

MEDIUM-TERM (2014-2018) SUSTAINABILITY GOALS AND MAIN ACTIONS IN 2014

CUSTOMERS AND COMMUNITY

MEDIUM-TERM GOALS (2014-2018)

ACTIONS IN 2014

- Meeting and exceeding technical and commercial quality standards as regulated by the Authority for electricity, gas and water system (AEEGSI).

- Commercial quality goals monitored on a regular basis through operational and executive dashboards.

WATER AREA - Acea Ato 2

- Improving the layout of the electricity bill, reducing waiting time at counters, retaining customers

- A new bill for the enhanced protection market was launched.
- New web functions were introduced for the enhanced protection and free markets.
- Project promoting the electronic bill service.
- Rewarding the most virtuous customers with discounts in the electricity bill, physical rewards, coupons, discounts at partners, etc.

ENERGY AREA - Acea Energia

- Improving digital meter performances to ensure accurate and timely billing of electricity consumption

- The process review continued in order to achieve a greater number of accessible readings.
- Data access for electricity selling companies improved, with a dedicated function being available on the website.
- Improving remote control systems of electronic metres.

NETWORK AREA - Acea Distribuzione

- Organising online data access and display referring to the plants with the highest environmental impact

- Re-arrangement of Acea website section dedicated to online access to data on emissions.
- Installation of monitors in the municipality of San Vittore del Lazio.

ENVIRONMENTAL AREA - A.R.I.A. ENVIRONMENTAL AREA - SAO

- Making customers/citizens aware of the proper use of water/energy resources

- The "Case dell'acqua" (Water Houses) project was presented to the Roman citizenry and the first supply unit was installed. An integrated communication campaign across the territory of Rome and ATO 2 is being planned in conjunction with STO (Segreteria Tecnico Operativa - Operational Technical Secretariat).

PARENT COMPANY – External Relations and Communication Division

- Planning sponsorships/donations as under paragraph 8.1 of the Group Executive Regulation: "Communication Plan"

- A new procedure for a more transparent and shared management of donations was prepared and submitted. The "Acea per Roma" project is expected to be launched by 2015.

PARENT COMPANY – External Relations and Communication Division

- Supporting artistic, cultural and sports events to the benefit of the community, with special emphasis on the enhancement of suburbs, and introducing an ex-ante/ex-post sponsorship assessment system

- The Communication Plan was presented, complete with the planning of the year's macro artistic, cultural and sports events. Initiatives were undertaken to support suburban areas. The ROI (Return On Investment) technical evaluation model to be applied to sponsorships in order to monitor their financial sustainability was identified.

PARENT COMPANY – External Relations and Communication Division

- Improving timeliness and thoroughness of online contents, making them easier to access.

- The assessment for redefining Acea's website and social activities was completed. The drafting of financial statements in open data format was launched.

PARENT COMPANY – External Relations and Communication Division

- The SAP "Workforce Management" (WFM) was started, with automation processes and advanced technologies being adopted for operational management in order to maximise the use of resources and reduce the timescale for action

- Engineering construction site for the technical implementation of WFM by using mobile devices and identifying KPIs (reporting).

PARENT COMPANY - ICT Division

- NETWORK AREA** - Acea Distribuzione
- Acea Illuminazione Pubblica
- WATER AREA** - Acea Ato 2
- Acea Ato 5

- Improving the quality of services delivered and relations with customers by developing hi-tech (digital and multichannel) services.

- As part of the ACEA2PUNTOZERO Scheme, projects were developed to implement the new CRM platforms with multichannel features and social functions.

PARENT COMPANY – ICT Division

SUPPLIERS

MEDIUM-TERM GOALS (2014-2018)

ACTIONS IN 2014

- Devising a vendor rating systems for the operations pertaining to the business areas.

- The vendor rating system became operational for the award of electricity, water and electromechanical tenders. A dedicated database processes the results of inspections conducted at the suppliers' premises and inspections conducted on construction sites:

BUSINESS AREAS

PARENT COMPANY – Safety and Protection Division

- 296 on-site audits were performed regarding water tenders;
- more than 1,200 on-site inspections were performed regarding electricity tenders;
- 69 inspections were conducted at the premises of water, electromechanical and electricity suppliers, covering all contractors that deal with subsidiary operating companies.

- Drafting a supply chain monitoring model for GRI-G4 reporting purposes.

- Participation in the *Sustainable Supply Chain* Workgroup set up as part of the Global Compact Network Italia continued. A first release of the tool known as TenP to monitor the sustainability performance of companies belonging to the supply chains of the Network members was made available on an experimental basis so that the necessary assurance tests may be conducted prior to final commissioning.

PARENT COMPANY – Safety and Protection Division PARENT COMPANY – Institutional Affairs Division

- Developing Green Procurement for at least 50% of the relevant product categories included in the NAP.

BUSINESS AREAS

PARENT COMPANY – Purchasing and Logistics Division

- Streamlining the work and service procurement process: the “single contract” project.

BUSINESS AREAS

PARENT COMPANY – Purchasing and Logistics Division

- An internal training programme on Green Procurement was developed; it will start in 2015 to encourage the purchase of green products and services.
- Guidelines on Green Procurement were drafted; they will be published on the corporate intranet pages as an aid to internal training activities.
- Minimum environmental standards were included in the Special Specifications of the Tender for the maintenance service of green areas to be awarded in 2015.
- Arrangements were made to increase to at least 90% the amount allocated to the purchase of certified ecological paper out of the total expenditure of paper used for printers and copying equipment.
- The Company devised a new procurement method that will ensure a significant reduction in the number of contracts being awarded (from about 100 to 5 annual contracts). Tenders will be awarded with due account also being taken of technical as well as financial aspects according to criteria concerning environment, safety and contractor's attitude towards technological innovation.

HUMAN RESOURCES

MEDIUM-TERM GOALS (2014-2018)

ACTIONS IN 2014

- Extending the culture and individual merit evaluation tools to the entire corporate population.

PARENT COMPANY - Human Resources and Organisation Division

- Defining a performance assessment model for the non-executive population (white and blue collars) to become effective in 2015 and implementing a pilot project in 2014.

- Promoting the value of and opportunity for change and innovation as a way of “owning” the Company during day-to-day activities, increasing the engagement of and input from everyone.

PARENT COMPANY - Human Resources and Organisation Division

- A scheme leveraging people's energies was devised to ensure participation in the cultural change management process. This innovative model contemplates a bottom-up change, adopting a fluid and reticular structure that makes it possible to expedite the process of actual change at all levels through the active participation of the company population.

- Implementing training and professional development schemes enhancing the Group's know-how, adjusting it to Acea's new challenges by undertaking, among other things, intergroup mobility actions.

PARENT COMPANY - Human Resources and Organisation Division

- Training on the Group values and importance of assessment to guarantee “People at the Core”: 9 sessions held with 350 people involved.

- Developing an industrial relation model that supports labour unions' prerogatives in playing an active role in the Group change process.

PARENT COMPANY - Human Resources and Organisation Division

- An agreement was entered into with union organisations linking the result-related reward also to the assessment of the individual's performance.

- Promoting actions to foster organisational innovation within the Group in order to maximise performances and synergies.

PARENT COMPANY - Human Resources and Organisation Division

- The “Walk In Progress” initiative was started. It is a scheme aimed at providing several and concrete training and development opportunities for young professionals of the different Group companies through on-the-job experiences and by attending highly qualified training schemes, such as an internal master course staged in conjunction with Scuola Superiore Sant'Anna di Pisa.

- Building a workplace and organisational culture that support merit and diversity empowerment.

PARENT COMPANY - Human Resources and Organisation Division

- At the initiative of Acea SpA Chairwoman, the Board of Directors approved the Diversity Management Charter and set up the Diversity Committee.

SHAREHOLDERS AND INVESTORS

MEDIUM-TERM GOALS (2014-2018)

ACTIONS IN 2014

- Monitoring the adequacy and operation of the Internal Auditing System and checking compliance with applicable regulations, internal procedures and guiding principles.

PARENT COMPANY – Audit Division

- Support to top management and governance bodies in monitoring the adequacy and operation of the Internal Auditing System.
- Support to Supervisory Boards (of parent company and subsidiaries) in updating the organisation, management and auditing models as well as supervising their adequacy and enforcement.
- Support for the implementation of the whistleblowing procedure through recording, evaluation, auditing and reporting activities.
- Support provided to the Ethics Committee in supervising the enforcement of and compliance with the principles set forth in the Group's *Code of Ethics*. 5 audit investigations were conducted following specific reports of alleged violation of the Code of Ethics.
- Training on the Code of Ethics and Legislative Decree No. 231/01 continued and was monitored.

- Keeping the list of the main risks of Acea and its subsidiaries up to date using the *Corporate Risk Self Assessment (CRSA)* model.

PARENT COMPANY – Audit Division

- Analysis report were prepared in respect of the main risks shared with the top management, Audit and Risk Committee and Board of Statutory Auditors (of parent company and subsidiaries).

- Supporting management in ensuring a better identification of audits to be performed for risk mitigation and fraud prevention.

PARENT COMPANY – Audit Division

- Suggestions were given to improve the periodic reporting of audit models handled by the Divisions in charge of second-level audits.

- Operational indicators to be used for fraud prevention in administration and tender-related matters were implemented.

<ul style="list-style-type: none"> Promoting financial disclosure intended for the market in compliance with fairness, transparency and equal information principles among all parties concerned (the public at large, analysts, Italian and foreign investors). 	<ul style="list-style-type: none"> Several <i>one on one</i> meetings, extended presentations, national and international <i>roadshows</i> and <i>reverse roadshows</i> were organised, meeting about 160 <i>equity</i> investors, <i>buyside</i> analysts and <i>credit</i> investors/analysts. Conference calls were conducted with the market and financial reporters on the occasion of the approval of the annual and mid-year results and the 2014-2018 Business Plan. The shareholders section on the corporate website was kept up-to-date, as appropriate, with economic and financial information. Relations with ethical investors were handled following enquiries from industry operators interested in Acea stock.
<p>PARENT COMPANY – Investor Relations Division PARENT COMPANY – Institutional Affairs Division</p>	
<ul style="list-style-type: none"> Introducing non financial information in Acea financial statements (EU Directive No. 95 dated 22 October 2014). 	<ul style="list-style-type: none"> The first cross-functional meetings were held to outline a shared approach to the new reporting standards under EU Directive 95/2014.
<p>PARENT COMPANY - Audit and Finance Administration Division PARENT COMPANY – Institutional Affairs Division</p>	

THE COMPANY

MEDIUM-TERM GOALS (2014-2018)

- Developing electric mobility in the city of Rome.

NETWORK AREA - Acea Distribuzione

- Modernising electric networks in order to have them comply with system and market evolution-driven functions and to increase their dependability, transportation capacity and efficiency by implementing, among other things, new technologies.
- Participating in technological innovation projects promoted by the EU.

NETWORK AREA - Acea Distribuzione

- ACEA2PUNTOZERO Programme: centralising and standardising the information (software and hardware) solutions of the different Group companies with a view to improving performance and efficiency of operations while ensuring corporate asset security.

PARENT COMPANY – ICT Division

ACTIONS IN 2014

- Following the installation and commissioning of the first 12 charging stations (out of the 100 expected by 2016), a process to redefine the locations of the remaining 88 stations was started in conjunction with Enel and Roma Capitale.

- The “Smart Network Management System” project was completed and the resulting functions were launched:
 - Meter accessibility;
 - ORBT (low voltage network optimisation);
 - Smart Grid Intelligence (construction of a data warehouse and implementation of tools for the acquisition, validation and management of large volumes of data for the purpose of developing KPIs and control models for network operation, maintenance and design);
 - Cable diagnostics;
 - Magnetic field control;
 - Integrated maintenance.
- Monitoring operations were conducted on the energy storage systems installed.
- Operations were started as under the memorandum of understanding signed by Acea, Fastweb and Telecom for the extension of the ultra-broadband across Rome, with Internet connection speeds up to 100 Mbit/s.

- As part of the ACEA2PUNTOZERO Programme:
 - Standard solutions from market leader SAP were adopted;
 - The Data Center 2.0 project was developed for the design of the new Group Data Center to address Disaster Recovery issues;
 - New memory-related technologies were adopted to boost performance.;
 - The SAP, Workforce Management (WFM) was started;
 - The CRM platform was implemented.

ENVIRONMENT

MEDIUM-TERM GOALS (2014-2018)

- Maintaining and consolidating all ISO 14001 (Environment) and ISO 50001 (Energy) certified management systems integrated with ISO 9001 (Quality) and Safety (BS OHSAS 18001) systems. Continuing the extension of use to all Group companies.
- Starting the implementation of the SA 8000 social responsibility management system in Acea SpA.

PARENT COMPANY – Safety and Protection Division

PARENT COMPANY – Institutional Affairs Division BUSINESS AREAS

- Establishing the guidelines for the organisation of low environmental impact corporate events pursuant to the ISO 20121 standard.

PARENT COMPANY – External Relations and Communication Division

- Lower consumption:
 - 10% of drinking water for internal use
 - 3% of electricity for internal use
 - 5% of fuels for transportation and heating.

PARENT COMPANY BUSINESS AREAS

ACTIONS IN 2014

- ISO 14001 environmental management system and ISO 50001 energy management system were implemented and certified in Acea SpA and integrated with current Quality and Safety systems.
- The Quality, Environment, Safety and Energy integrated system was implemented and certified in Acea Ato 2 (certification was achieved in January 2015).
- All quality, environment and energy management systems already certified in Acea Distribuzione, Acea Illuminazione Pubblica, Acea Ato 5, ARIA, SAO and Acea Produzione were maintained. The certification held by ARSE was forfeited pending an organisational restructuring of the company.

- The 2014 shareholders' meeting was the “zero” event of the application of the ISO 20121 standard. Actions taken included: using electric vehicles, reducing the waste of paper and using recycled material.

- An action plan was drafted to curb drinking water consumption for internal use.
- The lighting systems of waste-to-energy plants in San Vittore del Lazio and Terni were replaced with LED units (about 1,700 new light fittings, with electricity savings being expected in the region of 480 MWh/year).
- Waste-to-energy plant in San Vittore del Lazio - The waste collection and transportation system was upgraded from a water-bath system (currently used) to a new dry system.
- Tender documents were drafted to replace lighting fittings in Primary Station yards with LED units.

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- Reducing by 1% “real losses” of water along water distribution networks.
 - A number of projects aimed at reducing water losses were launched. 121 water districts in Rome and in the other municipalities of ATO 2 were remapped.

WATER AREA

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- Reducing by 1.5% network consumption due to Joule effect (network technical losses) along Rome electrical distribution network.
 - MV/LV transformers were defined consistent with EC Regulation No. 548 dated 21/05/2014 (EU Ecodesign Directive - better energy performances).
 - Voltage switches from 8.4 to 20 kV (medium voltage) and from 220 to 380 V (low voltage) continued.
 - LV network configuration optimisation operations started.

NETWORK AREA - Acea Distribuzione

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- Rome public lighting network: develop large-scale installation of LED lamps by 2020.
 - The start of the LED Plan is scheduled for the third quarter of 2015 and includes the installation of about 189,000 lighting fittings within 18 months, with energy savings being expected in the region of 55% compared to current consumption patterns.

NETWORK AREA - Acea Illuminazione Pubblica

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- Supply of green electricity for Rome public lighting system.
 - In view of the considerable resources involved in the LED switchover process involving the entire public lighting system in Rome, this goal was postponed to a date to be defined.

NETWORK AREA - Acea Illuminazione Pubblica

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- Monitoring CO₂ emissions produced by processes with a view to estimating the carbon footprint and planning actions as necessary.
 - The cross-functional workgroup tasked with the monitoring of CO₂ emissions (carbon footprint) started to play its linking role in this area, i.e. *Carbon Disclosure Project (CDP) reporting and planning actions aimed at curbing emissions*.

PARENT COMPANY – Safety and Protection Division

PARENT COMPANY – Institutional Affairs Division

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- Energy diagnosis audits were conducted for Acea SpA and Acea Distribuzione main buildings (operational centres).
 - Initial formalities to launch the project were discharged.

NETWORK AREA - Acea Distribuzione

PARENT COMPANY – Safety and Protection Division
