

The graphic features a large, stylized letter 'A' shape composed of various green shades and patterns. The top-left part of the 'A' is filled with a pattern of white dots of varying sizes. The right side of the 'A' is a dark green area containing a photograph of a garden at night, with trees and a path illuminated by warm lights. The bottom-left part of the 'A' is a solid medium green. The background is a light green with a subtle pattern of small white dots. The text 'CORPORATE IDENTITY' is written in white, uppercase letters on the left side of the 'A' shape.

CORPORATE  
IDENTITY





## GROUP PROFILE

### ACEA'S HISTORY

Acea was established in 1909 as Azienda Elettrica Municipale (AEM) of the Town of Rome to handle the development and management of the Rome's essential infrastructure, thus initially providing the electricity services and then the water services required to guarantee the productive growth, social progress and environmental balance of the city. Throughout its history, Acea has taken advantage of the opportunities provided by the market, the regulatory context and its stakeholders, thus

adapting and developing its corporate and operating setup, including its listing on the Stock Exchange in 1999 and by opening its share capital to qualified strategic partners.

Acea has gradually become a nationwide industrial group, working in the areas of integrated water management, electricity production, distribution and sales and value added environmental services. The current development guidelines set out in the strategic plans are characterized **by the consolidation of its leadership position** in the water industry and **the expansion of the Group's territorial area of interest**, which is mainly focused on Central Italy, and of its **businesses**, which range from energy production from renewable sources to the circular economy and from energy efficiency services and sustainable mobility to gas distribution.

In this context, **the digitalization, technological innovation and**

**sustainability** are the levers that enable us to increase the efficiency and high quality of our services, **improving the development of modern network** infrastructures so that they are resilient, integrated and able generate value that is shared among all of Acea's stakeholders.

### BUSINESSES AND FUNCTIONS OF THE MAIN GROUP COMPANIES

Today Acea is **one of the main Italian multi-utility** Companies operating in the areas of public **energy** (production, distribution, including public lighting, and sales), **water** (integrated cycle) and **environmental services** (waste and materials recovery, treatment and composting). Acea is the operator of reference in the Rome area for water and energy services; in the water sector, Acea is present as an industrial partner of local management Companies in some areas of Central and Southern Italy (from Tuscany to Campania). Development operations continued during the year, in line with strategic guidelines, particularly in the gas and circular economy sectors.

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

**TABLE NO. 6 – ACEA GROUP IN NUMBERS 2020**

<b>PERSONNEL</b> (number, by % consolidation)	7,650
<b>NET REVENUE</b> (million €)	3,379.4
<b>INVESTED CAPITAL</b> (million €)	5,851.2
<i>net equity debt</i>	3,527.9
<i>shareholders' equity</i>	2,323.3
<b>TOTAL BALANCE SHEET ASSETS</b> (million €)	<b>9,673.6</b>
<b>ELECTRICITY</b>	
generation (GWh) (gross)	916.1
of which from renewable sources (GWh) (gross)	624.8
<i>hydroelectric</i>	375.9
<i>photovoltaic</i>	75.0
<i>waste-to-energy</i>	147.0
<i>biogas</i>	26.9

**TABLE NO. 6 – ACEA GROUP IN NUMBERS, 2020 (continued)**

network demand (GWh)	9,670
sales (GWh) (free and protected market)	7,028
electricity and gas customers (number)	1,387,796
<b>WASTE-TO-ENERGY (WTE)</b>	
electricity generation (GWh) (gross total)	346.2
waste burnt (t)	409,337
SRF	319,122
pulper	90,215
<b>PUBLIC LIGHTING</b>	
bulbs managed in Rome (number)	226,635
<b>WATER (INTEGRATED WATER SERVICE)</b>	
drinking water supplied and billed (Group) (Mm <sup>3</sup> )	628
of which (Acea Ato 2, Acea Ato 5, AdF, Gori and Gesesa)	480
analytical checks on drinking water (Group) (number)	1,523,028
of which (Acea Ato 2, Acea Ato 5, AdF, Gori and Gesesa)	769,888
wastewater treatment (Group) (Mm <sup>3</sup> )	914
of which (Acea Ato 2, Acea Ato 5, AdF, Gori and Gesesa)	714
inhabitants served (Group) (million)	8.5
of which (Acea Ato 2, Acea Ato 5, AdF, Gori and Gesesa)	6.1

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


# CONTEXT ANALYSIS AND BUSINESS MODEL

## CONTEXT ANALYSIS

Acea Group pursues prudent and sustainable operational and economic-financial management, in line with the principles of corporate social responsibility and the values expressed in its *Code of Ethics*, contributing to the achievement of the Agenda 2030 objectives that are relevant to its businesses. The Group promotes growth, well-being and improvement of the quality of life in the communities in which it operates, contributing to their economic and social development including through the active and responsible participation of its stakeholders. This is why it monitors the reference scenario, identifying and analysing the factors that could take on a significant role in terms of the Group's operations, such as **competitiveness, sustainability and regulatory areas** that can affect the achievement of strategic goals. In addition to these external factors, there is also the **internal context** of the Group, to be considered both in **organisational** terms and in relation to the **energy and environmental impacts, the development of human capital, the protection of workers' health and safety**, the protection of Company assets, and the sustainable and responsible management of the **supply chain**.

## THE ENERGY MARKET AND COMPETITORS

With regard to energy sales, once the standard market service is no longer applicable, **competition** among operators will increasingly be characterized by the search for **distinctive added-value elements**, which are achievable through investments in technological innovation and digitalization to the benefit of the customer. The modalities that will be adopted to bring about the definitive abolition of the standard market service are currently being defined.

The "Annual Market and Competition Law", no. 124 of 2017 that entered into force on 29 August 2017 provided that sellers of electricity must be included in the Register of electricity sellers, to be established by decree of the Minister of Economic Development on a proposal from ARERA. Subsequent legislation stipulated that the MiSE should adopt the decree by the end of May 2020. The criteria, modalities and the requirements (technical, financial and of integrity) of that will legitimise the selling Companies to become registered in the Register and maintain this status will have to be established. This decree is currently still being drafted.

## THE INTEGRATED WATER SYSTEM AND GAS DISTRIBUTION

Water and gas distribution are developing market areas. Acea intends to play an active role in these competitive areas, evaluating and participating in the new tenders called for the **concession of the Integrated Water Service and gas distribution service** by the various contracting authorities (Regions, Municipalities, Area Authorities) throughout the country. In fact, Acea Group can easily compete with other operators in the sector as it fulfils the necessary economic, financial, organisational and experience requirements.

## THE WASTE MANAGEMENT MARKET

The market in which Acea Group operates through the Environment segment involves the collection, selection, treatment, recovery and disposal of **waste through the management of plants** located in Central and Northern Italy.

Each operating centre has its own authorisation regime that also governs the reference market, enabling it to conclude service contracts with public or private entities.

In some plants, the processing of waste produces electricity to be fed into the grid and raw materials to be sold. Many activities carried out by Companies in the Environment segment are classified as essential public services.

## THE ENGINEERING AND SERVICES MARKET

With regard to the non-captive market, Group Company Acea Elabari aims to expand its activities by participating in tenders for **districtisation activities, surveys and measurements, modelling and plans for water and sewerage networks**. The Principals are mainly integrated water service operators who require specialised services to support the plans for rationalisation and upgrading of water and sewerage networks. To date Acea Elabari has been awarded two tenders, while others are in the process of being awarded. The Company participates as a joint venture with other Companies and by abiding with the code of conduct of the Organisational Regulations for Antitrust Compliance and Unfair Commercial Practices; in this regard, a special procedure "Participation in Tenders and Bid Management – No Captive" has been drawn up and added to the system.

## INSTITUTIONAL INVESTORS

In 2020, **international equity markets** were mainly influenced by the Covid-19 emergency and its **global impacts on the real economy**. Markets were furthermore affected by the monetary and fiscal policies adopted by Central Banks and Governments to contain the crisis and support the liquidity of the system.

In this context, the Green Deal and the **Recovery Fund proposed by the European Commission**, will allow the relaunch of investments that represent the key to economic recovery, prioritising environmental and climate change considerations. Acea will be able to make the most of opportunities arising from an acceleration in investments in infrastructure and renewable energy, contributing to the country's economic recovery.

In the area of ESG investor relations, further usage was made in 2020 of **engagement and voting strategies** with the aim of inducing Companies to adopt more sustainable behaviours, thus leading them to make decisions that also take into account social, environmental and good governance issues in their corporate policies.

In October 2020, the Acea Group presented to analysts and investors its 2020-2024 Business Plan, which gives sustainability a strategic role in creating a growth model capable of generating benefits for all stakeholders and with a long-term prospect of success. The financial analysts covering Acea's shares assessed the new plan positively following the presentation.

In the past year marked by the health emergency, interest in ESG issues has increased further and these considerations are increasingly being integrated into investment decisions. The increasing attention **sustainable investors place on Acea** is confirmed by their growing participation in the Company's capital. Based on an analysis carried out in November 2020, these Shareholders represent almost **5% of the share capital** and about **35% of the total number of institutional investors**. They consist mostly of European funds (4% of the share capital), followed by investors from North America.

## SUSTAINABLE DEVELOPMENT

The European scenario was characterised by the direction taken by the Commission chaired by Ursula von der Leyen with preparation of the **Green Deal**, as an integral part of the strategy for implementation of Agenda 2030 and pursuance of the UN sustainable development goals and, at the same time, the whole world had to handle the **pandemic caused by Covid-19**.

The response adopted by the Commission and transposed into the

national systems confirmed the orientation towards the objective of making the European Union the first carbon-neutral area of the planet, socially and economically inclusive and with advanced technological and innovative development, seizing from the planetary health emergency the opportunity and urgency of **revising the development and coexistence models**.

The evidence and the repercussions generated by the serious situation, in fact, highlighted the risks deriving from the correlations between pollution and environmental degradation and the spread of the virus or the fragile resistance of the welfare systems, and also the effectiveness of certain solutions introduced all over the world to manage the crisis in a resilient way. For example, the **generalised lockdowns of economic activities balanced by an unprecedented use of technologies to guarantee the continuity and safety of civil life**, at school or at work, or the ability activated by **clinical research** aimed at creating a vaccine and the **cohesion and solidarity** shown by all player in civil society – institutions, businesses, local communities, voluntary workers – faced with a common problem.

The new awareness and urgency of sustainable growth were confirmed by the main players in the global scenario: Europe, with **NextGeneration EU** and the important objectives connected with it, strengthened by **more stringent limits in countering climate change**, but also China, with the commitment assumed on decarbonisation, and the USA, with the relaunch of the Paris Agreement confirmed by the new President elected.

**Italy is part of this global scenario**, and is intent on balancing the relationship between nature and people and on creating inclusive and sustainable development conditions, with important appointments fixed for 2021, in which our country will have a guiding role: co-chairing with the United Kingdom the UN Conference on Climate (COP26), **chairing the G20** which will be organised around the three points People, Planet, Prosperity.

Finally, we must mention the role that the segment of water, energy and environmental service industries is called upon to perform to tackle the challenges of environmental protection, social inclusion, economic and civil development of the territories and populations that these involve. Taking into account these developments, Acea continues its development by integrating sustainability in its strategies and organisation, as seen in the approval of the **Business Plan and the Sustainability Plan** for the period 2020-2024, with an increase in investments related to sustainability targets for a total of € 2.1 billion.

## ENVIRONMENTAL AND ENERGY IMPACTS

The natural environment is the scenario where the activities of the Group are performed and is to be preserved with a responsible and efficient use of resources, protecting sources, safeguarding the natural areas where the plants and service networks encroach, **mitigating the physical and the external impacts generated in the ecological context of the operating processes**. Acea has adopted the Quality Management System for quite some time now, integrating it with the Safety, Environment and Energy areas and managing the set of activities that, taken as a whole, are able to influence the quality, safety and environmental impacts of business activities. In the context of the pandemic emergency, in order to limit the spread of the virus, the affected countries froze economic activities for a continuous and extended period of time during 2020. This initiative, adopted at the global level, entailed a **decrease in carbon dioxide emissions** into the atmosphere, enabling the planet to **delay the overshoot day**, the day on which the earth exhausts the renewable resources available for the year in progress.

The Green Recovery envisaged by the new EU guidelines is an op-

portunity to rebuild the economic system by making it resilient and sustainable. To this end, the **Technical Expert Group (TEG)**, set up by the European Commission to implement the Action Plan for the Financing of Sustainable Growth, has published the **five principles** on which the post-Covid-19 recovery should be based. The idea at the base of these recommendations is that the crisis caused by the pandemic is the first of a series of threats to which the population will be exposed owing to the degradation of ecosystems caused by human activities. One of the tools provided by the TEG for the implementation of Green Recovery is the **EU taxonomy** which establishes a list of environmentally sustainable economic activities.

In parallel to the work carried out by the European Commission, the work of the **Taskforce on Climate-related Financial Disclosures (TCFD)** should be noted. The TCFD's objective is to define the recommendations to be followed by Companies for reporting risks and opportunities related to climate change and describing the impacts that these have on the Company, so as to meet the expectations and needs of investors. Of particular importance in this context are **the scenario analyses** that Companies are called upon to perform and report, in order to **assess the future impacts that the climate-related risks/opportunities generate on the Company's business**.

In this context, Acea continues to carefully monitor its Sustainability Plan and, has embarked on a path to align with the recommendations of the TCFD and assess the indications of the TEG, confirming the strategic nature of environmental issues,.

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

The regulatory context of Acea is wide-ranging and articulated according to the specificity of the businesses handled – water, energy and environment – and the variety of the frameworks within which the legal and regulatory disciplines intervene, which affect the business operations, from administrative authorisation profiles to those protecting the market and competition. Added to such aspects is the peculiarity of the nature of listed Company, with the related legal impacts, for example, in terms of regulating communications to the market. The regulatory scenario is therefore analysed from a multidisciplinary viewpoint, applying a 360° overview and continuous interpretative analysis, in order to detect developments of particular significance, thus identifying and assessing risks and opportunities in terms of strategy and operating management. Particularly significant in 2020 is the inclusion of the project to safeguard the Peschiera-Le Capore aqueduct system in the list of strategic works and the appointment of the extraordinary commissioner (Prime Ministerial Decree implementing Decree Law 76/2020, the so-called “Simplifications” converted with amendments from law no. 120 of 11 September 2020).

Also worthy of mention are the amendments made to the Public Contracts Code by Decree-Law no. 76/2020, the so-called. “Simplifications decree”, converted from law no. 120/2020, e.g. on the subject of anti-mafia checks and legality protocols, awarding and tendering procedures, timing of the conclusion of contracts, grounds for exclusion and the technical advisory board. It should also be noted that Decree-Law no. 183/2020, the so-called. “Milleproroghe” [1000 Delays], extended the provisions of the “Sblocca Cantieri” [Re-Open Building Sites] decree to cover all of 2021.

## REGULATION OF THE SECTOR AUTHORITY

The Regulatory Authority for Energy, Networks and the Environment (ARERA) intervenes in Acea's business sectors (energy,

water and environment) regulating their operation by defining technical and commercial service standards and regulating investment mechanisms. We note a number of specific developments that took place in 2020.

In the **electricity sector**, regarding the **removal of the standard market service**, following the conversion of Decree Law no. 8 of 28 February 2020 (the “Milleproroghe” law), with its resolution 491/2020/R/eel, ARERA adopted provisions to ensure that from 1 January 2021, the *Gradual Protection Service* would accompany small businesses towards the new market context. On the subject of developing **network resilience** in the face of critical environmental episodes, as part of the incentive measures launched a few years ago, in 2020 the Authority approved the new three-year resilience plans (2020-2022) and defined the rewards for the 2019 activities conducted to this end by the distribution companies. The Authority also launched (Resolution 467/2019/R/eel) an experimental regulation for the **modernization of buildings’ old riser cables**, and following this Areti started a dialogue with the administrators of the blocks of flats to be restructured, in order to share information on the conditions, methods and timetable governed by the experimental regulation. Finally, we cite the Authority’s interventions on the topics of **electronic billing and limitation**.

In the **water sector**, the main evolutionary drivers of regulation relate to the drive towards efficiency in the commercial and technical quality offered by operators, placing greater emphasis on environmental sustainability issues. On the subject of quality, in 2020 the Authority released the fourth edition of the **IWS Contractual Quality Data Collection**, which provides information and analysis of the data underlying future regulatory activities. Finally, the issue of managing **customers in arrears on their water bills**, addressed for the first time in 2019, was updated to safeguard user rights as well as the financial health of the operator.

## DEVELOPMENT AND TECHNOLOGICAL INNOVATION

In Acea, the Innovation, Technology & Solutions Function reports directly to the CEO and has the task of ensuring **a model of innovation for the Group through the adoption of processes and approaches typical of open innovation**, with the involvement of internal and external stakeholders as defined by the Industrial Plan. In this direction, activities were developed in the electrical area, with further progress on the automation and efficiency of processes and on applications in the field of smart metering and smart grids with a view to smart cities, such as the launch of installation of new digital meters or the PlatOne project on energy flexibility, and in the water sector, with customer-oriented technological innovations, capable of optimising and accelerating the processes of contractualisation, invoicing, payments and communication between operator and customer, improving also the security of remote interactions.

Digital innovation also played a fundamental role for the continuity of the business activity, enabling, thanks to prompt implementation of adequate digital infrastructures, fully effective performance of the remote work of thousands of colleagues. Technology made it possible to perform also the activities of selecting, training, developing, communicating and involving personnel completely remotely, accelerating the process of digitalising the corporate processes and the transfer of new skills over the entire population.

**The ecosystem of innovation is constantly overseen by Acea also in the networks of external collaboration and partnerships.** Among these, involvement in Startup Europe Partnership, an Open Inno-

vation programme that puts into contact the European Scaleups with businesses, and Open Italy, the co-innovation programme promoted by Elis to combine the innovation needs of Companies in the consortium with the offer of startups, innovative SMEs, university spin-offs and research centres. In 2020 Acea joined Inno-vUp, a non-profit Association that represents the ecosystem of Italian start-ups, widened to all private and public bodies, which facilitates the enhancement, visibility and growth, to favour the creation of a new Italian entrepreneurial fabric, and ANFOV, an association that promotes discussions between all the entrepreneurial and institutional bodies involved on the telecommunications sector and monitors, analyse and promotes the development of the contiguous ICT scenarios.

## DEVELOPMENT OF HUMAN CAPITAL

**Entrepreneurship, teamwork and action** are the three driving values of Acea’s Leadership Model upon which the Group’s initiatives are based to achieve the goals of the 2020-2024 Business Plan and Sustainability Plan. To respond better to the challenges of the evolution of the economic and social context, Acea is continuing to work on the skills, on new ways of organising the work and on improving the management and development processes to support the Group in achieving the corporate objectives for growth, while maintaining a high level of personal satisfaction and well-being.

Empowering people to support the development of the Group takes place in three ways: The first is aimed at increasing professionalism, managerial skills, training and competencies, through a process that begins with the selection process and proceeds with onboarding and training. It includes a performance evaluation system and aligns corporate behaviour with the Acea Group’s leadership model and values, with the constant development of human capital; the second is based on the involvement of people in the Group’s identity, through specific initiatives to promote employer branding and the ability to attract and retain talent; the third is aimed at increasing organisational and personal wellbeing, with the structuring of the Group’s agile work programme and initiatives aimed at rendering work smarter and increasing staff motivation, potential and satisfaction, while promoting inclusion, recognising the strategic value of diversity and occupational health and safety.

## SUSTAINABLE MANAGEMENT OF THE SUPPLY CHAIN

Aware of the positive contribution that **sustainable supply chain management** can offer to protecting the environment, Acea is committed to defining purchasing methods that include intrinsic characteristics of the products and aspects of the process that limit environmental impact and foster initiatives aimed at minimising waste, reusing resources and protecting the social aspects involved in the procurement of goods, services and works defined and used to meet its needs. Indeed, in the area of **green procurement**, for several years now Acea has been using the applicable **Minimum Environmental Criteria**, including in its calls for tenders non-mandatory award criteria that are often decisive in ensuring the maximum achievement of the objectives set. In 2020, it also laid the foundations for implementing a Group Vendor Rating system, focusing on quality and safety as well as sustainability criteria. Acea is committed to training its human resources so that purchasing choices favour goods or services with sustainable characteristics, thus promoting the development of a specific sensitivity to these aspects. Acea recognises the value of the Companies in its supply chain that have chosen to be certified in the quality, environment, safety and energy schemes and reinforces contractual constraints

to promote Companies that demonstrably apply sustainability criteria, invest in safety training for their workers and use environmentally friendly means to carry out their activities, in the belief that supplier reliability is a key component of an efficient supply chain. Second party audits are conducted to raise awareness and support continuous improvement of the supply chain and close attention is paid to the safety aspects of construction sites. The **direct involvement of suppliers** and the opportunities for discussion during audits make it possible to measure the level of awareness of important issues such as corporate social responsibility, safety, sustainability, social, environmental or governance aspects, and provide an opportunity to jointly consider paths to improvement.

## SAFETY AND HEALTH IN THE WORKPLACE

**Safety as a strategy**, not to be observed only for compliance purposes, is based on the desire to promote the widespread dissemination of a safety culture, involving all employees, and on the possibility of **measuring and monitoring results**. To this end, Acea runs awareness-raising campaigns on the issue and has adopted an advanced risk assessment model and implemented control and mitigation measures. The Group's contractors and sub-contractors, who are key partners in the implementation of its businesses, are also involved in awareness-raising and safety initiatives. As part of the continuous improvement process undertaken, aimed at **preventing and reducing** accidents, Acea promotes **active participa-**

**tion in analysing indicator trends**; this aspect is often considered to be suggestive of the level of maturity of the safety culture and the culture of improvement in an organisation. An **RSPP Coordination Committee** is active within the Group. Its purpose is to share the results of safety performance, experiences, good practices and sustainable solutions to prevent accidents in the Company. The year under review was characterised by the **Covid-19 emergency** and the **management aimed at implementing the best methods of prevention and protection from the risk of contagion**: training courses, the definition of specific protocols, dedicated communication channels, as well as the revision of risk assessment documents and health emergency plans, screening campaigns for Acea people or dedicated insurance coverage were implemented from the beginning of the year.

## THE BUSINESS MODEL

The implemented business model (chart no. 3) is based on an organisational structure wherein the Holding performs the role of steering and coordination of the Companies that make up the Group.

Acea SpA offers managerial support by means of management and legal, logistic, technical, financial and administrative services. Acea SpA's **organisational macrostructure** consists of **corporate functions** and **Operations** the operating Companies report to (see chart no. 4).

CHART NO. 3 – ACEA'S BUSINESS MODEL

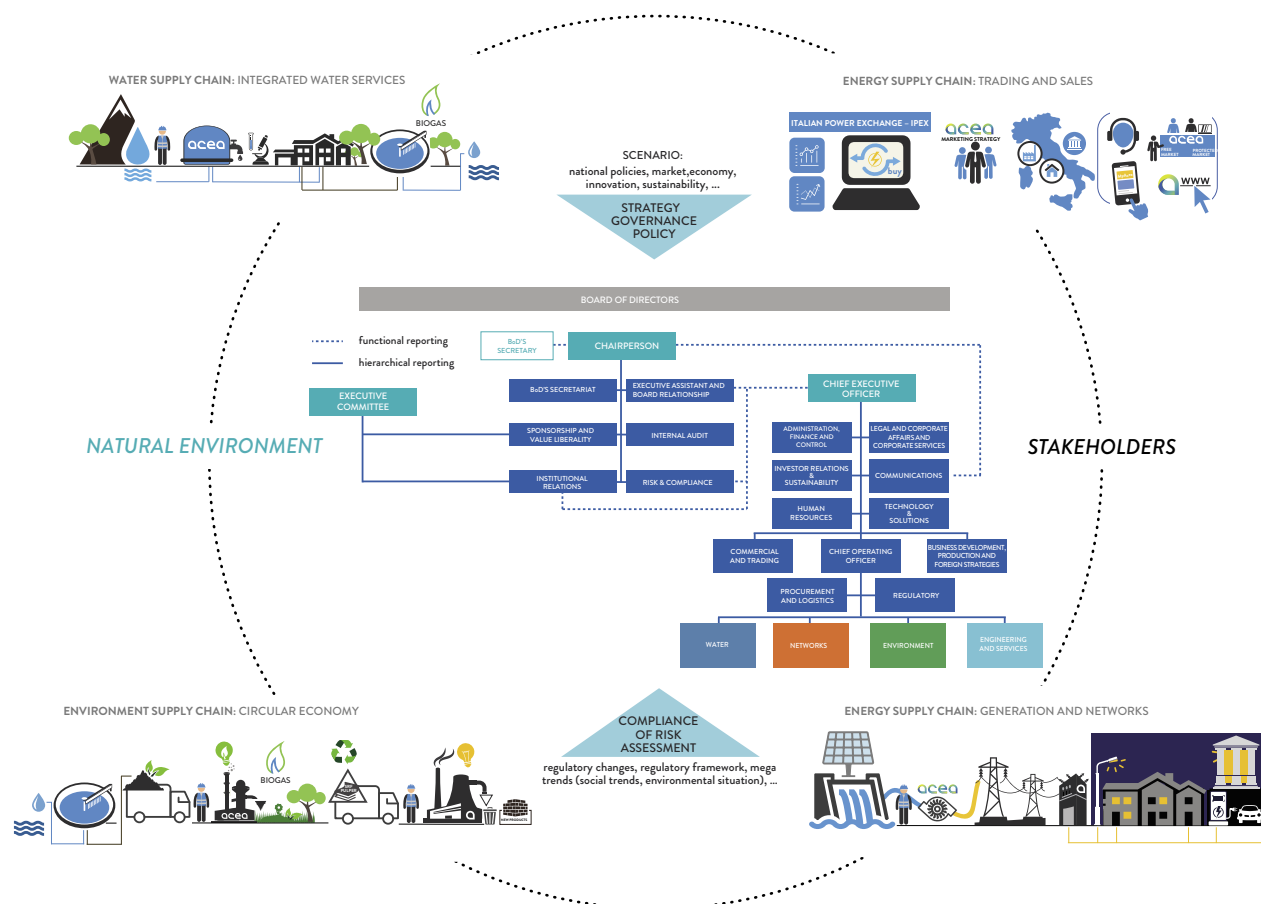
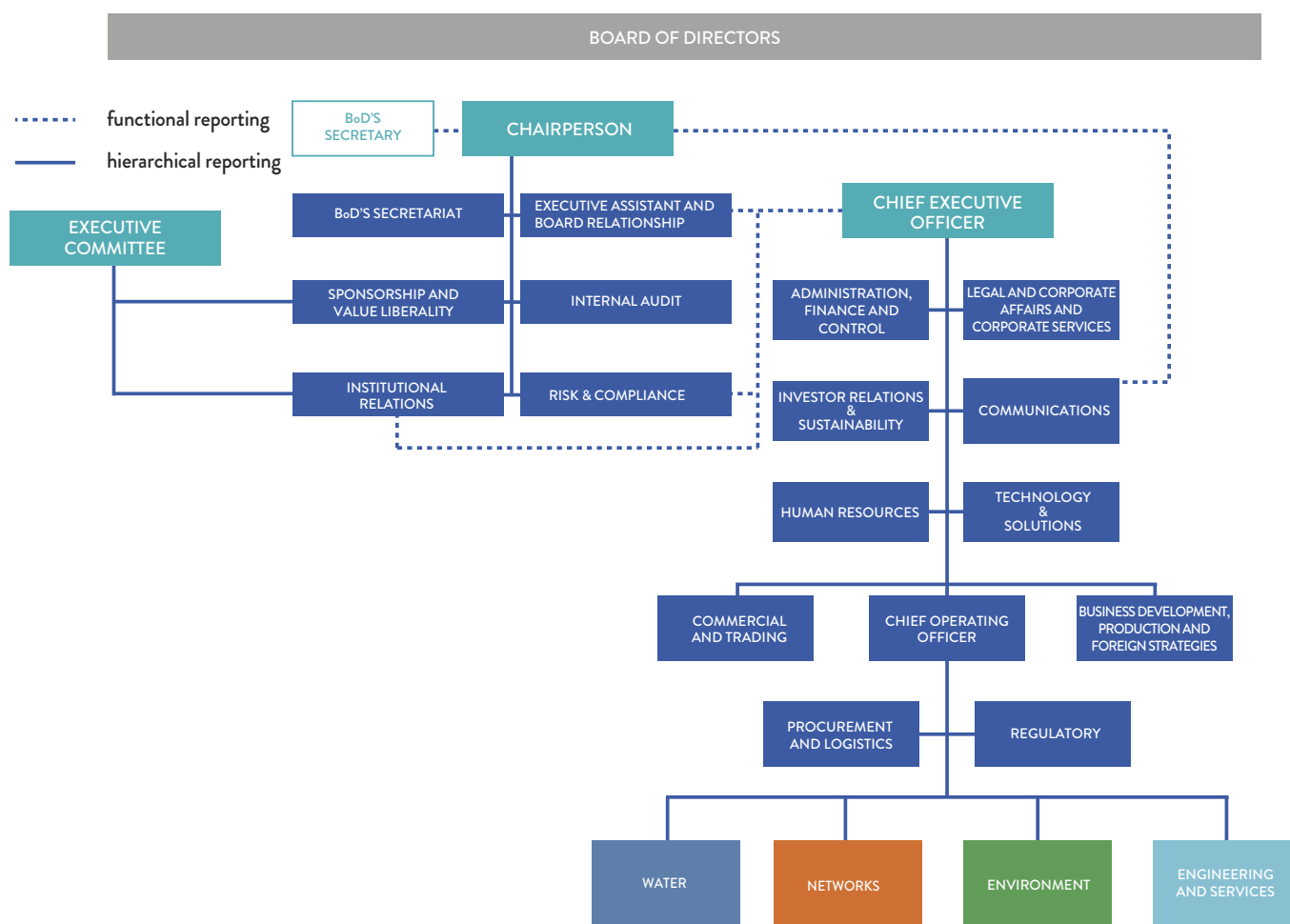


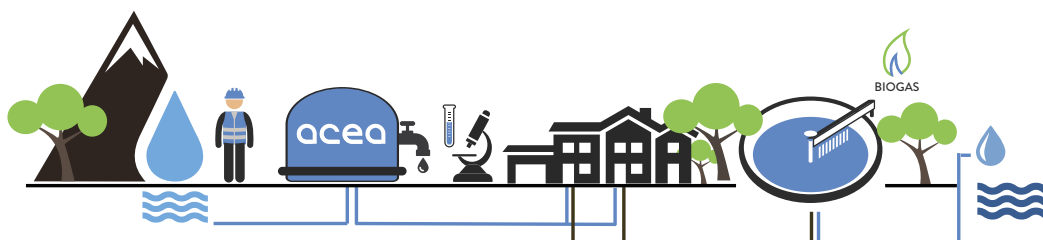
CHART NO. 4 – ACEA SPA ORGANISATION CHART AS AT 31.12.2020



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

the **regulatory and social context of reference**, the **governance system** and a thorough **identification and weighting** of the risks that can impede the achievement of the goals. Acea Group pursues corporate management that is consistent with the principles of sustainable development and pays the utmost attention to **interactions with the natural environment** and **stakeholder relations**.

## WATER SUPPLY CHAIN: INTEGRATED WATER SERVICES



**The water supply chain:** starting from a careful analysis of springs and groundwater and the potential impacts of operational processes thereupon – for example, by defining and monitoring water districts and preparing water balances to protect water resources and balance their vital flows with the needs of human and civil consumption, Acea checks and guarantees the quali-

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

## ENERGY SUPPLY CHAIN: GENERATION AND NETWORKS



**Production and distribution of electricity:** Acea produces energy at hydroelectric plants, waste-to-energy plants, thermoelectric plants (high-efficiency cogeneration), anaerobic digestion plants (biogas) and photovoltaic plants, for a total generation from renewable sources of about 68%. Users receive electricity thanks to the distribution grid managed and developed by Acea. The digital and in-

novative development in the services, stimulated and required by a constantly evolving market, commits the Distributor to opt for smart city solutions, adopting a demand side management and energy efficiency outlook. This is accompanied by resilient grid management, which can be used to support the increased use of electricity, such as for mobility.

## ENERGY SUPPLY CHAIN: COMMERCIAL



**Sale of energy and gas:** commodities (energy and gas) are purchased via bilateral contracts or exchanges on market platforms (Electronic stock exchange) where Acea Energia supplies itself in order to resupply clients according to its commercial policies. The Company develops relations with the clients, based on their typology, by means of increasingly more innovative and digital contact channels,

however retaining traditional tools such as the telephone and branches. The promotion of its products takes place through pull channels (shop, website, branches) as well as through sales agencies that are selected, trained and their commercial practices monitored. A recent development in the business concerns the creation of innovative services and products, and this is where Acea Innovation comes in.

## ENVIRONMENT SUPPLY CHAIN: CIRCULAR ECONOMY



**Efficient use of waste and the circular economy:** the environmental supply chain is active inefficiently using waste by reducing waste volumes, treatment, conversion into biogas, transformation into compost for agriculture and floriculture and recycling into material that is reusable in production processes. In particular, with a view to circular economy, Acea exploits the integration into water activities to recover sludge from water purification and send it for

treatment to become compost, also committing itself to the growth of its market position and operational capacity through plant acquisition and development projects. The latest developments concern an expansion of the types of material managed in the circular economy circuit (paper, iron, timber, plastics and metals) and the development of technologies and equipment for the treatment of waste according to the proximity principle.

# OWNERSHIP STRUCTURE AND GENERAL ECONOMIC INDICATORS

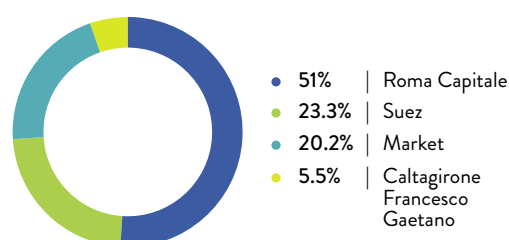
Acea SpA is listed on the Italian Stock Exchange organised and managed by Borsa Italiana. The Company is included in the FTSE Italia Mid Cap index. **Roma Capitale** is Acea SpA's majority

shareholder, holding **51% of its share capital**. As at **31.12.2020**, other significant direct or indirect equity interests were held by **Suez** with over 23.3% and **Caltagirone Francesco Gaetano** with approximately 5.5% (see chart no. 5).

**Institutional investors** control more than 14% of the share capital, with a geographical distribution indicating a predominance of US shareholders, followed by Italian, Norwegian and UK interests (see chart no. 6).

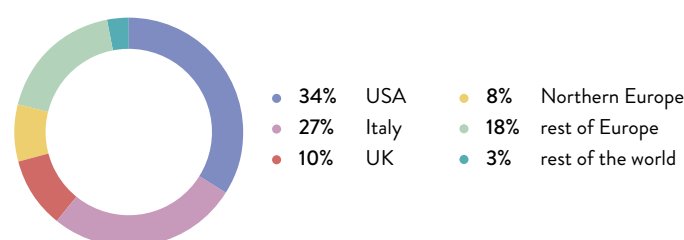
**Retail** investors hold approximately 4% of the share capital.

**CHART NO. 5 – OWNERSHIP STRUCTURE AS AT 31.12.2020**



Source: CONSOB

**CHART NO. 6 – GEOGRAPHICAL REPRESENTATION OF ACEA INSTITUTIONAL INVESTORS**



**NOTE** The percentages shown in the table represent the weight of Shareholders, by geographical area, in relation to the total number of Institutional Investors.

The Group's 2020 results are positive and up on 2019, despite the pandemic crisis, exceeding the guidance communicated to the market. The continuity of the services provided, with a high level of quality and efficiency, a result of the ongoing commitment of Acea's people and its investments in innovation and digitalisation, testify to the Group's resilience and confirm the solidity

of its business and the validity of its strategy, with growth and value creation closely linked to the achievement of sustainability objectives. The main items in the balance sheet all show growth: **gross operating margin** at **€ 1,155 million** (+11% on 2019) and the **operating profit** is **€ 535 million** (+2% on 2019 restated). **Group profit** totalled **€ 285 million** (+0.4% on 2019).

**TABLE NO. 7 – THE MAIN ECONOMIC AND EQUITY DATA OF THE ACEA GROUP (2019-2020)**

(in € million)	2019	2020
<b>net revenues</b>	<b>3,186.1</b>	<b>3,379.4</b>
operating costs	2,185.3	2,254.6
staff costs	249.3	267.7
external costs	1,936.0	1,986.9
income/(expense) from non-financial investments	41.4	30.3
<b>gross operating margin (EBITDA)</b>	<b>1,042.3</b>	<b>1,155.5</b>
<b>gross operating margin (EBIT)</b>	<b>523.2</b>	<b>535.0</b>
financial management	(95.4)	(88)
investments management	2.6	14.2
<b>profit/(loss) before tax</b>	<b>430.3</b>	<b>461.2</b>
income tax	123.2	134.6
<b>net profit/loss</b>	<b>307.2</b>	<b>326.6</b>
profit/loss attributable to third parties	23.5	41.6
<b>net profit/(loss) of the Group</b>	<b>283.7</b>	<b>284.9</b>

**Consolidated revenues in 2020** totalled **€ 3,379.4 million** (€ 3,186.1 million in 2019), up by 6.1%. **External costs** increased by 2.6% to approximately **€ 1.98 billion** (€ 1.93 billion in 2019). Cost trends are mainly affected by the change in the scope of consolidation.

The **gross operating margin** (EBITDA) of approximately **€ 1,155 million** is up compared to € 1,042 million last year (+10.9%), with regulated activities contributing 85%.

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

- **Water** industrial segment at 53%, with € 614.4 million, a

21.7% increase respect to the data from 2019 (€ 505 million). This growth is the result of new tariff dynamics and the change in the scope of consolidation;

- the **Energy Infrastructure (including Generation)** industrial segment accounted for 36%, with € 412.9 million, up around 5.3% compared to the previous year (€ 392 million). All operations have a positive contribution: in addition to the tariff effects, distribution also contributes with the plan launched to install new meters, the reduction of losses and generation which, with the new photovoltaic companies, compensates

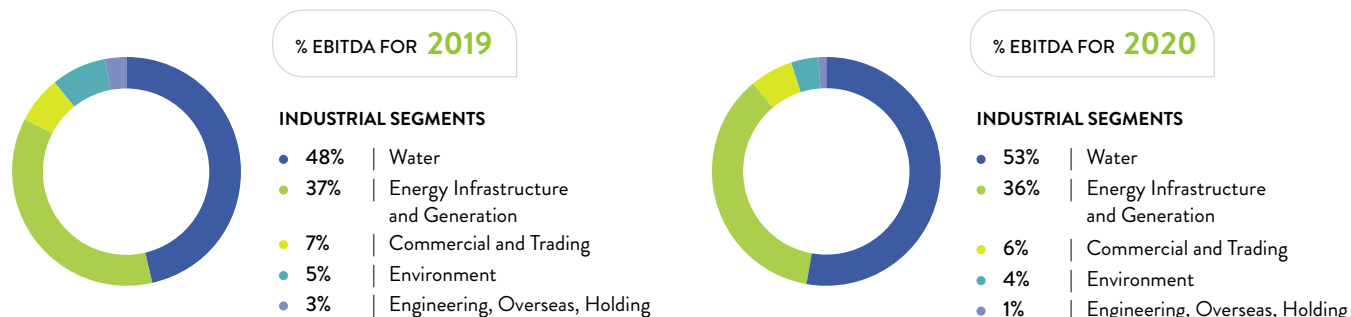
for both the lower hydroelectric production and the reduction in volumes and prices caused by the pandemic;

- the **Commercial and Trading** industrial segment accounted for 6%, with € 72.4 million, up 4.8% (€ 69 million in 2019), thanks to the increase in the free market following the growth in the number of customers and energy sold;
- the **Environment** industrial segment accounted for 4%, with

€ 50.3 million, down around 3% on the previous year (€ 52 million), due to lower revenues related to the end of the CIP6 incentive and the positive effect of the increase in volumes treated and the change in the scope of consolidation.

The following areas also contribute to the Group's EBITDA **Foreign area, the Engineering and Services area and the Parent Company**, by 1% cumulatively.

**CHART NO. 7 – CONTRIBUTION OF THE BUSINESS AREAS TO OVERALL EBITDA (2019-2020)**



The **operating result (EBIT)** was **€ 535 million** (+2.3% on 2019). The increase is mitigated by higher amortisation and depreciation – mainly in the water area (consolidation of com-

panies) and networks (amortisation of first generation meters following the replacement plan) – and by the increase in bad debts (Gala affair).

## STRATEGY AND SUSTAINABILITY

### INTEGRATED STRATEGY OVERVIEW

In an increasingly integrated perspective, Acea's strategic planning seizes the opportunities offered by the evolution of the reference framework and the new economic, social and environmental challenges, **reconciling the industrial dimension and the sustainability aspects with the business objectives**. This was even more evident during 2020, with the **Board of Directors' approval of the new Business Plan in October and of the new Sustainability Plan in December**, both of which cover the 2020-2024 period.

This approach, which Acea also complements and deepens through **dialogue with the institutional world, experts and other companies**, promoting opportunities for discussion such as the **Sustainability Day** (see box), is recognised and appreciated by external observers. For example, in 2020 Acea was awarded the **Top Utility prize in the "Sustainability" category** (see the dedicated box) and other prestigious awards in the **"Innovation" field**, such as the **"Premio Imprese per Innovazione" prize**, promoted by Confindustria, and the **"Premio dei premi"**, instituted by the Presidency of the Council of Ministers (see the box in the chapter *Institutions and Business*).

#### ACEA SUSTAINABILITY DAY

For the second year running Acea has promoted an opportunity for experts, researchers and institutions to discuss **new scenarios and possible actions through which to achieve fair and sustainable development**, by organising the **Sustainability Day** in November. The current context, characterised by the Covid-19 health emergency, was addressed in the event's title – **Infrastructures and the next city: opportunities of a crisis** – as a critical contingency from which a renewed commitment to a sustainable economic and social model arose, including in the light of international and in particular European guidelines (Green Deal, Next Generation EU). The focus of the day was on the relationship between infrastructure networks (physical and technological) and cities, in the face of health, social and economic emergencies,

to facilitate greater resilience in view of the transition to a decarbonised, inclusive and sustainable society.

The event, which took place online, was divided into three sequential thematic sections. In the first two debates, attended by the President and CEO of Acea SpA and the Chair of the Ethics and Sustainability Committee, data was shared on the relationship between territories and networks, contemplating strategic visions of transformative resilience for a sustainable future. Authoritative experts and institutional representatives contributed: the President of the Regina Benessere Italia Cabinet, Filomena Maggino, the Minister for Infrastructure and Transport, Paola De Micheli, the Asvis spokesperson, Enrico Giovannini, the Undersecretary of the Ministry for the Environment, Land and Sea,

Roberto Morassut, the member of the Arera College, Andrea Guerrini and the Head of Sustainability Practice of The European House Ambrosetti, Carlo Cici. Following the framework outlined, in the third part of the Sustainability Day programme, Acea presented to the public the actions and projects implemented by the Group to accompany the change, using videos and speeches by Company management and some qualified partners (Sabrina Romano of Enea; Serena Rossetto of RAI; Marinella Soldi of the Vodafone Foundation). Finally, it is worth noting the participation and interactions on social networks for the event: 125 contents published with #AceaSustainabilityDay, 165 interactions on the @Aceagroup profile and 3,420 participants in the Twitter poll held in the days leading up to the event.

## TOP UTILITY 2020 – ACEA RECEIVES THE SUSTAINABILITY AWARD

As every year, the **Top Utility** prize dedicated to the best business cases in the public services sector was awarded in February. The initiative set up by the Althesys research centre, now in its eighth edition, was created with the intention of **highlighting excellence** among the 100 largest Companies involved in the gas, electricity, water and

environmental management sectors, **for their contribution to industrial economic development and the collective wellbeing of the country**. Top Utility consists of several awards (Absolute, Sustainability, Communication, Research and Innovation, Consumers and Territory, Operational Performance and Diversity) and, in the

2020 edition, **Acea** was awarded the **Sustainability prize** “for achieving increasing performance in environmental sustainability and social responsibility, **continuing to integrate sustainability into its business strategy**”.

Acea was also shortlisted for the **Diversity** and **Research and Innovation** categories.

The **2020-2024 Business Plan** took into account **5 mega trends** that are changing the dynamics of the Utilities' reference markets: sustainability and circular economy,

customer centricity, energy transition, innovation and digitalisation, and increased competitiveness on the market (chart no. 8).

### CHART 8 – THE 5 MEGA TRENDS FOR UTILITIES

#### Sustainability & the Circular Economy

- **Central role** for utilities in sustainability with a focus on the **circular economy**
- **Protection of water resources** and recycling; transformation of waste into new resources



#### Customer centricity

- «Change of paradigm» with **customer value** becoming **more important**
- Transition from «Commodity-Based» to «Service-Based»



#### 5 MEGA TRENDS



#### Consolidation of target markets

- **Competition consolidated** in certain target markets (e.g. Waste, Water)
- Opportunities for positioning utilities as **geographical or supply chain leader**

#### Energy transition

- Push for **decarbonisation**, coal phase-out vs **strong push for RES**
- **Electrification** with new energy consumption linked to new needs in line with the **European New Green Deal**



#### Innovation and Digital

- **Digital and Innovation** along the entire value chain, as an **enabler of development**
- Technological enabling of **new advanced services** (e.g. predictive maintenance, smart meters)



Source: Acea Business Plan 2020-2024

In particular, the new **Business Plan** has divided the **Group's growth guidelines** into **5 strategic pillars** summarised by the acronym **GRIDS**:

- **Growth**: growth driven by the regulated market;
- **Renewables**: investment in renewables;
- **Innovation**: investment in new innovative services;

- **Delivery**: results exceeded targets;
- **Sustainability**: increasing focus on the environmental impact and circular economy.

The **total business investments** envisaged in the Plan amount to **€4.3 billion**.

### MAIN ACTIONS AND STRATEGIC OBJECTIVES OF THE 2020-2024 BUSINESS PLAN BY BUSINESS AREA

#### BUSINESS AREA

#### STRATEGY

##### Water Operations

Development of a **Smart Water Company** for sustainable use of water by improving the quality and efficiency of the service. Expansion through participation in new tenders in other territories.



- installation of more than 500,000 **smart water meters** and **districtisation** of the network
- virtuous path of **water resource protection** with **reduction of losses**
- **rationalisation of small treatment plants**
- **optimisation of network performance** through the **Water Management System**
- **securitisation of supply** with work on the **strategic Marcio and Peschiera aqueducts**



##### Network Operations

Major player in the energy transition with enabling projects for increased electrification and integration of distributed generation.



- investments for **network resilience** with interventions on specific substations
- **network digitisation** through remote control and IoT solutions
- network maintenance to improve **service continuity**
- **2G smart meter** installation
- new Network Service **Management Centre**

## MAIN ACTIONS AND STRATEGIC OBJECTIVES OF THE 2020-2024 BUSINESS PLAN BY BUSINESS AREA (continued)

 <p><b>Environment Operations</b> Consolidation of the market towards the circular economy including in a «one-stop-shop» logic. Accelerated closing of the waste cycle in Central Italy.</p>	<ul style="list-style-type: none"> <li>• consolidation of “core business” in energy recovery (WtE) and disposal of unsorted waste and organic fraction</li> <li>• strengthening <b>Waste to Material (WtM)</b> supply chains in view of the <b>circular economy</b> (e.g. plastic, paper)</li> <li>• further <b>development in the special waste sector</b>, also in <b>synergy with the Group's water</b> (e.g. sludge) and WtE (e.g. ash) activities</li> <li>• development of <b>industrial synergies</b></li> </ul>
 <p><b>Engineering Operations</b> Development of a building oriented Company for turnkey management of construction and engineering activities.</p>	<ul style="list-style-type: none"> <li>• focus on <b>core engineering activities</b></li> <li>• construction of plants through the <b>internalisation of construction activities</b> in an EPC perspective</li> <li>• <b>reducing construction time</b> and strengthening <b>laboratory activities</b></li> <li>• development of a <b>research centre</b></li> </ul>
 <p><b>Commercial</b> Commercial growth in central and southern Italy, also supported by the elimination of greater protection and «digital» offers. Development of a Services-Based Company to strengthen customer relations and enhance Acea Group brands.</p>	<ul style="list-style-type: none"> <li>• reinforcement in the <b>reference territories</b> and <b>growth in Central and Southern Italy</b></li> <li>• <b>cross-selling and up-selling opportunities</b> from full market liberalisation and a <b>push for dual fuel offerings</b></li> <li>• commercial strategy focused on <b>digital channels</b>, including through a <b>new customer management platform</b></li> <li>• developments of the <b>segment and mobility</b> with installation of <b>columns</b> and <b>value-added services</b></li> <li>• <b>energy efficiency services</b> offer</li> <li>• “<b>Smart Comp</b>” installation with system managed remotely through an IoT platform developed by Acea</li> <li>• installation of residential <b>photovoltaic</b> and <b>solar thermal</b> systems</li> </ul>
 <p><b>Generation</b> Growth of the PV portfolio to seize opportunities from the energy transition and decarbonisation process.</p>	<ul style="list-style-type: none"> <li>• growth in <b>generation from renewable sources</b> to seize opportunities offered by the <b>decarbonisation</b> process, whether through the construction of <b>new PV plants</b> in industrial and agricultural areas and through M&amp;A transactions</li> </ul>

In line with the growth guidelines set out in the Business Plan (see box), the **2020-2024 Sustainability Plan**, which consists of **a governance level**, aimed at facilitating the integration of sustainability in business management, and **five operational macro-objectives**, broken down into **125 targets to 2024** and the related KPIs, highlights the **specific features that sustainability takes on** in the development of Acea's various business areas, the management of organisational processes and in relations with all stakeholders (see the dedicated boxes and charts 9 and 10). The Plan was updated with the **involvement of the organisational structures** (Parent Company Functions and Operating

Companies), taking into account the **material issues defined by listening to stakeholders**, maintaining consistency with the objectives of the **European Green Deal** and the **Agenda 2030 Sustainable Development Goals** that are relevant to Acea's businesses.

The investments envisaged in the 2020-2024 Business Plan related to sustainability targets totalling **€ 2.1 billion**, an increase of € 400 million compared to the previous plan. During 2020, both the **progress of the targets**, described in the next paragraph, and the **amount of investments committed in the year** were monitored. At 31/12/2020, the latter totalled **€ 332 million**.

## THE GOVERNANCE LEVEL OF THE SUSTAINABILITY PLAN 2020-2024: CROSS-CUTTING OBJECTIVES FOR INTEGRATION

### GOVERNANCE AREAS

SUSTAINABILITY IN THE RISK ASSESSMENT

SUSTAINABILITY IN THE STRATEGY

SUSTAINABILITY IN THE REMUNERATION POLICY

CF SUSTAINABILITY CULTURE SPREAD

FCR SUSTAINABILITY FOR SHAREHOLDERS AND INVESTORS

SUSTAINABILITY IN THE REGULATION SECTOR

SUSTAINABILITY IN THE MANAGEMENT OF PEOPLE

SUSTAINABILITY IN PROCUREMENT

### STRATEGY

- consideration of material ESG topics in the **risk management** model;
- assess **risks and impacts** on **safety and the environment** and **mitigate them**, including by adopting **certified management systems**
- highlighting the **total value generated by the Group** with an integrated reading of economic and sustainable development
- enhancing the **objectives aimed at promoting sustainability impacts** by integrating them into the **performance management** models
- involving internal and external stakeholders in the matter by disseminating the “**sustainability culture**”
- integrating financial with **ESG elements** in communications and **relations with shareholders and stakeholders**
- identifying **sustainability topics** in the **evolving trends** of national and European **regulations**
- developing an **advanced, collaborative labour-management relations model** that meets new social needs
- promoting sustainability along the **supply chain**, while being mindful of the relevant best practices

## THE OPERATIONAL LEVEL OF THE 2020-2024 SUSTAINABILITY PLAN: SPECIFIC FEATURES OF THE 5 MACRO-OBJECTIVES

### MACRO OBJECTIVE



**PROMOTING  
A FOCUS ON  
THE CUSTOMER**



**EMPOWERING  
PEOPLE FOR  
THE GROUP'S  
GROWTH**



**QUALIFYING PRESENCE  
IN THE REGIONS AND  
PROTECTING THE  
ENVIRONMENT**



**PROMOTING HEALTH  
AND SAFETY ALONG  
THE VALUE CHAIN**



**INVESTING IN  
INNOVATION FOR  
SUSTAINABILITY**

### STRATEGY

- increasing the **technical and commercial quality** of the **services**, while consolidating **digital services**
- improving the **customer experience** and the **contact channels** so that they fully meet customers' needs
- **training, employee involvement** and increasing **organisational well-being**, including the protection and promotion of **diversity**
- enhancing sustainability in **performance management systems**
- increasing **resilience of water and electricity infrastructure** to ensure security of supply, adaptation to climate change and support for energy transition
- **limiting impacts** on the natural environment, protecting the land and using resources more efficiently
- streamlining and **contributing** to the **decarbonisation of the energy system**, with the increase of production from renewable sources and the consequent reduction of CO<sub>2</sub> emissions
- reducing the **city's environmental impacts** through smart green services for customers and the **development of circular economy initiatives**
- promoting sustainability along the **supply chain**, raising awareness of customers and students on sustainability issues, with a structured approach to **stakeholder involvement**
- **disseminating the culture of safety and prevention along the internal and external value chain**
- increasing **verification and control** activities and actions to ensure the health and safety of customers
- applying **innovative technologies** for network management (digitisation, remote control, IoT) in a **smart city** perspective and in other production and organisational processes
- developing synergies in **research** and **innovation** for **knowledge sharing** as well as **project implementation**, including in association with start-ups and scientific partnerships

## CHART NO. 9 – THE 2020-2024 SUSTAINABILITY PLAN IN NUMBERS

### 125 targets



**PROMOTING  
A CUSTOMER  
FOCUS**

**18 targets (14%)**



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

**15 targets (12%)**



**QUALIFYING PRESENCE  
IN THE TERRITORY AND  
PROTECTING THE  
ENVIRONMENT**

**56 targets (45%)**



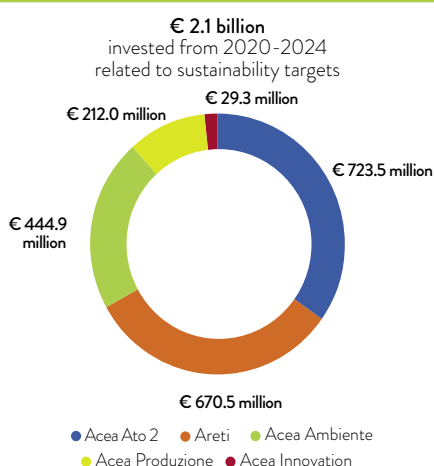
**PROMOTING  
HEALTH AND SAFETY  
ALONG THE  
VALUE CHAIN**

**14 targets (11%)**

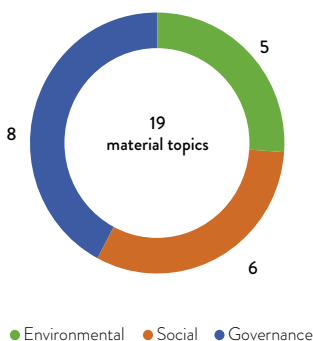


**INVESTING IN  
INNOVATION  
FOR SUSTAINABILITY**

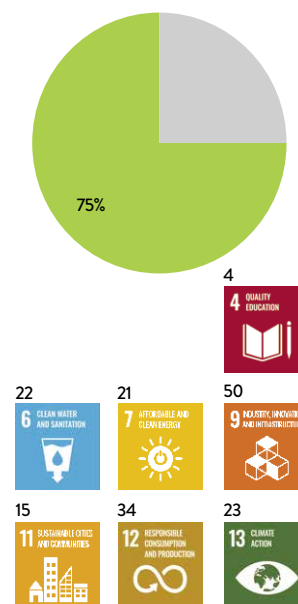
**22 targets (18%)**



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

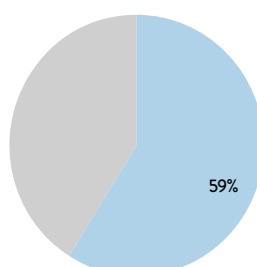


**94/125 targets**  
related to the **SDGs**



**74/125 targets**  
in line with the **Green Deal**

1. Guaranteeing the supply of clean, economical and secure energy \_\_\_\_\_ 16
2. Mobilising the industry for a clean and circular economy \_\_\_\_\_ 33
3. Building and renovating with a focus on energy and resource efficiency \_\_\_\_\_ 2
4. Accelerating the transition to sustainable and intelligent mobility \_\_\_\_\_ 4
5. Preserving and restoring ecosystems and biodiversity \_\_\_\_\_ 18
6. Working towards "zero pollution" for a toxin-free environment \_\_\_\_\_ 11



**NOTE:** Each target can be related to multiple material topics, SDGs and Green Deal objectives

## CHART NO. 10 – THE SUSTAINABILITY PLAN GUIDELINES



The **Management and Sustainability Systems Policy**<sup>15</sup> adopted by Acea and **updated in November 2020**, also sets out the **principles, values and commitments** made by the Company, and places them **within the framework of the pursuit of sustainable development. The Policy is an integral part of the Management Systems** in accordance with ISO 9001, ISO 14001, ISO 45001 and ISO 50001 (see also the paragraph *Management Systems*). The Policy sees the following values as **fundamental elements for sustainability**, helping to integrate it more and more in **the planning and management of activities**:

- promotion of a **culture of quality**;
- **respect for the environment and preservation of ecosystems**;
- **fighting climate change**;
- the **development of people and safety at workplace**;
- the **efficient management of resources**;
- **the assessment of the risk and the economic, social and environmental impacts**;

- participation in the **well-being of the community** and the development of an ongoing **dialogue with stakeholders**;
- the promotion of creativity and **technological and organisational innovation**.

An emblematic theme for sustainability, as highlighted by the **Global Risk Report 2020**, is **climate change** and its related environmental, social and economic impacts. Acea monitors this area with particular interest and the initiatives undertaken, in terms of mitigation and adaptation to climate change, have once again received the positive assessment of the CDP (see the dedicated box) and, along the same lines, the Group has initiated a process of alignment with the Recommendations defined by the Taskforce on Climate-related Financial Disclosures – TCFD (for more details see *The relations with the environment, environmental sustainability and the main challenges*).

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

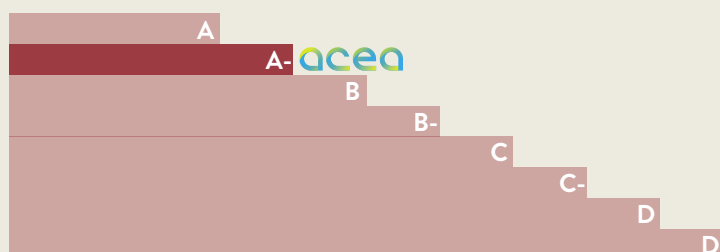
CDP is an organisation that offers investors a system to measure **climate change** policies and performance. The initiative has been supported for more than ten years by a pool of international investors, 515 in 2020, with some USD 106 trillion in assets under management. During the year, around 9,600 Companies (8,000 in CDP 2019) worldwide were analysed with

regard to their performance in relation to actions to combat climate change, highlighting best in class in the strategic and operational management of climate-related risks and impacts.

Acea's CDP 2020 **scores A-**, confirming our previous scoring in the **Leadership category**. The rating (D-/A scale) is based on the assessment of areas such as the

presence of objectives and initiatives undertaken to reduce emissions, risk analysis and management, assessment of financial impacts due to climate change, reporting, etc. This positioning recognises Acea's constant and growing commitment to combating climate change through a business model that is increasingly sustainable and attentive to energy transition issues.

- **9,600+ companies** from around the world responded to CDP Climate Change; approximately **100 companies based in Italy** received the questionnaire
- the average score for energy utilities is B



Leadership (A/A-): Implementing current best practices

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

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

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

For more information, go to <https://www.cdp.net>

<sup>15</sup> The Policy is available from the institutional website [www.gruppo.aceait](http://www.gruppo.aceait).

# SUSTAINABILITY PLAN FOR 2020-2024 AND THE OPERATIONAL GOALS

The **2020-2024 Sustainability Plan**, as already mentioned, **acts on governance and operational levels**, identifying 8 cross-cutting objectives aimed at incorporating sustainability into the governance of the Company and 5 macro-objectives for the Group.

## GOVERNANCE LEVEL THE 8 OBJECTIVES

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

- the consideration of material ESG issues in its business risk management model; the assessment of safety and environmental risks and impacts of its activities with the aim of keeping them under control and reducing them also through the adoption of certified management systems;
- the integrated reading of economic, financial and sustainability data so as to present the overall value generated by the Group;
- the enhancement of corporate sustainability objectives within management performance models;
- the dissemination of a “sustainability culture” through initiatives of awareness and engagement of internal and external stakeholders;
- the integration of financial aspects with the Group's sustainability objectives and ESG (Environmental, Social, Governance) aspects in its communication and relations with shareholders and investors;
- the reading of evolutionary trends of regulations both at a national and European level with respect to issues related to sustainability in the areas the Company works in;
- the development of an advanced labour-management relations model able to meet new social needs and focused on the well-being of the Company and employees;
- sustainable supply chain management, implementing the best procedures in the fields of supply management and circular procurement.

## OPERATIONAL LEVEL THE 5 MACRO-OBJECTIVES AND WITH A FOCUS ON THE FOLLOWING 5 MACRO-OBJECTIVES AND RELATED AREAS OF ACTION AND OPERATIONAL OBJECTIVES<sup>(\*)</sup>



### PROMOTING A CUSTOMER FOCUS

#### Improving communication with customers

- Developing web presence and digital channels in compliance with the Group's communication and positioning needs

#### Improving the quality of services

- Improve the sales quality of services
- Improving the technical quality of services



### VALUING PEOPLE FOR THE GROUP'S GROWTH

#### Professional enhancement, training and development of skills

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

#### Involving people in the Group's identity

- Boosting the level of engagement of the Company population
- Defining and promoting an employer branding plan

#### Organisational inclusion and well- being

- Identifying and improving the organisational well-being of the entire Company population
- Enhancing diversity and promoting inclusion

The **5 macro objectives** are broken down into **15 frameworks for action, 25 operational objectives and 125 objectives for 2024 and related KPIs** that allow the **progressive achievement thereof** to be **monitored**, below. It

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



#### QUALIFYING PRESENCE IN THE REGIONS AND PROTECTING THE ENVIRONMENT

##### Reducing the environmental impact

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

##### Improving sustainability along the supply chain

- Implementing a rationale of sustainability in procurement procedures

##### Contributing to the well-being of the community

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

##### Consolidating relations with the territory

- Contributing to create awareness on social and environmental matters
- Facilitating the engagement of stakeholders in Company projects with the aim of creating shared values



#### PROMOTING HEALTH AND SAFETY ALONG THE VALUE CHAIN

##### Health and safety at workplace for Group workers

- Promoting a culture of health and safety at workplace

##### Health and safety at workplace for contractors and subcontractors

- Creating awareness among contractors on workplace health and safety at workplace

##### Health and safety of the communities with which the Group operates

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



#### INVESTING IN INNOVATION FOR SUSTAINABILITY

##### Organisational innovation

- Promoting “smart” processes and working methods

##### Technological and process innovation

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

##### Creating and promoting knowledge

- Developing research projects in partnership with other relevant departments

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

## THE DETAILED OBJECTIVES OF THE 2020-2024 SUSTAINABILITY PLAN AND THE ACTIONS OF THE YEAR



### MACRO-OBJECTIVE NO.1

Promoting a focus on the customer

OPERATIONAL OBJECTIVES	TARGET FOR 2024 FUNCTIONS/OWNER COMPANIES OF THE PROCESS	KEY PERFORMANCE INDICATORS	2020 ACTIONS
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#### SCOPE OF ACTION 1: Improving communication with customers

Developing web presence and digital channels in compliance with the Group's communication and positioning needs	Ensuring alignment between the structure of the website and corporate communication needs in terms of effectiveness, transparency and quality of content, recognised through prominent positions in sector rankings. ACEA SpA - COMMUNICATION (Digital and corporate media)	Acknowledgements in sector analyses/rankings during the year: Yes/No = <b>Yes</b>	Acea has been included among the top 10 of Webranking Italy and in the Silver category of the Lundquist's trust, a recognition of the quality of Acea's digital communication. The website tells the story of the Company in a clear and engaging way, conveying the Group's values through a well-defined digital identity and content that balances financial information and storytelling targeted to different stakeholders. In 2020, editorial content was produced to illustrate the Company's initiatives for the community and the territory, including with regard to the Covid-19 emergency.
	Creation of a website for Areti with effective, useful information intended for users of electricity distribution (intermediate target to 2021). ACEA SpA - COMMUNICATION (Digital and corporate media)	Site realisation: Yes/No = <b>No</b>	Work on the new Areti website is underway.
	Consolidation of presence on social channels with increased brand awareness through effective and engaging communication. ACEA SpA - COMMUNICATION (Digital and corporate media)	No. of followers of social channels reporting year > no. of followers of social channels reporting year -1 = <b>60,733 &gt; 42,619</b>	Publication of content for each social channel to highlight the Group's commitment to the territory, including in the context of the Covid-19 health emergency. Emphasis was placed on business initiatives, events and sponsorship through dedicated editorial plans and influencer marketing projects.
	Encourage customers to use digital channels and reach, every year, 25% of Acea Energia's "consumer" and "micro-business" customer base with at least 1 access per year to the reserved area. ACEA ENERGIA	Customers who have logged in at least 1 time in the last 12 months/"consumer" and "micro-business" customer base = <b>371,808/1,038,348, i.e. 36% (40% ML and 34% SMT)</b>	At the same time as the closure of branches due to the health emergency, the campaign "We stay close to you, even from afar" was launched to encourage the use of remote channels and online services, with benefits for customers in terms of autonomy, time savings, safety and environmental benefits.
	Creating at least one communication campaign per year intended for customers regarding the use of the MyAcea and online payment of bills app (reducing the impact of producing paper bills, reducing times, reducing movements, etc.). ACEA SpA - COMMUNICATION (Communication planning & portfolio management)	Implementation of a communication campaign: Yes/No = <b>Yes</b>	A campaign was devoted to promoting Acea Ato 2 and Acea Ato 5's digital service point and the new MyAcea services.

#### SCOPE OF ACTION 2: Improving the quality of services

Improve the sales quality of services	Improving the real time measurement of the customer experience through the Net Promoter Score (NPS) based on indicators of courtesy/professionalism and perceived service quality. NPS annual target: courtesy/professionalism indicator > 70%; perceived service quality indicator > 50%. ACEA ENERGIA	NPS courtesy/professionalism indicator = <b>72.1% (average between the two markets; in detail: SMT 70.6% and ML 73.6%)</b>  NPS perceived service quality indicator = <b>51.8% (average between the two markets; in detail: SMT 54.1% and ML 49.4%)</b>	Contact channels were unified into a single call centre that manages commercial offers and caring for electricity and gas; the revision of Interactive Voice Response – IVR systems simplified access to services, lowering the TMA (Arera Parameter Average Lead Time). The Company monitors Call Centre performance on a weekly basis, facilitating timely corrective action.
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(continued)  
Improving the  
technical quality of  
services

Ensure access to the digital service point within 5 working days of booking. ACEA ATO 2 and ACEA ATO 5	Average waiting days for branch appointment (< of 5 days) = <b>Acea Ato 2: 3 days; Acea Ato 5: n.d. (the branch became operational in December 2020)</b>	The new digital service point has been launched, allowing all requests relating to water supply to be managed remotely via a video call system with the operator. Information campaigns were also carried out.
Improving the quality of metering systems by replacing 21,000 meters per year. ACEA ATO 5	No. of meters replaced/no. of meters to be replaced = <b>23,700/21,000</b>	23,700 meters were replaced, giving priority to the oldest meters.
Replacing some 317,000 meters to improve the quality of measurement systems. GORI	No. of meters replaced/no. of meters to be replaced = <b>54,431/317,000, i.e. 17%</b>	54,400 meters were replaced en masse.
Improvement in the management of appointments with the end customer for technical/commercial services and reduction of unfulfilled appointments by 20% (2019 figure: 11%), with the introduction of new operating methods (single freephone number and additional services) that facilitate direct and personalised contact. ARETI	Missed appointments/ total appointments reporting year < missed appointments/total appointments year 2019 = <b>2,610/24,083, or 10.8% &lt; 11.45% in 2019 (reduction of 5.6%)</b>	A number of services have been implemented to improve the single freephone number, on the user management and fault reporting side, including the queue for reporting 'states of danger', the automatic reminder of reports already sent, and the queue for users affected by planned outages. For the management of appointments, an outbound channel was set up to alert the customer about operational problems that could affect compliance with the time slot set by ARERA.
Implementing in the design of strategic water infrastructure works (Marcio and Peschiera Aqueducts) of devices, criteria, recognised protocols for the maximization of benefits in sustainable terms (benefits for the protection of the territory, landscape, economic development). Getting Envision certification on at least one strategic works project. ACEA ATO 2 and ACEA ELABORI	Preliminary assessment of the Marcio and Peschiera aqueducts projects with positive results: Yes/No = <b>Yes</b>  Envision certification obtained on the design of at least one strategic work (Marcio and/or Peschiera Aqueducts) = <b>No</b>	The preliminary assessment for the Envision Certification was successfully passed (Verified level) and the activities for the design integration of the new upper section of the Peschiera Aqueduct were planned in order to obtain the maximum level of certification (Platinum). In addition, an assessment of the carbon footprint of the project is underway.
Increase the Group's operational capacity in the execution of works (from design to construction), implementing the contracts managed by Acea Elabiori in EPC Contract up to amounts > € 55M to 2024, with the consequent improvement in the quality of works (centralised coordination of the entire process, reduction in time, optimisation of costs, standardisation of processes). ACEA ELABORI	Obtaining SOA certification for Acea Elabiori: Yes/No = <b>Yes</b>  Annual amount of construction activities managed under EPC Contract (from 2021)	In 2020 Acea Elabiori obtained the SOA Certification, completed 4 worksites started in 2019 and began the activities for the management of orders to be carried out in 2021-2022.
Increase in treatment capacity in 13 municipalities by building 8 new treatment plants and upgrading 5 existing ones: +6.9 times more population equivalent (PE) treated than in 2019. ACEA ATO 5	Purification potential in PE/purification potential in PE in 2019 (target scope) = <b>10,300/8,000, equal to an increase of 1.3 times PE</b>	The new purification plant in the hamlet of Santa Lucia in the municipality of Cervaro was built (treating up to 500 PE) and the purification plant in the hamlet of Fontana Magna in Monte San Giovanni Campano was upgraded (reaching a capacity of 3,300 PE).
Increase in the capacity and efficiency of Acea Ato 2's purification plants through upgrades at 10 plants (+39% of population equivalent treated compared to the 2019 figure, equal to 164,175 PE) and the decommissioning/centralisation of 36 treatment plants, which will affect approximately 188,000 PE. ACEA ATO 2	Purification potential in PE/purification potential in PE in 2019 (target scope) = <b>170,171/164,175, equal to an increase of 3.7%</b>  Decommissioned/centralised treatment plants = <b>7</b>  PEs affected by the centralisation of treatment plants = <b>15,730</b>	During the year, the upgrading of the Valle Mazzone purification plant in the municipality of Lariano was completed, as well as work on the decommissioning of seven treatment plants (Sonnino, Colle Pisano, Cancellone, Fosso Carsolese, Casaccioni, Fosso Ianni, Santa Lucia) to centralise the water treatment service.

To expand the treatment capacity and cover the sewage service through 21 interventions on the plants (17 to expand the treatment capacity and 4 to cover the service): +6% of population equivalent treated and +6% of users covered by the purification service compared to 2019 data (equivalent to 314,422 PE treated and 184,882 users covered by the service, respectively). AdF	Purification capacity in PE/ purification capacity in PE in 2019  % users covered by sewage service/% users covered by sewage service 2019	The planning of the works has been started, including the preparation of 17 Feasibility Studies, 12 geological surveys and 9 final designs for the start of works in 2021.
Replacing 40 of the current 361 thermal substations serving the remote-heating network (11%), for greater service efficiency and service reliability. ACEA PRODUZIONE	No. of thermal substations replaced/total district heating substations = <b>30/361, i.e. 8%</b>	30 obsolete thermal exchange substations were restored and replaced with an equal number of pre-assembled systems.
Replacement/installation of 18 valves on the district heating distribution network to perform out-of-service interventions, thus reducing the impact on serviced utilities ACEA PRODUZIONE	No. of valves replaced or installed/no. valves to be replaced or installed = <b>8/18</b>	Replaced 8 shut-off valves on the primary network of the district heating distribution network with ball valves with electric actuator.
Compared to 2019 base levels, reducing the troubleshooting times of Public Lighting systems in line with the zonal prioritisation defined considering the relevance of the area (e.g. aggregation sites): critical - 6 h; high - 15 h; average - 19 h; low - 23 h. Base levels measured in 2019 by relevance: CRITICAL - 1 day and 12 h, HIGH - 1 day and 7 h, MEDIUM - 1 day and 11 h and LOW - 1 day and 11 h. ARETI (Public Lighting)	CRITICAL relevance = <b>1 day and 12 h</b> HIGH relevance = <b>1 day and 8 h</b> AVERAGE relevance = <b>1 day and 11 h</b> LOW relevance = <b>1 day and 14 h</b>	The criteria for prioritising interventions are still being implemented. At present, the resolution times are in line with those reported in 2019.



## MACRO-OBJECTIVE NO.2

### Empowering people for the Group's growth

OPERATIONAL OBJECTIVES	TARGET FOR 2024 FUNCTIONS/OWNER COMPANIES OF THE PROCESS	KEY PERFORMANCE INDICATORS	2020 ACTIONS
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#### SCOPE OF ACTION 1: Professional enhancement, training and development of skills

#### Enhancing and boosting Human Capital skills

Unroll at least one training initiative per year on sustainability issues (e.g. circular economy, SDGs, Green Deal) aimed at 100% of the Company population, with the aim of increasing the number of people involved each year. ACEA SpA - HUMAN RESOURCES (HR Development and Organisation)	No. initiatives activated/ initiatives to be activated per year = <b>1/1</b>  No. of employees involved reporting year > no. of employees involved reporting year - 1 = <b>70 in the first year</b>	Launched a structured and organic process, with the identification of 20 Acea Group Sustainability Ambassadors and another 50 people belonging to their satellite network, aimed at spreading the culture of sustainability including through projects designed by trained employees that are applicable to business areas.
Raise the level of digitisation through the implementation of at least 1 awareness/ skills orientation campaign per year targeting 100% of the Company's population, with the aim of involving at least 10% of employees per year (about 500 employees arc Plan). ACEA SpA - HUMAN RESOURCES (HR Development and Organisation)	No. of campaigns run = <b>1</b>  No. of persons involved/ total persons informed = <b>6,374/6,374</b>	Following a survey of key digital skills for the Group (Digital DNA), a campaign was launched on the Intranet with the development of a dedicated section in which the results analysed were shared. Nine training courses were held. They were attended by 606 employees to raise the Group's level of knowledge on digital transformation and evolution and to introduce innovative technological elements to be applied to operational processes.

(continued) <b>Enhancing and boosting Human Capital skills</b>	<p>Support Active Ageing policies by carrying out at least two initiatives a year that stimulate the transfer and enhancement of skills between the different generations in the Company, involving a greater number of people each year than the previous year. ACEA SpA - HUMAN RESOURCES (HR Development and Organisation)</p>	<p>No. of initiatives to be launched/total initiatives launched = <b>2/2</b></p> <p>No. of people involved reporting year &gt; no. of people involved in the reporting year - 1 = <b>434 in first year</b></p>	<p>Vocational paths focusing on digital culture and evolution were implemented in order to stimulate the more senior corporate population. Acea took part in the Management Revolution project to disseminate and promote the importance of acting with a digital mindset, share a common language and bring colleagues of all generations closer to the issues of digitalisation and new ways of working. Mentoring paths have been planned for 2021 to transfer skills from more experienced people (mentors) to mentees.</p>
<b>Investing in the development and improvement of the staff assessment and recruitment system</b>	<p>Promote in external selection processes the use of tools dedicated to a structured evaluation of the candidate (tests, screening through artificial intelligence and machine learning, virtual tests) enhancing talent and promoting inclusion. ACEA SpA - HUMAN RESOURCES (HR Development and Organisation)</p>	<p>No. of external selection processes activated through dedicated tools/ total external selection processes activated = <b>238/238</b></p>	<p>During the year, Acea revised its personnel selection procedure and used various channels and tools for selection, such as participation in Career Days, challenges and virtual selection. The development and implementation of automated methodologies to optimise the timing and management of selection processes is ongoing.</p>
	<p>Progressive extension of objectives aimed at promoting sustainability impacts to the entire population with respect to MBO assessed with performance management systems. ACEA SpA - HUMAN RESOURCES (HR Development and Organisation)</p>	<p>No. of resources with sustainability target in MBO/total resources in MBO = <b>composite target: 474/474, equal to 100%; personal target: = 237/474, equal to 48%</b></p>	<p>A composite sustainability target has been included with 4 parameters on ESG areas (water losses, GWh produced from renewable sources, waste treated by the Environment area and customer satisfaction) applicable to the entire MBO population. The process of integrating sustainability objectives into the broader catalogue of objectives continued.</p>
<b>SCOPE OF ACTION 2: Involving people in the Group's identity</b>			
<b>Boosting the level of engagement of the Company population</b>	<p>Ensuring that 100% of the Company population is informed of the strategic choices, mission and policies of the Group, and increasing the feeling of aggregation and belonging to the Group, implementing at least 6 initiatives/year to this end. ACEA SpA - COMMUNICATION (Media Relations and Internal Communication)</p>	<p>% of the Company population reached by the information = <b>100%</b></p> <p>No. of initiatives carried out during the year/ initiatives to be carried out = <b>8/6</b></p>	<p>During the year, internal communication initiatives were carried out on pillars and topics integrated with the Industrial Plan and the Sustainability Plan, such as innovation, safety with a focus on the coronavirus, prevention of employee health and well-being, welfare, and dissemination of the values of the <i>Code of Ethics</i>. Other initiatives were postponed due to the pandemic situation, while it was possible to deliver Christmas gifts to employees.</p>

(continued)  
**Boosting the level of engagement of the Company population.**

Increase the sense of belonging to the Company by carrying out at least 2 initiatives per year with a social impact on the territory involving the Group employees concerned and informing 100% of the employees about these initiatives.  
ACEA SpA - HUMAN RESOURCES (HR Development and Organisation)

No. of initiatives launched/ total initiatives to be launched = **2**

The “IdeAzione” projects on transversal skills and guidance (92 students involved and 2,392 hours provided) and “Inspirational Talks Role Model”, the programme to promote STEM (Science, Technology, Engineering and Mathematics) training courses among female students in middle and high schools, were carried out. The latter project was implemented with the support of 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;

**Defining and promoting an employer branding plan**

Implement at least one initiative per year, identified through internal surveys and aimed at strengthening the employer brand identity, involving 100% of the Company population.  
ACEA SpA - HUMAN RESOURCES (HR Development and Organisation)

Implementation of internal investigations:  
Yes/No = **Yes**

No. of initiatives launched/ no. of initiatives to be launched = **1/1**

No. of employees who responded to surveys and/ or joined initiatives/no. of employees involved = **6,374/6,374**

Following an internal survey of needs, as a result of the significant increase in the number of people involved in smart working due to the pandemic, training courses were held to support smart workers and smart managers and to share a new approach to work, smarter and more responsible for employees and, more evolved for managers, based on the principles of digital leadership capable of creating a climate of trust and empowerment.

### SCOPE OF ACTION 3: Organisational inclusion and well-being

**Identifying and improving the organisational well-being of the entire Company population**

Designing and developing a training course related to organisational well-being, also aimed at mitigating any effects of work-related stress (Legislative Decree 81/01), addressed to a significant sample of Acea SpA employees, equal to about 10% of the Acea SpA corporate population.  
Acea SpA - HUMAN RESOURCES (Safety at Work)

Designing the training course: Yes/No = **Yes**

No. trained employees/ total employees (Acea SpA target perimeter)

The training course related to professional and individual well-being was designed to mitigate the effects of the work-related stress assessment and in response to the need to maintain and reinforce levels of satisfaction and well-being put at risk by the emotional, physical and psychological overload caused by the Covid-19 emergency situation.

Involve the entire Company population in at least 2 information initiatives, also envisaging periodic follow-ups (surveys) and/ or prevention campaigns aimed at promoting primary and secondary prevention, correct lifestyles and psychophysical wellbeing.  
Acea SpA - HUMAN RESOURCES (Labour-Management, labour regulations and welfare)

No. information actions with periodic follow-up (surveys) and/ or prevention campaigns carried out/no. information actions and/ or prevention campaigns to be carried out = **7/2**

No. of participating employees /total Company population = **4,031<sup>(\*)</sup>/6,374**

<sup>(\*)</sup> the figure indicates participants and includes employees who took part in several initiatives

A number of initiatives were carried out, including dermatological, endocrinological and breast screenings, attended by around 400 employees; the programme to promote healthy lifestyles and eating habits, which involved the same number of staff numbers; and collective and individual psychological support. In addition, a survey was launched on the organisational measures taken regarding smart working and corporate welfare initiatives to which approximately 2,800 employees responded.

(continued) <b>Identifying and improving the organisational well-being of the entire Company population</b>	Improving welfare services in the area of health care and supplementary pensions and developing at least 2 information campaigns per year aimed at 100% of employees to increase awareness of the services offered by the Company. Acea SpA - HUMAN RESOURCES (Labour-Management, labour regulations and welfare)	No. of information campaigns carried out/no. of information campaigns to be carried out = <b>2/2</b>  No. of employees participating in welfare services/Company population = <b>889</b> <sup>(*)</sup> <b>6,374</b> <b>(*) the figure indicates participants and includes employees who took part in several initiatives</b>	Two information campaigns were carried out, one on the importance of supplementary pensions as part of the welfare plan, and the other on the telemedicine and medical check-up services offered by Acea's CRA.
	Improving work-life balance for parents and care givers by promoting 3 initiatives per year to support employees with children and elderly parents. Acea SpA - HUMAN RESOURCES (Labour-Management, labour regulations and welfare)	No. of initiatives launched/total initiatives to be launched = <b>2/3</b>	The initiatives "My Family Club Acea" and "Back to School", interdisciplinary workshops with numerous activities of high educational value for children, were activated.
<b>Enhancing diversity and promoting inclusion</b>	Inform 100% of employees about 2 initiatives/year aimed at raising awareness of diversity and inclusion issues. ACEA SpA - HUMAN RESOURCES (HR Development and Organisation)	No. of informed employees/no. of informed employees = <b>6,374/6,374</b>  No. of initiatives launched/total initiatives to be launched = <b>2/1</b>	Acea supported the Marisa Bellisario Foundation Award, which awarded the Mela D'Oro award to a computer engineering graduate, and participated in the Utilitalia Pact "La Diversità fa la Differenza", which establishes the principles of Diversity Management, including gender, age, culture and ability diversity. The initiatives were communicated via social media and the website.
	Designing and developing a training action consisting of in-depth studies on specific diversity-related topics, which will involve about 80 resources in the start-up phase. The aim of the project is to share knowledge aimed at the cultural growth of resources. ACEA SpA - HUMAN RESOURCES (Safety at Work)	Training action planning: Yes/no  No. of employees involved training project/no. of employees to be involved (target perimeter)	No action during the year.
	Ensure supervision of the process of integration and reintegration of sensitive resources with congenital and acquired disabilities in the Company. ACEA SpA - HUMAN RESOURCES (Safety at Work)	Cases handled by the disability unit: Yes/No = <b>Yes</b>	During the year, oversight was in place for the protection and enhancement of sensitive resources.



### MACRO-OBJECTIVE NO. 3

#### Qualifying presence in the regions and protecting the environment

OPERATIONAL OBJECTIVES	TARGET FOR 2024 FUNCTIONS/OWNER COMPANIES OF THE PROCESS	KEY PERFORMANCE INDICATORS	2020 ACTIONS
<b>SCOPE OF ACTION 1: Reducing the environmental impact</b>			
<b>Planning and implementing actions aimed at fighting climate change (mitigation and adaptation)</b>	Acquisition/construction of photovoltaic plants for a total of 747 MW of installed power with consequent expected reduction of the emission intensity index of plants managed by Acea Produzione up to 40 g CO <sub>2</sub> /kWh (-55% compared to 89 g CO <sub>2</sub> /kWh in 2019). ACEA PRODUZIONE	MW installed/MW to be installed = <b>52 MW</b>  gCO <sub>2</sub> /kWh produced (and percentage reduction compared to 2019) = <b>88 gCO<sub>2</sub>/kWh (- 1%)</b>	Purchased 16 MW of photovoltaic plants, reaching 52 MW of installed power, which allowed for a slightly lower emission intensity index of Acea Produzione and savings of around 40,000 tonnes of CO <sub>2</sub> .
	Reducing energy (electricity and gas) consumption of the Company headquarters and other offices through energy efficiency measures with expected savings of over 900 MWh (232 MWh for the headquarters and 700 MWh for the Data Center) compared to pre-construction consumption (equal to 3,320 MWh/y for the headquarters and 4,115 MWh/y for the Data Center) and, for the Company headquarters, savings of 13,800 Sm <sup>3</sup> compared to pre-construction consumption (equal to 118,500 Sm <sup>3</sup> /y). ACEA SpA (Energy Manager)	MWh pre-construction – MWh post-construction = <b>7,435 – 6,365 = 1,069 MWh/y saved</b> <sup>(*)</sup>  Sm <sup>3</sup> pre-construction – Sm <sup>3</sup> post-construction = <b>118,500 – 118,358 = 142 Sm<sup>3</sup>/y saved</b> <b>(*) the results are strongly influenced by the emergency</b>	Completed reconstruction of the balcony air-conditioning system of the Company headquarters and the replacement of lighting systems with LED technology for part of said headquarters. Carried out modification and compartmentalisation of the air-conditioning system of the CEDET (Data Center) offices. The works scheduled for the reduction of methane consumption are postponed due to the health emergency.

(continued) Planning and implementing actions aimed at fighting climate change (mitigation and adaptation)	Implementing energy leakage reduction interventions on the grid (voltage change, low-leakage transformers, etc.) and other efficiency enhancement interventions that will enable achieving around 18,000 MWh energy savings, around 6,500 tonnes of reduction of CO <sub>2</sub> emissions and saving around 3,400 TOE over the course of the Plan. ARETI	MWh saved/MWh net distributed = <b>1,150 MWh saved/9,070,470 MWh net distributed <sup>(*)</sup></b> t of CO <sub>2</sub> not emitted = <b>414 <sup>(*)</sup></b> TOE saved = <b>215</b>  <b><sup>(*)</sup> estimated figures</b> <b><sup>(*)</sup> calculation made with the 2019 location-based conversion factor, the same one used to define the target</b>	The main energy efficiency measures carried out in 2020 concerned the installation of 277 transformers with very low leaks and the upgrading of approximately 57 km of the grid from 8.4 to 20 kV.
	Reduction by around 200 tonnes of CO <sub>2</sub> emissions through vehicle fleet renewal with the introduction of electric cars. ARETI	t of CO <sub>2</sub> not emitted = <b>5.2 <sup>(*)</sup></b> <b><sup>(*)</sup> value net of energy consumed, calculated with the 2019 location-based conversion factor, the same one used to define the target</b>	Built electric charging infrastructure at 4 operating offices to power 100 vehicles purchased in the year; of these, 20 were placed into circulation and assigned to 24h operating personnel.
	Increasing the resilience of the electrical system through maintenance/network development projects with a consequent reduction of the intervention risk index (IRI) by 40% and the involvement of approximately 2,600 secondary substations by 2022. ARETI	No. of substations involved in the interventions = <b>635</b>  Change in the annual percentage of the IRI (post-intervention value/pre-intervention value) = <b>25%</b>	Completed 52 interventions to improve the resilience of the grid on 7 lines due to the critical factor flooding and 45 lines due to the critical factor heat waves, for a total of 635 substations involved. The interventions led to a 25% reduction in the Risk Index.
	Developing biogas cogeneration (14,600 MWh of energy generated from biogas/year) in 3 compost plants, with consequent increase in green energy produced, and converting the Aprilia plant for the production of biomethane. ACEA AMBIENTE	MWh/year from renewable sources of biogas = <b>26,912 MWh</b>  Conversion of Aprilia Plant: Yes/No = <b>No</b>	The Orvieto, Monterotondo Marittimo and Aprilia plants, the latter currently being tested, have produced a total of around 27 GWh of electricity from biogas. The feasibility study was initiated at the Aprilia plant for the upgrading intended for biomethane production.
	Increasing the resilience of the aqueduct system serving Rome and the Metropolitan City through new strategic works on the Marcio and Peschiera Aqueducts: achievement of 28% progress of the works on the Peschiera Aqueduct and completion (100%) of the authorisation phase for the works on the Marcio Aqueduct. ACEA ATO 2	% of progress of Peschiera Aqueduct construction work = <b>0%</b>  % of progress of Marcio Aqueduct design/authorisation phase = <b>20%</b>	For the new upper section of Peschiera, the Final Project was completed and the opinion of the authority responsible for overseeing public works was obtained; the preliminary VIA (Environmental Impact Assessment) request is being prepared for submission to the Ministry for the Environment, Land and Sea Protection. The Technical-Economic Feasibility Project was completed for the project on the new Marcio Aqueduct; the Final Project will be developed in 2021.
	Designing and constructing 11 strategic works in order to increase the water supply safety and the resilience of the aqueduct system serving OTA 2 Central Lazio and the surrounding OTAs. ACEA ATO 2	No. of works initiated	As scheduled, the design process of 6 of the 11 strategic works has been initiated.
	Developing a quality-quantity assessment programme for at least 60% of the sewerage system serving the City of Rome to orient actions and mitigate the effects of parasitic water/rainwater and improving the resilience of systems to exceptional weather events. ACEA ATO 2	km verified sewerage system/km total managed sewerage system = <b>271/2,646, equal to approximately 10%</b>	Completed surveys for launch of the flow and rainfall monitoring system, intended to study parasitic waters and calibrate the mathematical model, for the networks related to the purification plant in Rome South. Initiated surveys at the purification plant in Rome North and the updating of the mathematical model in Rome East.

(continued)  
**Planning and  
implementing  
actions aimed at  
fighting climate  
change (mitigation  
and adaptation)**

Defining an annual water supply plan to cover 10 Municipalities (equal to 48% of inhabitants served) which includes climate and regional development predictions in order to identify needs more quickly and improve the service: maximum difference between the volume actually supplied and the volume predicted by the model less than 30%. AdF	No. of Municipalities covered by the water supply plan  % of inhabitants served covered by the water supply plan/inhabitants served  Water supplied in the Municipalities within the scope of the Plan (Mm <sup>3</sup> )/ requirements identified thanks to the prediction models (Mm <sup>3</sup> )	An internal working group was formally established during the year to create the prediction model for the water supply plan.
Contributing to the decarbonisation of the energy system through upgrades to the anaerobic digestion sections of the treatment plants in Rome North and Rome East, necessary for the transformation of the biogas produced on site into biomethane for subsequent feeding into the gas network of 1 MSm <sup>3</sup> of biomethane. ACEA ATO 2	% of progress of upgrading works in Rome North and Rome East = <b>35%</b>  Sm <sup>3</sup> of biomethane fed into the network	Authorisation processes and the executive design for the construction of the plants are undergoing completion; preparation initiated of the works for the interconnection of the biomethane produced with the local gas network.
Increasing efficiency of the Company's electricity consumption through the completion of management and structural interventions in the integrated water service plants, with expected increased energy efficiency equal to 12 GWh, 5% of which certified by Energy Efficiency Certificates (white certificates). ACEA ATO 2	% of target achieved = <b>15%, equal to around 1.9 GWh</b>  GWh certified EEC/GWh total greater efficiency	Completed 2 optimisation interventions with resulting greater energy efficiency (fine bubble diffusers at the purification plant in Crocetta and inverters on the pumps at the Torrenova water centre). Other energy savings were achieved by the recovery of water losses and the decommissioning of some treatment plants. Filed a request with the GSE – Gestore dei Servizi Energetici to obtain White Certificates relating to the efficiency improvement intervention at the Casilino water centre (Municipality of Rome), which will begin in 2021.
Overall 2% reduction in total electricity consumption by Acea Ato 5 (2019 figure: 77,707 MWh) through greater efficiency of 10 plants related to the water network and 1 to the water treatment network. ACEA ATO 5	kWh saved in reporting year/2019 consumption = <b>- approximately 156,000 /77,707,000, equal to -0.2%</b>	Efficiency improvement works were carried out such as the installation of inverters and the revamping of the pumps at 3 well fields (Palambara, Cassino, Posta Fibreno and Mola dei Frati).
Increasing customer awareness of the sustainability of electricity consumption through specific initiatives aimed at promoting and increasing the purchase of "green" energy. ACEA ENERGIA	Awareness-raising activities: Yes/No = <b>No</b>  MWh of green energy sold to customers on the free market (reporting year) > MWh of green energy sold to customers on the free market (previous year) = <b>1,363,000 &gt; 1,133,000 with a 20% increase<sup>(*)</sup></b>  <sup>(*)</sup> the 2019 figure was adjusted following data consolidation; the 2020 figure is estimated	Specific campaigns targeting domestic customers and SMEs to encourage the purchase of green energy have not yet been launched. The Acea Viva offer, which provides G.O. "green" energy, continues to have success, leading to an increase in green electricity sold to end customers.
Reducing the consumption of primary energy sources by business customers through the manufacture of combined electrical and thermal energy production plants for a total electrical power of 6 MW and expected savings of approximately 1,500 TOE/year. ECOGENA	MW installed  TOE saved	The purchase of plants was initiated for overall power of 6 MW.

(continued) Planning and implementing actions aimed at fighting climate change (mitigation and adaptation)	Maintaining full use of “green” energy to meet the internal electricity needs of the main Group Companies, equal to around 400,000 MWh/year and over 140,000 tonnes of CO <sub>2</sub> /year avoided. ACEA ENERGY and ACEA ENERGY MANAGEMENT	MWh (internal consumption) supplied with green energy = <b>424,760 MWh</b> (*) tCO <sub>2</sub> avoided = <b>152,914</b> (*) (*) (*) <b>estimated figures</b> (*) <b>the calculation was made with the 2019 location-based conversion factor, the same one used to define the target</b>	For their consumption, the main Companies of the Group procured G.O. “green” energy for a total of around 425 GWh (equivalent to around 153 thousand tonnes of CO <sub>2</sub> avoided).
	Carrying out energy efficiency interventions at the “Saltator” water pumping station (the second most energy-intensive plant of the water segment of AdF) with the aim of reducing the specific consumption of electricity by 30% compared to pre-construction consumption (equal to 1.92 kWh/m <sup>3</sup> in 2019). AdF	Consumption of kWh/m <sup>3</sup> in reporting year/ consumption of kWh/m <sup>3</sup> pre-construction	Carried out activities in preparation for initiating works.
	Design of a quali-quantitative monitoring network of the main local aquifers, hydrogeological analysis, measurements and physical modelling of them and installation of 5 flow gauges, aimed at sustainable resource management and improved prediction of deficits due to climatic variations. GORI	% of progress of network design = <b>100%</b> % of progress of aquifer hydrogeological analysis, measurements and physical modelling = <b>10%</b> No. of flow gauges installed/no. of flow gauges to be installed = <b>3/5</b>	The monitoring network for the most important local aquifers was designed and the first 3 piezometers were installed to measure the water levels upstream and downstream of the collection infrastructure; the gauge readings will be used in the hydrogeological and modelling analyses, which will be carried out with the support of the Department of Earth Sciences, Environment and Resources of the Federico II University of Naples.
Promoting an efficient use of resources, thus facilitating circular economy	Reducing lost volumes of water by 27% compared to 2019 (2019 figure: 306 Mm <sup>3</sup> in lost volume) including through the installation of 2,500 pressure and flow gauges for remote monitoring of the water districts. ACEA ATO 2	% reduction in lost volume of water compared to the 2019 value = <b>4%, reaching 293 Mm<sup>3</sup> of lost volume</b> (*) No. of pressure and flow gauges installed = <b>320</b> (*) <b>estimated figures</b>	Carried out district planning for over 1,500 km of water distribution network, installed 320 flow and pressure gauges and reclaimed 136.2 km of water network. Also in order to reduce losses, actions to combat illicit use were implemented, which made it possible to administratively regularise 1,467 users with a recovery in volume supplied of over 290,000 m <sup>3</sup> in the year.
	Reducing lost volumes of water by 29.5% compared to 2019 (2019 figure: 92.8 Mm <sup>3</sup> in lost volume). ACEA ATO 5	% reduction in lost volume of water compared to the 2019 value = <b>12%, reaching 81.9 Mm<sup>3</sup> of lost volume</b> (*) (*) <b>estimated figures</b>	In order to reduce water losses, Acea Ato 5 intensified checks on the network and carried out district planning activities: 245 km of water infrastructure was inspected and at the end of 2020 the networks related to 26 municipalities were divided into districts.
	Reduction in lost volumes of water by around 26% compared to 2019 (2019 figure: 27.4 Mm <sup>3</sup> in lost volume) through district planning interventions and systematic water leak searches. AdF	% of reduction = <b>5%, reaching 26.0 Mm<sup>3</sup> in lost volume</b> (*) (*) <b>estimated figures</b>	In the year, interventions were carried out on over 280 km of network for the creation of new remotely controlled water districts (51 sites) and gauges were installed to identify water losses. Systematic leak searches also active through the inspection of around 2,800 km of network.
	Reducing lost volumes of water by 20% compared to 2019 (2019 figure: 10 Mm <sup>3</sup> in lost volume) GESESA	% reduction in lost volume of water	In 2020, activities continued on the district planning of the network, flow gauges were installed at the sources and specific interventions were carried out to reclaim the network, with no significant water loss reductions recorded yet.

(continued) <b>Promoting an efficient use of resources, thus facilitating circular economy</b>	Reducing lost volumes of water by 33% compared to 2019 (2019 figure: 101.0 Mm <sup>3</sup> volume lost) including by replacing 148 km of deteriorated pipelines. GORI	% reduction in lost volume of water = <b>5%, reaching 96.3 Mm<sup>3</sup> of lost volume</b>  km of pipelines replaced/ km of pipelines to be replaced = <b>49/148</b>	The leak search was conducted on around 1,600 km of network, 49 km was reclaimed, 92 district planning interventions were carried out and 41 measurement and pressure valves were installed.
	Construction of a cogeneration plant at the purification plant in San Giovanni di Grosseto for the production of electricity and thermal energy from biogas to cover internal consumption: around 2,080 MWh <sub>e</sub> of electricity and 346 kWh <sub>t</sub> of thermal energy produced per year for a total of 1,367 t CO <sub>2</sub> avoided in the year. AdF	Plant Construction: Yes/No  kWh <sub>e</sub> electricity produced and consumed on site  kWh <sub>t</sub> thermal energy produced and consumed on site  tCO <sub>2</sub> avoided	The design and authorisation phase for the construction of the plant was initiated in the year.
	Carrying out projects to recycle purified wastewater mainly for irrigation or for production processes up to 8 Mm <sup>3</sup> /year of reused wastewater. ACEA ATO 2	Mm <sup>3</sup> /year of reused wastewater	During the year, interventions were carried out for the construction, integration and modernisation of the industrial water line at 3 major treatment plants (Rome South, Rome North, Cobis) and the micro-filtration water treatment station was built for reuse in the treatment plant in Rome East.
	Manufacturing a treatment plant for the sand from the purification processes and from the sewage network cleaning, which will make it possible to recover up to 80% of the solid input material. ACEA ATO 2	Progress of work execution schedule/expected completion times  Recovered material/ incoming material	The design of the plant was initiated; progress is on schedule.
	Increasing the overall waste treatment capacity to around 2,900,000 tonnes (equivalent to around 120% more with respect to the 2019 data). ACEA AMBIENTE	overall t capacity in reporting year/overall t capacity expected by 2024 = <b>1,905,360/2,900,000, equal to 66%</b>  overall t of treated waste/ overall t of treated waste (2019 figure) = <b>1,449,110/1,145,526 <sup>(*)</sup>, equal to 27% more</b>  <b>(*) data from scope of consolidation, net of waste output</b>	Purchased 4 plants for material recovery and recycling and continued projects for the construction of new sites and the development of existing plants in order to increase treatment capacity.
<b>Taking initiatives to protect the territory and limit impacts on the natural environment</b>	Facilitating the circular economy process and strengthening the waste-to-material chain thanks to the recovery of raw and secondary materials from the waste input of dedicated plants. Target for 2024: 88% RSMs recovered. ACEA AMBIENTE	t RSMs recovered/t waste input = <b>156,620/184,182, equal to 85%</b>	The plants of the environment segment DEMAP, Ferrocarr, Cavallari and Multigreen made it possible to recover around 85% of the waste delivered (including paper and cardboard, plastic, glass, wood, iron and other scrap, aluminium, tyres).
	Raising customer awareness about the use of the digital channels, with the objective of reaching 60% of active users associated with MyAcea and increasing the adoption of web bills: around 400,000 users with digital billing (equal to around 60 t/year of paper saved). ACEA ATO 2	No. of utilities registered on MyAcea/total active utilities of Acea Ato 2 = <b>307,885/698,617, equal to 44%</b>  No. of active web bills = <b>230,049</b>  t paper saved per year = <b>29.6</b>	4 communications campaigns were launched, 2 of which dedicated to the dissemination of web billing and the #IORESTOACASA initiative, intended to inform customers about the possibility of managing contracts via the 24/7 digital channels.

(continued)  
Taking initiatives  
to protect the  
territory and  
limit impacts  
on the natural  
environment

Increasing the adoption of web bills, reaching around 50,000 users who have chosen the digital bill option (over 250% more compared to the 2019 data, equal to 14,218) with expected paper savings of around 9 t/year. ACEA ATO 5	No. of active web bills = <b>34,654</b> t paper saved per year = <b>4.2</b>	Campaigns were carried out to promote the digital services and the bill layout was redesigned to reduce the number of pages to be printed for users who have not opted for web billing.
Promoting the digitisation of processes and raising customer awareness about the use of the digital channels with the objective of increasing the number of users with web billing by 229% compared to 2019: around 368,000 digital bills (equal to around 11.04 t/year of paper saved) in relation to 92,000 users. AdF	No. of users with web billing/no. of users with active web billing in 2019 = <b>76,759/28,192, equal to 172% more</b> No. of users with active web billing = <b>76,759</b> t paper saved per year = <b>9.9</b>	In 2020, the communications campaign "AdF Digital" was launched, which invited customers to sign up for web bills. The result was also achieved thanks to the provisions of the ARERA 60/2020 resolution which allowed service operators to send bills electronically.
Increasing the number of web bills to 25% of total users (57,142 total users in 2019), for around 3 t of paper saved. GESESA	No. of active web bills = <b>7,690, equal to 13% of users</b> t paper saved per year = <b>0.5</b>	During the year, the switch to web billing was encouraged through an email communications campaign.
Increasing the use of web bills: around 150,000 users with digital billing (over 150% more than the 2019 figure of 58,500 users) equal to around 21 t of paper saved per year. GORI	No. of active web bills = <b>114,649</b> t paper saved per year = <b>10.6</b>	The campaigns "Un click solidale" and "Un click per il Sarno" were carried out to increase the use of the digital services and web billing. The Company encouraged activation of the web bill service by combining it with donations to the intensive care unit at the Domenico Cotugno hospital in Naples and the environmental association Marevivo Onlus for the preservation of the Sarno river.
Increasing the use of web bills: 400,000 users with the digital bill option (equivalent to around 60 t of paper saved/year). ACEA ENERGIA	No. of active supplies with web bill option = <b>344,946 (184,726 ML and 160,220 MST)</b> t paper saved per year = <b>50.7</b>	Acea Energia carried out specific DEM (Direct Email Marketing) campaigns every two months to encourage customers to switch to web billing and promoted a payment for those who signed up to the initiative.
Increasing the digitisation of processes, specifically in sales relations on the free market: 80% of contracts digitised, equal to 14 t/year of paper saved. ACEA ENERGIA	% of digitised contracts = <b>43%</b> t paper saved = <b>9.7</b>	The percentage of digitised contracts increased to 43% (it was 40% in 2019), making it possible to save around 10 tonnes of paper.
Removing 200 pylons by modernisation of the electrical supply system as well as high voltage transmission. ARETI	No. of pylons removed/no. of pylons to be removed = <b>22/200</b>	Demolished 22 high-voltage supports, 12 on the Flaminia-Smistamento Est line and another 10 on the Collatina-Tiburtino O.
Increasing purification efficiency by 6.2% in terms of reduction of BOD <sub>5</sub> on 7 treatment plants being upgraded (purification efficiency of the BOD <sub>5</sub> in 2019 equal to 86.7%). ACEA ATO 5	$\frac{[(BOD_{5in} - BOD_{5out})_{reporting\ year} - (BOD_{5in} - BOD_{5out})_{reporting\ year - 1}] * 100}{[(300 - 37)/300 - (300 - 40)/300] * 100} = 0.95\%$	Concluded the works on the Pofi purification plant in the Frosinone area.

(continued) <b>Taking initiatives to protect the territory and limit impacts on the natural environment</b>	Increasing purification efficiency by 4% with respect to the 2019 figure (year of acquisition of treatment plants > 100,000 inhabitants equivalent treated) in terms of reducing SST of all plants managed (equal to 85% in 2019). GORI	(SST <sub>in</sub> – SST <sub>out</sub> /SST <sub>in</sub> ) *100	2020 extraordinary maintenance saw a major slowdown caused by the health emergency, meaning that there were no improvements in purification efficiency.
	Reducing waste from the thermal renewal processes (Terni and San Vittore del Lazio plants) by building an ash treatment and recovery plant for 100% of the ash produced. ACEA AMBIENTE	Plant construction: Yes/ No = <b>No</b>  t of ash recovered/t of ash produced	The documentation required to submit a request for an ash recovery and treatment experimental pilot plant was prepared.
	Reducing the annual amount of dehydrated/dried sludge leaving the treatment plants managed by Acea Ato 2 by 45% (compared to 2019 volumes equal to 70,505 tonnes) by means of actions aimed at improving the efficiency and industrialisation/innovation of sludge lines. ACEA ATO 2	% reduction	Launched works for the new dehydration chamber for sludge at the treatment plant in Rome South. For the Ostia treatment plant, where testing was completed during the year of the mobile dryer, installation of a fixed thermal dryer is under way, while the new ozonolysis station was launched; the amount of dehydrated/dried sludge is expected to decrease as of 2021.
	Design and installation, following a feasibility study, of a sludge dryer at a treatment plant, in order to reduce the amount of dehydrated/dried sludge produced by the treatment plants managed by Acea Ato 5 by 75% (compared to 2019 volumes, equal to 11,352 tonnes). ACEA ATO 5	Design progress (0-100%) = <b>30%</b>  Construction progress (0-100%)  % reduction	The design phase of the dryer is ongoing.
	Reduction of the annual amount of sludge disposed of by the treatment plants managed by AdF by 40% (compared to 2019 volumes, equal to 8,975 tonnes) through the construction of the sludge centralisation plant in Grosseto San Giovanni. AdF	Plant construction: Yes/No = <b>No</b>  % reduction	Completed the demolition and disposal of the existing digesters at the San Giovanni purification plant and initiated works on the new sludge reception/delivery section and the hydrolysis treatment plant.
	240 t reduction of non-dehydrated sludge, equal to 35% of the volumes recorded in 2019 (700 t), thanks to the use of centrifuges for sludge dehydration. GESESA	% reduction of non-dehydrated sludge = <b>-15%</b>	A centrifuge was installed for sludge dehydration at the Ponte delle Tavole treatment plant in the Municipality of Benevento.
<b>Enhancing certified environmental and energy management systems</b>	Obtaining and maintaining ISO 14001 certification for Companies with an environmental impact in the scope of the NFD (2019). Obtaining and maintaining ISO 50001 certification for energy-intensive Companies (>10,000 TOE equivalent) in the scope of the NFD (2019). ACEA SpA - RISK & COMPLIANCE (Certification integrated systems)	ISO 14001 certified companies/Companies in scope = <b>11/12</b>  ISO 50001 certified companies/energy Companies in scope = <b>7/7</b>	The previously certified Companies passed checks to maintain the existing certification systems and for the transition to the most recent edition of the energy management system. Acea Energia and Ecogena obtained certification for the first time, for the environmental management system and energy management system respectively.

## SCOPE OF ACTION 2: Encouraging sustainability along the supply chain

Implementing sustainability logics in procurement procedures	Achievement of an average of 26 points (20 points for Acea Ato 5) of technical scores referring to green/sustainable criteria (i.e. certifications, high efficiency engines, reuse/ recycling/ recovery of materials used, plastic reduction, eco-friendly product design, eco-friendly packaging, etc.) in tenders carried out with the most competitive bid for the procurement of supplies and services. ACEA ATO 2; ACEA ATO 5; ARETI	Sum of green/sustainable score awarded* tender starting amount/total tender amount for calls carried out with the most competitive bid for the supply of supplies and services = <b>Acea Ato 2: 22; Areti: 21; Acea Ato 5: 28</b>	During the year, green/sustainable criteria were included in the tenders published with the most competitive bid. For example, the criteria concern the possession of environmental certifications, the use of eco-friendly vehicles and energy efficiency requirements.
	Guaranteeing self-assessment in terms of quality, environment, safety, energy and social responsibility (QESER), where relevant, for 100% of the suppliers registered in the Qualification Systems relating to the Single Regulations for Goods and Services and Works. ACEA SpA - PROCUREMENT AND LOGISTICS	No. of suppliers with QESER self-assessment/ total suppliers qualified by Qualification Systems related to the Single Regulations for Goods and Services and Works = <b>363/363</b>	100% of the suppliers that joined Qualification Systems related to the Single Regulations for Goods and Services and Works in the year, equal to 83% of the total suppliers qualified in the year, completed a self-assessment questionnaire on quality, environment, safety, energy and social responsibility (QESER).
	Dissemination of good practice in terms of green purchases through the inclusion of environmental sustainability criteria in the Technical Specifications approved by the A&L Department and used for the purchase of materials by the centrally managed Group companies. ACEA SpA - PROCUREMENT AND LOGISTICS	No. of technical specifications approved with sustainability criteria/no. of Technical Specifications approved = <b>21/22</b>	Approved 22 Technical Specifications for materials regarding Group Company procurement; 21 of these included sustainable criteria (for example recycling, reuse and the reparability index).
	Implementing the Vendor Rating model on the Group's new tender portal which will involve around 1,000 suppliers over the course of the Plan, integrating it with the Sustainability aspect; a portion of the suppliers will also be assessed and monitored on environmental performance (Ecovadis project). ACEA SpA - PROCUREMENT AND LOGISTICS	Vendor Rating model implementation: Yes/No = <b>No</b>  No. of suppliers assessed by vendor rating/no. of suppliers in target scope  No. of suppliers involved in the Ecovadis project/ no. of suppliers assessed by Vendor Rating	The Acea Group's new procurement portal was implemented, which allows for the integrated management of tenders, database and supplier qualification, prior to the Vendor Rating.
	Application of rewarding criteria of sustainability (health and safety, energy and environment, where applicable) in 80% of the calls for tenders and contracts for Works, Goods and Services, assigned with the most competitive bid. ACEA SpA - PROCUREMENT AND LOGISTICS	No. of calls for tenders and contracts with rewarding criteria of sustainability/no. of calls for tenders awarded with the most competitive bid = <b>57/102, equal to 56%</b>	56% of the tenders carried out with the most competitive bid were awarded via rewarding criteria of sustainability, such as additional training on staff safety, the use of low emissions vehicles and the sustainability of materials used.

### SCOPE OF ACTION 3: Contributing to the well-being of the community

Promoting activities with positive impact on the collectivity and on the territories where the Company works	Consolidation and improvement of relations with the local community through the creation of a museum dedicated to Acea and the organisation of at least 5 cultural events/communications initiatives related to the core business, which also envisage the development of industrial sites and facilities of the Group's companies. Acea SpA - COMMUNICATION (Historical Archive, Communication Planning & Portfolio Management, Event Management)	Acea Museum Construction: Yes/No = <b>No</b>	Museum construction activities were planned (including surveys, compilation of metadata and the digitisation of the historical library material). 3 visits were carried out to the plants, for a total of 54 visitors, before closure due to the health emergency. In July, it was possible to hold an inauguration event for the redevelopment of the Peschiera site and the start-up of the new multi-functional room built inside the Mausoleo ai Caduti.
		No. of events held = <b>5</b>  No. of industrial sites/plants developed = <b>5</b>	

### SCOPE OF ACTION 4: Consolidating relations with the territory

Contributing to create awareness on social and environmental matters	Support or management of at least 10 awareness initiatives per year and promotion of socially useful campaigns (prevention of cancer, women's rights, promoting diversity) or of socio-environmental importance (including the promotion of sport). ACEA SpA - SPONSORSHIP AND VALUE LIBERALITY	No. of initiatives supported and/or managed = <b>14/10</b>	The many sponsorships include but are not limited to welfare contributions related to the Covid-19 emergency to support situations of social hardship, such as purchases of health equipment, PPE and food, participation (technical sponsorships) in the International Day for the Elimination of Violence against Women and World Children's Day and support for the Gay Center anti-violence Helpline. It should be noted that public events were suspended due to the emergency. The technical sponsorships also included projections of the Italian flag onto government buildings between March and October.
	Planning and implementing awareness campaigns aimed at compulsory school age students present in the territory where the Companies of the Group work, as concerns responsible use of natural resources (at least 10,000 students per year). ACEA SpA - COMMUNICATION (Event Management)	No. of students involved per year/no. of students to be involved = <b>around 4,000</b>	The Acea School 2020 edition, centred around the preservation of the water resource, was carried out entirely online in three virtual events, which could be attended from across the country; the educational presentation was then made available to schools in Rome and the Metropolitan Area.
	Creating at least 1 campaign per year or awareness initiatives addressing saving water, energy and environmental protection targeting the collectivity. ACEA SpA - COMMUNICATION (Communication Planning & Portfolio Management) and Group companies	No. of campaigns or initiatives carried out during the year = <b>1</b>	"Preserviamo il Futuro" [Let's save the future], a campaign dedicated to saving water, was published on the radio, in the press, on posters and on the web.

**Facilitating the engagement of stakeholders in Company projects with the aim of creating shared values**

Undertaking the “Acea Group Stakeholder Engagement Project” (stakeholder mapping, methods and operating tools) intended to improve the integration of stakeholder engagement into business processes and activities and to disseminate the stakeholder engagement culture by organising at least 1 initiative per year, including in support of stakeholder engagement of the companies/areas.  
ACEA SpA - LEGAL, CORPORATE AFFAIRS AND CORPORATE SERVICES (Relations with the stakeholders in partnership with the main operating companies)

Group stakeholder mapping status (0/100%) = **80**  
Method and tool definition (0/100%) = **90**  
No. of stakeholder engagement initiatives carried out during the year = **3**

In the year, activities continued to disseminate theoretical knowledge to the Acea Group’s inter-functional and inter-Company Working Group, established in 2019, applied through the creation of operating tools (toolboxes), for stakeholder identification, mapping and engagement; the Gori stakeholder engagement pilot project was carried out and the Acea Ambiente Stakeholder Register was finalised in relation to the San Vittore del Lazio and Aprilia plants. Furthermore, the Acea Group’s Stakeholder Engagement Policy and the Group Procedure on Stakeholder Engagement were prepared. The section dedicated to stakeholder engagement on the Group’s Intranet was also designed.

Implementation of the project dedicated to the creation of a “Water Museum”.  
ACEA SpA - SPONSORSHIP AND VALUE LIBERALITY

“Water Museum” Construction: Yes/No = **No**

The museum is currently being designed.

Completion of at least 3 projects per year for the redevelopment and upgrading of urban areas, metropolitan areas and territories where the Group works through public and artistic lighting.  
ACEA SpA - SPONSORSHIP AND VALUE LIBERALITY in partnership with Areti and other Group Companies

No. of initiatives carried out during the year = **at least 4**

The Garbatella district was redeveloped as part of its Centenary, as was Piazza San Basilio, both located in Rome. Other areas of the city were also enhanced through numerous artistic lighting projects.



## MACRO-OBJECTIVE NO.4

### Promoting health and safety along the value chain

OPERATIONAL OBJECTIVES	TARGET FOR 2024 FUNCTIONS/OWNER COMPANIES OF THE PROCESS	KEY PERFORMANCE INDICATORS	2020 ACTIONS
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#### SCOPE OF ACTION 1: Health and safety at workplace for Group workers

**Promoting a culture of health and safety at workplace**

Consolidating the downward trend in the Group’s accident indices (SI, FI).  
Acea SpA - HUMAN RESOURCES (Safety at Work)

SI, FI in reporting year ≤ reporting year -1 = **SI: 0.19; FI: 4.84 ≤ SI: 0.30; FI: 9.74**

The year’s good performance is a consequence of the Company’s rapid and effective organisational response in terms of workplace safety management.

Carrying out at least one health and safety awareness campaign each year involving 100% of Group employees (NFD scope of operating companies).  
Acea SpA - HUMAN RESOURCES (Safety at Work) in partnership with COMMUNICATION (Media Relations and Internal Communications)

No. of employees involved/ no. of employees to be involved

Due to the pandemic, health and safety campaigns were postponed. Numerous initiatives related to Covid-19 risks were carried out, including e-learning training with educational videos and tutorials.

(continued) <b>Promoting a culture of health and safety at workplace</b>	Obtaining and maintaining ISO 45001 certifications for the Companies in the NFD scope (2019) and, for Acea SpA, obtaining the Biosafety Trust Certification, while assessing the possibility to extend it to the operating companies. ACEA SpA - RISK & COMPLIANCE (Certification integrated systems)	Certified companies/ Companies in scope = <b>12/12</b>  Obtaining Biosafety Trust Certification (Acea SpA): Yes/No = <b>Yes</b>	The previously certified Companies passed checks to maintain the existing certification systems and for the transition from the OHSAS 18001:2007 certified management system to the ISO 45001:2018 standard. The Parent Company Acea SpA obtained the Biosafety Trust Certification.
	Involving 100% of Acea SpA employees in the "Vademecum" project intended to explore issues of health, safety and well-being, and raise awareness about the correct use of PPE for protection against infection from Covid-19, training and information about infection risks in line with the objectives of the Biosafety certification (2020). Acea SpA - HUMAN RESOURCES (Safety at Work)	Employees trained in risks from biological agents/total employees (Acea SpA target scope) = <b>personnel involved: 700/700 (100%); personnel trained: 687/700 (98%)</b>	The "New Coronavirus Vademecum – Safety Aspects" project was carried out, through which employees were trained in issues of health, safety, including risks related to the SARS-CoV-2 biological risk, and well-being; PPE awareness-raising activities were carried out in order to counter Covid-19 infection, with training and information pursuant to Legislative Decree 81/08.
<b>SCOPE OF ACTION 2: Health and safety at workplace for contractors and subcontractors</b>			
<b>Creating awareness among contractors on health and safety at workplace</b>	Creating awareness among contractors on health and safety, implementing a programme of supplier checks (24 per year) and carrying out engagement initiatives (video tutorials on safety best practice). ACEA ATO 5	No. of checks carried out/ no. of checks to be carried out = <b>9/24</b>  Engagement initiatives: Yes/No = <b>No</b>	Considering the health emergency, Acea Ato 5 carried out 9 checks on contractors, in addition to the activities carried out by the Acea Elabori Site Safety Unit, intended to confirm compliance with the prevention and protection measures. On those occasions, awareness was also created around more general aspects of occupational health and safety.
	30% increase in the number of inspections (12,481 in 2019) intended to check the application of safety standards and procedures on the contracts assigned to the control of the Procurement Safety Unit and creating awareness among suppliers on the culture of safety. ACEA ELABORI	No. of safety inspections/ no. of safety inspections in 2019 = <b>14,904/12,481 (+19%)</b>	Acea Elabori carried out 14,904 safety inspections with an increase of 19% compared to 2019.
	Defining and implementing a Supplier Engagement Plan (at least 5 initiatives over the 2020-2024 Plan), in synergy with the Group companies, on health and safety issues also by producing more detailed reporting on the injury prevention performance of contractors. Acea SpA - HUMAN RESOURCES (Safety at Work)	Engagement Plan definition: Yes/No = <b>Yes</b>  No. of initiatives launched/ no. of initiatives to be launched = <b>1/5</b>  No. of reports received/no. of contractors involved	Initiated a project intended to involve the contractors operating on behalf of the Acea Group in the systematic process of periodic reporting on accidents and all safety performance indicators, including any news regarding occupational diseases. In June, Acea SpA presented a preview of the project to representatives from all contractors of the holding at a dedicated safety event.
	Up to 70% increase in the percentage of contracts inspected for daily safety checks out of the total contracts that could be inspected by the Procurement Safety Unit (45% in 2019). ACEA ELABORI	Average contracts inspected/average contracts that could be inspected = <b>61/119, equal to 51%</b>	61 of 119 contracts were inspected, with an increase of 6 percentage points compared to the 2019 figures.

### SCOPE OF ACTION 3: Health and safety of the communities with which the Group operates

Ensuring the health and safety of the customers of the reference territory for the various services provided	Drawing up risk prevention/mitigation plans according to the guidelines of the Water Safety Plan for 100% of the population served by the aqueduct systems managed by Acea Ato 2. ACEA ATO 2	Population served by the aqueduct systems with WSP/total population served by Acea Ato 2 (year 2019) = <b>2,320,000/3,704,931, equal to around 63%</b>	Completed and submitted the WSPs of 3 of the 11 major aqueduct systems of OTA 2 to the Ministry of Health.
	Drawing up risk prevention/mitigation plans according to the guidelines of the Water Safety Plan for 2 sources serving 15% of the population served. ACEA ATO 5	Population served by springs with WSP/ population served	Activities for the completion of the target have been planned.
	Developing and implementing the Water Safety Plan (WSP) model on 150 of the 265 Water Supply Zones (WSZs), covering 55% of the population served. AdF	WSZs with WSP model/ total WSZs  Population served by aqueduct systems with WSP/total population served by AdF	The results analysis, calibration and validation model and the working methods to be used in the preparation of the WSZs are being defined (clustering, prioritisation, computerisation of the process). A scientific partnership agreement was also launched with the Institute of Geoscience and Georesources (IGG) – National Research Council (CNR) of Pisa to support the development of the WSP.
	Drawing up risk prevention/mitigation Plans according to the guidelines of the Water Safety Plan for 100% of sources/ population served. GORI	Population served by springs with WSP/total population served	Preparatory activities were launched for drafting the WSP on the “Sarnese” spring system, with the creation of the multidisciplinary team and preparation of the operating instructions to be followed.
	Drawing up risk prevention/mitigation Plans according to the guidelines of the Water Safety Plan for sources that serve at least 55% of the total population. GESESA	Population served by springs with WSP/total population served	The preliminary phases of drafting the WSP were launched, which will be prepared in partnership with the University of Sannio.
	Reducing laboratory analysis response times by 25% (compared to 2019) through implementation of analytical screening and/or high automation (robotics and early warning) and/or high-tech techniques. ACEA ELABORI	% reduction (response time for the year under review/ response time in 2019) = <b>20% (16.2/20.2)</b>  No. techniques/survey systems introduced = <b>2</b>	Implemented an operating dashboard dedicated to monitoring the analysis response times and launched two robotics systems for measuring air particulate and determining the solids suspended in the wastewater.



### MACRO-OBJECTIVE NO. 5 Investing in innovation for sustainability

OPERATIONAL OBJECTIVES	TARGET FOR 2024 FUNCTIONS/OWNER COMPANIES OF THE PROCESS	KEY PERFORMANCE INDICATORS	2020 ACTIONS
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#### SCOPE OF ACTION 1: Organisational innovation

Promoting “smart” processes and working methods	Consolidating and incrementing the % of employees each year who work remotely and preparing at least one survey per year to monitor expectations and satisfaction in relation to the process. ACEA SpA - HUMAN RESOURCES (HR Development and Organisation)	% of employees working remotely in the reporting year > % of employees working remotely in the reporting year - 1 = <b>10% in the first year</b>  No. of surveys run = <b>2/1</b>	At the start of 2020, around 684 people were working remotely and in February two surveys were sent to remote workers and managers; afterwards, the pandemic led to around 3,700 employees working remotely.
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(continued)  
Promoting “smart”  
processes and  
working methods

Launching at least two co-working spaces per year.  
ACEA SpA - HUMAN RESOURCES (HR Development and Organisation in partnership with Facility Management)

No. of co-working spaces opened/no. of co-working spaces to be opened = **2/2**

Acea has created one co-working space at the Talent Garden in Ostiense, which allowed various Group colleagues to work in an agile manner outside of the ordinary office; a co-working space in the central headquarters is also being designed.

## SCOPE OF ACTION 2: Technological and process innovation

Promoting the  
resilience of the  
urban territory  
and innovation  
from a smart city  
perspective

Equipping 1,000 IP supports with video cameras, communication devices and/or environmental sensors (intermediate target at 2022).  
ARETI

No. of poles equipped with intelligent equipment

Actions were launched to achieve the target; specifically, the procedure was launched for a partnership for innovation and supplier identification (completed 2 of the 3 phases envisaged).

Optimising maintenance on IP infrastructure through the gradual application of Advanced Analytics systems, until 50% of interventions are covered by 2024.  
ARETI (Public Lighting)

No. of maintenance interventions carried out with the application of Advanced Analytics/total interventions = **16/11,324, equal to 0.14%**

Launched the trial to optimise maintenance using Advanced Analytics systems in a dedicated area of Rome.

Smart services applied to the organic fraction of waste: industrialisation and installation of 150 local composting systems for the transformation of organic fraction compost.  
ACEA INNOVATION

No. of structures installed/no. of structures to be installed

Actions for achieving the target have been planned.

Contributing to making urban sites more sustainable through the offer of services intended to reduce environmental impact:  
- insulation systems for thermal insulation (thermal cladding) and other energy efficiency services (100 apartment complexes);  
- residential photovoltaic and solar thermal systems (around 1,000 systems).  
ACEA INNOVATION

No. of apartment complexes involved in interventions/no. of apartment complexes envisaged

No. of photovoltaic and solar thermal systems installed/no. of systems to be installed

Actions for achieving the target have been planned.

Installation of at least 2,200 electrical columns to support electric mobility and other mobility services.  
ACEA INNOVATION

Columns installed/columns to be installed

Completed the approval process for the installation of over 100 electrical columns in the Municipality of Rome.

Providing visibility to collaborations with start-ups through the organisation of events/initiatives in synergy with universities, institutions, etc.  
ACEA SpA - COMMUNICATION (Event Management)

No. of events/initiatives held = **2**

Acea attended the digital edition of Maker Faire Rome – The European Edition 2020, presenting the Waidy and Smart Comp projects. In collaboration with the Elis consortium, Acea also took part in the Open Italy programme which puts innovative offers from start-ups, research centres and new talent in touch with the consortium companies.

In collaboration with start-ups, innovative SMEs, universities, research centres, hubs, business incubators and other innovation players, developing innovative projects linked to the Group's core and non-core businesses, for at least 100 innovative proposals/year analysed, 10 trials/year (PoCs) launched and 1 industrialised process/year.  
ACEA SpA - TECHNOLOGY & SOLUTIONS (Open Innovation)

No. of innovative ideas/proposals analysed = **500**  
Trials started (PoC) = **24**  
Projects industrialised = **4**

Numerous national and international partnerships and collaborations were established to activate start-up scouting deal flows and innovative solutions and the exploration and analysis of start-ups continued.

Implementing remote control systems and remote interventions	Installation of 400,000 smart meters. ACEA ATO 2	No. of smart meters installed/no. of smart meters to be installed = <b>30,000/400,000</b>	Installation of 30,000 smart meters with the proteus module, a transmitter that allows remote sending of counter data.
	Installation of 188,000 smart meters by 2024 which allow for remote readings, covering 80% of AdF users (equal to 231,690 in 2019). AdF	No. of smart meters installed/no. of smart meters to be installed = <b>82,626/188,000</b>  No. of users with smart meter/no. of users of AdF (in 2019) = <b>81,540/231,690, equal to 35.2%</b>	Completed the installation of user meters with radio module for remote readings in the municipalities of Siena, Colle di Val d'Elsa, Isola del Giglio, Castiglione della Pescaia, Radda in Chianti and Gaiole in Chianti and exceeded 50% replacement in the municipality of Grosseto.
	Replacing around 1,300,000 electronic meters with second generation (2G) devices, following a customer communications campaign about the electronic meter replacement plan. ARETI	No. of 2G meters installed/no. of 2G meters to be installed = <b>59,275/1,300,000</b>  Customers reached by the campaign ≥ customers whose meters were replaced = <b>119,570 ≥ 59,275</b>	Around 120,000 customers were informed of the upcoming installation of the 2G meter (by letter) and 59,275 first generation meters were replaced.
	Implementing broadband connectivity on an optical fibre network owned by the Company (or any other broadband connection) serving the operation of the power supply network covering all 70 Primary Substations (PSs) and 250 Secondary Substations (SSs). ARETI	No. of PSs with broadband connection/70 PSs = <b>14/70, equal to 20%</b>  No. of SSs with broadband connection/250 SSs = <b>7/250, equal to 3%</b>	In 2020, 14 primary substations (PSs) and 7 secondary substations (SSs) on the priority network were connected to broadband.
	Remotely controlling 100% of the IP plants (intermediate target at 2022). ARETI (Public Lighting)	No. of remote-controlled IP control panels/total IP control panels = <b>2,852/4,428, equal to 64%</b>	An additional 1,145 remote-control panels were activated for a total of 2,852 panels connected via TLC.
	Extending the current remote control system with the aim of reaching a total of 460 plants remotely (2019 figure: 278 plants connected via TLC). ACEA ATO 5	No. of plants controlled remotely/no. of plants to be controlled remotely = <b>322/460, equal to 70%</b>	44 remote control plants were installed.
	Remotely controlling at least 15% of LV lines of all MV/LV secondary transformer substations. ARETI	No. of remote-controlled MV/LV transformation SSs (low voltage side)/total MV/LV transformation SSs	Preparatory interventions were carried out for the activation of remote control on around 100 SSs.
Applying new technologies in leak detection and other operations	Remote control/measurement of 100% of the purification plants with capacity > 2000 PE (equal to 13 plants), 100% of the sewerage lifting plants (13 plants) and 100% of the aqueduct plants of the cities of Benevento and Telesse Terme (29 plants). GESESA	No. of purification plants > 2000 PE remotely controlled/no. of purification plants > 2000 PE total = <b>0/13</b>  No. of remotely controlled sewerage lifting plants/no. of total sewerage lifting plants = <b>2/13</b>  No. of remotely controlled aqueduct plants/no. of total aqueduct plants = <b>19/29</b>	Inserted remote-control sensors on 4 sewage plants and reprogrammed the TLC gauges of 21 aqueduct plants.
	Expanding the analytical survey spectrum on the matrices managed (waste, water, emissions) with reference to new contaminants reported by the scientific community and the regulator. ACEA ELABORI	No. of studies introduced = <b>2</b>	Introduced research on 2 analytical parameters (decabromodiphenyl ether, pentachlorophenol and its salts) envisaged in the Regulations EU 1021/2019 and EU 636/19 (POPs – hazardous substances).
	Implementing modelling methods, developing platforms and testing highly innovative techniques to support management and decision-making processes. ACEA ELABORI	No. of methods implemented = <b>1</b>  No. of techniques implemented  No. of platforms created = <b>1</b>	Constructed 2 “electronic nose” networks in the treatment plants in Rome North and Rome East to control odorogenic impact on the receptors; identified and tested a technology for the immediate measurement of volatile substances; created the PICO platform to encourage collective knowledge.

(continued)

**Applying new technologies in leak detection and other operations**

Application of new IoT technologies and advanced sensors with the installation of 300 sensors for the development of remote monitoring systems for water and sewerage networks.  
GORI

No. of sensors installed/  
no. of sensors to be installed = **95/300**

95 IoT peripheral devices were installed on the water and sewerage networks.

**SCOPE OF ACTION 3: Creating and promoting knowledge**

**Developing research projects in partnership with other competent organisations**

Developing the research hub (Campus Grottarossa) by reinforcing collaborations/framework agreements with the scientific community on research, technological innovation and environmental sustainability, promoting synergies with the academic and institutional world and start-ups in order to identify development opportunities and applications for the Group.  
ACEA ELABORI

No. of projects funded with Acea participation = **5**

No. of scientific partnerships established = **9**

No. of scientific publications or presentations at major conferences = **4**

Acea Elaborasi participated in 5 European calls on various issues including SARS-CoV-2 and the “zero pollution” objective of the European Green Deal. It became a member of the Norman Network and has signed agreements with bodies and Companies on environmental issues and automation. It has shared scientific contributions on the water resource, waste and technological innovation, participating in national fairs and conventions.

Promoting innovation with at least 4 initiatives per year, internal and external, intended to promote scouting, idea generation, entrepreneurship and the culture of innovation, involving at least 200 people from the Acea Group.

ACEA SpA - TECHNOLOGY & SOLUTIONS (Open Innovation)

No. of people involved = **174<sup>(\*)</sup>**

No. of initiatives carried out/no. initiatives to be carried out = **11**

<sup>(\*)</sup> the figure is lower than expected since the second edition of Acea Innovation Garage was postponed to 2021 due to the health emergency

6 idea generation workshops were organised with the involvement of 174 people as well as 5 MeetUps to promote the Innovation Community and Corporate Entrepreneurship, including the SDG Lab, focused on the Group's priority sustainable development goals.

# CORPORATE GOVERNANCE AND MANAGEMENT SYSTEMS

## CORPORATE GOVERNANCE AT ACEA

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

The Acea SpA Board of Directors **establishes the strategic guidelines of the Group** and is responsible for corporate governance. Three Committees are established within the Board with proposal and consultation responsibilities: the **Control and Risks Committee**, the **Appointments and Remuneration**

**Committee** and the **Ethics and Sustainability Committee**. There is also the **Committee for Related Party Transactions**, in implementation of Consob regulations and composed of Independent Directors, and the **Executive Committee**, set up in accordance with the Italian Civil Code (art. 2381) and the By-laws (art. 20, para. 1), composed of the Chairperson and Chief Executive Officer of Acea SpA and two Independent Directors, one of whom chairs it, with powers relating to institutional affairs, sponsorships and donations, to be managed within the budget established by the Board of Directors.

Lastly, the Board of Statutory Auditors performs supervisory duties, according to the traditional model in force.

CHART NO. 11 – ACTIVITIES OF THE CORPORATE GOVERNANCE COMMITTEES

COMMITTEE	COMPOSITION	TASKS
<b>CONTROL AND RISKS</b>	At least 3 independent Directors or, alternatively, non-executive Directors with an independent majority, from whom the Chairman is chosen  11 MEETINGS IN 2020	Issues a prior opinion to the Board of Directors regarding the <b>definition of the Guidelines for the Internal Control and Risk Management System</b> for the Group Companies, <b>including those relevant for medium-long term sustainability</b> , so that they are correctly identified, measured, managed and monitored. Supports the assessments and decisions of the BoD on these issues. Assists the Board of Directors, together with the competent Function and having consulted with the independent auditor and Board of Statutory Auditors, in assessing the <b>correct use of accounting standards adopted in order to draw up the consolidated non-financial Disclosure</b> as per Legislative Decree 254/2016. For the matters within its remit, monitors the <b>adequacy and effective implementation of the Code of Ethics</b> .
<b>APPOINTMENTS AND REMUNERATION</b>	At least 3 non-executive Directors with an independent majority, from whom the Chairman is chosen  11 MEETINGS IN 2020	Provides opinions to the Board of Directors regarding its composition: <b>size, adequacy of skills, compatibility of positions</b> . Proposes the remuneration policy for Directors and Executives to the Board of Directors, <b>promoting medium-long term sustainability</b> .
<b>ETHICS AND SUSTAINABILITY</b>	At least 3 non-executive Directors with an independent majority, from whom the Chairman is chosen  9 MEETINGS IN 2020	In a proactive and advisory manner, supports the Board of Directors in the context of <b>corporate ethics and environmental, social and governance topics</b> . Promotes the <b>integration of sustainability into the corporate strategy and culture</b> . Supervises the main sustainability issues related to business activities and interactions with stakeholders. Examines the guidelines of the <b>Sustainability Plan</b> and, once approved by the Board of Directors, supervises its monitoring. Checks the adequacy and implementation of the <b>Code of Ethics</b> . <b>Promotes a culture of diversity</b> and fighting discrimination in the Company.

During the year, the Sustainability Planning & Reporting Unit, organisationally part of the Investor Relations & Sustainability Department and established in 2020 in the Parent Company, and the other Units and Departments in charge of relevant sustainability issues such as occupational health, stakeholder engagement and sustainability, procurement and logistics, human resources, etc., were **convened regularly by the respective board committees**.

The Company is managed by the **Board of Directors**, which can have from 5 to 9 members depending on the decision of the Shareholders' Meeting. The members of the BoD – identified and appointed according to Acea's By-laws, according to applicable law – remain in office for three financial years and can be re-elected. The method for selecting the members of the Board guarantees **gender representation**, an adequate number of **Directors representing minorities** and **independent Directors** in accordance with the law<sup>16</sup>. **The Board in office**, appointed in May 2020, is composed of 9 directors, 4 of whom are women.

The Board of Directors met twelve times during the year; as part of the meetings held, a specific *induction* for the BoD members was carried out by the spokesperson of the Italian Alliance for Sustainable Development (ASviS), Enrico Giovannini, on the emerging scenarios of sustainable development.

**The Chief Executive Officer** is the only **executive Director**.

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

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

<sup>16</sup> Pursuant to art. 147-ter, para. 4 of Legislative Decree 58/98, so-called Finance Act (TUF), the minimum number of independent Directors must be 1 in the case of a BoD up to 7 members, 2 in the case of BoD exceeding 7 members. During the year the BoD verified that the Directors met the conditions required to qualify as independent. As at 31/12/2020, 7 directors are effectively independent.

**TABLE NO. 8 – STRUCTURE OF THE BOARD OF DIRECTORS AND COMMITTEES OF ACEA SPA (AS AT 31.12.2020)**

	THE ROLE OF THE BOD	EXECUTIVE COMMITTEE	APPOINTMENTS AND REMUNERATION COMMITTEE	CONTROL AND RISKS COMMITTEE	ETHICS AND SUSTAINABILITY COMMITTEE	EXECUTIVE DIRECTOR	INDEPENDENT DIRECTOR
MICHAELA CASTELLI	Chairperson	Ex-officio member					
GIUSEPPE GOLA	CEO	Ex-officio member				X	
LILIANA GODINO	Director		Member	Chairperson			X
GABRIELLA CHIELLINO	Director		Member		Chairperson		X
MASSIMILIANO CAPECE MINUTOLO DEL SASSO	Director	Member	Chairperson	Member	Member		X
ALESSANDRO CALTAGIRONE	Director						X
GIOVANNI GIANI	Director	Chairperson	Member	Member	Member		X
GIACOMO LA ROCCA	Director			Member	Member		X
DIANE GALBE	Director						X

### THE ROLE AND POWERS OF THE BOARD OF DIRECTORS IN ACEA

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

- definition of the strategic direction;
- economic and financial coordination of the Group's activities;
- definition of the guidelines of the Internal Control and Risk Management System

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

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

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

### FUNCTIONS OF THE CHAIRMAN, CHIEF EXECUTIVE OFFICER

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

The **Chief Executive Officer** is entrusted with the ordinary business of the Company. He/she

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

of the Business Development Strategies, Production and Overseas Department.

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

### INTEGRATED GOVERNANCE INDEX 2020 AND ACEA POSITIONING

The **Integrated Governance Index (IGI)** is an accredited analysis which expresses the positioning of Companies in relation to sustainability governance (or integrated governance). Developed by ETicaNews, the project reached its fifth edition in 2020. The questionnaire underlying the index is addressed to the top 100 Companies listed on the Italian Stock Exchange, to the Companies that publish a Non-Financial Disclosure pursuant to Legislative Decree no.254/2016, and to the top 50 non-listed and industrial Companies in the

Mediobanca classification. The **questionnaire** consists of **an ordinary area, divided into nine areas of analysis**, and **an extraordinary area, which varies each year**, and explores challenging issues. In 2020, the Extraordinary Area looked at ESG digital governance. The topics examined by the Ordinary Area were: Code of corporate governance and sustainability; Diversity, professionalism, independence of the board; ESG integrated into remuneration; ESG integrated into business strategies; Board committees and sustainability; Purpose,

Materiality and Stakeholders; Succession plans; ESG Finance; HR and Human Capital.

**Acea**, in the fourth year of participation in the IGI survey, **scored 64.6** (scale 0-100), recording a better position than previous surveys and ranking 15th out of 74 respondents. In particular, the areas where Acea performed best were **compliance with the Corporate Governance Code**, the **composition of the Board of Directors** in terms of diversity and skills, the **Board Committees and Sustainability Committee** and **Human Resources**.

## INTEGRATED GOVERNANCE INDEX 2020 AND ACEA POSITIONING (continued)

The aspects with a lower score were those relating to the **Succession Plans** and **ESG Finance**.

The IGI evidence was subject to a **specific induction** addressed to the Acea Directors, in which the issue of integrated governance was ex-

plained and discussed in light of the emerging scenarios in the international context and in particular in Europe, in consideration of the legislative developments related to sustainability financial disclosure and the taxonomy.

## ACEA PARTICIPATION IN SOCIAL, ENVIRONMENTAL AND ECONOMIC INSTITUTIONAL INITIATIVES

Acea also pursues its commitment to sustainability through participation in important external initiatives, intended to raise awareness among *decision makers* and the public on particular socio-environmental issues. Specifically through these initiatives, Acea is joined by qualified panels of Companies in order to support objectives of general interest and to incorporate relevant guidelines and practices into its Company culture.

In the reporting year, Acea top management decided to join a number of initiatives. The Acea Chairperson was one of the first 110 signatories of the “**Exit the pandemic with a new Green Deal for Italy**” manifesto, an appeal to the public, members of government and national and

European politicians to seize the emerging crisis as an opportunity to relaunch economies from a green perspective and to make our social systems resilient. The Chief Executive Officer signed two important documents: the **CEO Guide to Human Rights** by the World Business Council for Sustainable Development, which calls to action the Directors of major Companies for a positive contribution to the responsibility towards protecting human rights when conducting business, and the appeal of the **Corporate Leaders Group**, aimed at the European Commission, in conjunction with President Ursula von der Leyen’s State of the Union Address, to support a more challenging target of a 55% reduction in greenhouse gases by 2030.

In accordance with current legislation, the Ordinary and Extraordinary **Shareholders’ Meeting may be called up by the Board of Directors and at the request of shareholders** representing at least 5% of the share capital. Furthermore, in compliance with such provisions, the shareholders representing at least 2.5% of the share capital may request the addition of new topics to be added to those to be discussed and submit resolution proposals for matters already included in the agenda. Shareholder participation is facilitated by technology-based interactions (electronic notice of proxies; notice of call posted on the website). Prior to the date set for the meeting, the shareholders may submit enquiries regarding topics on the agenda, also by email. There are no shares with limited voting rights or devoid of such right<sup>17</sup>.

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

The Parent Company has a number of **Company Committees** that operate on a continuous or periodic basis, attended by Company management, in order to deal with significant aspects of the business or to assess strategic initiatives, facilitating decision-making processes and increasing the capacity for a prompt and coordinated response from an integrated perspective.

## TOP MANAGEMENT REMUNERATION DETERMINATION PROCESS

A **Remuneration policy** is in place in Acea concerning top management, directors tasked with specific duties and executives holding key positions. The remuneration system regarding these individuals is based on a **clear and transparent process**, with a key role being played by the **Appointment and Remuneration Committee** which formulates proposals regarding the remuneration Policy and the **Board of Directors** of the Company which approves them. The role of the two main corporate governance bodies ensures the observance of rules which avoid producing conflicts of interest and ensuring clarity through adequate information.

The Shareholders’ Meeting may set the fixed emoluments of the BoD members throughout their term of office and, furthermore, issues: a binding resolution on Section I of the Report on the Remuneration policy and on the remuneration paid, which illustrates the policy adopted by

the Company, pursuant to art.123-ter, para. 3-ter of the Finance Act; a non-binding resolution on Section II of the Remuneration policy and on the remuneration paid, which illustrates the remuneration paid during the 2019 financial year to the members of the board of directors and the supervisory body, general directors and executives with strategic responsibilities pursuant to art. 123-ter, para. 6 of the Finance Act. In relation thereto, the remuneration was confirmed for the Board members, as established by resolution of 5 June 2014 whereas, in exercising its competence in setting the payments for the Directors with special offices, the Board of Directors resolved on the retributive references for the Chairman and the Chief Executive Officer throughout their term in office. For further details, see the Remuneration Report available on the website [www.acea.it](http://www.acea.it).

**Acea’s Internal Control and Risk Management System (SCIGR)**, illustrated in greater detail in the following section, solidifies the Group’s corporate governance structure and consists of a set of people, tools and organisational structures whose objectives are:

- **identify the risks** that can affect the pursuit of the objectives defined by the Board of Directors;
- encourage the **taking of conscious decisions** that are consistent

with the Company’s objectives, within the framework of a widespread knowledge of the risks and the level of propensity for them established by the Board of Directors, legality and Company values;

- **safeguard the Company’s assets, the efficiency and effectiveness of its processes, the reliability of the information** provided to corporate bodies and the market and compliance with internal and external regulations.

<sup>17</sup> With the exception of 416,993 own shares (corresponding to about 0.2% of the total shares) for which the right of vote is suspended pursuant to art. 2357-ter Civil Code. See also the *Report on corporate governance and the shareholders’ structure*.

## INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The **Internal Control and Risk Management System (SCIGR) Guidelines**, the updated version of which was approved in 2020, promote the proper management of the Group consistent with the corporate objectives through an adequate process of identification, measurement, management and monitoring of the main risks and the structuring of the information flows necessary to ensure sharing and coordination between the various SCIGR actors. The Guidelines take into account the recommendations of the *Corporate Governance Code* of Borsa Italiana and are inspired by existing *best practices*, in particular **COSO – Internal Control – Integrated Framework** (Committee of Sponsoring Organizations of the Treadway Commission) and are intended to:

- provide guidance for the actors of the SCIGR, **so that the main risks** pertaining to the Acea Group, including those

regarding sustainability in the medium-long term, are **correctly identified** and adequately **measured, managed and monitored**;

- **identify principles and responsibilities** with regards to governing, managing and monitoring risks linked to Company activities;
- Provide for **control activities** at all operational levels and identify tasks and responsibilities to ensure coordination between the main subjects involved in the SCIGR.

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

CHART NO. 12 – THE ARCHITECTURE OF THE SCIGR

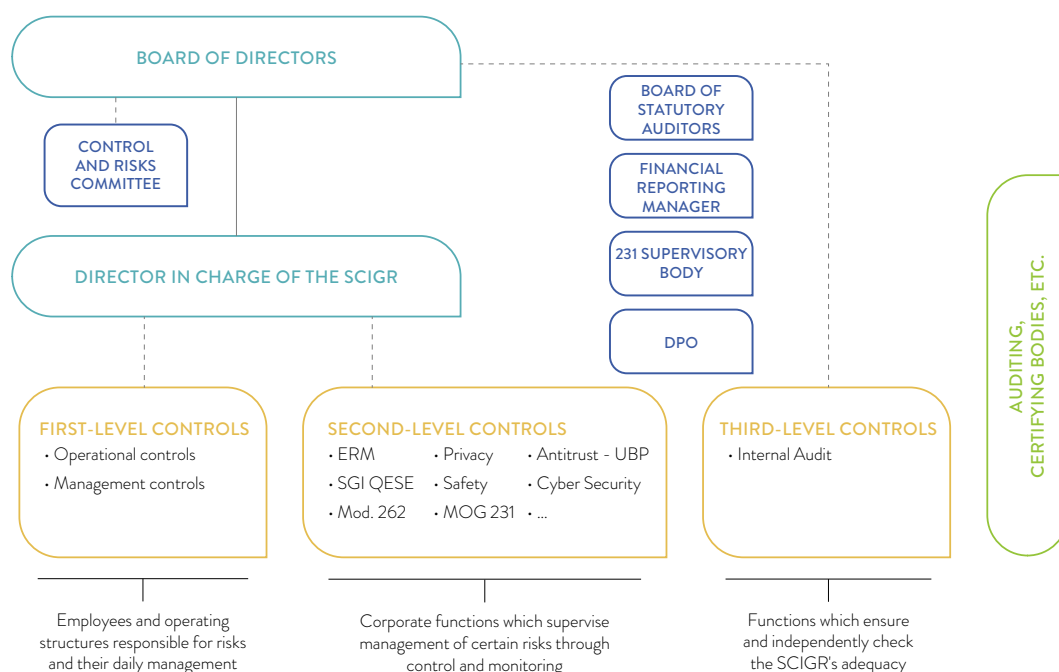


CHART NO. 13 – THE KEY PLAYERS OF THE SCIGR

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

**APPOINTED DIRECTOR:** implements the SCIGR guidelines and takes care – also by using the Audit and Risk & Compliance Departments – of the identification of the main corporate risks, subjecting them periodically to the BoD

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

**COMPANY STAFF:** acts with different responsibilities, from management to workers, in maintaining an efficient process of identifying managing risks, operating with respect to the procedures and performing activities of control on the line

**FINANCIAL REPORTING OFFICER:** responsible for instituting and maintaining the System of Internal Audit on the Financial Information

**RISK & COMPLIANCE – ERM:** defines the risk assessment and prioritisation methodology and coordinates the management of the periodic *Risk Assessment* process

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

**DATA PROTECTION OFFICER:** in charge of overseeing Company organisation compliance with Reg. EU 679/2016 through guidance, control and monitoring activities

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

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

**TABLE NO. 9 – MODELS AND CONTROLS**

OVERSIGHT AREAS	
Organisation, Management and Control Model as per Legislative Decree 231/01	risk of committing <b>crimes and administrative offences</b> in the performance of the Company's activities
Guidelines of the Management and Control Model pursuant to Law 262/05	risk <b>the Group's Financial Statement</b>
Privacy Governance Model	compliance with EU Regulation 2016/679 (GDPR) and other national and European provisions on the <b>protection of personal data</b>
Antitrust Compliance Programme	compliance with <b>antitrust</b> and consumer <b>regulations</b> and development of a corporate culture to ensure the protection of competition and consumers
Oversight of ISO 45001 and ISO 14001	monitoring <b>workplace health and safety risks and environmental risks</b> in accordance with international standards
Oversight of Cyber Security	<b>cyber</b> risk management, also in compliance with EU Directive 1148/2016 on European Information Systems and Networks (NIS)

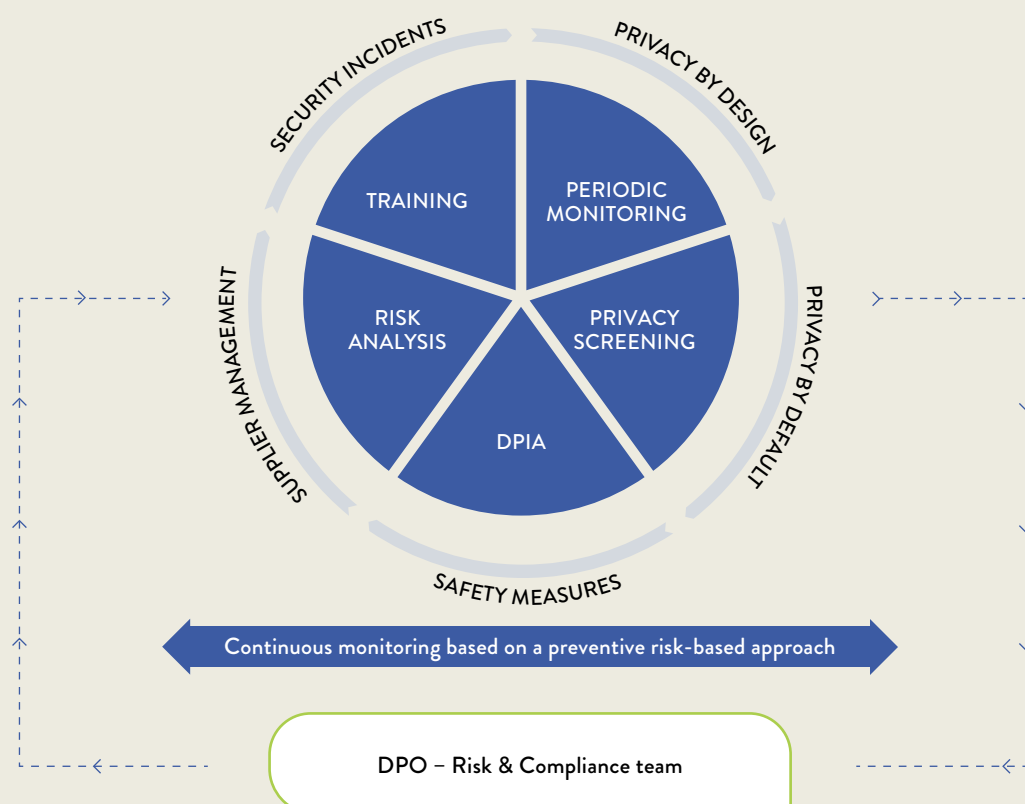
The internal control structures **carry out constant monitoring and adjustment activities** of their operating models and undertake implementing activities (e.g. training)

in order to oversee the relevant risks in the best manner possible. The boxes below contain the main initiatives of 2020.

#### COMPLIANCE WITH EU PERSONAL DATA REGULATION (GDPR)

The programme of compliance with the European Regulation on Personal Data Protection (GDPR) consolidated a **Group Privacy Governance Model** which constitutes the **organisational and control** framework of reference within which roles and responsibilities are

identified on the one hand, and the methods for implementing the basic principles of Privacy at Acea are identified on the other, with a **preventive risk-based** approach supported by a **continuous monitoring** process and periodic reviews.



## COMPLIANCE WITH EU PERSONAL DATA REGULATION (GDPR) (continued)

This Model underwent testing, was **revised and supplemented with risk analysis and assessment methodology tools** and was accompanied by its **roll-out in the subsidiaries**, expanding the compliance checks on Company processes that affect both the Parent Company and the other companies. Nearly **100 risk analyses** were conducted on the various processes mapped in order to assess the adequacy of the related safety measures and the objective of testing the methodology and transferring operational know-how and skills to the companies. The processes deemed to be a high risk to the rights and freedoms of natural persons were also subject to a **Data Protection Impact Assessment**.

Changes to the analysis, definition and verification of the **outsourcing** of activities also including personal data processing were more widespread. In the second half of 2020, **privacy screening** activities and «soft audit» tools were initiated, the objective of which is to verify the status of compliance on the basis of two aspects in particular: **correct risk assessment** by data holders and the application of **adequate security measures**.

An intense **information/training programme** on the management of

privacy impact in the various processes continued through webinars and by adopting various technological solutions (social collaboration, game-based learning platforms, online survey tools), which made it possible to meet the deadlines of the programme and to increase the participants up to 600 people; continuous awareness actions were carried out for data security & protection through topical discussions and updates to the dedicated Intranet section, as well as through targeted information campaigns on the Company's media.

In April and May a number of Group Companies were affected by a **national data breach** on the servers of a supplier shared by several companies, which hosted a number of corporate accounts that also processed personal data. Following extensive discussions with the supplier, **there was nothing to suggest that the attack had copied or stolen the data hosted on the servers**. The Companies involved took prompt action in accordance with the procedures applied within the Group, implementing safeguards with the support of the DPO. Furthermore, specific lesson-learned actions were adopted in order to consolidate control over processing, strengthening the connected protection measures.

## ANTITRUST COMPLIANCE PROGRAMME

Compliance with **antitrust law** and the **legislation on consumer protection** is a priority for the Acea Group. In this sense, following the adoption last year of the **Antitrust Compliance Programme**, with the reinforcement of internal controls, the implementation of organisational tools and regulations and the appointment of the **Holding Company's Antitrust Of-**

**ficer**, in 2020 activities were focused on the further structuring and consolidation of the corporate antitrust controls. The Group Companies **continued to adopt** "customised" Compliance Programmes in accordance with the Holding Company's instructions, and relevant organisational structures and Company Antitrust Representatives were defined, tasked with im-

plementing the respective programmes, based on the specific characteristics, legislative and regulatory provisions and the market context in which the individual Companies operate.

Corporate representatives also received specific methodological support from the Holding Company's Antitrust Officer, aimed at reinforcing their technical skills.

## THE MANAGEMENT OF CYBER RISK AND PROTECTION OF INFORMATION ASSETS AND ICT SYSTEMS

**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, in 2020, following a significant change in legislation, the Company thoroughly **restructured the Cyber Security Unit**, part of the Technology & Solutions Department, by adopting a model in line with the requirements of public institutions: the **CSIRT (Computer Security Incident Response Team) operating structure was activated**, with subsequent **accreditation with the National CSIRT of the Presidency of the Council of Ministers**. **NIS (Network Information Security) Oversight** was also established and implemented, with **accreditation with the NIS Authorities of the Ministry of Economic Development and the Ministry of the Environment**.

Lastly, Acea continues its commitment to 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** and to the

**H2020 ATHENS project** dealing with security and resilience of digital infrastructure.

For protection against **risks of the unavailability of ICT systems** and guarantee of operating continuity, **guidelines and procedures** are in force which 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 nature, to be able to then implement increased security in the systems. Acea has also developed organisational, procedural and technological measures to monitor and manage cyber risk. In particular, in 2020 it adopted a **new cyber security model at Group level**, with the establishment of 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 dedicated to the coordination of responses to security events/incidents at Group level. The model made it possible to launch the design and development of skills to support the security of OT and IoT technologies, with the objective of integrating processes, procedures and technologies with those already operative in the IT context. Based on the development of people as a primary support of the security department, an **awareness & training campaign** was launched for the entire Company population, intended to **increase the level of awareness and individual skills** in relation to cyber security issues. Finally, a **vulnerability assessment campaign** was conducted on the entire external perimeter (services and systems exposed to the Internet) and systems were developed to support CSIRT and **identify and combat illicit actions on the Company's main information assets**, with machine learning, advanced analytics and big data tools.

## PROTECTION OF PHYSICAL AND DIGITAL ASSETS AND MANAGEMENT OF INTERNAL RISKS

The protection of the **Company's physical assets, prevention of fraud and compliance with current security regulations** are handled by the **Security Unit**, within the Legal, Corporate Affairs and Corporate Services Department.

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 access to monitored Company premises, the Security Unit manages the security and reception facilities and personnel and controls the **Security Operating Room (SOS)**, 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. The Security Unit develops the design, installation and maintenance of the Security Systems that protect all Company sites of the Group subsidiaries.

In 2020, the Unit launched a project to define new guidelines and procedures on Company protection and prepared "access filters" to **limit Covid-19 infection on Company premises**. For this activity, **39 thermal imaging cameras** were installed at the main Company offices, as well as App solutions on mobile devices for the electronic signature of the self-declaration documents required by national law and **integrated management systems for visitor flows**. The creation of a **second Security Room** was strategic for achieving the remote control of alarms and video surveillance images.

Within the framework of the Internal Control and Risk Management System, Group Companies adopt their own **Organisation, management and control models pursuant to Legislative Decree no. 231/2001** to prevent the risk of certain crimes or administrative offences committed in their interest or benefit by top management or subject to the management or supervision of the latter. The development of the Models is preceded by a **mapping of the business areas concerned** (so-called "risk areas") and the identification of sensitive activities and potential offences. The Models are **updated** in response to changes in the organisation or activities carried out, or following the introduction of new cases in the catalogue of predicate offences of the aforementioned legislative decree. Also in relation to the legislative changes made during 2020, **updates were made or are being made** to the Models pursuant to Legislative Decree 231/2001 of the Companies in the NFD scope.

The **Supervisory Body (SB)** has full and autonomous powers of initiative, action and control **regarding the operation, effectiveness and observance of the specific Models**. An oversight organisation was set up in the **Internal Audit Department**, which ensures auditing and the flow of information to the Supervisory Body. For Acea, **the adoption of principles** and compliance with the rules set out in the Company *Code of Ethics* – an integral part of the 231 Model and the internal control system – are also relevant to prevent crimes pursuant to Legislative Decree no.

231/2001, as well as being a ready reference for all those who are addressed by the Code.

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

In 2020, **around 77% of the Plan activities** concerned **corporate processes deemed as exposed to the risks as per Legislative Decree no. 231/01**, amongst which the crimes regarding **corruption** and the **environment**, and in violation of **injury prevention laws and the laws safeguarding occupational health**.

With regard to audits of processes **related to risks of corruption**, there are in particular periodic audits of "Sponsorships", "Consulting", "Personnel selection" and "Purchasing and payments" for all Companies that adopted the Model pursuant to Legislative Decree no. 231/01.

As required by the professional standards of the **Institute of Internal Auditors (IIA)**, the audits also assess the specific fraud risks of the process analysed and test the operation of the related controls. With reference to **detection audit** activities, 10 **Key Risk Indicators** have been adopted for the purchasing area, which are analysed periodically.

## REPORTS RECEIVED RELATED TO THE CODE OF ETHICS

Acea adopted a procedure, renewed in January 2020, **which can be activated by both employees and external parties**, for the receipt, analysis and processing of **reports** – so-called "**whistleblowing**" reports – relating to potential violation of the law, the internal rules and the *Code of Ethics*, as well as issues pertaining to the Internal Control System, corporate information, the Company's administrative responsibility (Legislative Decree no. 231/01), fraud and conflicts of interest, while ensuring the **maximum level of confidentiality and privacy** when processing the reports received **in order to protect the whistleblower and the reported party**. The "Comunica Whistleblowing" IT platform was also implemented, which uses an advanced encryption system for communications and its database to guar-

antee compliance with required regulatory standards (Law 179/2017), confidentiality for whistleblowers, secure filing of documents sent and uploaded to the system and confidential management of analysis and other processes. The reports related to alleged violations of the *Code of Ethics* and the SCIGR of the Group Companies are sent to the Ethics Officer, who manages them and prepares **periodic reports** on the main findings to Company top management and the supervisory bodies.

In 2020, **47 reports** of alleged violation of the *Code of Ethics* were received through the dedicated channels, 5 of these reports were sent to the **Ethics Officer's** email address, 1 via ordinary post and 41 via the Whistleblowing Platform following the launch of the communication campaign and related train-

ing course. Following analysis and/or potential contact with the whistleblower, the 41 reports sent via the Platform were archived since they were unfounded and/or non-verifiable or explicitly attributable to functionality testing of the system carried out by the whistleblowers. Of the remaining 6 reports received, 3 were qualified as not relevant to the principles protected by the *Code of Ethics*, and therefore archived, 3 were relevant to the principles protected by the *Code of Ethics*. Following verification, during the report closure phase, these reports were classed with the following outcomes: 1 report was considered founded and the Company involved therefore initiated the related disciplinary procedure against the reported party; 1 report was considered unfounded; 1 report was archived.

The **Ethics Officer** has been operational since 2020, a collective Group Body whose purpose is to manage the system for reporting alleged violations for non-compliance with the law, internal regulations and the *Code of Ethics* and to monitor compliance with the values of transparency, legality, fairness and ethical integrity in relations with employees, suppliers, customers and all stakeholders. The Ethics Officer is also tasked with supporting the Company departments appointed to *Code of Ethics* training, by promoting communication programmes and activities intended for

their maximum dissemination, in addition to the Ethics and Sustainability Committee in monitoring the adequacy and implementation of the *Code of Ethics* (for the matters within its remit). To this end, he/she can suggest the issue or amendment of any guidelines and operating procedures in order to reduce the risk of violation of the Code and can suggest that the Ethics and Sustainability Committee make updates to the *Code of Ethics*. In December, the Ethics Officer promoted the internal communication campaign “*Proteggilo l’azienda che mi protegge*” [*I protect the*

*Company that protects me*]. With the objective of encouraging greater knowledge of the values and principles contained in the Acea Group’s *Code of Ethics* and the importance of protecting them, this initiative also envisages additional activities to disseminate knowledge of whistleblowing and provides a **compulsory training** course to expand on the rules and procedures.

A new digital platform was also made available, called “Comunica Whistleblowing”, where conduct that is not compliant with the regulations can be reported confidentially.

## I PROTECT THE COMPANY THAT PROTECTS ME

### INTERNAL COMMUNICATION WHISTLEBLOWING CAMPAIGN

#### INTEGRATED ANALYSIS AND RISK MANAGEMENT METHOD

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

The purpose of the ERM Programme is to:

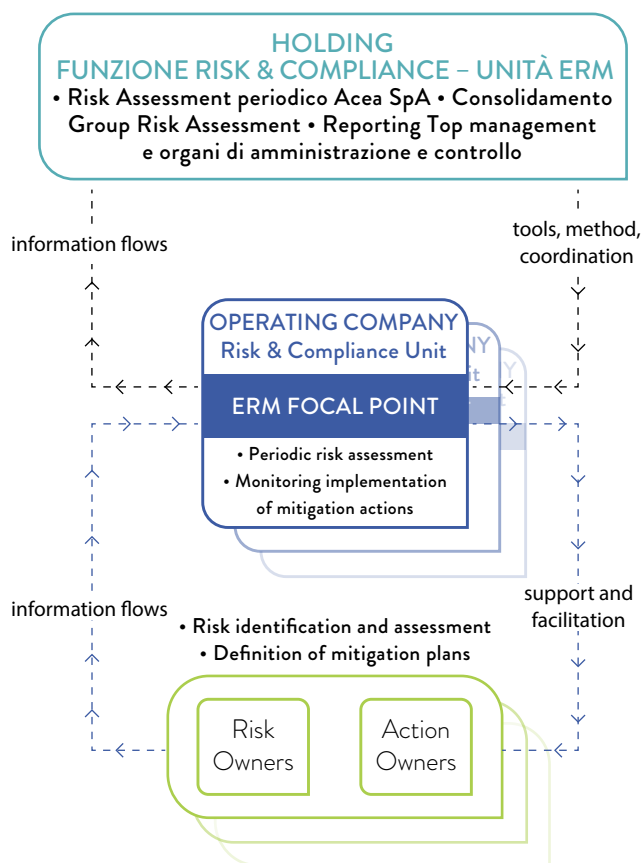
- represent the **type and significance** (probability and economic-financial and/or reputational impact) of the **main risks, including sustainability risks**, that may jeopardize the achievement of the Group’s strategic and business objectives;
- address strategies and subsequent additional mitigation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

The methodology implemented and the tools developed to identify risks and assess their severity in a consistent manner at a Group level – **definition of the Risk Model** – include **ESG aspects** and risk scenarios associated with the **issues that emerged from the Materiality Analysis**. During the *Risk Assessment*, performed annually at Group level, the Risk Owners identify the risk scenarios related to the **Acea material topics**, highlighting the possible impact and typical control activities implemented in order to manage and mitigate them. During the year, the assessment took account of the outcomes of the multi-stakeholder meeting intended to review the material topics, in light of the change in circumstances and the health emergency (see *Disclosing sustainability: methodological note* and table no. 10).

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

The ERM processes allow for constant interaction between the ERM Unit of the Parent Company’s Risk & Compliance Function and the focal points in the Risk & Compliance Units of the Operating Companies (see chart no. 14).

CHART NO. 14 – THE ERM UNIT AND THE CORPORATE FOCAL POINTS



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

HIGHLY SIGNIFICANT MATERIAL TOPIC AND RELATED RISK	POTENTIAL IMPACT ON ACEA	POTENTIAL IMPACT ON STAKEHOLDERS AND CAPITAL	RISK MANAGEMENT METHOD
<b>SUSTAINABLE WATER CYCLE MANAGEMENT</b> Unfavourable natural events and/or climate change; authorisation delays impacting on optimal management conditions; monitoring and analysis	economic/financial reputational	<i>environment and community</i> natural and social-relational capital	Policies, processes and procedures (relations with institutional representatives and authorisation bodies) Dedicated organisational structures Business Continuity and Maintenance Plans Specialist studies and analyses (ISO 17025) IT security systems
<b>SUSTAINABILITY IN INFRASTRUCTURE DESIGN, CONSTRUCTION AND MANAGEMENT</b> Environmental and social impacts from inadequate and failed design, construction and/or management of plants/ networks	economic/financial reputational	<i>environment, community, institutions, suppliers</i> natural, production and social-relational capital	Policies, processes and procedures (application of sector <i>best practice</i> ) Monitoring and periodic reporting Maintenance plans
<b>OCCUPATIONAL HEALTH AND SAFETY</b> Accidents at work, risk of spreading disease	economic/financial reputational	<i>employees</i>	Policies, processes and procedures (ISO 45001) People and organisation (dedicated structure, training and communication plans) Extraordinary maintenance on plants serving the offices, office sanitisation
<b>INNOVATION OF SMART UTILITY PROCESSES, INFRASTRUCTURE AND SERVICES</b> Operational inefficiency due to technological and innovative inadequacy; cyber risk	economic/financial reputational	<i>community and business partners</i> production, intellectual and social-relational capital	Policies, processes and procedures (dialogue with institutional counterparts) Monitoring and periodic reporting of projects IT security systems
<b>SUSTAINABILITY AND CIRCULARITY ALONG THE SUPPLY CHAIN</b> Failure to control the purchasing process – failure of suppliers to comply with the requirements (health and safety, environmental, anti-corruption)	economic/financial reputational	<i>environment and suppliers</i> natural, human and social-relational capital	Policies, processes and procedures Quality monitoring of goods/services received Qualified suppliers register
<b>RECOVERY OF WASTE FOR A CIRCULAR ECONOMY</b> Failure to comply with regulations; obstacles in the waste treatment and delivery market	economic/financial	<i>environment</i> natural capital	Policies, processes and procedures (ISO 14001 and EMAS) People and organisation (dedicated structures and training) Periodic reporting Audits on customers/suppliers/partners Monitoring and control plans
<b>STRATEGIC APPROACH TO STAKEHOLDER RELATIONS</b> Tensions with stakeholder representatives in the region with negative effects on the development of activities	economic/financial reputational	<i>community</i> social-relational capital	Policies, processes and procedures People and organisation (stakeholder engagement oversight activities)
<b>BUSINESS ETHICS AND INTEGRITY</b> Conduct contrary to binding regulations, internal rules and standards of reference	economic/financial reputational	<i>community, institutions and business partners</i> production, intellectual and social-relational capital	Policies, processes and procedures ( <i>Code of Ethics</i> – 231/01 organisation, management and control model – whistleblowing system) People and organisation (training and communication plans)
<b>CUSTOMER FOCUS</b> Failure to achieve service quality levels until they are discontinued	economic/financial reputational	<i>customers</i> social-relational capital	Policies, processes and procedures Dedicated organisational structure Periodic reporting (analysis of customers and services) Regulatory framework and reference legislation monitoring
<b>AIR QUALITY: CONTAINMENT OF POLLUTING EMISSIONS INTO THE ATMOSPHERE</b> Exceeding the emission limits envisaged by laws and authorisation decrees.	economic/financial reputational	<i>environment and community</i> natural capital	Policies, processes and procedures (ISO 14001 and EMAS) People and organisation (training plans) Monitoring and support tools Specialist studies and analyses Periodic reporting
<b>INVOLVEMENT OF PERSONNEL, INVESTMENT IN HUMAN CAPITAL AND DEVELOPMENT OF SKILLS</b> Lack of adequacy both in terms of skills and organic plants	economic/financial reputational	<i>employees</i> human capital	Policies, processes and procedures (remuneration and incentive policies) People and organisation (dedicated structures and training) Performance evaluation system

<b>PROTECTION OF THE COMMUNITY AND BIODIVERSITY</b> Impacts on environmental balance conditions caused by plants that unexpectedly do not comply with legal limits	economic/financial reputational	environment natural capital	Policies, processes and procedures (ISO 14001 and EMAS) People and organisation (dedicated structures and training) Maintenance plans Periodic reporting Remote control and remote management applications
<b>DECARBONISATION AND ADAPTATION TO CLIMATE CHANGE</b> Failure to build sustainable plants and to adapt operating practices to the evolution of climate change (production of energy from renewable sources, resilience of the electricity grid, availability of water)	economic/financial reputational	environment and community natural and production capital	Policies, processes and procedures (ISO 50001, ISO 14001 and EMAS) Dedicated organisational structure Specialist studies and analyses Periodic reporting
<b>CONSOLIDATION OF SUSTAINABILITY ELEMENTS IN CORPORATE GOVERNANCE</b> Violation of Legislative Decree 254/16; inadequacy of the internal regulatory system with respect to the guidelines of the <i>Corporate Governance Code</i>	reputational	shareholders economic-financial and intellectual capital	Policies, processes and procedures (updating and verification of information systems and the organisation) Board committees (Ethics and Sustainability, Control and Risks) Certification of data managers and reporting assurance by the auditor
<b>BUSINESS EVOLUTION THROUGH OPEN INNOVATION AND DEVELOPMENT OF SYNERGIES WITH SCIENTIFIC AND ENTREPRENEURIAL PARTNERS</b> Inability to seize opportunities deriving from technological innovations and their integration into business processes	economic/financial	community, institutions and business partners production, intellectual and social-relational capital	Policies, processes and procedures Dedicated organisational structure for innovation oversight Specialist studies and analyses
<b>COMPANY WELL-BEING, DIVERSITY AND INCLUSION</b> Increased absenteeism rate; negative Company climate; possible lawsuits from employees	reputational	employees intellectual and social-relational capital	Policies, processes and procedures People and organisation Training and communication plans Specific initiatives (remote working, health check-ups)

● ECONOMIC GOVERNANCE TOPICS    ● SOCIAL TOPICS    ● ENVIRONMENTAL TOPICS

The emergence of Covid-19 also impacted the risk analysis and the identification of risk management methods. For example, we consider the material topics of **occupational health and safety** and **corporate well-being**, plus aspects related to detecting and managing the health risk brought about by the pandemic, for which special organisational measures were implemented (working remotely and remote support initiatives) in addition to medical assistance (check-ups or provision of protection equipment), or the material topic of **customer focus** which, in this particular moment, has been the focus point in an analysis of the impact and in relevant responses, for ex-

ample with reference to the difficulties, in some cases, of user payment following the lockdown, or the continuity of the service offered to customers by developing the potential of the digital channels. As shown by the CDP (formerly Carbon Disclosure Project) questionnaire, one of the ways that Acea monitors **climate change** is through the assessment of risks and opportunities related to activities in the **short, medium and long term**. Table no. 11 provides a representation of the main evidence: short-, medium- and long-term scenario and more significant implications for the Company in terms of financial, reputational, environmental and customer impact.

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

TYPE OF RISK	DESCRIPTION OF THE RISK	MOST IMPACTED INDUSTRIAL AREAS	TIME FRAME
<b>TRANSITION</b> Risks arising from the ongoing transition to a decarbonised economic system (e.g. regulatory, technological, market)	The main risks identified relate to the <b>political-regulatory</b> sphere. The expected scenarios related to a transition to an economic system committed to tackling climate change take the following forms: increasing carbon tax policies; changes in incentive programmes; tightening of the values associated with the Emission Trading Scheme (both in terms of allowances – paid or not – and actual emission allowance costs); increased legal and financial risks for non-compliance with performance standards (fines and incremental compliance costs). Another transition risk is reputation risk, related to climate change, for example due to the negative impact on the provision of the water service caused by resource scarcity.	Energy production (thermoelectric and waste-to-energy) Electricity grid management Water management	Short/medium/long term

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

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

During the year, Acea initiated works to align itself with the Recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD) in order to develop better awareness and financial reporting practices related to the significant aspects of climate change for Acea (see section *Relations with the environment*).

Lastly, in relation to the management of operational risks in case of emergency and the preventive and operational initiatives defined by the Group companies, refer to the chapter Institutions and the Company (paragraph *Plans for emergency management*).

## ANALYSIS OF POTENTIAL ENVIRONMENTAL RISKS

The Companies operating in the industrial segments of **Water, Networks, Generation and the Environment** with ISO 14001:2015 certified environmental management systems have identified the potential **negative environmental impacts** generated by the activities in relation to specific events or operations.

For the **Water** sector, the main risks are due to the effects of acute or chronic climatic phenomena or seismic events, which could lead to structural failure or malfunctions in the plants and network systems managed, causing water shortages for users or accidental spillage of pollutants; inefficient operational management of water, which could cause high levels of losses with consequent excessive consumption; water stress; possible breach of water control parameters with environmental consequences; inadequate interventions on the sewage treatment system with possible contamination of the soil and water bodies; risks of fires and explosions in treatment plants related to the production of biogas, with possible impacts in terms of emissions into the atmosphere.

In the context of **Networks**, for the transformation of electricity and transport for delivery to end users, the main risks are attributable to: existence of overhead and underground systems with impacts in terms of land use and subsoil; generation of waste and impacts on ecosystems; generation of electromagnetic fields with impacts in terms of exposure; maintenance of transformation plants with potential soil and subsoil contamination with hazardous materials; maintenance and construction of plants with impacts in terms of production of special waste. With reference to electricity **Generation** using renewable and conventional power plants, the potential environmental risks concern the accidental spillage of pollutants or the exceeding of threshold values in emissions (into the atmosphere, surface water and sewerage) in the ordinary management of plants or in the event of critical events like fires or explosions. An example of environmental risk derives from the potential dangerousness of structural failure of hydraulic works attributable to critical natural phenomena (such as earthquakes of particular intensity), which

could affect the territory downstream of the plants (e.g. floods).

The **Environment** sector involves the treatment, recovery and disposal of waste, the recovery of materials and energy (waste-to-energy and composting) and the collection, transport, recovery and disposal of non-hazardous waste produced by waste treatment plants. In this context, potential risks with environmental impact could arise with spills of hazardous substances and consequent contamination of the soil and aquifers or surface waters, or with emissions into the atmosphere or water above specific prescribed limits, the treatment of waste not compliant with the reference legislation with repercussions on plant operations, unintentional fires that may cause interruptions to plant operations and pollution of the surrounding areas, as well as the failure to make investments or carry out works on the plants, with impact on the Company's management due to delays in the issue of authorisations; finally, environmental exposure can be caused by noise, odour and dust produced during extraordinary maintenance of the plants.

## MANAGEMENT SYSTEMS

The organisational system, from the definition of the general directives to the statement of particular business aspects, is structured by *internal rules*:

- **Group guidelines:** principles, policies and management rules with which the Parent Company defines the general guidelines, guiding, coordinating and controlling the Group companies;
- **procedures:** acts governing the way in which a process is implemented, identifying roles and responsibilities. Each corporate structure responsible for issues subject to internal regulation (Process Owner) draws up the relevant procedure directly.

Specific Units (such as Organisation and Planning, Compliance, etc.) verify consistency and compliance with internal rules, before their publication on the Company Intranet.

The **Integrated Certification Systems** Unit within the Risk & Compliance Function defines the methods and standards of reference for **the implementation of QESE** (Quality, Environment, Safety and Energy) **certified management systems** as well as for further certifications and accreditations that the Acea Group intends to acquire, and operates in synergy with the same Units of the Oper-

ating Companies, to which the certified Management Systems are ascribed. These Units collaborate with the Energy Manager for the development and management of the **energy management system** and with the Head of the Prevention and Protection Service (RSPP) and the emergency coordinator for the **Workplace Health and Safety Management System**. The management of health, safety and environmental emergencies is handled by means of a specific procedure.

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

CHART NO. 15 – THE CERTIFIED INTEGRATED MANAGEMENT SYSTEM



Control of aspects related to quality, the environment, safety and energy is also demonstrated by the implementation of certified integrated management systems.

In 2020, considering the NFD scope<sup>18</sup> formed of 16 companies, two of which (Acea Innovation and Acea Sun Capital) are not currently part of a certification process, **14 Group Companies adopted certified management systems** (see table no. 12); the **Acea Ambiente** plants located

in Terni, San Vittore del Lazio and Orvieto and the **Acque Industriali** site in Pagnana (Empoli) are **registered with the EMAS**.

New developments during the year include:

- ISO 14001 certification for **Acea Energia**;
- ISO 50001 certification for **Ecogena** and **Gesesa**;
- Biosafety Trust Certification for **Acea SpA**, for infection prevention and control.

<sup>18</sup> See *Disclosing the Company: methodological note*. It is important to consider that Acea8cento discontinued operations in July 2020, with the sale of business units to other Companies in the scope.

In particular, **over 90%** of the Companies have a **quality** certification; **85%** have **environmental** certification (100% of the Environment operations Companies and 80% Water operations); **100%** have a

**safety** certification; **57%** have a certified **energy** management system (this percentage also includes the most energy-intensive companies, with consumption equal to at least 10,000 TOE).

**TABLE NO.12 – CERTIFIED MANAGEMENT SYSTEMS IN THE ACEA GROUP (AS AT 31.12.2020)**

	QUALITY (ISO 9001)	ENVIRONMENT (ISO 14001)	SAFETY (OHSAS 18001/ ISO 45001)	ENERGY (ISO 50001)	OTHER
Acea SpA	X	X	X	X	Biosafety Trust Certification
<b>WATER</b>					
Acea Ato 2	X	X	X	X	
Acea Ato 5	X	X	X	X	
Gesesa	X	X	X	X	
Gori	X	X	X		
AdF	X		X		
<b>ENGINEERING</b>					
Acea Elabori	X	X	X		UNI CEI EN ISO/IEC 17025:2005 Accreditation of analysis laboratories UNI CEI EN ISO/IEC 17020:2012 Accreditation of inspection bodies
<b>NETWORKS</b>					
Areti	X	X	X	X	
<b>GENERATION</b>					
Acea Produzione		X	X		
Ecogena	X		X	X	UNI CEI 11352
<b>COMMERCIAL</b>					
Acea Energia	X	X	X		
<b>ENVIRONMENT</b>					
Acea Ambiente	X	X	X	X	EMAS
Aquaser	X	X	X		ISO 39001:2012
Acque Industriali	X	X	X	X	EMAS

Each year, for the Companies with certified management systems, a **Management Review** is carried out to assess **the effectiveness of the systems**, propose possible improvements and verify the progress of activities. On these occasions, attended by the **Top Management and the first line of managers** of the Companies in question, elements are analysed, including: policy; context analysis and materiality analysis at Group level; Group sustainability targets and their monitoring; risk assessment; process performance; significant environmental and energy aspects; changes in legal requirements and those relating to occupational health and safety, envi-

ronment and energy; supplier performance; customer satisfaction levels; analysis of complaints; accidents and injuries.

**The results of the review for 2020**, finding no criticalities, **confirmed the adequacy and efficiency of the management Systems**. It should be noted that Acea – continuing the process of integration initialised and formalised with the Management Systems and Sustainability Policies – **continued to manage the objectives required by the Management system in an integrated manner with the objectives of the 2020-2024 Sustainability Plan** approved by the Board of Directors.

#### ACEA'S BIOSAFETY TRUST CERTIFICATION

Acea SpA decided to capitalise on the experience and the actions implemented to tackle the Covid-19 health emergency, demonstrating further commitment to its colleagues and the local region where it operates. The Company adopted the **Biosafety Trust** model and achieved new certification in order to promote good practices that help to **reduce the risk of epidemics in the workplace**

**to a minimum**. Its requirements integrate perfectly with those of the management systems already activated, especially the occupational health and safety management system.

The process undertaken led to the analysis of the main infections and their methods of transmission, before considering the probability and severity with which these infections might oc-

cur and which processes are most at risk.

The Acea SpA management system, **certified in October 2020**, makes it possible to reduce the risk of contracting infections in the offices and Company workplaces even more drastically, generating the double benefit of increased trust from the Company population and the potential reduction in risks and related costs such as insurance.



In 2020, the Acea Group sustainability reporting (2019 edition) was added to the Index Future Respect 2020, promoted by ConsumerLab. A group of experts submitted 210 Sustainability Reports relating to the 2019 financial year for **evaluation by 250 consumers** who were knowledgeable about the UN's

Sustainable Development Goals (Agenda 2030). The group added 44 reports to the Index Future Respect, citing them as meeting the following requirements: "For illustrating its sustainable governance comprehensively and exhaustively, thus facilitating informed consumer decisions. For highlighting the best practices used

to promote the culture of sustainability, with effective, engaging and distinctive storytelling. The Sustainability Report highlights a solid, respectable, forward-looking and generous Company that deserves to be appreciated by consumers; also because at this difficult time (Covid-19) it generates trust and promotes responsible lifestyles".

#### CHART NO. 17 – STAKEHOLDER MAP



The boxes below illustrate the most significant interactions between Acea and the main categories of stakeholders in 2020.



### CUSTOMERS

Acea is one of the **main Italian multi-utilities by territory and customers served** with **1.2 million customers in the energy sector** and over 210,000 customers in **gas**, approximately **1.6 million withdrawal points for energy distribution** and 2.7 million water users, equal to **8.6 million inhabitants served** – for all water Companies operating in Italy.

In the face of such significant numbers, Acea is committed to customer care in each step

of the relationship. From developing more advanced interaction dynamics, as is happening with the **prosumer** – a figure that is both a customer and energy producer – up by 8% compared to the previous year, to promoting and managing socially useful tools, such as the **Water and Energy Bonus**, to monitoring **customer satisfaction**, Acea places the customer at the centre of its activities. The emergency caused by Covid-19 further developed the Group's customer care in order to contribute to reducing the risk of infection as much as possible, in addition to guaranteeing operating activities during lockdown. To do so, further upgrades were made to the **digital channels: the MyAcea App** was installed by around 290,000 people (+61% compared to 2019), and the **booking services** at the branch in the headquarters and **digital service points** were developed with the same services as the physical branch through video calls with an Acea operator. The shift towards remote methods also saw positive effects on **electronic billing** which led to paper savings of **105.5 tonnes in the year** (+92% compared to 2019). Customer support measures were also significant, especially in terms of the **economic sustainability of bills following the Covid-19 emergency**: in addition to the ARERA measures, such as interrupting the suspension of electric power and natural gas supplies for late payment during the period of maximum emergency, the Acea energy and water Companies voluntarily adopted extraordinary measures with regard to payments by their customers throughout Italy, suspending debt collection measures and introducing the possibility of instalment plans. The transparency in the illustration of its sustainable governance and sustainability performance was particularly appreciated by consumers, who added the Acea Sustainability Report **to the Index Future Respect 2020**.



## INSTITUTIONS

For a Company that delivers essential public services, mostly subject to **regulation by the public authorities**, the relationship with institutions is of fundamental importance both for planning and performing the Company activities. In this context, for example, we note the activities that led to the preparation of the final project for the new **section of the Peschiera**, submitted by Acea Ato 2 for review by the **authority responsible for overseeing public**

**works**, and the preparation of the Water Safety Plans (WSPs) sent to the **Ministry of Health**.

Acea is active in the 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**, for example through plans for managing emergencies of the water companies, shared with **local institutions** (such as Governmental Territorial Offices, Local Health Authorities, Area Management Agencies), or the electricity companies, which are essential for restarting the system in the event of a blackout of the National Transmission Grid or re-establishing power for **strategic users, such as institutions and hospitals**.

Interactions also take place through research projects with public bodies: in 2020, Acea participated in the activities of the **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, and the Italian Phosphorus Platform promoted by the **Italian Ministry of the Environment** and managed by ENEA.



## COMPANY

The focus on emerging trends and the reference context guarantee planning that is strategic and ready for future challenges. The **2020-2024 Business Plan** took into account 5 mega trends that are changing the dynamics of the Utilities' reference markets: *sustainability and circular economy, customer focus, energy transition, innovation and digitisation and increased competitiveness on the market*. **Investments** as at 2024 reach the figure of **4.3 billion**, of

which **2.1 related to sustainability targets**, reported in the **2020-2024 Sustainability Plan**, which was also updated and redefined with 125 objectives. The Group scheduled developments in all business segments: in the **water** segment, aiming to qualify as a *Smart Water Company*, with virtuous processes of resource protection and management optimisation, using the leverage effect of innovation; in the **energy** segment, with the development of renewable photovoltaic sources, in favour of the decarbonisation of energy production, advanced systems to manage demand and increase the resilience of the grid; in the **environmental** segment, with development initiatives, from a circular economy perspective, on multi-materials and local composting.

Acea is careful to maintain an **internal organisational infrastructure** (procedures, rules, structures) that is efficient and adequate for emerging needs. Particularly worthy of note is the full implementation during the year of the **Ethics Officer**, a collective Group Body that pursues Company ethics and the constant evolution of Company risk oversight, including sustainability risks. The Group's commitment was also recognised by important awards such as the **Top Utility Award for Sustainability**, the **Premio Imprese per l'Innovazione** promoted by Confindustria and the **Premio dei premi** of the Presidency of the Council of Ministers.



## SHAREHOLDERS AND FINANCIERS

The relationship with the **capital markets** guarantees the best conditions thanks to a careful diversification of sources. About 78% of the debt stems from **bond placement** operations. With reference to bank loans, Acea mainly borrows from **institutional operators, such as EIB and Cassa Depositi e Prestiti**, worth around 14%, whose mission is to **support strategic infrastructure**. Relationships with

analysts, credit rating agencies and investors are frequently monitored in the most important financial markets: in 2020, meetings, investor conferences and roadshows were organised **with around 220 investors and sell side analysts**, both equity and credit, in addition to conference calls for the presentation of results (annual and interim) and the presentation of the 2020-2024 Business Plan. The attention of **sustainable investors** is growing, representing nearly 5% of the share capital and 35% of institutional investors. Acea confirmed its score (A-) in the **CDP** and improved both its outlook (positive) and *long-term expected rating* (EE+) of the rating awarded by **Standard Ethics**. The Company was included in the 15 top EU listed multi-utilities that make up the *SE European Multi-Utilities Index*. Acea's performance was assessed by important sustainability analysts such as **Sustainalytics, VigeoEiris, MSCI, FTSE Russell ESG, Refinitiv and the GEI of Bloomberg**.

Lastly, it should be noted that at the end of 2020, preparatory activities were carried out for the first issue of sustainable financial instruments, through the definition of a **Green Financing Framework**, which led to the issue of the first Acea Green Bond in January 2021.



## SUPPLIERS

In 2020, the value of contracts for goods, services and works procured was **around €1.2 billion**, with **over 2,500 suppliers**. 76% of volumes managed at central level were procured through the use of **competitive tendering procedures** (equal to 86% of the total). With reference to supplier **payment times**, 65% of the amounts were settled on the due date, while in the remaining cases

an average delay of 42 days was recorded. The **protection of staff employed by the suppliers** was subject to specific measures, particularly following the **Covid-19 emergency**: in addition to signing specific protocols with trade unions, initiatives were activated to mitigate the epidemic risk and to increase controls on anti-infection measures in the worksites, and awareness-raising activities were carried out among contractors. For supplier assessment during execution of the contract, Acea implemented the Group **Vendor Rating** which will also monitor **sustainability** with a composite indicator developed with **Ecovadis**. For all tenders relating to works, as well as for numerous contracts for goods and services, suppliers must have an ISO 9001 and ISO 45001 certified management system. Furthermore, evaluation elements have been included for 149 product categories of goods, works and services in the tender where applicable, based on: **UNI EN 14001 – UNI CEI 50001 – ISO 37001 – FSC Chain of Custody**. Lastly, it should be noted that AdF, a Group water Company operating in the area of Grosseto and Siena, launched the **Circular Economy Protocol**, drafted with the involvement of the stakeholders and intended to protect local suppliers and develop the quality and socio-environmental sustainability of the supply chain. It also launched the **first tender under a procurement code dedicated to the innovative start-ups and SMEs in the Acea registers**, specifically in the "Robotics" and "Digital Infrastructure" categories.



## EMPLOYEES

**Employees** are the Company's most important asset. Acea is committed to creating the best conditions of **stability**, promoting **safety** and developing a sense of **cohesion** and **participation** in the Company's mission. The percentage of resources with a **permanent contract** in 2020 is **98%**. 472 people were **hired** (367 men and

105 women), 77% of which with a permanent contract. 36% of newly hired staff during the year **were aged 30 or under**.

The presence of **women is 23%** of the total workforce. Considering the **governing bodies** (Board of Directors, Board of Statutory Auditors and 231 Supervisory Bodies), the percentage of women in the Companies within the scope is **35%**.

We confirm the steady **increase of university graduates**, who make up 25% of the total (23% in 2019).

Acea actively **promotes corporate well-being**, starting with the needs of its staff, which are identified over time through surveys. In 2020, the **Group Welfare Plan** was strengthened, enriching the offer of services to individuals and families; Acea has redeployed part of the tax relief enjoyed thanks to the Welfare Plan for the benefit of employees.

The unique circumstances imposed **by the pandemic** brought the Company even closer to its people with initiatives such as remote individual and collective psychological support and actions in support of parenting. The **health crisis** was faced with special organisational measures, such as the creation of a Prevention and Management Committee, the **reformulation of work spaces and methods**, the administration of **free blood tests**, which saw around 3,000 employees take part, plus, in addition to the **healthcare policy**, a **Covid-19 insurance policy** for employees and their family members and the adoption and subsequent certification of the **Biosafety Trust** model relating to processes in order to **reduce the risk of epidemics** in the workplace to a **minimum**.

**Remote working**, previously trialled by the Company before the emergency, was quickly extended to over 3,700 employees (around 60% of the total) and online working methods were also adopted for traditionally "in person" processes such as **staff recruitment and training**.



## ENVIRONMENT

The **natural context** is the framework within which Acea's activities find their **origin, purpose and limit**. The main challenges for environmental sustainability are indicated in the **Green Deal**, the European Union's growth strategy, which sets the goal of climate neutrality by 2050, through progressive transformation of the economy, with large-scale investment in **renewable energy, energy efficiency, transport with low**

**environmental impact** and **upgrading of buildings**, in the context of a **circular economy**, with inclusivity and innovation as universal foundations. In this context, Acea undertook a plan to significantly increase **generation from renewables** and set itself a target of achieving **high efficiency in internal end uses** and in energy process uses and reducing carbon intensity (gCO<sub>2</sub>/kWh produced). More specifically, in 2020 Acea Produzione purchased some photovoltaic systems for 16 MW of power, reaching a **total of 52.5 MW**.

The **protection of biodiversity** is a focus point for institutions (EU Biodiversity Strategy for 2030 and Sustainable Finance Taxonomy), to which Acea responded by **analysing over 23,000 sites**, for the main operating companies, and **mapping those located in areas with high biodiversity** then identifying the potential risks and impact. In Environment operations, Acea also launched the **Urbees** project, to monitor the ecosystem by observing the behaviour of bees as bioindicator insects.

In the water sector, it is important to highlight **the design** of infrastructure of strategic importance in Peschiera, together with that of the Marcio Aqueduct, following the **Envision protocol procedures**, the first rating system for the creation of sustainable infrastructure, which assesses the economic, environmental and social sustainability of the infrastructure.

In terms of the circular economy, two relevant projects were initiated during the year, **Sludge Mining** and **NANOBOND**, both dedicated to the management and disposal of **treatment sludge**, the first with the aim of recovering valuable material from waste treatment and from dredging sediments in waterways, and the second project with developing innovative treatment materials with eco-friendly and eco-sustainable characteristics.

With reference to **climate change**, Acea implemented an alignment with the Recommendations of the **Taskforce on Climate-related Financial Disclosures** (TCFD); these guidelines formed the groundwork for defining a target to reduce climate-altering emissions according to scientific methods (a **Science-Based Target**). Lastly, again focused on the issue of containing the **climate risk**, we note the appeal by the Corporate Leaders Group signed by the CEO of Acea and addressed to the European Commission to support a more challenging objective to **reduce greenhouse gas emissions by 55% by 2030**.



## COMMUNITY

The Group's mission and values include **dialogue with the local territories** and communities, seeking opportunities to create shared value. In 2020, Acea continued the stakeholder engagement project with two pilot projects carried out at the Companies **Gori and Acea Ambiente**, in the first instance to create a model for strategic interaction with the mayors in the municipalities of the Sarno area,

and secondly to define the Stakeholder Register for the two substantial operating sites. **New generations and schools** have always been a particular area of attention for the Group, even more so given Italy's current circumstances. The "**Acea Scuola – DifendiAMO l'acqua!**" ["Acea School – Let's Defend Water!"] programme, dedicated to saving water and sustainability, was carried out at 3 virtual events that could be accessed from across the country, with 4,000 participants. In this year of great crisis, Acea wanted to **support the local authorities** that worked on the front line, by offering ample technical and financial support to important hospitals, such as Policlinico Gemelli and Istituto Nazionale Malattie Infettive Spallanzani, and for associations engaged in the **protection of fragility and primary needs**, such as AISM, Community of Sant'Egidio and the Italian Red Cross. Contact with the local region also continued through strong support from Acea in the sporting events that were able to take place during the year, such as the **Golden Gala**, the **Six Nations** and the **Italian Paralympic championships**. As every year, the initiatives aimed at children, Acea Volleyball School and Acea Camp, were also supported.

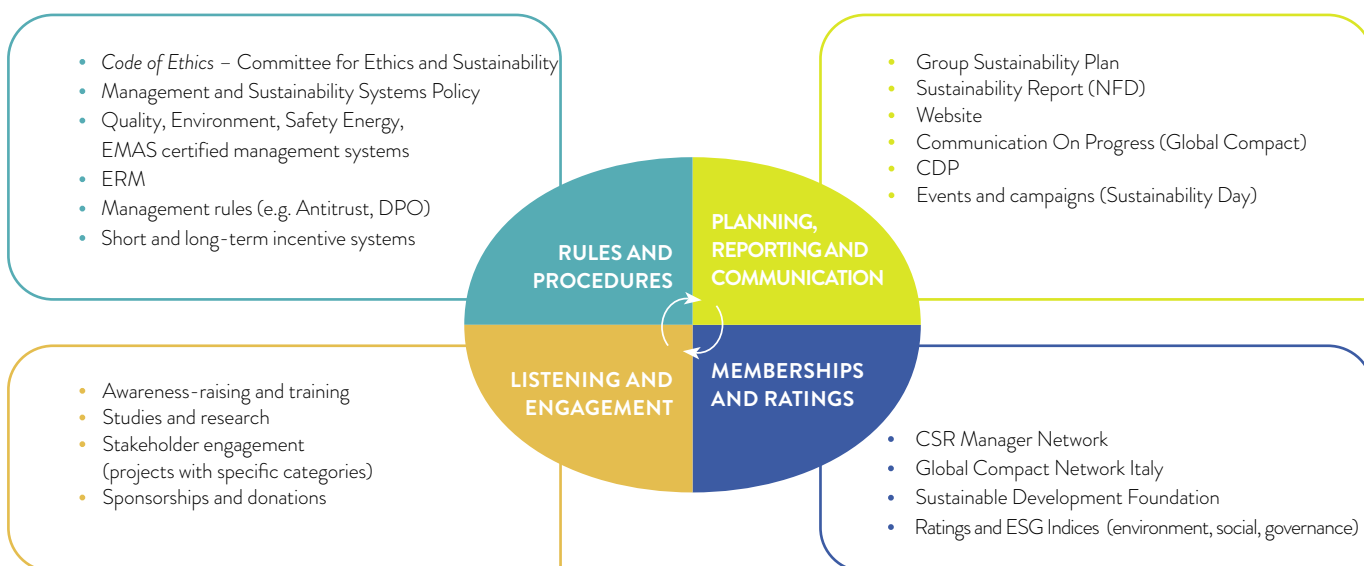
Lastly, we note the sense of cohesion, unity and solidarity provided by Acea to the local community by projecting the **colours of the national flag** onto Italy's main symbolic government and institutional buildings.

## TOOLS AND ACTIONS FOR SUSTAINABILITY

The Group works towards spreading sustainability values, culture and practices, both within the organisation and in the

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

CHART NO. 17 – SUSTAINABILITY TOOLS



## DISTRIBUTION OF THE VALUE GENERATED BY ACEA

The overall economic value generated by the Acea Group in 2020 is **€ 3,434.2 million** (€ 3,240.9 million in 2019, restated).

Below is a breakdown of the above figure amongst the stakeholders: 57.6% to **suppliers**, 21.4% to the **Company** as resources to be reinvested; 7.8% to **employees**; 6.2% to **shareholders** in the form of dividends; 2.9% to **financiers** in the form of interest on capital provided; 3.9% to the **public administration**<sup>20</sup> in the form of taxes paid and 0.2% to the **community** by way of sponsorships and donations for events and similar endeavours.

TABLE NO. 13 – ECONOMIC VALUE DIRECTLY GENERATED AND DISTRIBUTED (2019-2020)

(in € million)	2019	2020
<b>TOTAL ECONOMIC VALUE DIRECTLY GENERATED</b>	<b>3,240.9</b>	<b>3,434.2</b>
<b>DISTRIBUTION TO STAKEHOLDERS</b>		
operating costs (suppliers)	1,930.4	1,979.9
employees	249.3	267.6
shareholders <sup>(*)</sup>	189.2	211.6
financiers	106.1	98.1
public administration	123.2	134.6
community	6	7
Company	637	735.4

(\*) Includes dividends for the financial year 2020 proposed by the BoD, any dividends from reserves and minority interests.

TABLE NO. 14 – BREAKDOWN OF VALUE GENERATED BY STAKEHOLDER (2019-2020)

	2019 (%)	2020 (%)
suppliers	59.5	57.6
employees	7.7	7.8
shareholders	5.8	6.2
financiers	3.3	2.9
public administration	3.8	3.9
community	0.2	0.2
Company	19.7	21.4

<sup>20</sup> The amount paid to the public administration net of public contributions which Acea receives (equal to € 8.9 million) is € 125.8 million.