



# 2019

## SUSTAINABILITY REPORT ACEA GROUP

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



SUMMARY DATA

# LETTER TO STAKEHOLDERS

In this particularly delicate, even dramatic moment for our country and the whole world, we would like to reach out to all the stakeholders of the Acea Group. In fact, the health emergency caused by the covid-19 pandemic is still ongoing and is having social and economic impacts of such a magnitude and scale that it is impossible to underestimate or ignore them. Most of us find ourselves living an entirely new and potentially destabilising experience. Tens of thousands of our fellow citizens are experiencing the pain of the loss of loved ones in tragic circumstances, and many more are facing serious financial difficulties due to the indispensable stoppage imposed on the majority of productive sectors.

With a sense of duty and spirit of sacrifice we are all exercising social distancing, and yet we feel united, engaged, empathetic. We admire the incessant commitment of the healthcare workers in the front line. We are with our people who are actively working to maintain the social and productive fabric.

These circumstances are the starting point for many reflections, even on aspects that are fully pertinent here, perhaps more so than the simple statement of a comment on the Group's good sustainability performance in 2019, which also exist and for which we recommend a careful reading of the Report introduced here. Indeed, it is precisely sustainability that we are currently reflecting on. Sustainability understood as the ability to be present, here and now, as active and responsible as ever, responding to the needs of the community, and at the same time looking further ahead to the needs of a world that will inevitably be different from that of today. Even with regard to network infrastructure, value-added environmental services and utilities, our core business.

Close to the community. More than usual we feel the absolute importance of the service we offer, bringing water and electricity into people's homes and putting the maximum effort every day into ensuring that these primary resources are always available to everyone. This awareness is shared by all our employees, none excluded, who

with full responsibility via telework or in the field continue every day to ensure the good quality of services. Moreover, in these peculiar circumstances even a seemingly minor contribution like the projection of the colours of the national flag on government buildings assumes a very strong symbolic value, and we are proudly involved in such initiatives. Or the very broad, spontaneous participation of employees in solidarity initiatives involving healthcare facilities that we proposed to them and that join numerous other initiatives organised by the Company.

We acted with immediacy and care to protect our workers and their families. From the very first alarms we disseminated the guidance of company physicians, and as soon as school closures were triggered we transformed teleworking from periodic to continuous, extending it primarily to employees with school-aged children and immediately to all workers who were in a position to do their jobs remotely, with the necessary exceptions due to operational needs. We have taken out a special insurance policy for everyone, including family members, and we have been able to guarantee everyone's jobs.

Looking further ahead. The capacity for an integrated, prospective vision that does not stop with short-term or immediate results is one of the keys to corporate sustainability. This is what makes the application of sustainability principles in the industrial management of public services concrete today, so that tomorrow they will be even more efficient. For us, this means being able to think about the future, where the world is going and its vulnerability, what its needs will be and how they will change, what risks we should be able to take and what opportunities we can exploit. In essence, it means thinking about how we can contribute to development that blends financial growth, environmental protection and social welfare. A development that makes real contributions – within the limits of our skills and possibilities, though pressed to the maximum extent – to healthy growth, which attributes to the company microcosm a proactive and value-generating role shared within the macrocosm that hosts it and of which it is a responsible part.



For an event that saw a high level of participation, held in December 2019 at the Teatro dell'Opera in Rome to celebrate the end of the year with our staff, we wanted to focus in particular on two concepts that we consider to be of fundamental importance: safety at work and resilience. This without imagining what was going to happen in the country shortly afterwards. And to date these two concepts have proven to be very important, together with the technological innovation we have focused on in recent years, making it a transversal and evolutionary lever of all organisational and production processes. At the time we were referring to the resilience of infrastructure, thinking about the ongoing energy transition but also about the implications of climate change, for example in the water sector. Today, however, we appreciate its entire semantic extension, which includes the ability to adapt and to positively reorganise human life, even in the face of traumatic events.

However, these are not the only issues that we are focusing on and that we find relevant to the sustainability of the company and the situation we are experiencing. In 2019 we completely updated our materiality analysis, the process that directly involves stakeholders to help identify the most important aspects to be considered in the business strategy. We assessed them carefully before submitting them to the interested parties, who then helped us to establish their order of importance.

These include sustainable management of the water cycle, sustainable design, construction and management of infrastructure, circular economics, containment of emissions and sustainability throughout the supply chain, corporate welfare, inclusion and development of skills, just to name a few. Just as we considered it essential to more fully integrate each of these aspects into the system of identification, assessment and management of related risks. This past year we also wanted to align the sustainability and industrial strategies, increasing their challenges and emphasising their full complementarity, with evidence of sustainability aspects inherent in the growth prospects of the business areas and attention to the Development Objectives of Agenda 2030 and the consistency between our values and the principles of the “Global Compact” of the United Nations, which Acea continues to adhere to year after year.

In this dramatic moment that humanity as a whole is going through, we at Acea must and want to have the strength to plan pathways of growth and prospects for sustainable development, thinking big, that is, considering all of humanity and our planet, both being fragile and in need of being preserved. Each of us doing our part with our skills and talents and in our areas of expertise. We are certain that if we work together, if we increase awareness of the common good, we will succeed.

The Chief Executive Officer  
Stefano Antonio Donnarumma

The Chairman  
Michaela Castelli

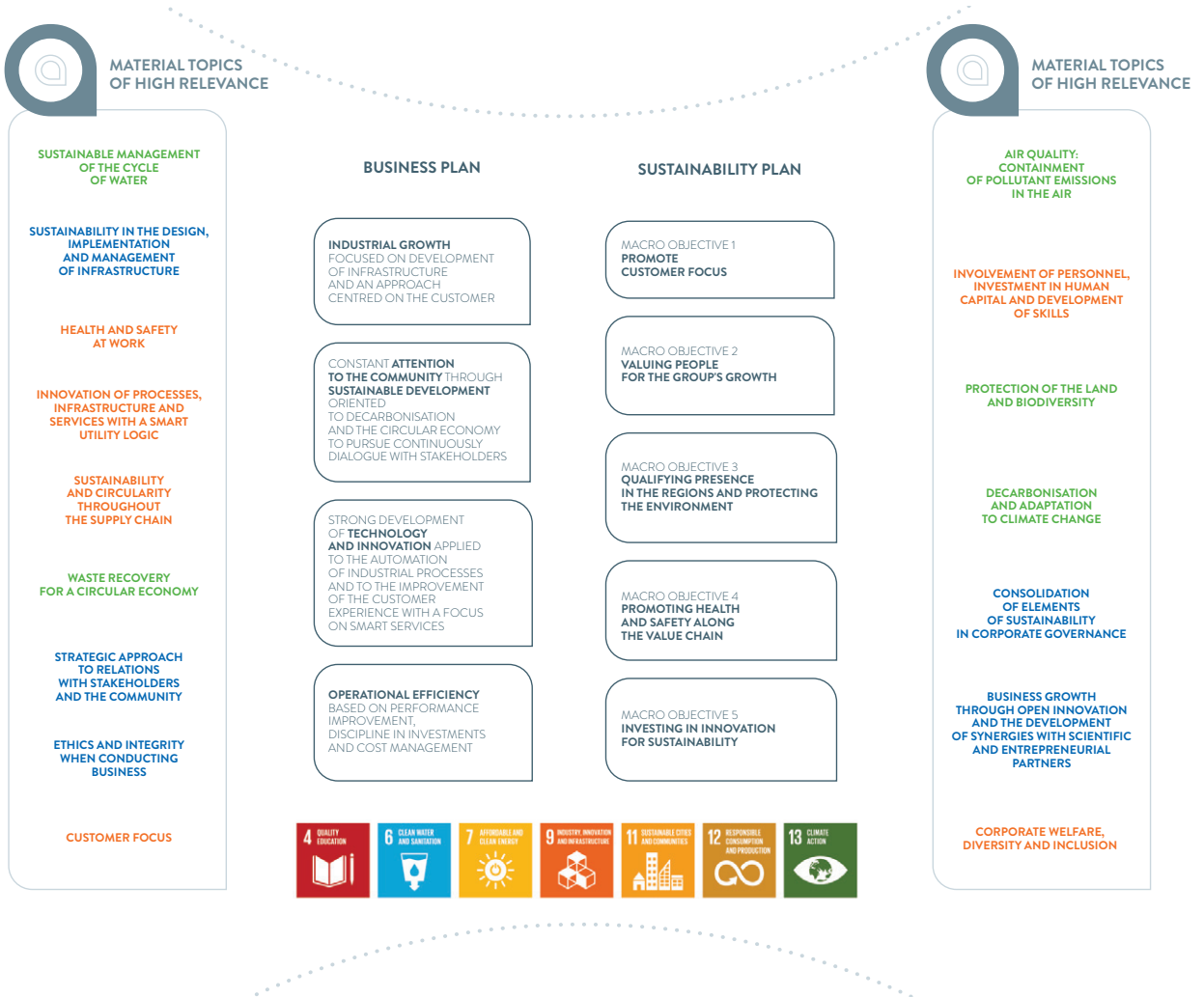
# THE INTEGRATION OF SUSTAINABILITY IN THE STRATEGY

Acea pursues industrial growth, seizing the **business opportunities** offered by the market and the new **environmental and social challenges** associated with it.

The company's strategy promotes the progressive **integration of sustainability** into industrial objectives and the

consequent **evolution of governance**, also in light of the evidence emerging from the **materiality analysis** and integrated risk vision, within the broader **framework of the UN Sustainable Development Objectives (SDG)** defined by Agenda 2030.

## KEY ELEMENTS OF THE STRATEGY

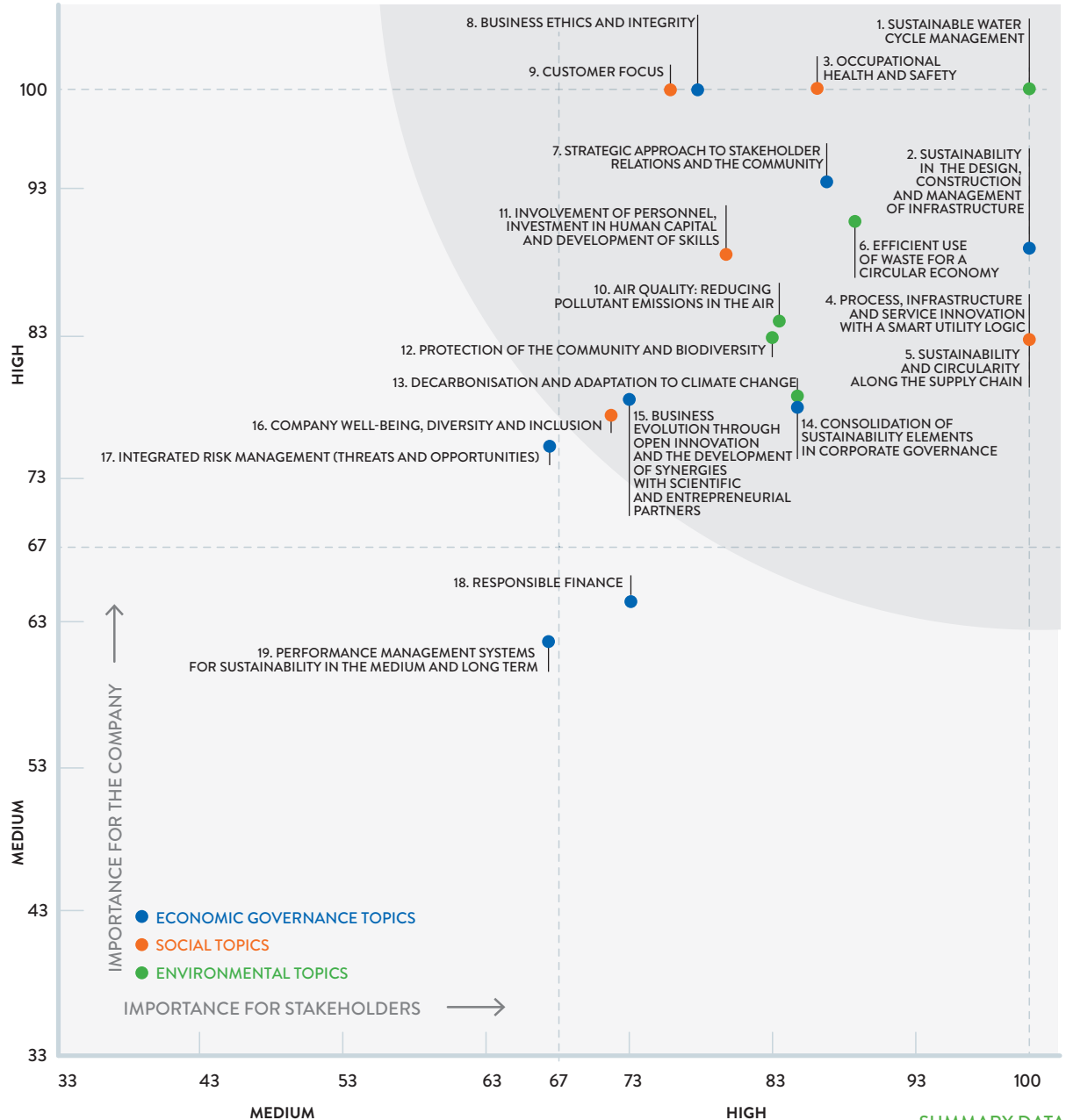


# MATERIALITY ANALYSIS

In line with the evolution of the Group's strategic guidelines, during the year Acea conducted a **new round of materiality analysis** to identify the main **economic, governance, social and environmental issues** related to the business and prioritised them based on the assessments expressed by **Group**

**managers and stakeholders during multi-stakeholder focus groups and telephone interviews.** The **2019 materiality matrix** illustrates the **weighted distribution of the 19 topics, 16 in the high significance quadrant (score 68-100) and 3 in the medium significance quadrant (score 33-67).**

## 2019 ACEA MATERIALITY MATRIX





INFRASTRUTTURE  
DI BIOECONOMIA

BIOLOGICA  
NACQUE  
SOSTENIBILE  
E  
CIRCOLARE

D1, D2  
A, B, C

PERCORSO BIOECONOMIA CIRCOLARE  
CIRCOLARE BIOECONOMIA PATRISWAY  
MAG. 01

ACQUA

Circular

lpm

LCO

E

PANTIA



MARCOPOLO  
ENGINEERING  
circular economy

RICERCA & SVILUPPO  
COMUNICAZIONE E DIVULGAZIONE

versalis

BIODEGRADABILE E STABILE  
come la buccia d'arancia  
NOVAMONT

plastiki fortom

D3

D3



# INTEGRATED RISK ANALYSIS

To improve an **integrated vision of risks and their proactive management** within a structured and continuous process, Acea has further developed the **ERM Programme** based on the **COSO framework** “Enterprise Risk Management (ERM) - Integrating with Strategy and Performance” 2017.

The **methodology implemented** and the tools developed to identify risks and assess their severity in a consistent manner at a Group level – **definition of the Risk Model** – included **ESG aspects** and risk scenarios associated with the **issues that emerged from the materiality analysis**.

## MATERIAL TOPICS, RISKS AND MANAGEMENT METHODS

| HIGHLY SIGNIFICANT MATERIAL TOPICS AND RELATED RISK  | POTENTIAL IMPACT ON ACEA               | POTENTIAL IMPACT ON STAKEHOLDERS AND CAPITAL   | RISK MANAGEMENT METHOD   |
|--|--|--|--|
| <b>SUSTAINABLE WATER CYCLE MANAGEMENT</b><br>Unfavourable natural events and/or climate change; authorisation delays impacting on optimal management conditions; monitoring and analysis                             | economic/<br>financial<br>reputational | <i>environment and community</i><br>natural and social-relational capital                                      | - system of procedures and emergency plans - ad hoc maintenance - disciplined relations with institutions and authorising bodies - ISO 17025 accreditation Analysis laboratories |
| <b>SUSTAINABILITY IN INFRASTRUCTURE DESIGN, CONSTRUCTION AND MANAGEMENT</b><br>Environmental and social impacts from inadequate and failed design, construction and/or management of plants/networks                 | economic/<br>financial<br>reputational | <i>environment, community, institutions, suppliers</i><br>natural, production and social-relational capital    | - design procedures - monitoring and reporting of the progress of the authorisation/design process - asset monitoring and inspection   |
| <b>OCCUPATIONAL HEALTH AND SAFETY</b><br>Accidents at work   | reputational                           | <i>employees</i>   | - company policies and compliance guidelines - training and communication plans - ISO 45001 health and safety management systems   |
| <b>INNOVATION OF SMART UTILITY PROCESSES, INFRASTRUCTURE AND SERVICES</b><br>Operational inefficiency due to technological and innovative inadequacy   | economic/<br>financial<br>reputational | <i>community and business partners</i><br>production, intellectual and social-relational capital               | - monitoring the technical and technological progress of projects  |
| <b>SUSTAINABILITY AND CIRCULARITY ALONG THE SUPPLY CHAIN</b><br>Failure to control the purchasing process - failure of suppliers to comply with the requirements (health and safety, environmental, anti-corruption) | economic/<br>financial<br>reputational | <i>environment and suppliers</i><br>natural, human and social-relational capital                               | - system of procedures - quality monitoring of goods/services received - ISO 45001 health and safety management systems - qualified suppliers register                           |
| <b>RECOVERY OF WASTE FOR A CIRCULAR ECONOMY</b><br>Failure to comply with regulations; obstacles in the waste treatment and delivery market  | economic/<br>financial                 | <i>environment</i><br>natural capital  | - monitoring and control plans for Integrated Environmental Authorisations - ISO14001 and EMAS environmental management system   |
| <b>STRATEGIC APPROACH TO STAKEHOLDER RELATIONS</b><br>Tensions with stakeholder representatives in the region with negative effects on the development of activities   | economic/<br>financial<br>reputational | <i>community</i><br>social-relational capital  | - stakeholder engagement activities - Code of Ethics   |
| <b>BUSINESS ETHICS AND INTEGRITY</b><br>Conduct contrary to binding regulations, internal rules and standards of reference   | economic/<br>financial<br>reputational | <i>community, institutions and business partners</i><br>production, intellectual and social-relational capital | - 231/01 organisation, management and control model - Code of Ethics - whistleblowing system - training and communication plans  |
| <b>CUSTOMER FOCUS</b><br>Failure to achieve service quality levels until they are discontinued   | economic/<br>financial<br>reputational | <i>customers</i><br>social-relational capital  | - customer analysis - analysis of services - monitoring of regulatory framework of reference (e.g. Consumer Code) - ISO 9001 quality management system                           |
| <b>AIR QUALITY: CONTAINMENT OF POLLUTANT EMISSIONS INTO THE ATMOSPHERE</b><br>Exceeding the emission limits envisaged by laws and authorisation decrees  | economic/<br>financial<br>reputational | <i>environment and community</i><br>natural capital  | - monitoring and control plans (Integrated Environmental Authorisations) - ISO 14001 and EMAS environmental management system  |
| <b>INVOLVEMENT OF PERSONNEL, INVESTMENT IN HUMAN CAPITAL AND DEVELOPMENT OF SKILLS</b><br>Lack of adequacy both in terms of skills and organic plants  | economic/<br>financial                 | <i>employees</i><br>human capital  | - remuneration and incentive policies - performance evaluation system - training and education plans   |



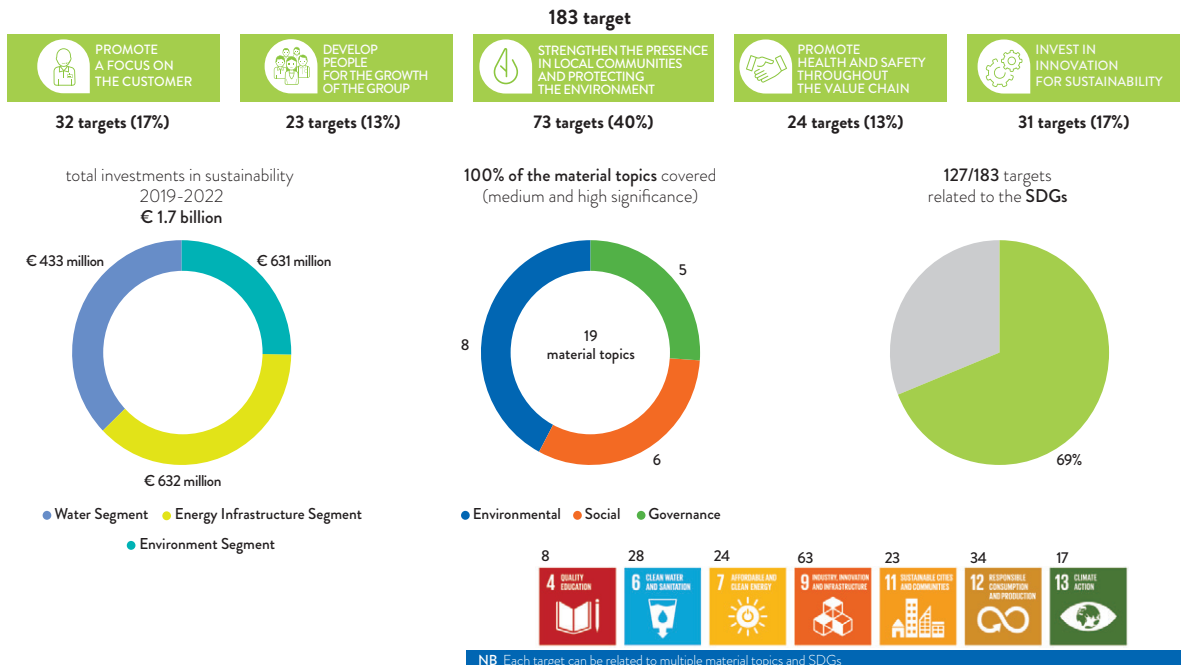
|   |  |  |  |
|---|--|--|--|
| <b>PROTECTION OF THE COMMUNITY AND BIODIVERSITY</b><br>Impacts on environmental balance conditions caused by plants that unexpectedly do not comply with legal limits   | economic/<br>financial<br>reputational | environment<br>natural capital   | - plant management procedures -<br>control and monitoring - training plans<br>- ISO14001 and EMAS environmental<br>management system   |
| <b>DECARBONISATION AND ADAPTATION TO CLIMATE CHANGE</b><br>Failure to build sustainable plants and to adapt operating practices to the evolution of climate change (production of energy from renewable sources, resilience of the electricity grid, availability of water) | economic/<br>financial<br>reputational | environment<br>and community<br>natural and<br>production capital  | - monitoring and reporting - ISO<br>14001 and EMAS environmental<br>management system - ISO 50001<br>energy management system  |
| <b>CONSOLIDATION OF SUSTAINABILITY ELEMENTS IN CORPORATE GOVERNANCE</b><br>Violation of Italian Legislative Decree 254/16;<br>inadequacy of the internal regulatory system with respect to the guidelines of the Corporate Governance Code                                  | reputational                           | shareholders<br>economic-financial<br>and intellectual<br>capital  | - auditor's assurance - activities of<br>the board committees (Ethics and<br>Sustainability, Control and Risks)<br>- Sustainability consultation table<br>- certification of data managers -<br>updating and verification of information<br>systems and organisation |
| <b>BUSINESS EVOLUTION THROUGH OPEN INNOVATION AND DEVELOPMENT OF SYNERGIES WITH SCIENTIFIC AND ENTREPRENEURIAL PARTNERS</b><br>Inability to seize opportunities deriving from technological innovations and their integration into business processes                       | economic/<br>financial                 | community, institutions<br>and business partners<br>production, intellectual<br>and social-relational<br>capital | - organisational structure responsible<br>for innovation (innovation board and ITS<br>function)  |
| <b>COMPANY WELL-BEING, DIVERSITY AND INCLUSION</b><br>Increased absenteeism rate; negative company climate;<br>possible lawsuits of employees   | reputational                           | employees<br>intellectual and social-<br>relational capital  | - "Protection, inclusion, promotion<br>of diversity and workers' well-being"<br>procedure - teleworking - diversification<br>of working hours and economic<br>adjustments - Code of Ethics -<br>Diversity management charter - health<br>plans (health check-ups)    |

## UPDATED STRATEGY

In 2019 Acea updated its strategic industrial and sustainability planning for 2019-2022. Investments in the new Business Plan related to sustainability targets increased by € 400 million, reaching € 1.7 billion. During the year about € 328.5 million were committed, bringing the figure for 2018-2019 to

a total of € 503.5 million. In addition to being fully consistent with the Group's industrial guidelines, the sustainability objectives are related to material topics and the relevant Sustainable Development Objectives of Agenda 2030.

### THE 2019-2022 SUSTAINABILITY PLAN IN NUMBERS



# 2019-2022 SUSTAINABILITY PLAN: GOVERNANCE OBJECTIVES AND OPERATIONAL OBJECTIVES

The 2019-2022 Sustainability Plan acts on:

- the level of governance, with 8 cross-cutting objectives aimed at integrating sustainability into corporate governance. In fact, two additional objectives have been introduced with respect to the previous Plan relating to an updated management of industrial relations that is sensitive to the social needs and well-being of employees, and sustainable management of the supply chain, with a focus on circular procurement;

- the operational level, with 5 macro operational objectives for the Group in 14 areas of action, 26 operational objectives and 183 targets

## GOVERNANCE LEVEL THE 8 OBJECTIVES

ACEA IS COMMITTED TO THE ADEQUATE INTEGRATION OF SUSTAINABILITY IN CORPORATE GOVERNANCE THROUGH:

- consideration of material ESG topics in its risk management model;
- an integrated reading of economic, financial and sustainability data so as to present the overall value generated by the Group;
- the inclusion of objectives in management performance systems oriented towards the promotion of impacts on sustainability;
- the dissemination of a “sustainability culture” through initiatives of awareness and engagement of internal and external stakeholders;
- a focus on ESG elements – Environmental, Social, Governance – in relations with shareholders and investors;
- following evolutionary trends of regulations both at a national and European level with respect to issues related to sustainability in the areas the company operates in;
- the development of an advanced industrial relations model able to respond to new social needs and focused on the well-being of the company and employees;
- sustainable supply chain management, implementing the best practices in the fields of supply management and circular procurement.

## OPERATIONAL LEVEL THE 5 MACRO-OBJECTIVES WITH A SPECIFIC FOCUS ON THE FOLLOWING 5 MACRO-OBJECTIVES AND ON THE RELATED AREAS OF ACTIONS AND OPERATIONAL OBJECTIVES<sup>(\*)</sup>



PROMOTE A CUSTOMER FOCUS

### Improving communication with customers

- Developing a web presence and digital channels consistent with communication and positioning needs of the Group

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

### Involving people in the Group's identity

- Facilitating the implementation of the new execution organisation
- Boosting the level of engagement of the company population
- Defining and promoting an employer branding plan

### Organisational inclusion and well-being

- Identifying and improving the organisational well-being of the entire company population
- Enhancing diversity and promoting inclusion

gets for 2022 and related KPIs, which make it possible to monitor their progressive achievement. The operational level of the updated Plan provides for more challenging environmental objectives, linked in particular to **combating and adapting to climate change**, **efficient use of resources** and **circular economy**, new targets for

the development of a **structured approach to stakeholder involvement**, **employee welfare** and the widespread dissemination of a **culture of safety** within the Group and along the supply chain, as well as for **technological innovation** of processes and infrastructure, also by developing **research projects** in partnership.



### QUALIFYING PRESENCE IN THE REGIONS AND PROTECTING THE ENVIRONMENT

#### Reducing the environmental impact

- Planning and implementing actions aimed at fighting climate change (mitigation and adaptation)
- Promoting an efficient use of resources, facilitating circular economy
- Taking initiatives to protect the land and limit impacts on the natural environment
- Enhancing certified environmental and energy management systems
- Implementing sustainability logics in procurement procedures

#### Contributing to the well-being of the community

- Promoting activities with positive impact on the collectivity and on the territories where the company operates

#### Consolidating relations with the region

- Contributing towards creating awareness on social and environmental matters
- 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 workplace health and safety culture

#### Health and safety in the workplaces for contractors and subcontractors

- Creating awareness among contractors on workplace health and safety

#### Health and safety of the communities with which the Group operates

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



### INVESTING IN INNOVATION FOR SUSTAINABILITY

#### Organisational innovation

- Promoting smart processes and working methods

#### Technological and process innovation

- Promoting the resilience of the urban territory and innovation from a smart city perspective
- Implementing remote control systems and remote interventions
- Applying new technologies in leak detection and other operations

#### Creating and promoting knowledge

- Developing research projects in partnership with other relevant departments

(\*) Each objective is divided into multiple targets and KPIs in the detailed Plan to which reference is made.

# RELATIONS WITH STAKEHOLDERS



## CUSTOMERS

Acea is one of the **main Italian multi-utilities by territory and customers served**. The customer base includes approximately 1.2 million in the energy sector and more than 190,000 gas customers, more than 1.6 million withdrawal points for energy distribution, 2.6 million water users, equal to 8.6 million inhabitants served – for all water companies operating in Italy. Acea is committed to monitoring their satisfaction and to meeting their constantly developing needs. Customers are becoming **increasingly engaged, aware and digitised**. There is a constant increase in the number of **prosumers** – both customers and energy producers – in the areti distribution network (13,591 customers, +9% compared to 2018) and the **use of digital tools** (180,000 MyAcea app installations, +63% compared to 2018). Water and energy are fundamental elements for the dignity and quality of life, to be used and delivered in the most correct and sustainable forms. One of the initiatives for these purposes is the **social water and electricity bonus**, regulated by the public system (ARERA) for customers in difficult conditions. In this regard, Acea promotes **the awareness of its users** through **information campaigns**. The company is proactively committed to adopting initiatives that maintain the highest level of trust and good customer relations. In addition to the activities of the **ADR Body** for the out-of-court settlement of disputes, worthy of note are initiatives aimed at promoting the **elimination of abuse** in the water sector and important results in **preventing cases of unfair commercial practices** (60 cases reported to sales agencies during the year, compared with 539 cases in 2018) **or anti-competitive conduct** (the fine imposed by the AGCM for abuse of a dominant position was fully voided by the Lazio Regional Administrative Court).

Finally, taking into account the requests of an increasingly sensitive customer base, Acea **has promoted a style of sustainable consumption**: in 2019 the total amount of **green energy** sold was **1,144 GWh**, an increase of about 28.5% compared to 2018 (890 GWh).



## INSTITUTIONS

For a company that delivers essential public services, mostly subject to **regulation by the public authorities**, the relationship with institutions is essential both for planning activities and their exercise. Moreover, Acea represents a **strategic player in the multi-level group of public and private entities** that contribute to protect higher public interest needs. For this reason it participates in working groups of high institutional profile, in particular on prevention and management of critical events, and guarantees support in case of emergencies to the relevant Authorities in the field of public health, civil protection and public safety. Among the most relevant issues is the threat to the IT networks of services of general interest. In this area, Acea collaborates with the Computer Emergency Response Team (CERT) of the **Ministry of Economic Development**, the Network and Information Security Authorities (NIS) of the **Ministry of the Environment** and the National Anti-Crime Information Centre for the Protection of Critical Infrastructure (CNAIPIC) of the **Ministry of the Interior**. Finally, in 2019 an important example of the Company's participation in initiatives of institutional interest was joining the Italian platform coordinated by ENEA and called ICESP (**Italian Circular Economy Stakeholder Platform**) to promote a national approach to the circular economy (Italian way for circular economy).



## COMPANY

The **Business Plan, updated during the year**, consolidates the important results already achieved and, confirming the current strategic pillars, sets new and challenging objectives for the Group. **Investments** as of 2022 reach the figure of **4 billion** – the largest commitment ever made by Acea, with an increase of a further 900 million compared to the previous version of the Plan – of which 1.7 billion in projects directly related to sustainability objectives. At the same time, consistent with the industrial lines, the material issues and the sustainability objectives of Agenda 2030, thanks to widespread participation and sharing within Acea the **Sustainability Plan** was also updated, both at the governance level (guidelines for the Holding Functions) and at the operational level (target of operating companies/Holding Functions). The Group developed in all business segments: in the **water** segment, strengthening its leadership through the consolidation of companies within the Group and the start of the project to make the Peschiera and Marcio system safe, in the **energy** segment with the development of photovoltaic production and the resilience of the electricity grid, in the **environmental** segment with development initiatives on waste recovery and treatment plants.

Acea pays the utmost attention to maintaining **an internal organisational infrastructure** (procedures, rules, assets) adequate to the challenges and ready to seize the opportunities emerging from the market. For example, a constant analysis and implementation of the best organisational solutions, like the **expansion of Risk & Compliance controls** within the Operating Companies or the establishment in the Water Companies of **Units responsible for water resource protection initiatives**. An enabling driver of the ongoing changes is innovation, as applied to business processes. During the year, **Acea Innovation** was established to develop projects for the Group and create an ecosystem conducive to innovation and an entrepreneurship culture, and a Memorandum of Understanding was signed with **Google Cloud** to accelerate the implementation of digital innovation. Finally, particularly worthy of note is the signing of a Network Contract for the establishment of the first **Italian Research and Industrial Development Centre** engaged in the development of the circular economy and environmental sustainability together with 13 other companies and research centres.



## SHAREHOLDERS AND INVESTORS

The relationship with the **capital markets** guarantees the best conditions thanks to a careful diversification of sources. About 78% of the debt stems from **bond placement operations**. With regard to bank loans, which are worth about 17%, Acea mainly targets **institutional operators (EIB, Cassa Depositi e Prestiti)** whose mission is to **support strategic infrastructure**. Relationships with analysts, credit rating agencies and investors are frequently monitored in important national and foreign markets like Milan, London, Paris and New York. During the year, meetings and roadshows were organised **with around 130 investors and analysts**, for the presentation of annual and interim results and the presentation of the 2019-2022 Business Plan. There was a growing **presence of ESG investors** (environmental, social, governance), representing 4% of the share capital and 26% of institutional investors. Because of this, Acea's interactions with **ESG analysts** are in **continuous development**. During the year, Acea confirmed its presence in the **Ethibel excellence investment register**, improved its score (A-) in the **Carbon Disclosure Project** thus being included in the Leadership category and maintained its rating (C+) with **ISS ESG**. Acea received the first sustainability solicited rating from the **Standard Ethics** agency, an EE- (investment grade) with a positive long-term outlook.

Finally, Acea was evaluated in its performance by leading sustainability analysts like Sustainalytics, VigeoEiris, Gaia Rating and FTSE Russel ESG.



## SUPPLIERS

In 2019, the value of contracts for goods, services and works procured was **about € 1.2 billion**, with **about 1,400 suppliers**, up 27% compared to last year's supplier portfolio. **81%** of total volumes were procured through the use of **competitive tendering** procedures.

This year Acea launched a system for monitoring supplier **payment times**. The protection of suppliers' personnel was the subject of specific actions between Acea and its social partners. It renewed its commitment to promoting the fight against **forms of work that are illegal** or inconsistent with applicable national collective bargaining agreements. And for tenders relating to water contracts and the contact centre service (water and electricity) rules relating to the so-called **"social clause"** were defined and implemented.

For all tenders relating to works, as well as for numerous contracts for goods and services, suppliers must have an **ISO 9001 certified management system and sustainability criteria** have been defined for 11 product categories of goods and services (out of 30 compatible categories) to be applied in the tender. Similarly, **MEC references** (minimum environmental criteria) have been applied in 9 out of 10 cases, considering the product categories being procured. Acea assesses its suppliers' ESG approaches, starting from registration with Qualification Systems. This year **more than 87% of qualified suppliers** completed the self-assessment questionnaire on quality, environment, safety, energy and social responsibility management systems. Worker **safety**, which is a fundamental element for the services provided to the Group, was verified through **12,481 on-site inspections** (+11% compared to 2018).



## EMPLOYEES

**Employees** are the company's most important asset. Acea is committed to creating the best conditions of **stability**, promoting **safety** and developing a sense of **cohesion** and **participation** in the company's mission. The percentage of resources with a **permanent contract (98%)** and the **average duration of the employment relationship** (64% of the people who left the Group during the year served for between 30 and 50 years) testify to a **structured and long-lasting relationship** with the company. The presence of **women is 22%** of the total workforce. Considering the **governing bodies** (Board of Directors, Board of Statutory Auditors and 231 Supervisory Bodies), the percentage of women in the companies within the scope, excluding the Holding Company, with 55.6%, is **33.5%**.

The favourable climate of industrial relations is the foundation for the trade union agreement from which the **Group Welfare Plan** was born, which made numerous services available to participants, based on the needs carefully identified in the company's population and used by **over 2,700 people**. Acea sought to further boost employees' participation in the Plan by **redeploying part of the tax relief enjoyed**, both by making additional payments and by offering health services and preventive check-ups. With regard to the **protection of employee safety**, Acea has developed tools aimed at improving the operational management of occupational safety, including the **HSE dashboard** (Health, Safety, Environmental) to monitor the performance data underlying the improvement measures, and the new **Group Safety Guidelines** drawn up also taking into account the findings of the meetings with the Group's RSPPs. In 2019 the **Acea SiCura di te** campaign for the prevention of accidents took place, which involved 31 managers, 206 safety specialists and 84 Ambassadors and included 174 cascading sessions. Finally, the relationship of responsibility and mutual trust between the company and the workers and the participation of the latter in the company's mission is highlighted in two significant results: the number of **smart workers**, which in the year was 508 (295 in 2018), testifying to the participation in the Acea leadership model at a widespread level. Moreover, sharing the objectives set by Acea for its development, **50%** of the company population included in the MBO system has **set individual goals with an impact on sustainability**.



## ENVIRONMENT

The **natural context** is the framework within which Acea's activities find their **origin, purpose and limit**. Acea is engaged in areas where this evidence is confirmed: from **technological innovation to circular economy**, from **climate to water management**. An example of the virtuous link between technology and circular economy is represented by the **SmartComp** project, which involves the development of community composting through mini-plants for large users, for the local treatment of organic waste. When fully operational (250 systems installed), the project will reduce the **transport of 25,000 tonnes/year of waste, saving 3,600 tonnes of CO<sub>2</sub>**. Combining advanced technology, attention to the local communities and environmental solutions with a view to circular economy, in Tuscany Acea has one of the **largest anaerobic digestion composting plants in central Italy**, with a treatment capacity of 70,000 tonnes of waste per year, which will produce compost and **biogas** for energy equal to 6 GWh per year. Efforts to **combat climate change** include initiatives involving decarbonisation. With the increase in production from renewable energy sources, thanks to the **photovoltaic development plan** promoted by the recent Business Plan and with the increase in the efficiency of internal energy end-uses and process uses, the Group continues to maintain **carbon intensity** values (gCO<sub>2</sub>/kWh produced) **among the lowest** in the industry. In addition, in support of energy transition and responding to the evolution of the type of consumption of its customers in the free market (+28.5% volumes of green energy consumed), Acea Energia has signed the **first two PPAs (Power Purchase Agreement)** for the supply of **1.5 TWh of renewable energy** for resale to customers in the period 2020-2022. In the water segment, Acea's attention is expressed through initiatives that involve the entire supply chain, from the project **to make the Peschiera e Marcio safe** to increase the resilience of the water system in Rome, to the network's division into districts to optimise management, facilitating maintenance and reducing losses. Attention to water is applied in Acea both with the implementation of **Water Safety Plans (WSPs)** to **reduce the risk assessed based on the probability of pollution or water shortages** and with the promotion of reuse.



## COMMUNITY

The Group's mission and values include **dialogue with the local regions** and communities, seeking opportunities to create shared value. During the year Acea launched the **stakeholder engagement project** with the aim of increasingly integrating the point of view and contribution of stakeholders into the company's processes and activities. Acea has expanded its role and its sphere of intervention, generating positive effects in the local regions. This includes support for many sport, social and cultural initiatives. **New generations and schools** have always been a particular area of attention for the Group. The Acea Scuola environmental education programme, just to mention the most important one, involved **10,000 students from Roman schools during the year**, and the **IdeAzione** work-study programme involved 360 students from high schools in Lazio and Campania. In addition to these initiatives, there is the well-established **support programme** to raise awareness of fundamental **social issues**, managed in a structured manner by the Sponsorship and Value Liberty Unit. Finally, it is worth remembering some public events organised thanks to the support offered by Acea: the **Rome Marathon**, the 49th edition of **Earth Day Italy**, **Fiaba Day**, a national day for the removal of physical, cultural and psychological barriers and for the dissemination of the culture of equal opportunities.



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