

2020

SUSTAINABILITY REPORT

ACEA GROUP

(Consolidated Non-Financial Statement
pursuant to Legislative Decree no. 254/2016,
prepared according to the GRI Standards)

SUMMARY FIGURES

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LETTER TO THE STAKEHOLDERS



As we introduce the stakeholders to the Acea Group's 2020 sustainability performance, we look to the past year with the knowledge that we are not yet clear of the health emergency caused by the Covid-19 pandemic. Italy and the entire world have suffered an immense loss of human life and we are all coping, day by day, with the social and economic consequences of these circumstances. And yet, though in March 2020 we felt dismay, twelve months later we share the belief that we can overcome the pandemic, defeat it even, thanks to the joint effort of the scientific community and all those who have worked to support it. We see a country that is down but not out and that is also seeking to restart with renewed enthusiasm.

Our Company has been fortunate to operate in business sectors – public services – that have experienced rather limited repercussions, as it plays a key role for the community and the local region. In the final quarter of 2020 and with our responsibility in mind, we wanted to define the Group's growth prospects and strengthen its ability to create value over time, by approving the new business and sustainability strategies for 2020-2024 in line with the Development Objectives of Agenda 2030, the values of our *Code of Ethics* and the principles of the United Nations "Global Compact", which Acea continues to adhere to year after year.

Our idea of the future and the challenges that we have undertaken are in agreement with those set out by the European Green Deal, which the international community has confirmed and backed over the course of the previous year. As we know, the European Union's growth strategy is aimed at the gradual transformation of

development models, with a view to circular economy and the preservation of the natural environment, beginning with the fight against climate change and the protection of biodiversity. It targets carbon neutrality, providing for investments in renewable energy sources, energy efficiency, transport with a low environmental impact and the redevelopment of buildings. It specifies technology and innovation as key enablers and makes inclusivity an essential point of reference.

In this sense, the Action Plan to fund sustainable growth and the "Next Generation EU" growth tool will increasingly drive investment.

Acea has embraced the suggestions that arose from the new context and defined its path of growth in the circular economy. It has made the challenge of climate change its own, by planning and launching the development of energy production from renewable sources, by continuing energy efficiency measures and the adoption of green energy for internal use and by challenging itself to make use of additional tools for analysing and reporting aspects related to climate change, thanks to a steady alignment with the recommendations of the Task Force on Climate-related Financial Disclosure.

The Company will continue to optimise the resilience of its strategic electrical and water infrastructure, to strive towards the protection and preservation of water resources and to develop research activities, even initiating partnerships with start-ups, aimed at applying technological innovation to the management of infrastructure and organisational and production processes, as well as the definition of more advanced stakeholder interaction tools and methods.



In 2020, Acea was quick to focus on all stakeholders, especially the categories hit hardest by the times, such as customers, employees and suppliers, ensuring not only the continuity of operations and services but the development of innovative projects on infrastructure and further developments in digitisation. Acea made particular commitment to its customers, by developing the functionality of remote contact channels and creating new ones, in order to adequately meet new requirements. In the same way, thanks to upgraded IT infrastructure, 3,700 people were able to switch immediately from office-based to remote working, by centring working methods around employee empowerment and a relationship of trust. It became absolutely essential to protect the health and safety of our people, which we managed by establishing a Coronavirus Prevention Committee, tasked with coordinating and implementing all necessary measures, and similar attention was paid to the issues of

contractor health and safety, thus preserving the continuity of relations with the 2,500 suppliers that supported the Group's activities over the year.

We wanted to express our active presence in the local region by participating in various events and supporting numerous initiatives. We followed up on our recurring commitments to the community, such as the Acea School initiatives, which we carried out online for the first time, with the successful involvement of over 4,000 young people.

This is the meaning that we have taken from the past year: perseverance in continuing activities and a forward-looking perspective. We are confident of our Company's prospects for growth and Italy's economic and social recovery, to which we will continue to contribute, including through significant investments in sustainability and innovation which will guarantee the development of the local regions we operate in.

The Chief Executive Officer
Giuseppe Gola

The Chairperson
Michaela Castelli

INTEGRATION OF SUSTAINABILITY INTO THE CORPORATE STRATEGY

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, which incorporates sustainability as one of our 5 strategic pillars, and of the new Sustainability Plan in December, both of which cover the 2020-2024 period**. The **2020-2024 Sustainability Plan** was updated with

the **involvement of the organisational structures**, taking into account the **material issues defined by listening to stakeholders**, maintaining consistency with the objectives of the **European Green Deal** and the **UN Sustainable Development Goals** (Agenda 2030) that are relevant to Acea's businesses. The **investments envisaged in the 2020-2024 Business Plan related to sustainability targets totalling € 2.1 billion**. During 2020, both the **progress of the targets and the amount of investments committed** in the year were monitored. At 31/12/2020, the latter totalled **€ 332 million**.

THE ACEA SUSTAINABILITY PLAN GUIDELINES

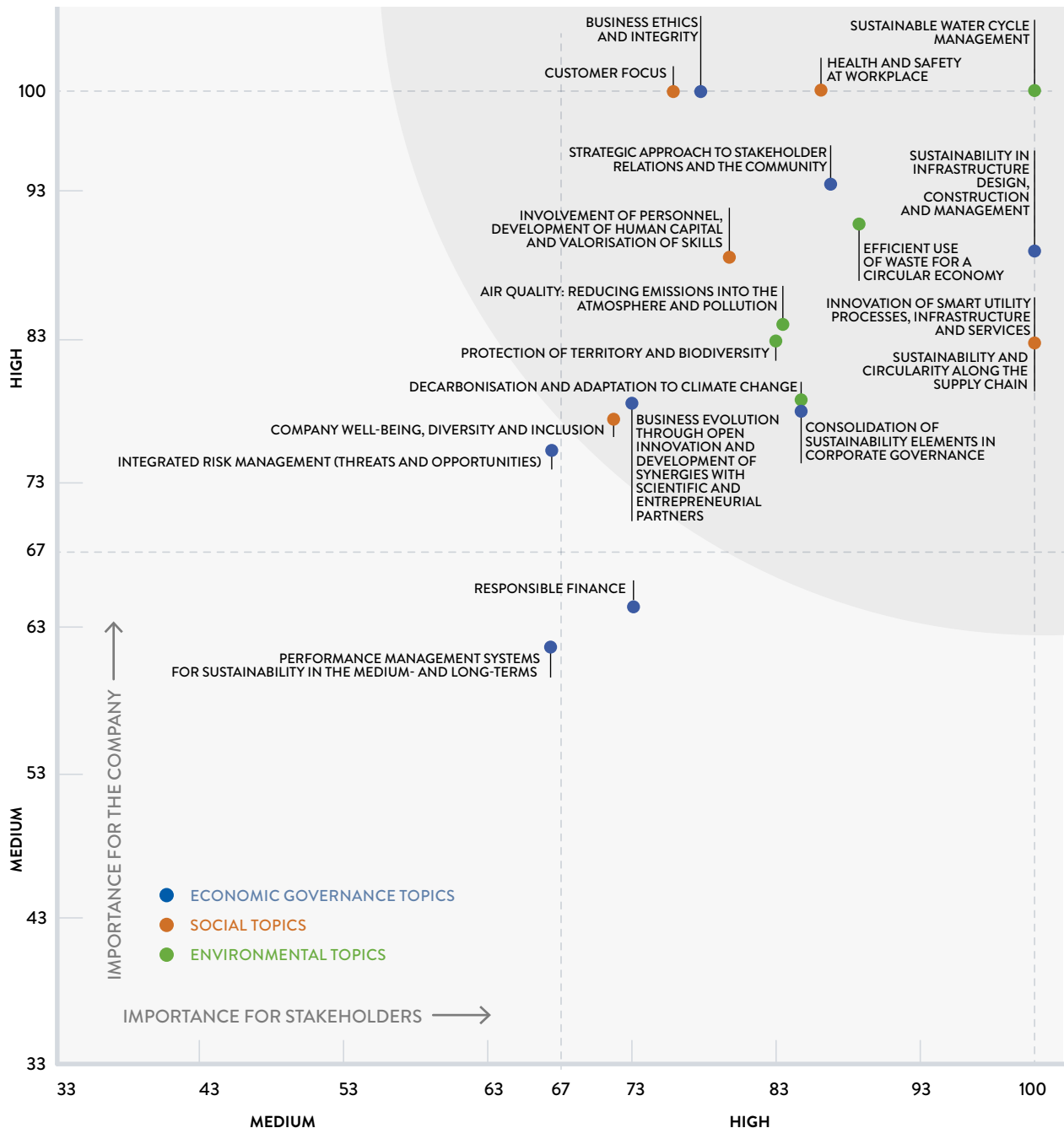


UPDATING THE MATERIALITY ANALYSIS SUBSEQUENT TO THE COVID-19 EMERGENCY

Subsequent to the **Covid-19 emergency**, in 2020, Acea updated the **materiality analysis** carried out the previous year, to check whether the **“material” topics identified were adequate**. For this purpose, it set up an “ad hoc” project which **analysed developments in the context marked by the pandemic emergency and «reviewed» the 2019 “material” topics against the findings that emerged**. Following the **direct involvement of stakeholders (external and internal) and the Group manager based on digital focus groups and one-to-one telephone interviews**, the results **confirmed the materiality matrix previously identified was valid and appropriate for 2020, emphasising certain of the “material” topics**. In particular, occupational

health and safety; sustainability and circularity along the supply chain; strategic approach to stakeholder relations and the community; customer focus; involvement of the territory and development of skills; protection of territory and biodiversity; decarbonisation and adaptation to climate change; consolidation of sustainability elements in corporate governance; company well-being, diversity and inclusion; integrated risk management; responsible finance, and innovation as a transversal element. The **2020 materiality matrix** shows the **weighted distribution of 19 topics, 16 positioned in the highly significant quadrant (68-100 points) and 3 in the medium significance quadrant (33-67 points)**.

THE 2020 ACEA MATERIALITY MATRIX







INTEGRATED RISK ANALYSIS

To improve an integrated vision of risks and their proactive management within a structured and continuous process, Acea further developed the **ERM Programme** based on the **COSO framework** “Enterprise Risk Management (ERM) – Integrating with Strategy and Performance”. 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 2020, the risk 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.

The Covid-19 phenomenon impacted on the risks analysis and management process, for example in terms of the health risks triggered by the pandemic (material topics **health and safety in the workplace** and **corporate well-being**), with the introduction of special organisational measures to deal with them (smart working and remote support initiatives) and medical monitoring (check-ups or setting up protection devices), or with regard to commercial services continuity in respect of customers (material topic **customer focus**) with the immediate strengthening of digital channels.

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
SUSTAINABLE WATER CYCLE MANAGEMENT Unfavourable natural events and/or climate change; authorisation delays impacting on optimal management conditions; monitoring and analysis	economic/financial reputational	<i>environment and community</i> natural and social-relational capital	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
SUSTAINABILITY IN INFRASTRUCTURE DESIGN, CONSTRUCTION AND MANAGEMENT Environmental and social impacts from inadequate and failed design, construction and/or management of plants/networks	economic/financial reputational	<i>environment, community, institutions, suppliers</i> natural, production and social-relational capital	Policies, processes and procedures (application of sector best practice) Monitoring and periodic reporting Maintenance plans
OCCUPATIONAL HEALTH AND SAFETY 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
INNOVATION OF SMART UTILITY PROCESSES, INFRASTRUCTURE AND SERVICES 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
SUSTAINABILITY AND CIRCULARITY ALONG THE SUPPLY CHAIN Failure to control the purchasing process – failure of suppliers to comply with the requirements (health and safety, environmental, anti-corruption)	economic/financial reputational	<i>environment and suppliers</i> natural, human and social-relational capital	Policies, processes and procedures Quality monitoring of goods/services received Qualified suppliers register
EFFICIENT USE OF WASTE FOR A CIRCULAR ECONOMY Failure to comply with regulations; obstacles in the waste treatment and delivery market	economic/financial reputational	<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
STRATEGIC APPROACH TO STAKEHOLDER RELATIONS Tensions with stakeholder representatives in the region with negative effects on the development of activities	economic/financial reputational	<i>community</i> social-relational capital	Policies, processes and procedures People and organisation (stakeholder engagement oversight activities)
BUSINESS ETHICS AND INTEGRITY Conduct contrary to binding regulations, internal rules and standards of reference	economic/financial reputational	<i>community, institutions and business partners</i> production, intellectual and social-relational capital	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)

CUSTOMER FOCUS Failure to achieve service quality levels until they are discontinued	economic/financial reputational	customers social-relational capital	Policies, processes and procedures Dedicated organisational structure Periodic reporting (analysis of customers and services) Regulatory framework and reference legislation monitoring
AIR QUALITY: REDUCING EMISSIONS INTO THE ATMOSPHERE AND POLLUTION Exceeding the emission limits envisaged by laws and authorisation decrees.	economic/financial reputational	environment and community 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
INVOLVEMENT OF PERSONNEL, DEVELOPMENT OF HUMAN CAPITAL AND VALORISATION OF SKILLS Lack of adequacy both in terms of skills and organic plants	economic/financial reputational	employees human capital	Policies, processes and procedures (remuneration and incentive policies) People and organisation (dedicated structures and training) Performance evaluation system
PROTECTION OF TERRITORY AND BIODIVERSITY 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
DECARBONISATION AND ADAPTATION TO CLIMATE CHANGE Failure to build sustainable plants and to adapt operating practices to the evolution of climate change (production of energy from renewable sources, resilience of the electricity grid, availability of water)	economic/financial reputational	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
CONSOLIDATION OF SUSTAINABILITY ELEMENTS IN CORPORATE GOVERNANCE 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
BUSINESS EVOLUTION THROUGH OPEN INNOVATION AND DEVELOPMENT OF SYNERGIES WITH SCIENTIFIC AND ENTREPRENEURIAL PARTNERS Inability to seize opportunities deriving from technological innovations and their integration into business processes	economic/financial	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
COMPANY WELL-BEING, DIVERSITY AND INCLUSION 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)

RISKS AND OPPORTUNITIES RELATED TO CLIMATE CHANGE

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**.

During 2020, Acea initiated an alignment procedure with the Recommendations of the **Task Force 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.

THE 2020-2024 SUSTAINABILITY PLAN: GOVERNANCE AND OPERATIONAL OBJECTIVES

The **2020-2024 Sustainability Plan 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. The **5 macro objectives** are broken down into **15 frameworks for action** and **25 operational objectives**, as illustrated in the summary figures.

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 practices 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^(*)



**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



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

Professional enhancement, training and development of skills

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

Involving people in the Group's identity

- 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 **125 targets for 2024 and the relative KPIs**, which break down the sustainability strategy guidelines in detail, allow us **to monitor their progressive achievement**. 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.

RELATIONS WITH THE STAKEHOLDERS



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 black-out 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, Vigeo Eiris, 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 (gCO₂/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 **Task Force 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.



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