

The background of the cover is a photograph of a young girl with long, wavy hair, wearing a white, short-sleeved dress. She is being held by a hand from the left, and she has a joyful expression, looking upwards and to the right. The scene is set outdoors, with a swimming pool visible in the lower half of the image. The entire image is overlaid with a green circular graphic that frames the text and the girl's face. The background has a pattern of small, light green dots.

2017

SUSTAINABILITY REPORT

ACEA GROUP

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

SUMMARY DATA

acea



LETTER TO STAKEHOLDERS

The *Sustainability Report*, referring to financial year 2017, with the entry into force of Legislative Decree 254/2016, has taken on the legal importance of compulsory company documentation, substantially equivalent to the Financial Statements, having the same publication time, statutory audit obligation, responsibility of directors and sanctions regime as the latter. We are fully aware that our Company has this year made a distinction between the voluntary and obligatory nature of the social and environmental reporting, based on more than solid foundations. In fact, it has been exactly twenty years since Acea has published a Sustainability Report on an annual basis, providing for its preparation according to the highest level of compliance with the internationally accredited guidelines.

We have selected the option, provided for by law, to present non-financial information in an independent document and with reference to a specific reporting standard. This is due to the complexity of the managed business, the related extent of qualitative and quantitative information provided, the comparability with previous years, guaranteed by the adopted performance indicators and, last, but not least, due to the vast number of stakeholders for which it is intended. Therefore, this document, in accordance with the law, has been named *Sustainability Report 2017 of the Acea Group (Consolidated Non-Financial Statement pursuant to Legislative Decree no. 254/2016, prepared according to GRI Standard)*. We have also confirmed Acea's participation in the Global Compact Network Italia, in accordance with the principles of the "Global Pact" and we have identified, in the *Sustainability Report*, the elements corresponding to the advanced level of the *Communication on Progress*.

Twenty years is a lot, even for a Company like Acea, which boasts over a century of business. The long period of time between the first publication of the social and environmental reporting and today, has not only contributed to building a solid foundation, as mentioned above, but has also marked an evolutionary path.

If we look back from the current perspective and imagine the impulse that drove the directors of the time – it was 1999, the year of listing on the stock market – to take the first step, we cannot fail to grasp the sense of challenge.

Furthermore, we cannot but understand that the voluntary choice to enhance the non-financial aspects of the management, monitoring and publicising of social and environmental performance and so-called "intangible" factors, such as intellectual or relational capital, was the result of a forward-looking view and fortunate intuition regarding the importance of corporate social responsibility and sustainable development concepts, which were then strongly supported by Europe.

An intuition capable of grasping the theoretical value of these concepts, as guiding principles and, above all, their profound consonance with the operational reality of a multiutility and the potential repercussions on the governance of the company and its strategic direction. Acea was, as is, called to manage public utility services, in the water and energy sectors, which are essential to the well-being of the host environment and to the creation of local development opportunities and is, therefore, required to govern its impact on the natural environment and to enter into a relationship with the region, institutions and people. Over the years, the environment sector has been added to the areas of activity. Currently, said sector also bears the growth prospects inherent to the new paradigm of the circular economy, which drives us towards the future.

The challenge then was seized by all those who, within the last twenty years, have succeeded in responsibility for corporate governance – continuing along the path taken – and the issues of sustainability, increasingly more internally widespread and increasingly urged by the national and international external context, were also a spur for the progressive evolution of the business model, based on the most advanced principles of integrated management.



For our part, this year, we have intended to significantly accelerate this evolutionary path, undertaking, for this purpose, initiatives aimed at integrating sustainability into strategy and operational processes. We have organised multistakeholder focus groups to redefine, by listening to the parties concerned, the most relevant, or “material”, topics, on which we can share and focus our attention. At the same time as preparing the new 2018-2022 Business Plan, we asked the operating departments to update the 2018-2022 Sustainability Plan, taking into account the international developments, in terms of sustainability, specified by the *Sustainable Development Goals* (SDG) approved by the UN. The feedback received was remarkable and the Plan, approved by the Board of Directors and presented in this edition of the *Sustainability Report*, identified 135 targets to 2022, with objectives closely related to the business strategy, for a total estimated value of approximately €1.3 billion. The feedback introduces issues such as increasing the resilience of infrastructure in relation to climate change, with adaptation and mitigation actions, the contribution towards the circular economy, the experimentation of new technologies, operational processes and infrastructure, including with a

view the development of the urban fabric, from a smart city perspective.

In November, we issued the new *Sustainability, Quality, Environment, Security and Energy Policy*, which states the principles, values and commitments made by the Company, framing them within the context of the pursuit of sustainable development and is an integral part of the Certified Management Systems. Through the Risk & Compliance Department, we initiated a specific analysis aimed at accompanying the management towards identifying and assessing the risks generated or incurred, in relation to the managed activities, pertaining to the main sustainability issues and, finally, in December, on a governance level, we renamed the Ethics Committee to the Ethics and Sustainability Committee, attributing this body, *inter alia*, the promotion of the integration of sustainability into the business strategy and culture; the oversight of sustainability issues associated with the exercise of business activities and the dynamics of interaction with stakeholders.

The value created in the path summarised above is therefore returned to stakeholders in the *Sustainability Report*, but implies the continuity of dialogues and coherent action.

The Chief Executive Officer
Stefano Antonio Donnarumma

The Chairman
Luca Alfredo Lanzalone

ACEA AND SUSTAINABILITY

In continuity with its commitment to corporate social responsibility, Acea publishes its Sustainability Report 2017 – the twentieth edition in the company’s history – no longer as a voluntary document but, for the first time, in accordance with Legislative Decree no. 254/2016, which has implemented, into Italian legislation, EU directive 95/2014.

The contents of the Sustainability Report, aimed at providing a perspective of the Group that is as integrated as possible and including the social and environmental impacts of the activities, have been defined in compliance with the requirements of Legislative Decree no. 254/2016 and in accordance with GRI Standards (ed. 2016) – comprehensive option, the latest development of the most accredited International Sustainability Reporting Guidelines.

The results of the materiality analysis, which was fully renewed during the year, were also taken into account, which has enabled us to identify, through multistakeholder focus groups, the most relevant topics for the company and its stakeholders.

SINCE 2007, ACEA HAS BEEN PART OF THE UNITED NATIONS **GLOBAL COMPACT** INITIATIVE. SINCE 2014, THE ELEMENTS HAVE BEEN IDENTIFIED CORRESPONDING TO THE **COMMUNICATION ON PROGRESS**.

Acea promotes an approach towards engagement of its stakeholders, by enhancing opportunities for **creating shared value**, in accordance with the Code of Ethics.

The identification of the various stakeholders and the management of the interactions with the company are **continuous and dynamic activities**, which arise from both impulses and corporate objectives from both requests and from the external context.

The **collaborative routes** resulting from this, which are extensively described in the *Sustainability Report*, are important for both the growth of the Group and for consolidating the lawfulness to operate under Acea, which is thus recognised by the interested parties.

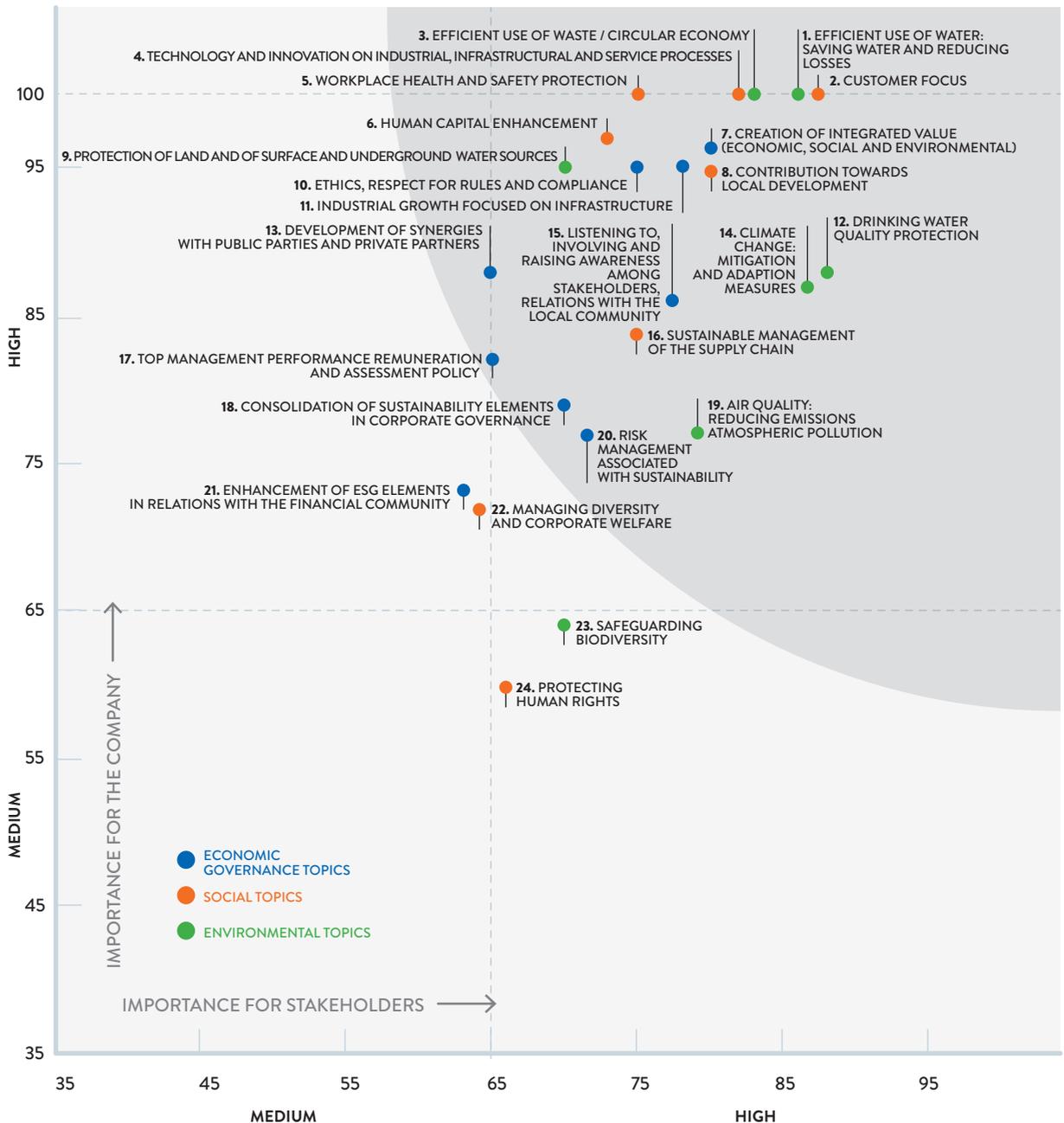


RELEVANT TOPICS FOR THE COMPANY AND STAKEHOLDERS

In 2017, due to the renewal of the Corporate Governance Body, the Group's new strategic guidelines, in terms of both business and sustainability, for the period 2018-2022, Acea proceeded to update the materiality analysis, aimed at

identifying the most relevant or "material" economic and governance, social and environmental topics, for both the company for the interested parties, in relation to their impact on the business and on the stakeholders themselves.

ACEA MATERIALITY MATRIX - 2017





Zum Gebrauch für: G2200
Used on helmet: G2200

acea
acqua



SUSTAINABILITY PLAN 2018-2022

SUSTAINABLE GROWTH IS A STRATEGIC OBJECTIVE FOR ACEA. THE NEW SUSTAINABILITY PLAN, APPROVED BY THE BOARD OF DIRECTORS, WAS PREPARED AT THE SAME TIME AS THE GROUP'S 2018-2022 BUSINESS PLAN AND SHARES WITH IT THE PRINCIPLES AIMED AT A SUSTAINABLE DEVELOPMENT.

The two strategic planning documents describe the development of the company from two perspectives: one by appreciating the aspects associated with the economic solidity of industrial growth and the other by appreciating the social and environmental results expected by stakeholders.

SUSTAINABILITY PLAN 2018-2022: 6 CROSS-COMPANY GOVERNANCE OBJECTIVES AND 5 OPERATIONAL MACRO-OBJECTIVES, ARTICULATED INTO 14 AREAS OF ACTION, 26 OPERATIONAL OBJECTIVES, 135 TARGETS AND RELATED KPIs.

GOVERNANCE LEVEL THE 6 OBJECTIVES

ACEA IS COMMITTED TO THE ADEQUATE INTEGRATION OF SUSTAINABILITY INTO THE COMPANY'S GOVERNANCE, THROUGH:

- the integration of sustainability objectives into the system for identifying, assessing and monitoring business risks;
- the integrated reading of economic and financial data, as well as sustainability data, in order to highlight the total value generated by the Group;
- the introduction into the performance management systems of objectives aimed at promoting sustainability impacts;
- the dissemination of the "sustainability culture", by means of awareness-raising and the involvement of internal and external stakeholders in the matter;
- the enhancement of ESG (Environmental, Social, Governance) elements in relations with shareholders and investors;
- the reading of evolutionary trends in national and European regulation, in relation to sustainability-related topics in the areas in which the company operates.

OPERATIONAL LEVEL THE 5 MACRO-OBJECTIVES

WITH A SPECIFIC FOCUS ON THE FOLLOWING 5 MACRO-OBJECTIVES AND ON THE RELATED AREAS OF ACTIONS AND OPERATIONAL OBJECTIVES (*)



PROMOTING
CUSTOMER
FOCUS

Improving communication with customers

- Developing presence on the web and digital channels, in line with the Group's communication and positioning requirements

Improving the quality of services

- Improving the commercial quality of services
- Improving the technical quality of services



ENHANCING
STAFF FOR
THE GROUP'S
GROWTH

Professional enhancement, training and development of skills

- Enhancing and increasing Human Capital skills
- Investing in the development and improvement of the people assessment and selection system

Involving people in the Group's identity

- Promoting the implementation of the new "execution" organisation
- Increasing the level of involvement of the business population
- Defining and promoting an employer branding plan

Organisational inclusion and well-being

- Detecting and improving the organisational well-being of the entire business population
- Enhancing diversity and promoting inclusion

The 2018-2022 Sustainability Plan identifies objectives that are closely related to the development strategies indicated in the Business Plan for a **total value of approximately €1.3 billion**. Some specific features of the Sustainability Plan:

- integration of sustainability into the corporate culture and into the company's governance tools:

risk assessment, strategy, MBO, investor relations and industry regulation

- achievement of challenging commercial and technical quality levels of services provided for full customer satisfaction
- training, enhancing know-how (active ageing) and development plans for young people
- greater resilience of infrastructure

in relation to climate change, limiting impacts on the natural environment and protecting the land, developing initiatives for the circular economy

- prevention and dissemination of the safety culture along the value chain
- experimenting with new technologies and contributing to the development of the urban fabric from a smart city perspective



QUALIFYING PRESENCE IN THE REGIONS AND PROTECTING THE ENVIRONMENT

Reducing the environmental impact

- Planning and implementing measures to combat climate change (mitigation and adaptation)
- Promoting an efficient use of resources, including by supporting the circular economy
- Taking initiatives to protect the land and limit impacts on the natural environment
- Enhancing certified environmental and energy management systems
- Implementing sustainability logic into purchasing procedures

Contributing to the well-being of the community

- Promoting activities with a positive impact on the well-being of the community and on the regions in which the company operates

Consolidating relations with the region

- Contributing to raising awareness on social and environmental topics
- Promoting the involvement of stakeholders in corporate projects to create shared value



PROMOTING HEALTH AND SAFETY ALONG THE VALUE CHAIN

Health and safety in the workplaces for Group workers

- Promoting the culture of health and safety in the workplace

Health and safety in the workplaces for contractors and subcontractors

- Raising awareness among contractors on health and safety in the workplace

Health and safety of the communities with which the Group operates

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



INVESTING IN INNOVATION FOR SUSTAINABILITY

Organisational innovation

- Promoting "smart" working methods

Technological and process innovation

- Promoting the resilience of the urban territory and innovation from a smart city perspective
- Implementing remote control and remote intervention systems
- Applying new technologies for detecting losses

Creating and promoting knowledge

- Developing research projects in partnership with other relevant departments

RELATIONS WITH STAKEHOLDERS



CUSTOMERS

24,600
people heard

through **Customer Satisfaction** surveys

20.5%
green energy sold

to customers on the
free market (7% in 2016)

65,000
Acea Energia customers

chose, in 2017,
electronic billing:
13.5 t/year
of paper saved



COMMUNITY

Over **5,000**
young people

participating in *Io mi
impegno per l'Ambiente!*
Acea for schools 2017

**Piazza Navona,
Piramide Cestia
and Palatino**

artistic-monumental
lighting for the city

66 Water houses

active in 2017:
17.5 million litres supplied
350 t of plastic/year
saved and 620 t of CO₂
atmospheric emissions saved



SHAREHOLDERS AND FINANCIERS

133.9
million euros
of dividends

270
analysts/investors
met by
Investor relations

89.3
million euros
allocated
to financiers



INSTITUTIONS AND THE COMPANY

Approximately **56** million euros in innovation and over 14 projects in progress

532.3 million euros of investments in the year

Numerous partnerships with Universities and Research Institutes and school-work Vocational Projects



STAFF

96.5% employees with permanent contracts

33% female presence in Corporate Governance bodies

3,000 workers involved in **Acea Safety Week Sicuri di Essere Sicuri?**



SUPPLIERS

594 million euros the 2017 procurement value

Approximately **2,000** contracts signed with over 1,000 suppliers

8,900 inspections of construction site safety carried out by the "Safety Team" for "Single Contracts"





RELATIONS WITH THE ENVIRONMENT



WATER

384 Mm³

of drinking water supplied by Acea Ato 2, Acea Ato 5 and Gesesa (Group total: 658 Mm³)

SATELLITE MONITORING

of water source areas; 200 km² analysed and 31 anomalous variations identified

118,900 t

of sludge produced by Acea Ato 2, Acea Ato 5 and Gesesa, of which 75% recovered

MONITORING CAMPAIGN

experimental campaign on Emerging Organic Micropollutants at wastewater treatment plants



ENVIRONMENT

446,000 t

of waste-to-energy waste (input) and 97,000 t of waste produced (output): 22% (output/input)

384 GWh

of energy produced by waste-to-energy (+17.6% compared with 2016)

17,700 t

of high-quality compost produced (+27% compared with 2016)

22 GWh

of energy generated by biogas (Orvieto plant)



ENERGY INFRASTRUCTURE

30,900 km

distribution networks to Rome and Formello with approximately 11,000 GWh of electricity required on our network

224,480 lamps

intended for the city's public and artistic lighting

Increase in territorial protection (underground HV network/HV network total): **44%**

838 GWh

total energy generated (including WtE) (+13.6% compared with 2016)

96 GWh

of thermal energy generated for district heating: over 39,000 inhabitants served

Constructed or expanded

71 Sub-stations

and reconstructed

972 Operating stations

2,600 t CO₂

atmospheric emission saved thanks to efficiency measures

73% of total

energy generated by renewable sources (608 GWh)



ACEA SPA
PIAZZALE OSTIENSE, 2
00154 ROME

ACEA.IT