, contractual and economic conditions binding on the operator in

the provision of the services. For the **contractual quality performances** supplied by the water Companies, see sub-paragraph *Levels of quality regulated by ARERA in the water segment* hereunder.

The **management activities of the integrated water service**, while closely **related** and therefore allowing an **optimal definition of the processes**, must relate to **situations that are very diversified** from the standpoints of sale, demographics, geomorphology and hydrology **of the regions served**, which also impact on the infrastructure to be implemented.

**Marketing and labelling**) The Companies operate in compliance with the **procedures of certified management systems**, in particular, for Acea Ato 2 and Acea Ato 5, in the areas of Quality, Environment, Safety and Energy, for Gori and Gesesa, in the areas of Quality, Environment and Safety (for more information see *Corporate identity, Management systems*).

## AREAS, INTERVENTIONS AND REMOTE CONTROL

All companies are progressively **digitising the networks**, with studies, field surveys and data entry in the georeferenced information system (GIS). In particular, as of 31.12.2019 **Acea Ato 2** has georeferenced **about 85% of the networks**, and **Acea Ato 5** has digitised about 2,300 km of water network, as well as having almost completed the surveys on another 1,000 km (12 municipalities) and **launched a four-year plan** for the completion of surveys and the subsequent digitisation of the networks of all the municipalities managed. **Gori** and **Gesesa** have mapped the areas shown in table no. 24, while the surveys and updating of the data continue. Gesesa has also already georeferenced the **water sites** (wells, springs, reservoirs) and the **sewerage and purification lifting plants**, including the related functional schemes, making technical intervention more simple and effective.

**TABLE NO. 24 – WATER MAINS AREAS 2019 (GEOREFERENCED DATA)**

COMPANY	DRINKING WATER NETWORK (KM)	SEWERAGE NETWORK (KM)
<b>Acea Ato 2</b>	12,167 (721 km of aqueduct, 1,088 km transport networks, 10,358 km distribution)	5,839 (of which over 4,000 for Rome)
<b>Acea Ato 5</b>	5,496 (1,205 km transport network and 4,291 km distribution network)	1,522
<b>Gori</b>	4,967 (811 km supply network and 4,156 km distribution network)	2,505
<b>Gesesa</b>	1,541 (166 km transport network and 1,375 km distribution network)	553 (including emissaries, main and secondary collectors)

The networks are connected to a complex system of equipment and plants necessary for the operations of the aqueduct, treatment and sewerage services.

Each year, the Companies carry out:

- **interventions on the infrastructure**, such as **modernisation or strengthening of the plants, remote control of the infrastructure, completion, extension or reclamation of the pipelines and networks** to contain the losses and improve the efficiency and quality of the service provided;
- **interventions aimed at improving the management of user accounts** (such as installation and replacement of meters), for which reference is also made to the *Customer care* section;
- **interventions to protect people and the region** aimed at ensuring the **quality of the drinking water** distributed and the

water returned to the environment (such as the Water Safety Plans – WSPs – and laboratory controls).

See table no. 25 for a quantification of the main interventions and controls carried out during the year by the companies.

**Last year Acea Ato 2** laid the foundations for the construction of the **new upper section of the Peschiera Aqueduct**, an infrastructure that will secure the water supply for the territory of Rome and province. To this end, preparatory activities are under way for the construction of the **work that will engage the Company in the coming years**.

Acea Ato 2 continued the **installation of tools capable of optimising the pressures in the distribution network, managing their control in a dynamic and effective manner** (hydraulic valves, pressure

<sup>51</sup> It should be noted that Gesesa has corrected the data relating to the population served in the last three years.

<sup>52</sup> These are the main Companies of the Acea Group, operating in the water sector in Italy and consolidated in the financial statements using the line-by-line method (100% Acea SpA). The other companies operating in Tuscany, Umbria and Campania, owned by Acea, are consolidated using the equity method – with the exception of AdF, which entered the scope in the last quarter of 2019 – consequently they are not included in the reporting scope, with the exception of certain global data aimed at representing the general dimension of the Group, as specified in the text from time to time (see also *Relations with the environment and the Environmental accounts*, as well as the chapter, outside of the scope of the NFS pursuant to Legislative Decree 254/2016, Water company data sheets and overseas activities).

reducers, etc.). Indeed, thanks to the division of the networks into districts, the installation of 65 valves was planned for 2020. During the second half of 2019, 249 meters were mounted on small springs to improve the monitoring of the volume of collected water. About 88 km of water network were also reclaimed, activities

started for the commissioning of a plant (Casa del Guardiano) in the municipality of Santa Marinella to increase water availability in the municipalities of Aluniere and Tolfa, and a generator was put in place to power the springs of Doganella, important for the supply of many municipalities of Castelli Romani.

**TABLE NO. 25 – MAIN INTERVENTIONS ON THE DRINKING WATER AND SEWERAGE NETWORKS AND CONTROLS ON DRINKING WATER AND WASTEWATER (2019)**

**INTERVENTIONS ON DRINKING WATER NETWORKS, METERS AND WATER TESTS**

**TYPE OF WORK**

**ACEA ATO 2**

Interventions due to network failure/leak detection	<b>23,931 interventions</b> (22,656 due to faults, 1,275 leak detection)
Meter installations (new installation and replacement)	<b>21,407 interventions</b> (13,937 new installations and 7,470 replacements) and approximately <b>88,000 mass replacements</b> under contract
Network extension	<b>9.5 km</b> of expanded network
Network reclamation	<b>88 Km</b> of reclaimed network
Drinking water quality control	<b>12,482 samples</b> collected and <b>365,728 tests</b> performed

**ACEA ATO 5**

Interventions due to fault	<b>11,367 interventions</b> of repair
Planned interventions	<b>78 interventions</b> (13 on the supply network and 65 on the water distribution network)
Meter installations (new installation and replacement)	<b>36,941 interventions</b> (4,913 new installation and 32,028 replacements)
Network extension	<b>3.7 km</b> of expanded network
Network reclamation	<b>45.5 Km</b> of reclaimed network
Drinking water quality control	<b>2,828 samples</b> collected and <b>123,790 analytical tests</b> performed

**GORI**

Interventions due to network failure/leak detection	<b>16,097 interventions</b> (total, for faults and leak detection)
Planned interventions	<b>9,458 interventions</b> (3,192 on the supply network and 6,266 on the water distribution network)
Meter installations (new installation and replacement)	<b>75,198 interventions</b> (13,032 new installation and 62,166 replacements)
Network extension	<b>1.5 km</b> of expanded network
Network reclamation	<b>66 Km</b> of reclaimed network
Drinking water quality control	<b>4,374 samples</b> collected and <b>109,363 tests</b> performed

**GESESA**

Interventions due to network failure/leak detection	<b>1,857 interventions</b> (1,413 due to faults, 444 leak detection)
Planned interventions	<b>93 interventions</b>
Meter installations (new installation and replacement)	<b>2,432 interventions</b> (including new installation and replacements)
Network extension	<b>0.6 km</b> of expanded network
Network reclamation	<b>2.6 Km</b> of reclaimed network
Drinking water quality control	<b>336 samples</b> collected and <b>8,428 tests</b> performed

**INTERVENTIONS ON SEWERAGE NETWORKS AND TESTS**

**TYPE OF WORK**

**ACEA ATO 2**

Interventions due to network failure	<b>5,512 interventions</b>
Planned interventions	<b>373 interventions</b>
Network extension	<b>5.1 km</b> of expanded network
Network reclamation	<b>13.9 km</b> of reclaimed network
Wastewater quality control	<b>7,955 samples</b> collected and <b>170,641 tests</b> performed

**ACEA ATO 5**

Interventions due to network failure	<b>710 interventions</b>
Planned interventions	<b>25 interventions</b>
Network extension	<b>3 km</b> of expanded network

**TABLE NO. 25 – MAIN INTERVENTIONS ON THE DRINKING WATER AND SEWERAGE NETWORKS AND CONTROLS ON DRINKING WATER AND WASTEWATER (2019) (cont.)**

Network reclamation	3.7 km of reclaimed network
Wastewater quality control	3,298 samples collected and 41,616 tests performed
<b>GORI</b>	
Interventions due to network failure	681 interventions
Planned interventions	1,001 interventions
Network extension	7.9 km of expanded network
Network reclamation	5.4 km of reclaimed network
Wastewater quality control	1,203 samples collected and 21,027 tests performed
<b>GESESA</b>	
Interventions due to network failure	190 interventions
Planned interventions	16 interventions
Network extension	0 km of expanded network
Network reclamation	0.1 km of reclaimed network
Wastewater quality control	395 samples collected and 5,514 tests performed on wastewater

In **Acea Ato 2**, the **aqueducts and the supply network are controlled remotely** from a **qualitative and quantitative** standpoint. Remote monitoring provides information useful for **knowing the status of the network and its operation** (set up of the plants, status of the pumps, position of the valves, measurements, alarms and the possibility of performing remote-controlled operations). In addition, the Rome distribution network is fed by remotely controlled water centres equipped with flow and/or pressure and/or level measurements. Thanks to the progressive implementation of the system, **738 water stations** were partially or totally **remotely controlled** in 2019, to which **271 plants** were added, including **Water Kiosks**, equipped with remotely controlled quality measurements and **739 network points**, including 104 hydrovalves. **Progressive remote control of the entire sector has also continued for the sewerage and treatment system**: the main treatment plants are already controlled by on-site rooms and technological modernisation is under way to connect them to the central remote control room.

Some of the water sites managed by **Acea Ato 5** – including supply sources, distribution plants, sewerage lifting plants and purification plants – **are remotely controlled**. In particular, both telemetry and command and control activities are carried out and hydraulic parameters are recorded (water flow, network pressure, reservoir levels, operating status of the electric pumps, with relevant electrical parameters and qualitative parameters like clearness and residue colour). During the year, **278 sites were managed remotely** (equipped with hydraulic measurement systems – flow, pressure and levels – and 15 also equipped with **water quality control** systems) and **88 network points** (continuous pressure or flow monitoring systems).

**All the plants** managed by **Gori** relating to the water, sewerage and purification systems **have been equipped with remote control systems**; a total of **485 plants** including 314 water, 161 sewerage and 10 purification sites, where the same activities are carried out as indicated above for **Acea Ato 5**. Based on the **logic of energy efficiency management and resource savings**, **Gori** has equipped the systems with a local control system for the **automatic management of the machines** (electric pumps and valves installed), with human intervention required only in

cases of emergency. To implement **dynamic adjustments of the amount of resource delivered according to different scenarios related to situations of water crisis**, valves were installed and are remotely controlled to regulate the output flow from all the major basins. In addition, **in order to monitor essential network parameters** (pressures and flow rates) **where electricity is absent**, a project is being implemented based on the use of technologies **in the area of Information of Things-IoT** (battery-powered measuring instruments and innovative communication protocols) for the remote control of water and sewerage network nodes that will lead to an efficiency of network pressures and leak research and an increase in the level of quality of service offered to users.

**Gesesa** plans to **gradually expand** the remote control system to the managed sites. As at 31.12.2019, there are **26** sites already equipped with the technology.

## WATER PROTECTION AND SEARCH FOR LEAKS

**Sustainable water management** is also achieved by **limiting losses from distribution networks**. In 2019 the Water Companies continued their intense efforts to improve the efficiency of distribution networks, also thanks to the establishment **in the Water Industrial Segment of a cross-cutting organizational structure dedicated to the protection of water** and the implementation of measures to **reduce losses**. In addition to the **network district initiatives** illustrated in the box, the activities carried out in 2019 by **Acea Ato 2** for the protection of water were:

- the verification and calibration of meters installed on large supply sources and the installation of MID flow meters on all “minor” sources to optimize the quality of the process measurement;
- the installation of automatic valves for dynamic control of network pressures;
- the continuation of surveys and georeferencing of managed networks;
- field actions aimed at combating abuse and misuse of resources;
- reclamation of approximately 88 km of water network (of the entire territory of the OTA 2 managed).



## A CROSS-CUTTING STRUCTURE DEDICATED TO WATER PROTECTION: ACEA ATO 2 INITIATIVES AND THE DISTRICT METHODOLOGY

Thanks to the shared commitment of the Water Industrial Segment Companies, which met during the year as part of an organizational structure dedicated to the protection of the resource and the containment of leaks, it was possible to implement numerous interventions on the networks. In particular, **Acea Ato 2 divided the network into areas not connected to each other and with measured inputs**. Based on water districts, the methodology **makes it possible to optimize operating pressures with an immediate advantage in terms of reducing**

**lost volumes**, and thanks to the precise control on individual parts of the network allows **quickly identifying and possible leaks** or other anomalies and to proceed with needed actions or repairs. The application of the system produces a general **improvement in the management of the network**, facilitating repairs and **reducing the frequency of faults**. Overall, Acea Ato 2 **analysed approximately 6,200 km of distribution network and created 300 measurement districts**. The activity consisted of surveys, flow and pres-

sure measurements, map production, user analysis and water balancing, mathematical modelling and searches for leaks. The results of the study and efficiency actions were imported into the GIS systems.

The actions taken **have made it possible to reduce the volume of water lost by an estimated total of about 79 million cubic metres** (over 20% of the volumes lost in 2016, equal to 384 Mm<sup>3</sup>, the base year for the progressive implementation of a target for the Sustainability Plan).

**Acea Ato5** has continued its study of distribution networks and created water districts (in particular in the municipalities of Atina, Cassino, Castrocielo, Colfelice, Fiuggi, Frosinone, Morolo, Serrone, Sora, Strangolagalli, Roccasecca, Patrica, Sgurgola, Supino). After a precise reconstruction of the network and the simultaneous updating of the geographic information system (GIS), **148 districts were created, affecting approximately 1,190 km of water network**. In addition, the installation of **flow meters**, most capable of being remote controlled, allowed **rapid quantification of the input into the network**, while the positioning of **pressure meters** at critical points allowed the **identification of the most critical areas** and the resolution of related problems. The searches performed, also done using acoustic systems, **identified 140 leaks, of which 40 were hidden**. By dividing the network into districts and installing pressure reduction devices **a savings of about 5% of the network input, equal to about 90 l/s, has been estimated**.

**Gori** is implementing network recovery and reduction of water leaks through the regulation of the pressure thanks to the installation of dedicated valves, and each year carries out systematic searches for leaks on the water networks using specialized personnel. In particular, in 2019 a total of 71 valves were **installed for pressure and flow regulation**, and the search involved a total of **1,399 km of water network** of the managed territory, in particular the municipalities of Casalnuovo di Napoli, Castellammare di Stabia, Anacapri, Siano, Nocera Inferiore, Lettere,

Tufino, Meta Di Sorrento, Roccarainola, Angri and Gragnano. The interventions, including the reclamation of the networks, led to a **recovery of water** estimated at about **193 l/s** for the entire Sarnese-Vesuvian district.

In 2019 **Gesesa** continued the analysis of the water networks and **leak detection and recovery with 110 km of network inspected and the reclamation of about 2.6 km of network**. The Company is also creating network districts, progressively extending the **reduction of pressures** to all the municipalities managed.

### UTILITY MANAGEMENT AND CONTINUITY OF SERVICE

In 2019 all the companies continued the **activities of installing new meters and replacing old ones** (see table no. 25). As part of its mass meter replacement, **Acea Ato 2** carried out the **IoT pilot project** called "Development of Water Meter Remote Reading", developing a product called "**Proteus**" and, as at 31.12.2019, installing approximately **17,000 meters** in remote reading mode (see the box for details). **Acea Ato 5**, which carried out **more than 10,500** interventions during the year to replace malfunctioning meters, will implement a remote reading development project similar to Acea Ato 2, with connectivity solutions and the development of a management centre headed by the Company Areti, equipped with an architecture integrated in the Acea application map. **Gori** carried out **about 75,200** interventions on the meters during the year, most of them for their replacement, and **Gesesa** about **2,400** interventions.

## PROTEUS FOR THE REMOTE READING OF WATER METERS: 17,000 INSTALLED IN 2019

In 2019 **Acea Ato 2** continued a project in collaboration with Areti – an expert in the field of remote management of electrical meters – aimed at remotely reading the measurements detected by the water meters of the accounts managed. A **patented product called "Proteus" was developed and tested** that stores the signals communicated by the device installed on the meter and converts them into readings to be sent to the Management Centre, connected

to the billing systems. The radio module is equipped with an integrated battery and non-removable SIM card with GPRS or NB-IoT connectivity.

In 2019, approximately **7,000 Proteus GPRS and 10,000 Proteus NB-IoT** were installed and **put into operation** on as many water accounts, and further evolutions of the system were developed to maximize its effectiveness and efficiency. The objective of the project is to develop increasingly ef-

fective remote reading solutions and install them on all managed water accounts. **Acea Ato 5** will implement a project similar to the one already implemented in Acea Ato 2. Once fully operational, the system will provide a more accurate and timely measurement of the volumes delivered to users, with a consequent improvement in the effectiveness of billing and water balance processes, as well as a greater awareness of consumption by users.

**The continuity of the water supply** is one of the fundamental service parameters for customer satisfaction, which has been subject to regulation by the ARERA. Table no. 26 shows the data of the

last three years relating to **disruptions and water reductions, urgent** (due to accidental breakdowns of pipelines or plants, energy interruption, etc.) **or planned**, for the Companies in question.

**TABLE NO. 26 – NUMBER, TYPE AND DURATION OF DISRUPTIONS IN THE SUPPLY OF WATER (2017-2019)**

TYPE OF DISRUPTION	2017	2018 <sup>(*)</sup>	2019 <sup>(**)</sup>
<b>ACEA ATO 2</b>			
urgent disruptions (no.)	1,915	1,722	1,303
planned disruptions (no.)	143	266	204
<b>total disruptions (no.)<sup>(***)</sup></b>	<b>2,058</b>	<b>1,988</b>	<b>1,507</b>
suspensions lasting > 24hrs (no.)	242	200	170
<b>ACEA ATO 5</b>			
urgent disruptions (no.)	303	552	428
planned disruptions (no.)	270	149	338
<b>total disruptions (no.)<sup>(***)</sup></b>	<b>573</b>	<b>701</b>	<b>766</b>
suspensions lasting > 24hrs (no.)	6	2	0
<b>GORI</b>			
urgent disruptions (no.)	870	6,708	1,016
planned disruptions (no.)	128	87	202
<b>total disruptions (no.)<sup>(***)</sup></b>	<b>998</b>	<b>6,795</b>	<b>1,218</b>
suspensions lasting > 24hrs (no.)	0	0	0
<b>GESESA<sup>(****)</sup></b>			
urgent disruptions (no.)	100.	106	107
planned disruptions (no.)	1,320	30	31
<b>total disruptions (no.)<sup>(***)</sup></b>	<b>1,420</b>	<b>136</b>	<b>138</b>
suspensions lasting > 24hrs (no.)	22	18	3

(\*) The 2018 figures for Acea Ato 2 have been consolidated.

(\*\*) The 2019 data of Acea Ato 2 and Gori are still in the process of consolidation and refer to all the cases reported in the register of service disruptions required by ARERA in resolution 917/2017. Any adjustments, after data consolidation, will be reported in the next reporting cycle.

(\*\*\*) Starting from the 2018 report, the data for total disruptions has been expanded, as envisaged by the Authority. It includes shutdowns (due to damage to pipes/pipelines and network changes) and the interruptions due to disruptions and system anomalies. The number of total out of service cases was therefore used for the calculation.

(\*\*\*\*) Gesesa's data are provisional and subject to revision and consolidation.

## WATER DISTRIBUTED AND RETURNED TO THE ENVIRONMENT

The **quality of the drinking water** distributed is another essential factor of the service, in particular **for aspects related to the health and safety** of all users. The same approach applies, however, to the water returned to the receiving water bodies. Therefore, all **companies independently carry out controls on drinking and wastewater** using internal laboratories (for example, Gori works with the Francesco Scognamiglio laboratory) or with the support of the **Acea Elabori Group Company** (see table no. 25).

In particular, tests on **water intended for consumption** are carried out on samples collected from **springs and wells**, supply plants, reservoirs and **along distribution networks**, as well as samples collected for extraordinary testing (users, local health authority requests, etc.) and specific parameters (e.g. radioactivity). The frequency of the tests and sample collection points are defined taking into consideration volumes of water distributed, population covered, network and infrastructure conditions and specific characteristics of local springs (for these aspects see also *Environmental relations*).

In 2019, **Acea Ato 2 launched the Water Safety Plan (WSP) of the managed aqueduct system**, which will be implemented **for the large aqueducts that supply**, aside from Rome, **90% of the population of OTA 2** and over 200,000 inhabitants in 45 municipalities in the province of Rieti and the province of Frosinone. The Emergency Plan was also updated during the year, with the criteria complying with the guidelines of the water safety plans

(see the chapter *Institutions and the company*). In April, Acea Ato 2 **completed implementation of the WSP for the Grotta-rossa water purification plant that treats the waters of the Tiber** in accordance with Ministerial Decree. 14/06/2017 (see also the chapter *Institutions and the company* and the section *Relations with the environment*). In operation since October 2018, the plant **contributes to increasing the Roman water system's resilience** to extreme events, which may occur as a result of climate change, and supplies water, normally used to supply the plant watering network of the City of Rome and the Vatican, that is actually **suitable for human consumption and immediately available in case of emergency** to supply the drinking water network at the service of 350,000 inhabitants of the central areas of Rome.

The spring water collected to supply the Rome and Fiumicino area starts from levels of excellence, while in the Castelli Romani area and other areas of northern Lazio the volcanic nature of the terrain adds mineral elements to the water such as fluorine, arsenic and vanadium, in concentrations exceeding those envisaged by the law. Acea Ato 2 has been working for some time to resolve these issues, such as by decommissioning some local sources of supply and replacing them with higher quality springs. In recent years, a number of drinking water plants were built, and in 2019 **Acea Ato 2 built new ones or upgraded/expanded existing ones** in the municipalities of Ariccia, Bracciano, Castel Gandolfo, Trevignano and Marino. A drinking water plant has also been acquired on which major adaptation work has been planned and started to serve the municipalities of Civitavecchia and Cerveteri.

In 2019, **Gesesa** carried out extraordinary checks on the presence of tetrachloroethylene in the wells serving the city of Benevento, finding a centralized lower than the threshold indicated by current legislation. **Gori** purchased a high resolution mass spectrometer to **search for emerging pollutants**. In addition, in implementation of national legislation and the Community Directives on Water Safety Plans (WSP), it **has created an internal team** with cross-cutting skills for the implementation of the Water Safety Plan and **launched inspections on all plants**.

In 2019 **83 Water Kiosks** were active (22 in Rome and 61 in the province), free dispensers of natural or sparkling chilled water available to the public and tourists. The water distributed is the same as the aqueducts and the quality is **certified by strict regular checks** conducted by Acea and the relevant local health authorities. Each

Water Kiosk is fitted with a **monitoring device** linked to the in **Acea Ato 2** remote control systems and is also equipped with USB power supply sockets for recharging devices and a screen for transmitting company/local information. **During the year**, Acea Ato 2 Water Companies **dispensed** a total of **20,951,000 litres of water** (58% sparkling water), equal to **419 tonnes of plastic saved** and **about 735 tonnes of CO<sub>2</sub> not emitted into the atmosphere** due to bottles not being produced<sup>53</sup> and net of emissions due to energy consumption by the Companies and the CO<sub>2</sub> added to produce sparkling water.

**Gori** also has **20 active Water Kiosks** located in the managed territory, which in 2019 dispensed a total of **4,993,500 litres of water**, equal to **100 tonnes of plastic saved** and about **197 tonnes of CO<sub>2</sub> not emitted into the atmosphere**<sup>54</sup>.

## THE PERCEIVED QUALITY OF DRINKING WATER, RESULTS OF THE 2019 SATISFACTION SURVEYS

Acea measures customer habits and perceptions regarding the quality of the drinking water supplied. Customer satisfaction surveys conducted twice yearly call for an in-depth review of this topic.

For **Rome and Fiumicino**, the opinion on taste, smell and clearness of the water to drink expressed by the sample of interviewees was **stable** compared to 2018, and the average of the two surveys was equal to **7.6/10**. Global satisfaction in the province was **6.8/10** (7.1 in 2018). In addition, **50% of the interviewees in the Capital state they normally drink tap water at home** whereas **31% state they never drink it** (they were respectively 52% and 29% in 2018). These percentages in the suburban areas change to **16.4%** for those regularly drinking tap water (a significant decrease compared to **37.4%** in 2018) and **45.1%**, for those who do not (43.1 in previous surveys). Among the reasons given by those who never drink tap water,

in the city the habit of drinking mineral water is still prevalent in **52%** of cases. The same reason is given in the province in **41.9% of cases**, followed by poor confidence in hygiene (38.5%).

For **Acea Ato 5** customers in Frosinone and vicinity, the overall opinion expressed on drinking water **improved** in 2019 and reached **6/10** (it was 5.6/10 in 2018). The percentage of respondents stating that they **habitually drink** tap water remains limited at **23.9%** (it was 20.1% in 2018), while still high but **significantly decreasing** is the percentage of those stating that they **never drink it**, equal to 56.7% (it was 65.3% in 2018). For the latter, the main reason given is "it is not good for my health (too much calcium, presence of minerals)" for 33.5%, while 30.3% have the habit of drinking mineral water.

In the Sarnese Vesuviano district, the overall opinion on drinking water expressed in 2019 by **Gori's** customers was **5.9/10** (it

was 5.6/10 in 2018). The number of interviewees stating that they **habitually drink** tap water remained stable, going from 24% in 2018 to **24.7% in 2019**, while the percentage of those stating that they **never drink it** decreased more appreciably from 58.2% in 2018 to **52.2% in 2019**. The main reason cited by those who do not drink tap water is "it is not good for my health", equal to 32.1% in 2019 (it was 34.9% in 2018). For customers of **Gesesa** in Benevento and vicinity, customer satisfaction surveys were introduced in the second half of 2018, therefore the results of the analysis on water quality are reported as an average of the two 2019 surveys, without a precise comparison with the previous year. The overall assessment of the quality of tap water is **6.6/10**. The percentage of customers stating that they **regularly drink tap water** is very low, 11%, while 64.3% state that they never drink it. The prevailing reason is the lack of confidence in hygiene, for 48.7%.

The collection of wastewater and its treatment prior to being returned to the environment takes place through a complex system and a **configuration organized by "areas"** comprising **wastewater treatment plants, sewerage networks** connected thereto and the associated **pumping stations**. **Acea Ato 2** manages 709 sewerage lifting systems (220 of them in the municipality of Rome), 169 treatment plants (34 in the municipality of Rome, 5 major and 29 minor) and about 5,839 km of sewerage networks (of which over 4,000 km managed in Rome).

For the water network of the city of Rome and the Vatican, currently supplied, as mentioned, by the Grottarossa plant, in the future the water coming out of the **COBIS purification plant – about 250 l/s – will be used**, treated in order to make it **suitable for reuse**. The work of upgrading the purification plant, carried out in 2019, saw the creation of a tertiary treatment of double stage filtration and disinfection with UV rays. The plant will feed the Paolo Aqueduct through a pipeline about one kilometre long

and a lifting system. **The reuse of water will make it possible to save other water resources**. Before using the plant to supply the non-drinking water network, to **prevent any possible risk** and validate the control systems **the Health and Safety Plan will be completed**, launched in May 2019 with the collaboration of the Control Bodies and Municipalities of the Bracciano district served by the COBIS sewage system.

At 31/12/2019 the infrastructure of the purification and sewerage service managed by **Acea Ato 5** included **219 sewerage lifting plants, 132 treatment plants** and **over 1,500 km of dedicated networks** (georeferenced data). Among the infrastructure managed by **Gori**, some purification plants are at the service of individual municipalities and others at the service of inter-municipal areas of the Sarnese-Vesuvian agriculture. In 2019, Gori took charge of three other district treatment plants, reaching a total of **10 managed plants** (for about 1.6 million population equivalent). At 31/12/2019 the infrastructure of the purification and sewerage

<sup>53</sup> This figure is underestimated as it does not consider the saving in emissions due to bottles not being transported by road/railway.

<sup>54</sup> In the absence of precise data on the CO<sub>2</sub> added, the 2019 calculation of CO<sub>2</sub> not emitted into the atmosphere thanks to the use of Gori Water Kiosks was calculated assuming that only still water was dispensed.

service managed by **Gesesa** included **19 sewerage lifting plants, 32 treatment plants** and **553 km of dedicated networks**. The city of Benevento is not served by a centralised purification plant and the Municipality of Benevento is planning the design for its realisation and the connection outfalls. In 2019, Gesesa upgraded and secured all the purification plants managed and started revamping works on two of them: the purification plant to which the waters of the municipality of Castelpagano are conveyed and the Santa Lucia purification plant at the service of the municipality of Morcone.

As mentioned above, in the municipality of Rome Acea Ato 2 also manages the pumping stations and reservoirs for the non-drinking water network **and irrigation network, which feeds major artistic fountains**. In particular, **9 of the main artistic and monumental fountains of the Capital**: the Triton Fountain, the three fountains in Piazza Navona – the Fountain of the Four Rivers, the Moor Fountain and the Fountain of Neptune – the Trevi Fountain, the Fountain of Turtles, the Fountain of Moses, the Fountain of the Naiads

and the Acqua Paola Fountain (Paola Water Exhibition), on some of which special works have been carried out (see box for details). Acea Ato 2 is also responsible for the water segment up to the “point of delivery” for the **drinking fountains** and fire hydrants and intervenes in the event of damage to the water supply system and for water flow opening and closing operations.

Acea surveys parameters that specify the quality of water entering and exiting treatment plants and the impact on receiving water bodies: the **Tiber** and **Aniene** rivers (see also *Relations with the environment, Water segment*). The **Acea Ato 2 Environmental Operations Centre**, renovated in 2018, constantly monitors data recorded by remote control using avant-garde technology relating to **hydrometric and rainfall information** concerning the Rome area, shared with the Rome Hydrographic and Tide Gauge Operations Office, as well as data on the **quality of the water** of the water bodies. In 2019, **354 samples were taken at 27 sampling points** on the Tiber and Aniene rivers and on Lake Bracciano.



### WORKS ON THE FOUNTAINS IN ROME

In 2019 some major works were carried out on the **Naiads Fountain**, with the complete overhaul of the treatment system, the replacement of the recirculation electric pumps, the disassembly and overhaul of all nozzles and the complete cleaning of the fountain's water supply lines. At the **Acqua Paola Fountain** the external gates were overhauled and the recirculation water treatment system was

completely replaced. Finally, for the **Moses Fountain** a section of the recirculation system supply pipe was replaced, and repairs and replacements of pipe sections located inside the statues and marbles were carried out. On the **Trevi Fountain**, as mentioned above, the interventions carried out by Areti concerned the renovation of the monument's lighting.

### QUALITY LEVELS REGULATED BY ARERA IN THE WATER SECTOR

The Regulatory Authority for Energy Networks and Environment (ARERA) defines the **specific and general levels of contractual quality for the water sector**<sup>55</sup>. With **resolution 547/19**, which took issued at the end of the year, the **Authority amended and supplemented the current regulations with effect from 1 January 2020**, establishing an **incentive system** divided into bonuses and penalties to be attributed **from 2022** based on the performance of the operators.

Again for 2019, therefore, **Acea Ato 2** presents its performance **according to levels of improvement of the contractual quality standards defined by the Authority**. In fact, in 2016 ARERA accepted the request from the Area Governing Body (Mayors'

Conference of OTA 2 Central Lazio) requesting the recognition of bonuses related to meeting more challenging standards. In particular, the improvement concerns **43 indicators out of the 47 established by the resolution**. The **tariff related recognition of the award** intervened in the year after that of the communication on performance, as far as the limits that the proposed improvement levels were reached and aggregated (see also the box relating to prizes and sanctions in the chapter *Institutions and the company*). In order to allow the Operational Technical Secretariat of the Area (STO) to verify performance, **by January**<sup>56</sup> **of each year Acea Ato 2 must produce Lists containing data on performance for the previous year**. Having completed the appropriate assessments, the Technical Secretariat proceeds with quantifying the award of economic competence to the year of reference<sup>57</sup>.

<sup>55</sup> For most of the services the regulation of contractual quality aspects is in force from July 2016 according to resolution 655/15/R/Idr or RQSII (Regulation of the contractual quality of the integrated water service).

<sup>56</sup> In advance of the deadline of the end of March established by resolution 655/15.

<sup>57</sup> In January 2019 Acea Ato 2 sent the STO the 2018 data related to the performance of contractual quality, and following verification the Secretariat calculated a bonus of about € 33.6 million.



The table illustrating the performance of Acea Ato 2 shows the improvements implemented by the company next to the standards provided by the ARERA, as well as, where pertinent, the average actual completion time for the services and, as prescribed, the degree of compliance of the improvement standard. The 2019 performance of Acea Ato 2 (see table no. 27) shows an average compliance greater than 90%, the indicators relating to the execution of complex works and the water connection with complex works show room for improvement, while excellent results were achieved for the following services: transfers, responses to complaints/requests, response to the emergency call, punctuality for appointments, execution of simple works, estimates and execution of water connections with simple works.

For certain services envisaged by the Service Charter annexed to the Convention Agreement, Acea Ato 5 also achieved results that were higher than the standards imposed by the Authority (see table no. 28). The Companies Acea Ato 5, Gori and Gesesa comply with the deadlines for submitting performance data established by ARERA (March 2020), so here it is possible to publish the available estimates of the 2019 performance data, to be understood as indicative of their performance. In contrast, the final 2018 data are published and submitted to the Authority.

In some cases, the 2019 performance estimates of Acea Ato 5 show improvement compared to the 2018 final performance, such as responses to complaints and written requests for information and billing adjustments. For other indicators, the percentage related to the

degree of compliance drops, for example, for activations and deactivations of the supply. For Gori, the estimates of 2019 contractual quality performance (see table no. 29) improve compared to 2018, in particular for the services relating to the response to complaints and written requests as well as the activation of the supply, while some compliance percentages fall, especially for the execution of complex works and water and sewerage connections with complex works. Also with regard to Gesesa the performance estimates for the year (see table no. 30) show some improvements, for example for the activation of the supply, the estimates for on-site works and the execution of complex works, while other services, including the execution of simple works and the response to complaints, have lower ratings.

Resolution 655/2015 provides for a mechanism of automatic indemnities to be granted to customers in the event of off-standard services related to the specific indicators. The unit value of the compensation varies according to the delay in the execution of the service<sup>58</sup>. Overall, in 2019 the Companies paid automatic indemnities to customers amounting to approximately €1 million (for details see the box that illustrates investigations, bonuses and penalties in the chapter *Institutions and the company*).

As required by the Authority, Water Companies communicate performance data to users in bills once a year<sup>59</sup>, and at the moment only Acea Ato 2 and Acea Ato 5 disseminate these online as well ([www.gruppo.aceait](http://www.gruppo.aceait)). Finally, all Companies publish the information on the quality of drinking water on their websites.

**TABLE NO. 27 – THE MAIN SPECIFIC AND GENERAL LEVELS OF CONTRACTUAL QUALITY IN THE WATER SEGMENT (2018-2019) – ACEA ATO 2 – (ARERA parameters, Acea Ato 2 improvement standards and performance – data submitted to the STO)**

**CONTRACTUAL QUALITY WATER SEGMENT – ACEA ATO 2**

**SPECIFIC LEVELS OF QUALITY**

SERVICES	ARERA STANDARD	ACEA ATO 2 IMPROVEMENT STANDARD	ACEA ATO 2 PERFORMANCE			
			Service delivery average actual time	Degree of compliance	Service delivery average actual time	Degree of compliance
			2018		2019	
estimate for water connection with inspection	20 working days	15 working days	9.5	90.3%	7	95.5%
estimate for sewage connection with inspection	20 working days	15 working days	/	/	/	/
execution of the water connection with simple work	15 working days	10 working days	13.5	73.1%	5.3	95.8%
execution of the sewage connection simple work	20 working days	15 working days	/	/	/	/
supply activation	5 working days	3 working days	12.9	74.1%	4.7	90.5%
reactivation or takeover of the supply without changing the meter rate	5 working days	3 working days	2.0	92.3%	1.8	95.7%
reactivation or takeover supply with changes to the meter rate	10 working days	6 working days	1.3	100%	3	80.0%
reactivation of supply following disconnection for late payment	2 weekdays	1 weekday	1.2	87.6%	0.7	94.2%
deactivation of supply	7 working days	3 working days	5.4	91.9%	2.6	95.8%
transfer of registration	5 working days	3 working days	0	99.8%	0.1	99.9%
estimates for works with inspection	20 working days	15 working days	11.6	90.3%	8.2	93.0%
completion of simple work	10 working days	6 working days	4.3	42.9%	3.6	100.0%
punctuality band for appointments	180 minutes	120 minutes	1.0	96.0%	1.2	99.0%
reply to complaints	30 working days	20 working days	7.3	99.2%	12.1	97.4%
reply to written enquiries	30 working days	20 working days	8.9	98.3%	9.4	98.1%
billing adjustment	60 working days	55 working days	7	99.1%	5.2	100.0%

<sup>58</sup> The unit value indemnity is € 30, € 60 or € 90 according to whether the service is completed in a time less than double the standard, in a time ranging between double and triple the standard, or in triple or more than triple time with respect to the standard. Overall, the Water Companies in the scope paid automatic compensation during the year.

<sup>59</sup> The obligation to notify all end customers of the levels of quality achieved in the previous year in the bill by 30 June is in force (art. 78.1 Resolution 655/2015).



**TABLE NO. 27 – THE MAIN SPECIFIC AND GENERAL LEVELS OF CONTRACTUAL QUALITY IN THE WATER SEGMENT (2018-2019) – ACEA ATO 2 – (ARERA parameters, Acea Ato 2 improvement standards and performance – data submitted to the STO) (cont.)**

**GENERAL LEVELS OF QUALITY**

			ACEA ATO 2 PERFORMANCE			
			2018		2019	
completion of complex water connection	90% of the services within 30 working days	90% of the services within 20 working days	25.2	70.5%	20.2	78.6%
completion of complex sewage connection	90% of the services within 30 working days	90% of the services within 25 working days	/	/	/	/
completion of complex works	90% of the services within 30 working days	90% of the services within 20 working days	41.9	47.6%	30.4	63.5%
maximum time for the agreed appointment	90% of the services within 7 working days	90% of the services within 5 working days	3.5	90.2%	2.8	97.5%
arrival at the location of the emergency call	90% of the services within 3 hours from the telephone conversation with the operator	90% of the services within 2 hours from the telephone conversation with the operator	21.9	62.2%	3.3	91.0%
reply to written billing adjustment requests	95% of the services within 30 working days from receipt of the request	95% of the services within 20 working days from receipt of the request	7.0	99.1%	9.7	98.5%
reply to the emergency call (CPI)	90% of the services within 120 seconds	90% of the services within 110 seconds	63.1	95.1%	48	98.1%

The symbol “/” is used when there have been no services during the year, whereas “-” indicates that the average time cannot be calculated because the services is on/off.

**TABLE NO. 28 – MAIN SPECIFIC AND GENERAL LEVELS OF CONTRACTUAL QUALITY IN THE WATER SECTOR (2018-2019) – ACEA ATO 5 – (ARERA parameters, higher standards than the Service Charter, and Acea Ato 5 performance – 2018: final data, 2019: estimated data, in the validation phase – ARERA reporting scheduled for March 2020)**

**CONTRACTUAL QUALITY WATER SEGMENT – ACEA ATO 5**

**SPECIFIC LEVELS OF QUALITY**

SERVICES	ARERA STANDARD	ACEA ATO 5 IMPROVEMENT STANDARD (FROM SERVICE CHARTER)	Service delivery average actual time	Degree of compliance	Service delivery average actual time	Degree of compliance
			PERFORMANCE ACEA ATO 5			
			2018		2019	
estimate for water connection with inspection	20 working days	10 working days	4.2	97.8%	7.8	83.3%
estimate for sewage connection with inspection	20 working days	10 working days	4.5	99.0%	9.9	94.9%
execution of the water connection with simple work	15 working days		4.2	96.8%	2.8	93.8%
execution of the sewage connection simple work	20 working days		23.0	50.0%	35.5	67.0%
supply activation	5 working days		6.7	80.0%	8.6	61.3%
reactivation or takeover of the supply without changing the meter rate	5 working days		1.8	99.0%	2.3	94.6%
reactivation or takeover supply with changes to the meter rate <sup>(*)</sup>	10 working days		n.a.	n.a.	n.a.	n.a.
reactivation of supply following disconnection for late payment <sup>(*)</sup>	2 working days		n.a.	n.a.	n.a.	n.a.
deactivation of supply	7 working days	5 working days	2.9	96.6%	4.0	88.0%

**TABLE NO. 28 – MAIN SPECIFIC AND GENERAL LEVELS OF CONTRACTUAL QUALITY IN THE WATER SECTOR (2018-2019) – ACEA ATO 5 – (ARERA parameters, higher standards than the Service Charter, and Acea Ato 5 performance – 2018: final data, 2019: estimated data, in the validation phase – ARERA reporting scheduled for March 2020) (cont.)**

SPECIFIC LEVELS OF QUALITY						
			ACEA ATO 5 PERFORMANCE			
			2018		2019	
transfer of registration	5 working days		0.2	99.6%	0.4	99.1%
estimates for works with inspection	20 working days		4.7	99.0%	9.1	81.7%
completion of simple work	10 working days		9.8	69.8%	/	/
punctuality band for appointments	180 minutes		1.6	99.0%	2.4	99.4%
reply to complaints	30 working days	20 working days	6.8	89.2%	7.6	96.8%
reply to written enquiries	30 working days	10 working days	12.9	69.6%	13.0	92.5%
billing adjustment	60 working days		11.5	77.1%	5.9	98.5%
GENERAL LEVELS OF QUALITY						
			ACEA ATO 5 PERFORMANCE			
			2018		2019	
completion of complex water connection	90% of the services within 30 working days	90% of the services within 20 working days	7.8	92.6%	13.0	97.0%
completion of complex sewage connection	90% of the services within 30 working days	90% of the services within 20 working days	12.0	67.0%	13.0	66.7%
completion of complex works	90% of the services within 30 working days		13.2	93.9%	10.8	94.8%
maximum time for the agreed appointment	90% of the services within 7 working days		3.4	98%	5.3	83.8%
arrival at the location of the emergency call	90% of the services within 3 hours from the telephone conversation with the operator	90% of the services within 70 min. from the telephone conversation with the operator	50.0	100%	62.4	89.6%
reply to written billing adjustment requests	95% of the services within 30 working days from receipt of the request	95% of the services within 10 working days from receipt of the request	17.2	53.8%	13.0	76.0%
reply to the emergency call (CPI)	90% of the services within 120 seconds		65.9	96.3%	65.2	92.1%

(\*) In these two cases the standard does not apply as the Company does not foresee “reactivation” but rather termination and the creation of a new contract. The symbol “/” is used when there have been no services during the year, whereas “-” indicates that the average time cannot be calculated because the services is on/off.

**TABLE NO. 29 – MAIN SPECIFIC AND GENERAL LEVELS OF CONTRACTUAL QUALITY IN THE WATER SECTOR (2018-2019) – GORI – (ARERA parameters and Gori performance – 2018: final data, 2019: estimated data, in the validation phase – ARERA reporting scheduled for March 2020)**

**CONTRACTUAL QUALITY WATER SEGMENT – GORI**

**SPECIFIC LEVELS OF QUALITY**

SERVICES	ARERA STANDARD	GORI PERFORMANCE			
		Service delivery average actual time	Degree of compliance	Service delivery average actual time	Degree of compliance
		2018	2019		
estimate for water connection with inspection	20 working days	5.2	98.7%	7,7	99.4%
estimate for sewage connection with inspection	20 working days	6.5	97.4%	11.7	98.0%
execution of the water connection with simple work	15 working days	47.3	60.0%	35.9	30.8%
execution of the sewage connection with simple work	20 working days	242.5	0.0%	15.0	100%
supply activation	5 working days	7.4	72.7%	6.2	84.3%
reactivation or takeover of the supply without changing the meter rate	5 working days	4.0	89.9%	2.9	93.7%
reactivation or takeover of the supply with changes to the meter rate	10 working days	3.5	100%	/	/
reactivation of supply following disconnection for late payment	2 weekdays	1.1	97.2%	0.6	99.5%
deactivation of supply	7 working days	4.6	88.9%	5.0	92.2%
transfer of registration	5 working days	0.3	98.2%	0.4	98.6%
estimates for works with inspection	20 working days	8.2	96.8%	11.5	99.7%
completion of simple work	10 working days	53.2	25.0%	37.6	20.0%
punctuality band for appointments	180 minutes	1.7	98.3%	1.7	99.1%
reply to complaints	30 working days	30.6	79.9%	16.7	89.8%
reply to written enquiries	30 working days	37.3	80.2%	8.5	96.3%
billing adjustment	60 working days	104.0	0%	18.0	100%

**GENERAL LEVELS OF QUALITY**

		GORI PERFORMANCE			
		2018	2019		
completion of complex water connection	90% of the services within 30 working days	35.1	72.7%	35.9	63.3%
completion of complex sewage connection	90% of the services within 30 working days	38.7	64.5%	44.1	49.1%
completion of complex works	90% of the services within 30 working days	27.1	75.4%	30.9	65.7%
maximum time for the agreed appointment	90% of the services within 7 working days	4.6	91.9%	4.3	92.7%
arrival at the location of the emergency call	90% of the services within 3 minutes from the telephone conversation with the operator	2.5	95.8%	1.7	94.3%
reply to written billing adjustment requests	95% of the services within 30 working days from receipt of the request	19.8	88.3%	9.1	97.7%
reply to the emergency call (CPI)	90% of the services within 120 seconds	79.1	91.2%	68.0	92.6%

The symbol “/” is used when there have been no services during the year, whereas “-” indicates that the average time cannot be calculated because the services is on/off.

**TABLE NO. 30 – MAIN SPECIFIC AND GENERAL LEVELS OF CONTRACTUAL QUALITY IN THE WATER SECTOR (2018-2019) – GESESA – (ARERA parameters, and Gesesa performance – 2018: final data, 2019: estimated data, in the validation phase – ARERA reporting scheduled for March 2020)**

**CONTRACTUAL QUALITY WATER SEGMENT – GESESA**

**SPECIFIC LEVELS OF QUALITY**

SERVICES	ARERA STANDARD	Service delivery average actual time	Degree of compliance	Service delivery average actual time	Degree of compliance
		GESESA PERFORMANCE			
		2018	2019		
estimate for water connection with inspection	20 working days	3.7	99.4%	4.9	100%
estimate for sewage connection with inspection	20 working days	/	/	/	/
execution of the water connection with simple work	15 working days	19.5	65.0%	17.6	60.7%
execution of the sewage connection with simple work	20 working days	/	/	/	/
supply activation	5 working days	49.0	40.0%	26.7	72.7%
reactivation or takeover of the supply without changing the meter rate	5 working days	3.7	98.0%	6.6	95.6%
reactivation or takeover of the supply with changes to the meter rate	10 working days	/	/	/	/
reactivation of supply following disconnection for late payment	2 weekdays	0.5	100%	0.7	97.5%
deactivation of supply	7 working days	10.34	96.3%	11.4	98.3%
transfer of registration	5 working days	1.2	96.8%	0.7	98.3%
estimates for works with inspection	20 working days	4.1	96.6%	5.0	100%
completion of simple work	10 working days	7.2	72.7%	10.7	50.0%
punctuality band for appointments	180 minutes	114	92.2%	96	91.7%
reply to complaints	30 working days	24.7	87.5%	28.4	69.6%
Reply to written enquiries	30 working days	25.7	92.1%	24.1	96.1%
billing adjustment	60 working days	/	/	/	/

**GENERAL LEVELS OF QUALITY**

		GESESA PERFORMANCE			
		2018	2019		
completion of complex water connection	90% of the services within 30 working days	33.8	69.6%	27.2	75%
completion of complex sewage connection	90% of the services within 30 working days	/	/	/	/
completion of complex works	90% of the services within 30 working days	28.9	75.0%	23.3	86.2%
maximum time for the agreed appointment	90% of the services within 7 working days	2.2	98.1%	2.0	98.4%
arrival at the location of the emergency call	90% of the services within 3 minutes from the telephone conversation with the operator	/	/	/	/
reply to written billing adjustment requests	95% of the services within 30 working days from receipt of the request	/	/	/	/
reply to the emergency call (CPI)	90% of the services within 120 seconds	-	84.5%	-	85%

The symbol “/” is used when there have been no services during the year, whereas “-” indicates that the average time cannot be calculated because the services is on/off.

## TARIFFS

### ELECTRICITY SERVICE PRICING

In Italy, with regard to the electricity sector, there are two main types of market (net of the residual safeguard segment): the *standard market* and the *free market*. For the standard market service, the operator offers the customer standard services at fixed prices based on the ARERA regulations and the quantities supplied wholesale by the Sole Purchaser. In the free market the services offered and their prices are the result of free competition among all operators. In this context, customers can choose their own suppliers based on their preferences.

The costs included in the electricity bill cover cost items: **electricity** (supply and retail marketing), **transport and meter management** (costs for delivery to customers), **system charges** (costs for general

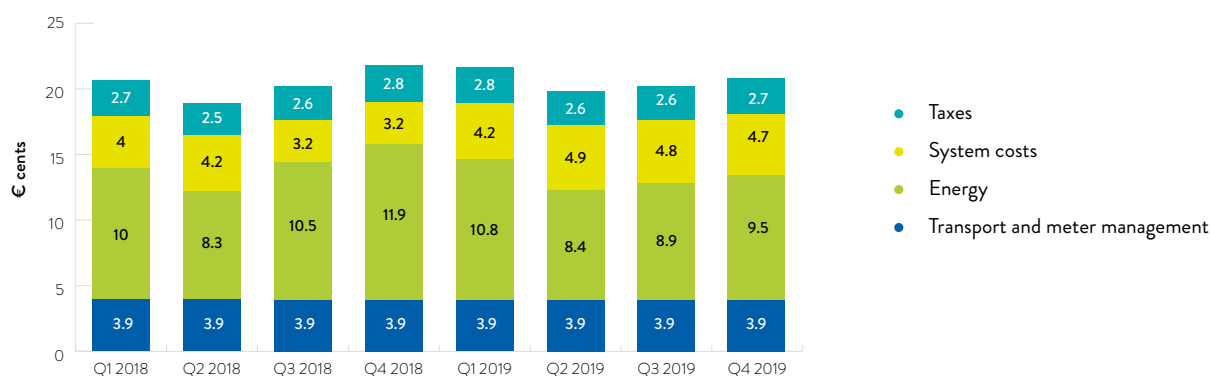
activities of the electricity system, borne by all end customers) and **taxes** (consumption tax and VAT).

The **standard market** service, while in progressive reduction in favour of the free market, still today represents **the segment most used** by Italian customers (domestic and non-domestic), with a subscription rate of 53.6% (58.1% in the previous year).

The expansion of the **free market** is evident observing the volumes of electricity sold: free market customers consume **80.6% of the energy comprehensively sold** to the end market (78.8% in the previous year)<sup>60</sup>.

In this segment, with “**standard**” consumption – amounting to **2,700 kWh/year**, with 3 kW power – **the overall annual expenditure** for electricity amounted to about **€ 557 in 2019** (20.6 € cent/Wh), **a slight increase** compared to last year (with an average cost of 20.3 € cent/Wh, about € 548 per year). The final price was substantially affected **by the increase in system charges**.

CHART NO. 25 – ELECTRICITY PRICE TREND FOR A STANDARD DOMESTIC CUSTOMER (€ CENT/KWH) (2018-2019)



Source: ARERA website – statistical data.

### WATER SERVICE PRICING

With **resolution 664/15**, ARERA established a framework of fair, certain and transparent rules concerning the tariff in the water sector for the period 2016-2019.

Such method, based on **regulatory schemes**, ensures an efficient and economically-financially balanced management, able to incentivize investments and improve services in light of **full cost**

**recovery** principles (full coverage of industrial and environmental costs of the service) and “who pollutes pays”.

With **resolution 918/17**, the Authority intervened to amend and supplement resolution 664/15, regulating the **updating criteria for the two-year period 2018-2019** regarding the cost components eligible for tariff recognition.

TABLE NO. 31 – AVERAGE WATER PRICES APPLIED (2019)

Company	€/m <sup>3</sup>
<b>LAZIO/CAMPANIA</b>	
Acea Ato 2 SpA	1.65
Acea Ato 5 SpA	2.49
Gesesa SpA	1.65 <sup>(*)</sup>
Gori SpA	2.32 <sup>(**)</sup>

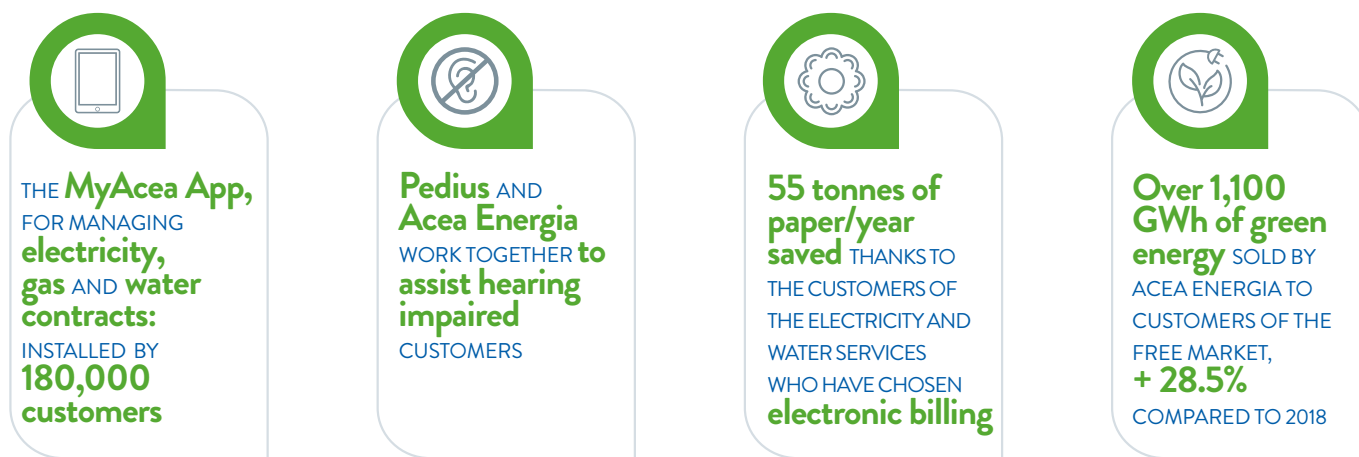
(\*) In 2018, pursuant to Resolution 665/17, Gesesa standardized the tariff structure for all the municipalities managed and initiated convergence towards a single tariff, with a path that will lead to uniformity of the tariff in 2023.

(\*\*) The figure is estimated.

<sup>60</sup> Based on the number of served collection points and the volumes sold in 2018 (ARERA Annual report 2019).



## CUSTOMER CARE



### CUSTOMER CARE POLICY

The customer is recognized as one of **Acea's key stakeholders**, to whom maximum attention and care should be paid. The objective is to **improve the customer journey**, namely the customer's experience when entering into contact with the Group companies and with the Acea Brand.

The operating companies pursue this objective in **their customer relations**, while in the Holding company the **Data Driven Management Unit (ITS)** ensures integrated management of the monitoring of customer/end-user relations in the Group, identifying actions aimed at optimising customer experience in agreement with industrial segments and companies.

Using a **dedicated unit** within the External Relations and Communications Department of the Parent Company, Acea **oversees the listening to the requests made by consumer associations**. In conjunction with the Operating Companies, in 2019 the Holding unit also organized a number of meetings with the main consumer associations to gather any requests coming from the local regions and to continue to raise awareness of the use of digital and telephone channels **exclusively dedicated to them**.

The **Consumer Associations** recognized by the National Consumer and User Council (CNCU) also support and represent customers who intend to resort to a **joint settlement procedure** for the out-of-court settlement of **commercial disputes**, used by Acea for several years. Following the **Memorandum of Understanding for ADR** (Alternative Dispute Resolution) signed in 2016 by **19 consumer associations** and the companies **Acea Energia, Areti, Acea Ato 2 and Acea Ato 5**, the **ADR Body**<sup>61</sup> was established which allows customers of the Companies that signed the Protocol<sup>62</sup> to seek **out-of-court dispute resolution through the ADR procedure**. In 2019 the Authority received a total of **474 requests for procedures** (360 assessed as appropriate, in accordance with the rules and regulations, and 114 not applicable), of which 263 for the water sector and 211 for the energy sector.

Some time ago **Gori** also signed a **Memorandum of Understanding** for the settlement of disputes with local consumer associations, and handled 120 settlement requests during the

year. With the aim of establishing a **dialogue with the public**, Gori **has also carried out some campaigns**, for example for the correct protection of meters and systems against frost or on the quality of the water distributed, broadcasting them on different channels and using videos and other media for the web and the press. **Gesesa** manages the conciliation service through **Consumer Service Points** and in 2019 3 conciliation procedures were carried out. Moreover, twice a year it holds meetings with consumer associations in the managed area.

On specific days and times of the week **Acea Ato 5** continues to maintain two "Consumer Service Points" for the management of commercial cases in Frosinone and Cassino, **dedicated to the 14 Consumer Associations in the territory registered with OTUC** (Body for the Protection of Users' and Consumers' Rights). In November 2019 the Company, the Operational Technical Secretariat (STO) of Ato 5-Southern Lazio and OTUC signed a memorandum of understanding to facilitate the regularisation of undocumented users. In addition, during the year it implemented the agreement signed in 2018 with the Territorial Agency for Residential Building of Frosinone (ATER) to **improve the quality of water service to users in public housing**, and at the same time to **prevent and combat the phenomenon of abuse** which affects both the occupation of public housing and connections to the water system. In particular, Acea Ato 5 started to **replace the unified meters with individual ones**, installing the first 62 meters in the 7 apartment complexes that have requested them. This has allowed the Company, which has also opened a **communication channel dedicated to residents of ATER housing**, to independently manage each user and to intervene directly to address specific problems and situations of abuse or default. Finally, thanks to the agreement signed at the headquarters of the Chamber of Commerce of Frosinone **with the trade associations** (Federlazio, CNA, Confimpreseitalia, Unione Artigiani Italiani and Unindustria), the Company offers companies and small entrepreneurs a **dedicated email channel** and the possibility of solving cases by appointment, simplifying and accelerating administrative procedures.

The **judicial disputes that took place during the year** between Acea and the customers is explained in the dedicated box.

<sup>61</sup> Since February 2017 the ADR Body has been included by resolution in the list maintained by the Authority.

<sup>62</sup> It should be noted that two other Group companies active in the water sector, not included in the scope of the Consolidated Non-Financial Statement, are signatories of the Protocol, and have received a total of 18 requests for ADR procedures, 13 of which are considered eligible.

## DISPUTES WITH CUSTOMERS 2019

Legal proceedings **brought by customers** against companies of the Acea Group mainly concerned disputes relating to **charges for service supply, adjustments, pricing structures and service activation delays**. Disputes in 2019 totalled 1,000, **226** of which had already been resolved last year.

Compared with 2018, the number of **customer disputes increased** mainly due to challenges to payment orders filed by the Companies Acea Ato 5 and Gori (501 disputes began in 2018). Customer litigation continues to be the most rapid solution and less costly procedure.

**Acea Energia** implements procedures aimed at **preventing and combating** the phenomenon of “**disputed activations/contracts**” and “**unsolicited accounts**”<sup>63</sup>. Depending on the channel used for the contract proposal (PDC) and its subscription by customers in the open market – door-to-door sales network, telephone – the Company has defined and carries out procedures aimed at verifying that the content of the contract signed has been clearly explained, the sales representative’s conduct has been proper and, above all, that the customer is actually aware of his or her choice. Indeed, the consumer receives a notice of connection start or a Confirmation Call, and this helps the Company to limit the risks of any misunderstandings and the late exercise of the right of withdrawal. Acea Energia **checks** the completeness and absence of alterations of **all paper contracts and listens to all telephone records produced by the sales agents**. In the event of a negative result of the checks, the **IT systems stop the activation of the new offer from continuing**.

In 2018 Acea Energia also introduced and in 2019 promoted a **digital sales channel**, which provides for the signing of the contract with a **biophometric signature** via **tablet and app**, following a **process designed to minimize the causes that can lead to the improper conclusion of a contract** in compliance with regulatory obligations. The process is based on elements (biophometric signature, pre-contractual and contractual documents acquired digitally, with submission to the back-end systems of the Company) **that eliminate the risk of errors and/or tampering**. This made it possible to eliminate the confirmation call and formal controls for **digital contracts** produced by sales agents.

As regards the **Agency Mandate** that governs relations with the sales agents network, as noted the Company carries out **checks on the services**, and in 2019 analysed **468 contract offers** that were

the **subject of complaints** (classified as “disputed activations/contracts” or “accounts not requested”). It reported **60 cases of “improper commercial practices”** to the Agencies, a very small number compared to 2018 (539 cases), and **issued pecuniary sanctions** amounting to **€ 20,000**. Acea Energia carried out a **compulsory training programme for sales representatives** (see the *Suppliers* chapter) and has **maintained bonus/malus mechanisms linked to the quality of acquisitions** in its contracts with its sales agents.

The commercial action of **Acea Energia on the free market** seeks to **satisfy customer requirements**: from families to large business customers, **diversifying the offers** (see dedicated box). In 2019 the “**green**” energy sold to customers in the free market continued to increase (+28.5% compared to 2018 volumes) – also see the box dedicated to commercial offers – and the **share of this item of the total energy sold in the year to customers in the free market by Acea Energia** (about 3,826 GWh, also see the *Environmental accounts*) **stood at 30%** (it was 26.8% of the final amount of electricity sold in 2018).

During 2019 Acea Energia **launched two important communications campaigns** with a distinctive graphic format, which brings out the brand’s colours and represents the protagonists in dynamic positions and at the time of the relationship with the energy. The campaigns sought to enhance the brand identity and launch the **new tagline “More light, more gas, more you”**, highlighting the **company’s core business** of selling electricity and gas on the free market, underlining Acea Energia’s commitment to moving from a “commodity oriented” company to a “**service-based**” and “**customer-centred**” company and qualifying it for the **ability to understand the needs of the different commercial targets**.

## ACEA ENERGIA’S 2019 COMMERCIAL PROPOSALS FOR THE FREE MARKET

Concurrent with the communications campaigns on the new tagline “**More light, more gas, more you**”, Acea Energia reshaped its commercial offer with the introduction of two new light and gas products:

- **Acea Like Us**, which offers the customer the opportunity to buy electricity and gas at wholesale price, with a small monthly contribution. The product headline “**Light and gas? You pay as much as we do**” summarizes the benefits of the offer clearly and directly;
- **Acea Doubles**, which includes a discount on energy and gas components that doubles every two months up to 80% in a year. The visual of the product ironically represents the characteristics of the offer: the exponential discount is represented by people whose hair and moustaches have grown out of control. To support the visual, the product headline says “**The more time passes, the greater the benefit**”.

With the aim of strengthening the relationship with **large business customers**, Acea Energia offers a special deal to **employees of its**

**B2B customers**, giving them the possibility of signing up for an Acea Like Us product on favourable terms. The product is promoted through internal communications by the company concerned using materials made available by Acea Energia.

During the year, Acea Energia also launched several promotions dedicated to the **most digitized customers**. This is the case with the **Acea FastClick** offer for customers who sign up via web, offering them the chance to manage their energy supply completely online. The product **Acea Viva** is still available, **supplying “green” energy** produced from renewable sources with a Guarantee of Origin responding to the needs of **customers who are more attentive to the environment** has linked to the activation of the bill delivered via web. For large **business clients**, choosing the **Acea Viva** product constitutes an **asset of strategic positioning**, strengthened by personalized solutions of communication which Acea Energia makes available to them. The overall volume of **green energy sold in 2019 was estimated<sup>64</sup> at 1,144 GWh**, with an **increase of 28.5%** compared to 2018’s final value<sup>65</sup> (890 GWh).

<sup>63</sup> In compliance with regulations (ARERA resolution 228/17) and art. 66 quinquies of the Consumer Code.

<sup>64</sup> The final calculation is expected in March 2020 and the consolidated data will be updated in the next reporting cycle.

<sup>65</sup> The figure not yet published in 2018 was lower, equal to 790 GWh.

Finally, in compliance with the provisions of the Authority, Acea Energia has prepared the differentiated **PLACET offers** – Free Price at Equivalent Protected Conditions – for families (domestic use) or small businesses (non-domestic use). This type of offer is included in the package of commercial proposals at freely determined prices but **with contractual conditions defined by the Authority**. The economic conditions are decided by the seller and renewed every 12 months; the price structure and the contractual conditions (e.g. guarantees,

instalments) are determined by the Authority. The uniformity of the price structure and contractual conditions, the exclusion of any additional service and the possibility of activating energy supplies (electricity and gas) only separately and with two separate contracts make PLACET offers **easily comparable with each other**.

See also the websites: [www.acea.it](http://www.acea.it) for customers in the free market and [www.servizioelettricomra.it](http://www.servizioelettricomra.it) for customers in the protected market.

The “**Acea con Te**” loyalty programme for free-market domestic electricity and gas customers saw a **53% increase in subscribers compared to 2018**. The **Emozioni da Prima Fila** (First Row Emotions) contest continued throughout the year, offering prizes of admission to exclusive events and experiences. In December, visual identities and rewarding mechanisms of the **loyalty programme** were updated with the **publication of new rules**, a restyling of the website and the improvement of the portal's usability even from mobile devices and the inclusion of additional benefits for the customer.

## CONTACT CHANNELS AND PERFORMANCE

In all customer relations, Acea is committed to **guaranteeing the respect of privacy in the management of personal data**. In particular, since last year, Acea has adapted its organization to respond in the most appropriate way to the evolution of the relevant legislation, updated<sup>66</sup> in line with the new European regulations on the protection of personal data (**General Data Protection Regulation – GDPR**)<sup>67</sup>. In addition to **traditional contact channels** (call centre and branches), Acea makes **digital contact channels** available to customers. The **MyAcea** self-care platform, also available in the form of an **app** for mobile devices, allows the customer to **manage all water, electricity and gas utilities active with the Group companies through a single account**, seeking to **facilitate the User Experience** and concurrent **expansion of the available operations**, while the processing of documents continues to be ensured by the Companies that manage the various services. The **MyAcea App**, installed by about **180,000 people**, saw a further growth of the user base, with an **increase in 2019 of 63%** compared to the previous year (110,000 people in 2018). In **Acea Energia**, **223,150 customers have accessed the personal area at least once** in the last 12 months, equal to **20% of the customer base**, a percentage that reaches 25% only for customers in the free market.

To encourage the use of digital channels, in 2019 **Acea Ato 2** relaunched communication campaigns through **DEM (Direct Email Marketing)** and strengthened the training of call centre operators to promote self-care services from the **MyAcea** personal area. It has also carried out communications campaigns on the website, on billboards and in newspapers to encourage the use of **MyAcea**, web billing and direct debit. The expanded range of offers and better usability of online services have made it possible to **increase** the number of subscribers to the **MyAcea** customer area of **Acea Ato 2** by 27% compared to 2018, equal to **201,309 associated accounts** as at 31/12/2019.

**Acea Ato 5** launched the **pilot project “Breakfast with senior citizens”** in 2019. The project involves senior citizens' centres with the aim of making it easier for elderly people to **become familiar with**

**digital tools**, also promoting registration with the **MyAcea** portal and the use of the app. The Company has also placed its first information campaigns on websites, in local newspapers and online articles about the benefits of using the portal. These activities led to an increase in registrations with **MyAcea**, for a total of **32,853 users (+41%** compared to 2018), equal to approximately 16% of the total contracts.

Gori and Gesesa have also made the customer areas available to users, **also available as apps, MyGesesa and MyGori**. The customer can carry out most operations online, eliminating the need to use traditional post. The percentages of use of remote channels and support chat in the **MyGori** platform have increased significantly, and the **number of registered users** as at 31.12.2019 is **81,388**. A relevant effort was also put into circulating the use of the e-bill (see hereunder). During the year, **Gesesa** relaunched the **Gesesa Digitale** information campaign, to increase customers' knowledge and use of web channels and the app for business relations with the company. As at 31.12.2019 there are **4,000** subscribers to the online branch.

**Acea8cento** manages some **remote channels** – telephones, faxes, web forms, post, social networks – for the main operating Companies in the Group, mainly for commercial use<sup>68</sup>. The service provided by the contact centre is managed with a **One Call Solution (OCS)** approach in order to promptly meet the needs expressed by customers in a single contact.

**Acea8cento**, an active part in the process of reviewing and simplifying the contact channels, in 2019 followed the preparation of two tenders aimed at awarding the management of the volumes of water service traffic and core activities and the energy service (open market and standard market service) and subsequently oversaw the start and implementation of the two services entrusted to the contractors. It also managed the consolidation of:

- **Net Promoter Score (NPS)** for the service dedicated to Acea Energia and Acea Ato 2 customers, which guarantees an objective measurement of the level of customer satisfaction;
- the **social channel** (Facebook) for Acea Energia customers in the free market aimed both at providing assistance through **MyAcea** and processing commercial requests;
- the **chat channel** for the water service managed by Acea Ato 2 and Acea Ato 5, and for the service dedicated to Acea Energia customers, through the use of the SnapEngage Live Chat software.

The Parent Company performs **mystery customer surveys** to **check the quality of the telephone channels and the branches**. The results are shared with Service Managers and contact operators and facilitate the identification of areas for improvement in each con-

<sup>66</sup> Legislative Decree no. 196/2003 as amended and supplemented by Legislative Decree no. 101/2018 and subsequent amendments and additions.

<sup>67</sup> Regulation EU 679/2016 (GDPR).

<sup>68</sup> In addition to the commercial channels, Acea8cento handles the number for cemetery lighting managed by Areti.

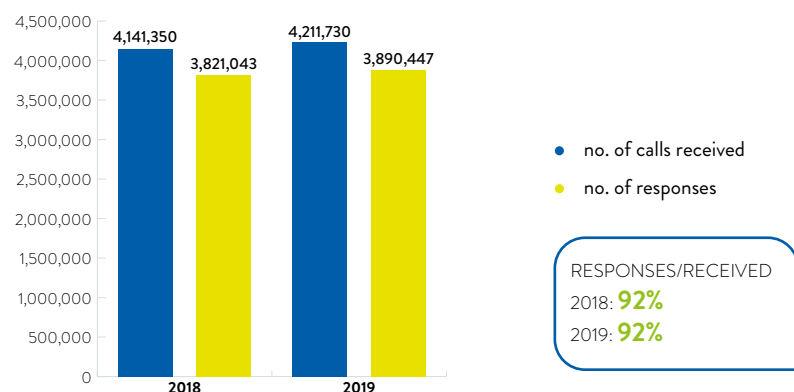
tact channel and take any necessary corrective measures. In 2019 a **customer experience measurement project** was carried out, with the application of an innovative model to **three pilot processes** in Acea Energia, Acea Ato2 and Areti. It involves the continuous monitoring of the services provided **from the perspective of the customer**, i.e. **on the basis of the quality found**, and this represents an additional measurement tool for identifying interventions to be taken on the operating processes and the organization.

In 2019 **Acea toll-free numbers** – according to two-year data recalculated with the inclusion of Gori – **received about 4.2 million**

**calls, a slight increase (+1.7%) compared to 2018** (about 4.1 million calls). The **overall service level**, representing the answers on the total calls received, **was 92%**.

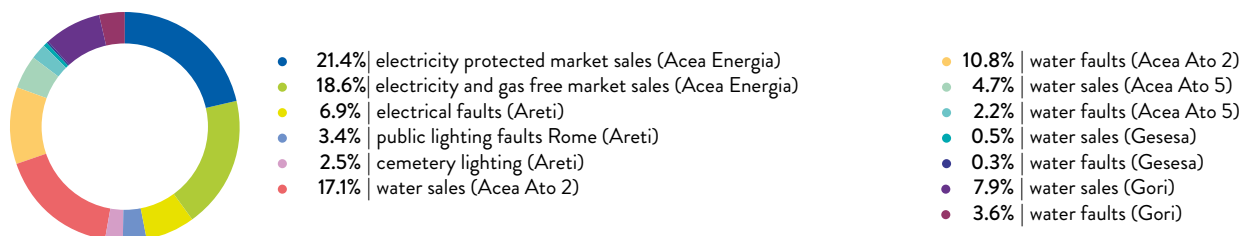
The slight increase was recorded across the board for both the call centre services of the electricity area and those of the water service of the reporting companies, with the only **exceptions being the sales toll-free numbers** for customers of the **Acea Energia standard market service** and **faults** for customers of the water service of **Acea Ato 2**, which in contrast **saw a decrease in calls** (see chart no. 26 and tables nos. 32 and 33 at the end of the section for the performance of individual companies).

**CHART NO. 26 – TOTAL TELEPHONE CALLS TO ACEA TOLL-FREE NUMBERS (2018-2019)**



**NOTE** The data for the two-year period has been recalculated to include Gori, included in the reporting scope from 2019, to ensure comparability.

**CHART NO. 27 – PERCENTAGE BREAKDOWN OF INBOUND CALLS TO ACEA TOLL-FREE NUMBERS (2019)**



The polling survey conducted by the **Regulatory Authority for Energy Networks and Environment (ARERA)** in 2018<sup>69</sup> confirmed the recent improvement in the Customer Satisfaction Index as a whole (scale 0-100) for **Acea Energia toll-free numbers**, which rose from 86.8 out of 100 for the second half of 2017 to **92.2 out of 100**. The improvement is due to all the quality factors analysed, and in particular to the factor “ability to solve the problem quickly”, which rises from 80.3% to 89.1% and which is given greater importance than the other factors.

In 2019 the **branches** of the **Acea headquarters** in Rome, Piazzale Ostiense, for electricity, gas and water services

managed by **Acea Energia** and **Acea Ato 2** received a total of **204,542 customers**, with an **increase of 5%** compared to 2018 (194,338 customers). Most came for the energy area, fewer for the the water desk, and in both cases service levels were high. At the branches managed by Acea Ato 2 **outside Rome** (12 branches – Ostia and the province of Rome), however, in 2019 there was an increase of about 7% compared to the previous year, with 79,691 total visits in 2019. Despite this, the **level of service** (customers served/tickets issued) was **100%** and **average waiting and service times decreased**. See tables nos. 32 and 33 for the performance of the last two years of all Companies.

<sup>69</sup> The Authority had not yet shared the results of the survey in the second half of 2019 when this document was published. The final data have been calculated annually since 2018.

Acea Energia opened new physical Service points in Rome and outside Rome using a Shop in Shop formula, i.e. by setting them up in pre-existing multi-brand stores, many of which are owned by telecommunications companies. These **new points of proximity to customers** become an important point of reference for those who want to activate an electricity and gas account on the free market and rely on specialized advice.

With the aim of making its **presence on the national territory increasingly widespread and flexible**, Acea Energia established an important **collaboration with a business partner active in Campania**, opening a point of sale in Santa Maria Capua Vetere. Also within

this physical point, customers can activate Acea Energia accounts on the free market and receive complete and timely assistance in managing their energy supply.

In October 2019 Acea Ato 5 inaugurated **Frosinone's new commercial point** in a more central area of the city, with functional, easily accessible and technologically advanced environments. The new structure aims to promote a customer focus, with **a view to speeding up services** and promptness in responding to various customer needs. Completely innovative its space and aesthetics, the point has **eight multipurpose workstations** for front office and back office activities depending on the operating needs of the moment.

Operating Companies also handle **written complaints, following the processing of cases using information systems: from reporting to resolution**.

For the **energy service**, the “replies to written complaints/enquiries” both by the sales Company and the distribution Company, are services included among the **levels of commercial quality** subject to regulation by the national Authority (see sub-paragraph *Quality levels regulated by ARERA in the electricity sector*). In the same way, for the **water service, the contractual quality levels**, specific and general, introduced by the Authority, also provide for management procedures and response times to enquiries, written complaints and requests for billing adjustment (see sub-paragraph *Quality levels regulated by ARERA in the water sector*).

For the **Public Lighting service**, responses to **complaints/written requests** are handled directly by Areti. In 2019 **3,715 complaints/requests** were received, **a marked increase** compared to the 1,285 recorded in 2018. The company **replied to 97%** of them by 31 December.

On the **website [www.acea.it](http://www.acea.it)** dedicated to the **free market** and on the **website [www.servizioelettricoroma.it](http://www.servizioelettricoroma.it)** dedicated to the **protected service of Acea Energia** there are **guides to reading the bill**. A guide to reading the bill is also available for customers of the water service, found in the **Water section** of the Acea Group website **[www.gruppo.acea.it](http://www.gruppo.acea.it)**.

In July 2019, **Acea Energia** launched a **collaboration with Pedius**, a startup that since 2013 has been committed to **ensuring the integration of people with hearing impairments**, to remove obstacles to communication. The Pedius app – **available free of charge for all devices** – allows customers with this type of difficulty to contact the Acea Energia call centre **and access all commercial services**. Indeed, thanks to this application the customer writes text messages in chat that are read to the call centre operator by a computerized voice while the operator's answers are returned to users in written form so that they can easily read them. The interaction takes place on a telephone line with **a priority position** in the queue.

Thanks to the awareness-raising actions implemented, the number of Acea Energia customers who **requested the “electronic bill”** option increased. In 2019, **27,913** customers have made this choice and as at **31.12.2019 Acea Energia** has reached **a total number of 263,244 customers with electronic bill** both in the free market and

in the protected market. **In terms of environmental protection**, only with regard to paper sheets not sent<sup>70</sup> thanks to the electronic bill option, **this amounted to 36.7 tonnes/year of paper saved**.

In line with the provisions of the industry Authority, **in 2019 Acea Ato 2 supplemented the information provided in the bill** with respect to the possibility and method of making payments in instalments as well as the indication of the reason in the event of automatic compensation for non-compliance with the provisions on the regulation of late payments and information on the possibility of requesting compensation from the operator for any further damage suffered, etc.

In addition to regular email campaigns aimed at residential customers to **promote the digital functions**, in October Acea Ato 2 launched an initiative at branches and contact points that includes the offer of a plastic free gadget to all customers **who activate web bills** and direct debit payment. As at **31.12.2019**, the number of users of Acea Ato 2 **with web billing** is **83,909 (4% more than in 2018)**. The sheets of paper not sent in the year<sup>71</sup> thanks to electronic billing amounted to **12 tonnes/year of paper saved**.

The other Group companies operating in the water sector also offer their customers the opportunity to take advantage of the benefits of web billing. In particular, **Gori** launched the campaign “**Web Bill: Easier, Faster**”. The communication initiative and the training for call centre and contact point staff made it possible to reach **58,515 customers with a web bill**, saving **5.2 tonnes/year of paper**. As mentioned, during the year **Acea Ato 5** promoted the use of digital channels and the **activation of the web billing service** both at the Acea Web point and at the branches. In particular, in the municipalities where this was more common, it sent approximately 11,600 emails to users for any reprints of bills, which also illustrated the potential of digital tools: the MyAcea portal and the electronic billing service. These initiatives led to a total of **14,218 users with the web billing service** as at 31.12.2019, (approximately **46% more than in 2018**), equal to approximately 7% of the user base. **Gesesa** launched the advertising campaign “**All of Gesesa... in one click!**”, broadcast on social channels, local media and with posters. As at 31.12.2019 it has **2,482 customers using the web billing service**. Considering the latter two Companies, the paper savings associated with web bills in 2019 are equal to **about 1 tonne of paper**.

Overall, therefore, thanks to the offer of the web billing service and the customers who activated it, **approximately 55 tonnes of paper were saved** during the year.

<sup>70</sup> The figure includes all the sheets that, in the absence of the web bill option, would have been sent to customers in paper form: bills, reminders and other communications.

<sup>71</sup> The number of sheets of paper not printed due to the use of web billing has due to the doubled compared to 2018 both because of the increase in users who have opted for web bills and, above all, due to the larger number of pages in the bill resulting from the increased amount of information required by the Authority.



**TABLE NO. 32 – ENERGY: TOLL-FREE NUMBER AND HELPDESK COUNTER PERFORMANCE (2018-2019)<sup>(\*)</sup>****TOLL-FREE NUMBERS**

	m.u.	2018	2019
<b>COMMERCIAL TOLL-FREE NUMBER (Acea Energia) – MORE PROTECTED SERVICE</b>			
total calls received	no.	958,463	900,450
total answers	no.	894,819	827,230
service level (% of answers to calls received)	%	93.4%	91.9%
average waiting time before answer	min. sec.	1'36"	2'50"
average conversation time	min. sec.	5'51"	6'38"
<b>COMMERCIAL TOLL-FREE NUMBER (Acea Energia) – FREE MARKET (energy and gas)</b>			
total calls received	no.	765,505	784,997
total answers	no.	696,258	705,154
service level (% of answers to calls received)	%	91.0%	89.8%
average waiting time before answer	min. sec.	0'55"	1'54"
average conversation time	min. sec.	5'35"	6'08"
<b>FAULT TOLL-FREE NUMBER (Areti)<sup>(**)</sup></b>			
total calls received	no.	256,984	291,538
total answers	no.	248,879	285,962
service level (% of answers to calls received)	%	96.8%	98.1%
average waiting time before answer	min. sec.	1'11"	1'15"
average conversation time	min. sec.	3'01"	3'10"
<b>PUBLIC LIGHTING SERVICE – FAULT TOLL-FREE NUMBER (Areti)<sup>(**)</sup></b>			
total calls received	no.	143,481	143,158
total answers	no.	135,870	140,249
service level (% of answers to calls received)	%	94.7%	98.0%
average waiting time before answer	min. sec.	1'06"	0'53"
average conversation time	min. sec.	2'32"	2'42"
<b>CEMETERY LIGHTING – COMMERCIAL/FAULT TOLL-FREE NUMBER (Areti)</b>			
total calls received	no.	97,107	103,473
total answers	no.	91,846	98,995
service level (% of answers to calls received)	%	94.6%	96.2%
average waiting time before answer	min. sec.	0'47"	0'54"
average conversation time	min. sec.	5'53"	4'52"
<b>BRANCHES</b>			
<b>ACEA ENERGIA – BRANCH FOR MORE PROTECTED SERVICE</b>			
tickets issued	no.	86,908	88,127
customers served	no.	84,032	83,632
service level (% customers served/tickets issued)	%	97.0%	94.9%
average waiting time	min. sec.	10'04"	12'10"
average service time	min. sec.	12'16"	11'34"
<b>ACEA ENERGIA – FREE MARKET BRANCH (energy, gas and offers)</b>			
tickets issued	no.	51,475	65,884
customers served	no.	49,452	64,215
service level (% customers served/tickets issued)	%	96.0%	97.5%
average waiting time	min. sec.	9'57"	4'42"
average service time	min. sec.	12'25"	11'46"

(\*) The volumes of channels subject to sector regulation are consistent with the calculation methods envisaged for reporting to ARERA.

(\*\*) Calls handled by the automatic system or terminated by the customer during navigation within the interactive voice responder are also considered as answers.

**TABLE NO. 33 – WATER: TOLL-FREE NUMBER AND HELPDESK COUNTER PERFORMANCE (2018-2019)<sup>(\*)</sup>****TOLL-FREE NUMBERS**

	m.u.	2018	2019
<b>COMMERCIAL TOLL-FREE NUMBER (Acea Ato 2 – Rome and province)</b>			
total calls received	no.	696,117	720,891
total answers	no.	633,287	650,790
service level (% of answers to calls received)	%	91.0%	90.3%
average waiting time before answer	min. sec.	0'48"	2'16"
average conversation time	min. sec.	5'13"	4'42"
<b>FAULT TOLL-FREE NUMBER (Acea Ato 2 – Rome and province)<sup>(**)</sup></b>			
total calls received	no.	488,067	454,441
total answers	no.	485,156	453,871
service level (% of answers to calls received)	%	99.4%	99.9%
average waiting time before answer	min. sec.	0'23"	0'15"
average conversation time	min. sec.	2'39"	2'34"
<b>COMMERCIAL TOLL-FREE NUMBER (Acea Ato 5 – Frosinone and province)</b>			
total calls received	no.	185,446	199,789
total answers	no.	167,374	181,530
service level (% of answers to calls received)	%	90.3%	90.9%
average waiting time before answer	min. sec.	1'00"	1'36"
average conversation time	min. sec.	4'21"	3'59"
<b>FAULT TOLL-FREE NUMBER (Acea Ato 5 – Frosinone and province)<sup>(**)</sup></b>			
total calls received	no.	87,767	94,285
total answers	no.	87,404	92,223
service level (% of answers to calls received)	%	99.6%	98.0%
average waiting time before answer	min. sec.	0'16"	1'06"
average conversation time	min. sec.	2'39"	1'54"
<b>COMMERCIAL TOLL-FREE NUMBER (GESESA – Benevento and province)</b>			
total calls received	no.	18,269	19,232
total answers	no.	16,695	17,521
service level (% of answers to calls received)	%	91.4%	91.1%
average waiting time before answer	min. sec.	n.a.	0'49"
average conversation time	min. sec.	n.a.	3'23"
<b>FAULT TOLL-FREE NUMBER (GESESA – Benevento and province)</b>			
total calls received	no.	12,938	13,919
total answers	no.	10,934	10,267
service level (% of answers to calls received)	%	84.5%	73.8%
average waiting time before answer	min. sec.	n.a.	0'35"
average conversation time	min. sec.	n.a.	2'06"
<b>SALES TOLL-FREE NUMBER (Gori – provinces of Naples and Salerno)</b>			
total calls received	no.	305,137	332,248
total answers	no.	237,101	293,015
service level (% of answers to calls received)	%	78.0%	88.0%
average waiting time before answer	min. sec.	3'22"	3'20"
average conversation time	min. sec.	4'52"	4'55"
<b>FAULTS TOLL-FREE NUMBER (Gori – provinces of Naples and Salerno)</b>			
total calls received	no.	126,069	153,309
total answers	no.	115,420	133,640

**TABLE NO. 33 – WATER: TOLL-FREE NUMBER AND HELPDESK COUNTER PERFORMANCE (2018-2019)<sup>(\*)</sup> (cont.)**

service level (% of answers to calls received)	%	91.4%	87.2%
average waiting time before answer	min. sec.	1'23"	1'08"
average conversation time	min. sec.	2'41"	3'23"
<b>BRANCHES</b>			
<b>ACEA ATO 2 (Rome – head office branch)</b>			
tickets issued	no.	55,955	50,531
customers served	no.	55,782	50,440
service level (% customers served/tickets issued)	%	100%	100%
average waiting time	min. sec.	3'20"	5'19"
average service time	min. sec.	12'37"	14'16"
<b>ACEA ATO 5 (2 branches in Frosinone and province)</b>			
tickets issued	no.	78,114	93,598
customers served	no.	74,868	91,888
service level (% customers served/tickets issued)	%	96.0%	98.0%
average waiting time	min. sec.	12'25"	22'00"
average service time	min. sec.	7'06"	7'59"
<b>GESESA (1 branch in Benevento and province)</b>			
tickets issued	no.	14,868	13,755
customers served	no.	14,868	13,755
service level (% customers served/tickets issued)	%	100%	100%
average waiting time	min. sec.	n.a.	6'48"
average service time	min. sec.	n.a.	9'25"
<b>GORI (6 branches provinces of Naples and Salerno)</b>			
tickets issued	no.	186,899	202,209
customers served	no.	175,525	190,650
service level (% customers served/tickets issued)	%	94.0%	94.0%
average waiting time	min. sec.	12'03"	14'11"
average service time	min. sec.	10'17"	10'27"

(\*) The volumes of channels subject to sector regulation are consistent with the calculation methods envisaged for reporting to ARERA.

(\*\*) Calls handled by the automatic system or terminated by the customer during navigation within the interactive voice responder are also considered as answers.



## COMMUNICATIONS, EVENTS AND SOLIDARITY



AT THE MONTEMARTINI  
POWER PLANT:  
**1909-2019.**  
**110 Years of Light.**  
**Acea and Rome.**  
**Passion and**  
**innovation**



THE NEW **corporate**  
**website** LAUNCHED  
IN **June**: COMPLETELY  
NEW LAYOUT,  
NAVIGATION  
AND CONTENT.  
ACEA IN **gold class**  
FOR .TRUST



ACEA SCHOOL 2019:  
ABOUT **10,000**  
**students**  
AT **Let's Defend**  
**Water!**



**Sustainable**  
**maxi posters**  
FOR ACEA ENERGIA  
CAMPAIGNS: SPECIAL  
FABRIC **panels**  
**absorb pollutants**

### COMMUNICATIONS

The **communications policy** and the **development of the Group's image** are managed by the **External Relations and Communications Department**, which draws up, steers and coordinates communications and institutional, journalistic and commercial information initiatives.

For the main external communications, the **Advertising, Brand Image and Events** Unit oversees the promotion of the brand, the **management of the corporate identity**, the implementation of **institutional, advertising and commercial campaigns** and the organisation of public or institutional events, the development and management of **environmental education and solidarity projects**, as well as special projects and external events aimed at strengthening the link between Acea and the region, the design and implementation of photographic services and the production of videos of various types according to the needs of the Group, the management of the Group's modern and historical archive, both documentary and photographic and the **development of Acea sites for educational and cultural purposes**. In accordance with the strategic guidelines defined by the Top Management, the **Digital and Corporate Media** Unit ensures the Group's correct positioning in the digital ecosystem through the development and management of the **institutional website**, the websites of the Companies that align with the digital identity and social channels. It manages the processing and updating of corporate, operating and commercial editorial content for the various digital, web and social channels.

In 2019 **Acea Communication**, the **internal communication and media planning agency** serving the Group, whose trademark was filed during the year, was further consolidated. The agency was in charge of all phases of the advertising campaigns, from conception to publication and dissemination. Acea Communication's team of specialists, analysts, art directors, photographers, graphic designers, copywriters and business and media planners has created creative concepts, executive copy, adaptations, multimedia products, logos, image consulting and planning for all Acea's communications campaigns. This has led to speedy execution and a significant reduction in production and delivery costs, with a reinvestment of resources in advertising plans that have involved national media.

In September 2019, Acea Communication won the **16th Press Best Campaign Editor's Choice Key Award** for the "**Why? – Together for Water**" campaign for the following reason: "*For the ability to reach the highest level of communication with an evocative image and strong impact able to achieve very high emotional effects by raising awareness regarding an important issue such as saving water*". Among the **2019 advertising campaigns**, the **first major national television campaign of the Acea Group**: in May and July the institutional spot aired on Rai, Mediaset, Sky, Discovery Channels and local TV in Lazio over a thousand times. Also worth mentioning is the campaign "**Acea Scuola – Let's Defend Water!**" in the press and on the web dedicated to raising awareness with respect to wa-





ter, which involved **10,000 students from schools in Rome**. Some advertising campaigns in the press or in the press and on the web were launched in conjunction with **major events organized by Acea** during the year, and in particular **Innovation Day**, **Sustainability**

**Day** (see the boxes in the chapter *Institutions and the company* and in the chapter *Strategy and sustainability of Corporate identity*), the exhibition **110 Years of Light in Rome** and Acea's participation in **Ecomondo** (see the box in *Relations with the environment*).

## ACEA SCHOOL 2019

**Acea School** is the **environmental education programme** proposed by Acea for students of schools in Rome and the Metropolitan City. Sponsored by the Department of People, School and Community Solidarity and by the National Institute of Health, **the initiative conveys information and content concerning the water cycle, the energy supply chain and waste valorisation** in accordance with a sustainable development compatible with the environment.

The edition developed for the 2018/2019 school year called **Let's defend water** involved **180 schools**. **Approximately 10,000 students** from primary and secondary schools participated. Thanks to a new format and a new technological, interactive organization, the initiative was divided into **eight days** held at the Auditorium della Conciliazione to **tell the story of the water cycle** with a recreation-educational

approach focusing on the importance of the responsible use of water. The ceiling and walls of the Auditorium turned into a **huge 270° screen** that enveloped and engaged students with high-definition, high-impact images that reproduced the long journey of water from the spring to the tap at home. The children thus had the opportunity to learn about Acea's daily work in the management of the water service, thanks to educational videos.

This initiative, conceived as an educational tool to raise students' awareness regarding the topic of sustainability, was associated with the contest **"What would you do to defend water"**. Indeed, the students of the participating institutions were able to **make a 30-second video message** on water conservation, and the **ten best works** earned a cash award from Acea for the schools of the winning students.

Several initiatives of the operating Companies were also accompanied by communication campaigns, so, for example, in June the **positioning campaign** of **Acea Energia** went live on static and dynamic posters, press, web, radio and cinema through September. The campaign was **distinguished by the maxi sustainable posters** placed in central areas of the capital. In fact, the ads were **made with a special fabric able to absorb, retain and disintegrate the polluting molecules present in the air**. Overall, this particular advertisement has **led to the absorption of pollutants produced by 13,639 cars**. Another campaign carried out in the autumn concerned the launch of

the commercial offer "Acea Doubled", using static and dynamic posters, press, web, radio, TV and cinema (see also the section *Customer care*).

For **Acea Ato 2**, communications on the **water bonus** were conveyed through posters, printed materials and the web, and both Acea Ato 2 and **Acea Ato 5** launched another campaign via web and posters to make customers aware of the use of digital tools. Also worthy of note are the numerous **communication visuals** that accompanied the events supported by Acea, the Group's sponsorship initiatives and internal communication projects with dedicated advertising pages.





110 years since Acea's founding, some initiatives were planned to celebrate the anniversary. Among these, the exhibition **110 Years of Light. Acea and Rome. Passion and innovation**, held from 23 October 2019 to 26 January 2020 at the **Montemartini power plant**, the first public power station in the capital for the production of electricity.

The aim of the exhibition was to describe the strong link that has been established between Acea's operations and the Capital's development. The exhibited materials, many shown for the first time, were also made available in a catalogue. Visitors were able to retrace the progressive construction and evolution of infrastructure and the consequent availability of electricity and appreciate the constant search for modernisation. The exhibition design was developed across 13 islands, including some

dedicated to the lighting of major events of the last century, such as the 1960 Olympics and the Jubilee, and others on artistic and monumental lighting, recalling the numerous projects over the years. All this also thanks to the generosity of numerous lenders, including the Central State Archive, the Archive of Capitoline Museums, Rai, Istituto Luce, the Archive of the Presidency of the Republic, which, together with the Acea Archive, made it possible to put together an exhibition extraordinarily rich in documentation.

Other initiatives carried out to celebrate the anniversary included the permanent exhibition held at Acea headquarters, the press conference presenting the project together with institutional representatives and the design of the celebratory logo as part of a dedicated communications campaign.

Like every year, Acea also welcomed visitors to its facilities who benefited from the generous spirit and expertise the company's employees. In 2019 **2,323 people** from Italy and abroad were received during 35 visits. Visitors to the Group's facilities included university scholars (from the Universities of Rome La Sapienza and Roma Tre, Connecticut and Texas), delegations of foreign institutions (for example the Embassy of the United States of America), journalists for televised reports, numerous schoolchildren and members of the public who visited the facilities during the FAI days. The Eur Water Centre was also used as a location for a music video.

The **Digital and Corporate Media** Unit defines the digital strategy and manages communications on the digital channels of the Acea Group. The **new website [www.gruppo.acea.it](http://www.gruppo.acea.it) went live on 5 June 2019 with a design that reflects the Group's values, mission and new industrial positioning**.

The new corporate website is the result of an in-depth **analysis the digital strategy**, with a distinctive approach to **visual communications** and a clear, transparent organization of the content. Its navigation is smooth and intuitive thanks to an original layout and new graphics, completely renewed in line with the Group's brand identity.

By employing an effective, engaging language and the use of images and videos, Acea promotes its people, skills and daily commitment to the regions it operates in.

The result of the work on the Group's corporate website and on the entire digital ecosystem made it possible for Acea to be **recognized as best improver** in the **Webranking Italy 2019-2020**. This study assesses the transparency of **communications on the digital channels** of the main listed companies. Acea was also **included in the "gold class"** of the first edition of **"trust"**, the analysis conducted by Lundquist that assesses the ability of Italian listed companies to **tell their story in a clear, engaging way**, positioning themselves in the most virtuous quadrant corresponding to "narrators".

For each initiative and press conference of the Group, press releases, pages dedicated to the events, a photo gallery and videos were published in the **Media** section of the website [www.gruppo.acea.it](http://www.gruppo.acea.it). Therefore the main events and significant initiatives of 2019 have been **promoted on the Group's website**, including with the creation of dedicated web pages. In addition to the events already mentioned, Acea's participation in **Maker Faire Rome** also enjoyed broad visibility and highlighted events of great resonance that the Group has long associated its brand with through

sponsorships, such as the **Rome Marathon** and the **Film Festival**. For activities aimed at the educational world, the section **"Acea School"** dedicated to Acea's school programme was updated on the website with an "immersive" project focused on sustainability and water conservation.

One of the main new developments introduced in the institutional website was **a section dedicated to innovation**, which describes Acea's commitment to this area: from the services offered to the public to the development of skills and new solutions that can improve people's lives. The section includes a hub dedicated to **Acea's innovation stories**, which represent a new way of narrating business activities, people's work and company initiatives for the community and the territory.

The choice of presenting different narratives seeks to **involve stakeholders in the life of the company**, showing how Acea's work combines a human dimension, technology and sustainability.

**Sustainability** is highlighted as a guiding value for the Company on all pages of the website. Indeed, in addition to being discussed in the section **"Our commitment"**, sustainability becomes a cross-cutting value, with insights and references to initiatives and projects dedicated to each area.

Mention should also be made of the communication of **artistic lighting projects for monuments in the capital** to enhance their cultural and artistic heritage, and symbolic lighting to raise public awareness of the importance of preventing diseases such as breast cancer, which testifies to the company's sensitivity to issues with a high social impact.

For the **Shareholders' Meeting**, the "Browseable Reports" of the Acea Group were published, which make the **Consolidated Financial Statements** and **Sustainability Report** accessible interactively, with open data and multimedia content. The online reports present Acea's results, values and projects and provide the possibility of **capturing the multiple threads that link the two annual reports in a single frame**.

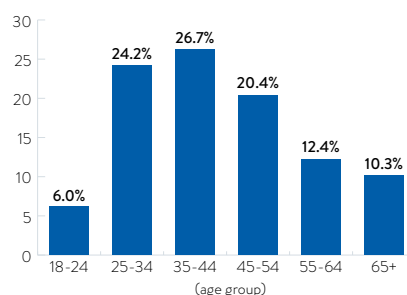
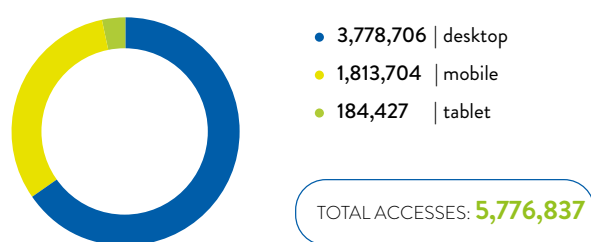
The website also **performs a service function with the real-time publication of warnings** about possible water suspensions affecting the areas the company operates in, providing users with timely updates.

For some years the data related to **emissions** have been available. They are monitored in real time and concern the two Acea **waste-to-energy** plants. The main quality parameters of the water supplied by the Companies active in the water segment can be consulted online. It is also possible to view online the emissions data of the plant of **Tor di Valle**.

Due to the transition from a single Group website to the creation of two separate websites – the corporate website ([www.gruppo.aceait](http://www.gruppo.aceait))<sup>72</sup> and the one related to commercial activities ([www.aceait](http://www.aceait)) – the 2019 statistical data are not fully comparable with those of the previous year. In recent years, however, both the steady increase in **mobile** access to the website and the concentration of visitors between the **ages of 25 and 44** are confirmed<sup>73</sup>. In particular, approximately 23.8 million pages were viewed on the **Group's website** during the year, equivalent to almost **5.8 million accesses**. The connection methods were **65.4% via desktop** (3,778,706 accesses), **31.4% via mobile** (1,813,704 accesses) and **3.2% via tablet** (184,427 accesses). As regards the **Acea Energia website** ([www.aceait](http://www.aceait)), during the year **more than 2 million visits** were recorded, also in this case

mainly from desktop (62.5%) and mobile (33.7%). The website, dedicated to the sale of energy and gas on the free market, offers quick, user-friendly navigation with original, innovative usability features to facilitate customer journeys and interactions with all touchpoints. During the year, commercial offers and information guides were published that clearly respond to the most common demands of the energy market. A section dedicated to stories was also put online discussing issues related to sustainability and innovation in the energy sector. There were fewer visitors to the website [www.servizioelettriciroma.it](http://www.servizioelettriciroma.it) dedicated to customers of the standard market service, with about **182,000 accesses**, 58.7% of them via desktop and 37.6% via mobile.

**CHART NO. 28 – ACEA CORPORATE WEBSITE 2019: ACCESS METHODS AND AGE GROUPS**



Since March 2019 **Acea has been active on the major social media** with its corporate channels. An important step to **strengthen communication with its stakeholders** through dig-

ital channels with modern, immediate and engaging language and through the use of captivating images, videos and visuals (see the box for details).

## ACEA IS SOCIAL

Towards the **end of the first quarter of 2019**, Acea entered the main social media channels where it carefully supervises its presence. An **effective and evocative storytelling strategy** has been defined, in line with the tone of voice of the Group website, to convey the key business messages. The content reflects the company's dynamic character, the promotion of its people and its commitment to local communities. Specific activities like **video shorts and influencer marketing projects** have been planned to promote the main events. Acea Group's **Facebook** channel has about 2,275 followers and has achieved a total of over 28,900 interactions. Thanks to constant moderation, user requests received on the page are directed to dedicated support channels. The **Instagram** profile has about 1,550 followers and has received 6,600 interactions. With direct and informal communication and an important use of images, the channel seeks to engage and excite users, offering suggestive content and stories of the company's projects.

The **Twitter** profile has over 4,300 followers who interact with Acea through comments and sharing (10,200 interactions). **It is one of the main touchpoints for updates on corporate content and Group re-**

**sults**, as well as for interaction with various institutional stakeholders.

The **LinkedIn** profile, active for some years now, saw an **increase in the number of followers** in 2019 (33,630 followers, approximately +65% compared to 2018) with a consequent increase in conversations and interactions (approximately 16,300). Acea has consolidated its presence on this channel, strengthening its role as a multiutility, also in order to attract talent and skills.

The **YouTube** profile is active as well, with 858 subscribers and collects all Acea's videos.

In addition to the corporate profiles, the company is present on Facebook and Instagram with **Acea Energia**. Both channels are used for the promotion of electricity and gas offers and for the dissemination of commercial initiatives on the free market. **Facebook**, with 13,629 followers (+5.4% compared to 2018) has consolidated itself as an important touchpoint for managing customer requests, including through the invitation to use online services available in the MyAcea customer area of the website [aceait](http://aceait). The **Instagram** profile (520 followers) also tells of events such as the Silent Disco Party held in Piazza del Popolo.

Acea's communications **with the national and local media** and managed by the **Media Relations Unit** are always characterized by **timeliness, effectiveness and transparency**, with the aim of conveying the correct corporate image and the Group's position through the media.

In 2019 **press releases** and **press conferences** disclosed the **financial results achieved**, the initiatives implemented by the Group and

**information of public interest** related to the managed services. In coordination with Investor Relations, Legal and Corporate Affairs and Administration Finance and Control, the Media Relation Unit prepares the **economic-financial communiqués for the main corporate events**, such as the **Shareholders' Meeting**, approval of the financial results by the Board of Directors and the publishing of "price-sensitive" news. During the year the Unit maintained rela-

<sup>72</sup> The new corporate website has been live since 5 June and is active on the same domain as the previous one.

<sup>73</sup> Following the publication of the website, it was not possible to track demographics from June to September 2019.

tions with the national, international, local and trade media, seeking to establish a mutual respect for roles and cooperation. Through press articles, television, radio and web services, it provided and increased media coverage of the main events and initiatives carried out by Acea. In particular, it has consolidated **relations with the economic-financial press** to promote **corporate communications, business operations and the Business Plan**.

Thanks to a constant exchange of information with the operating companies, Media Relations **also provides feedback on reports of inefficiencies** that come through emails and direct telephone contacts and those published in newspapers, interacting with the press offices that are available to publish the company's replies.

Every day, the Unit develops and manages the national and local **press review**, making it **available through the company intranet**. This activity is complemented by the transmission of additional and timely information about the Group or relevant to the business managed, thanks to the regular **monitoring of press agencies and the web** (web news, social media and blogs).

Events of particular interest highlighted in 2019 include:

- the **press release to formalize the acquisition of 51% of the company "Pescara gas distribution"** which in fact marked Acea's full entry into the sector;
- communications on the **2019-2022 Business Plan** approved in April;
- the press conference and communications for the launch of Acea Energia's campaign **"Acea like us"** in June 2019;
- the press conference and communications on the agreement between Acea, the Lazio Region and Roma Capitale for the **renewal of the concession of the Pescara – Le Capore Aqueduct** in July, and in the same month the communications on the **acquisition of the company Demap**, active in the treatment of plastics;
- communications regarding the inauguration of the **Monterotondo Marittimo** composting plant, which was expanded in 2019, and in October on the entry into the full scope of consolidation of the company **AdF**;
- communications about the signing of the **Memorandum of Understanding between Acea and Google Cloud** to accelerate digital transformation, again in October;
- the press conference and communications on the exhibition **"1909-2019. 110 Years of Light. Acea and Rome. Passion and innovation"**;

- communications in December about the launch of **Smart-Comp** and the agreement between **Acea and Fiera di Roma**. Media Relations also provided media coverage of the main events and initiatives carried out by Acea through press articles, television, radio and web services, including those in the field of value liberality and sponsorship.

## EVENTS AND SOLIDARITY

The **economic value distributed to the community** in 2019 is equal to **€ 6 million**<sup>74</sup> (€ 3.9 million in 2018). Of which about 2.7 million were allocated to sponsoring cultural, social and sporting events.

The appropriations in the form of **donations** for major initiatives were equal to **€ 1.36 million** (327,000 in 2018).

Acea provides its services, such as the **supply of electricity and water** or **turning Public Lighting on or off** during events that attract a large turnout, of a cultural or sporting nature, or in particular circumstances of a solidarity and symbolic nature. In 2019 these services, called **"technical sponsorships"**, were **worth a total value of 240,760** (€ 116,650 in 2018).

Every year Acea participates in the main events related to its business activities and supports – including with sponsorships – initiatives considered of high cultural, social and sports value for the **development of the areas it operates in** and for the **benefit of the community** (see also the boxes at the end of the section).

The **Sponsorship and Value Liberality** Unit has the task of instructing and managing requests from the entire region and from the Group's corporate structures, to submit them to the Executive Committee, a body with responsibility for Institutional Relations, Sponsorships and Donations. The sponsorship initiatives approved by the Executive Committee are subject to an Integrity Due Diligence, for an ethical and reputational assessment of the proponents, according to best practices.

Among the main events organized in 2019, we highlight the initiative aimed at **celebrating 110 years since Acea's founding and its link to the region** it was born in, with the great exhibition **"110 Years of Light. Acea and Rome. Passion and Innovation"** inaugurated in October at the Montemartini power plant, the first public power station in the capital for the production of electricity (see the box in the *Communications* sub-section) and the already mentioned initiatives on **Innovation and Sustainability, which will be repeated annually** to underline the importance that the Company attaches to these two issues. Specifically, **Innovation Day**, a day dedicated



<sup>74</sup> This item also includes costs borne for "fairs and conventions" but not "technical" sponsorships.

to the new frontiers of artificial intelligence and the use of data that have changed the way of doing business, was held together with some of the main Italian companies in the energy sector, workers, industry press, students, startups and the main protagonists of the innovation ecosystem. The **Sustainability Day** sought to promote a dialogue between institutions, authorities, the world of research and businesses in order to identify innovative solutions to foster industrial and market policies that are increasingly oriented towards sustainable development.

For the fourth year running, Acea participated at **Ecomondo**, the international showcase for the recovery of materials and energy, with a Group booth displaying **materials related to the circular economy** and organizing workshops on the same subject (see the box in *Relations with the Environment*), and participated in the **Maker Faire Rome** technology trade show presenting its innovative projects applied to industrial sectors.

During the year Acea participated in two events that engaged thousands of young people from all over Italy: the 49th edition of the **Village of the Earth – Earth Day**, where it **presented the video on water conservation “Let’s defend water”** that, with a playful-scientific approach recounts the long journey of water from the spring to the tap at home, and the Roman stage of **Sustainability Island**, with a space dedicated to workshops and education on composting.

Always attentive to environmental issues and to future evolutions, Acea promoted and took part in important conferences on sustainability and the circular economy, including the technical conference **“Closing the Circle: Recover waste to improve Recycling and the Circular Economy in the Paper sector”**, organized in Terni by Acea Ambiente, Assocarta and Comieco and

held in the historic setting of Palazzo Gazzoli for the Paper and Cardboard Recycling Month.

Among the events that have seen Acea at the forefront of promoting the historical and cultural heritage of the city of Rome without losing sight of its innovative and sustainable orientation, we find the hanging of Christmas lights in Via del Corso as part of the project called **“Rome by Light Acea”** (see the box for details).

In support of youth entrepreneurial initiatives and the promotion of innovation, Acea participated in the **Rome Startup Week 2019**, the exhibition involving startups, companies, investors, institutions and research centres in support of the startup ecosystem. On this occasion, an **Acea Special Award** was presented, also offering the winning team the opportunity to be hosted at the new Talent Garden in Rome Ostiense in a co-working space. In fact, in 2019 Acea launched a partnership with the Talent Garden campus to work together on **digital transformation and corporate innovation projects**. In December 2019, Acea also supported the **ANGI Prize** (National Association of Young Innovators), bearer of a message and a commitment to technological development, giving the award to the winner of the category “Energy & Environment”.

The year also saw support for the main events of national importance related to the businesses managed, such as the **Energy Festival** and the **Water Festival**, numerous cultural events and traditional sporting events that Acea has associated the brand with for years, such as the Rome Marathon and the Rome-Ostia Marathon. The following boxes describe the **main events supported by the Acea Group in 2019**, through sponsorships or donations.

## ROME BY LIGHT ACEA

The project called Roma by Light Acea™ was conceived by Studio Medaarch as the **winner of the international competition of ideas “Make Christmas Lights Acea”**, an initiative promoted and **launched by Acea in collaboration with Maker Faire Rome** to identify the **most innovative, technological and sustainable Christmas lighting** to be installed in the centre of the Capital and in the other 14 municipalities.

For the first time, Acea used a **creativity contest** to engage lighting experts in the decoration of the Capital with Christmas lights, optimising the costs thanks to the direct purchase of the technologies used. The **Christmas installations** narrated Rome through the ima-

ges, films and faces of the actors and actresses who made it famous all over the world.

To illuminate the 1,500 metres of Via del Corso, **approximately 190 kilometres of optical fibre** were used, 115 light beams composed of 300 light tails able to reduce the daily energy consumption of the installation by 45%, and **10 4x2 m LED screens** connected to an app. The new lighting system included technological, innovative and interactive lights and LED lighting fixtures with a **very low environmental impact**.

The app has made it possible to enjoy in real time the special content related to a series of **clips taken from Italian and foreign films linked to the history of cinema and Rome**.

## 2019: ACEA FOR CULTURE, INNOVATION AND SUSTAINABILITY

Sponsor of the **Energy Festival** that was held in Milan in June 2019, the main national event that brings together representatives of the scientific, academic, institutional and economic worlds with the intent to debate energy issues and promote a new culture of energy in the country (Beulke and Partners Srl)

Sponsor of the **49th edition of Earth Day Italy**, the Village for the Earth, held in the evocative setting of Villa Borghese in Rome in April 2019 (Orion RM Srl – Earth Day Italia Onlus)

Sponsor of the **2019 Water Festival**, the conference that hosted more than 150 speakers and representatives of the 500 Italian companies associated with Utilitalia in Bressanone to discuss and debate water cycle issues (Utilitalia in Fieri Srl)

Sponsor of the **SIMA Sinergia 2019** conference, with a focus on sustainability management and the creation of shared value in the digital age (Sima)

Sponsor of **Rome Startup Week**, the festival that promotes relationships and knowledge in the areas of innovation and new entrepreneurship (Rome Startup Association)

Sponsor of the 2019 Theatre Season of the **Foundation of the Opera House of Rome**



## 2019: ACEA FOR CULTURE, INNOVATION AND SUSTAINABILITY (cont.)

Main sponsor of **Short Theatre**, the event focused on contemporary performing arts that took place in Rome on 5-14 September 2019 in the spaces of La Pelanda, WeGil, Teatro Argentina, Teatro India and Carrozzerie n.o.t. (Area 06)

Sponsor of the 31st edition of the **Marisa Bellisario Award**, “**Women at High Altitude**”, promoted by the Bellisario Foundation, which for years has promoted the talent and merit of women

Sponsor of various **cultural events** that took place in 2019 at the Conciliation Auditorium in Rome, at the Teatro in Ostia (I Borghi) and at the Teatro No’hma in Milan (Teatro No’hma Onlus Pomodoro)

Sponsor of “**Witnesses of Witnesses. Remembering and recounting Auschwitz**”, the first experiential exhibition conceived by a group of young people from Rome focused on the Journeys of Memory (Palaexpo)

Partner sponsor of the 14th Edition of **Rome Film Festival**, which took place between 17 and 27 October 2019 (Fondazione Cinema per Rome)

Sponsor of the **Rome Lights**, which took place to celebrate the holidays between December 2019 and January 2020 (MedaArch)

Sponsor of the **6th Sustainability Island** held on 4-7 December 2019 and promoted by universities and research bodies to develop “sustainable ideas” (Jera Srl/APS Isola della Sostenibilità)

Sponsor of the 13th edition of the **Etruria Eco Festival**, an event that hosts cultural events in the evocative Legnara park in the historic centre of Cerveteri (Circolo del cinema luce a cavallo)

## 2019: ACEA FOR SOLIDARITY

Support for volunteer work for people with disabilities (Club Hamici)

Contribution for the 17th edition of **Fiaba Day** held on 06 October 2019 during the national day for breaking physical, cultural, psychological barriers and spread the culture of equal opportunities (Fiaba non-profit)

Support for **research centres** of the **Telethon Foundation**, the purpose of which is to study rare genetic diseases

Participation in the **AIL Charity Gala**, which for the 50th anniversary of the birth of the Italian Association against Leukaemias, Lymphomas and Myeloma organized a gala dinner on 9 April 2019 at **Spazio Novecento in Rome**

Participation in the **World Day against Violence against Women**, the **European Day of Fragile X Syndrome**, **World Children’s Day – Go Blue** with technical sponsorships, such as the red lighting of the piezometric tower in the Octavia area, the special lighting of the Triton Fountain and the Senate Palace in Rome and the **18th edition of the City against the death penalty** with lighting/darkening of the Colosseum

Technical sponsorship, lighting the Colosseum pink, for every weekend of October, in relation to the **Pink Ribbon 2019** (LILT – Italian League to fight cancer)

## 2019: ACEA FOR SPORT AND YOUTH

Title sponsor of the **2019 edition of the Rome Marathon**, which took place on 7 April 2019 starting from Via dei Fori Imperiali and involved the participation of over 10,000 runners (Fidal)

Sponsor partner of the **45th Rome-Ostia Marathon**, held on 10 March 2019 and considered the most important city marathon after the Rome Marathon (RCS)

Sponsoring partner of the 3rd edition of the **Rome Half Marathon Via Pacis**, which was held in Rome along the streets of the historic centre on 22 September 2019. FIDAL, by means of this race, pursues the message of the Pontifical Council that all religions should come together in the event with a message of peace (FIDAL INFRONT)

Official supplier of **A.S. Rome** and **S.S. Lazio** sports season 2018/2019 (Soccer Sas and Infront Italy Srl)

Partner of the **International Tennis Championships** held in Rome on 12 and 19 May 2019 (FIT)

Title sponsor of edition 2019 of the **School Volleyball Tournament-Acea Trophy**, dedicated to the **secondary schools of Rome and province** and run by Fipav Lazio (Fipav Lazio)

Main sponsor of **Acea Camp**, for students between 6 and 14 years old, to learn of and spread the practice of sporting disciplines. The exhibition took place in Rome between June and July 2019 (Beside Management Srl)

Contribution to sporting activity for season 2019/2020 of **S.S.D Santa Lucia**, a **wheelchair basketball** club, active in the Roman sporting panorama since the 60s (S.S.D. Santa Lucia Srl)

Contribution for the purchase of **electric hockey wheelchairs** for children with severe neuromuscular disorders (ASD Thunder Roma Onlus)

Sponsor of the “**Six Nations Rugby 2019**” tournament (3 matches played in Rome) held in February and March 2019 (FIR)

Support for **sports activities and events** in the areas outside Rome: fencing (ASD Orvieto Scherma), water polo (FIN Civitavecchia), basketball (ASD Basket Orvieto), football (Frosinone Calcio), walking (ASD Filippide – D. LF Chiusi Avis Castiglione del Lago, Amatori Podistica Terni), cycling (GS Cobram)



# SUPPLIERS



**€ 1.2 billion**  
THE TOTAL VALUE OF  
2019 CONTRACTS:  
MORE THAN **2,800**  
**contracts** WITH  
OVER **1,460**  
**suppliers**  
(+27% COMPARED  
TO 2018)



OVER **87%**  
**of qualified**  
**suppliers**  
COMPLETED A  
SELF-ASSESSMENT  
QUESTIONNAIRE  
ON **sustainability**  
**issues** IN THE YEAR



THE PROCUREMENT  
SAFETY UNIT  
CARRIED OUT  
**12,481 safety**  
**checks**  
IN CONSTRUCTION  
SITES (**+11%**  
**compared**  
**to 2018**)



ACEA RAISES  
AWARENESS AMONG  
CONTRACTORS  
ON **health and**  
**safety:**  
IN 2019, 18 MEETINGS  
WERE HELD  
AND OVER **150**  
**people were**  
**involved**

## CONSOLIDATED EXTERNAL COSTS

In 2019, the Group's **consolidated external costs** totalled about **€ 1.94 billion** (+0.9% compared to 2018). This change was due to the effects of opposing trends, including on the one hand the increase in costs brought about by the change in the scope of consolidation, and on the other hand the reduction in costs for the purchase of energy efficiency instruments, for the use of leased assets and for contingent liabilities. Finally, it should be noted that the operating expenses last year also included the registration of the administrative fine imposed by the AGCM, which was then cancelled by the regional administrative court.

**Procurement of goods, services and works** related to the Group Companies subject to reporting<sup>75</sup> are managed by the **Purchases and Logistics** Function of the Parent Company, and in 2019 recorded a value of about **€ 1.2 billion**.

## PROCUREMENT POLICIES

Purchases and Logistics defines policies and guidelines and manages as a service the procurement of goods, services and works required by the Group Functions/Companies in a centralized, effective and efficient manner. To this end, it **values the technical skills of the buyers**, handles the **requests of "internal customers"** (Functions/Companies in the Group) and develops a **transparent relationship with suppliers**.

The Function also deals with the centralized management of the Group's materials, logistics and warehouses, **coordinating the operations of the central warehouse** and the **local warehouses** of the main operating Companies. In 2019 the project for the expansion of the **Santa Palomba Logistics Hub** continued, where, thanks to the addition of 9,000 square metres of land, a **new warehouse is under construction** that **will increase the storage capacity by an additional 5,000 square metres on the ground and 2,000 pallet racks** and will host **new testing laboratories** of the companies Areti and Elabori.

## DEALINGS WITH SUPPLIERS AND PROCUREMENT MANAGEMENT

The *Acea Code of Ethics* recalls the reference principles<sup>76</sup> that should guide **relations between Acea**, as a contracting authority and its suppliers: contractors and subcontractors:

- compliance with **rules and procedures**, including processes of due diligence aimed at assessing any **risks of corruption**;
- the principles of **transparency** and **protection of competition**;
- principles of **good faith, loyalty, professional propriety**;
- **promotion of ethical and sustainability** aspects, such as respect for the protection and safety conditions of workers, the quality of goods and services, respect for the environment and the pursuit of energy savings.

Suppliers issue a **declaration of acceptance and commitment to comply with the prescriptions contained in the Code of Ethics**, attached to the documents produced for **participation in tender procedures for the awarding of works, goods and services**. Any violation of the principles contained therein revealed by audits will result in the **exclusion from the tender or cancellation of the award**.

To identify its suppliers, Acea mainly uses **tenders**<sup>77</sup>, adopting transparency criteria: during 2019, **81% of all procurements were entrusted through a tender procedure**, in line with 2018.

For centrally managed Group companies, on the website the Purchases and Logistics Function has published<sup>78</sup> the **documentation relating to purchases** regulated by the Public Procurement Code<sup>79</sup>.

**Operators who are interested in participating in tenders** can **freely access the portal of the Qualification Systems** and the portal for **participation in online calls for tenders** in the "Suppliers" area of the company website. The **web portal** is based on the same operational procedure as traditional tenders: it checks the adequacy of the supporting document, acknowledges possession of the eligibility requirements, discloses the bids and displays the ranking.

<sup>75</sup> Except for the Gesesa and Gori Companies, which are not centrally managed. Note that the value of the 2019 orders of the two Companies totals € 87 million (75 million Gori and 12 Gesesa), which add up to about € 1.2 billion indicated in the text.

<sup>76</sup> The Acea Code of Ethics, updated in 2018 and approved by the Board of Directors, is shared on the company intranet with all employees and is available online at [www.gruppo.acea.it](http://www.gruppo.acea.it), Governance section, Corporate Governance sub-section. The Code devotes particular attention to suppliers in article 15, as well as numerous other references in the text. Particular attention is paid to social protection in contexts at greatest risk: "In supply contracts with at-risk countries, defined as such by recognized organizations, contractual clauses have been introduced that involve: compliance of the supplier with specific social obligations (e.g. measures that guarantee employees respect for their fundamental rights, the principles of equal treatment and non-discrimination, protection against child labour)" (Code of Ethics, art 15.2).

<sup>77</sup> Acea issues tender procedures for the procurement of works, goods and services in compliance with current legislation (Legislative Decree no. 50/2016), with reference to the ordinary and special water and energy sectors. In particular, for tenders in special areas involving amounts below the EU threshold, Acea applies Internal Regulations consistent with the principles of the EU Treaty for the protection of competition. Finally, for tenders that do not fall within the scope of application of the Code on public contracts (so-called "extraneous or private law"), selection procedures are used which comply with the principles of free competition, equal treatment, non-discrimination, transparency and proportionality.

<sup>78</sup> In compliance with what is required by the National Anti-corruption Authority (ANAC) and envisaged by the so-called "Anti-corruption Law" (Law 190/2012).

<sup>79</sup> Legislative Decree no. 50 of 18 April 2016 and subsequent amendments and additions. Code of Public Contracts.

The Administration, Finance and Control Function **monitors the payment times of suppliers**. In 2019, for companies in the scope, the average delay of payments made was 35 days<sup>80</sup>. The same figure, if weighted based on the amounts, decreases to

approximately 18 days<sup>81</sup>. This occurred for about 43% of the value of payments made during the year, while the percentage of **amounts paid on a regular basis was 57%**.

## COLLABORATION BETWEEN THE PARTIES FOR THE PROTECTION OF EMPLOYMENT

Pursuant to the Memorandum on Water Tender Contracts between Acea SpA, Acea Ato 2, the Trade Unions and the Trade Federations, a number of meetings were held as part of the Joint Committee set up for the purpose. Thanks to the collaborative discussions, the critical issues regarding the safety and organization of the work of personnel of the contractor companies have been reduced, also to the benefit of traceability and transparency of information. In agreement with the Parties, in 2019 Acea renewed its commitment to **promote the employment protection of workers** employed by subcontractors involved in Acea contracts, **combating forms of undocumented work** or labour that does not comply with

the applicable national collective bargaining agreements. In the calls for tenders published in 2019 **for both water contracts** and those for the electric and water **contract centre**, the **Industrial Relations Unit** contributed to the drafting and application of the **social clause**, to safeguard employment levels in the event of a change of contract. The application of this clause has ensured the transfer of staff from the outgoing companies to the incoming companies, without repercussions in terms of employment. **The employment protection measure** is the result of a fruitful **discussion** between Acea, companies interested in changing contracts and the unions of the sector in question.

## DISPUTES WITH SUPPLIERS IN 2019

Disputes<sup>82</sup> between the company and suppliers mainly concern litigation due to failure to pay invoices and legal action concerning tender contracts. With regard to **non-payment of invoices** for supplies of goods, services and works, there has been a decrease in the number of disputes that have arisen: **22 in 2019** (compared to 29 in 2018). These are injunctions concerning invoices that were not paid for reasons of a formal nature and are quickly resolved by settlement proceedings. In fact, **6 cases were already settled during 2019**.

With regard to the remaining litigation relating to **procurement contracts**, which mainly concerns the registering of reserves by contractors, contract terminations and compensation for damages, in 2019 **20 legal actions** were initiated, with an increase in the number

of disputes (13 in 2018). We point out, moreover, that **23 disputes were lodged for administrative reasons** (6 in the previous year) on the matter of **calls to tender**, 3 of which are already settled. As at 31 December 2019, the **total number of disputes pending with suppliers** (including disputes initiated in previous years) **amounted to 112**, an increase compared to 2018, where there were 86 disputes, although the scope of reporting was smaller. In detail, this concerns 19 appeals to the local court on the matter of awards and 70 proceedings brought before the ordinary magistrate's court mainly concerning registrations of reserves by the contractors, contract termination and compensation of damages – and 23 regarding unpaid invoices.

## SUSTAINABILITY CRITERIA IN TENDERS

In 2019 the Group companies under analysis **signed over 2,800 contracts** with more than **1,400 suppliers**, an increase of approximately 27% compared to 2018 (see table no. 35).

As a requirement for participation, for **100% of tenders for the award of works contracts** and for numerous contracts for the purchase of goods and services, Acea requires certification of the UNI EN ISO 9001 quality management system. Furthermore, for **11 product categories relating to the purchase of goods or services** (out of 30 compatible product categories) **sustainability criteria applicable during the tender have been defined**. In 2019 these criteria were included in 71% of potentially eligible tenders (22 out of 31) awarded on the basis of the most competitive bid criterion. For some tenders for **water, electrical and civil engineering works** awarded on the basis of the most competitive bid, **rewarding criteria** were also included regarding the **use of ecological vehicles, additional training of workers in the area of safety**, and the **possession of certifications** (where not already

participation requirements) in the area of **environment/safety/energy efficiency**.

With attention to the green criteria in procurement practices, in its tender documents Acea includes as binding parameters or rewards the regulatory references to the **Minimum Environmental Criteria (CAM)** adopted by Decree of the Ministry for the Environment, Protection of Land and Sea<sup>83</sup>. Specifically, in 2019 **Acea applied the CAMs** in the tenders related to: **tablets for field personnel; PCs for workstations and printer cartridges**, thus expanding the product categories already covered by the CAMs in the event of a tender (such as paper, office furnishings, public lighting – supply and design of LED lighting fixtures – work clothes, cleaning of buildings, maintenance of green areas, vehicles), and reaching 9 CAMs applied out of the 10 applicable to the Group's supply types. **Regarding other product categories not covered by the Ministerial Decrees**, where possible Acea considers applying the same approach as the CAM, for example after sharing with the companies most involved for **laboratory materials**.

<sup>80</sup> The calculation of the data is the result of the simple average of the difference between the expiry date of the bill in the system and the date of actual payment.

<sup>81</sup> The calculation of the figure is the result of the average of the difference between the expiry date of the bill in the system and the date of actual payment weighted according to the amount of the bills.

<sup>82</sup> It should be noted that the 2019 data concern all the Companies in the NFS scope (including Gesesa and Gori), therefore the changes recorded have been partly influenced by this extension of the scope.

<sup>83</sup> From the website [www.minambiente.it](http://www.minambiente.it): "Minimum Environmental Criteria (CAM) are the environmental requirements defined for the various phases of the purchasing process, aimed at identifying the best design solution, product or service from an environmental point of view throughout the life cycle, taking into account market availability. [...] Their systematic and uniform application makes it possible to spread environmental technologies and environmentally preferable products".

# ANALYSIS OF PROCUREMENTS AND THE SUPPLY CHAIN

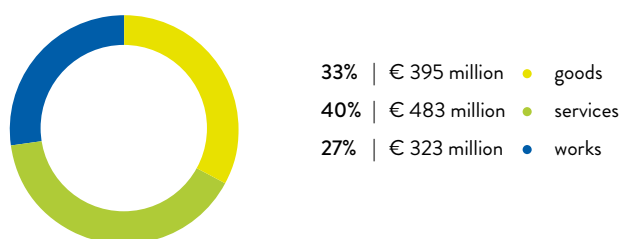
## SCOPE OF REFERENCE

The information and data presented in the paragraph in an aggregated manner are managed centrally and concern all companies included in the scope – see *Disclosing sustainability: Methodological note* – with the exception of Gesesa and Gori, whose data, where available, are displayed in a non-aggregated manner. This guarantees full comparability with data from the previous year.

Tenders for the supply of **goods**, the performance of **services** and the completion of **works**, for the companies included in the reporting – with the exception of Gesesa and Gori<sup>84</sup> – were managed at a centralized level. As initially mentioned, **contracts awarded during the year** had a **comprehensive financial value** of

approximately **€ 1.2 billion<sup>85</sup>**, **23% more** than the 974 million in the previous year. The absolute values of the items goods and services increased compared to 2018, while works decreased (see table no. 34).

**CHART NO. 29 – VALUE OF PROCUREMENT OF GOODS, SERVICES AND WORKS AND PERCENTAGE ON TOTAL (2019)**

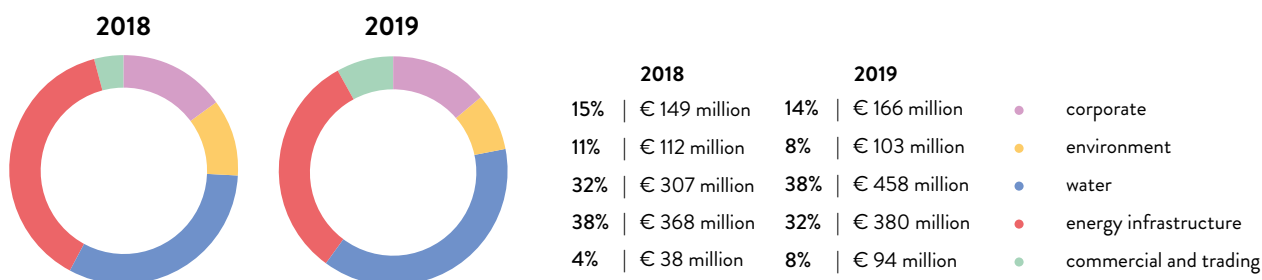


**NOTE** Figures are rounded off to the nearest unit.

**Analysing the procurement values** for the **business macro areas** –Energy Infrastructure (generation and networks), Commercial and Trading (sales and call centres), Water (including Acea Elabori, for services provided to the sector), Environment (waste-to-energy and environmental services) and Corporate (Acea SpA) – the **largest changes** compared to the previous year

were recorded for the **Water segment (+49%)**, to be correlated in particular with the increase in orders for “works”, and for **Commercial and Trading (+150%)**, for “goods and services” orders. The **largest percentage of total procurements** is related to the **Water (38%)** and **Energy Infrastructure (32%)** segments (see chart no. 30 and table no. 34).

**CHART NO. 30 – ORDERS (GOODS, SERVICES, WORKS) BY BUSINESS AREA (2018-2019)**



**NOTE** Figures are rounded off to the nearest unit. The **Energy Infrastructure** segment includes the companies: Areti, Acea Produzione and Ecogena. Included in **Commercial and Trading** are: Acea Energia and Acea8cento. The **Water** segment includes: Acea Ato 2, Acea Ato 5 and Acea Elabori (the latter organizationally in the Engineering and services area, was incorporated in the water segment, as in 2018 for services it carries out for the sector; the value of orders for Acea Elabori was equal in 2018 to € 14 million and about € 19 million in 2019). The **Environment** segment includes: Acea Ambiente and Aquaser. Present in the **Corporate** segment is only Acea SpA.

<sup>84</sup> The data relating to the supply of the companies operating in the water sector Gori and Gesesa, managed independently by the Companies, are not present in the analysis of the aggregated data, but are reported later in the chapter.

<sup>85</sup> The amount refers to tenders awarded during the year, without any distinction between investments and operating cost, annual and multi-annual contracts. Purchases of commodities, regularisation orders and intercompany orders are excluded.

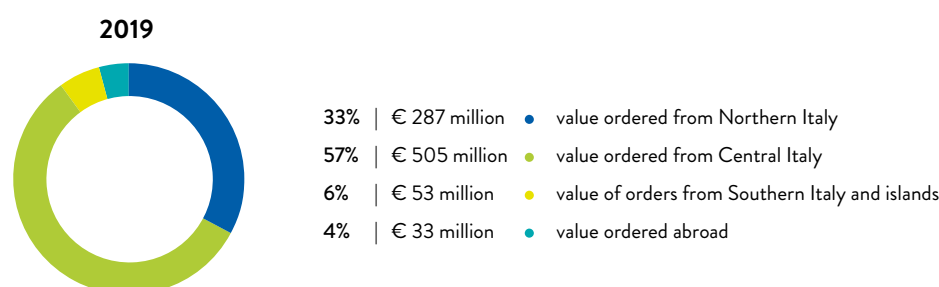
The Group Companies included in the scope of consolidation made a total of **2,843 Purchase Orders**, about 30% more than last year (2,195 Orders), involving **1,462 suppliers** (1,151 in 2018). More than 89% of Purchase Orders for goods and services were below the EU threshold. The **top ten works suppliers** accounted for more than **49%** of the total value of the contracted works, while the **top ten suppliers of goods and services** respectively accounted for around **62%** and **36%** of the related total values procured (see table no. 35).

The increase in the total number of suppliers in 2019 – **more than 300 more than 2018** – took place in a **proportionate manner geographically**, both for macro regions and focusing on Lazio. The

**geographical distribution of the suppliers** was in line with previous years, with about **90%** being concentrated in the macro areas of **central and northern Italy**, and the **incidence of suppliers in Lazio remains consistent** and equal to **45%** of the total (the same figure for 2018, see table no. 35).

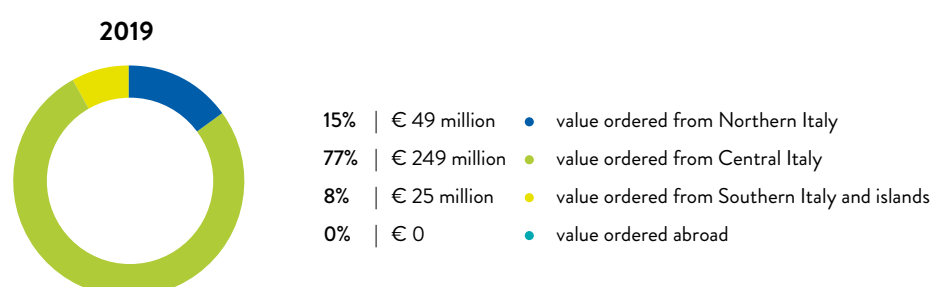
The most significant changes with regard to the **geographical distribution of the value of procurements among the macro-regions**, in terms of percentage of the total amounts (878 million for goods and services and 323 million for works) were recorded as **decreases for the northern area** and **increases for the central Italy area** for both the “goods and services” and works. During the year around **44%** of the value of “goods and services” and **around 75%** of the value of “works” were concentrated in **Lazio** (table no. 35).

**CHART NO. 31 – GEOGRAPHICAL DISTRIBUTION OF THE AMOUNTS USED FOR THE PURCHASE OF GOODS AND SERVICES IN ITALY AND ABROAD (2019)**



**NOTE** Figures are rounded off to the nearest unit.

**CHART NO. 32 – GEOGRAPHICAL DISTRIBUTION OF THE AMOUNTS OF WORKS AWARDED IN ITALY AND ABROAD (2019)**



**NOTE** The values are rounded off (the item “foreign” in 2019 is 0).

The companies Gori and Gesesa, operating in the water sector in Campania, managed their procurements for the year independently, so the data presented here is not in aggregate form. More specifically, the **value of Gori’s 2019 procurements was equal to a total of approximately € 75 million** (6 million for the procurement of goods, 66 million for services and 3 million for works), for a total of **1,068 Purchase Orders managed**. Regarding **Gesesa**, 2019 procurements totalled approximately **€ 12 million** (5 million for goods, 2 million for services and 5 million for works), up approximately

50% compared to the previous year (8 million in 2018), for a total of **756 Purchase Orders managed**. Total procurements of Gesesa involved **186 suppliers, more than 70%** of which concentrated in **southern Italy and the islands**, while 1% abroad, 14% in central Italy and 15% in northern Italy. This concentration, the effect of a natural proximity of operations to the local region, is also reflected in the **percentage distribution of the amounts** of goods and services and works, also focused in the southern Italy and islands area, for about 66% and about 78% respectively.

**TABLE NO. 34 – PROCUREMENT NATIONWIDE (2017-2019)**

	m.u.	2017	2018	2019	Δ % 2019/2018
<b>VALUE OF CONTRACTS</b>					
goods	million €	137	267	395	48%
services	million €	304	333	483	45%
works	million €	153	374	323	-14%
<b>total</b>	<b>million €</b>	<b>594</b>	<b>974</b>	<b>1,201</b>	<b>23%</b>

**TABLE NO. 34 – PROCUREMENT NATIONWIDE (2017-2019) (cont.)**

	m.u.	2017	2018	2019	Δ % 2019/2018
<b>GOODS, SERVICES AND WORKS AS A PERCENTAGE OF TOTAL ORDERS</b>					
goods	%	23	28	33	18%
services	%	51	34	40	18%
works	%	26	38	27	-29%
<b>VALUE OF ORDERS BY BUSINESS AREA</b>					
Energy Infrastructure	million €	169	368	380	3%
Commercial and Trading	million €	41	38	94	147%
Water	million €	136	307	458	49%
Environment	million €	110	112	103	-8%
Corporate	million €	138	149	166	11%
<b>NUMBER OF PURCHASE ORDERS MANAGED</b>					
POs for goods, services and works	no.	2,073	2,195	2,843	30%

**NOTE** All the figures in the table are rounded off to the nearest unit. The data of Gori and Gesesa are not included. Where available, they are presented in the text. Acea Elabori, organizationally part of the Engineering and services area, was incorporated in the Water area in the table, for the services it carries out for the sector.

**TABLE NO. 35 – PROCUREMENT NATIONWIDE (2017-2019)**

	u.m.	2017	as % of total/year	2018	as % of total/year	2019	as % of total/year
<b>NUMBER OF SUPPLIERS OF GOODS, SERVICES AND WORKS NATIONWIDE</b>							
suppliers north Italy	no.	356	33%	385	34%	484	33%
suppliers central Italy	no.	620	58%	657	57%	836	57%
suppliers Lazio	no.	489	46%	518	45%	654	45%
suppliers south Italy and islands	no.	74	7%	84	7%	110	8%
foreign suppliers	no.	19	2%	25	2%	32	2%
<b>total suppliers</b>	<b>no.</b>	<b>1,069</b>	<b>100%</b>	<b>1,151</b>	<b>100%</b>	<b>1,462</b>	<b>100%</b>
<b>TOP 10 SUPPLIERS OF GOODS, SERVICES AND WORKS (amounts awarded)</b>							
TOP 10 suppliers of goods	million €	52	38% (on total amount of goods 2017)	97	36% (on total amount of goods 2018)	244	62% (on total amount of goods 2019)
TOP 10 suppliers of services	million €	129	42% (on total amount of services 2017)	105	32% (on total amount of services 2018)	175	36% (on total amount of services 2019)
TOP 10 suppliers of works	million €	65	42% (on total amount of works 2017)	248	66% (on total amount of works 2018)	160	49% (on total amount of works 2019)
<b>GEOGRAPHICAL BREAKDOWN OF AMOUNTS FOR GOODS AND SERVICES</b>							
value ordered from Northern Italy	million €	213	48%	297	49%	287	33%
value ordered from Central Italy	million €	198	45%	251	42%	505	57%
value ordered from Lazio	million €	160	36%	191	32%	385	44%
value of orders from southern Italy and islands	million €	22	5%	39	7%	53	6%
value ordered abroad	million €	8	2%	13	2%	33	4%
<b>total value of orders for goods and services</b>	<b>million €</b>	<b>441</b>	<b>100%</b>	<b>600</b>	<b>100%</b>	<b>878</b>	<b>100%</b>
<b>GEOGRAPHICAL BREAKDOWN OF AMOUNTS FOR WORKS</b>							
value ordered from Northern Italy	million €	37	24%	78	21%	49	15%
value ordered from Central Italy	million €	99	65%	279	75%	249	77%
value ordered from Lazio	million €	90	59%	120	32%	242	75%
value of orders from southern Italy and islands	million €	12	8%	16	4%	25	8%
value ordered abroad	million €	5	3%	1	0%	0	0%
<b>total ordered for works</b>	<b>million €</b>	<b>153</b>	<b>100%</b>	<b>374</b>	<b>100%</b>	<b>323</b>	<b>100%</b>

**NOTE** All the figures in the table are rounded off to the nearest unit. The data of Gori and Gesesa are not included. Where available, they are presented in the text. The “northern Italy” geographical area includes Valle d’Aosta, Piedmont, Lombardy, Veneto, Trentino-Alto Adige, Friuli Venezia Giulia, Emilia-Romagna and Liguria; “central Italy” includes Tuscany, Umbria, Marche, Lazio, Abruzzo and Molise; “southern Italy and islands” includes Campania, Basilicata, Apulia, Calabria, Sicily and Sardinia. The geographical location “foreign”, active in 2019 only for the item “goods and services”, includes suppliers that are mainly European.



# SUSTAINABILITY IN THE SELECTION AND ASSESSMENT OF SUPPLIERS: FROM QUALIFICATION TO ONGOING CONTRACTS

Various **systems for qualifying suppliers of works, goods and services** are active in Acea in observance of principles of competition and equal treatment.

The **Supplier Qualification Unit**:

- coordinates working groups to identify the **qualification requirements**;
- draws up the **Qualification Regulations**;
- establishes **Qualification systems** of European significance<sup>86</sup> and **Supplier Lists** for so-called “below threshold” or private contracts.

During the year, the product tree shared among the Group Companies included **498 product groups** and as at 31 December 2019 the responsible Unit had managed **133 qualification Lists/Systems**.

Acea provides **interested companies** with a **qualification portal**, integrated with the supplier database, **accessible from the institutional website** ([www.gruppo.acea.it](http://www.gruppo.acea.it), Suppliers section). Companies directly submit **online qualification applications** related to the groups of goods of interest, and the designated unit examines them, **verifying that they meet the requirements and managing communications with the supplier**. In 2019 a total of **700 applications for registration in the qualification lists/systems were processed** (+8% compared to 646 applications in 2018), amounting to **564 successful applications**. Specifically:

- **311** qualification applications processed for “works” Qualification systems”;
- **389** qualification applications processed for Qualification Systems/Suppliers’ Lists for “goods and services”.

The **qualification requirements** are “**standard**” – these include requirements of a moral nature envisaged by the laws in force in the sector – and “**specific**”, i.e. they are designed with regard to the product group or groups included in each Supplier List.

Among the specific requirements, in some cases **Acea requires its potential suppliers** to have **certain Authorisations and/or certifications**:

- **UNI EN ISO 9001 certification** (binding requirement for all the “works” product groups and for almost all the “goods and services” qualification systems”);
- **UNI EN ISO 14001 certification** (for inclusion in Qualification Systems for special non-hazardous waste, cleaning services, armed surveillance service and concierge/reception);
- **Registration with the National Environmental Operators’ Register** or authorisation to manage a plant for the recovery/dis-

posal of waste (for inclusion in Waste Management Systems);

- **OHSAS 18001/UNI ISO 45001 certification** (for inclusion in the Qualification System for the electro-mechanical maintenance of industrial plants and cleaning services);
- **UNI EN 15838:2010 certification** (for inclusion in the “Call Centre and Back Office” Qualification System);
- **SA8000 certification** (for inclusion in the “Cleaning services” Qualification System);
- **UNI 10891 certification** (for inclusion in the “Armed surveillance service and concierge/reception” Qualification System).

For admission to the qualification systems of Community-wide significance, lastly, **companies wishing to qualify must declare their availability to undergo an audit at the administrative head office**, aimed at assessing the truthfulness and adequacy of the documentation provided, **and at the operating plants** or product warehouses, in order to assess the implementation and application of the active management systems.

The **assessment of suppliers** involves **different types of controls** that are implemented depending on the List and the different statuses that the supplier acquires with respect to Acea:

- **during the qualification phase,**
- **qualified,**
- **qualified with contract in progress.**

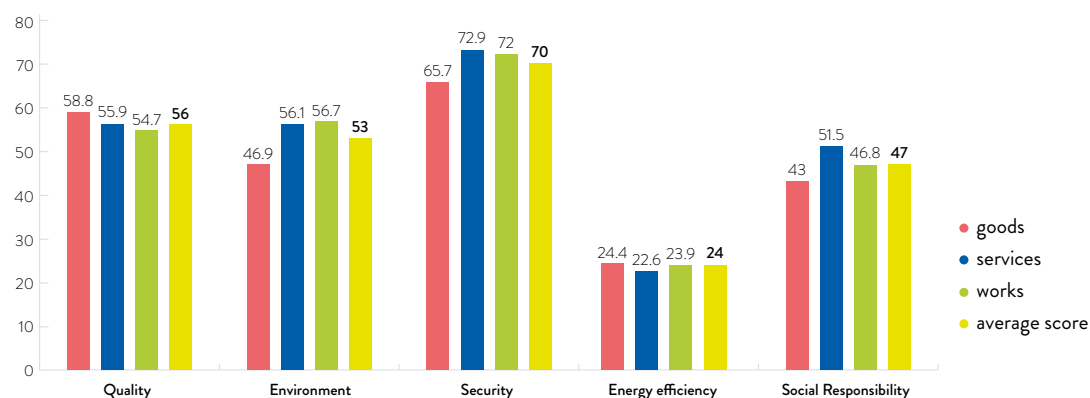
During the qualification phase, i.e. **in order to be able to register for the qualification systems** relating to the Single Regulations for Goods and Services and Works – which for 2019 were **100 out of 133 total registers/qualification systems** – on the Vendor Management platform suppliers must complete a **self-assessment questionnaire** differentiated for goods, services or works on the Quality, Environment, Safety, Energy and Social Responsibility management systems that are considered **important for sustainability**.

In 2019:

- **345 suppliers completed the self-assessment questionnaire** (197 for goods and services and 148 for works): **32% more** than the 261 in 2018;
- **they represent over 87% of the total number of qualified suppliers in the year** (equal to 396).

Acea **was able to process the self-assessment questionnaire data** submitted online from May 2019 (228 questionnaires) for goods, services and works, **obtaining an average supplier score<sup>87</sup>** (scale 0-100) **for each area evaluated** (see chart no. 33).

**CHART NO. 33 – AVERAGE SCORE OF ACEA SUPPLIERS BY SCOPE OF SELF-ASSESSMENT (2019)**



**NOTE** The data relate to 228 self-assessment questionnaires completed online.

<sup>86</sup> Pursuant to art. 134 of Legislative Decree no. 50/2016 as amended.

<sup>87</sup> The average score for each area is derived from the average of the three scores related to the analysis of the questionnaires for goods, services and works.

Beyond the self-assessment questionnaires completed by suppliers during registration for the Qualification Systems, in 2019 **Purchasing and Logistics**, in synergy with the Sustainability Unit, sent a panel of **117 Group suppliers** (114 in 2018) a **questionnaire** to assess their commitment to **environmental and social issues**, which was completed by **40 companies** for environmental aspects and **32 companies** for social aspects: 21 for goods and services and 11 for works.

With regard to **social issues**, an **analysis of the data** shows the following: **72% of the companies** that completed the questionnaire **adopt tools to promote ethical conduct and integrity**, including a

Code of Ethics and the Organization, Management and Control Model pursuant to Legislative Decree no. 231/2001. With regard to **job security**, **91% of the personnel** of supplier companies **are employed with permanent contracts** and 53% of companies have trade union representatives. With regard to **health and safety at work**, **75% of respondent suppliers have adopted dedicated management systems**, **78% have provided safety training** to more than 50% of staff and **81% have not recorded any accidents**.

The results of the findings on environmental data, such as consistency of **energy consumption**, are described in the section **Relations with the environment** to which reference is made.

Once qualified, the supplier's headquarters can be subjected to a **second-party Audit on Quality Management Systems, Environment, Safety, Energy and Social Responsibility (QASER)** to verify the **actual application** of active certified Management Systems and the management methods of **other areas relevant to sustainability**.

The audits were carried out by **qualified internal auditors** of Acea SpA belonging to the **Integrated Certification Systems Unit**. The **40 audits** carried out in 2019, based on **compliance checklists** relating to requirements assessed and the brackets defined (Excellent – Very Good – Good – Fair – Sufficient – Poor – Critical – Inadequate), produced the following assessments: 2 Excellent, 9 Good, 5 Fair, 11 Sufficient; 9 Poor; 4 Critical. **Each supplier** was **sent feedback** indicating the bracket achieved and a **summary report** on strengths and areas for improvement. Where necessary, a report of the **most significant findings** was sent, with a request to indicate the causes of non-compliance and proposals for appropriate corrective actions.

The results of the audits show an **overall rating above sufficient**. The areas with the **highest level of compliance** were:

- **Safety and Quality**, for which **approximately 70% of the audited suppliers** received an assessment **equal to or greater than "good"**;
- The **environment**, with more than **50%** of audited suppliers rated **between good and excellent**, although in this area there is room for improvement on "waste management";
- **Social responsibility**, with over **20%** of suppliers rated "good" or better (10% in 2018).

Collaboration also continued with the **TenP working group** as part of the **Global Compact Network Italy** to raise the awareness of the supply chain, including through desktop audits and supplier training on sustainability issues.

In **Arete**, the evaluation of suppliers is carried out using the **vendor rating model** for works in the energy area. The framework, which focuses on **142 quality, safety and environmental parameters**, envisages **worksite inspections**, the preparation of **merit rankings** based on the reputation of the contractors and the possibility of applying fines and suspending their activities. During the year, **27 worksites were suspended due to safety "non-conformities"**, against a **total of 1,981 inspections**. The **average reputational index** found in 2019, **equal to 98,74**, is constantly increasing (it was 98.29 in 2018), and it confirms the good level of reliability of the operators.

## HEALTH AND SAFETY ALONG THE SUPPLY CHAIN: AWARENESS RAISING AND AUDITS

The Parent Company's Occupational Safety Unit has devoted particular attention to **raising the awareness of contractors on the subject of safety**, organizing **10 meetings** with the Legal Representatives, Technical Directors and Managers of the Prevention and Protection Service (RSPP) of **contractors** contracted by Acea SpA, **with the total involvement of 40 people**. During the meetings, the importance of the **prevention of accidents** was reiterated, a fundamental concept for the protection of occupational health and safety. Moreover, in July 2019 the Occupational Safety Unit organized the **Health & Safety Leadership workshop**, **with the participation of 30 people from the contractors**. It was an opportunity for discussion with which Acea wanted to highlight how the **personal commitment** of each worker in this area, applied in the performance of normal activities, **contributes decisively to evolving, strengthening and spreading the culture of safety in the workplace**. During the meeting, the film *The Safer the Better* was also screened, produced by the LiHS Foundation of Saipem SpA, preceded by a video message from the Managing Director of Acea SpA.

Other Group Companies also took an active part in health and safety along the supply chain, in particular: **Acea Ato 2** organized **7 meetings** during the year to raise suppliers' awareness regarding the company policy in the field of health and safety. Held at the contractors' headquarters and company headquarters, the meetings involved about **82 people**, for a total of 421 hours. In order to help the workers of the contractor companies to learn about the types of risk of the plants managed, **Acea Ato 5** is providing **safety information pamphlets in various languages**. In 2019, after **obtaining data on the population of foreign workers** present in the contracted companies, the contents of the brochures were defined. The Company intends to involve the staff of the same companies even more, establishing a "Safety Award" for which it has already defined the rules. **Gesesa** has organized a meeting with the **contractors** regarding the **assessment of the risks present on mobile sites**, with particular attention to excavation, earthmoving, working at heights and in confined spaces, and has consequently updated the risk analysis. In order to **promote a culture of prevention**, Gesesa also asked the technical managers of the contractors to inform the Works Management of all types of **near misses**.

In addition to the audits on the application of Management Systems and inspections based on the vendor rating model, illustrated in the previous paragraph, **Acea oversees safety** through a dedicated Unit. Indeed, the **Procurement Safety Unit** in Acea Elabori manages the safety of works and services contracted out by Group

companies (mainly Acea Ato 2, Acea Ato 5 and Areti), ensuring compliance with the highest standards and with regulations.<sup>88</sup> To this end, it offers:

- **Support and assistance to the Works Manager** and general Safety Coordination;
- **Coordination of safety in the design phase and during execution** at specific sites;
- **Safety inspections** for works and services that do not require coordination during execution;
- **Services ancillary** to safety inspection activities.

**Site safety inspections** are mainly related to the main works that are the subject of **maintenance contracts for networks and services in the water and electricity sectors**, but also concern minor contracts.<sup>89</sup>

Activities are distinguished into works requiring Safety Coordination during the Execution phase (Coordinators appointed as needed by the Works Director) and works with **random safety inspections**. In some contracts, the inspections are managed with computer systems to facilitate the operations of the organizational structure. Indeed, the adopted management model provides timely support for the technical and professional audits of contractors, subcontractors and self-employed workers. It **makes on-site controls more efficient**, assigning to safety inspectors **work orders to be verified based on a rating higher than a certain threshold**. It allows a Safety Coordinator to be appointed during execution or design, where required.

For the interventions carried out during the year the following people were involved:

- **19 Safety coordinators** in the Execution and Design phase, assigned to specific worksites as needed;
- **18 Safety inspectors**, who assessed and verified the safety standard through random inspections;
- **7 Planners**, who followed the planning and dispatching of the safety inspections to the sites of the contractors;
- **11 Technical Support resources**, who managed the technical and professional audits of the companies engaged in the contracts.

In 2019 the Procurement Safety Unit:

- carried out the activities in support of the **technical and professional audits of 360 companies** (49% of contractors and 51% of subcontractors and operated equipment rentals<sup>90</sup>), **about 60% more** than in 2018 (226 companies);
- activated **Safety Coordination in the Execution phase for 202 tasks** and carried out **Safety Coordination in the Design phase for 23 tasks**;
- **carried out 12,481 on-site safety inspections**<sup>91</sup> (+11% compared to 11,270 in 2018), confirming the upward trend recorded in recent years.

Following **regulatory compliance audits on Occupational Health and Safety** carried out during more than 12,400 inspections, a **total of 1,741 non-conformities were found**<sup>92</sup> (1,141 “minor”, 367 “medium” and 233 “major”).

The Procurement Safety Unit also contributes to the aware-

**ness-raising of contractors on site safety**: before the start of work it meets the employers of **companies informing them of the standards adopted** and requesting the documents necessary for technical and professional inspections, and during the execution of the contract it **corrects any conduct that infringes the current regulations** and thoroughly investigates specific problems that emerge during the work. Furthermore, during the **verification** of the staff of contractor and subcontractor companies, the Contracts Safety Unit **ascertains that the Employer has provided basic training** in the field of safety and, where applicable, **specific training**.

Gesesa has independently **carried out 21 on-site audits on contractors’ premises** aimed at monitoring compliance with safety regulations, to ascertain the presence of personal and collective protective devices and their correct use. During these audits, compliance with Legislative Decree no. 81/08 was evaluated in the field of prevention and protection of contract workers, verifying the presence and validity of certificates relating to the training on the basic risk of workers, supervisors and emergency personnel.

Despite the attention paid to this issue by all Group companies, **40 accidents occurred** during the year while performing activities entrusted by the Companies<sup>93</sup> in the scope to contractors, **up** from 33 accidents in 2018. The “severity” of the accidents themselves also increased from 439 days of absence in 2018 to 703 in 2019, however **none of the accidents had an initial prognosis greater than 40 days of absence**.

## INVOLVEMENT OF SUPPLIERS ALSO IN OTHER SENSITIVE ISSUES

Some Group Companies also carry out activities for the involvement and awareness of suppliers with respect to other aspects, such as technological evolution and Group guidelines, so that there is constant alignment and adequate training of partners working on behalf of the company.

In 2019, **Areti trained the staff of its contractors** on: “Mass replacement of metering units” and “user management – tablet use for meter change”. **69 people** participated in the sessions for a total of **378 hours of training** carried out with the contribution of **8 internal instructors**. Areti also organized a **meeting** with the contractors – **32 participants for 96 hours of information** – on the **Acea Sustainability Plan**, aimed at aligning suppliers to corporate guidelines and initiatives with respect to the issues of sustainability, occupational safety, enterprise risk management, contract management and technological innovations.

Finally, **Acea Energia** monitors the **quality of the sales service provided by the door-to-door and/or telemarketing agencies** in the “domestic” and “micro-business” segments of the free market, and in accordance with the Agency Mandate, it **trains those who work in the name and on behalf of Acea so that they can convey adequate information to customers** (see also the chapter on Customers). In 2019, Acea Energia provided a **training programme to 911 salespersons**, for a total of **73 days** corresponding to **428 hours of training**.

<sup>88</sup> Legislative Decree no. 81/08 “Consolidated Act on Safety”, as amended.

<sup>89</sup> Such as electrical or electromechanical maintenance work carried out on plants, meter changes, road repairs, video-inspections and sewerage pumping, etc.

<sup>90</sup> Operated equipment rental is a contract that involves the rental of work equipment and the performance of a specialized operator, essential for the operation/use of the equipment itself.

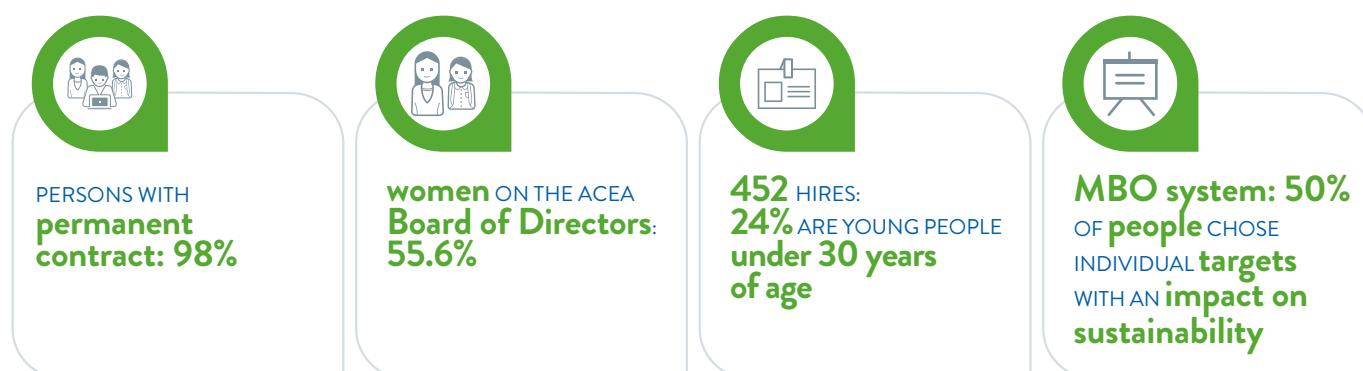
<sup>91</sup> The number includes visits for all types of contracts, both main ones and “minor ones”.

<sup>92</sup> For the main contracts, as envisaged in the contract documentation, the results of audits are recorded according to four categories: compliant or non-applicable, minor (generally corrected on the spot), medium and major infractions. The non-conformities are associated with corrective actions and penalties applied by the contracting company on the basis of the provisions of the tender documentation, and, serious infractions may lead to the suspension of works.

<sup>93</sup> The data of accidents in the supply chain includes all the Companies in the NFS scope.

# PERSONNEL

## ACEA'S EMPLOYEES



In 2019 there were **5,716 people** in the workforce of the Companies in the reporting scope<sup>94</sup>, also extended to Gori.

**TABLE NO. 36 – CHANGES IN EMPLOYEES BY MACRO SEGMENT (2017-2019)**

BUSINESS AREA	2017 (no. of employees)	2018 (no. of employees)	2019 (no. of employees)
Water <sup>(*)</sup>	2,011	1,978	2,957
Energy Infrastructure	1,362	1,379	1,353
Commercial and Trading	437	443	437
Environment	288	286	304
Corporate (Acea SpA)	594	656	665
<b>total</b>	<b>4,692</b>	<b>4,742</b>	<b>5,716</b>

(\*) The three-year data of the Water segment include Acea Elabori, organizationally in the Engineering and services area, in view of the services provided to the sector (270 people in 2017, 237 in 2018, 262 in 2019). Moreover, the 2019 areas also include 922 people from Gori.

The **Water** and **Energy Infrastructure** industrial segments have the **highest numbers**, respectively **52%** and **24% of the total**, in line with the weight of the two businesses in the Group's operations.

### COMPOSITION AND TURNOVER

The **Human Resources Management Department** of Acea SpA handles the **administrative management of the personnel** employed by the subsidiaries on their behalf according to defined procedures. To this end, the Department uses computer systems (SAP HCM, SIPERT PY, Success Factor) operating at the Group level for the management of employee records, salaries, merit plans, etc.

The increase in the 2019 workforce – 5,716 people compared to 4,742 in 2018 – is mainly due **to the inclusion of Gori in the reporting scope** (with 922 employees). Looking at the overall composition there is a **marked male presence, equal to 78% of the**

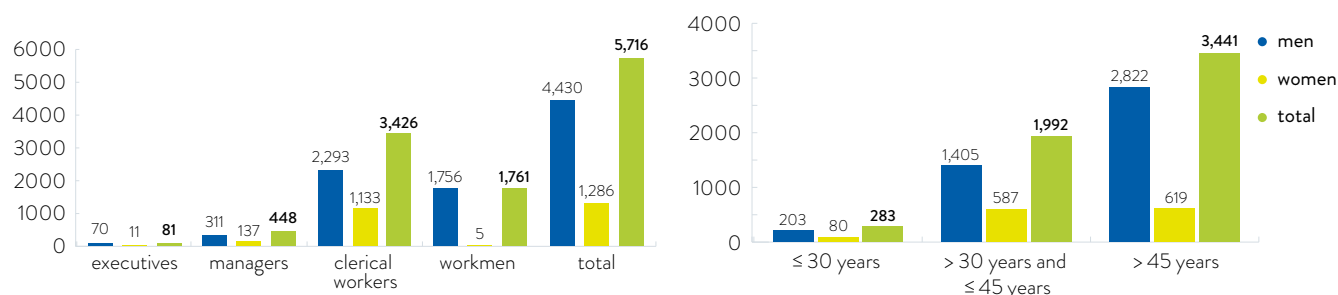
**total**, an increase of two percentage points compared to the previous two years (76%). The figure reflects the presence of technical-specialistic and operating skills that to date have mainly been offered by men.

2019 **staffing levels and age structure** are in line with previous years. The **professional structure is stable** and consists of **60% of-office staff, 31% workers, 8% managers and 1% executives**. The distribution by age groups is characterized for 60% of the workforce by people over **45 years** of age, while those belonging to younger age groups – **between 30 and 45 and under 30** – represent respectively **35%** and **5%** of the workforce.

With regard to the **level of education**, we confirm the **slight yet steady increase of university graduated, who rise to 23% of the total** (22% in 2018) and the **stability of diploma holders**, whose percentage remains around **50%** (for the above data see chart no. 34 and table no. 37).

<sup>94</sup> This chapter illustrates the data of the companies consolidated using the line-by-line method suitable for representing the operations of the Group (see Disclosing sustainability: methodological note): Acea SpA, Acea Ambiente, Aquaser, Acea Energia, Acea8cento, Areti, Acea Produzione, Ecogena, Acea Ato 2, Acea Ato 5, Gesesa, Acea Elabori and Gori (with the exception of the section entitled Hours worked, remuneration and pension funds, which does not include data relating to the latter Company). The total workforce, for all the Companies within the consolidation, was 7,576 during the year (6,534 in 2018).

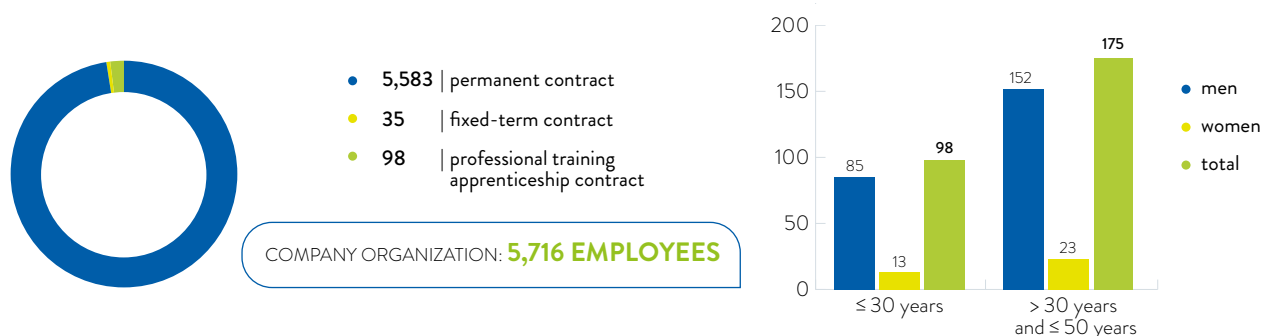
**CHART NO. 34 – COMPOSITION OF THE STAFF: GENDER, AGE AND CATEGORY (2019)**



**98% of the workforce** – 5,583 people – are **employed with a permanent contract** (97% in 2018). The **length of the employment relationship** indicates the **stability of employment**: **64%** of the

people who left during the year worked for the Group **for 30 to 50 years and 36% up to 30 years** (see chart no. 35 and tables no. 37 and 39).

**CHART NO. 35 – CONTRACT TYPES AND LENGTH OF THE EMPLOYMENT RELATIONSHIP (2019)**

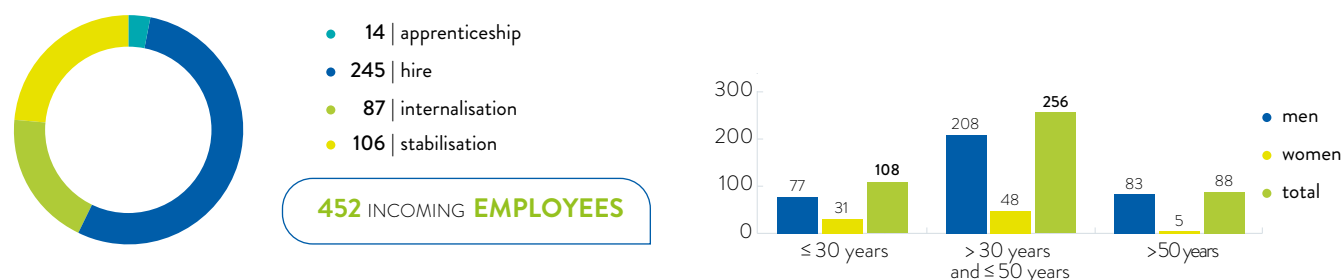


In **2019, 452 people** (368 men and 84 women) **were hired**, 90% with a permanent contract: 245 hires from the external labour market, 106 stabilisations (of which 30 young people have com-

pleted internships in the company), 87 internalisations and 14 apprenticeships (see chart no. 36 and table no. 39).

**24% of the incoming staff** are 30 years old or younger.

**CHART NO. 36 – TYPES OF ENTRIES AND AGE OF THE STAFF (2019)**

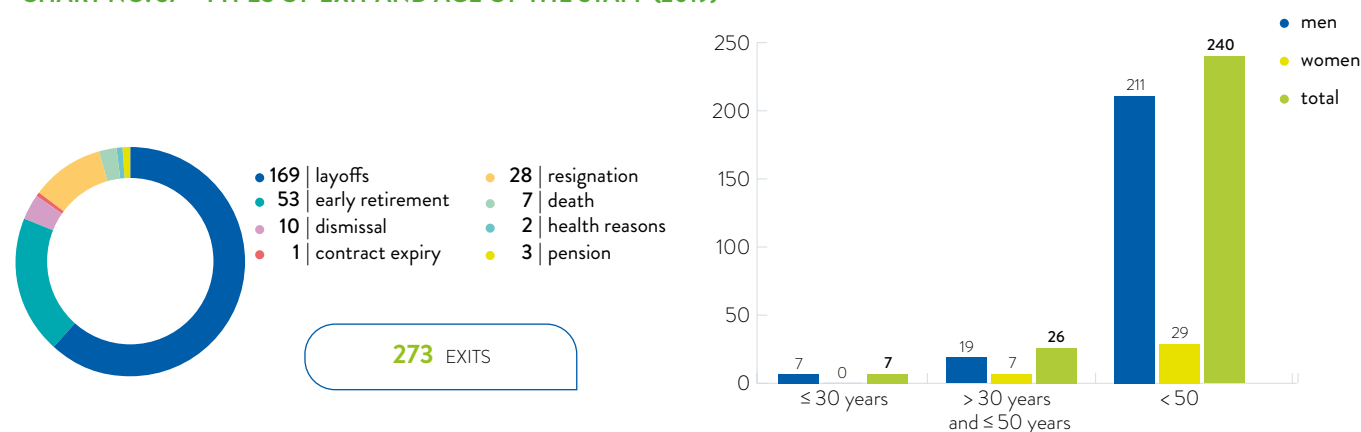


There were **273 people** who left the company during the year (237 men and 36 women): 169 with a form of voluntary and incentivized early retirement, 53 as part of voluntary redundancy plans, with the agreed and incentivized termination of the em-

ployment contract, 28 resigned, 10 dismissed and another 10 for different reasons (see chart no. 37 and tables no. 39 and 40).

**88% of the outgoing staff** was over 50 years of age.

**CHART NO. 37 – TYPES OF EXIT AND AGE OF THE STAFF (2019)**





In 2019 the **rate of turnover** was **12.7%** (13.7% for men and 9.3% for women), the **incoming rate** was **7.9%** (8.3% for men and 6.5% for women) and the **outgoing rate** was **4.8%** (5.3% for men and 2.8% for women) (see table no. 38).

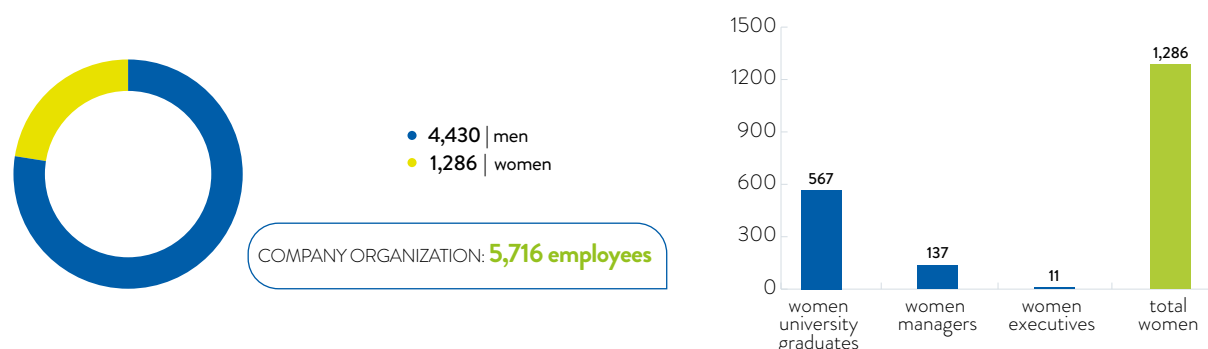
## WOMEN IN ACEA

Women working in Acea increased to **1,286** (1,154 in 2018) al-

though the proportion of women in the total workforce decreased to 22% (24% in 2018).

The share of executives in the category (11 out of 81) decreased by about three percentage points compared to 2018 and is equal to 14% of the total, while the ratio of women among managers remained stable (137 out of 448, equal to approximately 31%) (chart no. 38). The percentage of graduates also decreased (567 out of 1,286), equal to 40% (44% in 2018).

CHART NO. 38 – THE DISTRIBUTION OF THE STAFF FROM A GENDER PERSPECTIVE (2019)



In the **corporate governance** of the reporting companies (Boards of Directors, Boards of Statutory Auditors and Supervisory Bodies), **52 women** are operational, **33.5% of the total** number of members (in 2018, women in the governance bodies in the same scope totalled 48, equal to 34%).

In the **Parent Company**, the percentage of **women** on the **Board of Directors** is **55.6%** (5 women out of 9 members) and on the

**Board of Statutory Auditors** it reached **66.7%** (2 women out of 3 members), above the quotas required by law (Law no. 120/2011). We also report that every internal board committee includes one or more women, and that the Chair of the Control and Risks, Appointments and Remuneration, Ethics and Sustainability Committees is assigned to a female Director (see also *Corporate Identity*, section *Corporate governance in Acea*).

CHART NO. 39 – PRESENCE OF WOMEN IN THE CORPORATE GOVERNANCE BODIES (2017-2019)

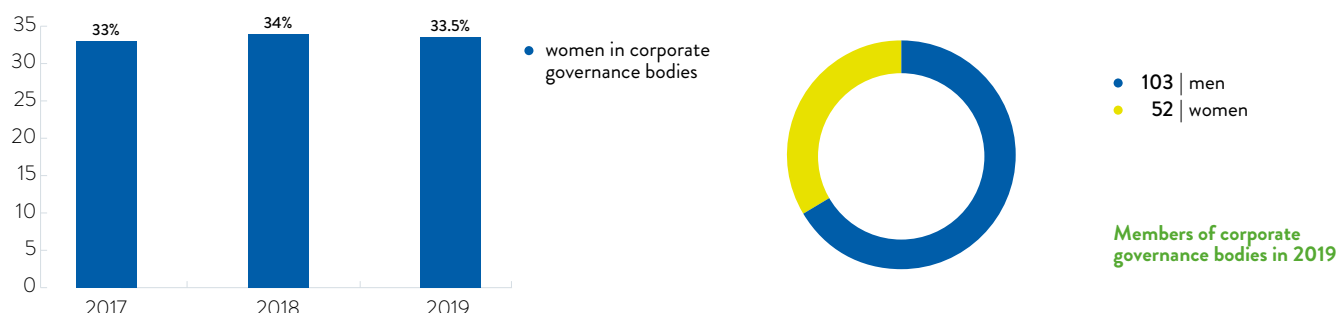


TABLE NO. 37 – GENERAL DATA ON PERSONNEL (2017-2019)

m.u.	2017			2018			2019 <sup>(*)</sup>		
	men	women	total	men	women	total	men	women	total
<b>COMPOSITION OF THE STAFF</b>									
<b>number</b>									
executives	66	14	80	60	12	72	70	11	81
managers	278	123	401	289	127	416	311	137	448
clerical workers	1,891	993	2,884	1,897	1,012	2,909	2,293	1,133	3,426
workers	1,324	3	1,327	1,342	3	1,345	1,756	5	1,761
<b>total</b>	<b>3,559</b>	<b>1,133</b>	<b>4,692</b>	<b>3,588</b>	<b>1,154</b>	<b>4,742</b>	<b>4,430</b>	<b>1,286</b>	<b>5,716</b>
<b>WOMEN IN ACEA</b>									
<b>%</b>									
women out of the total workforce			24			24			22
female executives out of total executives			18			17			14
female managers out of total managers			31			31			31
female graduates out of total graduates			45			44			43

**TABLE NO. 37 – GENERAL DATA ON PERSONNEL (2017-2019) (cont.)**

m.u.	2017			2018			2019 <sup>(*)</sup>		
	men	women	total	men	women	total	men	women	total
<b>LEVEL OF EDUCATION OF THE STAFF</b>									
<b>number</b>									
university graduates	551	444	995	593	470	1,063	755	567	1,322
high school graduates	1,790	536	2,326	1,816	537	2,353	2,275	583	2,858
other qualifications	713	46	759	698	44	742	955	45	1,000
not defined	505	107	612	481	103	584	445	91	536
<b>total</b>	<b>3,559</b>	<b>1,133</b>	<b>4,692</b>	<b>3,588</b>	<b>1,154</b>	<b>4,742</b>	<b>4,430</b>	<b>1,286</b>	<b>5,716</b>
<b>AVERAGE STAFF AGE</b>									
<b>years</b>									
average company age	49	45	48	49	45	48	48	45	48
average age of executives	54	51	54	54	52	54	53	51	53
average age of managers	51	49	50	51	49	50	51	49	50
average age of clerical workers	48	44	47	48	45	47	48	44	47
average age of workers	48	50	48	48	51	48	48	48	48
<b>AVERAGE SENIORITY OF THE STAFF</b>									
<b>years</b>									
average corporate seniority	19	15	18	19	15	18	17	15	17
average seniority of executives	19	19	19	17	19	18	17	16	17
average seniority of managers	21	18	20	21	19	20	20	18	19
average seniority of clerical workers	20	15	18	20	15	18	18	14	17
average seniority of workers	17	28	17	17	29	17	15	18	15
<b>TYPE OF EMPLOYMENT CONTRACT</b>									
<b>number</b>									
staff with permanent contract	3,456	1,071	4,527	3,476	1,105	4,581	4,327	1,256	5,583
<i>(of which) part-time staff</i>	27	99	126	25	95	120	26	95	121
fixed-term staff	69	58	127	44	33	77	27	8	35
staff under apprenticeship contracts	34	4	38	68	16	84	76	22	98
<b>total</b>	<b>3,559</b>	<b>1,133</b>	<b>4,692</b>	<b>3,588</b>	<b>1,154</b>	<b>4,742</b>	<b>4,430</b>	<b>1,286</b>	<b>5,716</b>

(\*) The 922 employees of Gori are also included in 2019 as the Company entered the NFS reporting scope from this year.

**TABLE NO. 38 – MOVEMENTS OF PERSONNEL (2017-2019)**

m.u.	2017			2018			2019		
	men	women	total	men	women	total	men	women	total
<b>INCOMING STAFF: CONTRACT TYPE</b>									
<b>number</b>									
permanent	59	26	85	97	29	126	337	70	407
fixed-term	58	52	110	20	10	30	22	9	31
professional apprenticeship contracts	11	1	12	41	11	52	9	5	14
<b>total</b>	<b>128</b>	<b>79</b>	<b>207</b>	<b>158</b>	<b>50</b>	<b>208</b>	<b>368</b>	<b>84</b>	<b>452</b>
<b>OUTGOING STAFF: REASONS</b>									
layoffs	39	2	41	80	14	94	153	16	169
early retirement	10	2	12	7	0	7	46	7	53
retirement	2	0	2	2	1	3	2	1	3
terminations	9	0	9	11	2	13	7	3	10
other reasons <sup>(*)</sup>	24	9	33	28	13	41	29	9	38
<b>total</b>	<b>84</b>	<b>13</b>	<b>97</b>	<b>128</b>	<b>30</b>	<b>158</b>	<b>237</b>	<b>36</b>	<b>273</b>

**TABLE NO. 38 – MOVEMENTS OF PERSONNEL (2017-2019) (cont.)**

m.u.	2017			2018			2019		
	men	women	total	men	women	total	men	women	total
<b>TURNOVER RATES, ENTRY AND EXIT RATES BY AGE GROUP<sup>(*)</sup></b>									
%									
turnover rate	5.9	8.1	<b>6.5</b>	8.0	6.9	<b>7.7</b>	13.7	9.3	<b>12.7</b>
incoming rate	3.6	6.9	<b>4.4</b>	4.4	4.3	<b>4.4</b>	8.3	6.5	<b>7.9</b>
≤ 30 years	-	-	<b>1.5</b>	-	-	<b>2.2</b>	1.7	2.4	<b>1.9</b>
> 30 years and ≤ 50 years	-	-	<b>2.6</b>	-	-	<b>1.9</b>	4.7	3.7	<b>4.5</b>
> 50 years	-	-	<b>0.3</b>	-	-	<b>0.3</b>	1.9	0.4	<b>1.5</b>
outgoing rate	2.4	1.1	<b>2.1</b>	3.6	2.6	<b>3.3</b>	5.3	2.8	<b>4.8</b>
≤ 30 years	-	-	<b>0.1</b>	-	-	<b>0.3</b>	0.2	-	<b>0.1</b>
> 30 years and ≤ 50 years	-	-	<b>0.5</b>	-	-	<b>0.4</b>	0.4	0.5	<b>0.5</b>
> 50 years	-	-	<b>1.5</b>	-	-	<b>2.6</b>	4.8	2.3	<b>4.2</b>

(\*) In 2019 the item includes: 7 deaths, 28 resignations, 2 disabilities, 2 contract expiries.

(\*\*) The turnover rate is provided by the sum of hires and terminations of the year relative to the workforce at year end. The Companies to which the data refers are predominantly located in Lazio.

**TABLE NO. 39 – AGE GROUPS, EMPLOYMENT CONTRACT LENGTH (2017-2019)**

number	2017			2018			2019		
	men	women	total	men	women	total	men	women	total
<b>STAFF AGE GROUPS</b>									
≤ 25 years and ≤ 30 years	129	65	<b>194</b>	169	70	<b>239</b>	203	80	<b>283</b>
> 30 years and ≤ 50 years	1,744	724	<b>2,468</b>	1,688	704	<b>2,392</b>	2,166	789	<b>2,955</b>
> 50 years and ≤ 60 years	1,370	308	<b>1,678</b>	1,387	337	<b>1,724</b>	1,703	374	<b>2,077</b>
> 60 years	316	36	<b>352</b>	344	43	<b>387</b>	358	43	<b>401</b>
<b>total</b>	<b>3,559</b>	<b>1,133</b>	<b>4,692</b>	<b>3,588</b>	<b>1,154</b>	<b>4,742</b>	<b>4,430</b>	<b>1,286</b>	<b>5,716</b>
<b>INCOMING STAFF: AGE GROUPS</b>									
≤ 30 years	43	26	<b>69</b>	78	25	<b>103</b>	77	31	<b>108</b>
> 30 years and ≤ 50 years	74	51	<b>125</b>	67	24	<b>91</b>	208	48	<b>256</b>
> 50 years	11	2	<b>13</b>	13	1	<b>14</b>	83	5	<b>88</b>
<b>total</b>	<b>128</b>	<b>79</b>	<b>207</b>	<b>158</b>	<b>50</b>	<b>208</b>	<b>368</b>	<b>84</b>	<b>452</b>
<b>OUTGOING STAFF: AGE GROUPS</b>									
≤ 30 years	5	2	<b>7</b>	7	6	<b>13</b>	7	0	<b>7</b>
> 30 years and ≤ 50 years	18	4	<b>22</b>	14	5	<b>19</b>	19	7	<b>26</b>
> 50 years	61	7	<b>68</b>	107	19	<b>126</b>	211	29	<b>240</b>
<b>total</b>	<b>84</b>	<b>13</b>	<b>97</b>	<b>128</b>	<b>30</b>	<b>158</b>	<b>237</b>	<b>36</b>	<b>273</b>
<b>DURATION OF THE EMPLOYMENT CONTRACT OF THE OUTGOING STAFF</b>									
≤ 30 years	57	7	<b>64</b>	49	16	<b>55</b>	85	13	<b>98</b>
> 30 years and ≤ 50 years	27	6	<b>33</b>	79	14	<b>93</b>	152	23	<b>175</b>
<b>total</b>	<b>84</b>	<b>13</b>	<b>97</b>	<b>128</b>	<b>30</b>	<b>158</b>	<b>237</b>	<b>36</b>	<b>273</b>

## HOURS WORKED, SALARY AND PENSION FUNDS

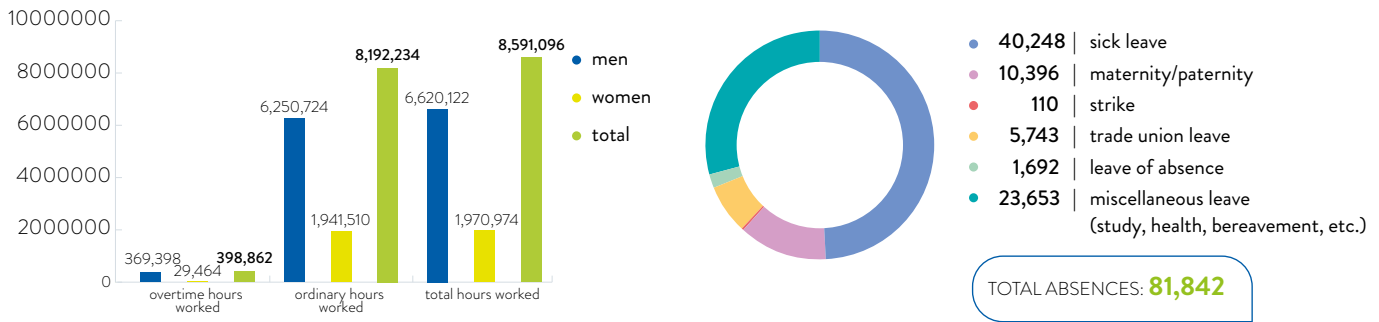
### HOURS WORKED IN ACEA

Ordinary and overtime hours worked during the year, excluding executives, amounted to **8,591,096**, of which **77% were attributable to male personnel** (equal to 6,620,122 hours) due to the greater number of men in the workforce (78% of the total), with attri-

bution of responsibility (69% of managers are men). Analysing the overtime hours, the influence of gender is even more evident: **93% of overtime is in fact attributable to men and only 7% to women** (see also the sub-paragraph *Remuneration*).

Days of absence totalled **81,842**, an 8% decrease compared to the preceding year (89,167 days), determined, for the most part, by absences due to **illness, leave** (for reasons of study, health, etc.), **maternity/paternity leave and trade union reasons** (see chart no. 40 and table no. 40).

**CHART NO. 40 – HOURS WORKED BY THE STAFF AND ABSENCES (2019)**



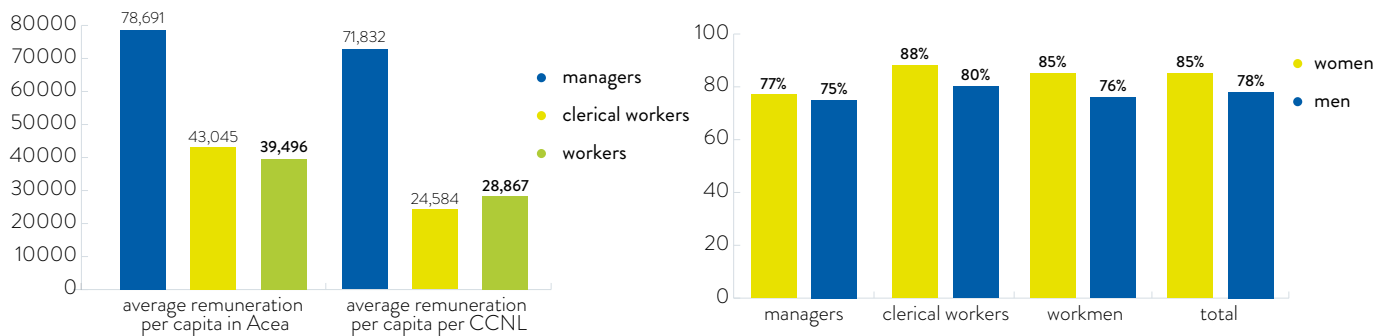
In addition to leaves, the **forms of flexibility** offered by the company include **part time**, which in 2019 involved **2% of the staff**, and an **independent schedule** for **managers** and **stage three workers**, which permits a “personalized” management of work schedules, in compliance with contractual provisions. For **employees with a “fixed schedule”**, **arrival and departure flexibility** is envisaged, and, lastly, they are the workmen have a **total number of monthly hours of leave** available to collect during the times established. Structured **teleworking** was also introduced last year **to allow a reconciliation between work and one’s private life** (see also the *Diversity and inclusion* section).

## REMUNERATION

The **wages** of employees, excluding executives and top management, are determined by applying the **National Collective Bargaining Agreements** of reference. The company’s **remuneration policy** applies **merit-based principles** to the fixed and variable components of the remuneration.

In 2019 the **total gross average salary per capita** was **€ 45,000** (it was 44,000 in 2018), and including the executives it rises to **€ 48,000** (it was 47,000 in 2018) (see table no. 40).

**CHART NO. 41 – AVERAGE SALARIES AND RATIO BETWEEN BASE SALARY AND REMUNERATION (2019)**



The ratio between the “base salary” and the gross actual remuneration is **85% for women and 78% for men**. Indeed, the **activities with the highest additional remuneration** (on-call, shifts, allowances, overtime, etc.) are **mainly performed by male staff** (for example the work of emergency services technicians who rotate in 24-hour shifts).

## PENSION FUNDS AND DEFINED CONTRIBUTION PLANS

**Supplementary pensions** are a **form of voluntary contribution** aimed at generating income that is supplementary to the pension, the amounts paid by workers being invested in the financial market by specialized managers.

The pension funds of reference for Acea staff are: **Previdal**, reserved for executives, and **Pegaso** (managed jointly by Utilitalia and Trade Union Organizations) for non-management staff, to whom the national collective bargaining

agreements of the electrical and gas-water segments apply. In 2019 for the first time the **Pegaso Fund** adopted a Strategic Plan 2019-2021 that illustrates the **organization’s management guidelines**, including instruments for measuring **ESG factors** (environmental, social and governance).

The number of **Acea employees participating in the Pegaso Fund** during the year was **2,818**, with an **increase of 11%** compared to 2018, mainly due **to the activation of the Group’s Welfare Plan**. By analysing the distribution by gender of the members, **76% are men and 24% are women** (see table no. 40). The company paid approx. € 5.4 million of TFR (Severance Pay) and € 1.9 million of supplemental contribution to the Fund. The economic value committed by Acea for TFR and other defined benefit plans is € 104.6 million.

The **collaboration between Acea and the Fund** has been evolving over time, and in 2019 produced a **publication on the supplementary pension “AtuperTu”** and a **website dedicated to Group employees**.

## PERFORMANCE OF THE PEGASO FUND RELATIVE TO ACEA EMPLOYEES

Overall, since 1999 the employees of the Acea Group have paid **€ 107.1 million** into the Pegaso Fund, of which **€ 9.6 million in 2019**.

During the year, the positions of the members exceeded the value of **€ 99 million** from collections over time of almost **€ 41 million**. These positions are invested in the Balanced segment for 84.7% of the total amount, in the Dynamic segment for 6.6% and in the Guaranteed segment for 8.8%.

In the first 20 years of the Pegaso Fund, **3,306 disbursements** (redemptions, pension benefits, advances and transfers) were paid to Acea employees, specifically: 2,092 requests for advances, 86 transfers and 1,128 requests for pension benefits.

**NOTE** The data and information related to the Pegaso Fund are prepared with the cooperation of the Director General of the Fund.

**TABLE NO. 40 – HOURS WORKED, ABSENCES, REMUNERATION AND MEMBERS OF THE SUPPLEMENTAL PENSION FUND (2017-2019)**

m.u.	2017			2018			2019		
	men	women	total	men	women	total	men	women	total
<b>HOURS WORKED BY THE STAFF</b>									
<b>hours</b>									
regular	5,508,719	1,582,147	<b>7,090,866</b>	5,669,239	1,684,926	<b>6,031,404</b>	6,250,724	1,941,510	<b>8,192,234</b>
overtime	405,150	25,706	<b>430,856</b>	362,165	27,004	<b>389,169</b>	369,398	29,464	<b>398,862</b>
<b>total hours worked</b>	<b>5,913,869</b>	<b>1,607,853</b>	<b>7,521,722</b>	<b>6,031,404</b>	<b>1,711,930</b>	<b>7,743,334</b>	<b>6,620,122</b>	<b>1,970,974</b>	<b>8,591,096</b>
<b>TYPE OF ABSENCES</b>									
<b>days</b>									
sick leave	29,181	10,302	<b>39,483</b>	28,584	12,144	<b>40,728</b>	29,279	10,969	<b>40,248</b>
maternity/paternity	1,148	11,939	<b>13,087</b>	1,159	10,302	<b>11,461</b>	1,118	9,278	<b>10,396</b>
strike	777	132	<b>909</b>	606	138	<b>744</b>	82	28	<b>110</b>
trade union leave	7,069	1,051	<b>8,120</b>	8,076	1,068	<b>9,144</b>	5,159	584	<b>5,743</b>
leave of absence	1,706	1,145	<b>2,851</b>	1,288	1,127	<b>2,415</b>	1,313	379	<b>1,692</b>
miscellaneous leave (study, health, bereavement and general reasons)	15,035	8,485	<b>23,520</b>	15,786	8,889	<b>24,675</b>	15,631	8,022	<b>23,653</b>
<b>total absent (excluding holidays and accidents)</b>	<b>54,916</b>	<b>33,054</b>	<b>87,970</b>	<b>55,499</b>	<b>33,669</b>	<b>89,167</b>	<b>52,582</b>	<b>29,260</b>	<b>81,842</b>
<b>GROSS AVERAGE COMPENSATION BY ROLE</b>									
<b>€</b>									
managers			75,481			77,061			<b>78,691</b>
clerical workers			41,633			42,349			<b>43,045</b>
workers			38,466			38,840			<b>39,496</b>
<b>AGE GROUPS AND GENDER OF THE EMPLOYEES ENROLLED IN THE PEGASO FUND</b>									
<b>number</b>									
≤ 25 years	10	1	<b>11</b>	16	0	<b>16</b>	20	0	<b>20</b>
> 25 years and ≤ 30 years	27	10	<b>37</b>	38	18	<b>56</b>	65	26	<b>91</b>
> 30 years and ≤ 35 years	96	29	<b>125</b>	101	40	<b>141</b>	126	66	<b>192</b>
> 35 years and ≤ 40 years	156	62	<b>218</b>	169	69	<b>238</b>	186	88	<b>274</b>
> 40 years and ≤ 45 years	217	60	<b>277</b>	228	64	<b>292</b>	249	78	<b>327</b>
> 45 years and ≤ 50 years	374	130	<b>504</b>	349	112	<b>461</b>	320	105	<b>425</b>
> 50 years and ≤ 55 years	452	101	<b>553</b>	459	112	<b>571</b>	469	136	<b>605</b>
> 55 years and ≤ 60 years	377	110	<b>487</b>	386	112	<b>498</b>	423	119	<b>542</b>
> 60 years	206	29	<b>235</b>	227	40	<b>267</b>	293	49	<b>342</b>
<b>total</b>	<b>1,915</b>	<b>532</b>	<b>2,447</b>	<b>1,973</b>	<b>567</b>	<b>2,540</b>	<b>2,151</b>	<b>667</b>	<b>2,818</b>

## INDUSTRIAL RELATIONS



**70% OF EMPLOYEES ARE MEMBERS OF A UNION**



ISOPENSIONE: **Innovative** SOCIAL SECURITY **agreement** SIGNED FOR THE MANAGEMENT OF **generational turnover**



**Acea launches the My Welfare** PLATFORM WITH PERSONAL AND FAMILY SERVICES



**+ 11% SUBSCRIPTIONS TO THE Pegaso PENSION FUND**

The **Industrial Relations Unit** of the Holding (Human Resources Management Function) **oversees the company's policies regarding trade union relations, ensuring consistency with the Group's objectives.** The discussions on the specific corporate requirements

are conducted within the framework of national collective bargaining (CCNL) at the sector level, and between companies and internal employee representatives. The **Industrial Relations Model** applied in Acea, renewed last year,



defines a **system of high-profile trade union relations** based on **bilateral agreements and participation**, combining **business objectives and social demands**.

In 2019 an **Industrial Relations Protocol** was signed that structures the system of union participation and dialogue on three levels – Group, industrial segment and corporate – and defines **some areas of discussion** for each level: *economic and financial performance, employment policies, selection, promotion, development and training of staff, occupational safety, corporate welfare, promotion of diversity and inclusion; industrial policy and investment plans; performance bonus, organization of working hours, technical and specialized training and professional development*.

For the main agreements signed during the year, see the dedicated boxes.

In line with the inclusive logic of the Model, during the year Acea defined a **procedure for consulting workers**, directly or through their representatives, on central issues such as **safety at work, respect for the environment and the sustainable development of production**. In addition,

in order to encourage the **involvement of employees** in union relations, an **email address** was made available in 2018 with which, for example, it is possible to request further information on the agreements reached or provide feedback on the quality of company initiatives.

**Bilateral Commissions** are also operational (composed of representatives of the company, workers and the CRA) and **express their opinions on the main agreements** reached.

The company promotes the **participation of Trade Union Organisations** in the election of **Unitary Trade Union Representations** (RSU) and **Workers for Safety and the Environment** (RLSA).

Acea applies the **Single Contract for the electricity sector** and the **Single Contract for the gas-water sector**. **All the workers** are therefore **covered by national collective bargaining agreements**.

In 2019, **unionisation was 70%**. There are **310 employees** who hold **management or trade union representation positions**; of these, **19 hold positions of Workers' Safety Representatives** (RLS), designated following an agreement.

## THE GROUP AGREEMENT ON SOCIAL SECURITY: ISOPENSIONE

In 2019, in line with the commitments made in last year's Group Framework Agreement, Acea entered into an **innovative social security agreement** with the Trade Unions for the **management of generational turnover**, the so-called "**isopensione**". The pension accompaniment measure is provided by INPS, with **the company's contribution**, and is aimed at **managers, office staff and workers** who meet the requirements for retirement or early retirement pensions in the four years following the termination of the employment relationship (i.e. from 1 January 2020 to 30 November 2024, with the date of termination of the employment relationship by 30 November 2020). The possibility of receiving the isopensione in 2020, established at a Group level, may concern **140 people**, with an order of priority linked to **health conditions, proximity to retirement and professional category** (managers and office staff).

In July 2019, **thanks to the collaboration of the Bilateral Commission** attended by all trade unions, the Company Recreational Club (CRA) and the representatives of the Group companies, a Trade Union Agreement was signed that **allowed the launch of the Group**

**Welfare Plan** (see dedicated box). Finally, also in 2019 discussions were carried out between the parties under the **Protocol on Water Contracts** (see the *Suppliers* chapter).

## THE GROUP WELFARE PLAN

The **Welfare Plan**, aimed at increasing the personal, work and family well-being of employees, was **designed based on the identification of their needs**, carried out through a survey, which had a response of about 30%.

The Plan offers **services to individuals and families** (travel, transportation and health insurance, supplementary pension, etc.), accessible from the **My Welfare platform**. In the first six months of activation, **2,767 people benefited from at least one welfare service provided by the platform**, choosing from initiatives relating to: family (47.9%), supplementary pension (24.7%), travel and holidays (8.8%), health insurance (4.9%), mobility and transport (4.9%), etc.

The Plan also provides for the **opportunity to convert the gross amount of the performance bonus into welfare services**, thus increasing people's purchasing power: **833 employees, equal to 18.4%** of those entitled, **chose this opportunity**. **52% used the services offered**, with a preference for those intended **for the family (24%)**, and **48% paid the sum to their sup-**

**plementary pension**. Acea paid an **additional percentage**, ranging from **12% to 16%**, to those who chose to allocate the performance bonus to their **supplementary pension**, and an additional share (between € 10 and € 40) to those who allocated the amount to the Pegaso Fund.

To promote the Plan and welfare initiatives, numerous **information meetings** were held for employees, and 250 dedicated Ambassadors were trained.

**Acea has redeployed part of the tax relief** enjoyed thanks to the Welfare Plan **for the benefit of employees**, both with the additional disbursements mentioned above, and by offering **health services and preventive check-ups** (endocrinological, dermatological, etc.), extended also to family members (see also the section on *Protection of health and safety at work*), the renewal of the **dental agreement** with the addition of new services, and for employees enrolled in the health insurance fund the activation of **Long Term Care insurance** that protects people in the event of loss of self-sufficiency.

As regards the **information notice to the employees regarding possible organizational changes or corporate reorganizations that effect employment relations**, Acea takes different positions depending on the situations explained below:

- **organizational changes:** In the event of establishment of new Units or changes in assignments or responsibilities, the Human Resources Management Department issues an Organizational Provision, sends a communication to the competent functions, which post it on the bulletin board and the company intranet. In the event of organizational changes that affect the staff, the trade union representatives are informed. If they concern a single employee (change in workplace, schedules, etc.), they are notified by the Human Resources Management Unit of the person's Company;

- **Corporate reorganizations:** in the event of organization, as a result of significant organizational and production changes, with effects on working conditions and employment, the methods of informing the employees and the Trade Union Representatives, are regulated by the CCNL applied in the Group and by the Labour-Management Relations Protocols;
- **Corporate transformations** (such as alienations, mergers, acquisitions, transfers of company branches): in cases of corporate transformation, the notices to the employees are regulated by the legislation in force<sup>95</sup> which anticipates obligation that allows them to verify the business reasons for the operations, the correct methods of the process and the consequences on the employment relations.

<sup>95</sup> Art. 2112 Italian Civil Code and art. 47 Law 428/90 as amended.

## DISPUTES WITH EMPLOYEES AND TRADE UNIONS

The labour disputes in Acea mainly concern **dismissals, classification changes, differences in remuneration, indemnities not received, demotions, harassment and employment relationships**.

In 2019, there were **23 new labour cases** (15 in 2018), most of which were **initiated by employees of the Companies**. The total number of disputes still pending – including those initiated in previous years – amounts to 97 cases.

During the year, other 30 rulings were issued, 2 of them initiated during the same year.

## OCCUPATIONAL HEALTH AND SAFETY



### Prevent with Acea:

2 DAYS OF HEALTH PREVENTION AND **free examinations** FOR EMPLOYEES (ABOUT **230** MAMMOGRAMS, ULTRASOUND, THYROID SCREENING, ETC.)



### Acea Group SiCura di Te:

THE AWARENESS-RAISING EVENT INVOLVES **1,200 people**



### Areti Training Camp, HEALTH AND SAFETY TRAINING:

**815 people** INVOLVED AND **9,133 hours** OF TRAINING PROVIDED



### Safe driving: **175 EMPLOYEES** trained

Acea is committed to a **widespread safety culture** both in the company, through the direct involvement of employees, and along the supply chain (see the *Suppliers* chapter). Safety management in the Group is structured at an organizational level and most of the Companies have implemented **Certified Management Systems** (see also *Corporate Identity, Corporate Governance and Management Systems* chapter).

The **Occupational Safety Unit of the parent company is in charge of the coordination and direction in this area**, monitoring the companies on the application of legislation, guidelines and company policies. **Each Group Company has direct responsibility for the operational management of safety** and takes care of **training the personnel, monitoring accidents** and assessing the risks to the workers, preparing the **Risk Assessment Document (RAD)**. Following these activities, the **Occupational Safety Unit prepares a centralized annual accident report** for Group Companies.

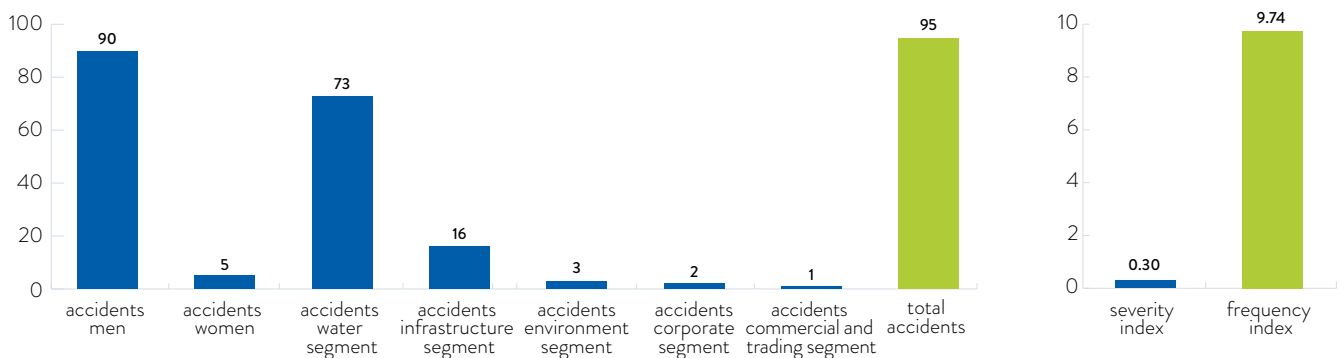
The analysis method of the accidents follows the **Guidelines for the classification of accidents**, prepared by Utilitalia and in compliance with the **standard UNI 7249/95**, with reference to the INAIL

measurement criteria and the instructions of ESAW (European Statistics of Accidents at Work).

During the year, consultation meetings were held with the **Workers' Safety Representatives (RLS)**, guaranteeing the involvement of the workforce as envisaged by art. 35 of Legislative Decree no. 81/08, and quarterly meetings were held of the **Group's RSPP Coordination Committee (Head of the Prevention and Protection Service)**, also to share the results of the safety performance analyses along with experiences and good practices.

In 2019 there were **95 accidents during work** and **32 in transit**, i.e. while commuting between home and work. The **days of absence** for accidents occurring during work were **2,884**, the **frequency index** was equal to **9.74** and the **severity index** was **0.30** (see chart no. 42 and table no. 41). It should be noted that the **increase in the data** compared to 2018 **is due to the inclusion of Gori in the scope** (see table no. 41). Aware of the critical issues, **Gori is launching initiatives aimed at preventing and reducing accidents**, including awareness raising meetings, training and safety workshops for staff.

CHART NO. 42 – ACCIDENTS AND INDICES (2019)



**NOTE** Male frequency index **12.19** and female frequency index **2.11**, male gravity index **0.36** and female gravity index **0.10**. Excluding data relating to the company Gori, the indices would be: male frequency 9.41 and female frequency 2.48, male severity 0.30 and female severity 0.12.

By observing the **distribution of accidents from a gender perspective** (net of those during commuting) it emerges that **90 accidents, equal to 95% of the total, involved male staff**, while women were involved in 5 accidents.

The Companies with the highest number of accidents are: Acea Ato 2 (32 accidents), Gori (31 accidents) and Areti (16 accidents), which naturally have **greater exposure to the risk** of accidents in relation to the type of activity performed.

During the year, Acea developed tools aimed at improving the op-

erational management of occupational safety, including the **HSE dashboard** (Health, Safety, Environmental) to measure and 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 RSPPs.

Among the **initiatives intended for employees**, in 2019 the awareness campaign **The Acea Group SiCura di Te for the prevention of accidents** (see the box for details) is worthy of note.

## THE ACEA GROUP SICURA DI TE

The awareness campaign **The Acea Group SiCura di Te** was carried out in collaboration with the **Saipem LHS Foundation** (Leadership in Health and Safety) and planned **workshops dedicated to the Group's top management** during which company **vision and commitments on safety at work were defined**.

In addition, using an innovative approach with moments of high emotional impact, the **Safety leaders** of the Group were trained so that they could convey the value of safety to all the people of the company via cascading.

The campaign involved a total of **31 managers, 206 safety specialists** and **84 Ambassadors** and included **174 cascading sessions**.

The initiative had a high **rate of participation, equal to 90% of the employees invited**.

The Parent Company's **Occupational Safety Unit** has the task of also overseeing aspects related to **organizational well-being**, promoting healthy work environments and **mitigating work-related stress**. For this purpose, in 2019 **monitoring** was activated **to assist and listen to employees** in conditions of personal and/or work hardship. Acea also launched the **Prevent with Acea** initiative with the contribution of the non-profit association **Susan G. Komen Italia** and the medical staff of the **Fondazione Policlinico Universitario Gemelli** in Rome, organizing **two days of prevention for employees, who benefited from about 230 free examinations** (mammograms and ultrasound, gynaecological, thyroid and dermatological screening), and a **conference** aimed at providing basic guidance on health and correct lifestyles.

The **Group Companies train the workers** and supervisory staff **regarding occupational health and safety** in compliance with current legislation (see also below *Staff training and development*). Below are some initiatives carried out during the year:

- **Acea SpA** provided a **training course on safe driving** mainly for dispatched personnel, which in 2019 involved **175 employees**, aimed at teaching proper driving behaviour in different settings;
- **Acea Ambiente** joined the **Acea Cardio-protected Company project** launched in 2018, equipping operating sites with defibrillators and training staff in the use of the life-saving device;
- **Acea Ato 2** held **meetings between top management and operating staff** aimed at increasing employees' awareness of **safety at work**. It installed "**safety boards**" at operating locations to share information and data with employees, and thanks to a collaboration with a **young Italian start-up called StartSmart** it experimented with training in **confined spaces in virtual mode** to allow operators to practice safely

by simulating scenarios and activities typical of an intervention in closed environments directly in the classroom;

- **Acea Ato 5** provided courses on the **planning, control and placement of road signs** for works carried out in the presence of vehicular traffic, on the management of work in **confined environments, with suspected pollution and at risk of exposure to vibration and noise**. In 2019, a total of **3,500 hours of safety information and training** were carried out, for a total of about **600 resources involved**;
- in **Areti** the **Training Camp** continues to be operational, a **space dedicated to training on health and safety at work**, even for new hires (safe ascent/descent on medium and low voltage power line poles; safe access to confined underground areas; the use of work/safety tools, training for emergencies in a dangerous environment, etc.). The space is made available to the operating staff of Areti and the other companies of the Group, and, upon request, to external companies/entities. In 2019 a total of **9,113 hours of training took place, involving 815 people**;
- **Acea Elabiori** trained personnel performing technical, professional and engineering activities in general (CSP/CSE safety coordinators, safety inspectors, etc.) on **electrical risk**, with particular attention to the execution of works on electrical systems;
- **Aquaser** continued to **train drivers**, with the aim of making them more aware of company procedures and safety, in particular with respect to **road safety**;
- **Gori** held the **workshop "Leadership in Safety"** to promote a culture of safety in the company at all levels, and with a view to prevention entered into an agreement with a specialized company to submit **free check-ups to employees over 40 years of age**;
- **Gesesa** developed the **basic training course for the first aid specialists** and the **fire prevention specialists**.

TABLE NO. 41 – HEALTH AND SAFETY (2017-2019)

number	2017	2018	2019 <sup>(1)</sup>
INJURY DISTRIBUTION BY INDUSTRIAL AREA AND GEOGRAPHICAL AREA			
Water segment (Lazio and Campania)	54	44	73
Energy infrastructure segment (Lazio)	23	15	16
Commercial and Trading segment (Lazio)	2	0	1

TABLE NO. 41 – HEALTH AND SAFETY (2017-2019) (cont.)

number	2017	2018	2019 <sup>(*)</sup>
Environment segment (Lazio, Umbria and Tuscany)	5	5	3
Corporate segment (Lazio)	3	1	2
<b>total</b>	<b>87</b>	<b>65</b>	<b>95</b>
<b>ACCIDENT INDICES</b>			
Total days of absence	3,463	2,453	2,884
<b>Frequency index (FI) (number of accidents per 1,000,000/working hours)</b>	<b>10.87</b>	<b>8.02</b>	<b>9.74</b>
<b>Severity index (SI) (days of absence per 1,000/working hours)</b>	<b>0.43</b>	<b>0.30</b>	<b>0.30</b>

(\*) The 2019 scope also includes Gori, not present in the 2017 and 2018 scopes. The Company recorded 31 accidents in 2019. The 2019 data on accidents net of Gori would have been as follows: **64 work-related accidents**, 42 accidents in the Water segment, FI equal to 7.73 and SI equal to 0.26.

**NOTE** The Water segment includes 5 Companies, the Energy Infrastructure segment 3, the Commercial and Trading segment 2, the Environment segment 2 and the Corporate segment 1. The data in the table does not include accidents currently being assessed.

## HEALTH MONITORING

**Health monitoring**, regulated by a **company procedure** that defines **its planning and management**, is carried out **in cooperation with external professionals** in compliance with current legislation (art. 41 of Legislative Decree no. 81/08). Formally appointed **physicians** subject employees to **pre-employment visits**; **preventive** or when changing jobs; **periodic**, according to the Risk Assessment Plan; **at the request of the worker**; in the event of termination of employment, where required by current legislation; **before resuming work** following an absence due to ill health lasting more than 60 consecutive days. Workers **exposed to specific risks** are included in a **targeted check-up programme**. **Company physicians work with employers and officers from the Risk Protection and Prevention Service (RSPP)**, in **Assessing the risks** to which employees are exposed, which is **necessary for the preparation of the health monitoring plan**.

At the head office, a **First Aid office** ensures that staff and visitors have a first line of intervention in case of an illness that does not require an immediate hospital visit.

In 2019, **2,633 visits** were carried out, for a total financial value of € 274,000 (including the share relating to the company's first aid service).

Health monitoring includes the **prevention of occupational diseases** that workers may contract due to **prolonged exposure to the risk factors** existing in the work environment. In the context of the work performed by the companies of the Group, for which Acea provides the health monitoring service, there are **no risk profiles likely to cause occupational diseases**. The competent doctor has the task of cooperating with the employer in order to define preventive measures and health protocols for the risk profiles associated with specific duties, monitoring any damage to workers' health, issuing suitability assessments, and applying limitations and prescriptions, where necessary, in order to prevent possible occupational diseases. In 2019, in Acea, **there were no reports of suspected occupational diseases**.

## HUMAN CAPITAL DEVELOPMENT AND COMMUNICATIONS

**Acea places people at the centre** of the Group's processes and provides them with the **tools and skills** necessary to respond effectively to corporate challenges, through:

- involving them in the Group's culture and identity;
- improvement and development of skills;
- inclusion and organizational well-being.

### PERSONNEL SELECTION

The **selection process** is regulated by a **Group procedure, updated in 2019**, which governs the search for skills in the labour market. During the year the **recruiting network was strengthened**, with increasing use of social channels, and **109 personnel searches** were published in the Careers section of the institutional website.

The selection process can include **several stages**: CV screening, online challenge using gamification (technical quizzes and business games to assess numerical reasoning, verbal ability, visual-spatial skills, logic), video interviews, assessment of soft skills, motivation and skills through collective tests and individual interviews.

The search for staff for Acea Energia, Acea Ambiente and Gori involved the organization of four **R-DAYS** involving approximately **320 candidates** (see the box for details). During the year, Acea also participated in **professional orientation events** promoted by university bodies, including Career Day, Job Meeting and Placement days, to meet new graduates to be hired in professional positions.

### ACEA RECRUITING DAYS (R-DAY)

Recruiting Days (**R-DAYS**) are the **final days of the selection processes** initiated by Acea, which are conducted with innovative tools and methods. For example, there are plans to use a **virtual reality** application that can reproduce the characteristics of the Group's businesses. During these initiatives, candidates try **group tests** at the end of which Acea HR, supported by technical line representatives, assess the results and proceed with the **individual interviews** to better understand the **motivations** of the candidates and evaluate their **skills with respect to the specific position**. Structured in this way, the initiative makes it possible to select the best profiles among the candidates.

## GROUP CULTURE AND STAFF ENGAGEMENT

The expression of the **Group's identity** is defined by the **Leadership Model**, which represents the company's values – **initiative, teamwork and action** – and identifies the measurable and observable conduct of people relevant for the achievement of strategic objectives and **assessed by the bonus and remuneration systems**. The three value drivers just mentioned guide people through the main stages of their career in the company: **mentioned, welcoming, training, rewards and development**.

At a more operational level, the **Execution Model** is focused on the **active participation** of employees and represents an organizational framework for the **continuous improvement of company processes and the achievement of strategic objectives**. In 2019, in order to contextualize the model with respect to the working reality, **three new drivers were introduced** – **proximity, specialisation and speed** – and **10 intra-group action teams were established** to develop **improvement actions with an impact on business, business processes**

and **customer satisfaction**. This project was also made synergistic with management and project management training courses, generating further improvement inputs.

Other **employee engagement initiatives** aimed at increasing the sense of belonging to the Group and identifying its values include:

- **"Sustainability innovators, the challenge"**, a **collection of new sustainable ideas proposed by employees** on company businesses, integrated into the internal entrepreneurship programme called *Innovation Garage*;
- **"Pre-boarding"** for the welcoming of new hires, who are provided with a multimedia presentation of the Group's business, values and working methods;
- **"#semprepiuvicini"**, a teaser game accompanying the launch of the Acea Welfare Electricity and Gas offer for employees;
- **"Feedback Week"**, aimed at promoting feedback as a tool for continuous improvement of people and activities, dissemination of the culture of dialogue and shared responsibility and development of generative leadership.

## STAFF TRAINING AND DEVELOPMENT



In Acea training **combines the needs of corporate growth with the objective of the professional development** of people. The activity is governed by a **Group procedure** that defines **roles, responsibilities and tasks in the management of training processes** aimed at the development of expertise, knowledge and professional skills necessary to act in company positions.

The process involves:

- the **identification of strategic training needs**, on cross-cutting issues, and **specific training needs** related to individual activities, with an indication of the **objectives and expected results**;
- the identification of **objective assessment parameters and criteria for measuring the effectiveness of the training**;
- the drafting of the Group's **Annual Training Plan**, managed by the Parent Company's Training Unit, and the **annual Training Plans** of Group companies;
- the **design, presentation and assessment of training courses**.

The Holding company **establishes guidelines and operating tools** for the identification of needs and **centrally manages** the various types of training: **managerial**, relating to the development of management skills and techniques as well as leadership; **technical-operational of interest to the Group**, for the acquisition and updating of specific skills, in particular **digital**; on the **governance**

**model**, relating to in-depth legislative studies and company instructions relating to the various business areas.

Each **operating Company independently manages its technical and operational training**, aimed at acquiring specific skills for the business of reference, in the **field of safety** and that of **governance** related to its own field of action.

Acea has access to **funded training through membership in inter-professional organizations** for ongoing education – Forte Fund (National Inter-professional Joint Fund for Ongoing Education in the Tertiary Sector), Fondirigenti and Fondimpresa – that the main Group companies belong to.

In consideration of the excellent results achieved, in 2019 the **Managerial Academy** continued its work, offering a **training programme of managerial excellence in collaboration with Ama and Atac Rome** and with the **scientific partnership of the Luiss Business School**. The Academy adopts an **innovative approach to integrated training** that uses a **mix of channels**, each with a specific function: pre-work through an **e-learning** platform, classroom training offering an **experience-based** method and a **mobile app** for further analysis of the topics addressed during the training course. In addition, in order to make the most of the Group's know-how, Acea organized **The Trade School** (see the dedicated boxes).



## THE MANAGERIAL ACADEMY: 185 PEOPLE INVOLVED

The Managerial Academy offers two courses of study: **Elios**, dedicated to **senior managers**, and **Aurora**, for **people engaged in professional development**.

In 2019 the **Elios programme** involved **116 people** (executives, managers and office staff), providing **10 training sessions** for a total of **720 hours of training**. The programme was characterized by an integrated training approach, and participants were able to use a **peer coaching** technique, a tool for professional self-development that involves working in pairs and fosters the exchange of experiences between participants.

The **Aurora programme** involved **69 employees**, providing **3 training sessions** for a total of **144 hours** of training.

Both courses were **supplemented by a follow-up to strengthen skills**: a training plan for participants in the Elios programme, and project ideas implemented as part of the Execution Model for participants in the Aurora programme.

## THE TRADE SCHOOL: 72 TRADE INSTRUCTORS AND 521 COURSE PARTICIPANTS

The Trade School **expands the Group's technical and operational know-how** through knowledge transmission managed entirely by company professionals.

The programmes envisage the mapping of **critical skills** – skills of particular value possessed by few resources or by outgoing people – and the identification of the relevant **Trade Instructors**, who are entrusted with the task of **transferring** their specialized knowledge.

In 2019 **60 critical skills** were mapped with the involvement of **7 Group Companies** (Acea Ato2, Acea Ato 5, Areti, Acea Produzione, Acea Elabori, Aquaser and Acea Spa), **72 Trade Instructors** were trained and **3,879 hours of classroom training** provided to **521 participants**, with a training effectiveness of 95.9%, assessed through the administration of final knowledge questionnaires.

To support classroom training the courses started with e-learning (**video tutorial**), available to all employees on the Pianetacea platform, with a view to sharing the **Group's technical and operational knowledge assets**.

Acea launched the **Digital Academy** project to disseminate key digital skills (Digital DNA) throughout the Group. Following a **skills survey**, a **pilot training course involving 27 people** was organized.

Finally, courses on **Procurement Regulation** and **Green Public Procurement (GPP)** were organized, respectively involving **67** and **36** employees of the Group. The **GPP** training, provided in collaboration with the **Ecosistemi Foundation**, covered green purchasing with a focus on circular economy and green economy, and the **Minimum Environmental Criteria** made mandatory by article 34 of the Public Procurement Code.

During the year, training on the **governance model** (compliance, anti-corruption, antitrust, privacy, etc.) was provided to the **entire corporate population** via **e-learning** – with **classroom** sessions for the Group's **Risk & Compliance Bodies**, established in 2019 – and on the Financial Information System (Law 262/05), the Administrative Responsibility of Bodies (Legislative Decree 231/01), Unfair Business Practices, Antitrust Law, GDPR (Privacy) and QASE Management Systems.

The Group companies also carried out training independently. The main examples are as follows:

- at the Peschiera Aqueduct and the Purifier in North Rome **Acea Ato 2** organized a **course dedicated to the knowledge of the water business** for the staff employed in the Sales Unit. Furthermore, the Company joined the training initiative for the creation of the **position of Green Manager**, promoted by the Lazio Region as part of the Plastic Free project;
- for the free market service, **Acea8cento** provided training on commercial inbound, welfare tariff for employees and the Pedius service reserved for users with hearing impairment;

- together with Acea Ato 2, **Areti** organized the **Manager of the Territory experience-based project**, which involved a total of **65 professionals of the two Companies**, and the **Social Team Building Optimisation project** aimed at stimulating the application of cohesive and interchangeable teamwork methods, which **involved 75 employees**;
- **Gesesa** offered training in **environmental matters and communication and customer relationship techniques**;
- **Gori** trained **incoming personnel** from the acquired regional plants on **environment, safety, quality, IT systems and technical and specialized activities**, with dedicated courses for a **total of 3,400 hours of training**.

**Traditional and experience-based training** involved a total of **648 courses** (600 in 2018) with **1,361 editions** (1,144 in 2018) and **involving 4,420 people**, 20% of whom were women. Moreover, the **e-learning platform** offered **7 courses** that **4,499 people** completed, 26% of whom were women.

The **total training hours provided** are 126,607 (in traditional, experience-based and e-learning training formats). Their contraction compared to approximately **113,985 hours** in 2018 (see table no. 42).

The **total training hours per capita<sup>96</sup>** are **23** (24 in 2018). When analysing data from a gender perspective, the hours of training per capita provided to male staff amounted to 24 and those provided to female staff amounted to 20. The breakdown by qualification is as follows: 26 hours for managers, 31 for executives, 22 for employees and 22 for other workers.

The overall **costs incurred** for the provision of the courses, net of scheduling for training and the preparation of the spaces allocated to it, were equal, in 2019, to **€1,640,808** (table no. 42).

**TABLE NO. 42 – TRAINING (2018-2019)**

### TRADITIONAL AND EXPERIENCE-BASED TRAINING COURSES AND THEIR COSTS

course type	courses (no.)		training (hours)		costs (€)	
	2018	2019	2018	2019	2018	2019
managerial	6	9	14,287	11,322	515,767	582,994
safety	203	184	42,307	32,650	264,110	300,188

<sup>96</sup> The indicator was calculated by comparing the number of hours attended with the total number of employees.

**TABLE NO. 42 – TRAINING (2018-2019) (cont.)**
**TRADITIONAL AND EXPERIENCE-BASED TRAINING COURSES AND THEIR COSTS**

governance model	23	20	7,750	3,430	23,668	125,537
operating-technical	368	435	44,680	51,843	643,264	604,081
<b>total</b>	<b>600</b>	<b>648</b>	<b>109,024</b>	<b>99,244</b>	<b>1,446,809</b>	<b>1,612,800</b>

**COURSES AND COSTS OF TRAINING PROVIDED WITH THE PIANETACEA E-LEARNING PLATFORM**

GDPR – new European privacy regulation	1	1	188	7,088	0	0
Code of Ethics	1	0	197	0	360	0
antitrust law	1	1	2,409	2,153	4,350	600
unlawful business practices	1	1	79	1,750	360	600
project management	1	0	20	0	360	0
administrative liability of entities (Legislative Decree no. 231/01)	1	1	1,832	6,965	720	1,700
safety	2	1	74	746	720	600
QASE management systems	1	1	131	5,009	360	13,100
unbundling	1	0	31	0	360	0
Legislative Decree no. 202/05	0	1	0	3,651	0	10,600
<b>total</b>	<b>10</b>	<b>7</b>	<b>4,961</b>	<b>27,362</b>	<b>7,590</b>	<b>27,200</b>

**BREAKDOWN OF TRAINING HOURS BY QUALIFICATION AND GENDER**

title	2018			2019		
	men	women	total	men	women	total
executives	2,652	543	3,195	1,493	489	1,982
managers	14,723	7,710	22,433	9,542	4,060	13,602
clerical workers	32,795	14,125	46,920	53,525	20,650	74,175
workers	41,382	55	41,437	36,758	90	36,848
<b>total</b>	<b>91,552</b>	<b>22,433</b>	<b>113,985</b>	<b>101,319</b>	<b>25,289</b>	<b>126,607</b>

Acea defines **programmes for employee development and to foster professional growth**. One of these is **Succession Planning**, a programme that develops internal professionals who over time preparing to hold some of the main managerial positions. The plan, which in 2019 identified **100 succession positions**, provides for the **identification of organizational positions to prepare for, training positions** for the acquisition of **adequate know-how** and **entry positions** for starting career paths.

Succession paths are conceived in a **multidisciplinary and multi-business** logic so as to promote the dissemination of

cross-cutting skills, and provide for the inclusion of people involved in specific assessment projects.

During the year, two targeted initiatives were organized to develop the managerial skills of employees: **Business Coaching**, a one-on-one training programme led by a professional and aimed at acquiring behavioural strategies to achieve business objectives, and **Coaching “Leadership 4 Value”**, a training course inspired by the Leadership Model.

**Reskilling** was also launched, a process that promotes the **professional redevelopment of resources through dedicated training programmes**.

**THE RESKILLING METHODOLOGY FOR STAFF DEVELOPMENT**

**Reskilling** is a staff development method that makes it possible to **respond to organizational needs, by developing people and their skills**.

The initiative is **for employees who intend to start a new career**: those interested apply for open positions by carrying out a self-assessment, followed by an orientation interview with the person in charge of the activity. Finally, if the person is deemed suitable, work in the new position begins with training support and assistance.

The process was first applied in **Acea8cento** and **Acea Energia**: **97 people applied** for 7 different positions, and **12 resources were chosen and placed in the new role**.

**COLLABORATION WITH UNIVERSITIES AND HIGH SCHOOLS**

Acea develops **partnerships and cooperation with universities**, participates in studies and research, meetings between companies and students and stipulates agreements to promote internships and apprenticeships. In 2019 relations with Tor Vergata, La Sapienza, LUISS Guido Carli, Studi Europei di Roma, Federico II di Napoli and Cassino universities were consolidated through the conclusion

of agreements aimed at encouraging the transition of graduates into the working world. Thanks to these interactions, **54 training internships** and **43 curricular internships were established during the year** and **26 young graduates were hired**. Acea also hired **45 young people** who had previously participated in internships. The Company utilizes **the professional skills** of its staff in university master's degrees and courses and for **technical projects**. In 2019, qualified **company staff** worked as teachers or provided

company testimonies for **university master's degrees**, dealing, in particular, with issues related to **energy**, the **environment**, **sustainability** and **innovation**. In particular, **Ecogena** collaborated with **SAFE**, centre of excellence for studies and training on issues related to energy and the environment regarding the **Master in Management of Energy Resources**, **Gesesa** contributed along with the Faculties of Engineering and Economics and Management of the **University of Sannio**, to the **course on Management of Integrated Water Service**. Finally, **Acea** participated with corporate testimonies on sustainability in the **Master on Sustainable**

**Development (MARIS)** organized by the **Tor Vergata University of Rome**, and the **Master "Sustainable enterprise: strategies, governance, processes and reporting"** offered by the **CUOA Business School**.

The Group initiated a **work-study programme** involving several **companies**. It is called the **IdeAzione – Giovani Correnti Innov@tive** project, with which **Acea** employees and school teachers guide students in the development of innovative projects (see the box for details).

## THE IDEAZIONE – GIOVANI CORRENTI INNOV@TIVE PROJECT

For the companies in the reporting scope, the **IdeAzione – Giovani Correnti Innov@tive** project involved **360 students** from **high schools** in Lazio and Campania, who were given a total of **7,920 hours of training** with the dual objective of promoting technical and scientific knowledge and bringing young people closer to the issues of technological and environmental innovation.

**Students in the 5th year** acting as **Internal Auditors** verified the **energy efficiency** of their school with respect to three drivers – **Water, Energy, Environment** – using a kit provided by **Acea Energy Managers**, thanks to which they carried out an **environmental survey**, an **action plan** and the **environmental code of the school**.

**Students in the 4th year** engaged in the idea generation contest offered **innovative solutions** to the challenge posed by 5th year classmates to foster the **transformation of the school** into an **eco-friendly environment**.

## INCENTIVE SYSTEMS AND STAFF EVALUATION

The **Performance Management System**, governed by company procedures, is the operational application of the Leadership Model and has the following objectives:

- **leverage personal contributions to the Group's performance**, including through the achievement of individual objectives – the measure of the "what" – and **in relation to the behaviour** – the measure of the "how";
- ensure the **continuous improvement of performance** at the individual and **team** levels.

In this perspective, **performance** is understood in a global sense, as a set of measurable results, and observable behaviours of the person **with respect to a specific objective**.

The **remuneration policy** adopted envisages short-term and long-term fixed and variable remuneration measures (MBO, LTIP).

The **long-term (three-year) incentive Plan (LTIP)** is reserved for **CEO and senior managers**, made up of **Executives from the Group with strategic roles and responsibilities**.

The earning of any bonus with a **three-year cycle**, is aimed at ensuring the continuity of company performance, guiding the actions of management towards **medium- and long-term results**.

The **LTIP calculation system** is calculated as a percentage of the Gross Annual Remuneration (GAR) and is subject to the level of achievement of objectives of an economic and financial nature (Gross Operating Profit – GOP and Return on Invested Capital – ROIC), identified by the Nomination and Remuneration Committee. Both objectives are linked to the appreciation of shares on the stock market (Total Shareholder Return – a measurement of the performance and appreciation of the value of **Acea's** shares compared to a basket of comparable companies). The 2016-2018 long-term incentive was terminated early in order to define a new LTIP aligned with the updated Business Plan, and following the approval of the economic-financial results by the Board of Directors, a fee equal to two-thirds of the amount due was paid to senior management.

The new long-term incentive for the 2018-2020 period will be paid to the recipients at the end of the three-year period.

The **short-term incentive system** (annual), **Management by Objectives (MBO)**, is applied to **senior and middle managers** (managers and executives) and entitles them to receive a

monetary bonus based on the achievement of objectives established in the performance management system. The system is divided into **Group objectives**, the same for all involved, and **individual objectives**.

Regarding the **Group's objectives**, the system provides "access gates" consisting of **four objectives**, three of an **economic and financial nature** (EBITDA, Gross Profit, Net Financial Position) and one linked to the **qualitative aspects of the services provided** (Quality Award). For the assignment of **individual objectives**, managers can choose from the macro-objectives in the **dedicated Catalogue** that includes targets of the Group's strategic planning, creating a direct link between strategy and the company's operational management.

During the year **Acea** sought to increase the **integration of sustainability** in its business activities, acting on the **link between remuneration mechanisms and the achievement of socio-environmental objectives**. To this end, it aligned the performance management system (MBO) with the objectives of the **Group Sustainability Plan**, adding sustainability targets to the 2019 Objectives Catalogue. In 2019 **50% of the company population included in the MBO system set individual goals having an impact on sustainability**.

The **performance bonus** is awarded **annually** to **managers, employees and workers**, including with part-time employment contracts, fixed-term contracts and apprenticeship contracts. A financial amount is allocated to employees as recognition and to **share the good results achieved by the company**. The **criteria for awarding the performance bonus**, as defined by an agreement with the trade unions, **promote individual employee contributions** by providing for an **additional percentage** beyond the basic value of the bonus, linked both to the achievement of **collective objectives** (increases in productivity, quality, efficiency and innovation) and to the **assessment of conduct** in accordance with the Leadership Model.

In 2019, as a result of the Group's excellent economic and financial results, **Acea** paid employees (excluding executives and managers, already included in the MBO incentive system) an **extraordinary bonus of € 500**, measured on the basis of the months worked in 2018. In addition, in order to promote the Group's Welfare Plan, the company paid the

staff an **extraordinary amount of € 100 to be used in the My Welfare platform**.

There are also **benefits** for employees, including those with part-time, fixed-term contracts and apprenticeship contracts, such as **meal vouchers**, a discount on electricity tariffs (for staff hired before 9 July 1996), the subsidies recognized through the Company Recreational Club (CRC) and a **supplementary health insurance policy**. An insurance policy is also available for all employees, which, in the event of death, guarantees the beneficiaries the payment of monetary compensation. Additional benefits are

offered to managers, such as the use of a company car and the reimbursement of fuel costs.

## INTERNAL COMMUNICATIONS

In Acea the **Internal Communications Unit** contributes to the **promotion of the Group's principles, values and strategic objectives** through comprehensive information for all staff. The main channel of communication used to promote corporate initiatives and projects is the **My Intranet** portal which was updated in its graphics and content in the second half of the year (see the box).

### THE NEW MY INTRANET PLATFORM

My Intranet is the new platform of the Acea Group, accessible to all staff, conceived as a **"service" tool** aimed at improving information sharing, increasing employee involvement in intragroup projects and **strengthening cultural identity**.

The platform consists of **5 macro sections: The Group, Life in Acea, Communications, Address Book and My PC**. My Intranet introduced numerous **innovative features**, including: the ability to be accessed from tablets and mobile phones, the Group's address book, an integrated search engine for the immediate usability of information, the simplified organization of documents (organizational and regulatory), a single section for technical assistance and a wealth of complete and exhaustive information about companies. The new platform also conveys **visual content (videos and photos)** as **strategic tools for sharing intragroup events and projects**, often carried out with the involvement of Group employees.

In 2019 internal communication initiatives remained in line with the pillars of strategic planning: **sustainability, welfare, safety, innovation, engagement, solidarity and community**.

In particular, on the subject of **environmental sustainability**, in 2019 the awareness campaign **"SOSSteniamoci – Noi per la Sostenibilità"** was proposed again, focusing on **reducing the volume of plastic** through the distribution to Group employees of over 5,000 customized aluminium bottles and the installation of **8 Water Kiosks** at company headquarters. **"The Day that Makes a Difference"** was also organized, dedicated to the **waste collection** and promotion of a logic of "circular economy", also combining the value of solidarity: In fact, at its headquarters Acea hosted the Community of Sant'Egidio and the association Antea, which received products donated by employees including used clothes, toys, children's products, blankets, plastic caps.

In terms of **solidarity**, for the Easter and Christmas holidays **Acea Solidarity Mondays** continued, aimed at involving employees in the charitable activities of some humanitarian associations present in the capital and throughout the country.

In order to promote the topic of **corporate welfare and well-being**, Internal Communications has supported a number of projects:

- the **my Welfare** platform (see the *Industrial Relations* section);
- the second phase of the **Smart People project – Acea Group's agile work**;
- **Acea welfare electricity and gas**, the commercial offer for employees and their families.

As part of the policies to **promote the culture of well-being and prevention**, in collaboration with the Industrial Relations Unit Internal Communications has organized the **Preveni con Acea** campaign, continuing with Komen Day (see also the section on *Protection of health and safety at work*) and continued the campaign **Non mandiamo in fumo la salute** with the launch of an an-

ti-smoking course aimed at employees who voluntarily and freely joined the project.

Particular attention was paid to the **issue of occupational safety** with the new edition of the campaign **"The Acea Group Si Cura di Te"**, which involved top management and organization staff of the Group companies (see also the section on *Protection of health and safety at work*). In December **an event was organized** at the Teatro dell'Opera in Rome with the participation of company leaders and **1,200 employees** aimed at retracing the main stages of the awareness-raising campaign, including through videos and guest testimonies.

Among the initiatives aimed at stimulating the **engagement of the staff** and the **consolidation of the link with the local community**, Internal Communications supported all the collaborative projects with the schools and that have involved the participation of employees as promoters (including the IdeAzione work-study programme, the Trade School, the Pre-boarding Project, etc., already illustrated in the subparagraphs *Training and development of the staff* and *Collaboration with the university and high schools*). It also collaborated in the organization of the **annual intragroup sports tournament** featuring numerous sports disciplines, and availed itself of a nationwide partnership for the **collection of donations benefiting the Fondo per l'Ambiente Italiano (FAI)**, and organized the delivery of **Christmas packages** to employees, **assembled with environmentally-friendly packaging**, packaged by disabled people of the "Cooperativa Sociale La Ruota Onlus". Finally, it organized year-end events for employees of the **Group's Industrial Segments** to **share the activities carried out and plan development prospects**.

On the subject of **innovation**, the Unit supported the launch of the **Acea Innovation Garage** Project, the first internal entrepreneurship programme of the Acea Group (see all the *Institutions and the company* chapter).

## DIVERSITY AND INCLUSION



SMART PEOPLE PROJECT:  
**508 people**  
teleworking



SIGNED THE UTILITALIA PACT –  
**Diversity makes**  
**the Difference** – FOR THE  
CORRECT MANAGEMENT OF DIVERSITY  
OF GENDER, AGE, CULTURE AND SKILLS  
IN BUSINESS PROCESSES



ACEA PARTICIPATES IN THE  
**Inspirational Talks Role**  
**Model** PROGRAMME FOR THE  
PROMOTION OF STEM (SCIENCE,  
TECHNOLOGY, ENGINEERING AND  
MATHEMATICS) TRAINING COURSES  
AMONG FEMALE STUDENTS

Inclusion and protection of diversity are monitored at the governance level. Indeed Acea has a *Code of Ethics* and a *Charter for the management of diversity* and an active **Committee for Ethics and Sustainability**, which has the responsibility of assisting the Board of Directors in matters of diversity, with the task of **promoting the culture of valuing diversity and combating all forms of discrimination**. This commitment saw Acea among the signatories of the “*Utilitalia Pact – Diversity makes the Difference*” drafted by the Commission for the Management and Promotion of Utilitalia’s Diversity. The Pact **establishes the principles of Diversity Management** – including diversity of gender, age, culture and skills – in business processes: selection, welcoming, training, rewards and staff development. In particular, the programme focuses on **inclusive policies** at all levels of the organization, work-life balance, **transparent merit management** and internal and external awareness raising policies.

Acea has adopted a **Group procedure** on “*Protection, inclusion, promotion of the diversity and well-being of workers*” and measures to support parents, such as the **extension of parental leave** for additional three months for family reasons for both mothers and fathers; the **extension of paternity leave**, with the recognition of two more days of paid leave to be taken within two months of the birth, adoption or foster care of the child; **hourly leave for taking children to the first day of nursery school, pre-school or elementary school** and the **holiday bank**. In addition, it adopted work-life balance measures such as **teleworking** (see the box for details), and has disseminated the Microsoft **Teams** application to the Group: a **virtual co-working space** that allows sharing and storing files, exchanging instant messages, making video calls and holding meetings online.

### ACEA'S SMART PEOPLE PROJECT

The **Smart People** agile work project has **structurally implemented teleworking** in the Group, both to improve work-life balance and to attract talent and increase productivity.

**Altogether 508 people worked from home** one day a week during the year, with a participation rate that almost doubled between the first and second half years.

The innovative scope of the project has to do with the **deconstruction of constraints connected to the work place and working hours**, defining working methods and **focusing** on the objective. Teleworking also allows the **values of the Leadership Model** (implementation,

teamwork and initiative) to be acted upon by experimenting with a new way of working.

Monitored by means of **qualitative and quantitative KPIs** and specific surveys of teleworkers and managers, the project was appreciated by the workers involved, who saw it as an effective work-life balance tool. In 2019, as a result of a Trade Union Agreement, **innovations were introduced** that will come into force from 2020: **extension of the period of use** of teleworking from 6 to 12 months, **going beyond the access limit** (no longer limited to 50% of the staff of a Unit) and **expansion of the types of activities** that can be carried out with agile work.

In the first half of the year the company held the presidency of the innovative **Business School System project** coordinated by the Elis consortium, contributing to the realisation of two initiatives:

- **Inspirational Talks Role Model**, a programme for the promotion of **STEM (Science, Technology, Engineering and Mathematics) training programmes among female middle and high school students**. The project involved more than 100 women professionals, including four from the Acea Group who as role models shared their experience of professional success in male-dominated sectors;
- **Intergeneration lab**, an initiative to **promote intergenerational diversity** through mixed teams composed of employees of Acea, Wind Tre and Terna, university and higher education students, professors and university researchers who have worked together to find solutions to the business challenges proposed by the companies involved.

Acea participated in the **Marisa Bellisario Foundation**, which focuses on **promoting female talent** in the workplace. It sponsored the 31st Edition of the “Women at High Altitude” Award, and for Pink October it **lit the Lazio Region building with pink lighting** as it was a promoter of the breast cancer prevention initiative.

Finally, Acea activated services aimed at better **integrating customers with disabilities**, for example by working with Pedius to develop the app that allows people with hearing impairments to call company call centres.

In compliance with the law<sup>97</sup>, there are **employees belonging to protected categories** (disabled, orphans, etc.) who are guaranteed support services, assistance and technical support tools to facilitate the performance of the tasks entrusted to them. In 2019, **291 employees** (201 men and 90 women) belonged to protected categories.

In 2019 there were no cases of discrimination against Group employees in Acea.

<sup>97</sup> Italian law no. 68/99.



## COMMUNITY LIFE IN ACEA

Some structures within the company perform work of a social nature, directly involving employees: the Company Recreational Club (CRC), the Gold Medal Association and the Association of Christian Italian Workers (ACIW).

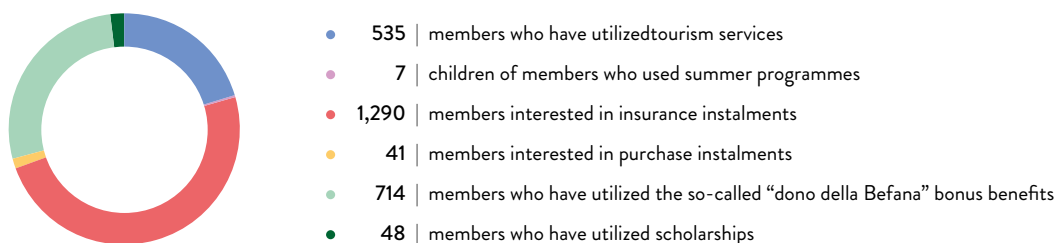
The number of members enrolled in 2019 in the Company Recreational Club (CRC), including managers, remained unchanged and amounted to **4,619 people**. The CRC was responsible for **managing the company's creche**, open to children of employees and children of residents of Municipality I, and accommodating 25 children in the first semester and 20 in the second semester of 2019.

The Club **offers cultural, sport, tourism, economic, commercial initiatives and personal services**, and its aim is to enhance the free time of its members, without losing sight of aspects of social interest. An important solidarity tool among employees is the **Emergency Fund**: an initiative in support of the relatives of deceased, in-service or retired employees. All employees can join by signing a form, which they must send to the Human Resources Management Department or to the CRC, in which they authorize the deduction

from the payroll of a small contribution that is allocated to the Fund. The Company Recreational Club enters into **agreements** for employees and their families with institutions that offer health services, dental services, legal advice, etc. and active commercial agreements, sports ticket sales, theatre and music events, which can be viewed on a dedicated portal with constantly updated contents and accessible on the Intranet ([www.cra-acea.it](http://www.cra-acea.it)). It is also responsible for informing employees, by sending newsletters.

The Association of Christian Italian Workers (ACIW) is very active in Acea and **promotes social initiatives, solidarity and support**. Examples of that support are the presence of the Chaplain from whom employees can seek guidance, and the organization of meetings for families, also with the intention of creating a **support network** for employees. The association is also involved in **providing services** such as **mortgage and loan advice, school assistance** for children of employees attending lower- and upper-secondary schools, and various other initiatives benefiting employees, such as the organization of language courses and cultural and sports activities.

CHART NO. 43 – MEMBERS THAT HAVE USED CRC SERVICES (2019)



## SHAREHOLDERS AND FINANCIERS

Acea is a listed company that provides to the financial community, through its **Investor Relations Department** and in partnership with the competent corporate structures, **a continuous, timely and useful flow of information for the correct assessment of the current and future situation of the Group**, also highlighting **Environmental, Social and Governance (ESG) items**. The information is conveyed through current and potential **direct relationships** with analysts and investors, and through **specific communications** (price-sensitive press releases, company presentations, credit ratings, stock performance, highlights, etc.) that are made available on the institutional website ([www.gruppoacea.it](http://www.gruppoacea.it)), respecting the fundamental principles of propriety, clarity and equal access.

Additionally, working with the competent structures, the **Corporate Affairs and Services** Department is responsible for the management of information flows with the **Supervisory Authorities** (Consob and Borsa Italiana) and the corporate obligations required by law for listed companies.

### ECONOMIC FLOW TO SHAREHOLDERS AND FINANCIERS

Shareholders received **€ 165.8 million in dividends** as management profit for the year (they received € 150.9 million in 2018), which correspond to € 0.78 per share (+10% compared to 2018), with a **payout of 58.6%** on net income, after allocations to third parties.

In the last trading session of 2019, **Acea stocks** recorded a closing price of **€ 18.44** (capitalisation: € 3,927 million), **up 53.5%** from the same date of the previous year.

**Acea shares performed very well** and almost twice as well as the Italian market as a whole (FTSE Italia All Share +27.2%). There was also a significant increase in the share compared to the benchmark FTSE Italia Mid Cap (+18.3%). During the year a maximum value of € 19.02 was achieved on 12 December, while a minimum value of € 11.82 was achieved on 2 January. Average daily volumes were about 157,000, more than the 116,000 in 2018.

TABLE NO. 43 – PERFORMANCE OF STOCK EXCHANGE INDEXES AND ACEA SHARES (2019)

	change % 31.12.19 (compared to 31.12.2018)
Acea	+53.5%
FTSE Italia All Share	+27.2%
FTSE Mib	+28.3%
FTSE Italia Mid Cap	+18.3%

€ 106.1 million are destined to **financing stakeholders** (compared to € 100.7 million in 2018). The change is due to opposing items: on the one hand, the reduction in interest on bonds, default interest and deferred interest and commissions on assigned receivables, on the other hand the increase in interest rate swap charges, discount charges and the presence of charges deriving from the first application of accounting principle IFRS 16. The average overall all-in cost of the Acea Group's debt on 31/12/2019 was 2.15%.

Regarding the **composition of medium/long-term debt** con-

solidated as at 31/12/2019, approximately 77.55% of the total amount derived from transactions on the capital market (corporate bonds). Regarding the banking sector, Acea mainly deals with entities whose mission is to **finance strategic infrastructure**, such as the European Investment Bank (EIB, 11.1% of the consolidated debt) and the Cassa Depositi e Prestiti (CDP, 5.9% of the consolidated debt). These Institutions ensure loans, to entities with creditworthiness such as Acea, with a maturity of more than 10 years, in line with the duration of the concessions (water and electricity) owned by Companies of the Group called to make the relevant investments.

## AGENCY RATINGS

Both **Moody's** and **Fitch confirmed Acea's rating**. The assessments expressed reflect the approval of the Company/Group's

strategic focus on regulated activities and the positive results achieved to date.

TABLE NO. 44 – RATINGS 2019

agency	long-term rating	short-term rating	outlook
Moody's	Baa2		stable
Fitch	BBB+	F2	stable

## FINANCIAL DISCLOSURE

During the year Acea participated in **numerous events** (meetings, extended presentations, utilities conferences, roadshows and reverse roadshows), **with about 120 equity investors, buy-side analysts, investors and credit analysts**.

The **roadshows and utilities conferences** organized by Borsa Italiana and the main investment banks were held in the **most important national and international cities**: Rome, Milan, London, Paris and New York.

**Conference calls** were held with the financial community to approve the annual and interim results and the 2019-2022 Business Plan, followed by **approximately 130 analysts/investors**.

**Approximately 145 studies/reports on Acea shares** were published during the year under review. Eight **business banks** analyse Acea shares with a high level of continuity, five of which, as of 31 December 2019, express "positive" ratings and three of which express "neutral" ratings.

### ESG ANALYSTS EVALUATE ACEA

According to the latest analyses carried out (November 2019), the **"sustainable investors"** present in Acea represent almost 4% of the share capital and **about 26% of the total institutional investors**. These are mainly European funds (3% of Acea's capital), followed by North American investors. It should be noted that as a result of changes in investment policies increasingly linked to ESG aspects, an increasing number of institutional investors qualify as "sustainable" investors. These entities are showing an increasing attention to Acea.

**Relations with Environmental, Social and Governance (ESG) finance professionals** are monitored and frequent. In 2019 Acea the opinions of analysts, ratings and benchmarks were as illustrated below.



ISS ESG (formerly ISS Oekom) gave Acea a C+ rating (D-/A+ scale), in line with the previous year.



The **CDP (formerly the Carbon Disclosure Project)**, supported by more than 500 international investors with managed assets in ex-

cess of \$ 96,000 billion, promotes worldwide attention to the management of climate change risks and impacts, inviting companies to provide detailed and timely information on their ability to manage the issue. Based on the data and information received, each year the CDP publishes a ranking of its assessments for each organization. Acea, already evaluated for years, received an **A- score** in 2019 (B in 2018), returning to the **Leadership category** (for details see the BOX in the chapter *Strategy and Sustainability*).



Acea is included in the *Ethibel Excellence investment register*. The analyst states that: "This selection by the **Ethibel Forum** indicates that the company operates better than average in its sector in terms of corporate social responsibility".

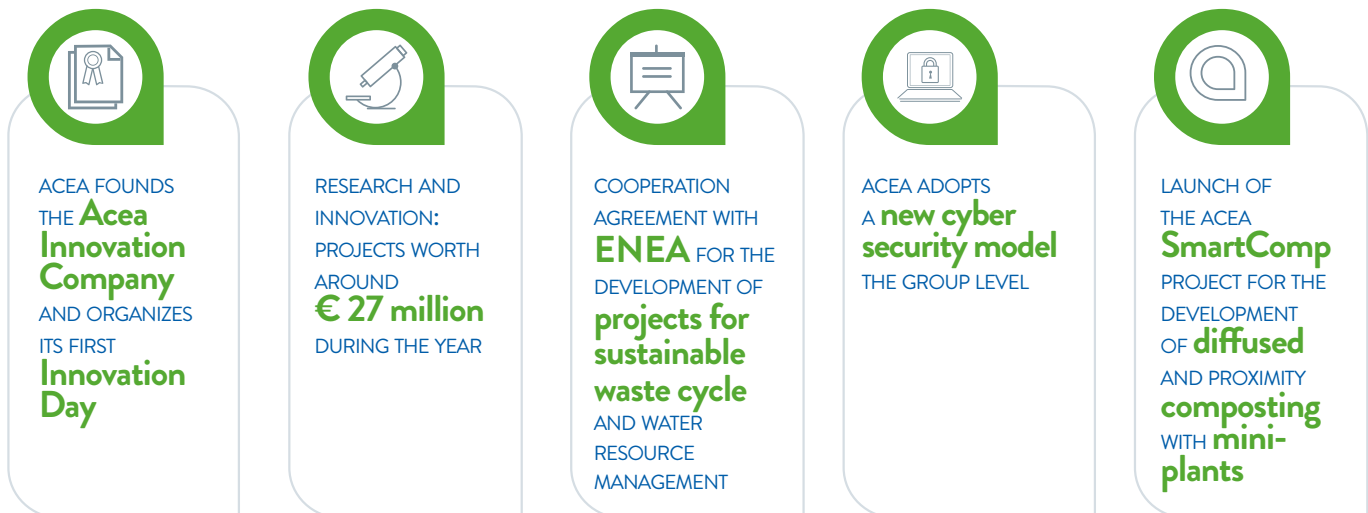


In 2019 Acea received the first **sustainability solicited rating** from the independent agency **Standard Ethics**. The assessment carried out by the Agency focuses on corporate, environmental and social governance aspects and measures the level of compliance with EU, OECD and UN guidelines, offering a measure of the level of adherence of the practices adopted by the applicant companies to the principal international guidance on sustainability. After a structured process involving an in-depth dialogue regarding of relevant policies, procedures and initiatives, Acea's rating is **EE-** (investment grade, F/EEE scale (non-investment grade/full investment grade)) with a positive long-term outlook.

The Group's ESG performance was also analysed by **Sustainalytics**, **VigeoEiris**, **Gaia Rating**, **FTSE Russel ESG** and **Alliance for corporate transparency**.

Finally, during the year Acea was involved by data agencies, investment banks and index providers such as **EQUITA** and **ECPI** in some studies and analyses. More specifically, these initiatives concerned the analysis of the dynamics of **interaction between mid-caps and ESG rating agencies** and the study for the possible definition of a national **Low Carbon** stock Index.

# INSTITUTIONS AND THE COMPANY



Acea interacts with institutional actors and stakeholders of reference according to a participatory logic in order to generate shared value for the benefit of all stakeholders, primarily the community and the regions it operates in.

## RELATIONS WITH INSTITUTIONS

Relations with the institutions are focused on the economic dimension (taxes and fees) and the social dimension (relations with local institutions, sector authorities, consumer associations and other civil representatives etc.), in line with current legislation and the Group's *Code of Ethics*.

The economic value distributed to **public authorities** in the form of taxes in 2019 is **€ 123.2 million** (€ 124.3 million in 2018). The tax rate for the year is equal to 28.6% (it was 30.4% last year). Acea regularly pays contributions and registration fees owed to public and private bodies, such as chambers of commerce, independent administrative authorities, industry associations and representative bodies. In 2019, the total amount of this item was approximately € 2.94 million (€ 2.87 million in 2018). More specifically, approximately € 1.63 million was paid to regulatory authorities (ARERA, AGCM, Consob and other public services authorities), € 76 thousand was incurred as a mandatory charge to the chambers of commerce and about € 1.2 million was incurred for contributions to confederation bodies and for membership fees.

Partnerships with **public institutions** are aimed at carrying out **initiatives with positive effects in the local region and the public's quality of life** (see the chapters *Customers and the community*, *Personnel* and *Relations with the environment*).

**Article 17** of the Group's *Code of Ethics*, which discusses re-

lations with institutions, the public administration and political and trade union bodies, states that: "Acea cooperates actively and fully with the independent Authorities, establishes relations with the Public Administration by strictly observing the provisions of the law, applicable regulations, provisions contained in the Organisation and Management Model pursuant to Legislative Decree 231/01 and in internal procedures [...] Acea does not contribute in any way to the financing of political parties, trade unions movements, committees or organizations...or their representatives and candidates [...] Acea does not make contributions to organizations with which a conflict of interest may arise... In any case, Acea's personnel shall refrain from any behaviour aimed at exerting pressure (direct or indirect) on political and trade union representatives or representatives of associations in potential conflict of interest in order to obtain personal or corporate advantages".

The supervision of relations with institutional entities is defined by an **organizational model** that attributes **competences and responsibilities** to the corporate structures of reference. In particular, the **Institutional Relations Unit** protects corporate interests and represents the Group's positions in dialogue with Industry associations, Research centres, Standard-setting bodies and local, national and international public and private institutions and bodies. The **Corporate Affairs and Services Department** supports the Group Companies for **legal aspects** related to the activities, dealing with communications with the securities market **Supervisory Authorities** (Borsa and Consob) and relations with the **regulatory bodies** in the relevant sectors, also to minimize exposure to regulatory risk.

The **Group's operating companies**, jointly with the Parent Company, manage the **"technical and specialist" aspects** of the managed services – water and electricity supply, public lighting and the environmental sector – **including through interaction** with administrative, regulatory and control bodies.

## INTERVENTIONS BY SECTOR AUTHORITIES WITH RESPECT TO ACEA: INVESTIGATIONS, BONUSES AND PENALTIES

In the regulated sectors, the **Regulatory Authority for Energy, Networks and Environment** (ARERA) has long established **bonus and penalty mechanisms** to encourage the improvement of the performance of service operators. With regard to management in 2018, in 2019 **Areti** has paid: a penalty of approximately € 5.12 million relating to the continuity of electricity service for LV users;

approximately € 1.87 million in compensation to users and penalties paid to the Energy and Environmental Services Fund (EESF) for prolonged and extended interruptions, and approximately € 191,000 for exceeding the pre-set standards for LV users. The **Acea Ato 5**, **Gori** and **Gesesa** water companies respectively paid automatic compensation to customers during the year

for € 120,000, € 192,000 and € 26,000 (the latter two are estimated values) and **Acea Ato 2** paid € 667,000 in automatic compensation to customers relating to contractual quality performance, in particular for billing. In January **Acea Ato 2** communicated the performance of 2018 regarding quality to the Operating Technical Secretariat (STO) of the area authority for verification, based on which bonuses will be calculated, and again during the year the STO awarded the Company approximately € 33.6 million as a bonus for **achieving improved standards of service** rendered in 2018.

At the conclusion of proceedings initiated previously, two sanctioning measures served to **Acea Ato 5** in 2019 by **ARERA** and **AGCM** are noted. In the first case (resolution 253/2019) the area in question concerns tariff regulation, in the second case

(measure 27798/2019) conduct contrary to the requirements of the Consumer Code (unfair and aggressive practices). The Company **challenged** these measures **before the relevant regional administrative courts**.

Finally, in October the **Lazio Regional Administrative Court** fully upheld the appeals filed by **Acea SpA**, **Acea Energia** and **Areti** against the **AGCM** measure (measure 27496/2018), which jointly and severally penalized companies for € 16.2 million for alleged anti-competitive conduct in the energy sales market, highlighting the non-existence of the conduct alleged by the AGCM and the **Companies' fully appropriate actions in the market**.

As for the litigation procedures of an **environmental** nature with public enforcement authorities (Arpa, Forestry, etc.), see *Relations with the environment* and the *Environmental Accounts*.

## PROTECTION OF COMMON ASSETS

In synergy with public institutions, private parties and research bodies, Acea deals with **initiatives and projects of an environmental and social nature aimed at protecting common assets**.

In 2019 the procedure for the **renewal of the Peschiera-Le Capore Aqueduct concession in Acea** was completed, with the signing of the agreement by the Lazio Region and Municipality of Rome, and the foundations were laid for the construction of the **new upper section of the Aqueduct** to ensure the water supply in Rome and the Province of Rome.

With regard to the **implementation of Water Safety Plans** aimed at preventing and mitigating water risks, the multidisciplinary teams that will prepare the Plans for the different regions have been qualified and the risk assessment has been started.

During the year, by means of the Acea Ambiente Company Acea partnered with institutional bodies to carry out **projects of public utility**, including: the **reuse of poor quality** water with the application of technologies borrowed from the aerospace sector, able to facilitate the availability of water for urban or rural use with reduced cost and time in the event of a water crisis; the **efficiency of water systems** with the aim of developing a model for the active control of the water network following a smart

grid logic; the improvement of water infrastructure resilience and protection in the event of **climate change**; the creation of new **purification systems**, for example for the city of Benevento; **the redevelopment of areas of environmental interest**, such as the water catchment area of the Sarno river.

Ecogena participated in the **Smartmed project** promoted by the Municipality of Rome and aimed at disseminating best practices in urban energy efficiency, contributing to the design and construction of an energy district in the Pietralata district of Rome in collaboration with universities, research bodies and companies.

Regarding the **circular economy**, Acea has joined the **Italian Circular Economy Stakeholder Platform (ICESP)** coordinated by ENEA to promote a national approach to the circular economy (Italian way for circular economy) through the involvement of stakeholders engaged in the area, and together with 13 other companies and research centres **has signed the Network Contract for the establishment of the first Italian Research and Industrial Development Centre (AIRES)**: a network of companies, institutions and technology consortia engaged in the **development of a circular economy and environmental sustainability** (see box).

## THE NETWORK CONTRACT FOR THE ESTABLISHMENT OF THE AIRES CENTRE

The **AIRES Research Centre**, set up on the basis of a network contract between **companies and research centres**, develops **joint projects on environmental sustainability**, including **innovative waste treatment**, initiatives to combat the effects of climate change, etc. The network contract covers five years and envisages **activities aimed at improving technical and economic performance in the circular economy**, strengthening innovative and productive capacity at lower costs thanks to the system of **economies of scale**, upgrading know-how and **professional training**.

The implementation of the network programme also includes the organization of **technical roundtables and in-depth seminars** and participation in regional, ministerial and Community calls for proposals for financing research and development projects compatible with the object and objectives set out in the contract.

## OPERATIONAL RISK MANAGEMENT AND EMERGENCY MANAGEMENT PLANS

Acea participates in high-profile institutional **working groups**, regarding **prevention and management of critical events**, and in the event of an **emergency** it provides support to the **authorities responsible for public health, civil protection and public safety**.

**Cyber threats** that are potentially capable of causing a malfunction or interrupting the provision of essential services such as energy and water is one of Acea's national security issues. In particular, the company 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.

Acea also participates in the **ECHO programme** (European network of Cybersecurity centres and competence Hub for innovation and Operations) for the **establishment of a European network of expert centres on cyber security**, which in 2019 passed the first design review with excellent results, and in the **H2020 ATHENS project** dealing with security and resilience of digital infrastructure. With regard to **consumer health and safety**, Acea is committed both to the implementation of the water safety plans already mentioned and to research into **emerging organic micropollutants (EOMS)**, **emerging viruses**, **legionella** and **micro-nanoplastics in the water sector**.

Group companies ensure the **highest levels of safety and continuity in the provision of managed services**, in collaboration with public institutions.



To this end, they have set up organizations, **procedures and tools** that, in the event of critical events (unavailability of central systems, breakdowns, adverse weather conditions, peak demand and network stress, etc.), **protect the normal operating conditions of networks, plants and systems to be restored in a timely manner** (see also the chapter on *Customers, Quality delivered* and, later on, *Protection of assets and management of internal risks* in the section on *The company as a stakeholder*).

Each operating company has **plans for managing emergencies and intervention procedures** and, through the **control centres, constantly monitors the status of networks and equipment** – water and sewage, electricity and public lighting – in partnership with the **Municipal and National Civil Protection and Roma Capitale**.

Whenever an event affects the managed services (damage to plants and/or networks, water/energy crisis, etc.), the companies of the Group notify the competent bodies in order to facilitate the coordination of interventions.

Acea SpA has a **procedure for the management** of health and environmental emergencies having an impact on the population, for which **it defines a risk level** (low, medium and high) and consequently organizes intervention teams.

The **Areti emergency management plan**, the company that handles the **distribution of electricity**, deals with widespread breakdowns and unavailability of the grid. It defines the different **states of activation** (ordinary, alert, alarm and emergency), according to the operational and environmental conditions, the **procedures** for the activation (and subsequent reset) of the same states, the **units involved** and the respective roles, and the **resource materials** necessary for maintaining or restoring equipment. It also provides for the appointment of a **Head of Emergency Management** and an employee dedicated to the **management of safety**, in established cases. The **detailed Operating Plans** indicate methods for quickly managing the types of disruption (such as flooding, fires, disruptions to the remote-control network, etc.) and procedures to be followed, for example, for **restarting the electrical system in the event of a blackout** of the National Transmission Grid (NTG) or **re-establishing power for strategic users** (such as parliament, the government, the State of Vatican City, etc.), **the materials, equipment and resources to be involved** depending on the case. The master plan and detailed operating plans are **updated on a yearly basis** and periodically improved on the basis of analyses of real cases. The effectiveness of procedures and the functionality of equipment are tested by means of drills. In addition, with a view to improving processes, the Company is committed to the **creation of a platform** for the real-time acquisition and monitoring of **weather events** capable of altering the operating conditions of the electrical grid.

**Plans for the management of emergencies** of the **water companies** and shared with local institutions (such as Governmental Territorial Offices, Local Health Authorities, Area Management Agencies) define conditions that compromise the **continuity and quality of the integrated water service, classify the emergency levels**, describe the **preventive and remedial measures** for the types of unforeseen events (damage to the networks, pollution, water crisis and emergencies related to the sewerage and treatment service) and provide for the division of tasks among the areas involved (technical area and communications). In 2019 **Acea Ato 2 updated the Plan, consistent with the guidelines of the Water Safety Plans (WSPs)**, examined **25 critical scenarios** and indicated for each the consequences, manoeuvres and mitigation actions required. The Plan was presented to the prefecture, civil protection, the Lazio Region, the metropolitan city, the municipality of Rome and the relevant ASL national health office.

The **companies of the Group that manage waste treatment**

**plants ensure the execution of a detailed routine maintenance plan to reduce plant downtime caused by faults or unexpected events** and minimize unplanned non-routine maintenance work. All the structures of each site are equipped with **Emergency Plans** that take into account the **scenarios identified for endogenous and exogenous emergencies**. These Plans examine aspects related to the **safety of workers**, ensuring their safety with specific behavioural and evacuation procedures, checked on a yearly basis, and aspects related to the **protection of the environment**, identifying the emergency interventions in order to limit contamination of environmental media (air, water and soil). Permits by virtue of which the plants are managed also include communication requirements and methods **for non-routine or emergency events to the competent bodies**, in order to guarantee the maximum dissemination of information and, where appropriate, the coordination of the intervention.

## PROJECTS FOR THE INNOVATIVE AND SUSTAINABLE DEVELOPMENT OF THE TERRITORY

In 2019, in continuity with past years and in concert with local administrators, Acea Ato 2 continued the installation of **Water Kiosks** in Rome and vicinity, which made it possible to equip the areas **with 83 kiosks** (see chapter *Customers*, section *Quality delivered in the water segment*).

In the area of **smart cities**, in 2019, in partnership with Roma Capitale, Acea launched the **plan for electric mobility**, also defining the **strategy for e-mobility** to combat the mobility divide due to the infrastructure gap. It launched the testing phase of the Charging Point Operator and Mobility Service Provider platforms through an **internal car-sharing service** with 25 electric cars, and **installed the first charging columns for electric cars**. A partnership was also established with Guido Carli LUISS University, which made it possible to provide students with a mobility services platform, including the management of charging and booking of the car or a seat in the shuttle.

In order to promote the innovative and sustainable development of the sectors of reference, Acea establishes **collaborations and partnerships with complementary companies** or organizations operating in sectors **similar to the businesses it manages** and with **innovative players**.

During the year Acea signed a **memorandum of understanding with Google Cloud** in order to improve the quality of services provided and efficiency of operating processes, through the company's digital innovation with ASL (Advanced Solutions Lab) programmes and machine learning techniques.

In order to build the broadband communication network necessary to create a smart grid in the territory of Roma Capitale, Acea has signed an agreement with **Open Fiber** aimed at **connecting stations and substations with fibre optics**. In addition, the company has signed an **agreement with the Agostino Gemelli University Polyclinic Foundation and Cassa Depositi e Prestiti** for the creation of a **digital platform of innovative smart health services** (home telehealth, telemedicine, prescriptions via email, etc.), with the aim of improving health services with remote controls and monitoring of certain diseases.

The virtuous relationship with the local region is also expressed through the **collaboration between Group companies and schools in the geographical areas served**, for example as part of the **work-study** programme (see the chapter on *Personnel, Valuation of human resources and communication* section).

Other initiatives for schools in addition to the Acea School programme which has been active for many years (see chapter *Customers*, section *Communication, events and solidarity*) were held



on the occasion of Acea's participation in **Sustainability Island** and **Ecomondo**.

Acea Ato5 carried out the project "*H2O in small steps*", aimed at primary schools in some local municipalities, to **raise awareness among children on the correct use of water**.

## THE COMPARISON WITH THE REFERENCE CONTEXT

Acea participates in **Research Centres, Standard-setting Bodies and Industry Associations**, acting as promoter or contributing to studies in the businesses in which it operates.

### THE 2019 MEMBERSHIPS OF RESEARCH CENTRES, STANDARD-SETTING BODIES AND INDUSTRY ASSOCIATIONS

During the course of the year the Group renewed and activated numerous memberships of organizations of interest, including:

- AGICI – Finanza d'Impresa;
- AICAS Associazione Italiana Consiglieri, Amministratori e Sindaci;
- AIDI Associazione Italiana Illuminazione;
- Andaf;
- ASCAI;
- Aspen Institute Italia;
- Assochange;
- Associazione Amici della Luiss Guido Carli;
- Associazione Civita;
- Associazione Geotecnica Italiana;
- Associazione Italiana Internal Auditors;
- Associazione Italiana Esperti Infrastrutture Critiche (Italian Critical Infrastructure Experts Association – AIIC);
- Associazione Elettrotecnica ed Elettronica Italiana (Italian Electro-technical and Electronic Association – AEI);
- Associazione Idrotecnica Italiana (Italian Hydro-technical Association – AII);
- Associazione nazionale fornitori di elettronica (National Electronics Suppliers Association – Assodel);
- Assonime;
- CEDEC Bruxelles (European Federation of Local Energy Companies);
- CEEP Bruxelles (European Centre of Employers and Enterprises providing Public services);
- Centro Studi Americani (Centre for American Studies);
- CDP Worldwide;
- CISPES Confservizi Toscana;
- CLUB Ambrosetti;
- Comitato Elettrotecnico Italiano (Italian Electro-Technical Committee – CEI);
- Conseil de cooperation economique;
- CSR Manager Network Italia;
- Distretto Tecnologico Nazionale sull'Energia (Di.T.NE.);
- E.DSO Bruxelles (European Distribution System Operators' Association for Smart Grids);
- Elettricità Futura ("Future Electricity" formerly Assoelettrica-Asso-Rinnovabili);
- Energy and Strategy Group – Politecnico di Milano (Polytechnic of Milan) (ES-MIP);
- EURELECTRIC Bruxelles (Union of the Electricity Industry);
- FAI Fondo per l'Ambiente Italiano (Fund for the Italian Environment);
- FERPI;
- FIRE (Federazione Italiana per l'uso Razionale dell'Energia) (Italian Federation for the Rational Use of Energy);
- FISE Assoambiente;
- Fondazione Global Compact Network Italia (Global Compact Network Italy Foundation);
- Fondazione Roma Europa;
- Fondazione Utilitatis (Study and Research Centre for Water, Energy and the Environment);
- Gruppo Galgano;
- IATT (Italian Association for Trenchless Technology);
- ICESP Piattaforma Italiana Economia Circolare coordinata da ENEA;
- I-Com (Istituto per la Competitività – Institute for Competitiveness);
- ISES Italia (International Solar Energy Society – Italian Section);
- Laboratorio dei Servizi Pubblici Locali di REF-Ricerche (Local Public Services Laboratory of REF-Ricerche);
- Servizi Professionali Integrati;
- Italian Phosphorus Platform coordinated by AENEA and MATTM;
- UNI (Italian Standards Body);
- Unindustria Lazio;
- UPA Utenti Pubblicità Associati;
- Utilitalia (Federazione delle imprese ambientali, energetiche ed idriche) (Federation of Environmental, Energy and Water Companies);
- World Energy Council (WEC).

Acea **participates in occasions for dialogue with the business world and the scientific community on issues of national and international importance and offers its own specialist contribution on the occasion of thematic conferences, forums and workshops** on topics linked to its managed companies, also presenting publications and works of technical-scientific relevance. In particular, during the year it built a network of relationships with universities, research centres, technology partners, startups and SMEs to strengthen its national and international presence in the field of **innovation**.

The Group participated in events and organized numerous initiatives, which have already been mentioned (see the chapters *Customers and the community*, paragraph *Communication, events and solidarity*; *Strategy and sustainability in Corporate identity* and the section *Relations with the environment*). A few examples include **Sustainability Day**, an opportunity for discussion and debate between representatives of institutions, researchers and experts of the green economy on the new challenges posed by the sustainable economy, **Ecomondo**, the fair of the green and circular economy in the Euro-Mediterranean area, where Acea presented **AceaSmartComp** and **Sludge Mining** projects, the third edition of the **Resource Recovery Conference**, organized in Venice by the International Water Association, which involved the world bodies of 43 countries on the topic of the **recovery and sustainable reuse of resources from wastewater**, the

third edition of **Rome Startup Week**, an event of reference for innovation and the Italian and European business ventures, and **Open Italy**, the co-innovation programme of the Elis Consortium.

The Company has also joined the **Startup Europe Partnership**, the open innovation platform **created by the European Commission** that supports startups in the transition from the laboratory development phase of the prototype to that of production on an industrial scale, connecting them with companies and the financial world, and **has received the Smau Innovation Award**, an award given to companies active in Open Innovation.

**Collaborations between Acea, universities and research bodies** take place within the framework of **conventions and dedicated agreements**.

In 2019 Acea signed a **four-year cooperation agreement with ENEA for the development of projects related to sustainable waste cycle and water resource management**. In this manner Acea will benefit from scientific expertise and platforms and laboratories will be shared, with the aim of applying innovative technologies and solutions to the industrial projects managed, mainly in the sectors of waste treatment and water, in line with the circular economy development plan envisaged by the strategic planning. Particularly worthy of note are the Framework Agreements that

Acea signed with the **University of Tuscia** – Department of Innovation in Agri-food and Forestry Biological Systems (DIBAF) and with **La Sapienza University** – Department of Civil and Environmental Engineering, within which projects have been launched for the recovery of energy and matter from wastewater purification residues, with a view to **waste transition**.

In the **water sector**, Acea Ato 5 entered into an agreement with the **University of Cassino and Southern Lazio** aimed at creating a collaboration in the field of **research and innovation**, while Acea Ato 2, in partnership with the **University of Rome Tor Vergata – Faculty of Economics**, developed an **experimental study of Cost Benefits Analysis (CBA) for the project relating to the new upper section of the Pescara Aqueduct**, performing a socio-economic and territorial impact assessment to calculate the cost-benefit ratio of the individual project solutions examined in the feasibility document, and subsequently of the chosen solution.

In the **energy field**, Areti has established **collaborations with the Universities of Naples, Rome, Turin and Milan** on specific technical projects, including: the development of algorithms for estimating and **measuring the technical losses** of the low voltage electricity network, the study of an electronic **current transformer** capable of solving the limitations inherent in traditional magnetic core devices, the creation of classifiers to identify **failure patterns on the MV network** and estimate the probability of failure, the development of **vulnerability models for the MV electricity network** and, as part of the Smart Metering 2G project, the study of the theoretical model of RF 169 MHz coverage to identify the total number of sites/concentrators to be installed in the territory of Rome for the purposes of second generation intelligent metering systems.

In 2019, Acea also participated in **Startup Intelligence** workshops with the **Polytechnic University of Milan** to identify trends, scenarios and innovative projects of interest to the Group, and in the **Artificial Intelligence Observatory**, a community of debate on the subject, combining managerial and technological perspectives. Working with **Guido Carli LUISS University**, a **scientific research site was opened aimed at disseminating the model for the leveraging of company assets**, with the contribution of employees involved in dedicated workshops.

Finally, in **scientific partnership with the LUISS Business School**, a training programme called **Managerial Academy** continued throughout the year, aimed at creating a centre of **managerial excellence in the field of multi-utilities** in the Roman area (see the chapter *Personnel*, paragraph *Training and development of personnel*).

With regard to **sustainability** issues, Acea participates in **networks of experts, working groups, studies and sector research** organized by the academic world, civil society, institutions or business entities. Indeed, the company is active as an associate in the **Global Compact Network Italy Foundation**, the representative body of the United Nations Global Compact in Italy, and in the **CSR Manager Network**,

the national association that brings together the main Italian companies active in corporate social responsibility. In this context, together with SCS Consulting in 2019 Acea conducted the **ERM and Sustainability working group**, which involved participating companies and others interested in the debate on integrated risk management, and participated in the **working group on the Non-Financial Statements (NFS)**, pursuant to Legislative Decree no. 254/2016), which defined a qualitative questionnaire on mandatory non-financial reporting and carried out the first dissemination test, analysing the results and sharing them within the Network (see also *Corporate governance and management systems in Corporate Identity*).

Acea's participation in **Utilitalia**, the federation that brings together the multi-utilities of water, environment, energy and gas, is also expressed through its participation in **technical panels and topical working groups, including the one dedicated to Sustainability**.

More specifically, in 2019 Aquaser participated in working groups aimed at **revising the Decree on sludge management**, Acea Elabori took part in **technical working groups on: water, drinking water and wastewater, biomethane and sludge, technological innovation and phosphorus platform**.

The company also participates in benchmark analyses on sustainability in Italian utilities, like those carried out by the **Utilitatis** research centre and **Top Utility**.

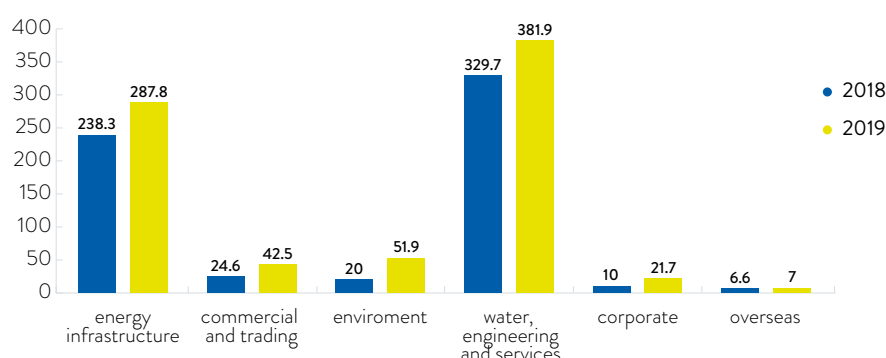
## THE COMPANY AS A STAKEHOLDER

### THE MANAGEMENT OF COMPANY ASSETS

Acea protects and enhances its tangible and intangible assets, seeking a sustainable financial position and **governing the internal needs**, linked to the operating management and the **growth prospects**, consistently with the aims expressed in the business mission and the strategic plan.

In 2019 **investments** totalled **€ 792.8 million, up 25.7%** (€ 630.8 million in 2018). These were distributed by business segment as follows: € 51.9 million for the **Environment** segment, in particular for the revamping of Monterotondo Marittimo, for works on the WtE plants in Terni and San Vittore and for the expansion of the landfill in Orvieto; € 42.5 million for the **Commercial and Trading** segment, especially on activities related to the acquisition of new customers and for IT implementation and licensing projects; € 381.9 million for the **Water** segment, also including the Engineering and Services segment, mainly related to reclamation and expansion works on water and sewerage pipes in the areas served, extraordinary maintenance of water centres, works on purification and recovery of water leaks and improvement of the relationship with users; € 287.8 million for the **Energy Infrastructure** segment, mainly for works on MV/LV networks and works on cabins and meters and partly for revamping works on some power plants. Finally, the **Parent Company** with investments for about € 21.7 million.

CHART NO. 44 – DISTRIBUTION OF INVESTMENTS BY MACRO AREAS (2018-2019)



**Depreciation, amortisation, provisions and write-downs** amounted to **€ 524.2 million** (15.3% higher than 2018). Specifically, amortisation and depreciation amounted to € 409.6 million (€ 366.8 million in 2018), mainly due to the change in the scope of consolidation. Write-downs of receivables amounted to approximately € 66.8 million, down by 11% compared to 2018 due to dynamics of an opposing sign: the increase due to changes in scope and the reduction mainly as a result of ARERA resolution 2019 that intervenes positively on the GALA dispute. Provisions for the year amounted to € 47.8 million.

## PROTECTION OF PHYSICAL AND DIGITAL ASSETS AND MANAGEMENT OF INTERNAL RISKS

The protection of the **company's assets**, the **prevention of fraud** and **compliance with current security regulations**, with particular reference to the **protection of privacy and sensitive data** (GDPR Regulation 2016/679) are handled by the Risk & Compliance Function, which includes the **Company Protection Unit**.

This Unit is entrusted with the task of **defining the Guidelines** and policies in terms of the **safeguarding and protection of property** and of coordinating the **implementation of plans for the continuity of operations and the management of emergencies** prepared by the competent structures and Companies of the Group. In line with the **procedure** regarding accessing company premises with reception services, the Corporate Protection Unit manages the security and reception facilities and personnel and controls the **Security Room (SS)**, the video surveillance, anti-intrusion and alarm systems active within the company, and in collaboration with the relevant structures and companies of the Group coordinates the proper performance of the activities required by judicial authorities, security institutions and the police.

In 2019, **surveillance and reception activities were unified** and a project was launched to define new guidelines and procedures for corporate protection.

**The protection of the Group's information assets and central ICT systems** in order to **minimize system down times** and ensure business continuity includes **guidelines and procedures** that define the conduct required of the staff, the methods for using IT resources and the controls.

In line with the guidance of the Ministry of Economic Development, the Ministry of the Environment and the Security Information Department, Acea has expanded the **protections in the domain of cyberspace, improving the measures for the protection** of networks and IT and OT systems that include SCADA (Supervisory Control And Data Acquisition) devices, and has launched a project to assess the status of central and field systems, especially those of a strategic na-

ture, to be able to then implement increased security in the systems. Acea has also developed organizational, procedural and technological measures to monitor and manage cyber risk. In particular, in 2019 it adopted a **new cyber security model at the Group level**, with the establishment of the **Strategic Committee for Information Security (CSSI)**, a strategic coordination structure in contact with the relevant institutions, and the **Computer Security Incident Response Team (CSIRT)** of the Group, a technical-operational structure to support the Strategic Committee, dedicated to the coordination of responses to security events/incidents at the Group level.

Finally, a **vulnerability assessment campaign** was conducted on the entire external perimeter (services and systems exposed to the Internet) and systems and programs were developed to support CSIRT and **combat fraudulent behaviour on the main corporate databases**, with machine learning, advanced analytics and big data.

## THE COMMITMENT TO RESEARCH AND INNOVATION

**Scientific and technological innovation** at the service of business processes is one of the **pillars of the Group's strategic planning**, which in 2019 invested approximately **€ 27 million** on this aspect. In order to manage the **Group's innovation**, during the year the company **Acea Innovation** was established with the mission of developing innovative projects with high added value for the Group and creating an ecosystem conducive to innovation and an entrepreneurship culture, and the **Innovation Board** was established, composed of the innovation representatives of the industrial segments, which defines and implements the Group's innovation strategy in a shared manner. **Workspaces dedicated to the development of innovation** and a **corporate innovation programme** were also created.

Acea's **new innovation orientation** is built on **three pillars**:

- the **Model of Innovation as a service**, where innovation is at the service of the business and involves the entire company (see box);
- the **promotion of a culture of innovation**, supported by an internal crowdsourcing platform that allows employees to propose ideas and participate in innovation projects, and is also carried out through the Digital Academy (see also the chapter *Personnel*, paragraph *Staff training and development*) and dedicated programmes such as **Acea Innovation Garage** (see box);
- the **innovation factory**, an agile model of market analysis in sectors of strategic interest involving all industrial areas, divided into 12-week cycles, at the end of which a pilot is launched to validate the idea through a market test. The initiative made it possible to **launch three strategic projects** on digital health, e-mobility and waste transition.

### ACEA INNOVATION GARAGE, THE FIRST ENTREPRENEURSHIP PROGRAMME FOR THE EMPLOYEES OF THE ACEA GROUP

In 2019 Acea Innovation developed **Acea Innovation Garage**, the **entrepreneurship programme** for employees aimed at **promoting a culture of innovation**, with the goal of supporting the Group in achieving its objectives through the enhancement of internal know-how.

Based on 4 Challenges of Innovation Needs, the programme **launched a Call4Ideas** open to all Group employees.

The Call gathered **120 project ideas**, 10 of which were selected and 3

were **successful**, undertaking a 12-week **incubation and development of the project** in specific spaces and with dedicated working times and with the support of coaches and technical mentors.

During the incubation process, the 3 teams developed the prototype of their idea which was then presented during the Investor Day to an audience of potential investors, with the strong support of Acea's top management.

Also during the year, Acea organized its first **Innovation Day**, an event dedicated to artificial intelligence at the service of businesses (see the box for details).

## ACEA INNOVATION DAY

In May 2019 the **first Acea Innovation Day** was held, a day **dedicated to the new frontiers of artificial intelligence and the use of data** that are changing the way of doing business.

Conceived and organized by Acea, the first part of the day featured the **participation of the CEOs of Italian companies in the energy and infrastructure sectors**, including Italgas, Terna, A2A and Open Fiber, and the contribution of the **Management & Innovation Systems department of the University of Salerno**, in the presence of an audience of professionals, students, Acea employees and the press. One of the topics discussed at the roundtable was the application of

**new technologies** and their effects on industrial processes, including the creation of new opportunities for growth and employment. The event continued in the afternoon with the **involvement of startups and key players in the innovation ecosystem**, including the Country Manager of Google Cloud Italia and the CEOs of Green Rail and Solenica. The **most innovative projects of the Acea Group**, illustrated by the Director of Innovation, Technology & Solutions, in line with the Acea 2019-2022 Business Plan, which **includes € 500 million of investments in innovation and technology**, were presented on the occasion.

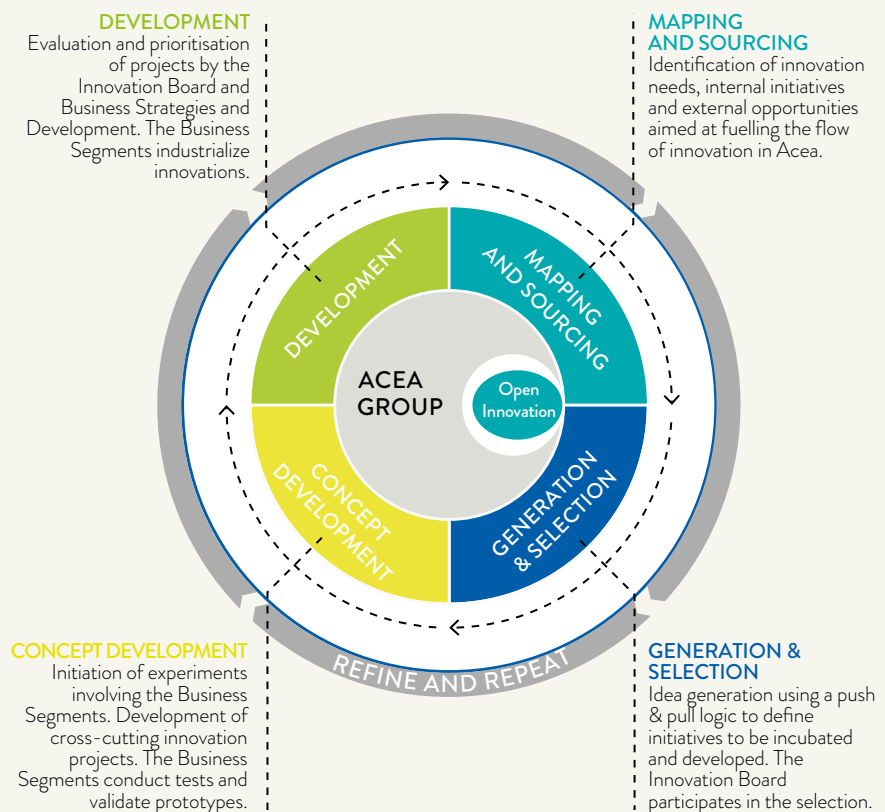
## THE INNOVATION MODEL AT THE SERVICE OF BUSINESS

The **Innovation Model** defines governance (management of phases and methods for the involvement of actors), processes (standardisation of actors' phases of engagement) and supporting tools.

It is **open to the involvement of external and internal actors** and operates in a **structured and systemic** manner, generating synergies and sharing innovation projects in a widespread manner.

The Model envisages a process divided into **four phases** starting from the identification of innovation needs, through the participatory generation of ideas and experimentation and ending with implementation of the projects in collaboration with the Industrial Segments and innovation actors outside the Group. The innovation process is fuelled by the continuous **scouting of innovative organizations**.

During the year more than 1,000 innovative startups were analysed and 12 trials were carried out.



With reference to the Group's industrial processes and infrastructure, the following boxes illustrate, by way of example, some of the main **research and innovation projects** carried out in 2019 by Acea Innovation, Acea Elabiori and the Group's Industrial Segments. In any case, we also recall what was illustrated above in the paragraph

*Relations with institutions*, and in particular in the sub-paragraphs *Some projects for the development of the territory* and *The comparison with the reference context*, see also the chapter *Customers and the community*, paragraph *Quality provided* and the section *Relations with the environment*.

## RESEARCH AND INNOVATIVE SOLUTIONS IN ACEA INNOVATION

During the year, **Acea Innovation** together with all the Industrial Segments, Acea Elabiori and external start-up, initiated and/or carried out **the following experiments**:

- the development of a **system for the safety of car drivers capable of identifying dangerous situations** and preventing accidents;
- the use of **virtual reality** and immersive technologies to carry out **technical training in greater safety**;
- the development of an **artificial intelligence algorithm** to autonomously cluster **tickets** sent by employees for computer problems;
- the development of a **method of eliminating arsenic from**

**water** as well as other types of pollutants and materials using state-of-the-art nanotechnology to produce protein-based carbon membranes;

- the **Urban Intelligence project** to use satellite technology to monitor the quality of public lighting;
- the **Pedius solution** adopted by Acea Energia to **make the call centre accessible to the deaf**.

On the **electric mobility** front, Acea Innovation is testing an electric mobility services management platform with car sharing services, currently only for internal use, and recharging.



## RESEARCH AND INNOVATION IN THE ENERGY INFRASTRUCTURE SEGMENT

As part of its electricity distribution activities, in 2019 **Areti** initiated or developed numerous innovative projects, including:

- the **PlatOne project**, funded by the European Community, coordinated by Areti and participated by 12 participating partners distributed between Germany, Belgium, Greece and Italy, promotes a **new approach to the management of distribution networks** that makes them **more stable in the presence of large amounts of energy from variable renewable sources** through the use of flexibility measures, storage and demand response services, with smart grid technologies and tools for automation and control of the network and distributed energy sources;
- the **LIGHT+ project** for the engineering and mass use of an **intelligent public lighting pole** capable of managing sensors and functionalities of the public lighting service while providing useful services to the electrical distributor (such as integrated modems, etc.) and third parties (such as environmental sensors, video analysis, etc.). As part of this project, 5 pa-

tent applications for industrial inventions were submitted during the year;

- the **G.I.M.M.I. project** (Mass Inspection and Targeted Infrastructure Management) to **reduce faults not found on overhead lines** and asset monitoring through periodic analysis of satellite images and targeted inspections carried out with drones;
- the **AUTONOMOUS project** to **reduce the incidence of failures in the primary station** by means of preventive inspections independently or remotely guided by an UGV (Unmanned Ground Vehicle) ground drone;
- the **FIBRE project** for the construction of the fibre optic network in synergy with Open Fiber.

With regard to **electric mobility**, during the year Areti developed **design solutions for the interaction between electric vehicles and the distribution network** as part of smart grid development;

Also during the year, **Acea Produzione** launched the technical-economic feasibility study for the creation of an electric battery storage system.

## RESEARCH AND INNOVATION IN THE WATER SEGMENT

In collaboration with Acea Elabiori, **Acea Ato 2** carried out **technological and digital research and innovation** during the year with the aim of improving operating performance.

With regard to process innovation in the management of **water distribution networks**, cutting edge techniques – **satellite, noise recorder and fibre optics used to search for hidden leaks** (Noise Logger and Satellite Radar Interferometry) – were tested and **more than 6,000 km of network were divided into districts**, with the integration of a mathematical model for the preparation of pressure control valves and the installation of instrumentation for **advanced remote management**.

With regard to **wastewater treatment**, the main projects concerned:

- the evaluation of innovative **sludge reduction** technologies, with the experimental study of the **ozonolysis system** and the **experimentation of a sludge dehydration system by solar drying** at the Ostia treatment plant;
- **optimisation of the anaerobic sludge digestion sectors**, activated at some of the major treatment plants, also with respect to the sludge's biomethanisation power (primary, secondary, etc.);
- **research into emerging organic micropollutants (EOMs)** to limit their release into the natural environment as they are potentially dangerous (endocrine disruptors, non-target substances and transformation products);
- the study of RAMAN spectrometry technologies and techniques for **micro-nanoplastic monitoring**, in collaboration with ENEA;
- the development of **process-modelling analyses** concerning the **residual capacity of the purification plants** and the simulation of the **propagation of odours in the atmosphere** produced by the treatment plants.

As for the **protection of water, satellite monitoring of the protected areas** has continued, aimed at detecting morphological variations

(new buildings, earth movements and others) and carrying out any needed inspections.

During the year, the process of identifying a technological partner for the development of the **Water Management System (WMS)** project continued: a multi-channel, user-friendly application solution capable of representing, analysing, monitoring and reporting huge amounts of data and information from multiple information systems.

With reference to **water purification**, studies were carried out at the Grottarossa plant on emerging micropollutants in treated water (Tiber) and their fate during the treatment phases, as well as on the formation of disinfection by-products (chlorine dioxide and sodium hypochlorite), and experiments have been launched to detect emerging viruses in drinking water intended for human consumption.

**Acea Ato 5** conducted experiments on:

- a **drying bed system** consisting of a permeable geotextile tubular for the dehydration of excess sludge mixed with polyelectrolyte;
- **hydrocarbon abatement techniques in sludge** with mixtures of micro-organisms in the stabilisation tank;
- a magnetic polariser for drinking water.

Moreover, with regard to the **areas for the protection of drinking water springs**, studies have been carried out to study the area surrounding the springs (geological, stratigraphic and groundwater circulation aspects), proposals have been drawn up for the delimitation of areas of absolute protection and safeguarding of certain springs (derivations of Anagni Tufano, Castrocielo Capodacqua, Collepardo Capofiume and Posta Fibreno) and instrumentation has been prepared at three additional springs to locally take water level measurements for the monitoring needed to prepare for the study of the protected area.

**Gori** has implemented **IoT technologies and advanced sensors** for the monitoring of wastewater overflow discharges.

## RESEARCH AND INNOVATION IN THE ENVIRONMENT SEGMENT

In 2019 in the Environment Segment the following research and innovation activities are worth mentioning:

- the completion of the study on the development of a solution aimed at **recovering sodium bicarbonate and calcium chloride dihydrate** (by-products of reaction) from the treatment of the Residual Sodium Product (RSP) resulting from the neutralisation of acid fumes produced by the waste-to-energy plants, currently under contract negotiations;
- the initiation of an **experimental study for the treatment of fly ash for the recovery of the inert fraction** and its treatment for the purpose of reducing its hazardous characteristics;
- the collaboration with the Polytechnic University of Milan and the National Inter-university Consortium for the Science and Technology of Materials to launch a study on the implementation of a type

of **conversion of the energy content of plasmix** (waste not otherwise separable from the mechanical selection processes of plastic) **for the production of methanol**;

- the **Sludge Mining project** for the production of fertilizers, biofuels and biomaterials from sewerage sludge;
- the **Acea SmartComp project**, launched by Acea Elabiori for the waste transition and the development of **diffuse and proximity** composting with **mini-plants equipped with sensory technology able to locally transform organic waste into compost** through an aerobic process that in about 90 days produces fertilizer ready for use. The **first Acea SmartComp** was **installed at the canteen of Acea's headquarters**, which has thus become organic waste free, and Acea aims to install 250 Acea SmartComps by 2022.