



SUSTAINABILITY

REPORT

ACEA GROUP

2023

SUMMARY FIGURES



LETTER TO THE STAKEHOLDERS

2023 was characterised by renewed commitment to integrated sustainable management, confirming the growing attention of Acea management and colleagues to the construction of solid foundations for the Group's future development and the pursuit of sustainable success. The findings reported in the *Consolidated Non-Financial Statement* outline the meaning behind these commitments and actions taken, from strategic definition to operational management, illustrating the objectives achieved in terms of *governance*, *social* and *environmental* aspects and in favour of our stakeholders.

Governance, as a decision-making driver, was further developed in the direction of sustainability, strengthening the oversight of anti-corruption, legality and public safety topics, especially in the sectors of strategic national interest, with immediate effects on operations. To this end, for example, we should mention the approval of the *Anti-Corruption Guidelines* and the *Anti-Corruption Policy*, followed by the UNI ISO 37001:2016 certification of the anti-corruption management system, or the signing of the *National Framework Protocol to Support Legality* with the Ministry of the Interior and subsequent "Legality Protocols" between the Prefecture of Rome and Acea Ato 2 regarding the completion of major water works in the capital city.

For companies like Acea with activities that impact a wide range of stakeholders, the protection of human rights is of central importance for conducting responsible business. Bolstered by this knowledge, which is based on consolidated values and systems within the Group, the Board of Directors of Acea approved the *Human rights Policy*, which takes inspiration from the main relevant international documents and sets out its key principles in relation to our operating context, the activities managed, and the stakeholders with whom we interact on a daily basis.

The focus on the *social* aspect remains a basic principle on which Acea exercises its *corporate social responsibility*. In particular, the safety of workers, namely our colleagues and the workers of contractors, is an area of ongoing commitment. During the year, Acea Infrastructure carried out over 14,250 worksite inspections and non-conformities detected fell overall (-15% compared to 2022) and by incidence of "major" cases (7% compared to 8% in 2022), confirming the tireless commitment to countering and preventing accidents. The process of development and growth

of professionals at the company is also important, outlined in the contents of the *Charter of the Person and Participation* signed with the trade unions. The initial results already see an 8.5% increase compared to 2022 in the performance for the year in question, which saw 226,222 hours of training delivered to our people.

The full integration of sustainability into industrial developments including from an *environmental* perspective is shown by the validation obtained from the *Science-Based Targets initiative (SBTi)* of our target to reduce climate-altering emissions by 2032, which we wanted to define in order to contribute to limiting the global temperature increase compared to pre-industrial levels. It is an important recognition of our conviction towards decarbonisation, which we took into account when setting out the growth guidelines forecast in the industrial planning presented in March 2024.

These significant results and commitments to governance and to social and environmental aspects are also reinforced by the promotion of sustainability in the financing systems, with the second *Green Bond* issued in the year, and by the increasingly relevant integration of sustainability indicators into remuneration incentive systems.

The *operating performance* documents Acea's path towards the energy transition and the circular economy: we need only look at the 1,047.4 GWh of electricity, 72% of which from renewable sources, and the 50 GWh of energy produced from biogas (+13% compared to 2022), the 47,534 tonnes of quality compost produced in the Environment sector (+13% compared to 2022) and the renewed recognition of the EMAS Award for energy performance improvement at the San Vittore del Lazio waste-to-energy plant. In the water sector, we are the leading national operator with excellent levels of quality of service, proven by the consistent awards granted by the national industry authority, for the performance of the Group's main companies. We are strongly committed to protecting resources, including through the containment of leaks, and to the resilience of the water system, by optimising the management of infrastructure with digitalisation and new technologies. We apply a logic of full measurement of the water resource, as seen in the increased recovery of the material from our processes, for example with the recovery of 81% of the sludge produced by the main companies in the sector (+14% compared to 2022) and 2.7 million m³ of water



reused in the industrial processes by the Group's main companies (+12% compared to 2022). In terms of reuse of purified water in agriculture, a central aspect for food sustainability in the coming years, we want to be a central player in the renewal, and from this perspective we signed a Memorandum of Understanding with Coldiretti, the national association of consortia that manages and protects territory and irrigation water (ANBI), and BF S.p.A.

Acea's commitment to the future is also founded on a vision of profound *digital* upgrading that will enable new economic and social dynamics. We integrate technological innovation and sustainability into the advanced international projects we take part in through the smartification of networks, including in partnership with key sector players. For example, the TwinEU Project, which we are developing with Enel, Terna and RSE, for the creation of a "digital twin" of the electricity grid, as well as the

Areti pilot project (RomeFlex) to create a market of flexibility for the electricity grid in the capital city, accompanying the development of participatory dynamics on the energy markets. One sign of the ongoing transformation is the increase in "prosumers", simultaneous producers and consumers of energy, connected to our grids (+28% in 2023 compared to 2022). The sale of "green" electricity also promotes and proves this evolution: in 2023 we sold approximately 3,000 GWh of G.O. certified energy (+18% compared to 2022).

The findings mentioned represent extremely tangible signs of the commitment to sustainable development, in line with the SDGs of the Agenda 2030, which forms the foundation for the entire operating system of Acea, supported by our people and recognised by our stakeholders. This is our view for the future and the generation of value for the communities we serve.

The Chairwoman
Barbara Marinali

The Chief Executive Officer
and General Manager
Fabrizio Palermo

ACEA GROUP'S MATERIALITY ANALYSIS

Acea conducted a materiality analysis cycle in 2022 intended to identify **the main economic, governance, social and environmental** (so-called “material topics”) **topics**, linked to the Group’s businesses, and to **prioritise them, considering their associated impacts** (on business, natural environment, society, and stakeholders themselves), through consultation with stakeholders and managers, and evaluated according to criteria of relevance (significance, extent of the impacts, remediability/probability, etc.).

The analysis process is repeated every two or three years, or more often when the opportunity arises, and the **resulting material topics**, therefore also valid for 2023, **have strategic value**.

The analysis included the **direct engagement of stakeholders**, external and internal, representing the following main categories: institutions, peers and competitors, business partners, associations, scientific community, suppliers, customers and consumer associations, employees, trade unions, the media, new generations.

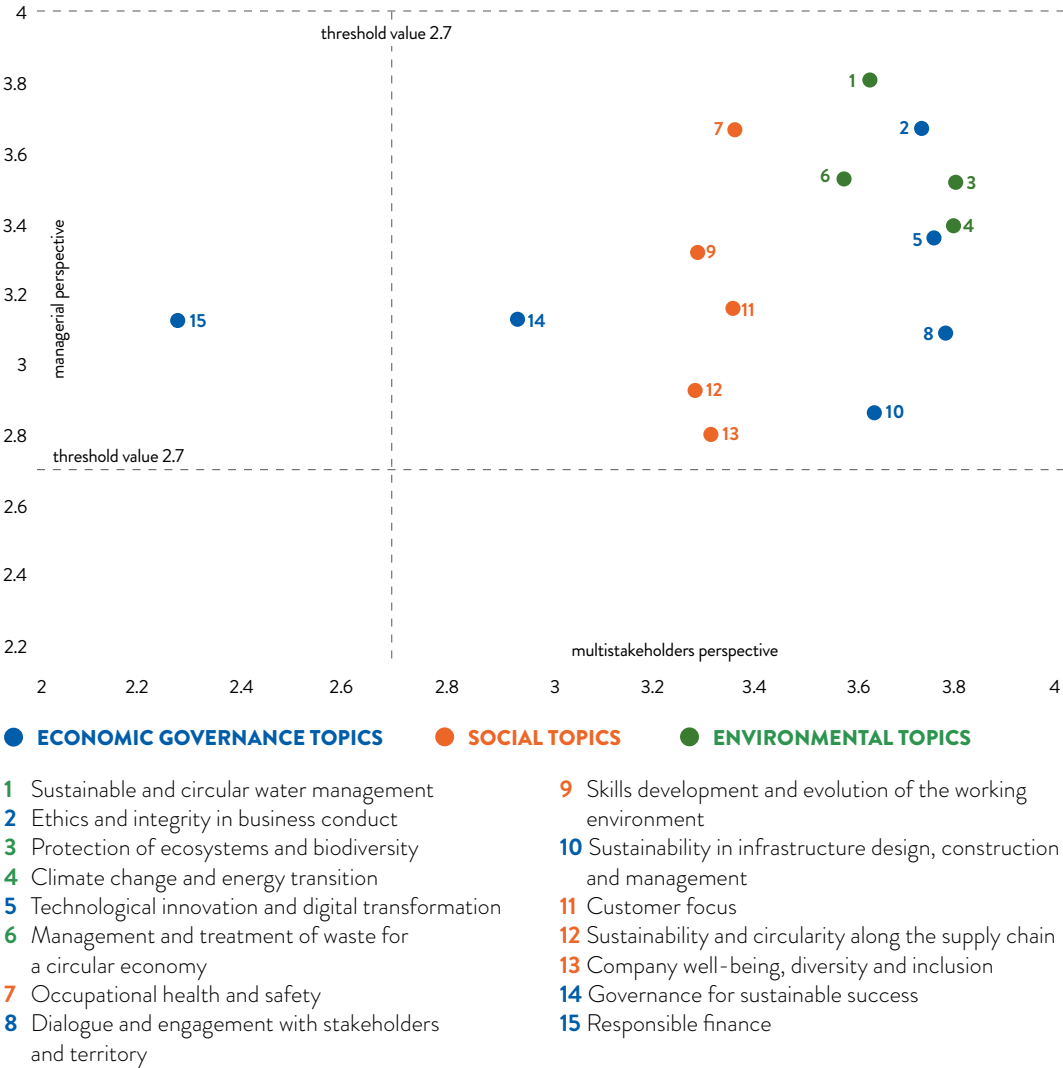


The involvement carried out using different tools: an online survey (141 respondents), the creation of two multistakeholder focus groups (69 people involved), 17 one-on-one interviews and a special meeting attended by 36 company managers.

The results of the analysis, considering the opinions and contributions of stakeholders and managers in light of the impact measurement criteria associated with the most relevant topics, enabled the construction of the materiality matrix: a chart that effectively represents the distribution of topics according to the materiality perspective of stakeholders and managers.

The matrix distributes the 15 economic, governance, social and environmental topics into low, medium and high relevance (prioritised on a scale from 0-4). In particular, **14 topics are located in the high significance area** (score 2.8-4) and 1 in the medium significance area (score 1.5-2.7).

Relevant topics for the Company and its stakeholders: Acea materiality matrix – 2023



EVENTS IN 2023

COMMITMENT TO LEGALITY AND PUBLIC SAFETY

- Acea signed a National Framework Protocol for the protection of legality with the Ministry of the Interior to strengthen cooperation on public safety and legality, in corporate sectors of national strategic importance.
- As part of the implementation of the Framework Protocol, four “Legality Protocols” were signed between the Prefecture of Rome and Acea Ato 2 to further protect safety and legality and to counter criminal infiltration at construction sites for major water works in Rome.
- In line with the same agreement, Acea and Unions signed a Protocol on Tenders focused on safety, legality and stability of employment, with definition of rewarding criterias for the assignment of tenders, including: the use a majority of workers employed under permanent employment contracts, the application of policies to achieve gender parity, etc.

HUMAN RIGHTS POLICY

- Acea has strengthened its commitment to protecting the fundamental rights of people by adopting the *Human Rights Policy*, approved in December by the Board of Directors. The Policy, which refers to the international and national regulatory framework, sets out 20 principles relating to human rights in two fundamental contexts: the internal work environment and the wider outside community and the environment, and is aimed at the people and Group’s suppliers. The implementation of the Policy rests on a structured governance process through which Acea undertakes training and dissemination actions, monitoring of risks and impacts, and reporting through the “Comunica whistleblowing” platform.

CHARTER OF THE PERSON AND PARTICIPATION

- Acea and the Unions signed the *Charter of the Person and Participation* aimed at developing professional skills within the Company and support individual and collective well-being, investing in the abilities and skills of our people,

supporting quality and employment stability. There are many initiatives included, including developing co-designed training courses, projects to modernise working spaces, solutions to optimise working hours and the introduction of training and parenting measures that go beyond regulatory requirements.

ACEA’S COMMITMENT TO COUNTERING CLIMATE CHANGE

- Acea obtained from *Science Based Targets initiative* (SBTi) the validation of its direct and indirect greenhouse gas emission reduction targets to 2032. The international organisation assessed Acea’s goals in line with the “Well below 2°C” trajectory to limit the increase in global temperature with respect to pre-industrial levels. This decision represents an important acknowledgement of the decarbonisation process begun by the Group to support the energy transition. In addition, in 2023, Acea received an excellent rating on the CDP-Climate Questionnaire, falling into the “Leadership” category (score A-) and published the Group’s second *Climate Disclosure*, prepared in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

RAISING THE AWARENESS OF YOUNGER GENERATIONS ON SUSTAINABILITY

- Acea carried out the *GenerAzione 2030* school-to-work alternation project, which involved about 400 students from 13 high schools in Latium, Umbria, Tuscany and Campania, with the dual aim of raising awareness of sustainability issues in the younger generations and making the Group’s operations better known, encouraging them to approach the world of work. Each Group company has developed a project on which the students worked, guided by company experts, to develop innovative environmentally sustainable solutions to apply to the Company’s business.

- The Acea Scuola contest is an educational course, in place for over 20 years, with the goal of promoting environmental training and raising young people’s awareness of the innovative actions, projects and technologies implemented by the Acea Group to preserve the natural environment. The 2022-2023 edition of the educational program, *ProteggiAMO l’Ambiente*, carried out through the Acea EcoVillage digital platform, was proposed to students in Rome and the Metropolitan City in November 2022 and February 2023, and later, in April 2023, made available in open mode throughout the country for 2 weeks.

ACEA’S COMMITMENT TO RAISING AWARENESS OF THE RESPONSIBLE USE OF WATER

- Acea Ato 2’s *Ogni goccia d’Acqua* (*Every Drop of Water*) campaign aimed to raise awareness of the responsible use of water resources, while also providing information on best practices to save environment and natural resources. The campaign went on air as from 22 March 2023, on World Water Day and in July 2023 was recognised in the

20th Press, Outdoor & Promotion Key Award – Transport and Energy Category.

RESEARCH AND INNOVATION FOR THE BENEFIT OF PEOPLE AND TERRITORY

- The Waidy® Management System (WMS) project is the digital platform designed in collaboration with NTT DATA Italy to optimize the management of water resources in distribution networks.
- The RomeFlex project aimed at creating an electricity grid flexibility market in the Rome area, with the development of ancillary services and the active involvement of end customers, to better manage the expected increase in distribution grid loads as a result of increased electricity consumption.
- The monitoring of emerging organic micropollutants (EOM) and endocrine disruptors in the wastewater of medium- to large-sized plants in order to protect people and environmental health.
- The testing of a multi-parametric control system, mounted on drones, for measuring air quality.



ACEA AND ITS STAKEHOLDERS

Acea is committed to developing relationships of trust and adopting an inclusive and proactive approach to stakeholders. It aims to enhance the outcomes of dialogue and debate, in line with the commitments of the Management and Sustainability Systems Policy, with the principles expressed in the *Code of Ethics* and the *Human Rights Policy*, adopted in 2023, and with the Stakeholder Engagement Principles and Values.



CUSTOMERS

Acea is one of Italy's leading multi-utility companies in terms of territory and customers served, with over 1.5 million energy and gas sales customers, over 1.6 million energy distribution withdrawal points and around 2.8 million water users, representing 8.8 million inhabitants served in Italy.

The market's evolution towards demand for innovative, green solutions is met by the Group through increasingly specific and wide-ranging offers, such as the Acea Energia offer of 100% sustainable light and gas, which led to an 18% increase in green energy sold on the free market in 2023. Also on offer are electric mobility services, enhanced by an interoperability agreement with Plenitude in the year under review. In 2023, all Group companies that manage customer relations focused on improving the customer experience during the use of digital channels (web areas, apps, chat, digital counters) and worked on targeted communications. Awareness-raising initiatives also continued, such as Acea Ato 2's water-saving campaign – *Ogni goccia d'Acqua* – which received the 20th Press, Outdoor & Promotion Key Award. Acea adopts initiatives to help keep maintain customer loyalty, for example by training sales agents that operate on behalf of the Company and checking their work. The company also conducts nurtures relations with Consumer Associations. The company has long turned to the ADR body for the out-of-court settlement of disputes. In 2023, 288 requests were received for the managed companies, a decrease of 19% compared to 2022.



INSTITUTIONS

For Acea, as a provider of essential public services that are mainly 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, in concert with the relevant institutions, the Group continued actions to develop the infrastructure works within its remit, also within the framework of the National Recovery and Resilience Plan (NRRP).

Acea is active in the prevention and management of critical events, and, in emergencies, provides support to the competent public health, civil protection and public safety authorities, for example through the water companies' emergency management plans, shared with local institutions (such as Prefectures, Local Health Authorities, Area Management Bodies), or through the electricity companies, which are essential for restarting the system after National Transmission Grid outages or for the re-powering of utilities of strategic or social importance.

In 2023, given Acea's important role in the construction of major infrastructure works, the company signed a National Framework Protocol for the protection of legality with the Ministry of the Interior to strengthen cooperation on public safety and legality, with a view to bringing social and economic benefits.

Acea participates in research centres, standard-setting bodies and industry associations, acting as promoter or contributing to research and experimentation in the businesses in which it operates. Acea also takes part in international programmes (Horizon2020), for example through the PlatOne, BeFlexible, Flow and LIFE TURBINES projects.

ACEA E I SUOI STAKEHOLDER



COMPANY

Acea, seizing the opportunities emerging from the market and its operating context, is guided along a path of full sustainability integration in its strategic choices, as also indicated by the Italian Corporate Governance Code.

The Business Plan and the Sustainability Plan currently in place are both projected to run over the 2020-2024 horizon, and investments to 2024 amount to €4.3 billion, of which €2.1 billion relate to sustainability targets.

The performance management system, as an integrated governance instrument in the long term (LTIP) and in the medium term (MBO), provides for a composite sustainability indicator, which includes targets aligned with the Group's business and sustainability plans.

For Acea, monitoring the innovation ecosystem is crucial for access to ideas, business and technology opportunities, so the Group has therefore set up collaborations with specialised partners, including Startup Intelligence and Zero Accelerator.

In 2023, Acea won the iF DESIGN AWARD 2023, in the Service Design category, for the Waidy® Management System (WMS) project, the technological platform designed by Acea in collaboration with NTT DATA Italia. The system facilitates the management of water resources throughout their life cycle.

Also in the same year, Acea obtained ISO 37001:2016 (Management System for the Prevention of Corruption) certification.



SHAREHOLDERS AND INVESTORS

The relationship with the capital markets guarantees the best conditions thanks to a careful diversification of sources. About 84% of medium- to long-term debt comes from bond placements. With reference to bank loans, Acea mainly borrows from institutional operators, such as EIB and Cassa depositi e prestiti, worth around 11%, whose mission is to support strategic infrastructure. Acea reported a 14.1% stock market increase. The value of each share rose from €12.92 on 30 December 2022 to €13.83 on 30 December 2023 (the last stock exchange session of the year) corresponding to a market capitalisation of €2,945 million (€2,752 million in 2022). The ratings agencies Moody's and Fitch confirmed the long and short-term rating.

"Sustainable investors" have an evident interest in Acea, holding 6.1% of the share capital and representing about 45% of the total amount of institutional investors.

Acea has launched the following sustainable finance instruments: two green bonds, the first for €900 million and the second, issued in 2023, for €700 million, and a *sustainability rating-linked credit line* for €200 million.

Acea is included in the MIB ESG index, supervised by Euronext, and in the SE Mid Italian Index and the SE European Multi-Utilities Index, by Standard Ethics.



SUPPLIERS

The value of the Order for Goods, Services and Works in 2023 remains stable at about €1,9 billion and involves more than 3,500 suppliers. A 70% portion of the total volumes in the year, which were managed centrally, were procured via competitive tendering procedures.

In October 2023 a Contracts Protocol was signed between Acea and the trade unions to ensure the highest levels of legality and efficiency in the handling of contracts, to strengthen the protection of occupational health and safety and to support stable, quality employment.

The end of the year saw the updating of the Single Regulation for Qualification Systems of European relevance (Works and Goods and Services), introducing, among the specific requirements from suppliers wishing to qualify in certain Lists, a cyber security self-assessment questionnaire developed by Acea and called "ACEA - Third Party Cyber Security Assessment Tool", aimed at identifying supply chain cyber risks.

Acea Infrastructure's Work Safety Unit is responsible for managing and supervising the safety of contracted works and services for the main Group companies, as a basic measure for increasing worker protection and preventing accidents. It has carried out 14,252 worksite safety inspections, whose results confirm a constant decline in the percentage of "serious non-compliances" (7%) out of the total number of non-compliances detected.

The Group's Vendor Rating project continued, with the purpose of assessing and monitoring supplier performance on punctuality, quality and safety indicators (index formulated in 2023 on 900 suppliers). The Ecovadis model was adopted, evaluating supplier companies on the basis of 21 CSR criteria, such as environment, labour and human rights, ethics and sustainability in purchasing, with 640 suppliers assessed during the year (+89% compared to 2022). The average score achieved was 61.9/100 (compared to an Italian average of 45/100 and a utilities sector average of 56.5/100).

ACEA AND ITS STAKEHOLDERS



EMPLOYEES

Employees are the company's most important asset. Acea is committed to fostering the best conditions of stability, promoting safety, developing a sense of cohesion and participating in the corporate mission. In 2023, the total staff of the companies within the scope of reporting was numbered 6,729 people, of which 24% women. 99% of the company workforce has a permanent employment contract. The professional structure is composed as follows: 60.1% are employees, 30.2% are workers, 8.1% are executives and 1.5% are managers. Incomers totalled 216 people, 30% of whom were aged 30 or under. A total of 267 people left, 61% of them being over 50 years old.

In 2023, the Employee and Participation Charter was signed with the trade unions, the Code for Responsible Companies to Support Natality was signed, promoted by the Ministry of Family, Natality and Equal Opportunities, and the Equality Platform was launched, conceived as a physical and virtual place for the dissemination of the *Equality Diversity & Inclusion culture*.

Aimed at increasing and enhancing internal sustainability skills, the Sustainability Professionals course was designed and implemented during the year for the certification of professionals in line with discipline-specific practice.

In 2023 Acea also obtained gender equality certification (UNI/PdR 125:2022) and received certification from Top Employers Italia.



COMMUNITY

Acea pursues its own commitment to corporate social responsibility through a range of community initiatives, from promoting sport and supporting social and cultural campaigns to providing aid in health crises. Continued support was given to hospital facilities, in particular, the Policlinico Umberto I, where a new cancer centre has been under construction since 2022, with completion due in 2024. New generations and schools have always been a priority focal area for the Group. In 2023 the commitment to students continued with the creation of the *Acea Scuola - ProteggiAmo l'ambiente* educational programme and with other initiatives such as *Volley Scuola - Trofeo Acea* and *Acea Camp*, which combine the dissemination of the educational value of sport through sports practice, and raising awareness of social issues such as bullying, safety, respect for the environment. Attention was given also to the more mature generations: during the year, the *Acea per la Comunità* (Acea for the Community) project was mounted, sponsored by the Municipality of Rome, for the benefit of members of the senior citizens' centres in Rome and Province. The aim was to make them more aware of their own consumption, both with a view to saving and safeguarding resources and to raising awareness of the social water bonus and how to use digital channels.



ENVIRONMENT

Countering rising global temperatures and the related effects of climate change, land use, and declining biodiversity represent the main challenges faced by the world at large. Acea operates in a context of interdependence between the environment, the territory and the community. It duly takes into account the UN Sustainable Development Goals and plays a significant role as an actor in ecological transition, implementing development projects for the circular economy, promoting the use of renewable energy sources, increasing the resilience of electricity and water distribution infrastructures, protecting water resources and promoting technological innovation applied to processes. In 2023, Acea published the second *Group climate-related disclosure*, in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures, and obtained validation of its climate-driven emissions (GHG) from *Science Based Targets initiative* (SBTi).

The Group pursued its climate change mitigation and adaptation strategy with energy efficiency improvements within the companies, promoting the reuse of purified wastewater as process water within the plants. It developed a plan to increase production from renewable energy sources with the dual aim of achieving high efficiency in internal end-use and in energy process use, and with the further goal of reducing carbon intensity. The environmental indicator related to local area protection, representative of the underground high-voltage network part of the total operating network, also improved to 50% in 2023. Similarly, energy losses on the grid improved to about 6.2% of the total input.

There was an improvement in the indicators relating to management of the companies' final outputs: the amount of waste recovered out of the total waste produced rose to 52%; in the water sector in particular, the volume of sewage sludge recovered increased significantly to 81% (from 66% last year).

*DEVELOPING AND OPERATING SAFE AND SUSTAINABLE INFRASTRUCTURE
ENSURING, THANKS TO OUR PEOPLE, ACCESS AND CIRCULARITY TO
FUNDAMENTAL RESOURCES FOR CITIZENS, BUSINESSES AND THE TERRITORY.*

The Acea Group, the leading operator in Italy in the water sector and one of the major Italian operators in the environmental services and distribution business areas, is also one of the national leading players for the sale of electricity and the generation from renewable sources.

ESG principles are an integral part of all the Group's business decisions and of the sustainable strategy adopted by the Group in line with the goals of the Agenda 2030, putting people at the centre with training and professional development programmes, with particular focus on new digital technologies.



Acea