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# 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 manage-

ment, 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

# HIGHLIGHTS

## 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 CO<sub>2</sub>  
atmospheric emissions saved

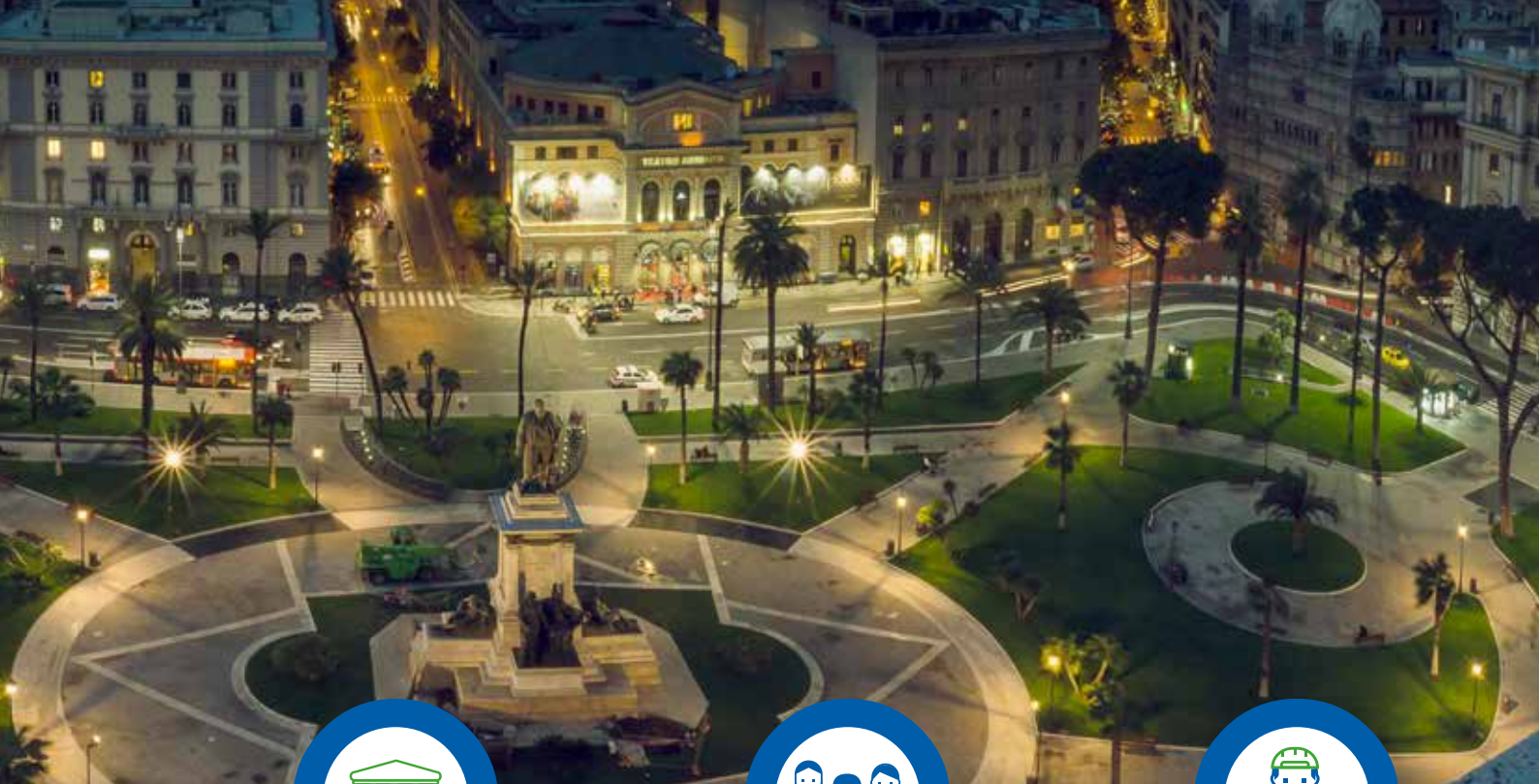


### SHAREHOLDERS AND FINANCIERS

**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"

# HIGHLIGHTS

## RELATIONS WITH THE ENVIRONMENT



### WATER

**384 Mm<sup>3</sup>**

of drinking water supplied by Acea Ato 2, Acea Ato 5 and Gesesa (Group total: 658 Mm<sup>3</sup>)

#### SATELLITE MONITORING

of water source areas; 200 km<sup>2</sup> 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 CO<sub>2</sub>**

atmospheric emission saved thanks to efficiency measures

**73% of total**

energy generated by renewable sources (608 GWh)





## DISCLOSING SUSTAINABILITY: METHODOLOGICAL NOTE

### SUSTAINABILITY PERFORMANCE: REGULATORY DEVELOPMENT AND GRI STANDARDS

The Acea Group Sustainability Report, having the purpose of supplementing information of an economic financial nature with the social and environmental aspects of the activities, was drawn up voluntarily by the Company, on an annual basis starting from 1999 (with reference to financial year 1998).

Sustainability reporting has always been carried out in conformity with the international reference Guidelines<sup>1</sup>, under constant development, and voluntarily submitted for audit and verification by a third party. Moreover, with the intention of providing the financial community and interested parties with a disclosure as complete as possible regarding Group performance, the publication times for the Sustainability Reports have been aligned with those of the statutory Sustainability Report as from 2011.

Continuing with the widespread commitment of observing the principles of 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 Report was also prepared in accordance with GRI Standards (ed. 2016)<sup>2</sup>: comprehensive option – the latest development in the international Guidelines for reporting sustainability among the most accredited – and therefore entitled *Acea Group Sustainability Report 2017 (Consolidated Non-Financial Statement pursuant to Legislative Decree no. 254/2016, prepared according to GRI Standard)*, assuming the form of an independent document, as permitted by the recalled Legislative Decree<sup>3</sup>.

The **Sustainability Report**, enclosing a Summary Note, following its **formal passage** through the **Board of Directors**, is made available to the supervisory body and submitted for **assurance by the statutory auditor**, with which Acea has no joint interests or other connections, appointed with verifying the conformity thereof with Legislative Decree no. 254/2016 and its consistency with the implemented reporting Standards<sup>4</sup> (see *Opinion Letter of the independent auditor*).

The document is made available online at the institutional website **in concomitance with the Consolidated Financial Statements** and distributed during the Shareholder's Meeting.

<sup>1</sup> Starting from the Sustainability Report referring to financial year 2003, the Guidelines implemented by Acea for reporting were the GRI, edition 2002 at the time. Over the following years, the reports prepared by Acea followed developments in the Guidelines, from time to time adopting the most recent editions, up to version G4 (ed. 2013), always with the higher level of accordance required.

<sup>2</sup> The Global Reporting Initiative (GRI), launched in England in 1997 by the Coalition for Environmentally Responsible Economies (CERES), became independent in 2002 as an official centre supporting the United Nations Environment Programme (UNEP) and works in collaboration with the United Nations Global Compact. When the previous version of the sustainability report Guidelines GRI-G4 was superseded (ed. 2013), in 2016 the GRI Standards were published - *Consolidated set of GRI Sustainability reporting standards 2016* -, available on the website [www.globalreporting.org](http://www.globalreporting.org). For companies intending to continue to describe their sustainability with reference to the GRI, the organisation provides for the obligation to adopt the Standard as from financial year 2018. Acea chose to anticipate the adoption thereof for this edition of the Sustainability Report.

<sup>3</sup> Therefore, the Acea Group Sustainability Report 2017 is to be understood as a Consolidated disclosure of a non-financial nature (Legislative Decree no. 254/2016, art. 4 and art. 5, paragraph 3.b).

<sup>4</sup> Legislative Decree no. 254/2016, under art. 3, paragraph 10, provides that: "The subject appointed with performing the statutory audit of the Sustainability Report (...) or another subject entitled to performing the statutory audit as specifically designated" issues "a certification concerning the conformity of the provided information respect to the requirements under this legislative decree and respect to the principles, methods and procedures provided under paragraph 3". Namely principles and methodologies: "provided by the reporting standard used as reference (...)".

For many years the best-performing companies have embraced the many requests coming from the international context, especially from the European Union, declaring its commitment on the matter of “corporate social responsibility” and sustainable development and publishing, on a wholly voluntary basis, their sustainability performance in documents drawn up according to recognised and accredited guidelines.

Today in our country such commitment is no longer assigned solely in the sense of the responsibility of forward-looking managers. Indeed, on 25 January 2017 Legislative Decree no. 254/2016 came into force, “Implementing Directive 2014/95/EU of the European Parliament (...) as regards disclosure of non-financial information (...)”, which orders

enterprises meeting the conditions indicated in art. 2 of the measure, amongst which Acea, to publish information related to sustainability performance, typically non-financial.

Such information must be represented in a formal **statement of a non-financial nature** – individual or consolidated – which, as the Decree states in art. 3, paragraph 1: “(...) to an extent necessary for ensuring an understanding of the corporate activity [ed.: in art. 4: “the group”], of performance, position and impact of its activity, relating to environmental, social and employee matters, respect for human rights, anti-corruption and bribery matters, which are relevant given the activities and characteristics of the enterprise (...)”. So as to comply with the requirements of the norm, the reporting organisation must

describe its business model and its risks, policies and the results concerning the management of the aforesaid aspects, also providing, where relevant, further information about: use of energy and water resources, pollutant emissions and greenhouse gases, impacts associated to risk factors on the environment, health and safety, social aspects and concerning its employees, human rights and anti-corruption matters.

The enterprise has the faculty to follow an accredited reporting standard at national or international level in order to adequately describe the non-financial data and information.

The Decree also requires that the non-Sustainability Report can be contained in the Management Report or can constitute a separate report.

## MATERIALITY AND SCOPE OF THE REPORT

In 2017, by virtue of the renewal of the corporate Governing Body, circulation of the Group’s strategic orientations and subsequent approval of the Industrial Plan 2018-2022 in November, as well as the contextual preparation of the new Sustainability Plan 2018-2022 (see chapter *Analysis of the context, strategy and sustainability*), Acea decided to proceed with **updating the analysis of materiality**, aimed at identifying matters of economy and governance, social and environmental most relevant or “material” both for the company and the interested parties, in relation to impacts on the company and the stakeholders.

The main updating steps were followed for such purpose: documental and contextual analysis, comparison with interested parties (internal and external) and with the corporate managers. In particular, as far as the direct comparison with the stakeholders is concerned, Acea organised a **multistakeholder focus group** at the head office in September (with 21 attending organisations representing 13 subcategories of stakeholders, totalling 26 persons), entrusting the performance thereof to an external expert and in October while the strategic, industrial and sustainability

planning was being defined, it organised a board meeting with the corporate management.

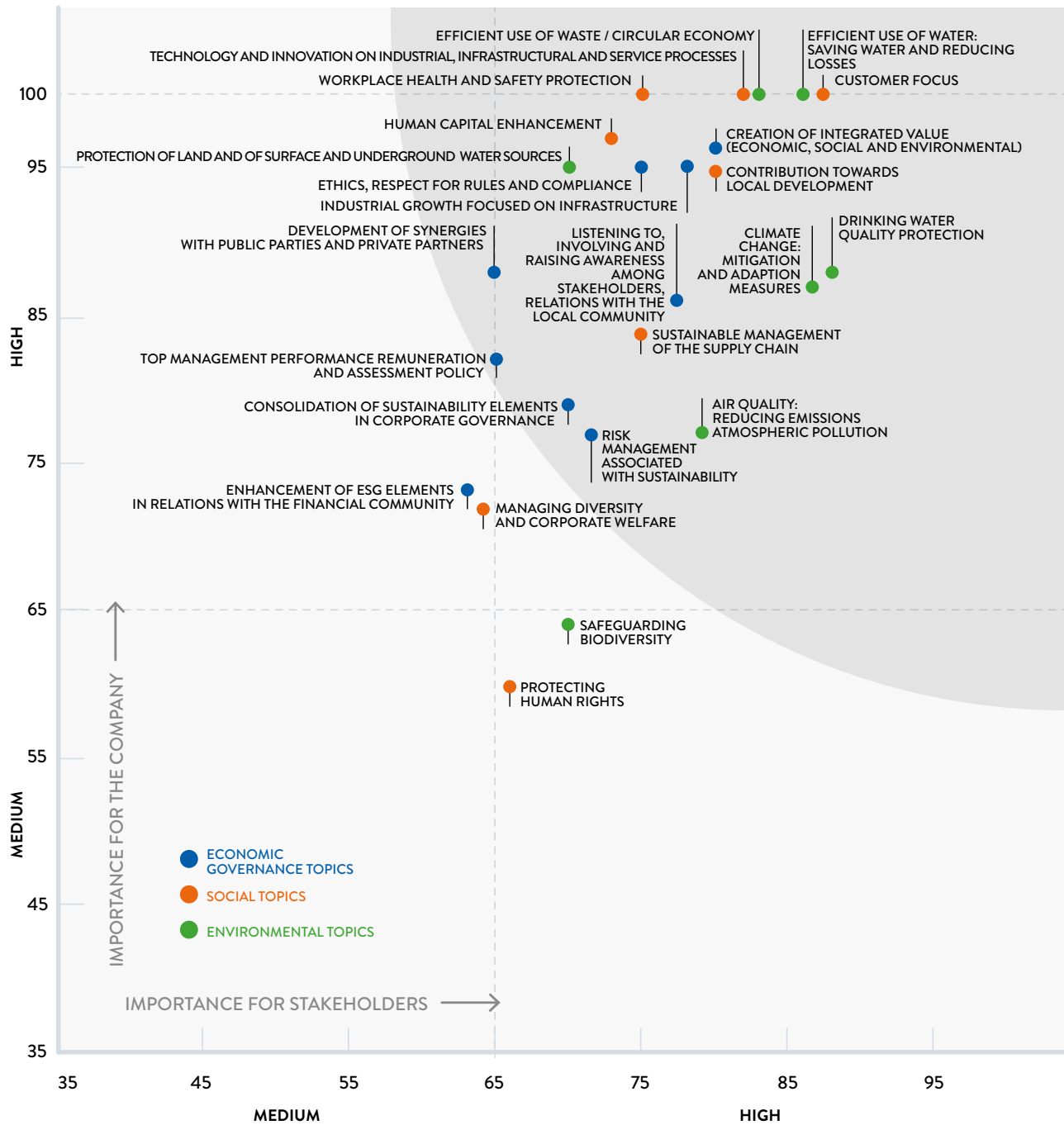
Topics regarding economy and governance, social and environment, reviewed, specified and updated in the light of documental analysis, were explained during the meetings and submitted for direct assessment by the interested parties.

Downstream of completing the entire process of analysing materiality, the results were processed and the “**materiality matrix**” 2017 was drawn up. This identifies **20 highly significant topics** (score 66-100) articulated into a Cartesian coordinate system and **4 of medium significance** (score 36-65) (see chart 1). The highly significant matters proved to be **consistent with the Group’s strategic planning**, regarding industry and sustainability.

In respect to the latest disclosure<sup>5</sup>, the topic of “*managing corporate diversity and welfare*” moved to the “medium relevance” area, as it was found to be important for the company and of less interest for the other stakeholders whereas the same other three topics were confirmed as of medium relevance; moreover, certain topics already present in the “high relevance” area were repositioned, remarkable, for example, is the very high position assumed by the topic “*efficient use of water: saving water and reducing leaks*” and lastly two newly introduced topics “*contribution to the development of the territory*” and “*industrial growth focused on infrastructures*” were both found to be of high relevance (see chart 1).

<sup>5</sup> See the *Acea Sustainability Report 2016*, available online – [www.acea.it](http://www.acea.it), sustainability section – for the materiality matrix 2016.

CHART NO.1 – RELEVANT TOPICS FOR THE COMPANY AND STAKEHOLDERS: ACEA “MATERIALITY MATRIX” – 2017



● ECONOMIC GOVERNANCE TOPICS    ● SOCIAL TOPICS    ● ENVIRONMENTAL TOPICS

- 1 EFFICIENT USE OF WATER: SAVING WATER AND REDUCING LOSSES
- 2 CUSTOMER FOCUS
- 3 EFFICIENT USE OF WASTE / CIRCULAR ECONOMY
- 4 TECHNOLOGY AND INNOVATION ON INDUSTRIAL, INFRASTRUCTURAL AND SERVICE PROCESSES
- 5 WORKPLACE HEALTH AND SAFETY PROTECTION
- 6 HUMAN CAPITAL ENHANCEMENT
- 7 CREATION OF INTEGRATED VALUE (ECONOMIC, SOCIAL AND ENVIRONMENTAL)
- 8 CONTRIBUTION TOWARDS LOCAL DEVELOPMENT
- 9 PROTECTION OF LAND AND OF SURFACE AND UNDERGROUND WATER SOURCES
- 10 ETHICS, RESPECT FOR RULES AND COMPLIANCE
- 11 INDUSTRIAL GROWTH FOCUSED ON INFRASTRUCTURE
- 12 DRINKING WATER QUALITY PROTECTION
- 13 DEVELOPMENT OF SYNERGIES WITH PUBLIC PARTIES AND PRIVATE PARTNERS
- 14 CLIMATE CHANGE: MITIGATION AND ADAPTION MEASURES
- 15 LISTENING TO, INVOLVING AND RAISING AWARENESS AMONG STAKEHOLDERS, RELATIONS WITH THE LOCAL COMMUNITY
- 16 SUSTAINABLE MANAGEMENT OF THE SUPPLY CHAIN
- 17 TOP MANAGEMENT PERFORMANCE REMUNERATION AND ASSESSMENT POLICY
- 18 CONSOLIDATION OF SUSTAINABILITY ELEMENTS IN CORPORATE GOVERNANCE
- 19 AIR QUALITY: REDUCING EMISSIONS ATMOSPHERIC POLLUTION
- 20 RISK MANAGEMENT ASSOCIATED WITH SUSTAINABILITY
- 21 ENHANCEMENT OF ESG ELEMENTS IN RELATIONS WITH THE FINANCIAL COMMUNITY
- 22 MANAGING DIVERSITY AND CORPORATE WELFARE
- 23 SAFEGUARDING BIODIVERSITY
- 24 PROTECTING HUMAN RIGHTS

The classification of material topics for Acea into high, medium or low relevance, as well as being important from the strategic view-point, is functional to identifying the aspects to be reported with a higher or lower detail in the sustainability report and selecting the indicators provided under the reference Standards.

The choice of drawing up the Sustainability Report in accordance with GRI Standards (ed. 2016): comprehensive option, in fact, implies that the company is bound to reporting its performance according to:

- “Universal Standards”, which include the reporting principles (GRI 101: Foundation) and 56 general standards (GRI 102: General Disclosures);
- The aspects (“Topic-specific Standards”: 200-Economic, 300-Environmental, 400-Social) deemed as material and related indicators, to be selected among the 33 aspects comprehensively provided under the Standard;
- The management approach (GRI 103: Management Approach) for each aspect deemed as material.

In order to be able to select the “material topics” from among those provided under GRI Standards, consideration<sup>6</sup> was given to both their correlation to Acea’s highly significant topics and meaning

thereof conferred by the international Standards, in some cases tracing them back to the corporate context and in others establishing their lack of pertinence<sup>7</sup>.

Following the assessments described above, 25 Topic-specific standards were identified out of a total of 33, as consistent with Acea material topics of high significance (see Table no. 1), although not always exhaustive in the widest sense of the meaning<sup>8</sup>, which is more widely covered in the document where appropriate. Furthermore, among all the indicators included in the “topic-specific standards” considered as “material”, only 4 were considered as not pertinent and excluded from the analysis. Only one Acea material topic of high relevance is not correlated to the Topic-specific standards, this being the Consolidation of elements of sustainability in corporate governance, which however, is fully consistent with the general standards dedicated to aspects of governance (GRI 102: General Disclosures).

Lastly, also regarding Acea material topics of medium significance present in the report on a less descriptive basis, consistencies were found, albeit not highlighted in the table, with both the “material topic-specific standards” and the “general standards” (GRI 102: General Disclosures).

TABLE NO. 1 – CONSISTENCY WITH GRI “MATERIAL TOPIC-SPECIFIC STANDARDS” AND ACEA “MATERIAL TOPICS” OF HIGH SIGNIFICANCE

GRI 200: ECONOMIC TOPICS 2016	ACEA MATERIAL TOPICS	GRI 300: ENVIRONMENTAL TOPICS 2016	ACEA MATERIAL TOPICS
Economic performance	4, 6, 7, 8, 10, 11, 14, 17, 19, 20	Material (301-1)	3, 4, 9
Indirect economic impacts	2, 3, 4, 7, 8, 11, 13, 16	Energy (from 302-1 to 302-4)	4, 9, 14, 19
Procurement practices	7, 16	Water	1, 4, 9
Anti-corruption	10	Biodiversity (from 304-1 to 304-3)	9, 14, 19
Anti-competitive conduct	10	Emissions	9, 14, 19
		Effluents and Waste (from 306-1 to 306-3, 306-5)	3, 9
		Environmental conformity (compliance)	9, 10, 14, 19
		Assessment of environmental aspects regarding suppliers	16
GRI 400: SOCIAL TOPICS 2016	ACEA MATERIAL TOPICS	ACEA MATERIAL TOPICS	ACEA MATERIAL TOPICS
Employment	6, 7, 17	Diversity and equal opportunities	6
Industrial relations	6	Community life and local communities	7, 8, 13, 15
Health and safety at work	5, 16	Assessment of social aspects at supplier premises	16
Training and education	6	Public politics (political contributions)	10
		Consumer health and safety	2, 10, 12
		Marketing and labelling of products and services	2, 10
		Respect of privacy	2, 10
		Social-economic conformity (compliance)	2, 10

NB The economic, environmental and social “material aspects” were identified amongst all those provided for under the GRI standards (Topic-specific Standards). When indicators are placed in brackets next to an aspect this means that only the indicators shown in the table will be considered material, or, where not specified, all the indicators related to the aspect are material (also see the GRI standard content index). For Acea material topics as identified in the table by a number, reference should be made to the figure illustrating the materiality matrix (chart 1).

<sup>6</sup> It is important to consider that both the Topic-specific GRI standards – each of which includes a description of the management approach (Disclosure/Management Approach) and a number of indicators – and Acea material topics both refer to contents that are far more complex and detailed than their brief name may suggest which, given their level of detail, cannot be presented at this time. See the GRI Standards - Consolidated set of GRI Sustainability reporting standards 2016 - in the website [www.globalreporting.org](http://www.globalreporting.org).

<sup>7</sup> This led, for example, to the exclusion of topic-specific standards related to Presence on the Market and to Human Rights which, according to the meaning given to them by the GRI, are more pertinent to multinational enterprises and not suited to the representative reality of the most significant operations of the Group.

<sup>8</sup> It is also important to note that some Acea material topics, already correlated to specific aspects of the GRI standards, are also consistent with some of the 56 general standards (GRI 102: General Disclosures).

The **principle of materiality** also applies to the **definition of the “scope of the report”**. This is both in accordance with the standards implemented for reporting and according to Legislative Decree no. 254/2016. The latter, in fact, under art. 4, states: “*To an extent necessary for ensuring an understanding of the group’s activity, its performance, results and the impact it produces, the consolidated declaration includes data about the parent company, its fully consolidated subsidiary companies and covers the topics pursuant to article 3, paragraph 1*”.

Starting, therefore, with the companies included in the full

consolidation area of the Parent Company 2017 (see Table no. 2), having heard the opinion of the Legal and Corporate Function Manager of the Parent Company and the CFO and having agreed on the approach with the corporate top management, criteria of **materiality/strategic** significance were identified, functional to identifying companies ensuring **an understanding of the Group activity** and its performance, considering the **main areas of business, the land** in which such activities are mainly carried out and the **main generated impacts**.

**TABLE NO. 2 – COMPANIES INCLUDED IN THE PARENT COMPANY’S FULL CONSOLIDATION AREA (2017)**

COMPANY	SEAT
Acea Ambiente Srl	Via G. Bruno 7 - Terni
Aquaser Srl	P.le Ostiense 2 - Rome
Iseco SpA	Loc Surpian n. 10 - Saint Marcel (AO)
Acque Industriali Srl	Via Bellatalla - Ospedaletto (PI)
Acea Energia SpA	P.le Ostiense 2 - Rome
Acea8cento Srl	P.le Ostiense 2 - Rome
Cesap Vendita Gas Srl	V. del Teatro 9 - Bastia Umbria (PG)
Acea Liquidation and Litigation Srl	P.le Ostiense 2 - Rome
Umbria Energy SpA	Via B. Capponi 100 - Terni
Acea Energy Management Srl	P.le Ostiense 2 - Rome
Parco della Mistica Srl	P.le Ostiense 2 - Rome
Acea Dominicana SA	Avenida Las Americas - Esquina Mazoneria, Ensanche Ozama - Santo Domingo
Aguas de San Pedro SA	Las Palmas, 3 avenida 20y 27 calle - San Pedro, Honduras
Acea International SA	Avenida Las Americas - Esquina Mazoneria, Ensanche Ozama - Santo Domingo
Consorcio Acea-Acea Dominicana	Av. Las Americas - Esquina Mazoneria, Ensanche Ozama - Santo Domingo
Acea Ato 2 SpA	P.le Ostiense 2 - Rome
Acea Ato 5 SpA	V.le Roma - Frosinone
Acque Blu Arno Basso SpA	P.le Ostiense 2 - Rome
Acque Blu Fiorentine SpA	P.le Ostiense 2 - Rome
Crea Gestioni Srl	P.le Ostiense 2 - Rome
Crea SpA (in liquidazione)	P.le Ostiense 2 - Rome
Gesesa SpA	Corso Garibaldi 8 - Benevento
Lunigiana SpA (in liquidazione)	Via Nazionale 173 - Massa Carrara
Ombrone SpA	P.le Ostiense 2 - Rome
Sarnese Vesuviano Srl	P.le Ostiense 2 - Rome
Umbriadue Servizi Idrici Scarl	Strada Sabbione zona ind.le - Terni
Areti SpA	P.le Ostiense 2 - Rome
Acea Illuminazione Pubblica SpA	P.le Ostiense 2 - Rome
Acea Produzione SpA	P.le Ostiense 2 - Rome
Ecogena Srl	P.le Ostiense 2 - Rome
Acea Elabori SpA	Via Vitorchiano - Roma
TWS SpA	Via Ticino 9 - Desenzano del Garda (BS)

The applied criteria of assessment<sup>9</sup>, the adequacy of which shall be reviewed from year to year in relation to Group development, contemplate **quantitative elements** (such as the weight of turnover on the consolidated revenues, value of energy consumption expressed in TOE, etc.) and **qualitative** (companies having a relevant and current role in the Acea qualifying companies or an essential role respect to the services they provide; companies present in the territorial area in which almost all of

the turnover is generated, the majority of the stakeholders is present and a large part of the managed assets is located). The consistency with the aforementioned criteria gave rise to the identification of companies of strategic significance for the Group, **representative for the purposes of disclosing non-financial information 2017** (according to Legislative Decree no. 254/2016 and GRI standards), and thus **included in the reporting boundary**<sup>10</sup> (see Table no. 3).

**TABLE NO. 3 - CORPORATE SCOPE FOR THE ACEA GROUP SUSTAINABILITY REPORT 2017 (CONSOLIDATED NON-FINANCIAL STATEMENT PURSUANT TO LEGISLATIVE DECREE NO. 254/2016, PREPARED ACCORDING TO GRI STANDARD)**

COMPANY	SEAT
Acea SpA	P.le Ostiense 2 - Rome
Acea Ambiente	Via G. Bruno 7 - Terni
Aquaser	P.le Ostiense 2 - Rome
Acea Energia	P.le Ostiense 2 - Rome
Acea8cento	P.le Ostiense 2 - Rome
Acea Ato 2	P.le Ostiense 2 - Rome
Acea Ato 5	V.le Roma - Frosinone
Gesesa (*)	Corso Garibaldi 8 - Benevento
Areti	P.le Ostiense 2 - Rome
Acea Produzione	P.le Ostiense 2 - Rome
Ecogena	P.le Ostiense 2 - Rome
Acea Elabori	Via Vitorchiano - Rome

(\*) With regard to Gesesa, apart from information about the number of Employees already included last year, data concerning the other aspects of sustainability shall be provided on a progressive basis.

The scope of the *Acea Group Sustainability Report 2017* proves to substantially follow on from that defined in the previous reports, guaranteeing coverage of companies **ensuring a full understanding of the activities and most significant sustainability performance for the Group**. Furthermore, such companies represent at least: 92% of the turnover, 83% of the average number of employees and 87% of the costs for materials and services of the full consolidation area of Acea Group (including the Parent Company).

It is important to note that where the document recalls the main economic-financial data and describes corporate governance, data and information are consistent with those given in the *Consolidated Sustainability Report and the Corporate governance report* and which may derive from the latter.

Lastly, in compliance with the principle of completeness required under GRI Standards, we considered it appropriate to provide qualitative and quantitative information regarding corporate and environmental matters also for certain companies, regardless of the method of consolidation, that are not included within the scope of the non-financial Statement. Specifically this concerns foreign activities and the following companies operating in the water area: Acque, Gori, Acquedotto del Fiora, Publiacqua and Umbra Acque, which were included in some Group data and described in a dedicated chapter, giving clear evidence of their individual contribution.

The scope of the consolidated non-financial Statement 2017 was also presented during the Committee meeting for Ethics and Sustainability.

<sup>9</sup> Every considered quantitative element has defined thresholds of significance and elements of “non consistency” were also identified for qualitative criteria (such as “vehicle” companies, companies under liquidation with non determining positions for the purposes of operativity, companies operating outside of the territory of reference, etc.). The conditions of contemporary presence of quantitative and qualitative factors were also established, aimed at defining the strategic significance of a company for the Group and its representative ability for the purposes of disclosing non-financial information.

<sup>10</sup> In light of the applied criteria, the following companies are outside of the scope of the consolidated non-financial Statement 2017: Iseco, Acque Industriali, Cesap Vendita Gas, Acea Liquidation and Litigation, Umbria Energy, Acea Energy Management, Parco della Mistica, Acea Dominicana, Aguas de San Pedro, Acea International, Consorcio Acea-Acea Dominicana, Acque Blu Arno Basso, Acque Blu Fiorentina, Crea Gestioni, Crea, Lunigiana, Ombrone, Sarnese Vesuviano, Umbriadue Servizi Idrici, Acea Illuminazione Pubblica, TWS.

## STRUCTURE OF THE DOCUMENT AND CIRCULATION

In compliance with the implemented reporting Standards the *Sustainability Report 2017* bears information and data mainly of a non-financial nature, with specific attention to social and environmental aspects of the managed activities.

The document is divided into three sections: **Corporate identity, Relations with stakeholders** and **Relations with the environment**, supplemented by the Environmental Accounts. The latter comprises more than **260 items** which quantify the physical flows generated by the activities: the products, factors used (resources) and outbound outputs (rejects and emissions).

As mentioned, the main economic-financial data and information concerning governance are wholly consistent with those outlined in the *Consolidated Sustainability Report* and the *Corporate governance report*.

Some information concerning foreign activities and the main water companies which are not included within the scope of the consolidated non-financial Statement, are shown in a separate section.

The published data and information are provided by the Industrial Areas, Companies and responsible Functions (data owner), they are processed - and possibly reclassified with application of the reference Standards - by the internal workgroup which draws up the document and then submitted once again to the Areas/Companies/Functions responsible for final validation.

Downstream of the audit activities by the appointed statutory auditor, the report distributed by means of **publication in the institutional website** - [www.acea.it](http://www.acea.it) - **and the company intranet**, as well as the **other formats provided under Legislative Decree no. 254/2016** and the complementary Consob Regulation (implemented by Resolution no. 20267 of 19 January 2018). It is also distributed together with the consolidated Sustainability Report, by means of a dedicated kit: to the shareholders, during the annual Shareholders' Meeting upon closure of the financial year, the directors and middle management of the Group and the interested public during events.

For further information about the Sustainability Report and its contents, it is possible to write to the following email address: [RSI@aceaspa.it](mailto:RSI@aceaspa.it)

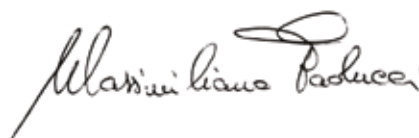
**Giuseppe Sgaramella**

**STAKEHOLDER RELATIONS, SUSTAINABILITY,  
AND INTERNATIONAL AFFAIRS UNIT**



**Massimiliano Paolucci**

**EXTERNAL RELATIONS, COMMUNICATION AND  
INTERNATIONAL AFFAIRS DEPARTMENT**







# MEMBERSHIP TO THE UNITED NATIONS' GLOBAL COMPACT

Since 2007, Acea has been formally involved in the **United Nations Global Compact** (UNGC) initiative, acknowledging **consistency between the ten principles** supported by the United Nations through the “Global Pact”<sup>11</sup>, the UN’s objectives of sustainable Development (“Agenda 2030”, to which the UNGC expressly refers), **the ethical guidelines established by**

**the Group Code of Ethics and the commitment for corporate sustainability.** The **advanced level Communication on Progress** (CoP), is included in the Sustainability Report through a combined statement of the GRI indicators and the principles of **United Nations Global Compact**, pursuant to the understanding reached between the two organisations.

TABLE NO. 4 – THE TEN PRINCIPLES OF THE UNITED NATIONS GLOBAL COMPACT

	<p><b>HUMAN RIGHTS</b></p>	<ol style="list-style-type: none"> <li>1. Companies are required to support and respect the protection of internationally proclaimed human rights</li> <li>2. Companies should ensure that they are not complicit, even indirectly, in human rights abuses</li> </ol>
	<p><b>LABOUR</b></p>	<ol style="list-style-type: none"> <li>3. Companies are required to uphold the freedom of association and the effective recognition of the right to collective bargaining</li> <li>4. Companies should uphold the elimination of all forms of forced and compulsory labour</li> <li>5. Companies should uphold the effective abolition of child labour</li> <li>6. Companies should uphold the elimination of discrimination in respect of employment and occupation</li> </ol>
	<p><b>ENVIRONMENT</b></p>	<ol style="list-style-type: none"> <li>7. Companies are required to support a precautionary approach to environmental challenges</li> <li>8. Companies are required to undertake initiatives to promote greater environmental responsibility</li> <li>9. Companies are required to encourage the development and diffusion of environmentally friendly technologies</li> </ol>
	<p><b>ANTI-CORRUPTION</b></p>	<ol style="list-style-type: none"> <li>10. Companies should work against corruption in all its forms, including extortion and bribery</li> </ol>

<sup>11</sup> The United Nations Global Compact is an initiative launched by the Secretary General of the United Nations upon the conclusion of the World Economic Forum of 1999. In his appeal he invited the leaders of the world economy to uphold and circulate nine universal principles related to human rights, labour and the environment, added to which was the tenth in 2004: anti-corruption.



# ADVANCED LEVEL COMMUNICATION ON PROGRESS AND ITS CORRELATION WITH GRI STANDARDS

Since 2014, Acea has undertaken for better principles of the process qualifying the consistency between the “Global pact” and the actions taken, identifying in the Sustainability Report **the elements responding to the advanced level of the**

**Communication on Progress** envisaged by the United Nations Global Compact.

The table below lists and describes, in schematic format, these elements according to 21 criteria defined by the United Nations Global Compact and states their correlation<sup>12</sup> to the GRI Standards (GRI 102: General Disclosures and the “Topic-specific standards” 200-Economic, 300-Environmental, 400-Social identified as “material”, applied in the preparation of the sustainability report according to the “comprehensive” level of compliance. See the *GRI standard content index* for the pages of the document where the relevant data and information can be found.

**TABLE NO. 5 – THE ELEMENTS OF ADVANCED COP AND GRI STANDARDS**

UNGC - ADVANCED CRITERIA	UNGC – MATCHING SCOPES	CORRELATION GRI STANDARDS (GENERAL DISCLOSURES AND TOPIC-SPECIFIC MATERIAL STANDARDS)
<p><b>CRITERIA 1-2</b> implementation of the ten principles in the strategies and operational management of the business</p>	<p>integration of sustainability in corporate functions and business units</p> <hr/> <p>implementation of sustainability in the value chain</p>	<p>from GRI 102-18 to GRI 102-39</p> <hr/> <p>GRI 102-9 – GRI 102-10 – GRI 102-25 – GRI 204-1 – GRI 103 (1-3) of GRI 308 <i>Supplier environmental assessment</i> – GRI 302-2 – GRI 305-3 – GRI 308-1 – GRI 308-2 – GRI 103 (1-3) of GRI 414 <i>Supplier social assessment</i> – GRI 403-2 – GRI 414-1 – GRI 414-2</p>
<p><b>CRITERIA 3-5</b> robust human rights policies and procedures management</p>	<p><b>HUMAN RIGHTS</b> commitments, strategies or policies; management systems; monitoring and evaluation mechanisms</p>	<p>The Human Rights aspect and indicators related to it, as proposed by the GRI Standards, are relevant for multinational enterprises. Acea has therefore considered such aspects non-material. Whereas in the meaning that the United Nations Global Compact gives to aspects relating to human rights (such as employment protection, freedom of association, non-discrimination, health and safety at the workplace, training and education and supplier social assessment), they are included in other GRI “topic-specific” standards, deemed “material”, as well as in the “material topics” identified by Acea and are therefore covered in the report.</p>

<sup>12</sup> It was Acea’s intention to update the proposed format autonomously, placing elements of the Communication on Progress and GRI Standards in the report, starting from the last available document, the result of a collaboration between GRI and UNGC which referred to the previous version of the FRI-GR4 Guidelines. See Making the Connection: Using the GRI G4 Guidelines to Communicate Progress on the UN Global Compact Principles, available online in the website [www.unglobalcompact.org](http://www.unglobalcompact.org) and not yet officially renewed.

<p><b>CRITERIA 6-8</b> robust labour policies and procedures management</p>	<p><b>LABOUR</b> commitments, strategies or policies; management systems; monitoring and evaluation mechanisms</p>	<p>GRI 103 (1-3) and indicators of the following topic-specific standards (series GRI 400 SOCIAL TOPIC 2016): <i>Employment</i> (from GRI 401-1 to GRI 401-3) <i>Industrial relations</i> (GRI 402-1) <i>Health and safety at the workplace</i> (from GRI 403-1 to GRI 403-4) <i>Training and education</i> (from GRI 404-1 to GRI 404-3) <i>Diversity and equal opportunities</i> (GRI 405-1 and GRI 405-2) <i>Supplier social assessment</i> (GRI 414-1, GRI 414-2)</p>
<p><b>CRITERIA 9-11</b> robust environmental policies and procedures management</p>	<p><b>ENVIRONMENT</b> commitments, strategies or policies; management systems; monitoring and evaluation mechanisms</p>	<p>GRI 103 (1-3) and indicators of the following topic-specific standards (series GRI 300: ENVIRONMENTAL TOPIC 2016): <i>Materials</i> (GRI 301-1) <i>Energy</i> (from GRI 302-1 to GRI 302-4) <i>Water</i> (from GRI 303-1 to GRI 303-3) <i>Biodiversity</i> (from GRI 304-1 to GRI 304-3) <i>Emissions</i> (from GRI 305-1 to GRI 305-7) <i>Effluent and waste</i> (from GRI 306-1 to GRI 306-3, GRI 306-5) <i>Environmental compliance</i> (GRI 307-1) <i>Supplier environment assessment</i> (GRI 308-1, GRI 308-2)</p>
<p><b>CRITERIA 12-14</b> robust anti-corruption policies and procedures management</p>	<p><b>ANTI-CORRUPTION</b> commitments, strategies or policies; management systems; monitoring and evaluation mechanisms</p>	<p>GRI 102-16, GRI 102-17, GRI 103 (1-3) and indicators of the following topic-specific standards (series GRI 200: ECONOMIC TOPICS 2016 and series GRI 400: SOCIAL TOPIC 2016): <i>Anti-corruption</i> (from GRI 205-1 to GRI 205-3) <i>Public politics (political contributions)</i> (GRI 415-1)</p>
<p><b>CRITERIA 15-18</b> actions aimed at upholding wider development objectives of the United Nations</p>	<p>strategies, business activities, actions of promotion and engagement with the stakeholders to uphold the Sustainable Development Goals (SDG's)</p>	<p>GRI 103 (1-3) of all the material "topic-specific standards" included in series GRI 200: ECONOMIC 2016, GRI 300: ENVIRONMENTAL 2016 and GRI 400: SOCIAL 2016 (except for the topic Respect of privacy)</p>
<p><b>CRITERIA 19-21</b> Governance and leadership of sustainability</p>	<p>commitment of the CEO engagement of the BoD involvement of the stakeholders</p>	<p>GRI 102-14, GRI 102-15 from GRI 102-18 to GRI 102-39 GRI 102-40 to GRI 102-44</p>
<p>high level of transparency and reporting</p>	<p>use of GRI Standards</p>	<p>from GRI 102-1 to GRI 102-10</p>
<p>external audit</p>		<p>GRI 102-56</p>



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