



REPORT ON CORPORATE GOVERNANCE AND SHAREHOLDING STRUCTURE

in accordance with Article 123-bis of the TUF
(Italian Consolidated Financial Act)

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1. ISSUER'S PROFILE

Acea is one of the major Italian multiutility operators and has been operating for more than 100 years in the sector for industrial development of network services of general economic interest.

Listed on the stock exchange since 1999, the company manages and develops water and electrical energy networks and environmental services. The Acea Group is currently the biggest Italian operator in the water sector in terms of supplied inhabitants and one of the biggest Italian stakeholders in both the final energy market and for the urban management of environmental services. It is also one of the primary national companies in terms of sales of electrical energy.

This report illustrates the corporate governance system adopted by ACEA SpA and which is structured into a series of principles, rules and procedures that are in line with the criteria specified with the Corporate Governance Code of listed companies promoted by Borsa Italiana (the Italian stock exchange). This corporate governance system was also drawn up on the basis of CONSOB recommendations, and more generally, on the basis of international best practices.

The corporate governance system adopted by ACEA is basically aimed at creating value for its shareholders over the medium-long term with awareness of the social relevance of the Group's business and the need therefore to adequately take account of all the interests involved in running its business.

ACEA's corporate governance structure is arranged according to the traditional organisational model and consists of the following bodies: the general meeting of shareholders, the Board of Directors (assisted by the Committees set up as part of the same Board), the Board of Statutory Auditors and the auditing firm.

Without prejudice to the tasks assigned to the shareholders' meeting, the strategic management of the company is entrusted to the Board of Directors, the fulcrum of the organizational system, while the supervisory functions are entrusted to the Board of Statutory Auditors, a body equipped with autonomous functions and powers and appointed on the basis of the legally defined criteria of professionalism, honorability and independence.

The regulatory audit is assigned, in accordance with the law, to a specialized auditing firm, regularly registered with the Register of Auditors and appointed by the Shareholders' Meeting on the basis of the Board of Statutory Auditor's proposal.

The information in this Report refers to 2014 and some specific matters were updated to 11/03/2015, the date of the Board of Directors' meeting that approved this Report, the text of which has been published on the web site www.acea.it under the section "Rules and Values", in the "Corporate Governance" sub-menu.

2. INFORMATION ON SHAREHOLDING STRUCTURE

(Article 123bis of the TUF, paragraph 1)

a) Share capital structure *(pursuant to Article 123bis of the TUF, letter a)*

The Company's share capital, equal to 1,098,898,884.00 euros, fully subscribed and paid up, is divided into 212,964,900 ordinary shares with a nominal value of 5.16 euros each, listed on the electronic equity market (MTA) organised and managed by Borsa Italiana (refer to Table 1).

There are no shares with limited voting rights or without voting rights, except for 416,993 treasury shares with suspended voting rights, in accordance with Art. 2357-ter of the Italian Civil Code.

b) Restrictions on the transfer of securities *(pursuant to Article 123bis of the TUF, paragraph one, letter b)*

There are no restrictions on the transfer of securities, except for restrictions for individual shareholders.

c) Significant shareholdings *(pursuant to Article 123bis of the TUF, paragraph one, letter c)*

Direct or indirect relevant shareholdings, in accordance with art. 120 of the TUF and on the basis of information available at 11/03/2015 on the CONSOB web site and from communications in accordance with the same article, are shown in Table 1.

d) Securities granting special rights *(pursuant to Article 123bis of the TUF, paragraph one, letter d)*

No securities granting special control rights were issued.

e) Employee equity interest: mechanism for exercising the right to vote *(Article 123bis of the TUF, paragraph one, letter e)*

In accordance with art. 13 of the Articles of Association, and in order to facilitate the collection of proxies from shareholders who are employees of the Company, its subsidiaries and associates who adhere to shareholders' associations that meet the requisites dictated by the effective applicable regulations, appropriate areas will be made available for notification and the proxy collection process.

f) Restrictions on voting rights (pursuant to Article 123bis of the TUF, paragraph one, letter f)

Art. 6 of the Articles of Association restricts an equity investment to 8% of the share capital, with the sole exception of Roma Capitale; the Company shall be notified if this limit is exceeded. This limit shall be considered reached, both in direct and indirect terms, as better specified in paragraphs 2 and 3 of the cited article and as described below in the “Shareholders’ Meeting” chapter of this Report. If it is violated, the shareholder shall be prohibited from exercising their voting rights for shares exceeding the indicated measure and, in the event that a resolution was made with the determining vote originating from the shares exceeding that percentage, the resolution shall become contestable.

g) Shareholder agreements (pursuant to Article 123bis of the TUF, paragraph one, letter g)

The company does not have any shareholders’ agreements of any kind in accordance with Art. 122 of the TUF, nor special veto powers or other extraordinary powers to influence decisions other than those for direct issue in relation to the equity interest held.

h) Change of control clauses (pursuant to Article 123bis, paragraph one, letter h of the TUF) and provisions concerning TOB (in accordance with art. 104, paragraph 1.-ter, and 104-bis, paragraph 1)

Acea has stipulated the following significant agreements which will become effective or cancelled in the case of change of control in the contracting company:

- ✚ Long-term financing totaling € 200 million from the European Bank for investments in favor of ACEA S.p.A.

In terms of TOB, there is no departure in the Articles of Association as in Art. 104, paragraphs 1 and 1-bis of the TUF, nor are there any neutralisation rules as in Art. 104 bis of the TUF.

i) Proxies for share capital increases pursuant to Article 2443 of the Italian Civil Code and for powers of the directors to issue participating financial

instruments as well as authorization for the purchase of treasury shares (pursuant to Art. 123 bis, paragraph 1, lett. m, of the TUF)

As of 31/12/2014 and on the date of this Report, there are no Board of Director's delegations for a share capital increase, nor for the purchase of treasury shares.

Moreover, as already indicated, as of today the Company holds 416,993 treasury shares with suspended voting rights in accordance with art. 2357-ter of the Italian Civil Code, remaining from purchases of treasury shares, authorised by a resolution made by the ordinary general meeting on 23 October 1999, amended by a resolution made by the ordinary general meeting on 29 April 2000, re-approved by ordinary general meeting resolution on 31 October 2001 and supplemented by a resolution made by the ordinary shareholders' meeting of 30 April 2002

1) Management and coordination activities (pursuant to Art. 2497 et sequitur of the Italian Civil Code)

Art. 2497 et seq. of the Italian Civil Code is not applicable since ACEA autonomously defines its own strategic policies and is endowed with full organisational, management and business autonomy, not being subject to any management and coordination activity.

3. COMPLIANCE

(pursuant to Art. 123 bis, paragraph 2, lett. a), of the TUF)

ACEA adheres to the Corporate Governance Code (henceforth, the “Code”) which contains a structured series of recommendations pertaining to the modalities and rules for managing and controlling listed companies.

Although the adoption of the principles contained within the Code is not legally required, ACEA adhered to the Code since its original version in 2001 as well as its amendments and supplements that were most recently approved in July 2014 by the Corporate Governance Committee of Borsa Italiana.

The complete text of the Corporate Governance Code is accessible to the public on the website of Borsa Italiana <http://www.borsaitaliana.it/comitato-corporate-governance/codice/2014clean.pdf>.

The company provides annual information on its governance system and its adherence to the Code by means of a Report which is drafted in accordance with Article 123-bis of the TUF and which illustrates the degree of adjustment to the principles and application criteria that are established by the Code itself and by international best practices.

The Report is made available to the Shareholders on an annual basis with the documentation provided for the Shareholders’ Meeting to approve the financial statements, and it is also duly published on the Company web site (www.acea.it) in the “Corporate Governance” section

4. BOARD OF DIRECTORS

4.1 APPOINTMENT AND REPLACEMENT (pursuant to Art. 123 bis, paragraph 1, lett. 1), of the TUF)

The appointment and replacement of Directors is governed by currently effective regulations, as incorporated and integrated within the allowed limits by the Articles of Association, prepared in adherence to and compliance with the requisites of the Code for listed companies.

According to the Company's Articles of Association, the Board of Directors consists of five to nine members, appointed by the ordinary general meeting of shareholders (which determines the number within these limits) for a period of up to three financial years, who can be re-elected at the end of their term.

Directors can be elected if they meet the requirements of the law and regulations.

The election of directors is regulated by art. 15.1 of the Articles of Association. This article establishes the following:

- the criteria regarding gender balance as established by law must be complied with in the composition of the Board;
- Directors are elected on the basis of lists in which the candidates shall be listed in numerical order in accordance with the positions to be filled; each list must indicate at least two candidates who qualify as independent in accordance with the law; the first independent candidate shall not be lower than second on the list and the second independent candidate shall not be lower than fourth;
- appointments are made as follows:

"A. half plus one of the directors to be appointed shall be taken from the list which obtained the majority of votes ("Majority Shareholder List"), in numerical order, rounding down to the lower unit in the event of a fractional number;

B. without prejudice to compliance with legal regulations and the Articles of Association provisions regarding limits of relation with the majority shareholder list, the remaining directors shall be taken from

the other lists. To this end, the votes that the lists receive shall be divided, for each list, subsequently by 1, 2, 4 and 8 up to the number of directors to be elected. The quotients obtained in this way shall be progressively assigned to the candidates of each of these lists, according to the order of the same respectively assigned to the candidates. The quotients allocated to the candidates from the various lists shall be arranged in a single decreasing ranking. Those who have obtained the highest quotients shall be elected.

If more than one candidate obtains the same quotient, the candidate from the list that did not elect any director or which elected the lowest number of directors shall be appointed.

In the event that none of these lists has yet appointed a director, or all have appointed the same number of directors, from among these lists, the candidate from the list that received the highest number of votes shall be appointed. If list votes are equal, and the quotients are equal, a new vote shall be cast by the entire general meeting, and the candidate who receives a simple majority of votes shall be appointed.

In any case, if only one regular list is presented other than the Majority Shareholder List, the candidates shall be elected from this one, according to the order of presentation."

The election mechanism introduced guarantees the appointment of at least one director representing the minority shareholders as well as the appointment of the minimum number of independent directors in accordance with the law (one if the Board has less than seven members, two if the Board has more than seven members) as per Art. 147 ter par. 4 of the TUF.

The lists must be submitted twenty-five days before the date set for the first meeting by the Shareholders who alone or with other shareholders, represent at least one percent of the shares entitled to vote at the Ordinary general meeting.

No party can be a candidate in more than one list and each shareholder has the right to vote for one list only. The lists of candidates are filed at

the registered office and published in three daily national newspapers at the Company's expense in order to be extensively disclosed.

Outgoing directors:

In accordance with art. 15.3 of the Articles of Association: If during the financial year a Director appointed on the basis of the list system described above is no longer able to perform his/her function, the Board shall replace the director through co-optation pursuant to Article 2386 of the Italian Civil Code, with the first non-elected candidate on the list to which the outgoing Director belonged, in accordance with the law in force regarding gender balance, or if there are no other candidates on the list, with the first candidate among the non-elected ones, irrespective of his/her original list. If the outgoing Director was not from the Majority List, in any case the non-representation requirement with the Majority List must be observed. If the outgoing Director meets all independence requirements, and/or belongs to the lesser represented gender group, and because they are outgoing the number of independent directors and/or the number of directors that belong to the lesser represented gender is reduced to below the minimum number required by law, the first unelected candidate on the list the outgoing Director was from who meets the independence requirements pursuant to the law and/or that is the same gender as the retiring director shall be co-opted. Directors so appointed shall remain in office until the first subsequent shareholders' meeting."

Replacement of Director:

In accordance with art. 15.4 of the Articles of Association: "When appointing new Directors to replace those who stepped down during the year, by majority vote the meeting will choose the new Director, in accordance with prevailing law on independence and gender balance, where possible, from the unelected candidates on the list that the outgoing Director was on, and who confirmed his or her candidature in writing at least ten days prior to the date of the meeting, along with the statements regarding the fact that there are no reasons for which he or she would be ineligible or incompatible, and that the requirements provided for by the law in force or the Articles of Association for the position were met."

If the Director cannot be replaced using this method, a resolution must be passed by majority vote, in accordance with requirements regarding minority representation and the minimum number of independent Directors.

The Directors appointed in this manner will remain in office for the same term as the other Directors.

If, for any reason, the number of Directors in office is reduced to less than half, the entire Board of Directors will stand down and the Meeting must be called at the earliest opportunity to elect another board. The Board will however remain in office to carry out ordinary administration duties only, until the Meeting has decided on its reconstitution, and at least half of the new Directors have accepted the appointment.”

Majorities required to make changes to the Articles of Association

In accordance with Article 12 of the Articles of Association, to make changes to the Articles of Associations, the extraordinary shareholders' meeting will pass a resolution with the majorities set forth by law.

4.2 COMPOSITION (pursuant to Art. 123 bis, paragraph 2, lett. d), of the TUF)

On 15 April 2013, the General Meeting appointed a 9-member Board of Directors (refer to table 2.1 for information on its composition) which shall remain in office for three years, and in any case until the date the shareholders' meeting is called to approve the 2015 financial statements. On 3 March 2014, the majority shareholder Roma Capitale formulated a request to deliberate upon the following points of the agenda of the day within the shareholders' meeting:

- a. Decrease in the number of members of the Board of Directors (if the previous point is approved);
- b. Appointment of the Board of Directors;
- c. Appointment of the Chairman (in any case)
- d. Determination of the compensation of the Board of Directors.

As a result, the shareholders' meeting of 5 June 2014 appointed a new Board with seven members which holds office for three years, and any case until the date the shareholders' meeting is called to approve the 2016 financial statements.

As of 31 December 2014, and until today, it is composed as follows: Catia Tomasetti (Chairman), Alberto Irace (Chief Executive Officer), Paola Antonia Profeta, Elisabetta Maggini, Francesco Caltagirone, Diane D'Arras and Giovanni Giani.

Of the aforesaid directors in office, 2 are *executive* Directors (the Chairman and the CEO), to which the Board has delegated individual management powers, while the remaining 5 Directors are *non-executive* and do not have individual management authority.

The following provides a summarised personal and professional profile of the Directors in office as at 31 December 2014:

Catia Tomasetti: born in Rimini on 17/12/1964, with a degree in law with maximum grades and a Supreme Court attorney. She has been working for almost 20 years in project financing operations, restructurings, lending and bank law. She was involved in the first project finance operation in Italy and since then has followed numerous innovative operations (a market first) in Italy as well as many of the most important Italian project finance operations and their re-financing. She is recognized as a major expert in the sector of project financing, energy and restructurings by the most prestigious international legal guides such as Chambers, Legal500 and IFLR. She is also an expert in public and private mixed companies as well as public services and privatizations; she is regularly involved in consulting activities for drafting regulations concerning the electrical sector, the integrated water sector and project bonds. She has participated in the first and primary project financing operations within the Italian sectors of electrical energy production, gas, waste and water. She is regularly entrusted by the public authorities to draft certain regulations, including regulations applicable to the so-called mixed companies and for integrated water services. She is providing consulting services to the Territorial Agency of Emilia Romagna for Water and Waste Services (Agenzia Territoriale dell'Emilia-Romagna per i Servizi Idrici e

Rifiuti, ATERSIR) for activities concerning the in house providing of integrated water services.

She is currently the Vice Chairman of Federutility and a member of the Unigiunta Board of Management and Council; a member of the Chairman's Committee for the Civita Association as well as Head of the Banking and Financial department and of the Project Finance Department within the Bonelli Erede Pappalardo law firm.

Appointed on the basis of list no. 1 presented by Roma Capitale (containing: n.1 Catia Tomasetti, n. 2 Elisabetta Maggini, n. 3 Alberto Irace, n. 4 Paola Antonia Profeta, n. 5 Franco Paparella, n. 6 Salvatore Monni, n. 7 Fausto Valtriani, n. 8 Giovanni Campa, n. 9 Donatella Visconti); the relative appointment proposal received a favorable vote of 68.6247% from voting parties.

Alberto Irace: born in Cagliari on 13/11/1967, and previously the head of the water sector of Acea, the most important industrial division of the company, he has coordinated, in the past five years, the development and management of the integrated water services of the Tuscany region. As CEO of Publicacqua SpA – a company of the group which manages the integrated water cycle in Florence, Prato, Pistoia and Arezzo – he introduced, for the first time, state of the art technological and organizational solutions for the management of network services within the Italianwater sector.

Due to this contribution to technological innovation in managing the water service, he received the prestigious award "Utility Manager for the year 2013".

An expert in local public services, he has managed legal-administrative as well as organizational aspects of the water resources and gas distribution sector.

He was appointed on the basis of list no. 1 presented by the aforementioned Roma Capitale.

Elisabetta Maggini: born in Rome on 24/07/1982, with a degree in law and specialized in Real Estate Finance with a Master from the School of Business of the university Luiss "Guido Carli"; she is a director in the Board

of Sorgente Group, with a proxy for Institutional Relations; a member of the Women's Entrepreneurial Committee within the Chamber of Commerce of Rome; a member of the Managerial Committee of ACER Giovani, the association of building constructors in Rome. From 2008 to 2013, she has been involved in youth and female entrepreneurship for the presidency of the Province of Rome and, subsequently, for the Presidency of the Lazio Region.

She was appointed on the basis of list no. 1 presented by the aforementioned Roma Capitale.

Paola Antonia Profeta: born in Milan on 02/05/1972, with a honors degree in economics and social sciences from Bocconi University, he obtained a PhD in Economics from the Pompeu Fabra University of Barcellona. He is a confirmed assistant lecturer in finance within Bocconi University of Milan; a member of the CESifo Research Network, Munich (Germany); a part of the editorial committee for scientific magazines in the economic sector; a member of the work group for monitoring the application of Law 120/2011 "quotas of gender representation" within publically controlled companies and established within the Department of Equal Opportunities, Presidency of the Council of Ministers; a member of the General Board for the Milan Fairs Foundation; a member of the Board of Directors of ISFOL; a scientific advisor for Unicredit and the Universities Foundation. He holds the position of Board Director in Banca Profilo, a company listed on the Italian stock exchange.

He was appointed on the basis of list no. 1 presented by the aforementioned Roma Capitale.

Francesco Caltagirone: born in Rome on 29/10/1968. Currently Chairman and Chief Executive Officer of Cementir Holding and member of the Board of Directors of the following joint-stock companies: Banca Finnat Euramerica, Caltagirone and Caltagirone Editore.

Appointed from list No. 2 presented by Fincal SpA, owner - at the time of the shareholders' meeting for the appointment - of 7.513% of the share capital (list containing No. 1 Francesco Caltagirone, n. 2 Paolo Di

Benedetto, n. 3 Azzurra Caltagirone, n. 4 Mario Delfini, n. 5 Tatiana Caltagirone, n. 6 Massimiliano Capece Minutolo Del Sasso, n. 7 Albino Majore, n. 8 Annalisa Mariani) who obtained 13.3813% of the votes with a quotient of 21,437,487.

Giovanni Giani: born in Lecco on 14/01/1950, engineer, manager with vast international experience in business development and managing public service companies as well as in the industrial sector, and an expert in industrial international relations.

He is currently the Chairman and Chief Executive Officer of Ondeo Italia SpA, Suez Environnement's Italian Holding.

Appointed from list No. 3 presented by Ondeo Italia SpA, owner of 12.483% of the share capital at the date of the appointment meeting (list containing No. 1 Giovanni Giani, n. 2 Diane D'Arras, n.3 Olivier Jacquier, n. 4 Gael Falchier, n. 5 Francesca Menabuoni, n. 6 Mauro Alfieri, n. 7 Dominique Romani, n. 8 Marica Lazzarin, n. 9 Francesco Nocentini) obtaining 17.9524% of the favourable votes, with a quotient of 28,760,573.

Diane D'Arras: born in Henin Beaumont (France) on 02/05/1955, engineer, a graduate of the Ecole Nationale des Ponts et Chaussées, Institut des Sciences Politiques de Paris, Institut des Hautes Etudes de Défense Nationale. Appointed Water Western Senior Executive V.P. in January 2011. Responsible for strategy and partnership in Europe for the water segment.

She is a founding member and the first elected Chairman of the Water Supply and Sanitation Technology Platform, a European association centered upon research which brings together members of more than 20 countries.

Appointed from list No. 3 presented by the above-mentioned Ondeo Italia SpA, with a quotient of 14,380,286.50.

Maximum positions held in other companies

The BoD in its session on 23 March 2011, following the favourable opinion of the Internal Audit Committee, resolved that the maximum number of positions that each Director can hold in listed companies is 10, including the one held in ACEA, so that maximum availability to carry out the role is ensured.

The nature of Directors' responsibilities requires that they have sufficient time to pursue their duties: the nature and number of other positions held by serving Directors must permit them to perform their duties to the best of their ability.

All the Directors in office, appointed by the Shareholders' Meeting on 5 June 2014, previously at the time of registration of the lists and, subsequently, on accepting the appointment, revealed any other positions held.

According to the latest communications received by the Board of Directors in implementation of resolutions passed, on 11/03/2015 all Directors held a number of positions compatible with the maximum number resolved by the Board.

Chart 1 enclosed with this Report contains a list of director or auditor positions held by each Director in other companies listed on regulated markets, including foreign markets, in financial, banking, insurance or large companies.

Induction Programme

The characteristics of informational reporting to the Board allows the Directors to acquire adequate knowledge of the activity sector in which the company operates as well as of company dynamics and their developments and of the relative regulatory framework of reference.

During the course of the year, the directors were called upon to participate in initiatives and events that were organized by the Company.

In the month of December 2014, an induction session was held for the directors, titled “Corporate Governance within the Acea Group and external relations; Corporate Governance Code; legal and corporate structures of public utilities”.

4.3 ROLE OF THE BOARD OF DIRECTORS

The Company Board of Directors plays a central role in corporate governance and is responsible for the strategic and organizational functions of the Group companies. In consideration of its role, the Board of Directors meets on a regular basis and operates in order ensure that it carries out its functions as efficiently as possible.

More specifically, in accordance with the law, the Articles Of Association and the Guidelines of the Internal Control and Risk Management System (henceforth, the “Guidelines”) approved 20 December 2012, the Board of Directors has the following duties:

- establish the strategic and general management guidelines and development areas for the Company; the economic and financial co-ordination of Group activities by approving long-term strategic plans providing guidance on Group development, investment plans, financial plans, and annual budgets; making and disposing of equity investments, excluding intragroup transactions;
- define the nature and level of risk that can be taken in accordance with the strategic goals of the Company;
- approve and change internal regulations for the Company's general organisational structure, the Group's macrostructure and any

- significant changes which may significantly impact the Group's organization;
- appoint the General Manager;
 - Formulate the corporate governance system and provide for the creation of specific Board Committees within it as well as appoint their members and establish the duties when approving the respective organisational rules;
 - adopt the Organisation and Management Model pursuant Italian Legislative Decree 231/2001 and appoint the Supervisory Body;
 - designate directors and auditors for significant subsidiaries, within the scope of ACEA's responsibilities, with significant being defined as those listed on regulated markets and those which require capital commitments, shareholder financing or guarantees of over 10 million euros;
 - assign and revoke CEO proxies, defining their limits and methods;
 - reserve and exercise authority on behalf of Acea and its subsidiaries for amounts of over 7.5 million euros if in line with the budget, and over 1 million euros if not included in the budget;
 - establish, upon proposal by the appropriate Committee and in consultation with the Board of Statutory Auditors, the remuneration of the Chairman, the CEO and the other Directors with specific duties, and the amount due the members of the Board Committees, and payment for top management with strategic responsibilities;
 - define - subject to the opinion of the Risk and Control Committee (hereinafter also "RCC"), details of which can be found in chapter 10 - the guidelines for the Internal Control and Risk Management System in such a way that the principal risks which Acea and the main Group companies are exposed are correctly identified, and adequately measured, managed and monitored;
 - assess the adequacy of the ACEA organisational, administrative and accounting structures and its strategic subsidiaries, with particular reference to the Internal Control and Risk Management System (hereinafter also referred as the "Control System");
 - assess general performance (Art. 2381 of the Italian Civil Code), in particular by taking into consideration information received from delegated bodies, as well as by periodically comparing the results achieved with those budgeted;
 - appoint and dismiss:

- the Head of the Audit Department, subject to the approval of the RCC, on proposal of the Director in charge of the Internal Control and Risk Management System, and having consulted the Board of Statutory Auditors, ensuring that he or she has adequate resources to meet any needs in addition to establishing remuneration in accordance with company policies;
- a Chief Financial Officer, if the shareholders' meeting has not provided for this and considering the Board of Statutory Auditors' judgement, (as per Articles of Association art. 22-ter) in addition to supervising the adequacy of the CFO's powers and resources for exercising their duties;
- approve, on an annual basis, the work plan of the Head of the Audit Department, having consulted with the Board of Statutory Auditors and the Director in charge of the Control System;
- evaluate, in consultation with the Board of Auditors, the results provided by the external auditors in any suggestion letter and in the report on the fundamental issues that emerge during the regulatory audit;
- evaluate, on at least a half-yearly basis, the adequacy of the Internal Control and Risk Management System with respect to the Company's characteristics and in accordance with the risk profile assumed, in addition to illustrating the main characteristics of the Control System in the Corporate Governance Report, expressing its assessment, subject to the opinion of the Risk and Control Committee on its adequacy;
- establish corporate procedures for personal or confidential third party data processing (in accordance with Italian Legislative Decree 196/2003);
- adopt the procedures necessary to protect the health of workers and appoint parties to oversee occupational safety (in accordance with Legislative Decree 81/2008);
- promote continuous dialogue with shareholders on the basis of a mutual understanding of roles;
- promote initiatives aimed at favouring the broadest possible participation of shareholders in general meetings and facilitating the exercise of shareholder rights;

- adopt, upon proposal of the CEO, the procedures for internal management and external communication of documents and information concerning the company, particularly with reference to “price sensitive” information and those relative to operations on financial instruments and implemented by individuals which, due to their role, have access to sensitive information;
- make a self-assessment of the function of the Board and its Committees, including with respect their size and composition, at least once a year;
- evaluate the independence of its non-executive members, at least once a year.

The Board of Directors has performed the aforesaid tasks, among others:

- evaluated general performance during 2014, when preparing the accounting reports (draft financial statements for the year and consolidated financial statements as of and for the year ended 31/12/2013; half-year financial reports; intermediary directors' report for the 1st and 3rd quarter of the financial year), in particular by taking into consideration information received from delegated bodies, as well as periodically comparing the results reached with those planned;
On 11/03/2015, the Board of Directors:
- evaluated the adequacy of the Internal Control and Risk Management System, as well as the adequacy of the organisational, administrative and general accounting structure of the Company and of the subsidiaries of strategic importance, considering Acea's Control System be suitable as a whole pursue company objectives.
- carried out, as an integral part of the aforesaid evaluation process, a self-assessment of the composition and operations of the Board and its internal Committees. This evaluation regarded the independence, structure and composition of the Board of Directors, the operations of the Committees and the Board and the information flows received by the Board and by its Committees in exercising their functions. The

Board of Directors hired a specialized auditing firm to complete these auditing tasks, as described in greater detail below.

Functioning

In compliance with the terms provided for by law and with the timetable, the Board meets regularly, organising itself and operating guarantee it will effectively and efficiently perform its functions.

During 2014 the Board of Directors held 16 meetings, each lasting about 2 hours and 30 minutes on average, with the regular participation of the directors and the attendance of the Board of Statutory Auditors.

The participation of each director in the Board meetings is reported in Table 2.

For 2015, four BoD meetings approve financial reports for the reporting period have been planned and communicated the market. To date, three meetings have been held, including the one of today.

The Board works in accordance with an operational regulations which have been in effect since 22 April 2003, and which governs the methods for guaranteeing timely and complete pre-meeting disclosures; the regulations require that resolution proposals and disclosures should be sent the company secretariat, together with all the useful documentation and the Managers for the specific subjects, at least 10 calendar days before the date set for the Board's session. The segment then submits these without delay the CEO for approval, for the purposes of drafting the Agenda.

At least six days before the date set for the Board's session, the company secretariat submits the resolution proposals and disclosures along with the draft Agenda, already approved by the CEO, to the BoD Chairman for approval. The Chairman draws up the Agenda, also with proposals and topics within his sphere of responsibility, which, at least three days before the date set for the Board session, is transmitted the individual Directors and the members of the Board of Statutory Auditors together with all of the documentation prepared by the Company's departments.

Company (or Group company) managers or consultants may be invited discuss the points of the Agenda, but they must exit the meeting before the Board makes a resolution

Board of Directors and Committee Evaluation

The Board of Directors, in accordance with the provisions of the application criteria established by 1.C.1 lett g) of the Corporate Governance Code, must at least once a year assess the size, composition and performance of the same Board and its Committees (“board evaluation”), autonomously or through an external independent consultant.

In 2014, ACEA entrusted the task of conducting the Board Evaluation – for a three year period – to the consultant Egon Zehnder, a primary consultant company and a long-time expert on the subject; it possesses the required independence prerequisites and has not been entrusted other assignments from Acea.

The consultant's activities involve the evaluation of the Board and Committees, in accordance with the best international practices; in particular, all the operating areas of the Board were assessed in order to find any areas that could be improved in the future.

The Board evaluation, in particular, in addition to assessing the level of adhesion of the Board to the principles and behaviour defined in the Regulation of the Board itself and the Corporate Governance Code, also involved *benchmarking* with respect to the *best practices* in Italy and abroad, focusing on finding the most suitable actions to take in order to improve the Board's performance.

The process used in the evaluation is essentially based on gathering various personal opinions in interviews which are performed by using both a questionnaire and in open talks with each single Board Member and the Chairman of the Board of Statutory Auditors, the data from which is then processed by the consultant.

The questions in the questionnaire and in the Board Member interviews are focused on various aspects of Board and Committee performance, such as:

–adequacy of the size and composition of the Board, allowing for the professional characteristics, competence and the specific experience of its members;

- the role of the Board when examining strategies and evaluating performance in general;
- agendas and Board meetings;
- information flow and quality;
- the atmosphere in the Board and in relations with Management;
- the role, competence and performance of the Board Committees;
- relations with the Board of Statutory Auditors and the Supervisory Body.

Egon Zehnder, in the 11 March Board meeting, presented the results of the evaluation made during the first year of his mandate for the Board currently in office; in particular, the consultant – on the basis of his collected comments and his comparative analysis – reached the following conclusions:

- *“In this first year of mandate, the number of Directors was not deemed adequate in relation to the complexity of company operations and for the purposes of positive functioning of the Committees; the potential expansion of the Board from 7 to 9 members, and which must be presented to the shareholders’ meeting for approval, could generate unquestionable improvements if the complementary competencies are generated (specific market experiences, managerial backgrounds, past Board experiences in listed companies of elevated complexity). The presence of other independent members could also lead to an enrichment of the composition and improvement in the functioning of Committees, in particular the Committee for Related Parties.*
- *In terms of general Board functioning, the consolidation of experience of the current Directors will lead to a valorization and improvement in the areas of strength that were previously expressed by this Board in the past mandate months;*
- *Commitment of individual directors and a desire to learn, even through new training;*
- *A positive climate and good spirit of collaboration, even through the contribution of the Chairman in this sense;*
- *Constructive discussions aiming for decisions;*
- *Effective presentations in the Board on the part of the CEO and of Acea departments;*
- *Solid support of the Corporate Secretariat and of other corporate bodies.*

- *The Board will want to take into account the following areas of potential improvement and identified within the realm of the Board Review:*
- *Improved planning of meetings, with annual calendars;*
- *Greater time within the Board dedicated to:*
- *Strategy*
- *Risk assessment*
- *Human resources and succession plans;*
- *Improved knowledge of operational management by the Board;*
- *A revision of the timing for delivering preventive information;*
- *A revision of the role and specific operations of the Ethics Committee and of Related Parties.”*

4.4 DELEGATED BODIES

Chief Executive Officer

In compliance with Art. 20 of the Articles of Association, the Chief Executive Officer is delegated all powers of ordinary management, signature, legal and court representation as well as powers held by proxy, within certain limits.

The Chief Executive Officer reports to the Board of Directors and the Board of Statutory Auditors - at least once every quarter and in any case at the Board meetings - on the activities concerning the Company's operating performance, and any deed passed by proxy, in accordance with art. 20.1 of the Articles of Association. The Chief Executive Officer is currently also the General Manager without receiving any additional compensation for this role. As decided at the BoD meeting of 9 June 2014, the Chief Executive Officer will:

- perform his duties based on long-term plans and annual budgets approved by the Board while assuring and verifying compliance with operating guidelines. Those powers have been delegated to the Chief Executive Officer from ACEA and its subsidiaries for transactions of 7.5 million euros or less (tender contracts, purchases, leases, disposals, participation in tenders, etc.) if in line with the *budget* and for up to 1 million euros if it is outside of the *budget*; for Group subsidiaries working in the electrical energy and gas markets, the CEO's powers include: i) issuing guarantees or other sureties for up to 12 million euros if budgeted and up to 2 million euros if not budgeted; ii) issuing all guarantees or other obligatory sureties to the AEGG [Italian Electric Energy and Gas Authority], GME [Energy Market Manager], Terna SpA, the Single Buyer and other public entities;
- undersign tender agreements of any amount that are awarded in accordance with Legislative Decree 163/2006;
- Implement organisational and procedural changes in the Parent Company's operations, in compliance with guidelines approved by the Board of Directors;
- preside over and coordinate the Management Committee, a Consulting Committee that is comprised of Company executives and which is responsible for monitoring the Group's operating performance and individual business areas as well as any failure to meet targets;
 - ensures the correct management of corporate information. Please refer to chapter 5 "Market Disclosures of Company Information" for more details.

Furthermore, and by means of the resolution of 9 June 2014, the CEO was granted the role of executive director responsible for supervising the operations of the Internal Control and Risk Management System, with the duties indicated in paragraph 10.

Chairman

In compliance with Art. 20 of the Articles of Association, the Chairman is the Company's legal representative and signatory and, furthermore, may

convene and chair Board and Shareholders' Meetings.

With a resolution on 9 June 2014, the Board delegated certain institutional policy and control duties to the Chairman, granting him the corresponding management delegations, in particular: monitoring Group operations and verifying the implementation of Board resolutions and corporate governance rules, even in execution of the powers reserved to the Board; verifying corporate activities and procedures with respect to the quality of services provided and received as well as their environmental impact and social sustainability; supervising the BoD secretariat and all related activities; the power to implement all activities required by currently effective regulations pertaining to reporting and communications, even through the publication of newspapers and online media and including the appointment of the Managing Director from amongst employees of the group and possessing the legal prerequisites.

The BoD's activities are co-ordinated by the Chairman, who calls Board meetings, sets their agendas and chairs the meetings, ensuring that the directors have all the documentation and information necessary in a timely manner, except in necessary or urgent cases, so the Board can express a knowledgeable opinion on the subjects submitted.

Joint powers of the Chairman and Chief Executive Officer

With a BoD resolution on 9 June 2014, a joint proxy was also granted to the Chairman and the CEO, in the event of proven urgency and necessity, with the right to implement acts normally reserved to the BoD and regarding contract work, purchases, company transformation, participation in tenders and issuing guarantees in addition to appointing - when urgency does not allow time to call the BoD (in the first subsequent meeting the latter must be informed and shall verify the requirements of necessity and urgency were fulfilled) - the members of the Board of Statutory Auditors and the members of the Board of Directors of the most significant subsidiary and controlled companies, where the latter are defined as follows:

- a) listed on regulated markets or with publicly traded shares pursuant to Art. 116 of Legislative Decree 58\98 of the Consolidated Finance Act;
- b) that require capital commitments, shareholder loans or guarantees of

more than 10 million euros.

In addition, the Chairman and the CEO will appoint the members of the Board of Statutory Auditors and the Boards of Directors of Acea S.p.A. Group Companies that are not considered be the “most significant”.

Board disclosures

Pursuant to Art. 20 of the Articles of Association and in compliance with legal dispositions, the BoD, as well as the Board of Statutory Auditors, shall receive constant and exhaustive disclosures from the Chairman and the CEO regarding activities carried out while exercising proxies, reported at least on a quarterly basis in a dedicated report regarding the general business performance and its foreseeable outlook. In particular, for all of the more important transactions carried out in the context of their own powers - including therein any atypical transactions or related party transactions, whose approval is not reserved to the BoD - the Chief Executive Officer and the Chairman shall refer the Board about the characteristics of those transactions, the subjects involved and any their relation to the Group in addition to their methods of determination and the related economic and equity effects.

4.5 OTHER EXECUTIVE DIRECTORS

There are no other executive directors.

4.6 INDEPENDENT DIRECTORS

As at 31 December 2014 and to date, there are three independent nonexecutive directors in the Board of Directors, specifically: Elisabetta Maggini, Paola Antonia Profeta and Diane D'Arras (see table 2).

The procedure followed by the Board to verify independence dictates that the Director must declare the requirement has been met when presenting the list as well as at the time of accepting the appointment, and must be verified by the Board of Directors in the first meeting following the

appointment. The independent director must also promptly inform the Board of Directors if this requirement is no longer met

The directors were assessed as independent pursuant law and Art. 3 of the Corporate Governance Code.

No parameters other than those set out in the Corporate Governance Code were used in the evaluation of Director independence requirements.

Therefore, based on the information provided by the individual subjects concerned or in any case available the Company, immediately after appointment, and most recently, in March 2015, the Board of Directors certified that independence requirements in the Corporate Governance Code were met by the above mentioned Directors.

The Board of Statutory Auditors, in compliance with the provisions in Art. 3 of the Code, verified that the criteria and procedures adopted by the Board of Directors to assess the independence of its members had been correctly applied.

4.7 LEAD INDEPENDENT DIRECTOR

On 11/03/2015, as in previous years, the BoD confirmed that the requisites set forth by the Corporate Governance Code for appointing a lead independent director are still not applicable given that the Chairman of the Board does not hold the main role of company manager (chief executive officer) nor does he retain a controlling interest in the company's share capital.

5. MARKET DISCLOSURES OF COMPANY INFORMATION

Since September 2006, upon proposal of the CEO, ACEA's BoD adopted Regulations for the internal management and market disclosure of company documents and information, which can be consulted on www.acea.it (in the corporate governance section); these Regulations:

- establishes the methods for processing and distributing company information within the Group;
- establishes the confidentiality obligations for the Company's employees who come into possession of information, the imprudent dissemination of

which could be damaging the Company's and/or its shareholders' assets;
it also establishes the Company's obligation, in certain circumstances, to provide timely and full information to the markets;

- also govern announcements of price sensitive information in order to avoid distortions and misstatements

A list of persons who have access to Confidential Information has been kept since the same year, as per art. 115-bis of the Italian Consolidated Law on Financial Intermediation (TUF). Confidential Information for these purposes is defined as information, pursuant art. 181 of the TUF, which is not in the public domain, and relates directly or indirectly to ACEA and/or its Subsidiaries and that, if made public, would have a material effect on the price of the Company's shares.

In addition, an Internal Dealing Code was adopted in compliance with the provisions of Art. 114 par. 7 of the TUF which - on the request of relevant parties who assign the relative task - provides that ACEA may make legal notifications on their behalf regarding transactions on financial instruments related to the Company which they have carried out, or which people closely related to them have carried out, if these transactions are of an amount that is equal or higher than 5,000.00 (five thousand/00) euros by 31 December of each year; transactions where the total amount does not reach more than 5,000.00 (five thousand/00) euros by the end of the year are not communicated after each notification.

6. BOARD COMMITTEES

(pursuant to Art. 123 bis, par. 2, lett. d) of the TUF)

The BoD has set up two internal Committees with advisory and consulting functions: the Risk and Control Committee and the Appointment and Remuneration Committee.

These committees consist of at least three non-executive directors, the majority of which are independent, appointed by the Board of Directors, which

selects the Chairman of the Committee from the independent directors. The composition, duties and functioning of the committees are regulated by specific regulations that are approved by the BoD.

The BoD also created the Related Party Transactions Committee pursuant to Consob Resolution no. 17221 of 12 March 2010 and its amendments, and on the basis of the provisions of the "Related Party Transactions procedure" adopted by the Company and briefly described in paragraph 11 of this report.

The Related Party Transactions Committee, consisting of at least three independent Directors, has the power and duties to perform examinations, make proposals and provide advice which aims to evaluate and make decisions on Related Party Transactions, whether of little relevance or significant.

7. APPOINTMENT AND REMUNERATION COMMITTEE

The Appointment and Remuneration Committee comprises three directors as of 31 December 2014, all non-executive, two of whom are independent as follows: Elisabetta Maggini (Chairman, independent), Paola Antonia Profeta (independent) and Giovanni Giani (non-independent).

The Board of Directors acknowledged the experience and qualification in accounting and financial matters of Paola Antonia Profeta.

The Committee held five meetings in 2014, the minutes of which were kept and characterized by the regular participation of the committee members. Each meeting lasted for about 1 hour 45 minutes.

Within the range of duties assigned it, the Appointment and Remuneration Committee makes recommendations and advises the Board of Directors in addition to monitoring application of the criteria and decisions adopted by the Board.

The Committee also makes proposals and offers advice on remuneration for directors with specific duties, the General Manager and key personnel. The

Committee also expresses an opinion on the wage policies and loyalty strategies concerning Group personnel that are presented by the Chief Executive Officer.

More specifically it:

1. proposes policies to the Board of Directors regarding remuneration of directors and executives with key responsibilities, promoting medium-long term sustainability in consideration of the fact that - for executive directors or those invested with specific offices and, when compatible, even for executives with strategic responsibilities - the fixed component and the variable component must be adequately balanced in accordance with the key objectives and the risk management policies;
2. periodically evaluates the adequacy, overall consistency and actual application on the basis of information provided by the CEO, making recommendations the Board of Directors to that end;
3. presents proposals or expresses opinions to the Board of Directors regarding the remuneration of the executive directors and other directors with specific offices, setting performance objectives for the variable component of their remuneration;
4. expresses opinions to the Board of Directors on remuneration policies for executives with strategic responsibilities;
5. monitors the application of the decisions made by the Board, and more specifically verifies that they achieved their performance goals;
6. submits the Remuneration Report to the Board, which the directors will then present to the annual meeting.

The Directors cannot participate in Committee meetings in which proposals of the BoD are formulated regarding their own remuneration.

The Committee has access to the information required to perform its duties, even through company departments, and may avail itself of external consultants within the terms defined by the BoD.

In 2014, the Committee:

1. examined and approved the Annual Report on the activities carried out by the Remuneration Committee;

2. examined and approved the Remuneration Report pursuant to Art. 123-ter of Legislative Decree no. 58 - 24 February 1998;
3. acknowledged the attainment of the economic/financial objectives and authorized the payment of the 2013 MBO variable incentives program;
4. examined and then proposed to the Board to assign the 2014 objectives on the basis of the short-term Variable Incentives System and only to Management (including the General Manager) and not to executive Directors;
5. examined and proposed to the Board the 2014 objectives to assign to Alberto Irace, both in economic/financial terms as well as qualitative goals (customer satisfaction), as deliberated by the shareholders' meeting;
6. examined the proposal for an agreement to terminate the employment relationship with the General Manager, Paolo Gallo, and, in acknowledgement of the opinion expressed by the entrusted consultant, deliberated to propose it for approval to the Board of Directors;
7. formulated an opinion to the Board of Directors in relation to the size and composition of the Board itself, in accordance with Article 5, paragraph 1, letter a) of the Corporate Governance Code, and Article 5, paragraph one, letter b), no. 1 of the Committee operational Regulations, by proposing the expansion of the number of Board members from 7 to 9.

The Board confirmed the allocation of an annual budget for 2015 of €25,000.00 (twenty five thousand/00 euro) for the Committee in order to allow for the assignment, if deemed necessary, of external positions that are functional to the implementation of its activities.

8. REMUNERATION OF DIRECTORS

General remuneration policy

The Remuneration Policy for Directors and Executives with strategic responsibilities are illustrated in the document “Remuneration Report” approved by the BoD on 11 March 2015, pursuant art. 123-ter, paragraph 2 of the TUF; please refer to the latter for more details.

Payment for the members of the Board of Directors is established by the General Meeting, and additional payments for members of the Committees with consulting and proposal functions established within the BoD is set by

This report is available within the website www.acea.it and is subject to the advisory vote of the shareholders’ meeting which is convened to approve, in April 2015, the financial statements of the year 2014.

The remuneration of Board members and additional compensation for members of Committees with consulting and advisory functions – and formed within the BOD – was established by the shareholders’ meeting of 5 June 2014 and with a significant decrease in amounts. With regard to this point, always refer to the aforementioned “Remuneration Report”.

This Remuneration Policy – whose current compensation system is described in detail within the “Remuneration Report” – defines the guidelines that are consistent with the following themes:

- a significant portion of the remuneration of Executive Directors and Executives with strategic responsibilities of the Company is linked to the economic results attained by the Company and potentially by the attainment of specific performance objectives – predetermined and measurable – which are specified in advance by the Board itself, as detailed in the “Remuneration Report” – Section I;
- a *Long Term Incentive Plan* with three year renewal is planned. The current plan refers to the 2013-2015 three-year period. The purpose of the Plan lies in providing incentives to management for the attainment of economic/financial results that are in the interest of shareholders;
- as of 2014, a clawback clause has been adopted for top executives and those with strategic responsibilities, according to which the Company retains the right to request the return of variable remuneration (both in the short and long-term period) if this remuneration is disbursed as a result of objectives attained following fraudulent and/or grossly negligent behaviors such as the intentional alteration of the data used to attain the

objective or the attainment of these objectives through behaviors which conflict with company or legal norms.

Acea, by adhering to the Corporate Governance Code, also applies – with the required date of effectiveness, ie from 1 August 2014 – that required by the new principle 6.P.5 of this Code and pertaining to indemnities for the termination of employment relations with the Executive Directors and with the General Manager.

Remuneration of Executive Directors and Executives with Strategic responsibilities

For details on the remuneration package of the Chairman and the CEO – both in terms of fixed and variable compensation, and subject to substantial changes during the shareholders' meeting – refer to the Remuneration Report for the year 2014 – Section II, in compliance with Article 123-ter of the TUF.

Incentive mechanisms for the internal audit department manager and the CFO

With regard to incentive mechanisms for the manager of the internal audit department and the CFO, these are subject to an annual evaluation which is based on qualitative and efficiency criteria; on the basis of these criteria, the individual objectives are assigned to the parties in question and, as a result, are only connected to economic/financial objectives by the part represented by the gates.

Remuneration of non-executive directors

The remuneration of non-executive directors is not linked to the economic results attained by the Company and is proportional to the commitment that is required of them as well as their potential participation in one or more Committees. None of the non-executive directors is a recipient of stock-based incentive plans.

Director indemnity in the event of revocation, dismissal or termination of contract following a take-over bid (*pursuant to Art. 123 bis, paragraph 1, lett. i), of the TUF*)

No agreements were stipulated between ACEA and the directors holding office which provide for indemnities in the case of resignation or dismissal/revocation without just cause.

With regard to any mutually agreed termination of a work relationship with the resigning CEO-General Manager, the terms of the agreement – as detailed in Section II of the 2015 Remuneration Report – Year 2014 – are consistent with that outlined in the 2014 Remuneration Report – Year 2013.

9. RISK AND CONTROL COMMITTEE

The Risk and Control Committee assists the Board of Directors, making sure the latter has all the necessary information for evaluations and decision-making concerning the Control System, and approve periodic financial reports.

The Committee consist of at least three non-executive directors, the majority of whom are independent. The Chairman of the Committee is elected from amongst the independent directors. At least one member of the Committee has adequate accounting and finance or risk management experience, to be evaluated by the Board of Directors when said member is appointed.

The members and the Chairman of the Committee are appointed by the Board of Directors.

Committee members hold office for the same term as the Board of Directors that appointed them. Committee members are dismissed by the Board of Directors if they do not meet independence, non-executive and honorability requirements.

In the performance of its duties, the Committee has the right to access information and contact any corporate departments, as necessary and to perform said duties with the help of the corporate divisions on the basis of their fields of competence, and also have recourse to external consultants within the limits of the annual budget allocated by the Board of Directors. The consultant should be chosen by avoiding any possible conflict of interest and without appointing subjects who provide services the company of such key strategic nature that this would compromise the consultant's independent judgement.

The Committee can ask the Audit Department to audit specific areas, informing the Chairman of the Board of Auditors, the Chairman of the Board of Directors and the Director in charge of the Internal Control and Risk Management System, except in cases in which these are subject to audit.

The Chairman of the Board of Statutory Auditors or another auditor appointed by the same, participates in the work of the Committee. The manager of the Audit Department also usually participates at the meetings. The Director in charge of the Internal Control and Risk Management System, the Chairman of the Board of Directors and the other auditors also participate. Furthermore, when requested by the Chairman of the Committee, other Board members or managers may also participate, provide information and express their opinions when pertinent.

The Committee performs examinations for and gives opinions to the Board of Directors in order to:

- define guidelines so that the principal risks which ACEA S.p.A. and its subsidiaries are exposed are correctly identified, and adequately measured, managed and monitored;
- determine the criteria of compatibility of said risks with a management strategy that is consistent with the strategic goals established;
- evaluate, at least on a half-yearly basis, the adequacy of the Control System with respect to the Company's characteristics and in accordance with the risk profile assumed, and the effectiveness of the same;
- approve, at least once a year, the work plan of the Manager of the Audit Department after having consulted the Board of Statutory Auditors and the Director in charge of the Internal Control and Risk Management System;
- describe the principal characteristics of the control system in the annual Corporate Governance Report, evaluating the overall adequacy of the same;
- evaluate, in consultation with the Board of Statutory Auditors, the results provided by the Auditing Firm in any suggestion letter and in the report on the fundamental issues that emerged during the external

audit;

- upon proposal by the Director in charge of the Internal Control and Risk Management System drawn up with the Chairman of the Board of Directors - and after having consulted the Board of Auditors in relation to the appointment and dismissal of the Head of the Audit Department - establishes the remuneration of the same in accordance with company policies, ensuring that adequate resources have been assigned to meet needs. This opinion is binding.

Furthermore, the Committee assists the Board of Directors:

- assesses the correct use of accounting criteria for the preparation of the periodic financial statements, in collaboration with the Chief Financial Officer, the external auditor and the Board of Statutory Auditors;
- assesses opinions for the Board of Directors on specific aspects inherent to identifying principal business risks;
- examines the periodic reports that regard the evaluation of the Internal Control and Risk Management System and any significant reports issued by the Audit Department;
- monitors the independence, adequacy, efficiency and effectiveness of the Audit Department.

The Committee comprises three directors as of 31 December 2014, all non-executive, two of whom are independent as follows: Elisabetta Maggini (Independent chairman), Paola Antonia Profeta (independent) and Giovanni Giani (non-independent).

The Director Paola Antonia Profeta has accounting and finance experience which was retained adequate by the Board when he was appointed.

In 2014, the Committee held 9 meetings, characterised by the regular participation of the committee members and the Chairman of the Board of Statutory Auditors. Each meeting lasted for about 1 hour 10 minutes. Of these, three were held with the Board of Statutory Auditors.

Upon invitation by the Committee, other parties also attended to explain single points of the agenda during the meetings, all of which was drafted into minutes.

In 2014, the Committee performed its duties as set out in the Corporate Governance Code and the internal Regulations, and in particular:

- supported, with adequate preliminary activities, the decision and evaluation of the Board of Directors in relation to the control system as well as those pertaining to the approval of periodical financial reports;
- evaluated – in collaboration with the CFO, and following consultation with the external auditor and the Board of Statutory Auditors – the correct utilization of accounting principles and their consistency for the purposes of drafting the consolidated financial statements;
- examined the periodical reports of the Audit Department;
- expressed opinions on specific elements pertaining to the identification of primary company risks following consultations with company division managers on the modalities for managing these risks;
- monitored the autonomy, adequacy, efficacy and efficiency of the Audit Department;
- requested that the Audit Department implement audits on specific operational divisions while simultaneously reporting this to the Chairman of the Board of Statutory Auditors;
- reported on implemented activities and the adequacy of the internal control and risk management system to the Board of Directors on at least a half-year basis, and at the time of approval of the annual and half-year financial statements.

The Committee had access to the information and company departments that are necessary for performing its duties and did not exercise its right to make use of external consultants in relation to Internal Control and Internal Auditing systems, or for verifying accounting, legal and tax principles, or other types, if necessary carry out its duties.

The Board of Directors confirmed the allocation of an annual budget of 25,000.00 euros (twentyfivethousand/00) for the Committee in order enable it, where necessary, to hire external consultants for support to the activities of

each Committee.

10. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

ACEA's Internal Control and Risk Management System (hereinafter Control System), an essential element in the Group Corporate governance system, is a process that is based on the *best practices* and standards of the Corporate Governance Code and comprises a set of rules, policies, procedures and organisational structures aimed at permitting the identification, measurement, management and monitoring of primary risks in order to identify potential events that could influence the achievement of corporate goals in addition to managing risk within acceptable limits. This system is integrated into the more general organisational and corporate governance structure adopted by Acea SpA.

The Board of Directors has defined the “Guidelines for the Internal Control and Risk Management System” for the purposes of:

- providing guidelines for the various parties implementing the Control System in order to ensure that the primary risks affecting Acea SpA and its subsidiaries are correctly identified as well as adequately measured, managed and monitored while determining the compatibility of these risks with company management that is consistent with identified strategic objectives and that behaviors are assumed within the company and its subsidiaries that are consistent with the risk profile identified by the Board of Directors and that any events which may prevent the attainment of company objectives are managed;
- providing guidelines to ensure coordination between the departments in the Control System;
- identifying the standards and responsibilities for governance, management and monitoring of the risks related the company business.

In 2014, and in accordance with the principles of previous Guidelines governing the Internal Audit System, the Company continued to improve both the control environment and the supervision and monitoring of risks.

OVERALL SYSTEM OF INTERNAL CONTROL AND RISK MANAGEMENT

a) Roles and tasks of various Control System parties

The governance and implementation of the overall Control System require the involvement of parties with different business roles (governance and control bodies, company departments, management and employees).

For a description of the roles and tasks of these Bodies, please see the specific sections of this report (BoD, Internal Committees, CEO, Manager of Audit Department, CFO, Supervisory Body).

The role of the Ethics Committee is described in paragraph 17, "Further corporate governance procedures."

The Group's management has the responsibility to define, implement and maintain an effective risk management process that is able to carry out plans and reach strategic objectives. In their daily operations, Acea S.p.A.'s Industrial Areas and Corporate Departments are each specifically responsible on a daily basis for taking actions to reach expected business goals and manage the related risks.

Employees have the responsibility to work in compliance with internal and external regulations as well as with procedures and management directives, and - even with the support of appropriate training courses - increase their skills and the professionalism that is necessary for effectively carrying out controls, as defined in the Internal Control System.

b) Risk Management System

ACEA's risk management system provides for distributed responsibility and involvement of parties at every level of the organisation. More specifically, the risk management process implemented in ACEA includes the identification, evaluation, mitigation and monitoring of risks.

Identification: given the specificity of the business and its sector, the risk categories which are most relevant for the Group are identified, and an internal risks taxonomy is defined.

Evaluation is based on measuring the impact and probability of occurrence of the events which may generate risks and opportunities for the company and uses a structured *Control Risk Self-Assessment (CRSA)* model with the goal of defining the main risks, the intervention priorities and mitigation policies in order to bring residual risk back to a level which is considered acceptable by the top management. Management of company departments participates actively in the evaluation process, coordinated by the Manager of the Audit Department. In order to integrate qualitative evaluation, specific indicators have been introduced (ex. PAR and VAR) for certain risk types, such as those deriving from the purchase and sale of *commodities*.

Controls are arranged in three complementary levels:

- First level controls, aimed at ensuring the correct execution of business processes in order to prevent and manage risks by opportune mitigating actions, carried out by the regular operational structures.
- Second level controls, aimed at verifying that the controls defined for carrying out business operations are effective and operative through continuous monitoring activities with the purpose of ensuring that the risk mitigating actions are adequately identified and implemented within the organisation by those responsible for implementing them.
- Third level controls, assigned to the Audit Department, consist of independent assessments on the design and function of the overall Control System, and on the monitoring of the implementation of improvement plans defined by management. Audit Department reports on a hierarchical basis to the Board of Directors and is not responsible for any operational activities. It reports to the Chairman, the CEO, the Risk Control Committee and the Board of Statutory Auditors on the function, adequacy and effectiveness of the Control System.

The Audit Department follows a work plan drawn up by using risk-based methods, approved by the Board of Directors, after consulting the Board of Statutory Auditors and the Director in charge of the Internal Control and Risk Management System.

c) Control System qualifying elements

Control System pervasive elements

A fundamental highlight of Acea's control system includes the pervasive elements which make up the infrastructural foundation of the system itself; among these the following aspects are particularly worthy of note:

the definition of ethical values and criteria of conduct, which should inspire the behaviour of employees and all those who operate in pursuit of the company's goals, is ensured by the provisions of the new edition of the Code of Ethics approved by the BoDs of Acea SpA and its subsidiaries and communicated within and outside the company;

- the roles and responsibilities as well as relations between corporate Departments are clearly defined within the adopted organisational structure, signatory powers and internal delegations are consistent with the hierarchical level, the supervised organisational unit and the assigned goals.

To this end, organisational charts and other organisational devices, the organisation and management model as per Italian legislative decree 231/01, business procedures and the delegations and powers system are formalised, updated in a timely manner and adequately distributed and communicated.

Central monitoring supervision for specific risk categories

Central monitoring supervision for specific risk categories represents the method by which it is possible to assess risks and the related control systems across different internal processes within the Group. The main areas subject to central monitoring supervision are described below.

- ***Financial risks.*** The approach of the Acea Group to managing the interest rate risk is based on the type of asset structure and the stability of the Group's cash flow; the activity, entrusted to the Administration, Finance and Control Department, is therefore essentially prudent and aims to preserve funding costs and stabilise cash flows deriving from ordinary activities. The primary objective, considering the needs expressed in the strategic plan, is the optimisation of the Group's borrowing costs and the related limitation of the effects caused by the exposure to the interest rate risk while identifying the optimal combination between fixed and variable rates. The risk appetite and related limits are defined by the Board of Directors, through the approval of the single financing operations affecting the interest rate risk and any hedging transactions.
- ***Market risks.*** With regard to *commodity* risks – essentially derived from activities pertaining to the buying and selling of electrical energy and gas within the Energy Segment – the year 2014 was marked by a transfer of oversight functions for constant control and monitoring to the Administration, Finance and Control Department, thereby strengthening compliance with the principle of segregation of responsibilities and favoring the integration of the control model within the general organizational, administrative and accounting structure of the company, even with the objective of realizing potential synergies through the coordination of interdependent internal control system units.
- ***Credit and counterparty risks.*** For the purposes of overseeing and monitoring the risk of credit exposure to customers and counterparties within commodity trading agreements, the company – during the course of 2014 – further implemented actions for prevention which aim to verify the reliability of the counterparties prior to the presentation of offers to potential clientele and initiated projects for the improvement of credit management processes, even by centralizing certain activities that were previously allocated to operational companies within the departments of the parent company. The Credit Management Unit - allocated within the Administration, Finance and Control Department - is responsible for monitoring credit trends and outstanding amounts for all

customers of the Group in addition to drafting the policies pertaining to credit management and verifying their implementation.

Security and asset protection. Within the scope of the larger company macrostructure, the “Security and Protection” department serves as a control oversight unit for monitoring risks to assets as well as environmental and workplace safety/hygiene risks. This department, in line with Group strategy:

- defines and publishes corporate policies and strategies on the Environment, Safety and Quality;
- defines and publishes Energy Management, energy saving and cost control policies to guarantee the progressive optimization of Group energy costs;
- develops and manages Environment, Safety, Quality and Energy Management Systems for Acea and other Group Companies;
- guarantees the definition and control of the implementation of policies for occupational health and safety, the environment, and the physical and logical protection of company assets;
- guarantees supplier qualification processes and ratings.

The Safety and Protection Department manager was also assigned the role of Employee in accordance with Italian Legislative Decree 81/08 as well as Energy Manager and Management representative for the Acea Certificates Management Systems.

–Compliance risks pursuant to Italian Legislative Decree 231/2001. An Organisational and Management Model was adopted, a description of which can be found in paragraph 10.3.

–Regulatory Risks. The main *businesses* of the Acea Group form part of regulated segments since they are based on the use of networks and provide essential services. It is therefore of fundamental importance adequately supervise the regulatory risks in order pursue Group goals. The Regulatory Department operates within the organisational structure of Acea SpA with the aim of minimising the regulatory risk by monitoring the evolution of the regulatory framework and identifying the related consequences on the planned objectives and the company processes. In addition, in agreement with the relevant companies and Departments, the Regulatory Department has the task of identifying the

measures to be adopted in order to valorise any opportunities, mitigate the effects of any negative consequences, and ensure full compliance of the company activities with the provisions of the Regulatory Authority.

- *Financial Reporting process risks.* The supervision of risks is one of the responsibilities of the Chief Financial Officer (par. 10.5). The Internal Control and Risk Management System for Financial Reporting is described in the paragraph below

d) Information flow system

To guarantee the continuous monitoring of the adequacy and performance of the Internal Control and Risk Management System, and to encourage an efficient exchange of information between the various subjects operating within the scope of the system, structured communication flows towards the top management as well as to the Audit Department and the Supervisory bodies have been defined.

e) Overall assessment of the adequacy of the Control System adequacy

Please refer to paragraph 4.3 on the Board of Directors.

PRIMARY CHARACTERISTICS OF THE CURRENT RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM IN RELATION TO THE FINANCIAL REPORTING PROCESS (art. 123-bis, paragraph 2, lett. b of the TUF)

INTRODUCTION

Within the sphere of the Internal Control System, the “Group Management and Control Model pursuant Law 262” is particularly important as regards Financial Reporting, and it was implemented when the Group’s Internal Control System was adapted what is required by Law 262/2005. More specifically, in 2007 Acea began implementing changes to meet the requirements of Law 262/2005 for planning an effective Group Internal Control over Financial Reporting (ICFR) System, which is subject to continuous improvement and adaptation keep up with the evolution of company activities, so the Chief Financial Officer (CFO) and the CEO of Acea S.p.A. can issue the reports required by art. 154-bis of the TUF.

This system is defined as the set of activities for identifying risks/controls and defining specific procedures and tools adopted by Acea in order to ensure with reasonable certainty that the objectives of reliability, accuracy, integrity and timeliness as regards financial reporting shall be reached.

The Model defines the guidelines, the methodological references and the responsibilities for the establishment, evaluation and maintenance of the ICFR.

The Model is developed under the assumption that the ICFR is part of the broader Internal Control and Risk Management System, an essential element of Acea’s corporate governance, and that the reliability of the information communicated to the market on the company’s position and results is a fundamental element for all stakeholders.

The Model consists of a set of documents, approved by Acea’s Board of Directors on 20 February 2008 and distributed to the Group companies, which define all of the fundamental aspects of the system

- CFO Regulation;
- Guidelines for Model implementation;
- Periodic Group reporting for implementing the information flow.

The Model is supplemented by the Group’s accounting principles manual and the Guide for closing the consolidated financial statements as well as administrative and accounting procedures and specific operational documents.

The Internal Control and Risk Management system has been implemented in relation to the Group's financial reporting, even through subsequent adaptations, and in consideration of the guidance provided by some category bodies regarding the CFO's activities, in particular:

- *Andaf Position Paper* " Chief Financial Officer responsible for financial reporting";
- *AIIA Position Paper* "Internal Audit's contribution in implementing a good Corporate Governance process and organising information flows with the CFO";
- Guidelines issued by the Italian Manufacturers' Federation, Confindustria, "Guidelines for performing the CFO's activities pursuant art. 154-bis TUF".

DESCRIPTION OF THE PRIMARY CHARACTERISTICS OF THE CURRENT RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM IN RELATION TO THE FINANCIAL REPORTING PROCESS

The Model defines reference guidelines for instituting and managing the administrative and accounting procedures system (so-called activity/risks/controls matrices) for Acea and for the significant consolidated companies for the purpose of Financial Reporting (companies), regulating the main phases and responsibilities.

a) Phases

Definition of the scope of analysis. Acea annually updates the scope of analysis of the administrative-accounting control systems and the monitoring of underlying processes in order to guarantee that this is able cover risks regarding the financial reporting of the most significant account items within the scope of consolidation.

The scope of the analysis is initially determined on the basis of the effect of each Group Company on the consolidated financial statements, taking into account the relevance that significant accounts and administrative– accounting processes linked with them have on the same; subsequently the results of that analysis are integrated with

qualitative considerations that take into account both the Group structure and the characteristics of specific financial statements items.

Analysis of risks and process controls. The approach that Acea has adopted identifies “key” points of risk and control, considered significant with reference to the consolidated financial statements. To this end, control objectives and the relative risks are defined for each process and activity, ie:

- assertion of financial statements: an element which needs to be complied with in reporting company affairs for the purpose of representing them in a true and correct way in the financial statements;
- theoretical risk: risk identified at an “inherent level”, so, not taking into account the existence and effective operation of specific control techniques aimed at eliminating the risk itself and at reducing it to an acceptable level;
- specific control objective: objective which must be guaranteed by carrying out control activities.

Specifically, the financial statement assertions considered within the Model are:

- *Existence and occurrence* (the company's assets and liabilities exist at a certain date and the recorded transactions represent events which actually occurred during a specific period);
- *Completeness* (all of the transactions, assets and liabilities to be represented have been effectively included in the financial statements);
- *Rights and obligations* (the company's assets and liabilities represent the company's rights and obligations, respectively, at a certain date);
- *Evaluation and reporting* (the assets, liabilities, net shareholders' equity, revenues and costs are posted in the financial statements at their correct value, in accordance with generally accepted accounting principles);
- *Presentation and disclosure* (the financial statement items have been correctly named, classified and described).

The so-called key controls are identified for each specific risk/control objective and are required to assess the existing control systems (manual/automatic controls; preventive/subsequent) in relation

each material process in order to meet the control objective and effectively mitigate the risk.

Evaluation of controls against identified risks. The evaluation of the control plans in administrative and accounting procedures is aimed at analysing how individual control activities are structured and defined in relation to the objective of covering the risk of committing errors in the financial statements. The evaluation is performed on the basis of the goal that the control aims to reach; in other words, if the risk is mitigated (“adequate/inadequate” control).

The so-called Lines of Business are responsible for evaluating control plans, starting from the hierarchical level above the control manager up to the Delegated Administrative Body level in the case of Group companies.

The evaluation of control operations found within administrative and accounting procedures is also in turn subject to specific analysis by the Lines. Indeed, for controls whose design is evaluated as adequate, it is necessary proceed by evaluating their operations (“operative/non-operative” control).

The control operations, certified by the Lines, are corroborated by implementing independent monitoring through a CFO periodic testing plan. The testing plan is defined according to priority and rotation and based on which a specific sub-set of controls to be tested is selected for each reference period, in order to examine the main controls used in the procedures.

The CFO implements a process to share and distribute the test results so that the management of reference can take the necessary corrective actions in their own departments.

Corrective actions plan. Where, based on the analyses carried out by the lines, the “key” controls do not exist, are not documented or are not carried out correctly according company procedures, the managers of the organisational unit involved up to the level of the Delegated Administrative Bodies for Group companies shall define and carry out a corrective plan, indicating the time schedules and responsibilities for taking corrective actions. The corrective plan is submitted to the CFO in order

comprehensively evaluate the system and co-ordinate the actions to implement, and is updated every six months by the responsible parties.

Overall assessment. In order for Acea's CFO and CEO to issue the statements required by Art. 154-bis of the TUF, a system of internal "chain" certifications, more extensively described in the following paragraph, has been set up in order to ensure suitable internal formalisation of responsibilities in terms of the adequacy and effective application of administrative and accounting procedures as well as prepare and distribute the plan for corrective actions, where applicable, and update the procedures (see point b) Roles and Responsibilities).

The overall assessment is therefore based on a complex evaluation process which considers:

- the evaluation of the design of existing controls and the evaluation of their function, carried out by Acea's management and by the Delegated Administrative Bodies of the companies together with implementation of the corrective plans;
- the analysis of test's results;
- the final analysis of areas for improvement which emerge with reference their importance in terms of financial statement reporting.

Where it is deemed necessary within the scope of the evaluation process, the adopted methodology indicates that it is possible design and perform compensatory controls and checks. Significant gaps which may emerge shall be reported to the supervisory bodies, according to the methods in the CFO Regulations.

b) Roles and Responsibilities

The Model is based on the clear internal allocation of responsibilities for planning, evaluating and maintaining the ICFR in time, without prejudice to CFO and Delegated Administrative Body legal responsibilities. To this end, financial reporting within the Acea Group is based on an internal "chain" system of certifications which has the goal of ensuring adequate internal formalisation of responsibilities for adequacy and the effective application of administrative and accounting procedures, monitoring the

corrective actions plan when applicable, and identifying in a timely manner any changes in control which are the responsibility of the Lines, and change factors/risks which emerged during the course of normal process operations and which could influence the ICFR's adequacy.

The CFO and CEO evaluation process, based on which the financial statements are issued according to the Consob model, therefore includes internal reporting (reporting forms) by the Managers of relevant Acea processes and by the Delegated Administrative Bodies for the companies. Specifically, through Reporting, Acea has regulated roles and responsibilities, activities to be performed by each party involved, a calendar, instructions for filling out the reporting forms and methods for updating administrative and accounting procedures.

The Model has identified the main stakeholders in the financial reporting process, other than the CFO and the Delegated Administrative Bodies, with their relative responsibilities.

- The Controller performs and certifies the execution of controls within the Controller's scope of responsibility, according to the methods and timing that are assigned by administrative and accounting procedures to the Subprocess Manager, providing the informational basis of the reporting flow;
- Subprocess Manager is the party responsible for a correlated set of operating activities necessary for reaching one specific control objective; he/she is responsible for the comprehensive evaluation of the design and function of controls in relation to the applicable subprocess; furthermore, he/she is responsible for updating and ensuring the implementation of the corrective actions plan.
- The companies' 262 Administrative Referent represents the Group companies' reference point for all activities required for ACEA's CFO to issue the certification; he/she is responsible for consolidating all information received from the subprocess managers and making the comprehensive evaluation of the design and function of controls for reference companies, submitting it to the company's Delegated Administrative Body; he/she is also responsible for guaranteeing information flows to and from the CFO.

- companies' Delegated Administrative Body is responsible for evaluating the company's control design and function and sending the internal certification to the CFO in the defined format, together with the appropriately validated corrective actions plan, moreover communicating any change factors/risks which have occurred in the period of reference that could affect ICFR adequacy.

Finally, with reference to the other governance and controls Bodies within and outside the Group, Acea established a virtuous process of information exchange from and the CFO, structured and formulated for the purpose of providing the bodies of the Internal Control System with a comprehensive view, which is as extensive as possible.

10.1 DIRECTOR IN CHARGE OF THE CONTROL SYSTEM

The Acea BoD identified the Chief Executive Officer as the person in charge of the company and maintaining an effective Internal Control and Risk Management System and gave the CEO the authority to implement the guidelines of the Internal Control and Risk Management System.

In 2014, the CEO, with the support of the Audit Department, identified the main company risks, considering the business areas Acea and its subsidiaries operate in, and periodically presented them for review to the Board. He implemented the guidelines formulated by the Board while providing for the planning, implementation and management of the Control System and continuously verifying its comprehensive adequacy, effectiveness and efficiency. In addition, the CEO adapted the system to the dynamics of the operating conditions and the legal and regulatory context, and requested the Audit Department - while informing the Board of Statutory Auditors and the Risk Control Committee - to check specific operational areas and compliance with the internal rules and procedures in company operations.

10.2 MANAGER OF THE AUDIT DEPARTMENT

At the proposal of the CEO, with the approval of the Risk and Control Committee and having consulted the Board of Statutory Auditors, with a resolution dated 18 December 2013, the BoD nominated Liberata

Giovanelli as Manager of the Audit Department, defining her remuneration in line with company policies.

The Internal Control and Risk Management System Guidelines, approved by the BoD, define the mission and activities of the Audit Department which assumes a central role in the coordination of the Internal Control and Risk Management System. The manager of the Audit Department must verify the suitability of the System, its performance both continuously and to meet specific needs, as well as the support provided by the CEO to identify and prioritize the main risks for Acea SpA and its subsidiaries.

In addition, the Audit Department performs the general review of the risk analysis process implemented by the second level control structures in charge of specific risk categories, coordinating the information flows of said structures (see Chapter 10 “Internal Control and Risk Management System”)

The Board of Directors has approved the Audit Department's Work Plan in a meeting held on 8 May 2014 and also verified the adequacy of the resources attributed to the department to meet its responsibilities.

The Manager of the Audit Department, who has direct access all the information required perform his/her duties, is not responsible for operational areas nor subject to the hierarchical structure of operational area Managers, reporting directly to the Board of Directors.

The Audit Department performed the following activities in 2014 in accordance with the duties described:

- both on a continuous basis and in accordance with specific necessities, and in compliance with international standards, it verified the effectiveness and suitability of the System through an audit plan, approved by the Board of Directors and based on a structured process of analysis and prioritisation of the main risks for Acea SpA and its subsidiaries;
- prepared regular reports containing adequate information on implemented work as well as on the suitability of the System, risk management procedures, and compliance with the plans established reduce risk, and sent them to the Chairman of the Board of Statutory Auditors as well as the Risk and Control Committee, the Board of

Directors and the CEO;

- verified the reliability of the IT systems, including the accounting systems, within the scope of the processes included in the audit plan;
- supported the Supervisory Bodies of the subsidiaries for the purposes of their compliance with the Organisation and Management Model pursuant to Legislative Decree 231/01 and its amendments and supplements and to verify its effective implementation;
- provided support to the Ethics Committee in order to monitor the implementation of the Code of Ethics approved by the BoD on 22 February 2012;
- monitored activities pertaining to informational disclosure and internal training in relation to the contents of the Code of Ethics and on behalf of the Ethics Committee;
- provided support for the Supervisory Body in implementing the Organisational and Management Model approved by the Board of Directors on 18 December 2013, even through the execution of the audits required by the Body;
- monitored, on behalf of the Supervisory Body, training activities pursuant to Legislative Decree 231/01 and its subsequent amendments and supplements;
- verified, by applying the specific procedure (whistleblowing), the credibility of reports of violations of the Code of Ethics with in-depth investigations in order to identify conduct that is non-compliant with the principles of the Code, periodically reporting to the Ethics Committee;
- provided support to the management in order to identify and assess major risks for Acea SpA and its subsidiaries by using a well-organized process of *Control Risk Self Assessment while* reporting the findings of the *management* analysis to the Risk and Control Committee and the Board of Statutory Auditors.

10.3 ORGANISATIONAL MODEL pursuant to Italian Legislative Decree 231/2001

By adopting the Organisational Model pursuant to Legislative Decree 231/2001, Acea intends to comply with the provisions of the law in

accordance with the principles of the Decree, the Corporate Governance Codes and the recommendations of the Supervisory and Control Authorities, in order to make the control systems and *Corporate Governance* systems more effective, and in particular prevent the crimes referred in the Decree.

Acea set the following general goals by adopting the Organisational Model:

- awareness of activities subject to the risk of significant criminal activity with respect to the Company (activities at risk) and awareness of the methods and procedures that govern the activities at risk;
- disclosure, personal acquisition and specific declarations supporting a corporate culture based on legality, fully aware that any behaviour that contravenes the law, regulations, corporate governance rules, instructions of the supervisory and control authorities or internal provisions will be strictly censured by the Company;
- disclosure, personal acquisition and declarations supporting a culture of control that monitors the achievement of said goals.

Acea's Organisational Model was approved in 2004 and is systematically revised in specific planned initiatives involving *management* with the help of the Audit Department. The current Organisational Model, approved by Board of Directors resolution of 18 December 2013, was drawn up following a thorough analysis of the company's activities, with the aim of identifying potential risks of committing unlawful acts provided for under Legislative Decree 231/01. The model consists of a set of general principles, rules of conduct and specific control standards to prevent the unlawful acts provided for being committed as far as possible.

In relation to the various criminal offences and related sensitive activities that were identified, the Organisational Model identifies the corporate, functional and instrumental processes that monitor areas of activities at risk, and refers to the main organisational and control principles which the organisational system must comply with - and which the recipients must comply with - when carrying out their activities within the scope of functional and instrumental company processes.

The Supervisory Body ("SB"), set up in accordance with Italian Legislative Decree 231/01, has full and independent powers of initiative, intervention and control over the functioning, effectiveness and observance of the Organisational Model in order to prevent the risk of offences being committed which could imply the Company's administrative responsibility. The SB supervises the Organisational Model's effectiveness and adequacy by monitoring its progress and proposing the necessary updates to the BoD. In addition, it has the task of notifying the relevant Acea bodies of any breaches of the Organisational Model which could imply liability for the Company.

Art. 14, par. 2 of Stability Law no. 183 of 12 November 2011 amended article 6 of Legislative Decree 231/01, providing for the possibility that the Board of Statutory Auditors can act directly as the Supervisory Body, in accordance with Legislative Decree 231/01 while also assigning this Board a specific annual budget for 2015 of € 25,000.00 (twentyfivethousand/00 euro).

Therefore, in order to rationalise the control system, on 16 April 2013 ACEA's Board of Directors passed a resolution to assign the functions of the supervisory body to the Board of Auditors, in accordance with Legislative Decree 231/01.

As provided for by Acea's Organisational Model - for the purposes indicated in the Decree, and after having identified the activities subject to the risk of crime and the most suitable measures to prevent them - the subsidiaries adopted an Organisation and Management Model that reflected the principles and contents of the Model adopted by the Parent Company.

In order to guarantee full implementation of the Organisational Model by Acea and its subsidiaries, in accordance with the Decree and/or consolidated case law, the following was implemented:

- the information flows to the Supervisory Body were redefined and re-organised in order to permit the monitoring of significant and relevant operations in areas defined as at risk of crimes being committed pursuant to Legislative Decree 231/01. This information was gathered and managed for the main Group companies through a

specific IT medium which was updated during 2014 by introducing additional informational flows and adjusting pre-existing ones; it includes risk indicators that highlight potentially abnormal transactions;

- communication and training courses relating to Legislative Decree 231/2001 were developed, along with the specific Company Model, the new Code of Ethics and the environmental regulations;
- a specific channel was set up for reporting any non-observance of the Model to the Supervisory Body.

10.4 AUDITING FIRM

The General meeting of shareholders, which met on 29 April 2008, granted the 9-year assignment for auditing the interim report, annual financial statements and the consolidated financial statements to the company Reconta Ernst & Young S.p.A., expiring in 2016, along with the auditing throughout the year of regular corporate accounting and correct reporting of operational transactions in ACEA's accounting entries.

10.5 CHIEF FINANCIAL OFFICER

On 13 November 2006, ACEA changed its Articles of Association to include the Chief Financial Officer (CFO), introduced by the legislator with Law 262/05, which requires appointment of the CFO by the BoD.

On 31 July 2013 the Acea Board of Directors appointed Franco Balsamo Chief Financial Officer from 5 August 2013 in accordance with Law 262/2005.

On 9 June 2014, the new Board of Directors of ACEA confirmed the appointment of Franco Balsamo (Head of the Administration, Finance and Control Department) as CFO, in accordance with Law 262/2005.

The Chief Financial Officer is responsible for establishing and maintaining the Internal Control System on Financial Reporting and issuing specific certifications according to the CONSOB model, in collaboration with the CEO.

More specifically, the CFO has the following duties, pursuant to the Regulations approved by the BoD on 20 February 2008:

- prepares adequate administrative and accounting procedures for drawing up the financial statements, the consolidated financial statements and the consolidated interim report;
- ensures that the financial statements are drawn up in compliance with applicable international accounting principles;
- ensures that the Company's deeds and communications to the market and related accounting disclosures, as well as interim disclosures, correspond to the documented results, the registers and the accounting entries;
- ascertains, together with the Internal Audit Committee, (a) the propriety of the accounting policies adopted, and, (b) their suitability for the preparation of consolidated financial statements.

The appointed Chief Financial Officer – along with the Chief Executive Officer, and in accordance with art. 154 bis of the TUF - issued a certification without any comments worthy of note.

11. DIRECTORS' INTERESTS AND RELATED PARTY TRANSACTIONS

The related party transactions procedure, drawn up in accordance with article 2391-bis of the Italian Civil Code, was adopted in compliance with the principles of the “Regulation containing provisions regarding related party transactions” pursuant to Consob Resolution no. 17221 of 12 March 2010 as amended and which took effect from 1 January 2011, amended by the Board of directors on 18 December 2013, coming into effect 1 January 2014. It applies to transactions carried out directly by Acea, or by its subsidiaries with direct and/or indirect individual control, with related parties.

Transactions are divided out as follows, in accordance with the amount involved:

- transactions of Major Significance, in which at least one of the significance indicators in Annex 3 of the Regulation from the aforesaid Consob Resolution no. 17221 of 12 March 2010 as amended, is higher than the 5% threshold for which approval of the Acea SpA BoD is required;
- low amount transactions with a value of no more than 200,000.00 euros (two hundred thousand);
- transactions of minor significance, which includes all related party transactions not included in the transactions of major significance or in the low amount transactions

For the purposes of approval of transactions of Major Significance or of Lower Significance with related parties, the procedure requires that a Related Party Transactions Committee should express its opinion on the interests of the company in carrying out the transaction, and on its advantages and the substantial fairness of the relative terms. To date, the Related Party Transactions Committee comprises the three following independent directors: Diane D'Arras as coordinator, Elisabetta Maggini and Paola Antonia Profeta.

The Board of Directors has confirmed the allocation of an annual budget for 2015 of € 50,000,00 (fifty thousand/00 euro) for the Committee in order to allow for – if deemed necessary – the allocation of external tasks that are functional to the implementation of its activities.

Please refer the “Rules and Values” menu and the “Corporate Governance” sub-menu on the web site www.acea.it for more information.

12. APPOINTMENT OF AUDITORS

According to the requirements of law and the company's Articles of Association, the Board of Auditors is composed of three statutory auditors and two alternate auditors, appointed by the ordinary shareholders' meeting of shareholders for a period of three years, who can be re-elected at the end of their term.

The criteria regarding gender balance as established by law must be complied with in the composition of the Board of Statutory Auditors.

The Board of Statutory Auditors is elected in compliance with Art. 22 of the Articles of Association; the same procedures apply as those for the appointment of directors. Half plus one of the eligible statutory auditors and one alternate auditor are taken from the list which obtained the majority of votes, in the progressive order as they are presented on the list, rounding down in the event of a fractional number.

For the other members of the Board of Statutory Auditors, those who obtained the first and second highest quotient from the minority lists shall be appointed Statutory Auditor and Alternate Auditor; in accordance with the rules set forth by art. 15 and 22 of the Articles of Association, if there is an equal quotient, the person from the minority shareholder list which obtained the most votes shall be appointed Auditor. In any event, at least one Statutory Auditor shall be appointed by the minority shareholders. If an Auditor resigns during the year, he/she shall be replaced by an alternate auditor from the same list as the Auditor to be replaced.

To appoint the members of the Board of Statutory Auditors who have not been elected, for any reason, under the terms indicated in the preceding Paragraphs, the Shareholders' Meeting shall pass a resolution with the majority of votes provided for by the law.

The Shareholders' Meeting shall elect the Chairman from within the group of Auditors appointed by the minority shareholders.

Therefore, as of now, this elective system requires that the lists be presented by shareholders who, alone or together with other shareholders, represent at least 1% of the share capital. The lists shall be presented to the registered office, and ACEA will publish them in three daily national newspapers.

13. COMPOSITION AND FUNCTIONING OF THE BOARD OF STATUTORY AUDITORS

(pursuant to Article 123 bis, paragraph 2, lett. d), of the TUF)

The current Board of Statutory Auditors was appointed by the ordinary shareholders' meeting of 15 April 2013, and will remain in office until approval of the 2015 financial statements.

During the meeting held to make the appointments, three lists were presented: List No. 1 presented by Roma Capitale with three candidates, Corrado Gatti, Laura Raselli and Antonia Coppola, List no. 2 presented by the shareholder FINCAL Spa with two candidates, Enrico Laghi and Carlo Schiavone; List No. 3 presented by the shareholder ONDEO ITALIA Spa with two candidates, Franco Biancani and Davide Carelli. 75.18% of voters voted for List no. 1, 15.1801% voted for List No. 2 and 9.1876% of voters voted for List No. 3.

According to the appointments made at that meeting and as described in *Table no. 3*, the Board of Statutory Auditors comprises the following members and a brief summary of their professional profile is provided below, pursuant to art. 144 – decies Reg. of the CONSOB Regulations for Issuers:

- **Enrico Laghi, Chairman**, Registered in the Register of Auditors, the Register of Chartered Accountants of Rome and member of the Technical Consultants of the Court of Rome. He is currently a lecturer in Corporate Economics at La Sapienza University of Rome;
- **Corrado Gatti, statutory auditor** Professor Extraordinaire of Economics and Corporate Management at La Sapienza University of Rome. Has been a member, auditor and chairman of the Board of Statutory Auditors or supervisory body of companies and authorities. He is a management consultant on strategic, organizational and financial themes for private and public companies and is registered with the Association of Certified Accountants and Chartered Accountants of Rome, the Register of Statutory Auditors and the Roll of the Technical Consultants of the Court of Rome.
- **Laura Raselli, statutory auditor** An Economics and Commerce graduate from

the Libera Università Internazionale degli Studi Sociali Guido Carli (L.U.I.S.S.) independent university of Rome. Registered with the Association of Certified Accountants and Chartered Accountants of Rome, the Register of Statutory Auditors and the Roll of the Technical Consultants of the Court of Rome. Has been a Statutory auditor for companies and a corporate and tax consultant for private and public companies. Court-Appointed Superintendent of the Court of Rome.

➤ **Antonia Coppola, alternate auditor** A Corporate Economics and Commerce graduate from La Sapienza University of Rome. Registered with the Association of Certified Accountants of Rome. Registered on the Register of Auditors. Board Member of the Association of Certified Accountants and Chartered Accountants of Rome.

➤ **Franco Biancani, alternate auditor** An Economics and Commerce graduate from La Sapienza University of Rome, chartered accountant. Has been an auditor and chairman of the Board of Statutory Auditors of companies. Registered on the Register of Auditors.

The auditors are chosen from people who are qualified as independent and shall act autonomously and independently even as regards the shareholders who elected them.

The independence of the auditors is assessed by Acea in accordance with the law and Art. 3 of the Corporate Governance Code.

After the appointment of an auditor who is qualified as independent and subsequently at least once a year, based on the information provided by the involved party or in any case available to Acea, the Board of Statutory Auditors shall evaluate any relations which could be or appear to be able compromise that auditor's independent judgement.

At meetings the BoD provides the Board of Statutory Auditors with information on the Board's activities, even through the Board of Statutory Auditors' direct participation in the meetings as well as through the review of material illustrating items on the meeting's agenda, prior to such meetings and received in the same form and at the same time as the documentation made available Directors.

The Board of Statutory Auditors exercises its powers and fulfils its duties set out by current provisions.

In carrying out its activity, the Board of Statutory Auditors co-ordinated with the Audit department mainly through periodic meetings which discussed the independent monitoring work plan and the results of the main operations carried out in the year.

Moreover, the Board co-ordinated with the Risk and Control Committee through the participation of its Chairman in meetings.

During the year, the Board of Directors held 23 meetings, each lasting about 1 hours and 45 minutes on average, with the regular participation of the statutory auditors.

In 2015, on the date of this report, the Board has met twice, and each meeting lasted for an average of 1 hour and 50 minutes.

14. INVESTOR RELATIONS

(in accordance with art. 123 bis, par. 2, lett. a), TUF)

Price-sensitive information concerning the Company is promptly disclosed to the market and the relevant Supervisory Authorities, and is made available in a document at the Company's registered office and on its web site www.acea.it, where continuously updated information is posted.

ACEA's organisational structure includes an **Investor Relations** department which reports to the CEO; the manager is Elvira Angrisani

The Company organises special *conference calls* with institutional investors and financial analysts when approving the annual, interim and quarterly results and the Industrial Plan and for any *price-sensitive* operations.

In 2014:

- Conference Calls were held with the financial community and timed to coincide with approval of the annual and interim results as well as of the 2014-2018 Industrial Plan;
- roadshows were organized in major European and American venues, during which "one on one" meetings were held as well as open presentations with over 160 equity investors, buy side analysts and credit investors/analysts;
- the Company participated at Utility Conferences organized by major Merchant Banks.

In addition, in order to ensure that Shareholders and Investors are provided with timely information, corporate documents, press releases, notices and other corporate information is published on the Company web site (www.acea.it).

15. SHAREHOLDERS' MEETINGS *(pursuant to art. 123 bis, par.. 2, lett. c, of the TUF)*

Shareholders' meeting regulations are contained within ACEA S.p.A.'s Articles of Association, and, other than referring legal requirements, articles 10, 11, 12, 13 and 14 deal specifically with the shareholders' meeting.

As at 31 December 2014, and as of today's date, art. 10 sets forth the methods for calling the Shareholders' Meeting, indicating at 10.3 that *“without prejudice to the power of convening a meeting established by specific provisions of the law, the Shareholders' Meeting, both ordinary and extraordinary, shall be convened by the Board of Directors through a notice of meeting which shall contain the date, the venue and the time of the meeting and the agenda of the business to be transacted.”* In paragraph 4 of the same article, it is furthermore confirmed that the meeting may also be called outside the registered office, provided it is held in Italy.

“The notice of the meeting must be given on the Company's web site, and in the Official Gazette of the Italian Republic, or in the Il Sole - 24 Ore newspaper in compliance with the terms established by the laws in force. There may be calls for meetings following the second call. The notice calling a meeting may set, for different days, the second, third and possible subsequent meetings to be held in the event of a failure in order to reach a quorum according to the law in each of the previous meetings” (art. 10.4 of the Articles of Association)

Art. 11.1 sets forth that the *“Shareholders' Meeting is convened at least once a year to approve the financial statements within 120 days from the close of the financial year, or within 180 days from the above mentioned close if the conditions under art. 2364 of the Italian Civil Code apply.”*

Art. 11.2 sets forth that *“the Extraordinary Shareholders' Meeting shall be convened any time it is necessary pass a resolution which the law reserves to its competence.”*

Art. 11.3 indicates that *“both the ordinary and extraordinary shareholders' meetings shall be convened when so requested by a*

number of shareholders representing the percentages set forth in the laws in force, who must indicate the topics to discuss when making the request, or when the request is made by the Board of Statutory Auditors or its members as foreseen by the law.

Additionally, the number of Shareholders representing the percentages set out in the dispositions of the law in force, in accordance with the terms established by prevailing law, may request that other items be added to the agenda, indicating the additional topics to discuss in the request. The Shareholders' Meeting cannot be convened nor can shareholders request additional items to be added to the agenda for topics the meeting passes resolutions on by law on the basis of Directors' proposals, projects or reports. ”

Article 12 of the Articles of Association expressly sets forth that the majorities necessary for validating the ordinary and extraordinary shareholders' meeting's constitution and resolutions be those required by law.

Article 13.1 of the Shareholders' Meeting rules establishes that *“the right to participate at the shareholders' meetings and exercise the right to vote will be confirmed by notification sent by the intermediary to the issuer, in accordance with the accounting records, and in favor of the party who has the right to vote in accordance with the methods and terms provided for by prevailing law”* (so-called “record date”).

Art. 13.2 however establishes that any shareholder entitled to intervene at the meeting can be represented pursuant the law

Furthermore, the same paragraph of article 13 sets forth that *“with the exception of Roma Capitale, or subsidiaries thereof, which have acquired the capacity of Shareholders, the voting right may not be exercised for more than 8% of the share capital, even by proxy”*

In this regard, note article 6 of the Articles of Association which instead sets forth that: *“with the exception of Roma Capitale and any subsidiary thereof which becomes a Shareholder, no Shareholder may hold an equity interest in the Company greater than 8% of the share capital. In the event of breach, the relevant shareholder may not exercise voting rights on the shareholding that exceeds said limit, and resolutions passed with the decisive vote of such exceeding shares which are not entitled to cast votes pursuant to Art. 6 may be rescinded pursuant to article 2377 of the Italian Civil Code.*

Shares which are not entitled cast votes are in any case counted determine a quorum for the meeting” (art. 6.1 of the Articles of Association).

“The aforesaid limit also applies to the equity investments held by the group to which each Shareholder belongs, with the latter defined as follows:

- that formed by the persons, whether natural or legal, which directly or indirectly control, are controlled by or fall under the same control as the shareholder;*
- that formed by entities connected the shareholder, even though not having corporate form;*
- that formed by persons, whether natural or legal, which directly or indirectly, explicitly or by means of conclusive behaviour, have entered into or otherwise adhere arrangements of the kind described in Art. 122 of Italian Legislative Decree 58/98, the extent that such arrangements concern at least 8% of the voting share capital.*

Control and connection, for the purposes of this article 6, shall be deemed exist in the instances laid out in art. 2359 of the Italian Civil Code.” (art. 6.2 of the Articles of Association)

Point no. 3 of article 6 sets forth that the limit pursuant to art. 6 point 1 also applies:

- shares held by the family of the shareholder, where family shall be deemed include the same shareholder, a non-divorced spouse and cohabiting and/or tax-deductible children;*
- shares beneficially held by a natural or legal person through controlled entities, trustees, intermediaries;*
- shares directly or indirectly held, as security or usufruct, if a secured creditor or usufructuary holds the voting rights;*
- shares subject to repo arrangements, with reference to both giver-on and taker-in. ”*

Point 4 of article 6 furthermore sets forth that “whoever holds shares in excess of the 8% of the share capital shall notify such circumstance to the Company in writing within twenty days of completion of the transaction through which the threshold was crossed”.

Another restriction set by article 6 in point number 5 is that which sets forth that “those Shareholders who have not participated in approving the

resolutions concerning the introduction or removal of the restrictions on the transfer of the shares shall not be entitled to withdraw”

Article 13.3 sets out: *“In order to facilitate the collection of proxies from shareholders who are employees of the Company or its subsidiaries - and adhering to shareholders' associations that meet the requisites dictated by the effective applicable regulations, in accordance with the terms and procedures established by the Board of Directors directly or through its authorised persons - appropriate areas will be made available for notification and the proxy collection process.*

If the proxy is conferred via computer, in accordance with the procedures provided for by prevailing law, notification of the aforesaid proxy may be conferred each time by using the company web site, in accordance with the methods in the notice of meeting.”

On 3 November 2000, the Ordinary Shareholders' Meeting approved the adoption of a Regulation governing Shareholders' Meetings (available at the registered office or on the web site www.acea.it). The approved Regulations are the result of detailed studies of texts prepared by various study Commissions established in different trade associations, and in particular is inspired by studies carried out by Assonime. Article 7.3 of the aforesaid Regulation regulates the methods by which the shareholders' right to speak on the subjects set for discussion is guaranteed:

“The request to intervene on individual agenda topics can be presented at the chair's table (of the Shareholders' Meeting) from the time of constitution of the Shareholders' Meeting until when the Shareholders' Meeting's Chairman has closed the discussion on the relative agenda topic. In inviting people to speak, by regulation, the Chairman of the Shareholders' Meeting follows the order in which the requests to intervene were made. Each shareholder can make just one intervention on each agenda topic, within the time limit of ten (10) minutes.”

During the shareholders' meeting, the Board of Directors reported on activities carried out following company programmes, providing shareholders with correct information on the elements necessary to make informed decisions on topics of the meeting's competence.

The Board of Directors considers the Shareholders' Meeting to be of

great importance to Investor relations. Directors therefore encourage as many Investors as possible to participate in the Shareholders' Meetings, assisting them in this to the best of their ability.

During the 2014 financial year, and as of today, there have been no significant changes in the capitalisation of ACEA shares or in the composition of its company structure which could damage the prerogatives of minority interests.

16. ADDITIONAL CORPORATE GOVERNANCE PRACTICES

(pursuant to Article 123 bis, paragraph 2, lett. a), of the TUF)

Ethics Committee

The Ethics Committee was established, assigned full and independent powers to take action and control and delegated to supervise the implementation and observance of the rules of behaviour in the Acea's Code of Ethics.

The composition and functioning of the Committee are regulated by specific Regulations approved by the Board of Directors.

The members of the Committee as at 31 December 2014, are: Paola Antonia Profeta (Chairman), Francesco Caltagirone, Elisabetta Maggini and two externally appointed members, Maurizio Zollo and Luigi Giuliano.

In accordance with the responsibilities attributed by the Code of Ethics and the above-mentioned Regulation, the Committee promotes awareness of the Code of Ethics within the Group; heightens the awareness of Acea S.p.A. managers and employees on ethical matters; assists Acea in ensuring correct application of the Code of Conduct standards and criteria; develops and spreads awareness of the procedures necessary to ensure the aims and compliance with the Code principles; controls any breach of the standards of conduct of the Code, and proposes penalties in accordance with the work contracts. Finally, the Committee prepares a report on the work done, to be sent to the Supervisory Body, the Board of Directors, the Risk and Control Committee and proposes any amendments needed to improve the Code principles.

On 22 February 2012, the Acea Spa BoD, on the basis of a proposal from the Ethics Committee, decided to adopt a new Code of Ethics.

BoDs of the subsidiaries passed resolutions adopt the Code of Ethics, an integral part of the Organisational and Management Models.

The Code of Ethics is a fundamental element of control for Acea, so the Company distributes it to its personnel, both when hired and in cyclical training courses. Employees, suppliers and all those who contribute to the

company's activities (consultants, collaborators, etc.) must also adhere the contents of the Code.

To guarantee monitoring over effective compliance with the Code of Ethics, a well-structured procedure to manage reports that indicate behaviour that breaches the principles set out in the Code was introduced (known as whistle blowing), providing confidential contact channels and suitable protection for whistle blowers. The Audit Department examined the reports and verified any actual violations. The reports and the consequent actions taken for improvement are monitored by the Ethics Committee.

In 2014, and in order to encourage the effective application of the sustainability principle in the new edition of the Code of Ethics, the Ethics Committee provided guidelines and recommendations to Acea SpA structures in order to define the sustainability objectives and report on them in the 2014 Sustainability Report. In particular, the Committee focused on compliance with the principles of the Code in its relations with customers, the fundamental aspects of which were constantly monitored by examining specific relations and interviewing the competent subjects.

The Board confirmed the allocation of an annual budget for 2015 of €25,000.00 (twenty five thousand/00 euro) for the Committee.

When carrying out its duties, the Committee coordinates its work with the work of the Supervisory Body.

17. CHANGES SINCE YEAR END CLOSURE

Changes which occurred after the end of the financial year until today's date have been described in the specific sections.

On behalf of the Board of Directors

The Chairman

Catia Tomasetti

TABLE 1: INFORMATION ON SHAREHOLDING STRUCTURE

SHARE CAPITAL STRUCTURE				
	No. Shares	% w.r.t. share capital	Borsa Italiana automated stock market Listing	Rights and obligations
Ordinary shares	212,964,000	100%	100%	
Shares with limited voting rights	-----			
Shares without voting rights	-----			

OTHER FINANCIAL INSTRUMENTS (attributing the right to subscribe newly issued shares)				
	Listed (indicate the markets) / unlisted	No. of instruments in circulation	Category of shares for the service of conversion/financial year	No. of shares for the service of conversion/financial year
Convertible Bonds	-----	-----	-----	-----
Warrant	-----	-----		

RELEVANT SHAREHOLDINGS From the Consob site dated 5 March 2015			
Declarant	Share % of the ordinary capital		Share % of the voting capital
ROMA CAPITALE	Roma Capitale	51%	51%
NORGES BANK	Norges Bank	2.020%	2.020%
SUEZ ENVIRONNEMENT COMPANY SA	Ondeo Italia SpA	12.483%	12.483%
Caltagirone Francesco Gaetano	Gamma S.r.l.	1.033%	15.856%
	Viapar S.r.l.	2.874%	
	Fincal SpA	7.513%	
	So.fi.cos. S.r.l.	2.886%	
	Viafin S.r.l.	1.550%	

TABLE 2: STRUCTURE OF THE BOARD OF DIRECTORS AND COMMITTEES AS AT 31/12/2014

BOARD OF DIRECTORS													Risk and Control Committee		Appointment & Remuneration Committee	
Required quorum for the presentation of lists at the last appointment: 1% of the shares with voting rights																
Office	Members	Year of birth	Date of initial appointment*	In office since	In office up to	List (M/m) (¹)	Exec	Non-Exec.	Ind. acc. to Code	Indep. acc. to TUF	No of other offices ***	(1)	(2)	(1)	(2)	(1)
Chairman	Catia Tomasetti	1964	05/06/2014	05/06/2014	31/12/2016	M	X				-----	7/7				
CEO	Alberto Irace	1967	05/06/2014	05/06/2014 BOD 09/06/2014 (CEO)	31/12/2016	M	X				-----	7/7				
Director	Elisabetta Maggini	1982	05/06/2014	05/06/2014	31/12/2016	M		x	x	x	-----	7/7	P	6/6	P	3/3
Director	Paola Antonia Profeta	1972	05/06/2014	05/06/2014	31/12/2016	M		x	x	x	1	6/7	M	5/6	M	2/3
Director	Francesco Caltagirone	1968	29/04/2010	05/06/2014	31/12/2016	m		x			8	7/7				
Director	Giovanni Giani	1950	coop. BOD 29/11/2011 Date of taking office: 04/05/2012	05/06/2014	31/12/2016	m		x			-----	7/7	M	6/6	M	3/3
Director	Diane D'Arras	1955	15/04/2013	05/06/2014	31/12/2016	m		x	x	x	-----	7/7				

NOTES:

• This symbol specifies the director entrusted with the internal control and risk management system.

* Date of initial appointment of each director refers to the date in which the director was initially appointed (absolutely) within the Board of ACEA SpA

** This column specifies the list from which each director is drawn (“M”: majority list; “m”: minority list)

*** This list specifies the number of offices of director or auditor held by the party in question within other companies listed in regulated markets, even foreign ones, and either financial, banking, insurance or other firms of significant size.

The last page of the Corporate Governance Report fully describes the offices that are held.

(1). This column specifies the participation of the directors in meetings of Board and its committees, respectively.

(2) This column specifies the qualification of director within the Committee: “P”: chairman, “M”: member.

TABLE 2.1: OUTGOING DIRECTORS IN 2014

BOARD OF DIRECTORS												Risk and Control Committee		Appointment & Remuneration Committee	
Required quorum for the presentation of lists at the last appointment: 1% of the shares with voting rights															
Office	Members	Year of birth	Date of initial appointment*	In office since	In office up to	List (M/m) (1)	Exec.	Non-Exec.	Ind. acc. to Code	Indep. acc. to TUF	(1)	(2)	(1)	(2)	(1)
Chairman	Giancarlo Cremonesi	1947	29/10/2008	15/04/2013	05/06/2014	M	X				9/9				
CEO •	Paolo Gallo	1961	15/04/2013	15/04/2013 BOD 16/04/2013 (CEO)	05/06/2014	M	X				9/9				
Director	Antonella Illuminati	1967	15/04/2013	15/04/2013	05/06/2014	M		x	x	x	8/9	M	3/3	M	2/2
Director	Andrea Peruzzy	1962	15/09/2009	15/04/2013	05/06/2014	M		x	x	x	8/9	M	3/3	M	2/2
Director	Maurizio Leo	1955	15/04/2013	15/04/2013	05/06/2014	M		x	x	x	6/9	P	3/3	M	1/2
Director	Francesco Caltagirone	1968	29/04/2010	15/04/2013	05/06/2014	m		x			9/9				
Director	Paolo Di Benedetto	1947	29/04/2010	15/04/2013	05/06/2014	m		x	x	x	9/9	M	3/3	P	2/2
Director	Giovanni Giani	1950	coop. BOD 29/11/2011 Ass. 04/05/2012	15/04/2013	05/06/2014	m		x			9/9	M	2/3	M	2/2
Director	Diane D'Arras	1955	15/04/2013	15/04/2013	05/06/2014	m		x	x	x	8/9				

NOTES:

• This symbol specifies the director entrusted with the internal control and risk management system.

* Date of initial appointment of each director refers to the date in which the director was initially appointed (absolutely) within the Board of ACEA SpA

** This column specifies the list from which each director is drawn ("M": majority list; "m": minority list)

*** This list specifies the number of offices of director or auditor held by the party in question within other companies listed in regulated markets, even foreign ones, and either financial, banking, insurance or other firms of significant size.

The last page of the Corporate Governance Report fully describes the offices that are held.

(1). This column specifies the participation of the directors in meetings of Board and its committees, respectively.

(2) This column specifies the qualification of director within the Committee: "P": chairman, "M": member.

TABLE 3: STRUCTURE OF THE BOARD OF AUDITORS AS AT 31/12/2014

Board of Auditors									
Required quorum for the presentation of lists at the last appointment: 1 % of the shares with voting rights									
Office	Members	Year of birth	Date of initial appointment*	In office since	In office up to	List (M/m)**	Code	Ind. acc. to *** (%)	No. of other offices ****
Chairman	Enrico Laghi	1969	2010	15/04/2013	31/12/2015	m	x	22/23	7
Statutory auditor	Laura Raselli	1971	2013	15/04/2013	31/12/2015	M	x	21/23	1
Statutory auditor	Corrado Gatti	1974	2010	15/04/2013	31/12/2015	M	x	21/23	14
Alternate auditor	Antonia Coppola	1970	2013	15/04/2013	31/12/2015	M	x		-----
Alternate auditor	Franco Biancani	1942	2013	15/04/2013	31/12/2015	m	x		-----

NOTES:

* The date of initial appointment of each auditor refers to the date in which the auditor was appointed for the first time (absolutely) in the Board of Auditors of the issuer.

** This column indicates the list from which each auditor was drawn (the majority list (M), or the minority list "m").

*** This column indicates the participation percentage of auditors at the Board of Auditors meetings

**** This column indicates the number of director or auditor position were held by the concerned party reported in accordance with art. 148 bis TUF and the relative implementational provisions contained with the Consob Issuers Regulations. The complete list of positions is published by Consob within its website, in accordance with art. 144-quinquiesdecies of CONSOB Issuer's Regulation.

Chart 1. Composition of the ACEA Board of Directors and positions held by Directors in other companies

Role	Name	Position	Other positions (*)
Chairman	Catia Tomasetti	Executive Director	-----
Chief Executive Officer	Alberto Irace	Executive Director	-----
Director	Elisabetta Maggini	Independent director	-----
Director	Paola Antonia Profeta	Independent director	Banca Profilo (C)
Director	Diane D'Arras	Independent director	-----
Director	Giovanni Giani	Non-Independent director	-----
Director	Francesco Caltagirone	Non-Independent director	Cementir Holding SpA (P e AD) Cimentas A.S. (C) Cimbeton A.S. (C) Aalborg Portland A.S. (C) Unicon A.S. (C) Banca Finnat Euramerica SpA (C) Caltagirone SpA (C) Caltagirone Editore SpA (C)

(*) List of the positions of director or auditor held by each Director in other companies listed on regulated markets, including foreign markets, in financial, banking, insurance or large companies.