

The logo features the word "acea" in a lowercase, rounded, sans-serif font. The letters are filled with a green-to-yellow gradient. The logo is centered within a white circle that is partially cut off by the right edge of the page. The background consists of a large green circle with a yellow-to-green gradient, set against a solid green background.

acea

2016
SUSTAINABILITY REPORT
SUMMARY DATA

ACEA GROUP

LETTER TO THE STAKEHOLDERS



With the recent entry into force of Legislative Decree 254/2016 on the disclosure of information of a non-financial nature and on diversity, in implementation of Community Directive 95/2014, listed companies like Acea, as of the next financial period, must include in the *Annual Report* precise data on sustainability or reference to a separate document. The listed companies must illustrate their governance model, policies, assessment procedures, risks, performance ratios and their results within the various spheres of the company's sustainability, information which substantially corresponds to that of the *Sustainability Report*. In this way, the law gives full importance to the elements which, apart from and in addition to the economic situation, contribute to the creation of a company's value, deeming them to be necessary for the full comprehension on the part of the subjects concerned of the Group's trend, of its results and of the impacts generated by the business.

It is worth recalling this, because we are proud to declare that our Company is more than ready to take this fundamental step. The edition of the *Sustainability Report* which we present is, in fact, the nineteenth, and for six years the Financial Statements and the Sustainabil-

ity Reports have been approved by the same Board of Directors' meeting and published simultaneously. Until today, therefore, sustainability has been reported on an entirely voluntary basis, although no less formally: the document has always been drafted according to the highest levels of conformity to accredited international guidelines (now GRI-G4) and it has always been subjected to verification and audit by a specialised external company, precisely to confer maximum validity to the information contained therein.

This choice, adopted long ago and confirmed from year to year by the regular reporting, is not by chance. We have been quite aware that the role of a multi-utility company operating for more than a century and deeply rooted in the territory, where it has a vital and pro-active presence, implies an all-round responsibility, including social and environmental aspects in its development outlook.

These are precisely the values to be followed that we have indicated for years in the Group's Code of Ethics, confirmed by Acea's adhesion to the Global Compact Network Italia, in respect of the "Global Pact" prin-

principles that have allowed the company to identify in its work, and described in the *Sustainability Report*, the elements corresponding to an advanced level of the *Progress Report*. And the *Sustainability Report* not only meets the requirement to report to the parties concerned, but over time it has also played a supporting role for the internal promotion of an evolved business model.

But we have done more. This year we have defined our forthcoming commitments in terms of sustainability, submitting them, for the first time in our history, to the Board of Directors for approval. For this reason, on this occasion, instead of merely illustrating the results and performances of the year, fully described and quantified in this document, we have decided to share with you the intentions set out in the 2016-2020 Sustainability Plan.

To define the Plan, we have adopted an innovative procedure, directly and collectively involving the Company's front lines, to facilitate a common and shared view, capable of focusing on key targets, and also for a clear understanding of international evolution on sustainability indicated by the *Sustainable Development Goals* (SDG) approved by the UN and on the basis of which the Sustainable Development Strategy of our country is about to be launched.

The five macro sustainability goals identified and included in the plan - *to promote the customer's central role; to value people in change; to qualify our presence on the territory and to protect the environment; to promote*

health and safety throughout the value chain; to invest in innovation for sustainability - which are presented in the *Sustainability Report* and broken down into 26 operating spheres and about 90 goals to be reached within 2020, give the measure of how this path of evolution has become an integral part of Acea. The company, in fact, reveals itself as: engaged in the transformation and improvement of customer relations, with challenging service quality targets; believing in the involvement of its own personnel; having a strong sense of responsibility on the territory understood as the host context, a natural environment and the local community; able to broaden its responsibilities throughout the value chain; a deep and committed driving force for modernisation and innovation, also understanding the deep links between innovation and sustainable growth.

Lastly, together with certain corporate departments, we have identified and included in the Sustainability Plan "governance level" goals, aimed at increasingly integrating sustainability issues in the company's governance, in the belief that we are not facing a goal reached but a path of evolution that does not allow for lowering the level of attention; however we also wish to underline that already today the operational goals of the Sustainability Plan and the approach of the Business Plan have clear intersecting points, since they both interpret that transformation in progress within the Group and they contribute, merely in different ways, to the same outlook and strategy of sustainable development.

The Managing Director
Alberto Irace



The Chairman
Catia Tomasetti



ACEA AND SUSTAINABILITY

THE 2016 SUSTAINABILITY REPORT - PUBLISHED EVERY YEAR, NOW IN ITS 19th EDITION - DESCRIBES THE **ECONOMIC, SOCIAL AND ENVIRONMENTAL PERFORMANCES** OF THE ACEA GROUP, TO OFFER TO THE PARTIES CONCERNED INFORMATION THAT IS AS **CLEAR, COMPLETE AND INTEGRATED** AS POSSIBLE.

The contents of the *Sustainability Report* have been defined following the *GRI-G4 Guidelines*, applied according to the “comprehensive” option, and on the basis of the **results of the materiality analysis**, partially renewed in the year, which have allowed for identifying the most relevant items for both company and stakeholders. The reporting has also taken into account the fact that it

is a **listed company**, the relations **between the holding and the other companies of the Group**, the **sectors in which it operates** (energy, water and the environment), its **mission** as a Utility company, **the Country - Italy - in which it mainly performs its activities** and the **types of stakeholders** with which Acea interacts.



SINCE 2007 ACEA HAS ADHERED TO THE GLOBAL COMPACT
SINCE 2014 IT HAS IDENTIFIED THE ELEMENTS CORRESPONDING
TO THE ADVANCED LEVEL OF THE PROGRESS REPORT

ACEA PROMOTES AN APPROACH INVOLVING ENGAGEMENT OF ITS STAKEHOLDERS, ENHANCING THE OPPORTUNITIES **TO CREATE SHARED VALUE**, ACCORDING TO THE CODE OF ETHICS.

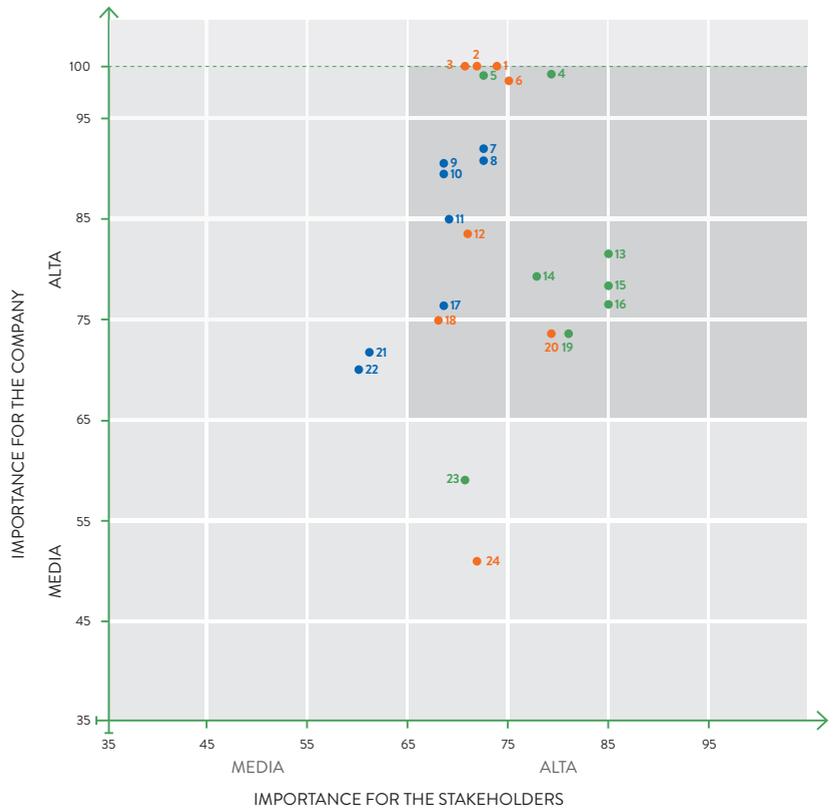
The identification of the various stakeholders and the management of the interaction with the company are **on-going dynamic activities**, which arise both from company desires and aims and from solicitations of the

external context. The consequent **collaboration**, fully described in the *Sustainability Report*, are important both for the growth of the Group and to consolidate the right to operate recognised to Acea by the parties concerned.



THE RELEVANT ISSUES FOR THE COMPANY AND THE STAKEHOLDERS

Between 2016 and the first two months of 2017, thanks to the widespread involving approach that has led to the preparation of the Group's Sustainability Plan, focusing on the most relevant issues, and the specific involvement of certain corporate departments, Acea has developed a **new analysis** of the regulatory, legal, sustainability and market contexts and partially **updated the "materiality matrix"**, out-lining **its position** and identifying **20 issues of high relevance**.



- ECONOMIC AND GOVERNANCE ISSUES
- SOCIAL ISSUES
- ENVIRONMENT ISSUES

- | | |
|---|---|
| <ul style="list-style-type: none"> 1 STUDY AND APPLICATION OF NEW TECHNOLOGIES FOR SERVICE IMPROVEMENT AND EVOLUTION 2 IMPROVEMENT AND INNOVATION OF CUSTOMER CONTACT METHODS AND CHANNELS 3 DEVELOPMENT, PROTECTION AND APPRECIATION OF THE HUMAN CAPITAL 4 DEVELOPMENT OF WASTE-TO-ENERGY AND INTEGRATED WASTE MANAGEMENT 5 PROTECTION OF THE TERRITORY AND MITIGATION OF EMISSIONS: CLIMATE CHANGE, AIR QUALITY 6 PROTECTION OF HEALTH AND SAFETY AT WORK 7 CREATION OF VALUE (ECONOMIC, SOCIAL AND ENVIRONMENTAL 8 ETHICS, RESPECT FOR RULES AND COMPLIANCE 9 INTRODUCTION OF SUSTAINABILITY ELEMENTS INTO CORPORATE GOVERNANCE 10 MITIGATION OF RISK EXPOSURE AND DEVELOPMENT OF BUSINESS OPPORTUNITIES 11 LISTENING TO, INVOLVING AND SENSITISING THE STAKEHOLDERS 12 SUSTAINABLE MANAGEMENT OF THE SUPPLY CHAIN AND SUPPLIER ASSESSMENT/SELECTION WITH ESG (ENVIRONMENT AND SOCIAL) CRITERIA | <ul style="list-style-type: none"> 13 EXPANSION OF WASTE WATER PURIFICATION AND SLUDGE DISPOSAL 14 DEVELOPMENT OF INVESTMENTS TO CONTAIN ENVIRONMENTAL IMPACT 15 PROTECTION OF POTABLE WATER QUALITY 16 REDUCTION OF WATER LOSS 17 REMUNERATION POLICY AND ASSESSMENT OF TOP MANAGEMENT PERFORMANCE 18 DIVERSITY AND COMPANY WELFARE MANAGEMENT 19 EFFICIENT WATER USE (CONSUMPTIONS AND SAVING) 20 CONSUMER PROTECTION 21 DEVELOPMENT OF SYNERGIES WITH PUBLIC BODIES AND PRIVATE PARTNERS 22 VALORISATION OF ESG (ENVIRONMENT, SOCIETY, GOVERNANCE) IN RELATIONS WITH THE FINANCIAL COMMUNITY 23 SAFEGUARD OF FLORA AND FAUNA 24 PROTECTION OF HUMAN RIGHTS |
|---|---|

2016-2020 SUSTAINABILITY PLAN AND THE OPERATING GOALS

The Plan, according to the business strategy, is carried out at **governance and operational level**: it identifies **6 spheres of action** for further integrating the sustainability of the company's governance, and **5 macro-goals** of



Acea guarantees **adequate integration of the sustainability of the corporate governance**, by:

GOVERNANCE

- the integration of the sustainability goals into the corporate risk identification, assessment and monitoring system;
- the integrated reading of the economic-financial sustainability data to show the total value generated by the Group;
- the introduction into the performance management systems of goals aimed at promoting sustainability impacts;

and with special attention to the following **five macro-goals** and the relative **spheres of action** and **operating goals** (*):

OPERATING LEVEL



TO PROMOTE THE CENTRAL ROLE OF THE CUSTOMER

Improved communications with customers

- To develop the web channel as a multi-function channel of the Group focused on the customer's needs
- To adopt customer communication initiatives on the evolution of Acea

Service quality improvement

- To improve the commercial quality of the services



TO GIVE VALUE TO PEOPLE IN CHANGE

Professional valorisation, training and skills development

- To valorise people's potential through training
- To create skills adequate for the progressive digitalisation of Company processes
- To invest on the evolution and improvement of the personnel assessment system

To involve people in Group identity

- To increase the staff involvement level
- To define and promote an employer branding plan

Organisational inclusion and well-being

- To identify and improve the organisational well-being of the entire corporate population
- To give value to diversity and to promote inclusion



TO QUALIFY THE PRESENCE ON THE TERRITORY AND TO PROTECT THE ENVIRONMENT

Environmental impact reduction

- To design and implement action to contrast climate change
- To promote the efficient use of the resources, also fostering the circular economy
- To enhance the certified environment and energy management systems
- To implement sustainability logics in procurement procedures

Contribution to collective well-being

- To promote activities with a positive impact on collective well-being in the areas where the company operates
- To develop territorial upgrading and requalification projects

Consolidation of relationships with the territory

- To increase relations with appointed bodies and organisation responsible for collaborating in environmental protection
- To contribute to sensitisation on social and environmental issues

THE **2016 - 2020 SUSTAINABILITY PLAN** HAS BEEN DEFINED WITH THE **COLLECTIVE INVOLVEMENT OF THE GROUP'S MANAGEMENT AND APPROVED BY THE ACEA SPA BOARD OF DIRECTORS.**

Group operations linked to the business and the mission, divided into **14 action areas** and **26 operational goals**. The

Sustainability plan also corresponds to certain Sustainable Development Goals (SDG) of the United Nations.

- the spread of a “sustainability mentality”, by awareness initiatives and the involvement of the internal and external stakeholders;
- the enhancement of the ESG (Environmental, Social, Governance) in relations with shareholders and investors;
- identification of evolutionary trends in both national and European regulations, regarding aspects linked to sustainability in the sectors in which the Company operates.



PROMOTION OF HEALTH AND SAFETY THROUGHOUT THE VALUE CHAIN

Health and safety in the workplace for Group workers

- To improve safety standards in the workplaces
- To promote a pro-health and safety mentality in the workplaces

Health and safety in the workplaces for contractors and sub-contractors

- To sensitise contractors on health and safety in the workplaces

Health and safety in the community within which the Group operates

- To guarantee the health and safety of customers and of the local community with reference to the different services provided



INVESTMENT IN INNOVATION FOR SUSTAINABILITY

Organisational innovation

- To promote “smart” work methods

Technological and process innovation

- To promote the sustainability and resilience of the urban territory (smart cities)
- To develop remote control systems and remote intervention

Creation and promotion of knowledge

- To develop research projects in partnership with other competent structures

(*) Each operational goal is broken down into a number of targets and KPI in the Detail Plan of reference.

RELATIONS WITH THE STAKEHOLDERS



CUSTOMERS AND SOCIETY

18,600
PEOPLE

LISTENING AND CUSTOMER SATISFACTION SURVEYS

70,220
LED LIGHTS

INSTALLED IN 2016 IN ROME, FOR NEW LIGHTING POINTS AND TRANSFORMATIONS

46
WATER HOUSES

ACTIVATED IN 2016
19 IN ROME AND 27 IN THE PROVINCE
12.2 MILLION LITRES SUPPLIED
250 t OF PLASTIC SAVED PER YEAR
450 t OF CO2 NOT RELEASED INTO THE ATMOSPHERE



SUPPLIERS

510
MILLION EUROS

VALUE OF CONTRACTS IN 2016

APPROX. **2,000**
CONTRACTS STIPULATED

WITH **1,000 SUPPLIERS**

5,500 WORKSITE
SAFETY INSPECTIONS

CARRIED OUT BY THE "SAFETY TEAM" FOR THE "SINGLE CONTRACTS"



SHAREHOLDERS AND LENDERS

132
MILLION EUROS

OF DIVIDENDS

210
INVESTORS

MET BY THE INVESTOR RELATIONS DEPARTMENT

128.8
MILLION EUROS

ALLOCATED TO LENDERS

236,000
CUSTOMERS RECEIVED

THE ENVIRONMENT I WANT WHEN I GROW UP
ACEA FOR SCHOOL

AT THE CENTRAL
HEADQUARTERS OFFICES
10% LESS THAN IN 2015

2,500 STUDENTS AND
233 TEACHERS INVOLVED



PERSONNEL

33 HOURS
OF TRAINING PER PERSON

GIVEN TO EMPLOYEES

98.5%
EMPLOYEES

WITH PERMANENT
CONTRACTS

31%
WOMEN

IN THE CORPORATE
GOVERNANCE BODIES



INSTITUTIONS AND ENTERPRISE

APPROX. **148** MILLION
EUROS IN INNOVATION

AND OVER **10** RESEARCH PROJECTS
IN PROGRESS

530.7 MILLION
EUROS OF INVESTMENTS

+23.7% COMPARED TO 2015

OVER **30**
COLLABORATION AGREEMENTS

WITH UNIVERSITIES AND RESEARCH
INSTITUTES

RELATIONS WITH THE ENVIRONMENT



WATER

The Water Department

1,292 mm³

OF POTABLE WATER PUT
INTO THE NETWORK
(GROUP)

1,188,656

ANALYSES ON POTABLE
WATER (GROUP)

49,650 km

OF NETWORK MANAGED BY THE
GROUP'S POTABLE WATER SYSTEM
SERVICE



ENERGY

Distribution

29,000 km

OF DISTRIBUTION NETWORK
IN ROME AND FORMELLO

10,800 GWh

OF ELECTRICITY
DISTRIBUTED

43%

TERRITORIAL PROTECTION
RATIO
HV NETWORK OF THE
TOTAL HV NETWORK



ENVIRONMENT

Waste management

381,000 t

OF WASTE TREATED IN
WASTE-TO-ENERGY PLANTS

327 GWh

OF ENERGY PRODUCED BY
THE SAN VITTORE DEL LAZIO
AND TERNI PLANTS

23,670 km

SEWER NETWORK MANAGED
BY THE GROUP

448,123

ANALYSES ON WASTE
WATERS (GROUP)

Production

742 GWh

TOTAL ENERGY
PRODUCED

576 GWh

ENERGY PRODUCED FROM
RENEWABLE SOURCES
ABOUT 78% OF THE TOTAL

90 GWh

THERMAL ENERGY PRODUCED
FOR DISTRICT HEATING
38,900 INHABITANTS SERVED

SAN VITTORE DEL LAZIO TERNI

13.5 MWh/h **10.2** MWh/h

ENERGY PRODUCED (MWh) FOR HOURS OF
WASTE TO ENERGY PLANT FUNCTIONING

SAN VITTORE DEL LAZIO

3.6 t/h

WASTE PRODUCED (t) FOR HOURS OF WASTE TO
ENERGY PLANT FUNCTIONING

TERNI

2.0 t/h

