



2009 SUSTAINABILITY REPORT

Corporate Identity • Socio-economic Relations with Stakeholders
Environmental Issues • Environmental Accounts (attached on CD Rom)



Corporate Identity

Group Profile
Strategy and Sustainability
Corporate Governance
and Management Systems
Stakeholders and Sharing
Added Value

Socio-economic Relations with Stakeholders

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Environmental Accounts

(attached on CD Rom)





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The year 2009 was a particularly difficult year for our Company. In fact, the Financial Year ended without any dividends being distributed due to both internal and external factors. This derived, on the one hand, from trends on the deregulated energy market (production and sale), increased funds earmarked in view of careful appreciation in tax-related risks deriving from previous Financial Years and the considerable amount paid by Acea, like other "former municipal companies", to recover State benefits linked to the so-called "tax moratory" and, on the other, from effects of the trend in the country's economy.

The year 2009 should however be considered in terms of the prospects for lasting growth of the Group and therefore undoubtedly positive: in fact, Acea celebrated one hundred years of activity in 2009, which represented an occasion to strengthen its innate values in the knowledge of the contribution made by the Company with its 100-year long history of industry, development and respect throughout the Roman territory and to highlight its involvement in community life.

Over the year, we carried out actions in important areas of corporate life, analyzing and renewing the main operational processes in need of improvement in terms of performance and encouraging an increase in developments underway by way of recovering the company's profitability.

Corporate governance underwent extensive reorganization leading to approval of a new macro-level organization for the Parent Company according to industrial areas in order to reinforce its role as leader of the entire Group while improving its system of in-house regulations and preparing new and updated policies, for example with respect to *Quality*, where there is an increased need for integrated responsibility from economic, social and environmental viewpoints and with respect to *Protection* in order to safeguard both the material and immaterial assets of the Company.

Investments considerably increased with respect to the previous Financial Year (+24%) and particularly concerned Energy Networks and Energy and the Environment (Waste-To-Energy facilities), which highlight the Company's motivation concerning growth and development in business through an industrial project in line with the principles of sustainable development.

Confident in the existence of positive specific implications between corporate social responsibility and safety management, particular attention was paid to the safety of workers through monitoring the reliability of the company's system for safety in the workplace in both the Parent Company and the main operational companies and increasing specific training activities. Training for Human Resources - essential to ensuring improved skills - involved 483 training courses in 2009 (+34% with respect to the previous year).

Considerable commitment from human resources and organizational efficiency from the Company in the Energy and Water sectors led to objective improvements in technical and commercial service performances, which were also positively received by customers, as demonstrated by specific Customer Satisfaction Surveys. Furthermore, a number of channels providing contact with customers were also developed to further improve corporate performance.

Commitment to limiting impact on the environment led to decreased direct and indirect energy consumption, a considerable increase, over the last three years, in the indicator concerning territorial protection (expressed in terms of the ratio between kilometres of high-voltage underground and overhead lines) and preservation of the limited levels of specific CO₂ emissions into the atmosphere, also due to modern combined-cycle generation facilities. With regard to the above, Acea was reported as the best Utility Company in Europe in the latest report published by the Carbon Disclosure Project, an accredited international project responsible for assessing the economic and environmental performances of companies by comparing the specific CO₂ emissions and corporate turnover.

The Company's responsibility towards the environment is also demonstrated through specific initiatives implemented to support biodiversity and the care taken in safeguarding sources and is further highlighted by the prospects for development of new businesses involving environmental topics. In 2009, energy produced by renewable sources already increased considerably (around +42%), especially from wind (+64% with respect to the previous year), and commitment in the area concerning waste revaluation also increased (environmental services, production of WDF and compost, Waste-To-Energy): throughout the year, around 97,000 tons of pulper and 77,600 tons of WDF were transformed from Waste-To-Energy and thereby benefitted the territory thanks to considerable reduction in waste sent to dumps (around 25% of the amount burned in facilities). More specifically, the Waste-To-Energy Facility in San Vittore in the Lazio region plays a leading role in solid urban waste treatment and will become a reference point for Waste-To-Energy transformation of dried mud deriving from purification of urban wastewater. In fact, in 2009 San Vittore del Lazio was given the PIMBY Award – Please In My Back Yard – for the expansion of the Waste to Energy Facility managed by Acea Group company "EALL", thereby indicating Acea as a virtuous company in terms of providing accurate information and environmental communication and involving those that represent territorial interests.

The systems for qualifying suppliers adopted by the Group are under constant development and help to ensure high quality in the services provided. The important economic effect that the Company has on the local economy is also important to note, with 92% of the overall amount of work contracted in 2009 going to companies from Central Italy.

The Group's specific commitment in terms of sustainability performance, demonstrated through this Twelfth Edition Report, is paid increasing attention outside the Company, which continues to receive excellent reviews from those responsible for analyzing Ethical Finance. Furthermore, in 2009 Acea was one of the four Italian companies to receive the "CEEP-CSR Label" for 2009-2010 for its commitment to social and environmental responsibility, an important award promoted by the European Commission.

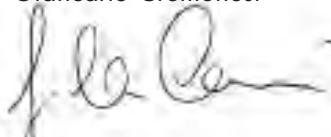
Finally, in 2009 Acea renewed its formal compliance with the principles of Global Compact, considering these fully in line with its corporate values.

The Company is thereby continuing under the prospect of a revival, without overlooking the well-defined direction concerning integrated corporate responsibility.

Chief Executive Officer
Marco Staderini



Chairman
Giancarlo Cremonesi



Guidelines

Acea's *Sustainability Report* is published each year in order to provide Stakeholders a clear and complete overview of the Group's economic, social and environmental performances¹.

This year's report for Financial Year 2009 is the twelfth edition since Acea specifically undertook to ensure social responsibility, deciding to give proof of this undertaking through a specific report (the first socio-environmental report was made for Financial Year 1998).

Acea's 2009 Report contains both consistent and new elements with respect to last year's: as occurred for the 2008 Report, this Report has been drawn up according to the reporting principles and performance indicators established in the **GRI-G3 Guidelines from the Global Reporting Initiative (GRI)**² and, for the first time, such indicators **have been integrated by those set forth in the Electric Utilities Sector Supplement** published by GRI in 2009.

In line with past years, Acea has supplemented presentation of the economic performances with figures relating to **Establishing and distributing Added Value among Stakeholders**, according to the principles expressed by the **Study Group for the Social Report (GBS)**³, and has drawn up **Environmental Accounts** attached to this report on a CD, which provide a detailed account of the physical streams generated by the activities of the Group⁴, through analysis of the life cycle of its products (LCA - **Life Cycle Assessment**). Since 2007, Acea has been involved in the **Global Compact (GC)** initiative, acknowledging full coherence between **the ten principles** supported by the United Nations through the "Global Pact" **and the ethical guidelines established in its code of values**. The Company has since confirmed its support, with commitment from the top management, and regularly published the required *Communication on Progress (CoP)*. This year the Company has decided to directly include **a Table of Association between GRI Indicators and the Global Compact Principles** in addition to independent publication of the CoP and in view of the close cooperation between Global Compact and GRI.

Report Content and Structure

The contents of this Report aim to fulfil the expectations of stakeholders in terms of information in a clear and balanced way and are provided according to the indications provided in *GRI-G3 Guidelines* appropriately referred to the Company's business situation and socio-economic context.

In order to identify the aspects on which to provide greater information, the **type of stakeholders, legal nature of the Company** (Parent Company – Acea SpA – is listed on the Stock Exchange) and **relations between the Holding Company and other companies in the Group, the corporate mission** (Acea is a Utility), operational sectors of the Group (energy and water)⁵ and **the country** – Italy – in which most operations are carried out were all taken into account.

The figures and information provided in the *2009 Sustainability Report* made it possible to report **on the standard elements and performance indicators** established in the *GRI-G3 Guidelines* (core and additional) and the Sector Supplement at the highest level of application (**A+**) (see Chart 1 and Table 1).

¹ As defined hereunder, see also Stakeholders section.

² The Global Reporting Initiative was established in England in 1997 by the Coalition for Environmentally Responsible Economies (CERES). It became an independent official centre in 2002 in order to support the United Nations Environmental Program (UNEP) and cooperates on the Global Compact Project (organized by United Nations Secretary General Kofi Annan). GRI-G3 Guidelines are also available in Italian at www.globalreporting.org; they illustrate the reporting principles to adopt when drawing up sustainability reports and the economic, social and environmental indicators to publish. The Electric Utilities Sector Supplement published by GRI in 2009 is available online.

³ The Study Group for the Social Report comprises experts and scholars from the sector. This Group has operated in Italy since 1998 and, in 2001, formally became a Non-profit Research Association. In May 2001, it published the Principles for writing a Social Report which became the first basic guidelines for social reports for many Italian companies. Although Acea subsequently decided to adopt international guidelines (i.e. GRI), it decided to continue to refer to GBS, especially in relation to creating and distributing added value among stakeholders (see specific section in Corporate Identity) and the accurate description of exchanges between the Company and various Stakeholders (see Socio-economic Relations with Stakeholders).

⁴ The same method introduced to calculate environmental figures generated by companies operating in the **energy sector** in 2008 was used for 2009, which takes into account shareholdings of Acea SpA, as adopted for the Consolidated Financial Statements.

⁵ See Group Profile.

Table 1 – LEVEL OF GRI-G3 GUIDELINE APPLICATION

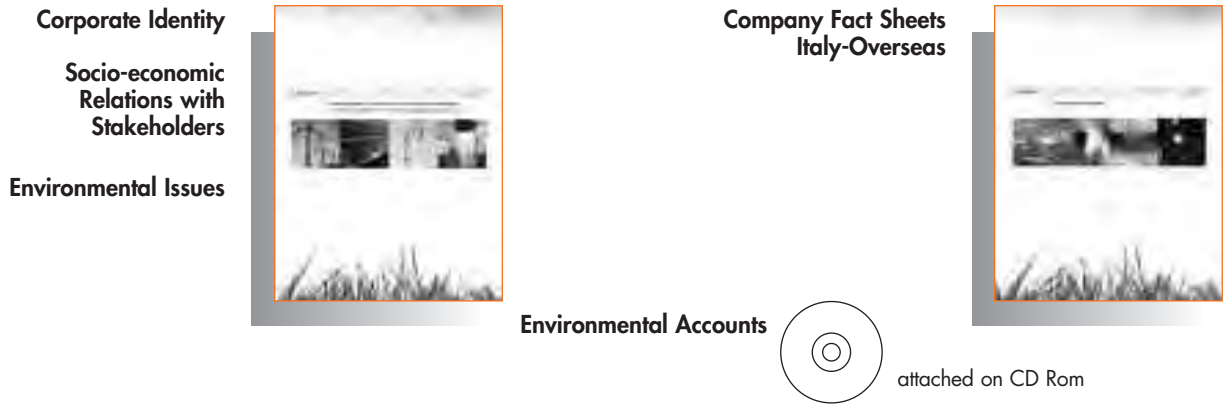
APPLICATION LEVEL		C	C+	B	B+	A	A+
STANDARD DISCLOSURE	G3 PROFILE DISCLOSURES	Report on: 1.1 2.1-2.10 3.1-3.8 3.10-3.12 4.1-4.4 4.14-4.15		Report on all criteria listed for level C plus: 1.2 3.9, 3.13 4.5-4.13 4.16-4.17		Same as requirement for Level B	
	G3 MANAGEMENT APPROACH DISCLOSURES	Not Required		Management Approach Disclosures for each Indicator Category		Management Approach Disclosures for each Indicator Category	
	G3 PERFORMANCE INDICATORS & SECTOR SUPPLEMENT PERFORMANCE INDICATORS	Report on a minimum of 10 Performance Indicators, including at least one from each of: Economic, Social and Environmental	REPORT EXTERNALLY ASSURED	Report on a minimum of 20 Performance Indicators, at least one from each of: Economic, Environmental, Human rights, Labor, Society, Product Responsibility	REPORT EXTERNALLY ASSURED	Report on each core G3 and Sector Supplement Indicator with due regard to the Materiality Principle by either: a) reporting on the indicator or b) explaining the reason for its omission	REPORT EXTERNALLY ASSURED

Chart 1 – LEVEL OF GRI-G3 GUIDELINE APPLICATION IN THE 2009 ACEA SUSTAINABILITY REPORT



Descriptions and figures concerning Group activities have also been provided **to thoroughly fulfil the expectations concerning information** of stakeholders and to give a full description of the Company's features.

The same structure has been used for the **2009 Sustainability Report** as for the previous edition: the volume combining the main parts of the report comprises three sections: **Corporate Identity, Socio-economic Relations with Stakeholders** and **Environmental Issues**, integrated by the **Environmental Accounts** attached on a CD and again has a separate brochure providing **Company Fact Sheets Italy-Overseas** (see Chart 2).



Report Scopes

“Report Scopes”, or the areas covered in this report, were established according to the *Guidelines* adopted, without omitting any significant information or figures and seeking to provide a clear overview of the elements in the Group (see section Group Profile).

The wider scope considered – standard in relation to economic figures – **comprises Acea SpA and all the other companies falling within the scope of consolidation**, as established in the *2009 Consolidated Financial Statements*⁶. **Any time this scope changes**, according to the effective availability of figures (in relation to progressive Central management of such), **this is specified and appropriately indicated in the report**⁷.

The area reflecting the main economic, social and environmental performances of the Group – represented by the Holding Company and main spin-off companies operating in the water and energy sectors (including the Waste-To-Energy sector), was regularly subjected to reporting to ensure comparison with the sustainability performances published in the previous report. Nevertheless, year by year Acea seeks to extend its report scope to increasingly reflect the Group’s dimension.

Box – Definitions and Scope

“Acea Group”, “Acea”: these refer to all the companies that fall within the scope of consolidation, including Acea SpA.

“Acea SpA”, “Parent Company” and “Holding Company”: these terms are used indifferently.

The main companies that fall within the report boundary, in addition to Acea SpA, are: Acea Distribuzione, Acea Reti e Servizi Energetici, the companies established through the joint venture signed in 2002 with Belgian company Electrabel, which

currently are AceaElectrabel, AceaElectrabel Produzione, AceaElectrabel Trading, AceaElectrabel Elettricità, Acea Ato 2, Acea Ato 5, Laboratorio, Acea8cento.

Specific indications are provided for Companies in the A.R.I.A. Group (formerly TAD Energia e Ambiente), Tirreno Power and water companies Acque, Gori, Acquedotto del Fiora, Publicacqua, Umbra Acque – when these are included in the reference scope.

Data Retrieval System and Reliability

The figures and information published in the *Sustainability Report* are provided by the Divisions in question and are, as far as possible, in line with official sources (such as *Management Reports* from individual

⁶ 2009 Consolidated Financial Statements are available at www.acea.it (section Shareholders).

⁷ In several cases, the scope for the sections Socio-economic Relations with Stakeholders and Environmental Issues, will not coincide with the consolidation area despite the fact it refers to the main companies in the Group, as not all figures (e.g. those referring to Human Resources or Suppliers) are aggregated and managed Centrally. Such changes to scope are always indicated in the report.

companies, *Corporate Governance Report*, *Annual Consolidated Financial Statements*, the reports sent to sector Authorities). These are subsequently integrated and assessed through discussions between the in-house workgroup responsible for writing the *Sustainability Report* and the Divisions directly involved, before being definitively approved. If necessary, the figures are re-processed or re-classified according to the guidelines adopted.

Prior to publication, the report is sent for appraisal by an **Independent Auditing Company** with which Acea has no joint interests or ties. This Auditing Firm is appointed to examine the contents and procedures used to write the report and to provide an overall opinion of its clarity, completeness and transparency. More specifically, in 2009 this audit concerned the main parts of the *Sustainability Report: Corporate Identity, Socio-economic Relations with Stakeholders, Environmental Issues and Environmental Accounts*, attached on a CD, which illustrate the indicators established in GRI-G3 Guidelines and the *Sector Supplement* (see *Report from Independent Auditor's Report*).

In conclusion, the *2009 Sustainability Report* **was submitted for approval by Acea SpA's Board of Directors.**

Measurement Systems

Social and environmental quantitative data has been produced as follows:

- where possible, through **direct measurement** of the parameters concerning the elements subject to reporting;
- in other cases, through **calculation** or **estimation of the values** of the parameters according to the best information available.

Each item of environmental data is commented on in the **Explanatory Notes to the Environmental Accounts**, specifying whether it derives from **calculation, measurement or estimate.**

Box – Other Sources of Information on Group Performances: the Website

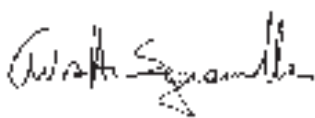
The website www.acea.it – which was completely renewed in 2009 – provides access to a considerable amount of information:

- the section **"Regulations and Values"** provides information on corporate governance and the contents of the main value codes adopted by the Group;
- the section **"Shareholders"** contains all the economic and financial documents published and other information of interest, which is constantly updated. The "Highlight" web page can also be used to interactively access charts concerning the main economic and financial figures from the last few years and compare them with each other and with those of leading Italian competitors;
- the section **"Sustainability"** provides a full PDF version of the *2009 Sustainability Report* and of previous editions of socio-environmental reports;
- the section **"Quality and Safety"** provides information on such two topics;
- there is a section dedicated to **"Suppliers"** and, for **Customers**, links to the websites of electricity and water companies;
- the section **"Communication"** contains an area especially for the press and latest important news, as well as information concerning Publicity Campaigns and the main events organized with Acea's support.

Further information can be obtained from the following email address: rapporti.istituzionali@aceaspa.it

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Department of Institutional and Regulation Affairs

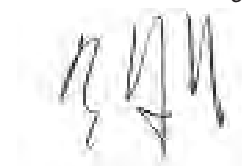


TABLE OF ASSOCIATION BETWEEN GLOBAL COMPACT AND GRI INDICATORS

Global Compact is an initiative launched by the United Nations Secretary-General at the conclusion of the World Economic Forum in 1999. He appealed to world economy leaders to support the 9 universal principles concerning human rights, work and the environment; in 2004 a tenth principle was added: the fight against corruption.

The network of organizations and companies supporting this initiative has grown ever since; Acea signed the ten principles in 2007, renewing its commitment year after year.

The companies involved are required to write a *Communication on Progress Report* concerning the progress made and initiatives undertaken or to illustrate compliance between the principles of Global Compact and GRI Indicators in their *Sustainability Report* in order to better illustrate their corporate citizenship. This year, Acea has decided to illustrate its compliance through a Table of Association.

Table 2 – GLOBAL COMPACT-GRI CORRESPONDENCE

Global Compact Principles	GRI-G3 Indicators	2009 Sustainability Report	
Human Rights	1: Businesses should support and respect the protection of internationally proclaimed human rights.	EC5, LA4, LA6–LA9, LA13–LA14, HR1–HR9, PR1–PR2, PR8	pages 124; 117 et seq.; 110, 121 et seq., 123; 116 et seq., 119 et seq., 131; 33, 104, 110, 119 et seq., 127, 130 et seq.; 46-49, 88, 110, 143; 42, 92
	2: Businesses should make sure that they are not complicit in human rights abuses.	HR1–HR9, LA13 –LA14	pages 33, 104, 110, 119 et seq., 127, 130 et seq.; 116 et seq., 119 et seq., 131
	3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining.	LA4–LA5, LA13–LA14, HR1–HR3, HR5	pages 117 et seq.; 116 et seq., 119 et seq., 131; 104, 110, 127; 117 et seq., 130 et seq.
Labor	4: Businesses should uphold the elimination of all forms of forced and compulsory labor.	HR1–HR3, HR7, LA13–LA14	pages 104, 110, 127; 116 et seq., 119 et seq., 131
	5: Businesses should uphold the effective abolition of child labor.	HR1–HR3, HR6, LA13–LA14	pages 104, 110, 127; 116 et seq., 119 et seq., 131
	6: Businesses should uphold the elimination of discrimination in respect of employment and occupation.	EC7, LA2, LA13 –LA14, HR1–HR4	pages 113; 114 et seq.; 116 et seq., 119 et seq., 131; 33, 104, 110, 119 et seq., 127, 131

Global Compact Principles	GRI-G3 Indicators	2009 Sustainability Report
Environment	7: Businesses should support a precautionary approach to environmental challenges.	4.11, EC2, EN18, EN26, EN30 pages 44, 110, 121, 150, 175, 28, 64, 150, 161 e ss.; 150, 163; 154
	8: Businesses should undertake initiatives to promote greater environmental responsibility.	PR3-PR4, EN1-EN30 pages 73 et seq; Env. Acc 12-15; 150; 172 et seq; 172; 162; 161; 180; 173; 166; 174; 152,166; 152; 147; 175 e Env. Acc. 16, 19 et seq; 147; 150, 163; 176; 175 and Env. Acc. 16, 19 et seq.; 173, 176; 147; 148; 172, 179; 154
	9: Businesses should encourage the development and diffusion of environmentally friendly technologies.	EN2, EN5 -EN7, EN10, EN18, EN26-EN27, EN30 pages 150; 162, 161, 180; 174; 150, 163; 147; 154
Anti-Corruption	10: Businesses should work against corruption in all its forms, including extortion and bribery.	SO2-SO6 pages 44, 46; 62, 126 et seq.; 62; 137
	Principles 1-10	1.1-1.2, 4.1-4.10, 4.12-4.13, 5 (DMA), SO5 pages 4; 4, 29, 30, 33, 36-40; 41 et seq., 43 et seq., 46, 42, 44 notes 19 and 20, 45, 124, 41 note 15, 42-45, 44, 32 et seq., 42 et seq., 9, 42-46, 49, 43 et seq.; 137

GRI CONTENT INDEX: STANDARD ELEMENTS

The **Standard Elements** established in **GRI-G3 Guidelines, 2006 edition** and the indicators introduced through the **Electric Utilities Sector Supplement**⁸ with which Acea complies to write the *2009 Sustainability Report* are described below, indicating the sections and pages in the report in which they can be found.

A list and definitions of **economic, social and environmental performance indicators** (core and additional) of the GRI-G3 Guidelines and Supplement and relative page in this Report are provided on the first pages of sections *Socio-economic Relations with Stakeholders* and *Environmental Issues* (Tables 13 and 65).

The meaning of each standard element and each performance indicator is described in detail in the *Guidelines* and *Sector Supplement*, to which reference should be made.

Table 3 – GRI-G3 STANDARD ELEMENTS

1. STRATEGY AND ANALYSIS

- 1.1 Statement from the most senior decisionmaker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy.
Letter of Introduction page 4
- 1.2 Description of key impacts, risks, and opportunities.
Letter of Introduction page 4; *Corporate Identity* pages 29, 30, 33, 36-40

2. PROFILE OF THE ORGANIZATION

- 2.1 Name of the organization.
Corporate Identity page 20
- 2.2 Primary brands, products, and/or services.
Corporate Identity page 21
- 2.3 Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.
Corporate Identity pages 21, 23, 24
- 2.4 Location of organization's headquarters.
Acea SpA, Piazzale Ostiense 2, 00154 Rome, Italy
- 2.5 Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.
Corporate Identity pages 20 note 9, 65
- 2.6 Nature of ownership and legal form.
Corporate Identity pages 21, 22
- 2.7 Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).
Socio-economic Relations with Stakeholders pages 64 et seq.

⁸ GRI-G3 Guidelines, 2006 edition, and Electric Utilities Sector Supplement are available online at www.globalreporting.org, the former in English with an Italian translation and the latter in English. With regard to the GRI-G3 Guidelines, the definitions for standard elements provided in the table were taken from the Italian translation; however, the English version taken into account when writing this Report should be consulted for a more detailed description of their meaning. The Electric Utilities Sector Supplement regulating the energy sector introduces new indicators (EU), integrated into the specific tables, and a number of commentaries concerning the indicators already established in GRI-G3 Guidelines. The original version in English, taken into account for this Report, should also be consulted in this case for a more detailed explanation of their meaning.

- 2.8 Scale of the organization, including: number of employees; net turnover (for private organizations) or net revenues (for public bodies); total capitalization.
Corporate Identity pages 22, 30; *Socio-economic Relations with Stakeholders* pages 113, 132
- 2.9 Significant changes to the dimensions, structure or ownership set-up which took place in the reporting period (including: the location or the changes in activities, the opening, closure or the expansion of the plants; changes in the share capital structure and other formation, maintenance and amendment of the share capital transactions).
Corporate Identity pages 23 et seq., 27 et seq., 41; *Socio-economic Relations with Stakeholders* pages 65 and note 32, 104, 142
- 2.10 Awards received in the reporting period.
Corporate Identity page 35; *Socio-economic Relations with Stakeholders* pages 74, 139; *Environmental Issues* page 150

3. PARAMETERS OF THE REPORT

Profile of the report

- 3.1 Reporting period (e.g., fiscal/calendar year) for information provided.
Communicating Sustainability: Procedure page 6
- 3.2 Date of most recent previous report.
Communicating Sustainability: Procedure page 6
- 3.3 Reporting cycle (annual, biennial, etc.)
Communicating Sustainability: Procedure page 6
- 3.4 Contact point for questions regarding the report or its contents.
Communicating Sustainability: Procedure page 9

Purpose and boundary of the report

- 3.5 Process for defining report content, including determining materiality, prioritizing topics within the report; and identifying stakeholders the organization expects to use the report.
Communicating Sustainability: Procedure page 6
- 3.6 Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers).
Communicating Sustainability: Procedure page 8
- 3.7 State any specific limitations on the scope or boundary of the report.
Communicating Sustainability: Procedure page 8; *Socio-economic Relations with Stakeholders* page 106 note 75
- 3.8 Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.
Communicating Sustainability: Procedure page 8
- 3.9 Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report.
Communicating Sustainability: Procedure pages 6 note 4, 8, 9
- 3.10 Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/ acquisitions, change of base years/periods, nature of business, measurement methods).
Communicating Sustainability: Procedure pages 8, 9; *Environmental Issues* pages 155, 157, 158
- 3.11 Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.
Communicating Sustainability: Procedure page 8; *Environmental Issues* pages 155, 157, 158

GRI content index

- 3.12 Table identifying the location of the Standard Disclosures in the report. Identify the page numbers or web links where the following can be found: Strategy and Analysis 1.1 – 1.2; Organizational Profile 2.1 – 2.10; Report Parameters 3.1 – 3.13; Governance, Commitments, and Engagement 4.1 – 4.17; Disclosure of Management Approach, per category; Core Performance Indicators; any GRI Additional Indicators that were included; and any GRI Sector Supplement Indicators included in the report page 12; pages 58 et seq., pages 146 et seq.

Assurance

- 3.13 Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organization and the assurance provider(s).
Communicating Sustainability: Procedure page 9

4. GOVERNANCE, COMMITMENTS, INVOLVEMENT OF THE STAKEHOLDERS

Governance

- 4.1 Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.
Corporate Identity pages 41 et seq., 43 et seq., 46
- 4.2 Indicate whether the Chair of the highest governance body is also an executive officer (and, if so, their function within the organization's management and the reasons for this arrangement).
Corporate Identity pages 41, 43
- 4.3 For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.
Corporate Identity page 41
- 4.4 Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.
Corporate Identity pages 42, 44 note 19 and 20, 45; *Socio-economic Relations with Stakeholders* page 132
- 4.5 Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).
Corporate Identity pages 42, 45; *Socio-economic Relations with Stakeholders* page 124
- 4.6 Processes in place for the highest governance body to ensure conflicts of interest are avoided.
Corporate Identity pages 41 note 15, 42-45
- 4.7 Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.
Corporate Identity page 44
- 4.8 Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.
Corporate Identity pages 32 et seq., 42 et seq.
- 4.9 Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.
Corporate Identity pages 9, 42-46, 49
- 4.10 Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.
Corporate Identity pages 43 et seq.

Commitment in external ventures

- 4.11 Explanation of whether and how the precautionary approach or principle is addressed by the organization.
Corporate Identity page 44; *Socio-economic Relations with Stakeholders* pages 110, 121; *Environmental Issues* pages 150, 175
- 4.12 Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.
Corporate Identity page 42; *Socio-economic Relations with Stakeholders* pages 102 et seq., 107, 119, 121, 128, 140; *Environmental Issues* pages 149 et seq.
- 4.13 Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization has positions in governance bodies; participates in projects or committees; provides substantive funding beyond routine membership dues; or views membership as strategic.
Socio-economic Relations with Stakeholders pages 137, 140

Involvement of the stakeholders

- 4.14 List of stakeholder groups engaged by the organization.
Corporate Identity pages 32, 35, 50 et seq.
- 4.15 Basis for identification and selection of stakeholders with whom to engage.
Corporate Identity page 50
- 4.16 Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.
Corporate Identity pages 50-53; *Socio-economic Relations with Stakeholders* pages 66 et seq., 89, 97, 117, 139, 141
- 4.17 Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.
Corporate Identity pages 50-53; *Socio-economic Relations with Stakeholders* pages 66 et seq., 73, 99, 139, 140, 141, 143

5. MANAGEMENT APPROACH

- 5 Disclosure on the management methods of the organization (Management Approach) with reference to the aspects defined under each category of performance indicators.
Corporate Identity pages 30, 32, 35, 46; *Socio-economic Relations with Stakeholders* pages 66, 73, 91, 104, 110, 112, 123, 126, 132, 141; *Environmental Issues* page 149

- EU1 Installed capacity, broken down by primary energy source and by regulatory regime.
Corporate Identity page 27 note 11; *Environmental Issues* page 158
- EU2 Net energy output broken down by primary energy source and by regulatory regime.
Environmental Issues page 156
- EU3 Number of residential, industrial, institutional and commercial customer accounts.
Socio-economic Relations with Stakeholders page 66
- EU4 Length of above and underground transmission and distribution lines by regulatory regime.
Environmental Issues page 160
- EU5 Allocation of CO₂ emissions allowances or equivalent, broken down by carbon trading framework.
Environmental Issues pages 175, 176

Report on Limited Review

To the shareholders of
Acea SpA

Scope of engagement

We have performed a limited review of the data and qualitative information set forth in the *Sustainability Report of Acea* and its subsidiaries (Acea Group) for the year ended 31 December 2009, including the *Environmental Accounts* attached thereto and excluding the file on *Company Fact Sheets - Italy & abroad*. The purpose of the review was to verify internal coherence of the *Sustainability Report* and its compliance with the requirements and recommendations contained in the guidelines and criteria adopted for the preparation of such Report.

Reporting Criteria

We have reviewed the indication set forth under the heading "Communicating sustainability: methodological note" of the *Sustainability Report* that such Report, regarding the sections under review, was prepared in accordance with the Guidelines for Sustainability Reporting issued by the Global Reporting Initiative (GRI-G3 2006 and Electric Utility Sector Supplement) and integrated with the principles set forth by GBS (Study Group for Social Statement) with respect to the data on the Added Value allocated to the stakeholders.

The responsibility for the reliability and completeness of the information set forth in the *Sustainability Report* in accordance with the above criteria rests with the Management of Acea SpA.

Work performed

In accordance with the International review principles established by the International Federation of Accountants (IFAC) applicable in this case (ISAE 3000, Assurance engagements other than audits or reviews of historical information), we performed a limited review in order to provide a limited level of assurance as a basis for our conclusions.

The review procedures performed comprise the following:

- comparison of the financial and economic data with the information provided in the Financial Statements of Acea SpA and in the Consolidated Financial Statements of the Company and of its subsidiaries for the year ended 31 December 2009. In particular, the review was performed on all the data directly related to the Consolidated Financial Statements or Company Financial Statements and on the basis of test-checks of the data reported in such financial statements or accounting details of the same. With regard to the quantitative economic and financial data and information, we did not perform other review procedures but relied on the report of the auditors of the company dated 14 April 2010 on the Company Financial Statements and on the Consolidated Financial Statements;
- interviews with the management and personnel of the companies of the Group in order to:
 - obtain information concerning the informative, accounting and reporting system supporting the elaboration of the *Sustainability Report*;
 - review the processes and procedures supporting the data collection, aggregation, elaboration and transmission from the operating units and

-offices to the department responsible for preparing the *Sustainability Report*;

- analytical procedures and sample examinations of the documents supporting the preparation of the *Sustainability Report* in order to obtain confirmation of:
 - the reliability of the information acquired through the interviews;
 - the efficacy of the processes adopted and their compliance with the stated objectives;
 - the efficacy of the internal control systems for the proper treatment of the data and information;
- analyses on the relevance, completeness, comprehensibility and internal coherence of the qualitative and quantitative information set forth in the *Sustainability Report*. In performing this activity we referred to:
 - the reporting criteria adopted by Acea's management for the purpose of preparing the *Sustainability Report*;
 - the benchmarking principles established in the AccountAbility's AA1000 Assurance Standard, issued by the Institute of Social and Ethical Accountability.

Conclusions

On the basis of the limited review indicated above, the qualitative and quantitative information set forth in the *Sustainability Report* appears coherent and in compliance with the contents requested or suggested by the Guidelines of reference and the criteria under which they were prepared. In particular, we retain that the contents of the *Sustainability Report* conform to the A+ application level foreseen by the GRI Guidelines version 3.0 (G3) and by the Electric Utility Sector Supplement.

Our review did not reveal any significant variations or integrations that should have been disclosed in the *Sustainability Report* in order for it to be in compliance with the criteria indicated above.

As we stated in previous reports, we suggest, on the basis of requests by various stakeholders, to be more selective in the criteria which define the level of significance of the data and information and their relevance for purposes of the reporting. This improvement would, moreover, increase the communication capacity of the report.

Rome, 31 October 2010

RGA S.r.l.

Riccardo Cossentino
Amministratore Delegato





Corporate Identity



Acea Celebrates One Hundred Years

In **2009**, Acea had the privilege and merit of celebrating its **Centenary**. In fact, in 1909 Rome City Council authorized establishment of a special company to take responsibility for providing energy for public and private lighting further to the positive outcome of a referendum. Over the last century, in which the company made its most important achievements, including being awarded the aqueduct service in 1937, Acea grew constantly until being listed on the Stock Exchange in 1999 and steadily progressing and consolidating its work in the energy sector (generating – including through Waste-To-Energy – distributing and selling electricity and gas; public lighting) and the water sector (collecting and distributing drinking water, collecting and purifying wastewater), before becoming an industrial Group of national importance⁹ that focuses on sustainable management of public water and energy services.

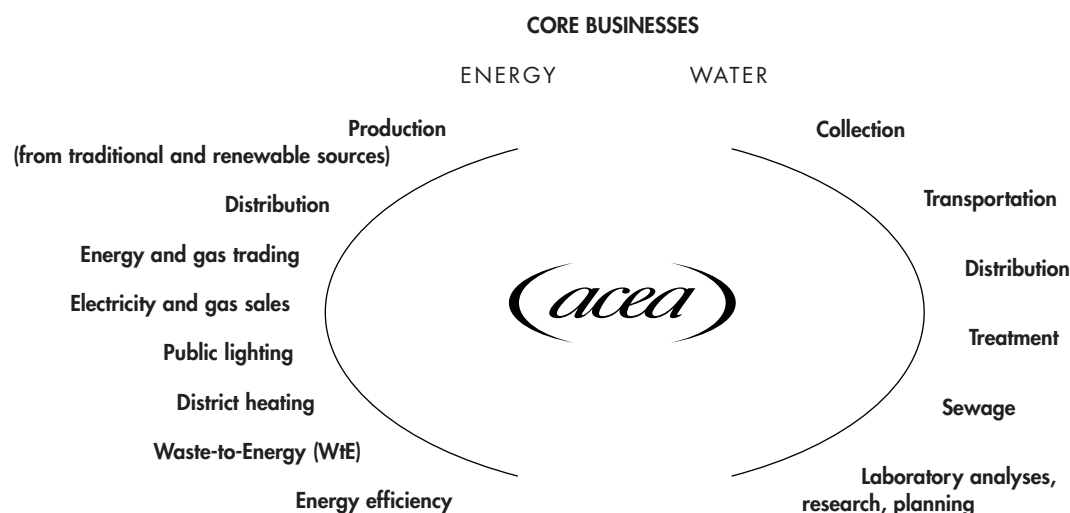
Acea's History

- 1909** established as the Azienda Elettrica Municipale (AEM) for Rome, with the aim of supplying electricity for public and private lighting
- 1937** the Company becomes Azienda Governatoriale Elettricità e Acque (AGEA) and is made responsible for aqueduct services
- 1945** the Company changes its name to A.C.E.A. - Azienda Comunale Elettricità ed Acque
- 1964** the Company takes over the assets of Acqua Marcia and becomes responsible for managing the entire aqueduct service in Rome
- 1975** the Company is appointed by Rome City Council to implement the Plan to improve the water and sanitary conditions in the outlying districts of Rome
- 1985** the Company takes over the wastewater treatment service, thereby laying the foundations for integrated management of the entire water cycle
- 1989** the Company changes its name to A.C.E.A. - Azienda Comunale Energia e Ambiente, and becomes skilled in artistic and monumental lighting
- 1992** the Company acquires legal status, entrepreneurial independence and Articles of Association, maintaining its nature as an organization instrumental to the City Council
- 1998** on January 1st, Acea began to operate as a Joint-Stock Company under the name of Acea SpA
- 1999** the Company is listed on the Stock Exchange and becomes a Corporate Group
- 2000** the Company adopts a policy for expansion on both the Italian and overseas markets and explores new areas
- 2001** the Company acquires Enel SpA's energy distribution grid for Rome city
- 2002** the Company takes over management of the integrated water cycle in ATO 2 (Ambito Territoriale Ottimale – Optimal Territorial Area) – Central Lazio and management of the sewage service for Rome; it creates a strategic joint venture in the energy sector with Belgian company Electrabel SA
- 2003** the Company and other partners acquire Tirreno Power and, in the water sector, is awarded management of the Integrated Water Service in new ATOs
- 2004** the Company expands production capacity: AceaElectrabel Produzione acquires electricity generation

⁹ Acea also operates overseas in the Water Sector (Honduras, Peru, Colombia and Dominican Republic). These activities accounted for 0.5% of the total income for 2009 and are summarily illustrated in the brochure Company Fact Sheets Italy-Overseas.

- initiatives from its partners. It is awarded the IP service in Naples and consolidates water management in Tuscany
- 2005** in the Energy sector the Company further strengthens energy production and develops sales in view of their balancing; in the integrated water sector it focuses its effort towards the neighbouring ATOs
- 2006** the Company takes over control of TAD Energia Ambiente SpA, which operates in the Waste to Energy sector; it improves electricity and gas sales capacity (in Puglia and in Tuscany); it consolidates water management in Tuscany ATOs
- 2007** the Company increases electricity production capacity from both traditional and renewable sources. With regard to the latter, it implements an extensive programme for improvement, especially from wind and photovoltaic sources
- 2008** the Company finishes building and starts up new thermoelectric facilities, increases ventures in the field of renewable energy and lays the foundations for growth in the Waste-To-Energy business. It establishes Acea8cento for in-house management of channels providing contact between Group companies and customers
- 2009** the Company consolidates integrated water management services in ATOs in Lazio, Campania, Tuscany and Umbria and expands Waste-To-Energy and energy production from renewable sources

Chart 3 – ACTIVITIES AND DIVISIONS IN KEY ACEA GROUP COMPANIES



Rome City Council holds 51% of corporate shares in Acea SpA, thereby making it majority shareholder, while the remaining 49% is listed on the Electronic Stock Exchange organized and managed by the Italian Stock Exchange. As of 31/12/2009, the other important shareholders were GDF-SUEZ¹⁰, Caltagirone and Pictet Funds.

Acea SpA – as Holding Company – holds corporate shares and is responsible for **policies** and **control** and a number of activities to support the Group's operating companies (administrative, financial, legal, logistic, management and technical services). The **macro-level structure** of Acea SpA, which was reorganized in 2009, comprises **industrial areas** – **water, networks, energy, environment and energy** (formerly Waste-To-Energy) – for which individual companies are responsible: (see box "The New Macro-level Structure of the Acea Group in the section on *Corporate Governance*).

The Group's consolidation scope as of 31 December 2009 included the **61 companies** listed in Table 5, which also illustrates the shares held by Acea SpA and consolidation method (line-by-line or proportional) used in the Consolidated Financial Statements.

These are joined by 12 other companies, which are consolidated according to gross assets.

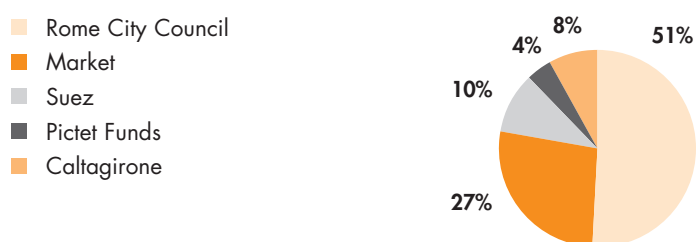
¹⁰ In 2008, a merger was improved to incorporate Suez in Gaz de France. The new company deriving from this operation was called GDF SUEZ.

Table 4 – ACEA GROUP IN NUMBERS (2009)

employees (number)	6,720
net revenue (millions of euro)	2,954.3
total capitalization (millions of euro)	2,936.5
bonds	308.6
shares	1,098.9
long-term loans	1,529
total financial statement assets (millions of euro)	5,915.2
electricity	
generation (GWh) (gross)	3,234
of which, from renewable sources (GWh) (gross)	203.5
water	182
wind	18
photovoltaic	3.5
distribution (GWh)	11,983
sale (GWh) (eligible, protected and safeguarded market)	17,056
customers (number)	1,501,594
waste to energy (WiE)	
energy generation (GWh) (gross)	157.9
waste turned into energy (t)	174,755
public lighting	
lighting units managed in Rome (number)	169,841
water (Integrated Water Service)	
drinking water supplied (Mm ³)	665.7
analyses on drinking water (number)	1,021,183
wastewater treated (Mm ³)	850.7
inhabitants served in Italy (millions)	8.1
overseas (millions)	5.3

NB: the figures relating to energy generation are calculated using a new method that takes into account corporate shareholdings (see Environmental Issues and Environmental Accounts); the figures relating to water services refer to the Group's main water companies.

Chart 4 – THE SHAREHOLDING STRUCTURE AS AT 31.12.2009



Source: CONSOB (only shareholdings exceeding 2% are shown).

Table 5 – CONSOLIDATION SCOPE AS OF 31/12/2009 (companies consolidated on a line-by-line and proportional basis)

Company name	registered offices	% holding	consolidation method
Acea Distribuzione SpA	Rome	100%	line-by-line
Acea Ato2 SpA	Rome	96.46%	line-by-line
Acea Reti e Servizi Energetici SpA	Rome	100%	line-by-line
Acque Blu Arno Basso SpA	Rome	69%	line-by-line
Acque Blu Fiorentine SpA	Rome	69%	line-by-line
Ombrone SpA	Rome	84.57%	line-by-line
LaboratoRI SpA	Rome	100%	line-by-line
Acea Ato 5 SpA	Frosinone	93.58%	line-by-line
Sarnese Vesuviano SpA	Rome	95.79%	line-by-line
Crea SpA	Rome	100%	line-by-line
Crea Gestioni Srl	Rome	100%	line-by-line
Crea Partecipazioni Srl	Rome	100%	line-by-line
Gesesa SpA	Benevento	59.67%	line-by-line
Lunigiana SpA	Aulla	95.79%	line-by-line
AceaRieti (ex Omnia) Srl	Rieti	100%	line-by-line
Aguazul Bogotà SA	Bogotà-Colombiana	51%	line-by-line
Acea Dominicana SA	Santo Domingo	100%	line-by-line
A.R.I.A SpA	Terni	100%	line-by-line
E.A.L.L. Srl	Terni	100%	line-by-line
Terni EN.A. SpA	Terni	100%	line-by-line
SAO SpA	Orvieto	100%	line-by-line
Enercombustibili Srl	Paliano	100%	line-by-line
Ergo En.A. Srl	Terni	100%	line-by-line
Ecoenergie	Paliano	90%	line-by-line
Aquaser Srl	Volterra	74.21%	line-by-line
Kyklos Srl	Aprilia	51%	line-by-line
Solemme SpA	Monterotondo Marittimo	100%	line-by-line
Acea8cento SpA	Rome	100%	line-by-line
Acea Ricerche e Perdite Scarl	Rome	67%	line-by-line
Acea Ato 5 Servizi Scarl	Rome	60%	line-by-line
Acea Gori Servizi Scarl	Rome	69.82%	line-by-line
Argo	Rome	68.39%	line-by-line
Acque SpA	Pisa	45%	proportional
Acque Ingegneria Srl	Pisa	45%	proportional
Acque Industriali Srl	Pisa	45%	proportional
Acque Servizi SpA	Pisa	45%	proportional
Consorcio Agua Azul SA	Lima – Peru	25.50%	proportional
AceaElectrabel SpA	Rome	59.41%	proportional
AceaElectrabel Elettricità SpA	Rome	59.41%	proportional
AceaElectrabel Trading SpA	Rome	50%	proportional
AceaElectrabel Produzione SpA	Rome	29.71%	proportional
Umbria Energy SpA	Terni	29.71%	proportional
Voghera Energia Vendita SpA	Voghera	29.71%	proportional
Estra Elettricità SpA (ex Elettria SpA)	Prato	29.11%	proportional
Elgasud SpA	Trani	29.11%	proportional
Ecogena SpA	Rome	51%	proportional
Ecomed Srl	Rome	50%	proportional
Voghera Energia SpA	Voghera	29.71%	proportional
Roselectra SpA	Rome	29.71%	proportional
Longano Eolica SpA	Rome	15.15%	proportional
Publiacqua SpA	Florence	40%	proportional
Publiacqua Ingegneria Srl	Florence	40%	proportional
Publiutenti Srl	Florence	40%	proportional
Gori SpA	Torre Annunziata	37.05%	proportional
Eblacea SpA	Rome	30%	proportional
Tirreno Power SpA	Rome	15%	proportional
Umbra Acque SpA	Perugia	40%	proportional
A.PI.C.E. SpA	Rome	50%	proportional
Acque Blu Srl	Montecatini Terme	55%	proportional
Intesa Aretina Scarl	Milan	35%	proportional
Nuove Acque SpA	Arezzo	16.16%	proportional

Acque Blu Fiorentina SpA:

this Company holds shares in **Publiacqua SpA**, which is responsible for the Integrated Water Service in ATO 3 – Medio Valdarno, Tuscany, serving 49 Municipalities.

Acque Blu Srl:

Acea SpA owns 55% of this Company, which was established in December 2008 further to a joint venture between Suez Environment and Acea SpA to combine the shares in various water companies operating in Tuscan ATOs within a single organization.

Gruppo Crea:

this Company controls a number of water companies operating in ATOs in Lucca, Rieti and Benevento.

Intesa Aretina Scarl:

35% of this Company has been owned by **Acea SpA since 2009** and it controls **Nuove Acque SpA**, which is responsible for the Integrated Water Service in ATO 4 – Alto Valdarno, serving 37 Municipalities in the provinces of Arezzo and Siena.

Umbra Acque SpA:

this Company is responsible for the Integrated Water Service in ATO 1 - Umbria, serving 38 Municipalities including Perugia and Assisi.

LaboratoRI SpA:

this Company is responsible for laboratory services, R&D, studies and advisory services and engineering (planning and supervision of works) mainly concerning water Acea Group companies and the outside market; it also provides the Group technical and scientific support in development on the Italian and international markets.

NETWORKS

Acea Distribuzione SpA:

this Company manages high, medium and low voltage electricity distribution and reading services (HV, MV, LV) in Rome and Formello; it is responsible for planning, designing, building and maintaining primary HV distribution centres and secondary MV and LV distribution networks. It also manages public and cemetery lighting systems in Rome.

Acea Reti e Servizi Energetici SpA:

this Company has been responsible for operations concerning an increase in energy efficiency (Italian Ministerial Decree dated 20 July 2004) on behalf of Acea Distribuzione since 2005. It supervises technological innovation concerning energy saving, designs, runs and carries out maintenance on systems used to safeguard the air quality, coordinating "Sanacaldaia" and "Caldaie Sicure" on behalf of the Rome City Council; it also develops use of renewable sources and offers energy service in **its capacity as E.S.Co.** (Energy Service Company).

Ecogena SpA:

this Company was established in 2007 through a joint venture between Astrim and Acea (which holds 51% of the share capital) and designs and builds high efficiency energy co-generation centres (combined production of heat and electricity) for industrial buildings and housing, using technologically advanced solutions.

ENERGY

AceaElectrabel SpA:

this Company manages the equity investments of Italian companies or organizations that produce, sell and trade electricity, fuel or other energy carriers. It is also responsible for the strategic planning and guidelines of joint-venture companies.

AceaElectrabel Elettricità SpA:

this Company sells electricity to customers on the protected and safeguarded market in Rome and Formello and electricity, gas and other fuels to customers on the eligible market.

AE Elettricità holds shares in the share capital of **Estra Elettricità SpA**, **Elgasud SpA**, **Umbria Energy SpA** and **Voghera Energia Vendita SpA**, which market and sell energy, gas and related services in Tuscany, Puglia and Basilicata, Umbria and the provinces of Pavia and Alessandria.

AceaElectrabel Produzione SpA:

this Company develops activities concerning the production of electricity, heat and steam, also using primary renewable sources.

AE Produzione has the majority holding in the share capital of **Roselectra SpA** and **Voghera Energia SpA**, which own combined-cycle thermoelectric plants, and in the share capital of Longano Eolica SpA, which designs, builds and manages wind farms.

AceaElectrabel Trading SpA:

this Company provides advisory, intermediation, buying and selling services for electricity, methane gas and other fuels or energy carriers.

Eblacea SpA:

this Company was established to acquire – jointly with Energia Italiana – the third GenCo sold by Enel as part of the divestments established through the Bersani Decree (Italian Legislative Decree 79/99) and subsequently called **Tirreno Power SpA**, which is the fourth electricity producer in Italy.

ENVIRONMENT AND ENERGY

A.R.I.A. (Acea Risorse e Impianti per l’Ambiente formerly TAD Energia Ambiente):

this Group was acquired 100% by Acea SpA in 2006 and is responsible for producing electricity through using various types of waste and other environmental services. This Group runs two Waste-to-Energy plants in Terni and San Vittore del Lazio, a waste treatment centre and relative dump in Orvieto and a WDF (Waste-Derived Fuel) production centre in Paliano (Frosinone) through **Terni En.A. SpA**, **EALL Srl**, **SAO SpA** and **Enercombustibili Srl**.

A.P.I.C.E. SpA:

Company was **established** in 2008 by Acea SpA and Pirelli & C. The corporate scope of Ambiente Renewable Energy SpA involves reusing and treating waste to produce energy through Quality Waste-Derived Fuel (Q-WDF) and buying, selling, trading, building and managing industrial plants.

Aquaser Srl:

this Company is responsible for recovering and disposing of treated sewage. In July 2008, Aquaser acquired shares in **Kyklos Srl** and **Solemme SpA**, both of which own composting centres.

CORPORATE

Acea8cento:

this Company was established in 2008 and its mission is to manage customer care services, especially remote centres, for Acea Group companies.

Strategic Plan and Development

In October 2009, the Acea SpA Board of Directors unanimously approved a **Review to the Industrial Plan** previously adopted for **2010-2012**.

The strategy for development in all the Group's operational areas was confirmed, despite awareness of the difficult – and general – economic situation.

This Plan mainly focuses on reinforcing business management, paying particular attention to improving operational efficiency.

Box – The New 2010-2012 Strategic Plan

business area	strategy
water (Integrated Water Service)	<ul style="list-style-type: none"> consolidating leadership on the Italian water market, with a target of around 8.7 million customers in for 2012, in other words market share of 15.2%
networks: electricity distribution and public lighting	<ul style="list-style-type: none"> consolidating profitability in energy distribution
market: generating and selling electricity and gas	<ul style="list-style-type: none"> developing generation in order to achieve vertical integration between production and sales¹¹ developing renewable sources (wind) achieving significant sales on the gas market
Waste-To-Energy: generating electricity	<ul style="list-style-type: none"> developing the Waste-To-Energy and co-generation sectors expanding in the biomass sector developing Waste-To-Energy and regasification centres

The development targets established to implement corporate strategy continued throughout the Financial Year, as illustrated in the box below, during which two legislative provisions were issued with considerable effects on the activities of Acea Group: reform of local public services and a sentence from the Constitutional Court concerning water treatment rates (see specific boxes).

¹¹ With regard to energy plans, the Acea Industrial Plan aims to cover demand forecasts of around 22,400 GWh in view of its generating capacity of 23,300 GWh by 2012.

WATER

Lazio – Campania

- the three-year pricing cycle for 2009-2011 came into effect in ATO 2 – Central Lazio – and the new Acea Ato 2 investment plan was approved by the ATO Authority, which also made the appropriate changes to prices for 2010 and 2011. Management of the Consorzio Acquedotto del Peschiera Water Plants was acquired;
- reconnaissance and definition of the deeds required to apply for authorization to connect ATO 5 – Southern Lazio treatment works to the sewage system commenced.

Tuscany – Umbria

- consolidation of the organization continued through re-engineering of operational and marketing divisions in Publicacqua operating in ATO 3 – Medio Valdarno. To this regard, it must be noted that the plants were subjected to remote control;
- a considerable shareholding in Nuove Acque was acquired. This Company manages the Integrated Water Service in ATO 4 – Alto Valdarno.

NETWORKS

Photovoltaic

- a considerable number of photovoltaic plants were installed and connected in Puglia and Lazio (the plant installed at Fiumicino airport is one of the largest in Italy, with output of around 2 MWp). Plants with output of around 17 MWp were operating at the end of 2009.

Co-generation (combined electricity and heat production)

- commitment continued to obtain orders for cogeneration and regeneration (10 centres with overall power of 4.3 MWp will be built between 2009 and 2010).

Public Lighting

- over 5,000 new light points were installed in 2009 and initiatives to improve energy efficiency were undertaken through installation of LED equipment. A Lighting Plan was launched together with the Rome City Council, involving considerable development of LED over the next few years

ENERGY

Production

- earmarking of 1.5% of the investment plan amounting to 500 million euro for renewable energy (wind, photovoltaic and cogeneration) was confirmed;
- investments to partially or fully restore the hydroelectric plants in Orte and Salisano were approved in order to receive recognition as Plants Powered by Renewable Sources by GSE;
- operations to build more Wind Farms in Southern Italy continued: designs for the “Cresta del Gallo” Farm were completed (around 15 MW) and building of the “Piano del Cornale” Wind Farm (around 20 MW) in the Campania region continued;
- reduced production in the thermoelectric sector due to operational unavailability of a number of generation units throughout the year and reduction in dispatched profiles provided the opportunity of receiving CO₂ emission certificates to place on the *Emission Trading market*.

Sales

- gas sales by AceaElectrabel Trading increased (+36.5% compared to 2008).

THE ENVIRONMENT AND ENERGY

- development of the Waste-To-Energy Plant in San Vittore nel Lazio continued. Once completed, this will be the largest plant in the region;
- the two Waste-To-Energy Plants owned by the A.R.I.A. Group Companies were acknowledged as Plants Powered by Renewable Sources by GSE;
- the Kyklos Composting Plant (Gruppo Aquaser) was inaugurated, becoming the largest in the Lazio region with 60,000 tons per year of waste for composting.

Box – Reform in Local Public Services According to the Italian Ronchi Decree

During the year, Italian Legislative Decree 135/09 (so-called "Ronchi Decree"), converted with amendments to Law 166/09, caused a number of considerable changes to the provision introduced the year before through Art. 23 bis of Legislative Decree 112/08, subsequently converted to Law 133/08, concerning the **procedure for commissioning and managing local public services of economic importance** (water service, public transport, environmental health, etc.).

This new law definitively establishes public tenders as the standard procedure for commissioning private companies and partnerships of public and private companies to manage such services as long as the private partner in the latter type of company holds no less than 40% of the share capital and is responsible for specific operational duties. Taking into account this procedure, the possibility for in-house companies (100% public share capital) to manage these services is only permitted as an exception due to outstanding circumstances and further to a decision from the Authority for Competitiveness and the Market. This provision does not apply to electricity and gas distribution.

In line with the direction taken over the last few years, the Legislator's intention is to open an important industrial sector such as local public services to the possibility of increasing efficiency and improving performances offered by private business operators, without affecting the interest of the general public underlying the universality and accessibility of local public services.

This Law therefore establishes a "transit period" by which local authorities are required to either hold a Tender or to part with a percentage shareholding in the management company, whether such are "in-house", mixed or listed companies. An alternative solution is advance termination of the commissions underway. Municipalities and other shareholding local authorities are responsible for making the decisions by way of applying this reform. More specifically with regard to Acea, Rome City Council – which holds 51% of the share capital – is required to decide whether to progressively part with 11% by June 2013 and a further 10% by 31 December 2015 or to allow the commissions for which Acea is currently responsible expire, which is the least likely possibility.

Box – The Consequences of Sentence 335/2008 from the Constitutional Court Concerning Water Treatment Rates

Through Sentence 335 dated 2008, the Constitutional Court affirmed that the Article in the Italian Galli Law – subsequently incorporated into the Consolidated Law on the Environment - according to which a portion of the water treatment rate was to be paid by users including when the relative systems were missing or non-operational was illegitimate. The Council made this decision in consideration of the fact that this fee should be considered payment for contracted services and therefore directly related to effective provision of the service in question. By means of Italian Law 13/2009 and further to this Sentence, the Legislator introduced a definition whereby said portion of the water treatment rate became part of the overall process to prepare the service in question, in other words covered "*design and installation or completion of treatment plants, as well as those linked to relative investments*".

This provision therefore established the procedures and

deadlines for repaying any amounts received not complying with that established in the Law to users. This provision also established that the Ministry for the Environment and Territorial and Marine Protection should be responsible for deciding on the criteria and parameters used for repayment, as well as the information that each organization should regularly provide users concerning implementation of the plan for installation of sewage systems.

In September 2009, the Ministry issued a Decree to implement that established by the Law. As far as the potential economic effects of repayments that water companies in the Acea Group may be required to settle once the appropriate calculations, procedures and deadlines have been established by the Authorities are concerned, the Company has estimated that the Company shall be required to pay a maximum of 38.1 million euro.

General Economic Indicators

Further to the economic slump at the national and international level last year, the situation in 2009 remained difficult and inevitably affected companies.

This Company was faced with complicated circumstances of both internal and external origin. In relation to the former, Acea underwent extensive reorganization and had to overlook the difficult negotiations with partner Gas de France Suez further to change in the top management. External factors were represented by the limits deriving from the specific macro-level economic scenario in which Italy's GDP fell by 4.9% compared with the year before, affecting all economic sectors and causing a decrease in demand for energy.

In view of the above context, the characteristic governance of the Group – which was positively influenced by a number of extraordinary events in 2008 – was affected by the negative performance on the energy market (production and sales), although this was counterbalanced by the results achieved in other industrial areas. The end result was that gross operating margin reduced by around 10 percent with respect to 2008. In view of this financial statement result and including the extraordinary taxes and increased reserves, the latter of which also deriving from increased investments, the Group made gross losses of 52.5 million euro.

In 2009, **consolidated revenue** amounted to **2,954.3 million euro**, a decrease of 6% with respect to the 3,144 million in 2008. This negative variation was mainly due to energy generation and sales by AceaElectrabel, which were affected by reduction in the amount of electricity produced due to episodes of plant unavailability and a significant decline in demand throughout the year.

The **gross operational margin (EBITDA)** amounted to **563.9 million euro**, having decreased by 59.6 million with respect to the 623.5 million for the previous year (-9.6%). Excluding a number of positive non-recurring components, EBITDA decreased by 33.5 million euro.

This deterioration confirms that illustrated in relation to revenue and is basically due to the performance of energy production and sales, which EBITDA reduced by 24.7 million euro (from 99.6 million in 2008 to 74.9 million euro). The ratio between the relative industrial area (energy market) and the overall Group's EBITDA consequently decreased while the other operational areas were positive.

This further decline in the operating margin is explained by the extraordinary payment made to encourage the top management to leave in 2009, amounting to 6.7 million euro.

Table 6 – MAIN ECONOMIC ASSETS OF THE ACEA GROUP (2008-2009)

(in thousands of euro)	2008	2009
net revenues	3,143,978	2,954,296
labour costs	249,450	286,416
external costs	2,268,457	2,106,173
operating costs	2,517,907	2,392,589
gross operating margin (EBITDA)	623,454	563,944
operating result (EBIT)	385,039	185,856
financial transactions	(89,345)	(85,806)
(charges)/core business income	(93,955)	(85,806)
(charges)/non-core business income	4,610	-
transactions on equity investments	(88)	819
pre-tax result	295,606	100,869
income taxes	104,356	147,802
net result from operating activities	191,250	(46,932)
net result from discontinued activities	598	-
net result	191,848	(46,932)
income/loss pertaining to minority shareholders	5,564	5,560
net Group result	186,285	(52,492)
shareholders' equity	1,444,463	1,286,903
invested capital	3,077,753	3,463,903

The **operating result (EBIT)** amounted to **185.9 million euro** compared to 385 million in 2008. In addition to the EBITDA, this figure was affected by:

- increased depreciation (+21.6 million euro)
- higher devaluation on credits (+15.9 million euro)
- increased reserves made necessary by correct appreciation of a number of risks, including those concerning taxes and returns relating to past Financial Years (+102.1 million euro).

Finally, once financial transactions and income taxes are deducted, which were affected by payment of 78.9 million euro to recover State benefits to the effects and purposes of Art. 24, Italian Law 185/2008 (so-called "tax moratory"), the **consolidated net result** following payments to minor shareholders, **is negative for 52.5 million euro** with respect to 186.3 million euro as at 31/12/2008.

The **net financial position** amounts to losses of **2,177 million euro** (1,633 million euro in 2008). The elements that affected this variation include changes to the consolidation boundary (Intesa Aretina and Nuove Acque), overall payment for the "tax moratory", increased need for investments and payment of dividends for 2008.

The ratio between of net financial liability and invested capital as at 31 December 2009 (**gearing**) is 62.8% (53.1% at the end of 2008).

The operating result and net result for 2009 negatively affect profitability indexes.

Table 7 – CONTRIBUTION FROM BUSINESS AREAS TO THE OVERALL EBITDA (2008-2009)

business area	% on 2008 EBITDA	% on 2009 EBITDA
water management	40%	42%
energy networks	39%	41%
energy market	16%	12%
environment and energy	5%	5%

Table 8 – FINANCIAL STATEMENT FIGURES AND NET FINANCIAL POSITION FOR THE ACEA GROUP (2008-2009)

(in thousands of euro)	31.12.2008	31.12.2009
non-current financial assets (liabilities)	30,295	20,244
payables and other non-current financial liabilities	(1,708,037)	1,839,586
medium-long term financial position	(1,677,743)	(1,819,342)
liquid funds and securities	212,176	102,343
short-term amounts due to banks	(199,675)	(651,202)
current financial assets (liabilities)	31,952	191,201
net short-term financial position	44,453	(357,658)
total net financial position	(1,633,290)	(2,177,000)
net shareholders' equity	1,444,463	1,286,903
capital invested	3,077,753	3,463,903
gearing (net financial position/capital invested)	53.1%	62.8%

Table 9 – THE MAIN PROFITABILITY INDICATORS (2007-2009)

	2007	2008	2009
return on own capital			
ROE = Result for the year after taxes/shareholders' equity	11.9%	13.3%	n.c.
return on capital invested			
pre-tax ROIC = Operating result (EBIT)/capital invested	10.6%	12.5%	5.4%

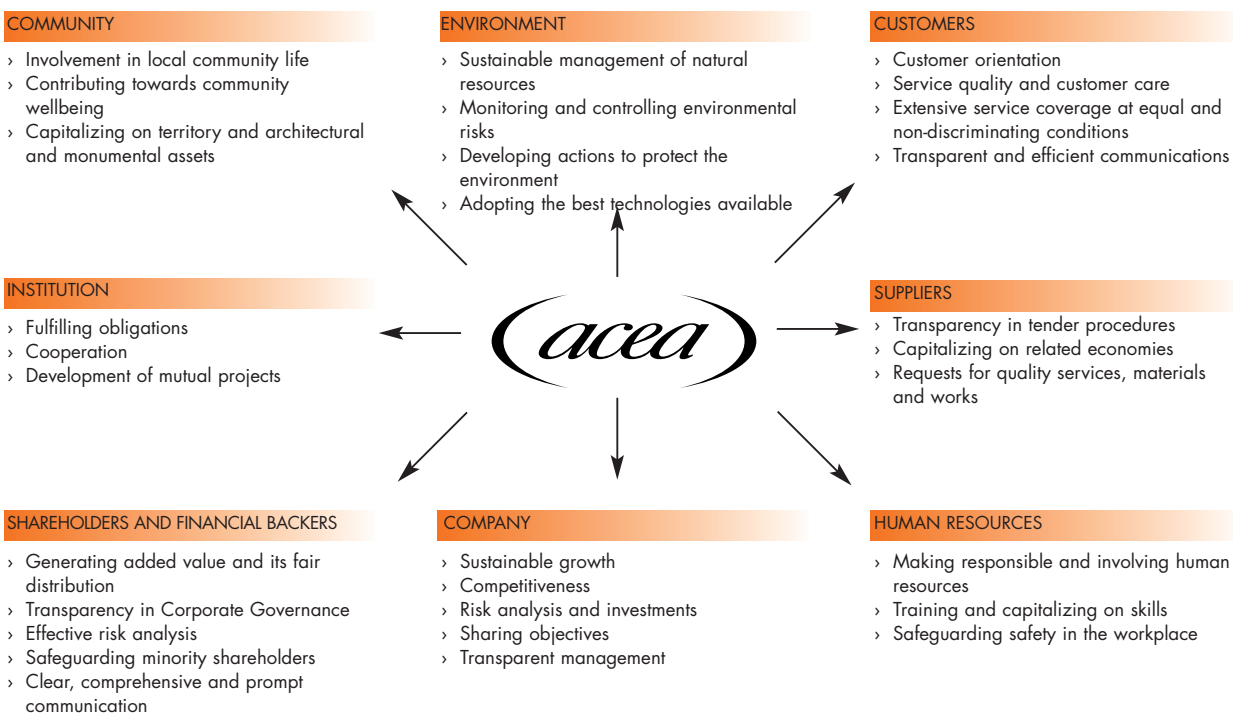
Acea's Values and Contribution towards Sustainability

Managing and providing public services is not only of fundamental economic importance from a social viewpoint due to the volume of business produced, related activities generated and human resources used, but also an essential means for developing the areas in which they are located and improving environmental quality.

For this purpose, adopting industrial governance focusing on social responsibility is essential to effectively coordinate the multiple elements affected by a company's actions in a sustainable manner.

Acea is one of the leading companies responsible for managing water, energy and environmental services in Italy and has for some time adopted the values and tools required to ensure real integrated corporate responsibility through value codes and corporate policies¹², also regularly reporting on sustainability performances. This Company aims to expand its know-how year by year and to share its experience concerning corporate responsibility through membership with the more accredited networks and participation in niche initiatives.

Chart 6 – THE ACEA SYSTEM OF VALUES TOWARDS STAKEHOLDERS



¹² The full versions of value codes – Acea Group Mission (1998), Environmental Policy (1998), Charter of Values (2001), Code of Ethics for Tenders (2003), Code of Ethics for the Group (2004), Quality Policy (introduced in 1999 and regularly updated since 2005 as Acea SpA is certified according to UNI EN ISO 9001:2000), Health and Safety in the Workplace Policy (2006) and Protection Policy (2009) – are available on the corporate intranet and at www.acea.it.

Table 10 – ACEA TOOLS FOR SUSTAINABLE DEVELOPMENT AND SOCIAL RESPONSIBILITY

	'98-99	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
VALUES, REGULATIONS AND PROCEDURES	Service Charter	●	●	●	●	●	●	●	●	●	●
	Corporate Mission and environmental policy	●	●	●	●	●	●	●	●	●	●
	Rules to safeguard the dignity of men and women	●	●	●	●	●	●	●	●	●	●
	Quality Policy	●	●	●	●	●	●	●	●	●	●
	Self-regulation Code		●	●	●	●	●	●	●	●	●
	Value Charter			●	●	●	●	●	●	●	●
	Committee for Ethics					●	●	●	●	●	●
	Code of Ethics for Tenders						●	●	●	●	●
	Model for organization, management and control in compliance with It. Leg. Dec. 231						●	●	●	●	●
	Code of Ethics						●	●	●	●	●
	Management System for Health and Safety in the Workplace and Safety Policy (UNI-INAIL guidelines)							●	●	●	●
	Quality and Environmental Certificates and EMAS		●	●	●	●	●	●	●	●	●
	Corporate Protection Policy										●
	Safety Policy (Acea Distribuzione) OHSAS										●
REPORTS	Social Report and Environmental Report	●	●	●	●						
	In-house Reports		●	●	●	●	●	●	●	●	●
	Sustainability Report (GRI Guidelines as of 2002, GRI-G3 as of 2006; GRI-G3 Utility Sector as of 2009)				●	●	●	●	●	●	●
	COP for Global Compact										●
LISTENING	Customer satisfaction	●	●	●	●	●	●	●	●	●	●
	Online customer service				●	●	●	●	●	●	●
ASSOCIATIONS AND RATINGS	WEC membership						●	●	●	●	●
	CSR manager network membership							●	●	●	●
	Global Compact membership								●	●	●
	Sustainability Rating				●	●	●	●	●	●	●

The Voice of Public Institutions for Sustainability

Public and private institutions continue to increasingly support the principles of sustainable development, coming up with collective positions and planning initiatives that represent the reference outlook and areas for commitment for all those who, like Acea, are seriously committed to this topic.

Box – Sustainability at the International Level - 2009

The Treaty of Lisbon entered into force in December 2009, confirming sustainable development as one of the European Union's core values and objectives. This completed an essential step in ensuring development of Europe "based on balanced economic growth and price stability, a highly competitive social market economy, aiming at full employment and social progress, and a high level of protection and improvement of the quality of environment".

The European Commission raised an interesting debate - strictly linked to this topic – on the need to develop appropriate indicators to measure progress towards sustainable development. Through the communication *Not just GDP, measuring progress in a changing world (COM 2009 433)* the European Commission reiterated the need to define new measuring standards to integrate the parameters used until now, such as GDP, to highlight harmonious growth from economic, social and environmental viewpoints.

This year's events highlighted the fact that **changing climate and energy** matters are never outdated. These aspects are already the subject of a specific European Commission **White Paper (COM 2009 147)**, which highlighted the need to consolidate knowledge concerning the risks and consequences of a changing climate to outline future European policies, and

numerous international discussions, including the **UNO Summit in Copenhagen**. This meeting began under the best possible auspices and widespread activism to reach binding and shared *post-Kyoto* agreements worldwide to reduce greenhouse gas emissions but in the end achieved modest, non-committing results from the States with the highest pollution levels (USA, China, India, Brazil and South Africa), highlighting large differences in the various viewpoints concerning industrial growth.

At the **2009 G8 Summit** held in L'Aquila – Italy –, the international community renewed its commitment to socially and environmentally sustainable, responsible and fair governance throughout the world. A large number of documents concerning the future international agenda were approved at the Summit, including a particularly significant joint paper on **Responsible leadership for a sustainable future** in which the Leaders of industrialized countries confirmed their determination to face the human and social consequences of the economic and financial crisis to set future growth "on a more robust, green, inclusive and sustainable path" through collective values.

Box – Sustainability at National Level - 2009

The initiatives implemented by the Italian Government in 2009 dealt with sustainability **from a wide range of aspects**.

A number of institutions intervened to the extent of their competencies and responsibilities to outline an integrated approach to oversee the various areas in which sustainable development is implemented in Italy.

Providing education on sustainability is the cultural foundation required to ensure the general public's involvement in sharing the objective of development focusing on lasting growth and achieving the relative objectives. With this in mind, the *Ministry of the Environment and the Ministry of Education* recently introduced a **national training and information plan on safeguarding the environment and sustainable development**, legality and good and bad community activism through "Community Activism and the Constitution" education.

With regard to social aspects, the *Ministry for Equal Opportunities* and the *Ministry of Welfare* have undertaken a number of important projects. The former carried out a survey to obtain information to help its planning activities on the subject of reconciling family life and work in order to create more **opportunities for both men and women**; for this purpose, the Ministry also gave its support to the *Charter for*

Equal Opportunities and Equality in the Workplace drawn up by *Sodalitas* and *Impronta Etica*. To a wider extent and further to that already promoted through European policies, the *Ministry of Welfare* wrote a *White Paper on the Future of Welfare* to encourage a **society focusing on people** individually and in their relationships at home, at work and in their community, which advocates welfare within the community to create shared and co-responsible wellbeing for all the subjects involved – individuals and associations, businesses and institutions.

Finally, it must be noted that the current Government proposed a Parliamentary Bill before the Senate (Parliamentary Bill 1753/S) entitled "Measures for Developing the Social Responsibility of Businesses".

The Legislator used this initiative to hypothesize **incentives focusing on the social responsibility of businesses in Italy** as a condition for protecting human rights, encouraging sustainable economic development, improving the quality and amount of employment, social cohesion and respect for consumers' rights in view of the evolution in other countries and the contributions made by various international organizations.

Sharing Corporate Social Responsibility Themes

Corporate responsibility involves real openness towards Stakeholders and taking into account their interests when outlining corporate policies and strategies. Being socially responsible means implementing operational governance that is appropriately shared by all Stakeholders on a daily basis. This implies constantly looking for confrontation and discussions to ensure that corporate culture continues to mature and improve, an ability to govern innovation and aim for sustainable development. Acea attends meetings and conventions involving the community, the academic world, institutions and businesses (a recent survey concerning the commitment of Italian businesses to corporate responsibility is an example of this: see relative box), making real contributions and accepting the best proposals.

The initiatives undertaken by Acea in 2009 include:

- confirming adhesion to the *CSR Manager Network*, which has operated for some years further to an initiative by Altis-università Cattolica and Isvi together with leading Italian businesses supporting sustainability, by attending the meetings held throughout the year;
- confirming compliance with the principles issued by Global Compact, attending meetings and seminars organized by the Italian Network;
- attending meetings (*Forums on Social Reports*) organized by Vita Consulting;
- contributing – alongside other Italian leading companies, representatives from the Workgroup for Social Reports and the academic world – in an initiative undertaken by the Institute of Chartered Accountants in Milan to draw up guidelines for sustainability reports from Multiutilities;
- participating in postgraduate masters courses on sustainable development and responsible corporate governance (*Masters in Corporate Citizenship* organized by Fondaca and *Masters in Management and Corporate Social Responsibility* organized by the Pontificia Università San Tommaso d'Aquino-Angelicum), as both sponsor and supervisor;
- organizing a roundtable entitled *Laws, Corporate Social Responsibility and Excellence: the Winning Formula of Safety Management* together with HRC Academy, the first Business Community on human resources in Italy attended by representatives from institutions, which examined the links between safety in the workplace, corporate social responsibility and corporate economic efficiency;
- participating in the Discerno Tre Project promoted by the European Commission, for which it received the *CEEP-CSR Label* due to its commitment to socio-environmental responsibility in 2009-2010 (see relative box in *Institutions and the Company*).



Box – Social Responsibility in Companies in Italy

The opinions and behaviours of Italian companies with respect to social responsibility and the relative investments made were analyzed in research recently published, two years after the previous edition, by Errepi Comunicazione entitled *Social Responsibility in Italian Companies* (*).

This research affirmed that **7 companies out of 10 implemented corporate social responsibility initiatives in 2009** and, taking into account the fact that just 40% of the surveyed companies believe in the equation “more ECONOMIC CRISIS = more CSR”, it is legitimate to think that Italian companies are becoming more aware of the need to develop social and environmental responsibility in their everyday business, despite the presence of “critical” circumstances.

This progress is confirmed by the fact that, in 2004, 7 companies out of 10 believed that providing economic contributions for projects concerning Stakeholders was standard corporate sustainability, whereas now just 1/3 of the surveyed companies make such contributions and the others **tend to play a more active role in planning and implementing CSR Projects**.

This report also highlighted an increase in the amounts invested by companies in CSR (from 845 million euro in 2004 to 960 million euro in 2009) and **the need to involve human resources**, which 3 companies out of 10 felt.

(*). This survey was carried out by Errepi Comunicazione in collaboration with SWG and involved online interviews with **a sample of 800 companies** representing a wide range of companies with over 100 employees.

2009 Sustainability Objectives

The Group's sustainability objectives are presented in a clear, concise manner in a table¹³ illustrating the challenges, prospects for growth and the actions taken throughout the year, relating them to the interests of Stakeholders. These objectives are in line with that established in the Strategic Plan, shared with the Department Managers involved and approved by the Chief Executive Officer. The information concerning actions taken in 2009 shown in the table are described in more detail in the specific chapters in the report.

Challenges	Objectives	Main actions in 2009
Shareholders		
Keeping a competitive advantage on reference markets to guarantee repayment of the shareholders' investments	Consolidating position as leading water company in Italy	In October 2009, Acea acquired a substantial holding in Nuove Acque, which operates in ATO 4 -Alto Valdarno; the overall amount of 177.4 million euro was invested in development plans for the water sector in 2009; new infrastructures were purchased for the Integrated Water Service in various ATOs (Lazio, Campania, Tuscany and Umbria) in which the Group already operates.
	Developing electricity generation capacity through development of the contribution from renewable sources to balance energy production and sales	The energy produced by the Group's Wind Farms for which Acea is responsible (taking into account shareholdings AE Produzione 30% and Longano Eolica 15%) increased by 63.6% with respect to 2008, moving from 10.79 GWh to 17.65 GWh; work is progressing on the "Piano del Cornale" Wind Farm (province of Salerno) with output of around 20 MW and designs for the "Cresta del Gallo" Wind Farm (province of Avellino) with output of around 15 MW were completed; the Group's photovoltaic plants were completed in 2009, bringing overall output to around 17 MWp, thereby exceeding the target of 15 MWp.
	Expanding and modernizing electricity distribution networks and public lighting systems, improving their efficiency	Investments in grid expansion and modernization and system improvements amounted to 120.5 million euro, 8.4 million of which for public lighting; the "Road map" strategic plan to improve energy supply performances implemented in 2008 is proceeding; the Light Plan in cooperation with Rome City Council involving extensive development of LED technology in public lighting was launched; the HV, MV and LV networks were definitively moved to GIS (Geographic Information System) and a similar project for public lighting commenced.
	Expanding Waste-To-Energy business	Investments in the "Environment and Energy" industrial area considerably increased in 2009, reaching 89.4 million euro (17.5 million the year before). The San Vittore nel Lazio (EALL Srl) Waste-To-Energy Centre is in an advanced stage of improvement, making it the largest Centre in the Region once completed. Terni En.A. SpA (Waste-To-Energy Centre powered by pulper) and EALL Srl, which operated in December 2009, received acknowledgement as Plant Powered by Renewable Sources (PPRS) from GSE.

¹³ The contents of this table provide a summary, whereas more detailed information concerning the actions carried out throughout the year in terms of achieving objectives is provided in the sections of the Sustainability Report illustrating Group performances.

Challenges

Objectives

Main actions in 2009

(continued) Shareholders

	Developing gas sales to wholesalers and end customers	The amount of gas sold by AceaElectrabel Trading, mainly to wholesalers and large companies, increased by around 36%.
Keeping governance systems at the top levels in terms of transparency and correctness	Furthering evolution in corporate governance	In 2009, following appointment of the new Chief Executive Officer and changeover in a number of Board Directors, the new Group Top Management was approved; the Acea SpA Articles of Association were approved with respect to the procedure for electing Board Members, in compliance with current Laws; changes to the in-house Control System which commenced in 2008 continued.
	Overseeing communications addressing shareholders and the financial community through relative division	The Investor Relations Division oversaw communications to shareholders and the financial community (50 meetings with potential investors, 140 studies on Acea stocks); the website for the Consolidated Group Financial Statements was launched in English and Italian (Financial Year 2008).

Customers and the Community

Fulfilling growing expectations from customers in terms of the distinctive quality of services provided and customer care, in compliance with the principle of saving	Furthering the quality of services provided: electricity, integrated water and public lighting	Acea improved service quality performances (commercial and technical), in relation to both the standards established by relative Authorities (AEEG, AATO) and the Public Lighting Service Agreement; the results achieved in terms of electricity supply continuity in 2009 (2008 figures) led Acea Distribuzione to receive an award from AEEG; the average repair times for faults in public lighting in 2009 confirm the considerable improvement ongoing for the last five years; continuity in the Integrated Water Service in ATO 2-Central Lazio and analyses on the quality of drinking water supplied also demonstrate the excellent service level in this area.
	Improving accessibility to services and the effectiveness of contact centres, encouraging their use by customers	The performances of free-phone numbers for customer calls and repairs improved (the overall number of calls answered by operators increased from 74.3% in 2008 to 88% in 2009), also due to consolidation of the work carried out by Acea8cento, which was established in 2008 to oversee remote call centres; the already satisfactory performance of the counters in the head office for water and electricity services further improved in 2009: both reached service levels of 98% (compared with 94% and 96% respectively the year before); the "AltaFedeltà competition" implemented by Acea ATO2 to encourage online interaction with the Company (online counter, online billing, etc.) ended in 2009 with over 1,600 customers receiving bonuses; a new operative system was introduced in Acea Distribuzione to improve repair warnings for the electricity grid; the online websites and counters of a number of water companies became operational.

(continued) Customers and the Community

Expressing the Public Utility mission, including through involvement in the community	Contributing towards the community's wellbeing	On the occasion of its "Centenary", Acea wished to highlight its strong bond with the territory and the contribution it has made in developing the community through various initiatives; as occurs every year, Acea sponsored and took part in organizing cultural, sport and environment-related events and supported solidarity initiatives through donations. The overall added value donated to the community by the Group amounted to around 3.6 million euro in 2009 (+20% with respect to the roughly 3 million in 2008); the Group supports information campaigns and distributes materials in schools or at specific events to raise the awareness of customers and the community of the value of water and energy sources and their correct use.
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Suppliers

Streamlining procurement procedures and emphasizing aspects concerning the quality, environment and safety in supplying commodities, services and works while maintaining a good balance between quality and price	Improving supply chain efficiency	A Procurement Portal to manage collective elements (travel and transfers, stationary, printers, toner and other consumables) and thereby streamline the procurement procedure and rationalize spending became fully operational; A project was implemented to further automate procurement procedures by extending use of the IT platform to all Tender procedures carried out by the Procurement Department.
	Integrating aspects of security and safety protection in the evaluation of work contractors of on behalf of Acea	In December 2009, Acea Distribuzione adopted a Safety Policy to be accepted by Contractors for works in the energy sector as a condition for participating in Tenders; this policy was published on the online section dedicated to Suppliers; Vendor Rating continued in relation to the companies included in the Qualification System for works in the energy sector, involving inspections on worksites and creation of a Reputation Indicator (RI) in terms of the safety, punctuality and quality of works carried out: the average RI of the companies assessed improved from 30-40 found at the beginning of this project to 90 at the end of 2009; the requirements for companies registered in the Qualification Systems (water and energy) are updated every year, whereby companies are required to have quality certification and not to have made any breaches concerning safety.

Human Resources

Focusing on efficiency and the professional qualification of employees	Capitalizing on human resources through assessments and appropriate training plans	Companies in the Group held 483 training courses throughout the year (involving 7,691 participations); Acea SpA Development and Training Department drew up a training plan for all human resources hired with a vocational apprenticeship contract.
Ensuring a satisfactory climate in the workplace by observing workers' rights and listening to their opinions	Encouraging an industrial relations model based on consensus	The Trade Union Agreements signed in 2009 involved contract systems, organization discipline and working hours, bonuses for employees and redundancy.

Challenges	Objectives	Main actions in 2009
(continued) Human Resources		
Improving health and safety levels in the workplace	Implementing an effective Health and Safety in the Workplace Management System in the main operational Group companies	All Group companies comply with current laws on safety management. An SGSL operates in 8 companies and is being implemented in another 7 companies; group employees received 82 training courses on safety (for 2,338 participations); operations to implement a Safety Management System according to OHSAS 18001 were carried out in Acea Distribuzione.
Environment		
Contributing towards abating CO ₂ emissions into the atmosphere	Increasing the amount of electricity generated by renewable sources	The Monte della Difesa Wind Farm (Salerno) became operational at the end of 2008, reaching output of over 41 GWh in 2009. Planning and building of another two Wind Farms in Campania for output of 35 MW are also in progress; photovoltaic production increased to 17 MWp; production from hydroelectric sources due to Acea (taking into account the holding, shares in AE Produzione and Tirreno Power - 30% and 15% respectively) in 2009 amounted to around 182 GWh, increasing by 30% with respect to 2008.
	Expanding district heating activities	Ecogena commenced building for cogeneration systems for overall output of 4.3 MWe.
	Contributing towards improving efficiency in end uses of electricity (It. Ministerial Decree 20/07/2004 and subsequent amendments)	Energy efficiency measures already achieved by Acea Reti e Servizi Energetici over the last few years ensured certified reduction in consumption by customers of around 226,859 toe in 2009 (with respect to compulsory savings of around 73,335 toe).
	Improving public lighting management with a view to technical-environmental efficiency	A project to move public lighting systems to GIS has commenced; LED lighting installation continued further to pilot projects carried out in 2008 for another 130 lights and a Lighting Plan involving installation of around 30,000 LED lights by 2015 was agreed with Rome City Council to ensure considerable energy savings and therefore lower CO ₂ emissions.
Limiting environmental impact from activities	Ensuring adequate supervision of environmental issues within the Group	The Environmental Protection Unit within the Parent Company and the Energy Managers in the main Group companies are operational. More specifically, Energy Managers from water companies supported by technical staff from the industrial water division achieved savings of around 20 GWh in drinking water extraction systems in 2009 with respect to the previous year.
	Implementing an ISO 14001:2004 Environmental Management System in the main hydro/thermoelectric plants with subsequent registration with EMAS	AceaElectrabel Produzione: UNI EN ISO 14001:2004 Certification was confirmed for the 5 existing thermoelectric plants and for 2 of the existing seven hydroelectric plants (including the smaller ones). Registration with EMAS is underway for 2 of the existing 5 thermoelectric plants. The certification procedure is expected to be completed for all plants by 2011. Tirreno Power: UNI EN ISO 14001:2004 certification and registration with EMAS for 2 of the existing 3 thermoelectric plants confirmed; the procedure for the third plant is underway. The 17 hydroelectric plants (12 of which are small) have not yet been certified. A.R.I.A. Group: the 2 Waste-To-Energy Plants are certified UNI EN ISO 14001:2004 and registered with EMAS.

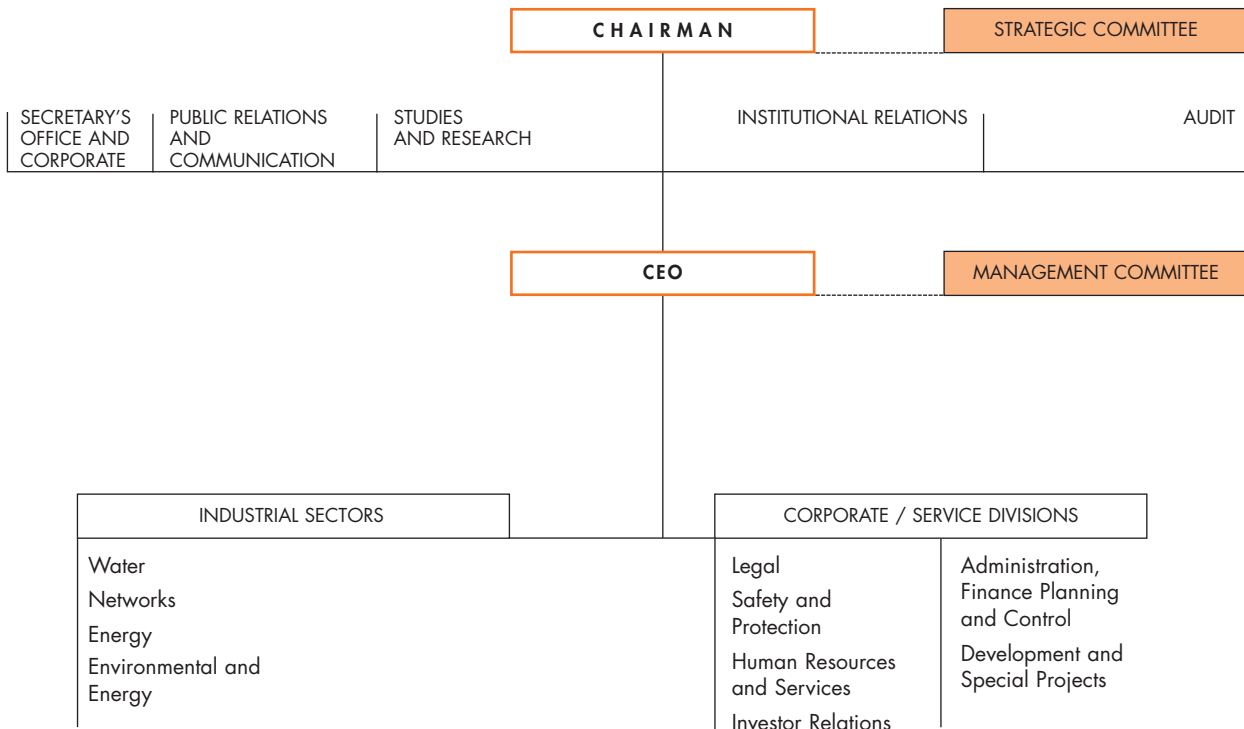
(continued) Environment

Limiting environmental impact from activities	Reducing smell emissions from sewage treatment plants	Specific monitoring campaigns on hydrogen sulphide (H ₂ S) were carried out in sewage treatment plants (<i>Roma South, East, North, Ostia, Co.Bi.S</i>), using H ₂ S as an indicator of air quality within and nearby the plants to determine the distribution of odorous emissions in terms of both time and space.
	Recovering recyclable waste	Further to start-up of the project for separate collection of office waste in the main corporate offices in 2008 (paper, plastic, printer and photocopier toner), 36,160 kg of waste in 2009 was collected by authorized companies and sent for recycling in 2009.
Reducing waste and encouraging correct use of water resources	Reducing leaks in water distribution networks	Monitoring of the water distribution networks to identify and repair leaks has been going on for some years now and continued in Acea Ato 2 with support from the Laboratories of other water companies in the Group and through "district metering". More specifically, analyses in ATO 2 focussed on the Municipalities of Grottaferrata, Albano, Castel Gandolfo, Castel Madama, Monterotondo, Riano, Fiano Romano, Santa Marinella and Cerveteri.
Safeguarding the quality of drinking water supplied and the water returned to the natural environment	Guaranteeing the satisfactory quality of drinking water supplied and safeguarding the levels of excellence already achieved	In 2009, drinking water underwent 1,021,183 analyses by the water companies in the Group (around 339,000 of which in the area managed by Acea Ato 2 alone).
	Safeguarding the natural balance of reservoirs	The efficiency of sewage collection and treatment plants ensured that the levels of pollutant concentrations leaving the plants complied with the limits established by current laws in 2009 too; 4 systems to monitor water quality installed along the Tiber and Aniene rivers are operational and provide the Acea Ato 2 Environmental Ops Room information.

The Company

Investments in line with an increasingly challenging and competitive reference market	Adapting short- and medium-term investment plans to development forecasts	The 2010-2012 Industrial Plan focusing Group strategies on regulated activities and involving investments of 1,294 million euro for the entire period was approved. Overall investments in 2009 amounted to 518.1 million euro (+24% with respect to the 417.3 million euro invested in 2008).
Expanding into neighbouring sectors with high growth potential	Expanding activities in the environmental sector	The procedure to ensure that SAO obtains Integrated Environmental Authorization for the Waste Treatment Plant and relative dump in Orvieto (Umbria) was completed and plans for expansion of this plant continued; The Provinces of Grosseto and Rome are currently issuing two authorizations allowing Aquaser to recover sewage from its water treatment cycle; the Kyklos composting centre (Gruppo Aquaser) was inaugurated in Aprilia, becoming the most important infrastructure of its kind in the Lazio region with 60,000 tons per year of composting waste from plant pruning, sewage and organic waste deriving from separate waste collection in the provinces of Rome and Latina.

Chart 7 – ACEA SPA ORGANIZATION CHART AS AT 31.12.2009



Corporate Governance in Acea

Acea complies with the Code of Best Practices for Listed Companies issued under the auspices of the Italian Stock Exchange¹⁴ and has based its corporate governance model on the principles of transparency, stability and distinction between strategic direction, operational management and control, making it an effective tool with which to achieve the corporate mission.

Acea has a traditional system of governance with a Board of Directors and a Board of Statutory Auditors. The Company is governed by a **Board of Directors** which remains in office for three Financial Years and whose members may be re-appointed. This Board of Directors comprises nine members, two of whom are executive (Chairman and Chief Executive Officer) and seven of whom are non-executive, independent members¹⁵. In order to ensure constant commitment from the Board Members with respect to the Company, it has been established that no Member may be appointed on more than five Boards of listed companies, including Acea. The Board met thirteen times throughout the year¹⁶.

¹⁴ The Code of Best Practices for Listed Companies was last reviewed in March 2006.

¹⁵ Article 3 of the Code of Best Practices establishes that «An appropriate number of non-executive Board Members are independent, in other words they have no relations, nor recently have had relations, including indirectly, with the customer or subjects linked to customer that currently prejudice judgement». During the meeting held on 29 March 2009, the Board of Directors assessed whether or not the Board Members continued to be independent according to that established in the Code of Best Practices and the provisions established in the Consolidated Law on Finance.

¹⁶ The percentage shareholding of each Member at Board Meetings is provided in the 2009 Report on Corporate Governance and Ownership Structures, available online (www.acea.it).

Box – The Main Stages of Acea Group Corporate Governance

1999

- *Corporate governance* document approved and gradual application of the *Code of Best Practices for Listed Companies* established
- Internal Audit Committee and Remuneration Committee set up and made operational
- Investor Relations Division set up, currently directly answerable to the Chief Executive Officer

2000-2002

- *Regulations for General Shareholders' Meetings* adopted
- Long-term Stock Option Plan introduced
- *Charter of Values* adopted in 2001
- *Code of Conduct in relation to Internal Dealing* adopted in 2002

2003

- Chairman appointed to *audit and monitor social and environmental performances in the Group* (via the Department for Institutional Relations and Corporate Research)
- *Code of Ethics for Tenders* approved
- Committee for Ethics established according to the *Charter of Values* invested

2004

- *Organization, Management and Control Model*¹⁷ adopted to the effects and purposes of Italian Legislative Decree 231/2001 Supervisory Board established within Acea SpA, Acea Distribuzione and Acea Ato 2 (the latter formally in January 2005)
- *Code of Ethics*¹⁸ introduced
- *Risk Control* Project started up

2005

- *Organization, Management and Control Model* adopted to the effects and purposes of Italian Legislative Decree 231/2001, Supervisory Board established and *Code of Ethics* adopted in AceaElectrabel SpA, AE Produzione SpA, AE Trading SpA e LaboratoRI SpA; *Code of Conduct* adopted in Acque SpA
- Risk Control, Customer Care and Corporate Security Divisions established
- New *Code of Conduct for Internal Dealing and Market Abuse* adopted (Italian Law 262/2005)
- Guidelines for treating personal information to the effects and purposes Italian Legislative Decree 196/03 concerning privacy adopted
- "System of Internal Regulations" implemented (group policies, strategic governance processes, operational processes and performance processes)
- New management procedures issued for corporate shareholdings to ensure harmony between governance by Acea SpA and independence of subsidiary and affiliates companies

2006

- Implementation of the new *Code of Best Practices for Listed Companies* (Italian Stock Exchange, March 2006)

- Articles of Association revised according to that established by Italian Law 262/05
- *Organization, Management and Control Model* adopted to the effects and purposes of Italian Legislative Decree 231/2001 and Supervisory Board established in AceaElectrabel Elettricità SpA, Acea Ato 5 SpA, Voghera Energia SpA and Roselectra SpA
- *New Regulations for In-house Management and Outside Diffusion of Corporate Documents and Information* issued
- *New regulations for Internal Dealing* issued (replacing the Code of Conduct for Internal Dealing and Market Abuse adopted in 2005)
- Acea organizational framework reviewed

2007

- Acea SpA Board of Directors (May 2007) and members of the Management Committee renewed, ensuring continuity and regular progress in corporate governance
- *Organization, Management and Control Model* adopted to the effects and purposes of Italian Legislative Decree 231/2001 and Supervisory Board established in Acea Reti e Servizi Energetici SpA, Acea Ato 5 SpA, Acque SpA, Acquedotto del Fiora SpA and Umbria Energy SpA

2008

- Work to review how Internal Audit System operates commenced and overall *Organization, Management and Control Model* reviewed to the effects and purposes of Italian Legislative Decree 231/2001
- *Organization, Management and Control Model* adopted to the effects and purposes of Italian Legislative Decree 231/2001 and Supervisory Board established in Ecogena SpA and review to such in Acquedotto del Fiora SpA in view of the offences outlined in Law 123/07 concerning safety in the workplace.
- Decision-making Procedure for Transactions with Related Parties adopted in compliance with the principles of correct and transparent conduct.

2009

- Review and improvement for the **Internal Audit System** continued and *Internal Audit System Guidelines* were approved.
- **Organization, Management and Control Models** were amended to the effects and purposes of Italian Legislative Decree 231/2001 in Acea SpA, Acea Ato 2, Acea Ato 5 and Terni En.A.
- New Acea SpA **organizational framework** implemented
- Provisions on how to write the Report on Corporate Governance and ownership structures applied to the effects and purposes of Article 123-bis, Consolidated Law on Finance (Italian Legislative Decree 58/98).
- **Articles of Association** amended to comply with the provisions established in Italian Law 34/08 and *Best Practices* concerning choosing and electing members of corporate boards (proportional method)

¹⁷ The Guidelines issued by Confindustria were taken into account when drawing up this Model.

¹⁸ Indications from the Code of Conduct adopted by Confservizi were taken into account in relation to the Code of Ethics.

The main operations carried out by the Board up to the date of expiry were as follows:

- approval of the new *Organization, Management and Control Model* to the effects and purposes of Italian Legislative Decree 231/2001, which was reviewed taking into account the new offences introduced by this Law and changes in corporate organization (17 February 2009)
- assessment of the Company's general operational framework (organization, administration and accounting), especially in relation to managing conflicts in interests (29 March 2010)
- assessment of adequacy and effective operability of the Internal Audit System and approval of the Guidelines for the Internal Audit System which outlined the procedure for identifying and managing the main risks concerning Acea SpA and main Group companies (29 March 2010)
- approval of new Holding Company Organizational Framework (9 July 2009).

The Articles of Association also establish the powers that the Board of Directors may delegate and those held by the **Chairman** and **Chief Executive Officer**, to be exercised individually and jointly (see relative box).

Box – The Roles and Powers Held by Acea Board of Directors

In accordance with current laws and the Articles of Association, the Board of Directors has exclusive responsibility for managing the Company, with the exception of that reserved by law to the General Shareholders' Meeting. The powers held by the Board include the following:

- outlining strategic and general policies and planning corporate development policies; coordinating Group economic and financial operations by approving strategic plans, including financial and investment plans and annual budgets;
- approving and amending in-house regulations concerning general corporate organizational framework;
- establishing the committees required according to the Code of Best Practices and appointing their members;
- adopting Organization, Management and Control Models to the effects and purposes of Italian Legislative Decree 231/2001;
- assessing the satisfactory nature of the organizational, administrative and accounting framework of Acea and subsidiaries of strategic importance;
- establishing boards to safeguard the treatment of personal information or confidential information of third parties, writing an annual security plan (Italian Legislative Decree 196/03);
- adopting the procedures required to safeguard the health and safety of workers and appointing the officers responsible for checking safety in the workplace (Italian Legislative Decree 81/08).

Box – Roles of Chairman and Chief Executive Officer

The **Chairman** is responsible for legal representation and the corporate signature and has the power to call and chair the Board of Directors and the Shareholders' Meeting. The Chairman's responsibilities include the following: supervising Group activities and ensuring that the decisions made by the Board and *Corporate Governance* rules are implemented; checking corporate activities and processes in relation to the quality delivered and perceived, impacts on the environment and social sustainability (*corporate social responsibility*); chairing and coordinating the **Strategic Committee**.

The **Chief Executive Officer** is responsible for ordinary company management, the corporate signature, legal representation and any other duty with which they are delegated within the limits established by the Law and the Articles of Association. The CEO shall operate according to several-year plans and annual

budgets approved by the Board and warrant and verify compliance with guidelines concerning management, implementing organizational and procedure reviews to Holding Company activities. The CEO chairs the **Management Committee**, which is responsible for checking the managerial-economic situation of the Group and individual businesses and any variations with respect to objectives.

The Chairman and CEO shall refer corporate progress and forecasts on growth to Board of Directors and Board of Statutory Auditors at least once a quarter.

The **Chairman and CEO** may jointly adopt provisions reserved to the Board of Directors concerning tenders, procurement, shareholdings and surety bonds in the event such are necessary and the urgency does not allow time to call a Board Meeting, informing the Board at the next Meeting for assessment of the legitimacy of the operations undertaken.

The names of members of the Acea SpA Board of Directors, their roles on Committees (if applicable) and the changeovers occurring throughout the year are illustrated in the relative box.

Box – Acea SpA's Board of Directors (as at 31.12.2009)

Giancarlo Cremonesi	Chairman
Marco Staderini (*)	Chief Executive Officer
Paolo Giorgio Bassi	Member of the Committee for Internal Auditing
Massimo Caputi (**)	Member of the Committee for Remuneration
Marco Maria Bianconi	Member of the Committee for Internal Auditing
Luigi Pelaggi (***)	Member of the Committee for Remuneration
Andrea Peruzzy (***)	
Jean Louis Chaussade	Member of the Committee for Internal Auditing and the Committee for Remuneration
Pierre Clavel (°)	

(*) Board Member appointed at the Shareholders' Meeting on 29.4.2009 and confirmed as CEO further to resignation of Andrea Mangoni from the Board of Directors on 8.5.2009.

(**) Board Member resigning on 8.3.2010.

(***) Board Members co-opted at Board Meeting on 8.5.2009 and confirmed at Shareholders' Meeting on 15.9.2009 to replace resigning Dino Piero Giarda and Geminello Alvi.

(°) Board Member co-opted at Board Meeting on 14.5.2009 and confirmed at Shareholders' Meeting on 15.9.2009 to replace resigning Jacques Hugè.

With regard to the **General Shareholders' Meeting**, a significant event occurred in 2009 whereby the mechanism for voting the list¹⁹ to elect members of Corporate Boards was extended to the public shareholder – which, in the case of Acea, is Rome City Council –, revoking its possibility of making a direct appointment²⁰. To this regard, it must be noted that a specific Shareholders' Meeting held prior to the Meeting in which the 2009 Financial Statement was approved introduced an amendment to the Articles of Association concerning election of Board Members, establishing a *proportionate system* for appointing Board Members according to the number of votes received by the minority lists.

The skills and qualifications of Board candidates are made public through publication of their CVs in the *Report on Corporate Governance and Ownership Structures*.

By way of encouraging participation from employee shareholders, specific areas have been set aside for notifying and collecting proxies.

There are no agreements of any kind among shareholders, nor are there any special vetoing powers or other extraordinary influence over decisions and, according to the Articles of Association, shareholders other than Rome City Council or its subsidiaries with shares exceeding 8% of the share capital may not exercise the right to vote pertaining to shares exceeding such limit²¹.

Acea's **Internal Audit System** involves a number of structured elements (boards, rules and procedures, tools) whose responsibility is to: prevent or limit any negative consequences that may derive from unexpected results from corporate operations, ensure that operational targets are achieved (efficiency and effectiveness, safeguarding corporate assets), warrant Company's compliance with the Law and applicable standards and to oversee correct and transparent information both within and outside the company.

¹⁹ According to the Articles of Association, presenting lists of candidates is the right of shareholders holding – alone or jointly – at least 1% of share capital with voting rights.

²⁰ By way of compliance with the coming into force of Italian Law 34/08 amending Article 2449 of the Italian Civil Code (Companies with Equity Held by the State or Public Enterprises), Article 15 of the Articles of Association has been modified, along with a transitory provision to be applied prior to renewal of the Board of Directors in 2010.

²¹ Acea SpA holds around 0.2% of its own shares, for which the right to vote is suspended to the effects and purposes of Article 2357-ter of the Italian Civil Code.

The system **encompasses the entire business structure**, involving the following parties for various purposes:

- **the Board of Directors**, which establishes the guidelines for the Internal Audit System with the Internal Audit Committee in order to identify, measure, manage and monitor the main risks for Acea and Group companies. The Board of Directors also holds the power to appoint and withdraw the more important parties involved in the System: the CEO, as supervisor of the Internal Audit System, the Officer for Internal Audits and the Director responsible for drawing up corporate accounts.
- **the Internal Audit Committee**, whose rightful members include not only appointed Board Members, but also the Chairman, CEO and Chairman of the Board of Statutory Auditors, is the most important element of the entire Internal Audit System, supporting the Board of Directors in outlining the system's policies and ensuring satisfactory preliminary work is carried out to support the decisions to be made. Moreover, this Committee supports the Board of Directors in assessments concerning relations with the Independent Audit Company and defining the procedures for approving and implementing operations auctioned by Acea with relative parties. This Committee met seventeen times throughout 2009.
- **the Committee for Remuneration**, which presents proposals concerning the remuneration for Board Members with proxies and those with particular roles to the Board of Directors, assesses the criteria adopted for paying managers with strategic responsibilities and proposes satisfactory bonuses for these and top management. In 2009, the committee met three times, assigning the targets for receiving the variable portion of the bonus and establishing the terms and conditions for employing the Director of the Energy Industrial Area, as this role is of strategic importance to the company.
- **the Board of Statutory Auditors**, which exercises the powers and fulfils the duties established by current laws, providing overall supervision and ensuring full compliance of Acea, its structure and its administration and that the Code of Best Practices for Listed Companies is effectively implemented. The Chairman of the Board of Statutory Auditors is selected from the minority lists.
- **the CEO**, being responsible for overseeing the Internal Audit System, identifies the main risks to the company, plans, designs, manages and implements the Audit System.
- **the Executive responsible for financial reporting** is responsible for overseeing the risks for the financial information process, also through implementation of a relative management and in-house control system, and – together with the Committee for Internal Auditing – for assessing correct use of accounting principles and their harmony throughout the Group for the purposes of drawing up the Consolidated Balance Sheet.
- **the Supervisory Board** has full and autonomous powers to implement initiatives, operations and management concerning the *Organization, Management and Control Model* to the effects and purposes of Italian Legislative Decree 231/01 and thereby prevent the risk of offences involving the Company's administrative liability.
- **the Committee for Ethics** is appointed to oversee implementation and compliance with the principles and regulations for conduct expressed in the *Code of Ethics* adopted by Acea.
- **the Audit Board** carries out third-level control within the risk management system, in other words carries out independent checks on the overall working of the Internal Audit System and on monitoring of implementation of improvement plans established by the management. This Board reports to the Chairman and is not responsible for operational activities. The director of the Audit Department has been made responsible for internal auditing and is therefore required to verify that the system is adequate through independent audits and to express an opinion on such adequacy, referring such opinions to the Internal Audit Committee, the Board of Statutory Auditors and the CEO.
- **Risk Control and Internal Audit Board** is part of the Audit Department and is responsible for designing, implementing and managing the process and tools used to identify and assess risks, ensuring diffusion of a developed culture for *risk management* throughout the company.
- **all Managers and human resources** are responsible for carrying out any activities required to ensure the effectiveness of the Internal Audit System to the extent of their competencies.

Box – The New Macro-level Organizational Structure in the Acea Group

The new Group organizational structure was approved in 2009 in order to reinforce its role in defining policies and governing industrial and service subsidiaries. Acea decided to go beyond the division into Business Areas established in the previous organization model in 2006 by establishing new and innovative industrial areas with a view to the market and global service. These are now called **Water, Environment and Energy, Networks** and **Energy** respectively focus on coordinating the water business throughout Italy, operations involved in the field of Waste-To-Energy; activities concerning energy distribution – including public lighting – and energy efficiency; in the market and energy production sector.

Each industrial Area is responsible for the following:

- ensuring management of shares in Companies in its area, guaranteeing achievement of the expected results from relative business and compliance with directives from the Holding Company by such companies;
- proposing strategies for development and competitive standing for its business, helping to draw up overall targets in terms of profitability and added value for shareholders;
- drawing up policies and governing the industrial, technical and operational management of companies in its Area;
- overseeing the strategic processes of the Companies in the competent Area and proposing operational solutions to take full advantage of synergies.

A number of corporate departments were also established or reorganized, including the following:

- establishment of the “Human Resources and Services” Department comprising the departments responsible for human resource management and procurement, logistics and facility management, as well as customer care;
- establishment of the “Development and Special Projects” Department also involving the activities carried out by the former Services Business Area, engineering and laboratory and overseas water management;
- establishment of the “Safety and Protection” Department comprising the “Health and Safety in the Workplace”, “Asset Security”, “Inspectorate” and “Quality Systems and Compliance Procedures” Departments;
- transferral of the “Risk Control and Internal Audit” Department to the “Audit” Department, establishment of a specific Department responsible for Compliance and Fraud Audit and an Operational Audit Department by way of applying the principle concerning separation of management and audit departments;
- transferral of the “Corporate Affairs” Department to the “Secretary’s Office on Corporate” Department.

Management Systems

Acea has an extensive system of **in-house standards** to ensure governance, management and supervision of all corporate processes and management systems implemented according to **outside standards** (such as environmental and quality management systems linked to Certification according to UNI EN ISO 14001 and UNI EN ISO 9001 standards). Various Policies have also been adopted and updated over the years at the Group level or by individual companies to oversee quality and safety and corporate and environmental protection.

System of In-house Regulations (see Chart 8) means all the provisions overseeing Group governance, commencing from defining directives at the macro-level that are generally applicable in all areas of the company to outlining individual specific aspects characteristic to business sectors.

This system comprises:

- **Group policies** through which the Holding Company establishes the most appropriate general executive principles as part of its overall management role;
- **processes**, in turn involving specific strategic and operational governance processes depending on whether they determine and focus on strategic policies, transversal topics for all companies or individual businesses;
- **procedures**, which define the effective means for implementing specific activities.

Acea regularly updates this system to ensure its full effectiveness in addressing evolution in the Group's reference context. In 2009 for example, taking into account the most recent rules²², a group policy concerning *sponsorships and donations* was approved. The processes concerning human resource selection were reviewed and prompt updates were made to the operational processes of individual companies.

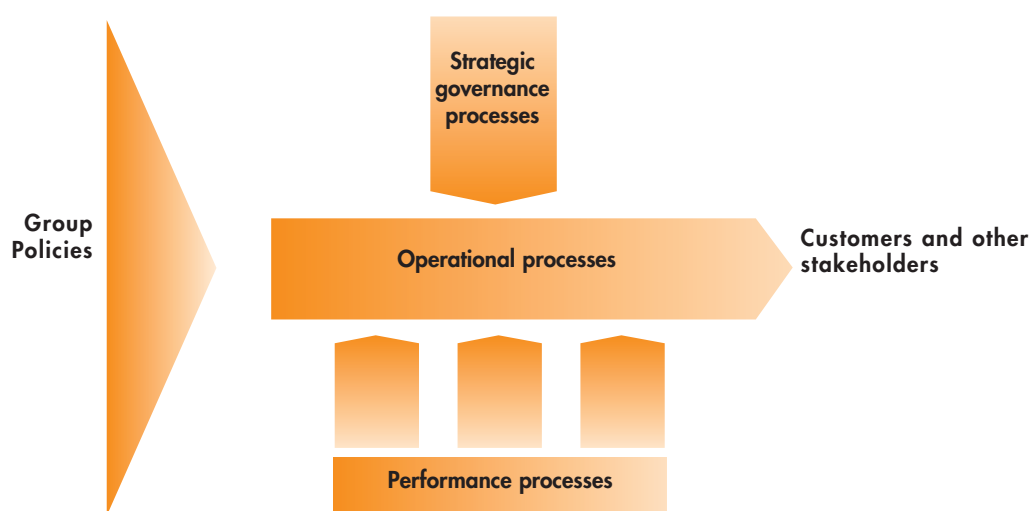
In February 2007, **Acea SpA** successfully underwent the first inspection to receive **ISO 9001:2000 Quality Certification**²³ in relation to designing, building, maintenance and restructuring of works pertaining to management of the Integrated Water Service and public lighting; in 2008 and 2009 the company also passed annual supervision inspections.

The Holding Company's *Quality System and Compliance Procedure Department* is responsible for establishing and managing the entire process to draw up and certify the management system.

The Director of the *Safety and Security Department* to whom such department reports is the Representative of the Top Management for implementing the Quality System. This Representative is responsible for regularly re-examining the **Quality Policy** in order to ensure it complies with the policies and targets set by the Group, proposing any updates if necessary: **the latest version of this document** - signed by the Chairman and CEO - **was adopted in 2009** and highlights the Group's will to **encourage an approach to quality** at all levels of the company and **refers to a sense of economic, social and environmental responsibility in order to define strategic choices**²⁴.

In addition to Acea SpA, most **Group companies** and **production plants** (thermoelectric, hydroelectric and Waste-To-Energy installations) have received Quality Certificates and Environmental Certificates for some time now; a number of plants also have EMAS registration (see relative boxes).

Chart 8 – SYSTEM OF IN-HOUSE REGULATIONS



²² Amendments to Italian Legislative Decree 231/01, amendments to Italian Legislative Decree 163/03, the guidelines for the Organization, Management and Control Model drawn up by Confindustria in 2008, the Organization, Management and Control Model to the effects and purposes of Italian Legislative Decree 231/01 by Acea SpA in February 2009.

²³ Acea requires ISO 9001:2000 certification in order to receive SOA certification for participation in tenders for public works pertaining to economic categories of interest to the Group.

²⁴ All updated documentation concerning the Acea Quality Management System (Policy, Handbook, Certificates, Organizational Structure, etc.) is available at www.acea.it (Quality and Safety section).

Box – Quality Certificates in the Acea Group - 2009

In addition to the certificates received by Acea SpA, which were renewed in 2009 and updated according to UNI EN ISO 9001:2008, the following Group companies are also certified:

- **Acea Reti e Servizi Energetici SpA** – UNI EN ISO 9001:2008 Quality System Certification for planning and supplying energy services; planning and achieving energy efficiency, including through the use of renewable sources;
- **AceaElectrabel Produzione SpA** – UNI EN ISO 9001:2008 Quality System Certification for managing spare parts and equipment for maintenance operations in electricity stations by controlling, accepting, transporting, storing, conserving, preparing and delivering;
- **SAO SpA** – UNI EN ISO 9001:2000 Quality System Certification for collecting and transporting waste on behalf of third parties for treatment, disposal or recovery; for planning and managing urban waste services; for planning, building and managing centres for the treatment, disposal and recovery of solid waste and special waste similar to urban waste;
- **Laboratori SpA** – UNI EN ISO 9001:2000 Quality System Certification for planning, designing and supervising hydraulic works and hydro-environmental plants;
- **Laboratori SpA** – ACCREDIA Accreditation, standard UNI CEI EN ISO/IEC 17025 for developing analytical laboratory tests (analytical tests accredited by ACCREDIA (formerly SINAL), carried out by the lab for Group companies exceeds 80%);
- **Acque SpA** – UNI EN ISO 9001:2000 Quality System Certification for procurement, purifying, checking quality and supplying drinking water, purifying wastewater and sewage, planning and installing aqueducts and sewages;
- **Acquedotto del Fiora SpA** – UNI EN ISO 9001:2000 Quality System Certification for managing the integrated water system, designing and installing aqueducts and sewages, including water treatment plants, and for chemical analyses on water;
- **Publicacqua SpA** – UNI EN ISO 9001:2000 Quality System Certification for planning and managing tenders for building purification systems and aqueducts and sewages; for purifying water and wastewater;
- **Umbra Acque SpA** – UNI EN ISO 9001:2000 Quality System Certification for distributing drinking water and, in a limited number of areas, for sewages and water purification services; for planning, installing and carrying out maintenance on aqueducts in a number of the Municipalities managed;
- **Nuove Acque SpA** – UNI EN ISO 9001:2000 Quality System Certification for managing the integrated water system.

The procedure for obtaining certification to the effects and purposes of UNI EN ISO 9001:2008 for Acea Ato 5 SpA and Gori SpA and Acea GoriServizi is also proceeding.

Box – Certification for Environmental Management Systems in the Acea Group - 2009

Energy

The following AceaElectrabel Produzione thermoelectric and hydroelectric stations have environmental certification according to international standard UNI EN ISO 14001:2004:

- Tor Di Valle thermoelectric plant in Rome;
 - Montemartini thermoelectric plant in Rome;
 - Leinì thermoelectric plant;
 - Salisano hydroelectric plant;
 - Marconi di Narni hydroelectric plant;
 - Thermoelectric station in Voghera di Pavia (also EMAS).
- SAO SpA, manages environmental services and has an integrated system for QES (Quality, Environment and Safety), for which it has three certificates: UNI ISO EN 14001:2004 Environmental Certification, UNI EN ISO 9001:2008 Quality System Certification, OHSAS 18001:2007 Safety System Certification.
- Terni En.A. has UNI ISO EN 14001:2004 Environmental Certification for managing the electricity production plant using renewable sources, involving accumulation of fuel and Waste-To-Energy activities. Terni En.A. plant and the EALL plant have both received EMAS registration.

- In relation to Tirreno Power plants, Vado Ligure and Torrevaldaliga Sud have had both ISO 14001:2004 Certification and EMAS registration for some time now, whereas the procedure for obtaining both certifications commenced in 2008 and continued in 2009 for the Napoli Levante plant.

Water

- Acque SpA has UNI EN ISO 14001:2004 (Environment), OHSAS 18001:1999 (Safety System), SA 8000:2008 (Social Responsibility) and the previously-mentioned UNI EN ISO 9001:2008 (Quality System) certifications and also obtained Best4 certification (Business Excellence Sustainable Task).
- Publicacqua SpA has UNI ISO EN 14001:2004 environmental certification for running the purification plant (San Colombano) for urban wastewater and for the large purification plants (Anconella and Mantignano) serving the Medio Valdarno area.

The Safety and Protection Department mentioned earlier was established in 2009; it oversees the Group with respect to developing a quality management system through a specific workgroup and is responsible for defining and governing implementation of policies concerning **health and safety in the workplace and protecting material and immaterial corporate assets**. The *Health and Safety in the Workplace* Department (see *Human Resources* section) and *Asset Protection* Department answer to this Department. A **Protection Policy** was adopted in **Acea SpA** at the end of 2009 in order to affirm and support principles and conduct focusing on protecting material and immaterial assets within the Group (see *Institutions and the Company*).

Furthermore, in order to obtain certification for the Health and Safety in the Workplace Management System in compliance with standard OHSAS 18001:2007, a Policy for **Health and Safety in the Workplace** was adopted in *Acea Distribuzione* in December 2009 (see *Suppliers*).

The important management and governance systems concerning sustainability include the work carried out by the *Risk Control and Internal Audit Department*, part of the Audit Department since 2009, which focuses on **identifying, monitoring and governing the main risk factors** – strategic, operational and concerning the process – that may affect achieving Group targets (business protection). This work involves regular reiteration of risk assessment, risk treatment and risk monitoring and ongoing interaction among the various parties involved through structured and continuous information.

Operational companies are responsible for controlling **impacts on the natural environment** and identifying improvements, with coordination from the Holding Company.

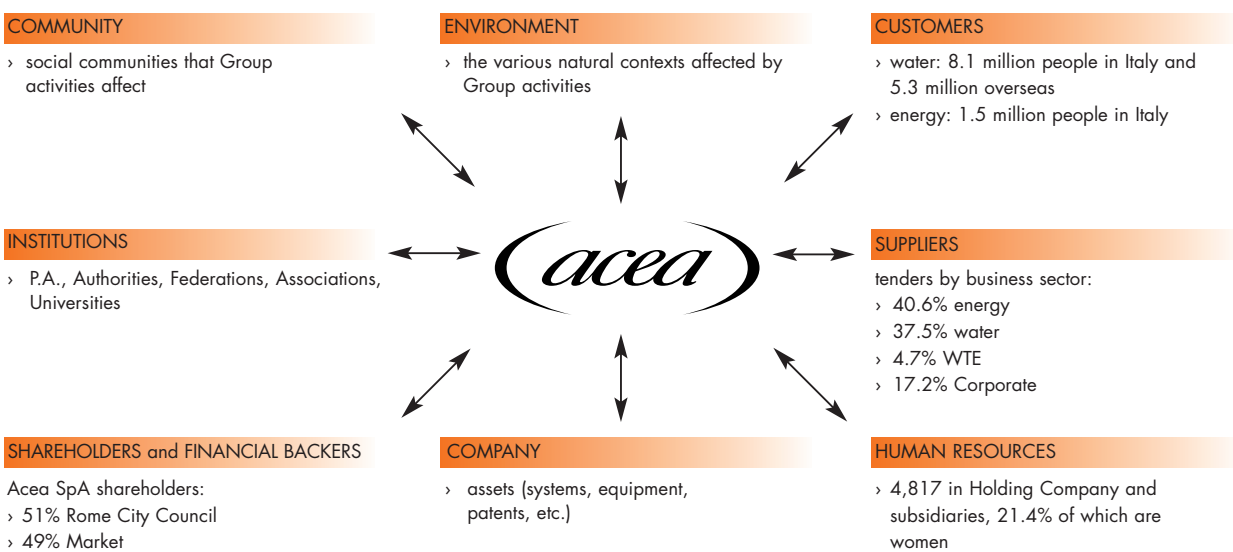
Readings and inspections for the water sector are carried out by **LaboratoRI**, whereas the main technological installations in the electricity sector are under the responsibility of *Acea Distribuzione SpA*. There is also a specific department responsible for **technological innovation**, which has the task of identifying new products of potential interest to the Group from the time of pre-competitive development. In view of the growing importance of Waste-To-Energy related activities in the Group and the attention paid by *Acea* in monitoring the relative operational processes, it is important to highlight the Audit Plan carried out in 2009 within *Enercombustibili*, *EALL*, *Terni En.A.* and *SAO* in relation to controlling incoming waste, WDF produced and emissions into the atmosphere.



Definition of Stakeholders

In 1999 - the year in which Acea SpA was listed on the Stock Exchange and wrote its first Social Report - the company began mapping and classifying its Stakeholders, identifying methods of feedback and interaction with them according to their specific needs.

Chart 9 – ACEA AND ITS STAKEHOLDERS



NB: the type and characteristics of Stakeholders and their relations with the company are illustrated, calculated and analyzed in various parts of the Sustainability Report.

Feedback: Targets and Procedures

Acea regularly interacts and talks with its Stakeholders; the diagrams below illustrate the **main initiatives and occasions to encounter Stakeholders**²⁵ that occurred in 2009 and a number of times their opinions on the company were aired.

²⁵ Stakeholders are parties (individuals, groups or organizations) that have significant relations with the company and whose interests are affected by company operations for various reasons due to exchanges with latter or as they are significantly influenced by such.

FEEDBACK AND INVOLVEMENT OF CUSTOMERS AND THEIR REPRESENTATIVES - 2009

	involvement procedure adopted	information generated	feedback and/or "response" to Stakeholder
Customers/the community	Customer satisfaction surveys concerning the water (Rome and Fiumicino and other ATO 2 Municipalities), electricity (Rome and Formello) and public lighting (Rome) services.	Level of satisfaction in services provided and results shared with Acea Top Management and Directors of services.	Improvements to service provision prepared in response to the needs emerging. Products and services in line with customer expectations offered.
	Customer Satisfaction surveys for the main water companies in the Acea Group operating in Campania, Lazio, Tuscany.		Results (summary) published on the corporate website and in the Sustainability Report.
	Monitoring of public opinion at public utilities desks carried out by the Rome City Council Agency for Public Utilities Control and Quality (quality level noticed); (www.agenzia.roma.it) .	The performances of Acea and other Public Utilities in Rome, assessments of results and comparison with similar information from surveys carried out by Acea and on companies operating in similar fields.	Acea management made releases and statements in response to the information published by the Agency. Results (summary) published in the Sustainability Report.
	Publicity campaigns to raise people's awareness of the quality of water and energy (Water ID; Treasure Map; The Light Charter). Cultural events and celebrations for the Acea Centenary; creation of a dedicated website. Set-up and development of internet channels for individual operational companies (Acea Ato 2, Acea Ato 5).	The results from communications monitored and shared in-house (results, presences, site visitors, etc.), expectations and effectiveness of corporate action assessed.	New campaigns planned and implemented. Improvements to websites prepared.
	Collection of indications concerning services from customers and the community via fax, email, telephone, etc.	Indications analyzed and shared with managers from the companies involved.	Replies to indications made and service improved.
Consumer associations	Meetings between Group companies and consumer associations.	The needs expressed by associations on behalf of customers/consumers fulfilled.	Responses to indications provided.
	Meetings held through permanent roundtables between Acea and associations.	Meetings on collective matters of interest held: in 2009 attention focussed on alternative dispute resolution.	The regulations and protocols for alternative dispute resolution prepared and adopted in Acea Ato 2, Acea Ato 5, AceaElettrabel Elettricità.
	Attendance of study and research presentations organized by consumer associations.	Further information from outside sources acquired and analyzed.	Initiatives to improve corporate processes prepared.

FEEDBACK AND INVOLVEMENT OF SHAREHOLDERS, THE FINANCIAL COMMUNITY AND THE PRESS - 2009

	involvement procedure adopted	information generated	feedback and/or "response" to Stakeholder
Shareholders	General Shareholders' Meetings. Presentation of Acea Group and main procedures for providing information on its businesses to financial markets.	Statements from top management concerning the information requested and proposals made by shareholders.	Information uploaded to corporate website (shareholders' section), including minutes from General Shareholders' Meetings. A section dedicated to the 2008 Acea Group Consolidated Financial Statements in English and Italian was launched during the year to ensure better communication and the "Shareholders" section on the Acea site was renewed.
Financial community	Financial press and research involving Acea published by analysts.	Opinions concerning the performances of Acea and its shares. Ongoing monitoring of Investor Relations Department and Press Office.	Investor Relations Department communicated with analysts, Institutional Relations Department communicated with ethical finance operators and Press Office communicated with the press.
Ethical finance indicators and analysts	Communications, research, questionnaires and analyses carried out by analysts on Acea's CSR approach.	Ongoing monitoring of Acea's rating and the opinions expressed concerning corporate sustainability.	Activities for internal disclosure and raising awareness on ethical finance. Continued development of contacts with sector operators (analysts, benchmark providers, funds).

	involvement procedure adopted	information generated	feedback and/or "response" to Stakeholder
Research Centres	<p>Interaction with Universities and research institutions: a large number of Group Companies and Holding Company Departments developed R&D and projects focusing on interaction with Universities and Research Centres.</p> <p>Participating in Masters degrees.</p> <p>Supporting initiatives by various research institutions.</p>	<p>Cooperation in research and projects in various areas (water-environmental; managing procurement, interacting with companies and the labour market, developing public lighting systems; meetings and seminars on CSR etc.).</p> <p>Knowledge-sharing.</p>	<p>Scientific projects to apply to both production and governance processes jointly developed for the benefit of the business and scientific community.</p> <p>Financial, teaching and organizational contributions made for specific masters programmes.</p>
Authorities and Agencies	<p>Meetings, audits and exchanges of information and documents with the Authorities and other subjects responsible for governing the energy sector.</p> <p>Interaction with the administrative authorities responsible for governing and overseeing markets according to relative procedures.</p> <p>Surveys carried out by the Rome City Council Agency for Local Public Service Control and Quality: in 2009 these included a survey on the quality of services provided by Acea counters (through use of mystery clients and direct observation).</p>	<p>Observations concerning consultation documents; preparation of documents to present the Authorities (energy sector); presentation of energy efficiency projects.</p> <p>Meetings and Minutes from talks with the Authorities; presentation of commitments; Acea Management providing information to Consob and related subjects (so-called "important subjects").</p> <p>Sharing results from surveys carried out by other parties on corporate performances.</p>	<p>Energy Saving Projects approved. Authorities provided additional documents further to checks on compliance with regulations and standards; Acea Distribuzione received award from the Authority for Electricity and Gas for improvement in continuity.</p> <p>Compliance with standards concerning corporate communications ensured.</p>
Local Institutions	<p>Water service: discussions and exchanges of documents with the public authorities responsible for reference ATOs (Authority, Operational and Technical Office, Mayors' Conference).</p> <p>Management of relations with Municipalities, provincial councils and other local authorities in which Acea operates.</p> <p>Cooperation with the Civil Defence Agency.</p> <p>Exchanges of documents with the Ombudsman</p>	<p>Preparation of information and documents to update information for ATO Authorities, Operational and Technical Office, Mayors' Conference.</p> <p>Agreements to jointly promote initiatives.</p> <p>Drawing up action plans.</p> <p>Complaints and comments concerning the services managed by Acea, analysis of requests and identification of possible solutions.</p>	<p>Group Water Companies provided service according to updated calculations concerning Agreements and Rate Plans carried out by relative Public Authorities.</p> <p>In 2009, San Vittore nel Lazio was awarded the PIMBY Award in relation to expansion of Waste-To-Energy Plant in this area: the reason given for this award included the effective cooperation provided by Acea Group Company EALL, which owns this plant.</p> <p>Skills were shared and specific services provided.</p> <p>Actions to support Civil Defence Agency, especially during emergencies, were prepared.</p> <p>Problem-solving actions implemented.</p>

FEEDBACK AND INVOLVEMENT FROM HUMAN RESOURCES AND THEIR REPRESENTATIVES - 2009

	involvement procedure adopted	information generated	feedback and/or "response" to Stakeholder
Human resources	Consolidation of human resource performance assessment system.	Identification, analysis and assessment of the conduct and results made by human resources.	Assessment system combined with bonus system and became part of human resource development and bonus programmes.
	Inventory of Acea Ato 2's skills.	Identification of key resources and training needs.	Skills development programme implemented, including specific training programmes.
	Roundtable with the HRC Academy concerning virtuous links between CSR, standards and governance of health and safety in the workplace.	Widespread debate and joint development of ideas and analysis on the topic of safety management.	Innovative proposals to improve health and safety in the workplace drawn up.
Trade Unions and Workers' Safety Representatives	Participation Committee, Ad Hoc Commissions and Technical Workgroups. Regular Meetings with WSRs.	Views and perspectives of workers' representatives concerning Group strategies and policies.	Trade Union Agreements concerning labour agreements, disciplinary procedures and working hours, bonuses for employees and redundancy concluded successfully.

FEEDBACK AND INVOLVEMENT OF ECONOMIC PLAYERS - 2009

	involvement procedure adopted	information generated	feedback and/or "response" to Stakeholder
Suppliers and their associations	Roundtables with territorial Labour Associations.	Creation of System for Qualifying Suppliers of commodities, works and services.	With regard to qualifying works in the hydro-electromechanical field: new Works Qualification System – Water Sector published.
	Collection and analysis of requests from Group companies concerning the need to improve procurement processes governed by Holding Company.	Operations on SAP Systems; implementation of portal to manage collective agreements.	IT systems optimized and operational processes made efficient, improving the Central purchase system provided by Acea SpA for all requesting companies/divisions.
	As part of Mission Economiques Project: meetings with a number of companies from France and other countries operating in sectors relating to Acea businesses.	Exchanges of information concerning company procurement in view of potential commercial relations.	Bilateral meetings between production companies and a number of companies in Acea Group.
	Inspections at work sites (energy) – 1,027 inspections in 2009 – as part of Vendor Rating Project (quality and safety in the workplace).	Sharing of worksite inspection results and creation of an indicator of reputation, planning of assistance and training.	Improvement of quality and safety levels in companies (average reputation trend considerably improved).

Establishing and Distributing Added Value

Added value (Table 11) is basically the **wealth generated by the Company over the year** and is calculated as the **difference between revenue and outside production costs**.

Revenue is mainly generated by services provided to “customers” and outside costs are those paid to suppliers, which are shown as a cost item for purchasing the commodities, works and services required for corporate operations.

This figure is balanced in a breakdown of added value (Table 12), which **indicates distribution of the wealth produced by Acea among its Stakeholders**: employees, shareholders and financial backers, institutions, the Company and the community.

On adopting this calculation procedure prepared by the **Study Group for the Social Report**, Acea wishes to highlight the **economic effects that business management has on the main categories of stakeholders** with whom relations focusing on sustainability and social responsibility exist.

The **added value** created in 2009 decreased by 12.7% with respect to 1,014 million euro in 2008, reaching **around 885 million euro**.

Distribution among stakeholders, considered in absolute value with respect to the year before, rewards institutions (+37.5% compared to 2008), the community (+20.1%) and employees (+15.7%), whereas the values for other stakeholders were negative (financial backers: -13.9% compared to 2008; company: -14.1%; shareholders: -96.2%).

Table 11 – BREAKDOWN OF ADDED VALUE (2007-2009)

(in millions of euro)	2007	2008	2009
net revenues	2,591.05	3,143.98	2,954.30
outside costs (*)	(1,821.79)	(2,251.67)	(2,080.66)
gross added value from core business	769.26	892.31	873.64
financial income	27.76	33.69	20.06
management of equity investments	40.13	(0.08)	0.82
result from discontinued activities	0	0.60	0
distributed profits (**)	28.75	94.13	0
operating grants	(7.01)	(6.42)	(9.24)
gross overall Added Value	858.89	1014.23	885.28
as % of net revenue	33%	32%	30%

(*) Excluding donations, membership fees, duties and taxes, sponsorships and events, fairs and conventions, as well as lunch vouchers, training, medicines and subsidies for former employees.

(**) Withdrawn from the reserve and accrued during previous Financial Years.

Chart 10 – BREAKDOWN OF ADDED VALUE PER STAKEHOLDER (2007-2009)

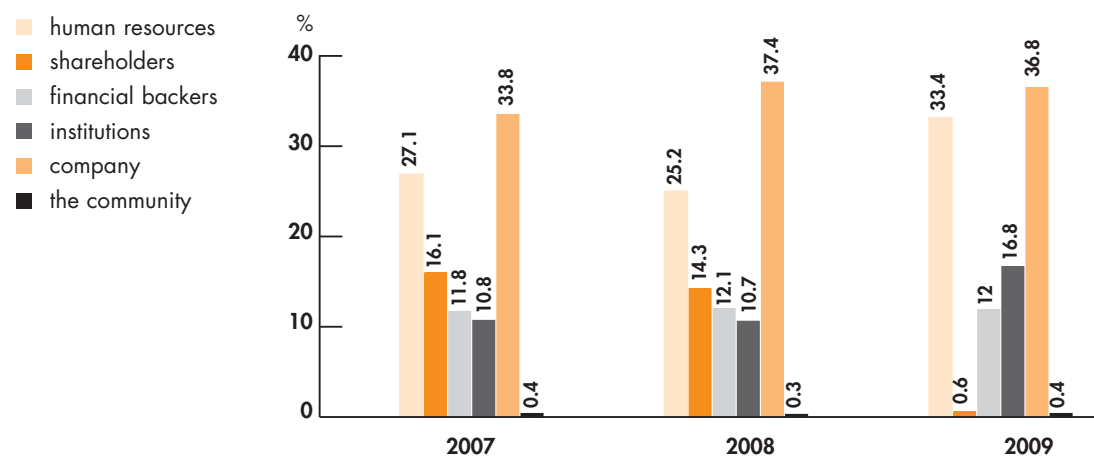


Table 12 – BREAKDOWN OF ADDED VALUE (2007-2009)

(in millions of euro)	2007	2008	2009
human resources			
wages and salaries	198.29	224.07	239.01
leaving indemnity and pensions	2.12	11.88	12.24
social security payments	63.79	68.57	74.85
bonus months	0.18	0.26	0.31
special employee rates	0.91	-9.74	0.02
other human resource costs	0.34	1.33	9.96
total labour costs	265.63	296.37	336.39
staff services (*)	7.95	8.69	9.13
special rates for former employees	0	-2.58	0.23
(capitalized costs)	-40.44	-46.92	-49.97
total added value paid to employees	233.14	255.56	295.78
percentage of overall Added Value	27.1%	25.2%	33.4%
shareholders			
distributed profits	132.04	139.92	0.00
profits pertaining to minority interests	6.06	5.56	5.56
total added value paid to shareholders	138.1	145.48	5.56
percentage of overall Added Value	16.1%	14.3%	0.6%
financial backers			
financial costs	101.25	123.04	105.87
total added value paid to financial backers	101.25	123.04	105.87
percentage of overall Added Value	11.8%	12.1%	12%
institutions			
direct taxes	90.39	104.36	147.80
indirect and capital taxes	7.07	7.73	7.89
contributions and membership fees	1.73	2.57	2.43
operating grants	-7.00	-6.42	-9.24
total added value paid to institutions	92.19	108.24	148.88
percentage of overall Added Value	10.8%	10.7%	16.8%
Company			
depreciation	175.83	208.93	230.55
reserves	27.41	6.56	108.71
writedowns	26.74	22.93	38.83
non-distributed profits	60.7	140.50	-52.49
total added value paid to company	290.68	378.92	325.60
percentage of overall Added Value	33.8%	37.4%	36.8%
the community (**)			
donations	0.24	0.49	0.37
sponsorships	2.89	2.02	2.58
events	0.25	0.32	0.37
fairs and conventions	0.15	0.16	0.27
total added value paid to the community	3.53	2.99	3.59
percentage of the overall Added Value	0.4%	0.3%	0.4%
total Added Value paid	858.89	1014.23	885.28
	100%	100%	100%

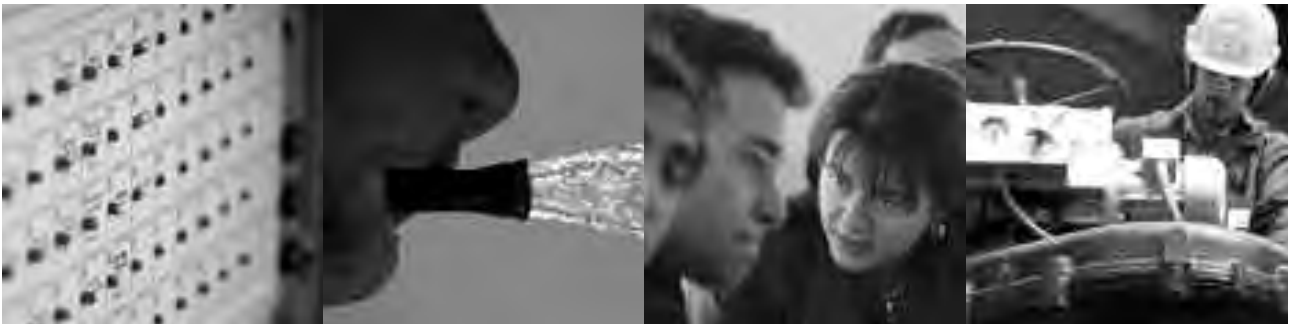
NB: reference should be made to accounts to calculate breakdown of added value.

(*) Lunch vouchers, medicine, training and participation in conventions and training courses for main companies in the Group.

(**) For main companies in the Group.



Socio-economic Relations with Stakeholders



The **Economic and Social Performances Indicators** (core and additional) established in 2006 **GRI-G3 Guidelines** and the indicators introduced through the **Electric Utilities Sector Supplement**²⁶ with which Acea complied when writing the 2009 *Sustainability Report* are described below, indicating the sections and pages in the report in which they can be found.

The meaning of each performance indicator is described in detail in the Guidelines and Sector Supplement, to which reference should be made.

Table 13 – GRI-G3 ECONOMIC AND SOCIAL INDICATORS

Economic performance	
EC1 (Core)	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments. <i>Socio-economic Relations with Stakeholders</i> pages 124,132,137; <i>Corporate Identity</i> pages 30, 54, 55
EC2 (Core)	Financial implications and other risks and opportunities for the organization’s activities due to climate change. <i>Socio-economic Relations with Stakeholders</i> page 64; <i>Corporate Identity</i> page 28; <i>Environmental Issues</i> pages 150, 161 et seq.
EC3 (Core)	Coverage of the organization’s defined benefit plan obligations. <i>Socio-economic Relations with Stakeholders</i> page 125
EC4 (Core)	Significant financial assistance received from government. <i>Socio-economic Relations with Stakeholders</i> page 137, <i>Corporate Identity</i> page 55
Presence on the market	
EC5 (Additional)	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation. Salaries for new recruits are disciplined by National Collective Labour Agreements for the sector (electricity and gas, water) <i>Socio-economic Relations with Stakeholders</i> page 124
EC6 (Core)	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation. <i>Socio-economic Relations with Stakeholders</i> page 109
EC7 (Core)	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation. Hiring procedures for Acea human resources are not subject to geographical residence, as this is potentially discriminatory and not in line with Group policies. <i>Socio-economic Relations with Stakeholders</i> page 113
Indirect economic impacts	
EC8 (Core)	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement. <i>Socio-economic Relations with Stakeholders</i> pages 82, 85, 88,100 et seq.
EC9 (Additional)	Understanding and describing significant indirect economic impacts, including the extent of impacts. <i>Socio-economic Relations with Stakeholders</i> page 64, 82, 85, 88, 97, 100 et seq.; <i>Environmental Issues</i> page 163
Availability and Reliability	
EU6 (Core)	Management approach to ensure short and long-term electricity availability and reliability. <i>Socio-economic Relations with Stakeholders</i> pages 74,105,106 note 75, 138, 142; <i>Environmental Issues</i> pages 149, 161, 164

²⁶ *Electric Utilities Sector Supplement Indicators (EU)* are included in the table.

Demand-Side Management

- EU7 (Core) Demand-side management programs including residential, commercial, institutional and industrial programs.
Environmental Issues page 149

Research and Development

- EU8 (Core) Research and development activity and expenditure aimed at providing reliable electricity and promoting sustainable development.
Socio-economic Relations with Stakeholders pages 74, 142; *Environmental Issues* pages 149, 161, 164

Plant Decommissioning

- EU9 (Core) Provisions for decommissioning of nuclear power sites.
Acea has no nuclear plants.

Availability and Reliability

- EU10 (Core) Planned capacity against projected electricity demand over the long term, broken down by energy source and regulatory regime.
Corporate Identity pages 27 note 11, 28

System Efficiency

- EU11 (Core) Average generation efficiency of thermal plants by energy source and by regulatory regime.
Environmental Issues pages 159, 160
- EU12 (Core) Transmission and distribution losses as a percentage of total energy.
Environmental Issues page 160

LABOR PRACTICES & DECENT WORK

Employment

- LA1 (Core) Total workforce by employment type, employment contract, and region.
Socio-economic Relations with Stakeholders pages 113, 114 et seq., 117 et seq.
- LA2 (Core) Total number and rate of employee turnover by age group, gender, and region.
Socio-economic Relations with Stakeholders pages 114 et seq.
- LA3 (Additional) Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.
Socio-economic Relations with Stakeholders pages 124, 125
- EU14 (Core) Programs and processes to ensure the availability of a skilled workforce.
Socio-economic Relations with Stakeholders pages 74, 127
- EU15 (Core) Percentage of employees eligible to retire in the next 5 and 10 years broken down by job category and by region.
The percentage of employees in Group companies operating in the electricity sector (Acea Distribuzione, Acea Reti e Servizi Energetici and the 4 joint venture companies, all located in the Lazio Region) eligible for retirement over the next 5 years amounts to 6.6% - of which 5.4% are white-collar workers and 1.2% are blue-collar workers, whereas the number of employees eligible for retirement within the next 10 years amounts to 14.7% - of which 11.2% are white-collar workers and 3.5% are blue-collar workers.
- EU17 (Core) Days worked by contractor and subcontractor employees involved in construction, operation & maintenance activities.
The Acea Distribuzione Works Division monitors the working days of contractors and sub-contractors through daily attendance sheets for workers. However, it is not currently possible to provide a precise figure.

Labor/ Management Relations

- LA4 (Core) Percentage of employees covered by collective bargaining agreements.
In relation to the Services and Works contracted by Acea Distribuzione, all the employees of contractors are covered by the National Collective Labour Agreement; in relation to Suppliers, Acea Distribuzione undertakes to check payment of all National Insurance contributions (INAIL).
Socio-economic Relations with Stakeholders pages 117 et seq.
- LA5 (Core) Minimum notice period(s) regarding significant operational changes, including whether it is specified in collective agreements.
Socio-economic Relations with Stakeholders pages 117 et seq.

Occupational Health and Safety

- LA6 (Additional) Percentage of total workforce represented in formal joint management-worker health and safety committees that help monitor and advise on occupational health and safety programs.
In Acea, the matters established by Italian Legislative Decree No. 81/08 regarding health and safety in the workplace are observed.
Socio-economic Relations with Stakeholders pages 110, 121 et seq.
- LA7 (Core) Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities by region.
Socio-economic Relations with Stakeholders pages 121 et seq.
- LA8 (Core) Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.
Socio-economic Relations with Stakeholders page 123
- LA9 (Additional) Health and safety topics covered in formal agreements with trade unions.
Socio-economic Relations with Stakeholders page 122
In 2009, the subject of safety was not subject to any specific trade union agreements.
- EU16 (Core) Policies and requirements regarding health and safety of employees and employees of contractors and subcontractors.
Acea Distribuzione has a Department for Worksite Inspections within the Quality and Safety Division which constantly inspects worksites and checks the compliance of works carried out by contractors on behalf of the Company with all safety parameters.
Socio-economic Relations with Stakeholders pages 104, 106, 110 et seq., 127
- EU18 (Core) Percentage of contractor and subcontractor employees that have undergone relevant health and safety training.
In relation to the employees of contractors and sub-contractors being appropriately versed on the subject of safety, Acea Distribuzione ensures that the specifically skilled workers used (for example, electricians) are qualified according to reference safety standards and informs contractors on the specific risks involved according to the type of work in question, requesting presence of an Prevention and Protection Officer on the worksite.

Training and Education

- LA10 (Core) Average hours of training per year per employee by employee category.
Socio-economic Relations with Stakeholders page 128
- LA11 (Additional) Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.
Socio-economic Relations with Stakeholders pages 123, 126 et seq.
- LA12 (Additional) Percentage of employees receiving regular performance and career development reviews.
This percentage is not available, however there is an indication of the categories subject to assessment in 2009 (see Human Resources, Chart entitled Human Resource Assessment Systems).
Socio-economic Relations with Stakeholders page 126

Diversity and Equal Opportunity

- LA13 (Core) Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.
Socio-economic Relations with Stakeholders pages 116 et seq., 119 et seq., 131
- LA14 (Core) Ratio of basic salary of men to women by employee category.
According to the current National Collective Labour Agreement, the basic salary for men is the same as that for women in every category, although bonuses may determine some differences.

HUMAN RIGHTS

Investment and Procurement Practices

- HR1 (Core) Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.
The Group has adopted a Code of Values – Code of Ethics and Code of Ethics for Tenders – with which all subjects operating on behalf of Acea to manage corporate activities are obliged to comply, thereby ensuring appropriate supervision of the protection of human rights on signing investment and/or procurement agreements.
- HR2 (Core) Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.
Socio-economic Relations with Stakeholders pages 104, 110
- HR3 (Additional) Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained.
Socio-economic Relations with Stakeholders page 127

Non-discrimination

- HR4 (Core) Total number of incidents of discrimination and actions taken.
No episodes of discrimination were recorded.
With regard to prevention policies, in other words the *Codes of Values* adopted by the Group and protection of diversity and equal opportunities, see *Socio-economic Relations with Stakeholders* pages 119 et seq., 131 and *Corporate Identity* page 33

Freedom of Association and Collective Bargaining

- HR5 (Core) Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.
There are no areas in which freedom of association and collective bargaining are at risk. Please refer to the section concerning Industrial Relations and those relating to other forms of association available in-house (CRA, ANMIC, Gold Medal Association).
Socio-economic Relations with Stakeholders pages 117 et seq., 130 et seq.

Child Labor

- HR6 (Core) Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.
In dealings with employees and collaborators, Acea applies National Collective Labour Agreements and other agreements established by current laws. With regard to the absence of child labour in the supply chain, Acea obliges any potential supplier to comply with the *Code of Ethics for Tenders* and the Group's Code of Ethics protecting workers from any form of abuse (see sections *Human Resources and Suppliers* in *Socio-economic Relations with Stakeholders*).

Forced and Compulsory Labor

- HR7 (Core) Operations identified as having significant risk for incidents of forced or compulsory labor, and measures taken to contribute to the elimination of forced or compulsory labor.
In dealings with employees and collaborators, Acea applies National Collective Labour Agreements and other agreements established by current laws. With regard to the absence of child labour in the supply chain, Acea obliges any potential supplier to comply with the *Code of Ethics for Tenders* and the Group's Code of Ethics protecting workers from any form of abuse (see sections *Human Resources and Suppliers* in *Socio-economic Relations with Stakeholders*).

Security Practices

- HR8 (Additional) Percentage of security personnel trained in the organization's policies or procedures concerning aspects of human rights that are relevant to operations.
Security is the responsibility of an external security company. The rules of conduct for security staff comply with those in force in the security corps of the Italian state.

Indigenous Rights

- HR9 (Additional) Total number of incidents of violations involving rights of indigenous people and actions taken.
No breaches affecting local communities were reported. In relation to action undertaken by Acea benefitting local communities, please refer to the initiatives supporting the most deprived categories of the population, described in *Socio-economic Relations with Stakeholders, Customers and the Community* pages 130 et seq. and the section *Company Fact Sheets Italy-Overseas*.

SOCIETY**Community**

- SO1 (Core) Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.
Socio-economic Relations with Stakeholders pages 66-72, 89, 97 et seq., 104 et seq., 110, 143; *Corporate Identity* pages 46-49, 51 et seq.
- EU19 (Core) Stakeholder participation in the decision making process related to energy planning and infrastructure development.
Socio-economic Relations with Stakeholders pages 105, 139; *Environmental Issues* page 161
- EU20 (Core) Approach to managing the impacts of displacement.
Socio-economic Relations with Stakeholders page 139; *Environmental Issues* page 161
- EU21 (Core) Contingency planning measures, disaster/emergency management plan and training programs and recovery/restoration plans.
Socio-economic Relations with Stakeholders page 138
- EU22 (Core) Number of people physically or economically displaced and compensation, broken down by type of project.
No episodes of this kind occurred.

Corruption

- SO2 (Core) Percentage and total number of business units analyzed for risks related to corruption.
Corporate Identity pages 44, 46
- SO3 (Core) Percentage of employees trained in organization's anti-corruption policies and procedures.
The estimated percentage of workers who received training on anti-corruption policies and procedures was around 8.2% of the workers in the reporting boundary in the section *Human Resources* (210 new recruits out of 4,817 workers). These training activities are illustrated in the section *Socio-economic Relations with Stakeholders* pages 126 et seq.
In 2009, a specific e-learning module relating to Italian Legislative Decree No. 231/01 on anti-corruption procedures was created for directors, manager and officers with responsibilities.
- SO4 (Core) Actions taken in response to incidents of corruption.
No episodes of corruption were reported.

Public Policy

- SO5 (Core) Public policy positions and participation in public policy development and lobbying.
Socio-economic Relations with Stakeholders page 137
- SO6 (Additional) Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.
Socio-economic Relations with Stakeholders page 137

Anti-Competitive Behavior

- SO7 (Additional) Total number of legal actions for anticompetitive behavior, anti-trust, and monopoly practices and their outcomes.
Socio-economic Relations with Stakeholders page 143

Compliance

- SO8 (Core) Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with laws and regulations.
Socio-economic Relations with Stakeholders page 143

PRODUCT RESPONSIBILITY

Customer Health and Safety

- PR1 (Core) Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.
Socio-economic Relations with Stakeholders pages. 88, 110, 143; *Corporate Identity* pages 46-48
- EU25 (Core) Number of injuries and fatalities to the public involving company assets, including legal judgments, settlements and pending legal cases of diseases.
No episodes of this kind were reported in 2009. The outcome of the legal proceedings concerning collapse of a public lighting pylon in Naples in December 2006 is still pending.
- PR2 (Additional) Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services, by type of outcomes.
No episodes of non-compliance were reported.

Product and Service Labeling

- PR3 (Core) Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements
Socio-economic Relations with Stakeholders pages 73 et seq.
- PR4 (Additional) Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labeling, by type of outcomes.
Socio-economic Relations with Stakeholders pages 73 et seq.
- PR5 (Additional) Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.
Socio-economic Relations with Stakeholders pages 66 et seq.; *Corporate Identity* pages 50 et seq.

Marketing communication

- PR6 (Core) Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.
All activities relating to advertising campaigns, sponsorships, donations, etc. occur in full compliance with current laws and in line with current agreements, where applicable. Furthermore, Article 12.2 in Acea Group's Code of Ethics (available on-line at www.aceaspa.it) specifically refers to "agreements and communications with customers" and Article 20 to "grants and sponsorships".
- PR7 (Additional) Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship, by type of outcomes.
Socio-economic Relations with Stakeholders page 143

Customer Privacy

- PR8 (Additional) Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data.
No complaints on this matter were reported. Please refer to section *Socio-economic Relations with Stakeholders* page 92 and *Corporate Identity* page 42 for prevention policies

Compliance

- PR9 (Core) Monetary value of significant fines for non-compliance with laws and regulations concerning the provision and use of products and services.
Socio-economic Relations with Stakeholders page 143

Access

- EU23 (Core) Programs, including those in partnership with government, to improve or maintain access to electricity and customer support services.
In relation to energy, the public system provides bonuses for less well-off groups of the community.
- EU26 (Core) Percentage of population unserved in licensed distribution or service areas.
The distribution grid covers the whole country.
- EU27 (Core) Number of residential disconnections for non-payment, broken down by duration of disconnection and by regulatory regime.
Socio-economic Relations with Stakeholders pages 76-77
- EU28 (Core) Power outage frequency.
Socio-economic Relations with Stakeholders pages 80-81
- EU29 (Core) Average power outage duration.
Socio-economic Relations with Stakeholders pages 80-81
- EU30 (Core) Average plant availability factor by energy source and by regulatory regime.
Environmental Issues pages 158-160

Provision of Information

- EU24 (Core) Practices to address language, cultural, low literacy and disability related barriers to accessing and safely using electricity and customer support services.
There are no specific programs in the company, the public system provides forms of support aimed at reducing barriers among the population for energy use.

Reference Scope

The economic figures (revenues) mentioned in this section were calculated according to the Group's Consolidated Financial Statements and therefore refer to consolidation; the figures concerning perceived quality, quality provided, customer care and communications refer to the operational companies mentioned case by case.

The information concerning relations between Acea, customers and the community are provided together as the **information concerning services provided** refer to an area (Rome and relative province) in which the Stakeholders almost coincide²⁷.

The description of **revenues from each segment** in the energy and water supply chains – deriving from the Consolidated Financial Statement – and relating to customers for the electricity and water service refer to a wider catchment area.

Chains and Revenues

Energy

Acea operates in each segment of the energy supply chain: production, distribution, efficiency and sales, some of which have been deregulated while others are regulated by the Authority for electricity and gas.

With regard to **generation**, further to a few episodes of technical unavailability (faults or scheduled maintenance) and due to the trend in prices over the year, the amount produced by AceaElectrabel Produzione and Tirreno Power thermoelectric power stations reduced. Although generation considerably increased in hydroelectric stations and wind farms, this situation affected revenues for this segment, which amounted to **256.6 million euro** in 2009 and meant a reduction of around 66 million euro with respect to 2008. Revenues from energy produced at Terni En.A. and EALL²⁸ Waste-To-Energy Stations amounted to **32.2 million euro**, a reduction of around 680 thousand euro with respect to the year before.

With regard to electricity, considerable revenues came from **marketing White Certificates**²⁹ (achieved through energy savings) and Green Certificates³⁰ (energy produced from renewable sources), which amounted to **45.2 million euro** – a considerable increase with respect to results of 25.4 million in 2008.

²⁷ Most of the information refers to end users of the services in Rome and county. The Integrated Water Service is run by Acea Ato 2 in ATO 2 - Central Lazio (comprising Rome and 111 other Municipalities). With regard to electricity, although deregulation ensures that customers are entitled to purchase energy from a different supplier, distribution (including almost all the quality elements of the service supplied) is the responsibility of Acea, which is also responsible for public lighting. Therefore, customers and the community are practically one and the same in this particular area. As far as the other areas in which Acea operates via subsidiary companies are concerned – especially for the Integrated Water Service - reference should be made to the section Company Fact Sheets Italy-Overseas.

²⁸ Terni En.A. and EALL belong to Acea Risorse e Impianti per l'Ambiente - A.R.I.A.. In addition to Energy-To-Waste activities, this industrial group is responsible for solid urban waste treatment, recovery and disposal plants and dump management services. These additional activities for environmental protection – as well as the sewage treatment services provided by the Aquaser Group – were responsible for revenues of **26.2 million Euro** in 2009, an increase of 1.2 million with respect to 2008.

²⁹ White Certificates – more precisely Energy Efficiency Certificates (in Italian Titoli di Efficienza Energetica – TEE), certify fulfilment of energy saving targets gradually increasing over time pursuant to Ministerial Decrees dated 20 July 2004 for energy distributors. These certificates are issued by the Electricity Market Operator according to the certification of savings confirmed by the Electricity and Gas Authority and can be traded on the market (see Environmental Issues).

³⁰ Green Certificates are a tool through which producers and importers of electricity using fossil sources comply with that established in Italian Legislative Decree No. 79/99 (Bersani Decree) and distribute an amount of energy deriving from renewable sources proportionate to the electricity produced (or imported) the year before. In fact, compliance with this obligation can also be ensured by "purchasing all or part of the equivalent share", in other words "green certificates". The Electricity Services Operator, further to application and having carried out the necessary checks, shall issue Green Certificates to energy producers and these can be traded on the market.

Distribution of electricity to users on the protected, eligible and safeguarded markets in the Municipalities of Rome and Formello (see relative box) generated revenues of **294.4 million euro**, an increase with respect to 276.8 million euro the year before. This amount is joined by the roughly **47 million euro** of specific Company adjustment pursuant to sector regulations³¹.

The **public lighting** operations for the Rome City Council generated revenues of **70.2 million euro**, to which **7.3 million euro** of revenue for cemetery lighting should be added.

Sales of electricity to end users on the eligible and protected market³² reduced by around 140 million euro with respect to 2008, amounting to **1,134 million euro** following the economic situation in 2009 which led to a fall in demand for electricity throughout the country. Gas sales slightly reduced (around 5.5 million less with respect to 2008), with revenues of around **234.9 million euro**. Despite a reduction in gas sales by AceaElectrabel Elettricità companies (-31.6% with respect to 2008), sales by AceaElectrabel Trading increased considerably from 1,389 MSmc to 1,896 MSmc (+36.5%).

Water

Acea is nationwide leader in this sector, serving 14.5% of the Italian market. The results from management of the **Integrated Water Service** in 2009 were widely positive. All the companies operating in the areas served by Acea (Tuscany, Umbria, Lazio and Campania) improved with respect to 2008, bringing revenues for this sector to **667.2 million euro** (with respect to 655 million euro the year before).

The contribution from Nuove Acque (operating in ATO 4 – Alto Valdarno in Tuscany) should also be noted; this company was consolidated in the 2009 Financial Statement as of October.

Finally, **around 14 million euro** in revenues generated by **overseas companies** should be added to water-related revenues from Group companies operating in Italy. In fact, Acea operates in Peru, Honduras, Colombia and the Dominican Republic through holdings in a number of water companies³³.

Acea Group Customers

Electricity Service Customers

As far as Italy is concerned, development in deregulation of the electricity market monitored by the Electricity and Gas Authority illustrated that 9.2% of households (4.7% as at 31/12/2008) and 20.8% of SMEs (15.2% in 2008)³⁴ **switched from the protected market to the liberalized market**.

According to figures released by the Electricity and Gas Authority for the **end sales market for 2009**³⁵, Acea is the **third operator in Italy in terms of sales**, with a **market share of around 5%** (it was fifth in 2008), the second operator for sales on the protected market (comprising mainly households and small enterprises), with a market share of 5.3%, and the sixth operator on the free market, with a share of 4.9%. Over the last three years, the trend concerning **Acea customers on the protected market** has progressively **decreased** (-3.8% with respect to 2008) and **considerably increased** on the **deregulated market (+138.2%)** (see Table 14).

³¹ This amount is recognized by the Electricity and Gas Authority as revenue integration to cover the costs paid by company in view of variables not pertaining to corporate governance.

³² AceaElectrabel Elettricità ended sales on the safeguarded market as of 1 May 2008 (2.9)

³³ Revenue from overseas water management services count for around 2% of the overall water revenues. Overseas companies are mentioned in the Company Fact Sheets Italy-Overseas.

³⁴ These statistics refer to points of withdrawal on the network, as represented in Electricity and Gas Authority figures available at www.autorità.energia.it.

³⁵ Please see Annual Report on Service Status and Operations Carried Out, 2010 edition, available online at the Electricity and Gas Authority website

Box – “End users” of the Electricity Service

Electricity service customers are divided into three categories, as described below:

- **protected market:** this category includes households and small enterprises (connected to low voltage supply, with under 50 employees and annual turnover not exceeding 10 million euro) who have not yet switched to the deregulated market. These are served by local traders supplied by the Single Wholesale Buyer, which acts as guarantor for such customers to the effects and purposes of the Law;
- **safeguarded market:** this category includes customers who are not eligible for the protected service (e.g. companies with over

50 employees or connected to medium voltage supply) but have not yet switched to the deregulated market. This service is supplied by operators selected by the Ministry for Economic Development through tenders for specific areas and under conditions encouraging switches to the free market (Acea ceased operating on this market segment in May 2008). Access to this market, which will gradually cease, occurs automatically;

- **deregulated market:** as of 1st July 2007, all customers are entitled to access this market and choose their supplier and relative service.

Table 14 – ENERGY SALES: ACEA GROUP CUSTOMERS BY MARKET TYPE (2007-2009)

	2007	2008	2009
Protected market (no. customers)	1,516,024	1,484,260	1,427,315
Deregulated market (no. customers)	16,707	31,175	74,279

Water service customers

Acea is the **leading operator in Italy for the Integrated Water Service** in terms of population served, with a customer base of **over 8 million customers in Italy**. Acea has been responsible for the Rome city water service for many years, progressively expanding its activities to become the leading operator also in other ATOs³⁶ in the provinces of Rome and Frosinone (Lazio), the municipality of Pisa, Florence, Siena, Grosseto and, as of 2009, also in Arezzo (Tuscany) through subsidiary company Nuove Acque, the Sorrentina peninsular to Vesuvian towns in the provinces of Naples and Salerno (Campania) and around Perugia (Umbria). The Group also operates in a number of Latin American countries³⁷.

Perceived Quality

Every year, Acea Group carries out **Customer Satisfaction Surveys** to monitor satisfaction in electricity, water³⁸ and public lighting services provided by Acea, detect any problems and identify any improvements required with respect to both customers and the community.

These surveys are **coordinated by Acea SpA with support from operational companies** which help this process from drawing up the relative questionnaires to presenting results and carried out with support from an expert outside company, selected further to public tender.

³⁶ According to Law 36/1994, the so-called “Galli Law” reorganizing water services, national territory is divided into 92 ATOs, which take into account hydrographic basins. With regard to ATOs in which Acea operates through subsidiary companies, please see the section dedicated to the main Group companies in Corporate Identity (pages 24-25). Details of water companies are published in the Company Fact Sheets Italy-Overseas.

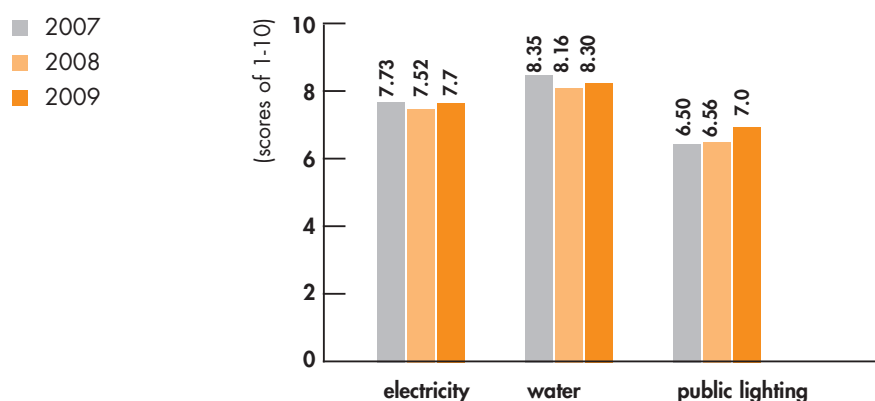
³⁷ More specifically, Acea operates in Peru, Honduras, Colombia and Dominican Republic through subsidiary companies. Please see Company Fact Sheets Italy-Overseas.

³⁸ In relation to the water service and in addition to the surveys concerning Rome and other Municipalities in ATO 2 – Central Lazio, Acea SpA carried out surveys on service quality in other ATOs in which it operates through subsidiary companies, the results of which are illustrated in the specific fact sheets for such companies (please see Company Fact Sheets Italy-Overseas).

The **2009 surveys** were conducted using a similar procedure³⁹ to that adopted in previous years and involved creation of specific indicators:

- an **overall opinion** on the general quality of the service (expressed on a scale of 1 to 10);
- **general satisfaction indexes** on the service as a whole and for individual service components (**Customer Satisfaction Index – CSI**, expressed on a scale of 1 to 100)⁴⁰;
- **percentages for customer satisfaction concerning specific individual aspects** – “quality factors” – within each service component.

Chart 11 – OVERALL OPINION ON SERVICES PROVIDED (2007-2009)



Electricity Service Assessment

In June and July 2009, **2,303 customers** were interviewed by phone to find out their opinions on the quality of the electricity service.

The sample group comprised “domestic customers on **the protected market**” (living in Rome and Formello), “domestic customers on the deregulated market”, “customers with VAT registration numbers and **business customers** on the deregulated market”.

The survey concerning “contact channels” involved customers selected through a “**call back**” procedure, in other words people who had called the free-phone numbers for sales or repairs a short time before the interview or had gone to the counter and authorized call-back.

The **overall opinion** on the electricity service remained stable over the last three years. In 2009, 93% of those interviewed considered the service they received from sufficient to excellent (see Table 15).

Table 15 – OVERALL OPINION ON ELECTRICITY SERVICE (2007-2009)

opinion	marks (scale of 1-10)	2007	2008	2009
excellent	9 -10	28.7%	24.6%	25%
good	8	31.9%	31.0%	38%
sufficient	6 - 7	32.1%	35.2%	30%
insufficient	1 - 5	7.3%	9.2%	7%
overall average		7.73	7.52	7.7

³⁹ CATI Procedure- Computer Assisted Telephone Interviewing, using a specifically designed questionnaire on a sample of people selected according to certain variables (such as area of residence, consumer group, etc.), with a statistical error limit of 3% and a level of significance of 95%.

⁴⁰ CSIs are established according to the number of customers stating that they are satisfied or more than satisfied and according to the importance they attribute to the specific factors in question.

This survey covered **7 specific aspects of this service**; a **Customer Satisfaction Index** was calculated (partial **CSI**, scale of 0-100) for each aspect, thereby leading to an **overall Customer Satisfaction Index for the electricity service** on a scale of 0-100).

The results for the three-year period in question illustrate a positive trend in the overall opinion on the electricity service, considerable improvement in satisfaction with contact channels and basic stability in the other areas (see Chart 12).

Chart 12 – ELECTRICITY SERVICE: OVERALL CSI AND CSI FOR SPECIFIC ASPECTS (2007-2009)

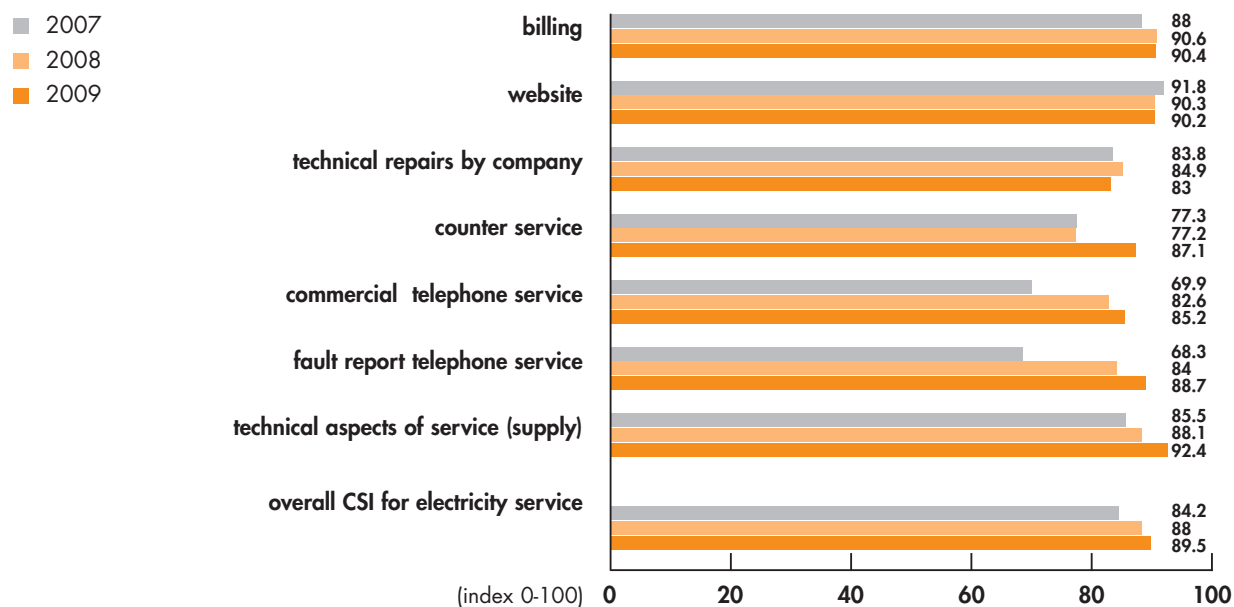


Table 16 illustrates the **satisfaction indexes for specific aspects (quality factors⁴¹)** in each “component” in the electricity service, highlighting the percentage of customers who considered such aspects to “**comply with**” or “**exceed expectations**” (75% is the threshold between positive and negative opinions). These results demonstrate that the quality factors with a lower number of satisfied customers in 2009 involved billing and technical assistance, whereas those with the highest level of satisfaction particularly highlighted the courtesy of technicians sent to repair faults, the comprehensible nature of offers available at the website (www.aceaelectrabel.it) and continuous voltage supply.

⁴¹ The new factors assessed in 2009 are written in italics in table 16.

Table 16 – ELECTRICITY SERVICE: MAIN SATISFACTION INDICATORS FOR SPECIFIC ASPECTS (2009)

	% of customers who consider that service complies with or exceeds expectations			
	below 75%		75% or over	
billing	<ul style="list-style-type: none"> speed in resolving billing problems 	44%	<ul style="list-style-type: none"> bills clear and easy to understand billed amounts correct bills regularly sent 	89.0% 89.0% 93.0%
website			<ul style="list-style-type: none"> website easy to use range of online operations wide range of information available <i>commercial offers easy to understand</i> 	82.0% 87.0% 88.0% 93.0%
technical service	<ul style="list-style-type: none"> repairs carried out promptly 	65%	<ul style="list-style-type: none"> appointment times observed repairs carried out effectively <i>technicians' courtesy</i> 	87.0% 91.0% 99.0%
counter			<ul style="list-style-type: none"> waiting times operators' skill opening hours staff courtesy 	82.0% 87.0% 89.0% 89.0%
commercial free-phone number			<ul style="list-style-type: none"> problem-solving ability waiting times time passing before line is free clear replies given 	81.0% 82.0% 83.0% 84.0%
free-phone number for fault reports			<ul style="list-style-type: none"> waiting times clear replies given time passing before line is free staff courtesy free-phone number available 	82.0% 87.0% 87.0% 92.0% 94.0%
technical aspects (supply)			<ul style="list-style-type: none"> time required for resuming service (scheduled interruption) meters read regularly energy supply continuous energy voltage constant digital meters easy to use 	82.0% 87.0% 94.0% 94.0% 95.0%

NB:75% is the threshold above which an opinion is considered very good and below which is considered a problem. The items introduced in 2009 are shown in italics in the table.

Water Service Assessment

In order to survey the **water service quality** perceived by customers, **1,940 people living** in Rome and Fiumicino were interviewed between June and July 2009. This survey involved **households and apartment block administrators** whereas the survey concerning "contact channels" involved customers selected through a "**call-back**" procedure, in other words people who had called the free-phone numbers or counters a short time before the interview and authorized call-back.

The **overall opinion** on the water service was once again extremely positive in 2009: 98% of those interviewed expressed a vote ranging between sufficient and excellent (see Table 17).

Table 17 – OVERALL OPINION ON WATER SUPPLY IN ROME (2007-2009)

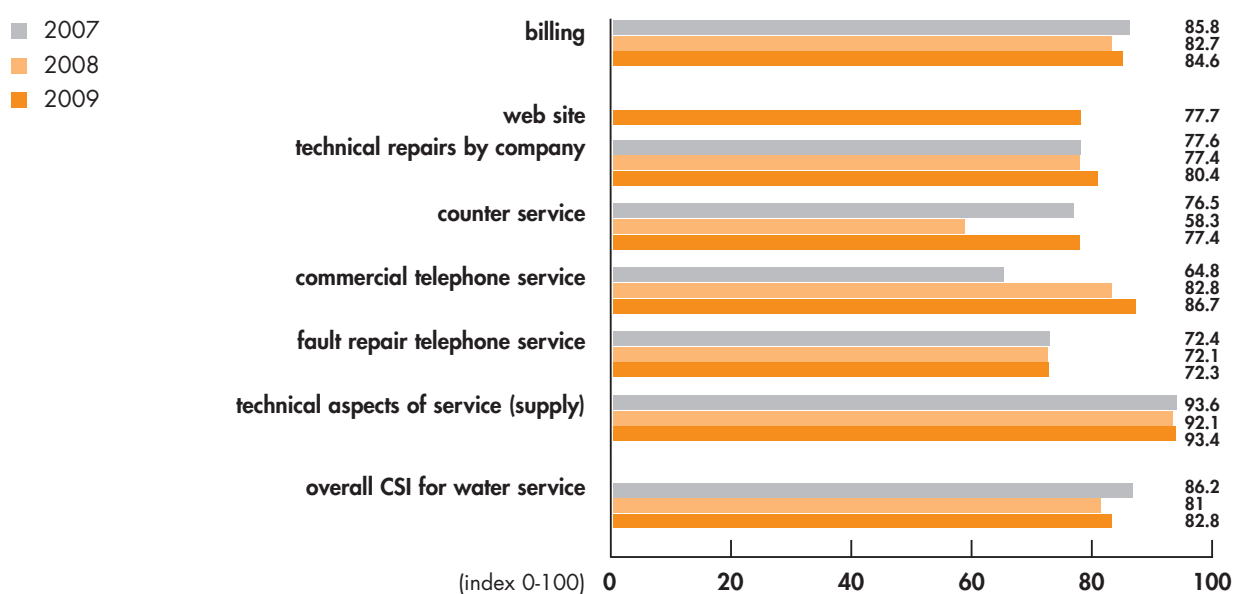
opinion	marks (scale of 1-10)	2007	2008	2009
excellent	9 -10	44.7%	37.7%	39%
good	8	32.8%	36.7%	38%
sufficient	6 - 7	18.7%	20.8%	21%
insufficient	1 - 5	3.8%	4.8%	2%
overall average		8.35	8.16	8.3

This survey covered **7 specific aspects of this service**⁴²; a **Customer Satisfaction Index** was calculated (**partial CSI**, scale of 0-100) (see Chart 13) for each component, thereby leading to an **overall Customer Satisfaction Index for the water service** on a scale of 0-100).

The results illustrate more or less obvious improvement in each factor involved in the survey, with considerable appreciation for the technical aspects of this service (supply continuity), increased satisfaction with the commercial free-phone number and a marked improvement in satisfaction with the counter, which worsened in 2008 before returning to the level of satisfaction illustrated in 2007. Opinions concerning the website – assessed for the first time in 2009 – were also good.

Table 18 illustrates the **satisfaction indexes for specific aspects** (quality factors) in each “component” in the water service, highlighting the percentage of customers who considered such aspects to “**comply with**” or “**exceed expectations**” (75% is the threshold between positive and negative opinions). The main problem related to times for both channels of contact and technical aspects in 2009 (time required for repairs, waiting times at counters and on the phone). Billing was the component that received the best opinions on the whole.

Chart 13 – WATER SERVICE: OVERALL CSI AND CSI FOR SPECIFIC ASPECTS (2007-2009)



Box – Surveys on Satisfaction with the Water Service in other ATO 2 – Central Lazio Municipalities and other ATOs

Acea carries out Customer Satisfaction Surveys to discover customers’ level of satisfaction with the water service not only in Rome and Fiumicino, but also in other municipalities in ATO 2 – Central Lazio.

In 2009, these surveys covered 7 towns in the municipality of Rome in which the company has operated for some years in order to discover the opinions of customers in relation to investments and improvements made in the area since Acea became responsible for this service. The survey involved interviewing 1,200 residents, 800 of which living in the 5 towns acquired and managed without any problems and 480

living in 2 towns acquired and which had some management problems; the overall opinion was a vote of 7.3 (on a scale of 1 to 10) for the former towns and 7.2 (on a scale of 1 to 10) for the latter towns.

Acea also carries out Customer Satisfaction Surveys with customers of other companies in the Group that are responsible for the Integrated Water Service in other ATOs (in Lazio, Campania, in Tuscany and Umbria). The most important results from surveys carried out in 2009 are illustrated in the Fact Sheets on water companies in *Company Fact Sheets Italy-Overseas*.

⁴² With respect to the 7 specific aspects of this service identified in the previous Survey, “water quality” was not included in 2008 as opinions concerning this aspect had always been extremely positive for a number of years; assessment of the website was therefore introduced in 2009.

Table 18 – WATER SERVICE IN ROME: MAIN SATISFACTION INDICATORS ON SPECIFIC ASPECTS (2009)

	% of customers who consider that service complies with or exceeds expectations		
	below 75%		75% or over
billing			<ul style="list-style-type: none"> • speed in resolving billing problems 84.0% • bills clear and easy to understand 85.0% • rebates prompt 85.0% • billed amounts correct 89.0%
technical service	<ul style="list-style-type: none"> • repairs carried out promptly 63% 		<ul style="list-style-type: none"> • appointment times observed 82.0% • repairs carried out effectively 85.0%
counter	<ul style="list-style-type: none"> • waiting times 55% 		<ul style="list-style-type: none"> • counter staff's skill 77.0% • staff courtesy 86.0% • opening hours 87.0%
commercial free-phone number	<ul style="list-style-type: none"> • problem-solving ability 70% 		<ul style="list-style-type: none"> • waiting time to speak with operator 78.0% • easy to find line free 80.0% • range of operations available 89.0% • recorded replies easy to understand 94.0% • operators' courtesy 97.0%
free-phone number for reporting repairs	<ul style="list-style-type: none"> • waiting times 53% • easy to find line free 63% • replies from operator correct 68% 		<ul style="list-style-type: none"> • recorded replies easy to understand 76.0% • operators' courtesy 87.0% • free-phone number availability 90.0%
website	<ul style="list-style-type: none"> • range of online operations 63% • range of information available 74% 		<ul style="list-style-type: none"> • website easy to use 77.0%
technical aspects (supply)			<ul style="list-style-type: none"> • time required for resuming service (scheduled interruption) 74.5% • pressure level 89.0% • water supply continuity 98.0%

NB: 75% is the threshold above which an opinion is considered very good and below which is considered a problem.

Public lighting Service Assessment

In 2009, the **service quality for public lighting** perceived by Romans was surveyed in June via **1,200 interviews**; the sample group included people living in all districts in Rome, grouped into 2 larger areas – north and south Rome.

The **overall opinion** slightly improved in the three-year period in question, with 81% of those interviewed providing votes ranging from sufficient to excellent (6 - 10) (see Table 19).

The survey involved **3 specific aspects** of the service, for each of which the partial **Customer Satisfaction Index – CSI** on a scale of 0 to 100 was calculated.

These partial indexes were used to calculate an **overall Customer Satisfaction Index (overall CSI for public lighting)**, on a scale of 0-100).

The “technical aspects of the service” were classified according to aspects for which Acea’s work can be held responsible (service continuity, in other words no faults or blackouts in the area and in the city centre;

Table 19 – OVERALL OPINION ON PUBLIC LIGHTING SERVICE IN ROME (2007-2009)

opinion	votes (scale of 1-10)	2007	2008	2009
excellent	9 -10	6.4%	5.9%	10%
good	8	19.5%	20.1%	23%
sufficient	6 - 7	53.9%	57.6%	48%
insufficient	1 - 5	20.2%	16.4%	19%
overall average		6.50	6.56	6.7

lighting on and off times; incorporating poles with the surroundings; colour of lights) and aspects depending on other subjects (presence and extension of service; intensity of lighting in the street, on pavements, in parks and gardens; lighting for monuments and historical squares⁴³) and illustrated separately on a chart. The results for 2009 illustrated - with respect to 2008 - a slight decline in the overall level of customer satisfaction, repairs and technical aspects that were not the responsibility of Acea, while the positive trend in relation to the telephone line for reporting faults and the technical aspects for which Acea was responsible with respect to the two previous years was confirmed (see Chart 14).

The levels of satisfaction in the **quality aspects of the service** of each component illustrated in Table 20 and showing the percentage of customers that considered that these aspects “**complied with or exceeded expectations**” highlight the presence of problems in fault repairs and technical aspects for which Acea was not responsible, while demonstrating very positive opinions concerning the other aspects taken into account.

Chart 14 – PUBLIC LIGHTING SERVICE IN ROME: OVERALL CSI AND CSI FOR SPECIFIC ASPECTS (2007-2009)

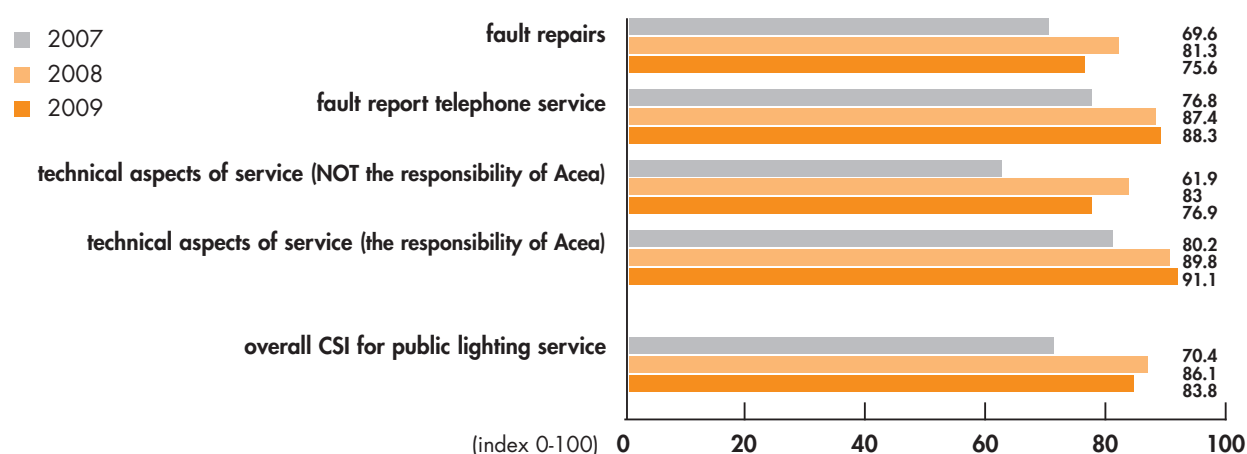


Table 20 – PUBLIC LIGHTING SERVICE IN ROME: MAIN SATISFACTION INDICATORS FOR SPECIFIC ASPECTS (2009)

	% of customers who consider that service complies with or exceeds expectations	
	below 75%	75% or over
fault repairs	<ul style="list-style-type: none"> repairs carried out promptly 71% 	<ul style="list-style-type: none"> repairs carried out effectively 85%
free-phone number for reporting faults		<ul style="list-style-type: none"> easy to find line free 83% waiting time to speak to operator 83% recorded replies easy to understand 90% operators' skill 90% operators' courtesy 94%
technical aspects for which Acea is responsible		<ul style="list-style-type: none"> service continuity in the area 82% on/off times 91% colour of lights 93% service continuity in city centre 95% incorporating poles with surroundings 95%
technical aspects for which other subjects are responsible	<ul style="list-style-type: none"> intensity of lighting in parks/gardens 70% intensity of lighting for pavements 74% 	<ul style="list-style-type: none"> intensity of street lighting 75% service availability city centre 77% service availability in area 77% lighting for monuments/historical squares 97%

NB: 75% is the threshold above which an opinion is considered very good and below which is considered a problem.

⁴³ Public lighting works in urban areas are carried out according to indications from Rome City Council, on behalf of which Acea provides this service. The intensity of lighting on streets, pavements and in gardens may be altered by outside factors, such as tree branches requiring pruning.

Quality Delivered

A large number of factors contributed towards improving the quality of services, such as overseeing means of contact with customers, proficient staff training, as are technical operations to optimize infrastructures (networks and systems) and ongoing monitoring and control over products and processes.

This commitment is renewed each year by the Company and partly assessed through parameters regulated by the reference Authority (such as the Electricity and Gas Authority and the Authority for ATOs) or established in service agreements and management contracts with local authorities:

- quality standards concerning **energy** are established by the Electricity and Gas Authority and quality targets are also mentioned in the AceaElectrabel *Elettricità Code of Commercial Conduct*⁴⁴;
- with regard to **public lighting**, agreements between Acea and Public Administrations regulating the service also define quality parameters (Performance Standards);
- as far as the **water sector** is concerned, the Service charter, User Regulations and other quality parameters established by Service Conventions regulating relations between company responsible for the service and Authorities for ATOs apply.

The Company is obliged to comply with all quality parameters established by such Authorities for various aspects in the services provided and there are also bonuses for good performances and penalties in the event of failure to comply with relative standards. Customers may also be entitled to automatic rebates in the event of failure to comply with quality standards.

By way of further guaranteeing the quality in planning, installing and carrying out maintenance on water and public lighting networks and systems, for some years now Acea SpA has implemented a **Quality Management System according to UNI EN ISO 9001: 2000**⁴⁵, which is overseen by a specific Division.

The Acea SpA **Quality Handbook**⁴⁶ describes the organizational and operational criteria to adopt in order to ensure that corporate conduct complies with the requirements established in UNI EN ISO 9001:2000 and the **Quality Policy**, which is an integral part of such *Manual* and shared with all employees through the intranet, highlights the importance in improving the quality of services and customer satisfaction.

Quality in the Energy Sector

The investments made **to rationalize and improve the HV, MV and LV networks** throughout Rome complies with the priorities established in Electricity Grid Roadmap and with the operating needs that came to light throughout the year. These works focussed on the efficiency and optimization of these infrastructures, more specifically by **expanding cables** (underground and overhead cables), modernizing and building new primary and secondary stations, including installation of safety and remote control equipment (see the main works carried out in Table 21 and box concerning “Sustainable Development” of the electricity grid in *Environmental Issues*, page 153).

A specific **Roadmap Project** also focussed on **improving the electricity service**, particularly with respect to the **technical aspects** of power available and electricity **supply continuity** (reducing the length and frequency of blackouts) was implemented at the end of 2007 by an in-house Acea Distribuzione workgroup. The actions involved in the various stages of this Roadmap have already provided important results (see relative box). Furthermore, by way of ensuring quality, Acea Distribuzione implemented additional operational, technical and quality control systems, which above all involved establishment of a Worksite Inspection Workgroup to check the quality and safety in such workplaces (see box on Vendor Rating concerning these operations in *Suppliers*).

The overall amount **invested** by Acea Distribuzione in 2009 was **112 million euro**.

⁴⁴ A full version of the *Commercial Code of Conduct* adopted by Acea Electrabel Elettricità, after consulting with Consumer and Customer Associations, can be seen online at www.aceaelectrabel.it

⁴⁵ Acea is certified UNI EN ISO 9001:2000 for “designing, building, carrying out maintenance and restructuring Integrated Water Service management networks and systems”, and for “designing, installing, carrying out maintenance and restructuring global and integrated public lighting system management networks and systems”, respectively managed by Acea Ato 2 and Acea Distribuzione.

⁴⁶ The Acea SpA *Quality Handbook* is available on the corporate intranet and is regularly reviewed. The most recent version is dated January 2009. The *Quality Policy*, provided to all staff via the corporate intranet, was adopted in Acea in 1999 and is now an integral part of the *Quality Handbook* following review and updates.

Work to install digital meters for remote control continued: throughout the year, around **166,000 digital meters** were installed, bringing the overall number to **1,334,000 operating meters** as at 31/12/2009 (around 14% more with respect to 31/12/2008), in line with forecasts for 95% of customers with digital meters by the end of 2011.

Box – Progress in the “Road Map Project”: Quality-related Strategy

The “Road Map Project” established by an Acea Distribuzione in-house team in 2007 focuses on improving **electricity supply continuity** and **comprises various stages**, each of which involves specific targets in terms of quality and quantity to be reached by streamlining management and carrying out specific technical works.

The first stage was implemented in 2008 and focussed on management and procedures through technical improvements to medium voltage networks to improve service reliability, progress in the MV network remote control system, installation of special monitoring and safety devices in stations, etc.

In 2009, further to an additional review of this project in view of the targets reached and those to achieve, much attention was paid to **involving and training** staff (in addition to organizing a specific corporate masters programme, a number of general meetings were held to share the contents and targets of this

project with staff and a publication was made; see also *Human Resources - Training*). The technical works carried out included plans to **improve the low voltage grid for 2009-2011**, creation of a **back-up grid remote control system**, drawing up of new **emergency** procedures and review of processes to **focus on overall quality**, standardization and re-engineering IT systems to ensure ongoing improvement and teamwork.

Further to the work carried out, which was expected to provide benefits in terms of both recovering service continuity and reducing the number of repairs required and both of which economically significant (fewer costs, fewer penalties, bonuses), the first important result derived from the fact that there were **no penalties** concerning continuity performances in 2008 and that **Acea Distribuzione received a bonus** of 7 million euro from the Electricity and Gas Authority.

Table 21 – MAIN WORKS INVOLVING THE MANAGEMENT AND DEVELOPMENT OF ELECTRICITY NETWORKS AND STATIONS (2009)

HV lines and primary stations	<ul style="list-style-type: none"> important operations (implementation of new overhead and underground 150 kV lines, works and connections between primary stations) led to elimination of the 60 kV lines in north-east Rome and improvement of the HV network, approaching the definitive framework established in the Road Map
HV and MV protection and measures	<ul style="list-style-type: none"> numerous works were carried out over the year to implement or check electricity protection systems in primary stations, switches, etc. Network analyzers were installed to check voltage quality and earth resistance measures were carried out at 2,585 secondary stations and 17 primary stations
MV and LV lines	<ul style="list-style-type: none"> underground MV lines were installed for new networks and to modernize existing networks to comply with gradual transformation from 8.4 kV to 20 kV around 286 km of 20 kV MV cable was laid to extend and replace existing networks network expanded, renewed and improved through laying of around 203 km of LV cable 86 improvements made (Road Map Project) extraordinary maintenance on MV overhead lines: 88 jobs to replace equipment, supports, conductors, etc. and inspections on 522 km of overhead lines
secondary stations (MV and LV) and remote control	<ul style="list-style-type: none"> creation (or expansion) of 262 new stations to fulfil the demand for new connections to the grid and increase the voltage of existing customers 1,065 stations were rebuilt (566 of which remote control- ready) to adjust to 20kV, make them remote control-ready or renew equipment extraordinary maintenance carried out on 1,041 stations remote control extended to more stations, reaching an overall number of 4,302 remote control stations as at 31/12/2009

Quality Levels Regulated by the Electricity and Gas Authority

The **Electricity and Gas Authority** establishes the **electricity service quality parameters** in relation to **marketing and technical aspects** (supply continuity) in Italy.

On publishing the **Consolidated Text Regulating the Quality in Electricity Distribution, Reading and Sales for Regulation Period 2008-2011** (Decision no. 333/07), the Electricity and Gas Authority commenced a new regulation period gradually introducing stricter and more extensive quality standards and establishing higher fines and penalties to encourage companies to continuously improve performances.

The new elements gradually introduced shall be illustrated in this report in relation to the year in which they come into force. Two decisions made in 2008 (no. 164/08 and no. 201/08) integrated that already established through Decision no. 333/07 concerning the **quality of sales** and, more specifically, introduced amendments **coming into force as of 1 July 2009** concerning the **management of written complaints**, establishing their type and introducing different procedures for calculations, thereby for the first time providing company's the chance to autonomously bring to light sales performances, which is carried out by AceaElectrabel Elettricità (see Tables 25 and 27).

In relation to **distribution and reading** – which in Acea is carried out by Acea Distribuzione – in 2009 a specific quality parameter concerning the punctuality range for all appointments with customers was introduced and the punctuality range was reduced from three to two hours for “personalized” appointments with customers; **two specific quality levels** regulating **punctuality in communicating technical information between energy Distributor and Vendor** were also introduced (see Table 24).

With regard to the **commercial quality of electricity service**, the Authority established “**specific**” and “**general**”⁴⁷ levels and payment of automatic rebates to customers in the event of failure to comply with “specific” standards. Every year, Acea forwards its results to the Authority for checking and, as established, to customers by attaching them to a bill.

The tables below illustrate **the commercial quality parameters** (specific and general) **established by the Authority and the performances of Acea Distribuzione**, with regard to electricity distribution and reading, and **of AceaElectrabel Elettricità**, with regard to sales, providing a two-year comparison of results where possible.

In 2009, in line with the last few years, **all specific commercial quality levels** indicated by the Authority in relation to **distributing and measuring electricity were fulfilled on average**, both in low voltage and medium voltage supplies. The average time required to provide services fell well within the established limits and the percentages for complying with deadlines approached 100% for 17 parameters out of 19 (see Table 22).

The specific quality levels concerning **technical information forwarded** by Distributor to Vendor **introduced this year** were fulfilled by the deadline on average and at high percentage levels (see Table 24). With regard to general quality levels concerning electricity **distribution and reading**, the only standard for which the percentage of services to provide by the established deadline was not fulfilled was replying to written complaints/requests for information concerning readings (for both low and medium voltages), whereas all the other parameters were fully satisfied (see Table 26).

The percentages for compliance with the **general and specific commercial quality levels** concerning **sales** (see Tables 25 and 27) were calculated according to the requests arriving in the second half of 2009 and fulfilled by 31 December, as established by relative standard. In relation to this, Acea Electrabel Elettricità would like to point out that the particularly high number of requests arriving in this period made it impossible for all to be fulfilled, thereby determining a situation that will affect performances for the 1st half of 2010.

⁴⁷ “Specific Quality Standards” are the deadlines by which a specific service must be carried out by the subject responsible for such and determine payment of automatic compensation to customers in the event of non-compliance; “General Quality Standards” are the minimum percentage of services carried out by the relative deadline.

Table 22 – “SPECIFIC” COMMERCIAL QUALITY LEVELS AND PERFORMANCE OF ACEA DISTRIBUZIONE (2008-2009)
(figures forwarded to Electricity and Gas Authority)

service	Authority deadlines for fulfilling service	2008				2009			
		Average effective time for fulfilling service	Percentage compliance with deadline	Average effective time for fulfilling service	Percentage compliance with deadline	Average effective time for fulfilling service	Percentage compliance with deadline	Average effective time for fulfilling service	Percentage compliance with deadline
		(days)	(%)	(days)	(days)	(days)	(%)	(days)	(%)
low voltage supplies		domestic		non domestic		domestic		non domestic	
estimates for works on LV networks	20 working days	9.41	99.87%	9.22	99.75%	8.58	99.79%	8.25	99.66%
simple jobs	15 working days	5.95	99.95%	5.72	99.85%	4.82	99.95%	4.70	99.91%
connecting supply	5 working days	2.36	99.98%	2.5	99.96%	2.21	99.95%	2.38	99.91%
disconnecting supply	5 working days	3.18	99.79%	3.14	99.70%	3.21	99.95%	4.77	99.82%
resuming supply further to disconnection due to arrears	1 working day	0.36	99.88%	0.48	99.85%	0.25	99.91%	0.36	99.88%
resuming supply further to faulty meter (for requests received 8am to 6pm on working days)	3 hours	2.21 hours	97.04%	2.27 hours	97.41%	2.13 hours	85.00%	2.12 hours	84.63%
resuming supply further to faulty meter (for requests received on non working days or from 6pm to 8am)	4 hours	2.13 hours	98.17%	2.11 hours	98.88%	2.13 hours	91.99%	2.02 hours	94.64%
notifying result of meter check by request (meter)	15 working days	6.83	99.88%	6.86	100%	8.28	99.96%	8.15	99.85%
notifying result of check on supply voltage. By request	30 working days	8.61	100%	11.14	96.30%	4.00	100%	7.00	100%
punctuality in personalized appointments	2 hours after punctuality range	(.)	96.39%	(.)	98.95%	(.)	98.93%	(.)	99.64%
punctuality in appointments (*)	2 hours after punctuality range	-	-	-	-	(.)	99.74%	(.)	99.84%

(.) Not applicable.

(*) This parameter was introduced in 2009.

Table 23 – AUTOMATIC REBATES FOR CUSTOMERS DUE TO FAILURE TO COMPLY WITH “SPECIFIC” QUALITY LEVELS (2009)

amounts in force (euro)	type of customer
30	customers with low voltage supply for domestic use
60	customers with low voltage supply for non-domestic use
120	customers with medium voltage supply

NB: compensation is paid to customer by deducting amount from the bill or by issuing a cheque within **30 days** after date of service in question or, at the latest, by three times the amount of standard time established for such service, excluding automatic compensation for failure to comply with punctuality range for appointments, for which the time commences on the date of appointment.

service	Authority deadlines for fulfilling service	2008		2009	
		Average effective time for fulfilling service (days)	Percentage compliance with deadline (%)	Average effective time for fulfilling service (days)	Percentage compliance with deadline (%)
medium voltage supplies		end customers		end customers	
simple jobs	30 working days	2.62	100%	2.75	100%
connecting supply	5 working days	2.63	100%	2.75	100%
disconnecting supply on request by customers	7 working days	3.31	100%	3.70	100%
resuming supply further to disconnection due to arrears	1 working day	0.4	100%	0.19	100%
notifying result of meter check. By request (meter)	15 working days	5.2	100%	11.17	100%
notifying result of check on supply voltage. By request (*)	30 working days	/	/	5.00	100%
punctuality in personalized appointments	2 hours after punctuality range	(.)	100%	(.)	100%
punctuality in appointments (**)	2 hours after punctuality range	-	-	(.)	99.43%

(*) No requests were received for the parameter concerning notification of results from voltage checks in 2008.

(**) This parameter was introduced in 2009.

(.) Not applicable.

Table 24 – “SPECIFIC” COMMERCIAL QUALITY LEVELS: PUNCTUAL NOTIFICATION OF TECHNICAL INFORMATION BY DISTRIBUTOR FOR VENDOR (from July to December 2009) (figures forwarded to Electricity and Gas Authority)

service	Authority deadlines for fulfilling service	Average effective time for fulfilling service (days)	Percentage compliance with deadline
technical figures (which can be acquired by reading a meter)	10 working days after receipt of request	4.60	97.47%
technical figures (which cannot be acquired by reading a meter)	15 working days after receipt of request	8.37	99.60%

NB: The two standards concerning notification of technical figures to vendor came into force as of 1 July 2009.

In the event of failure to comply with the above standards, customer-vendor receives standard automatic rebates amounting to 20 euro

Table 25 – “SPECIFIC” COMMERCIAL QUALITY LEVELS AND PERFORMANCES OF ACEAELECTRABEL ELETTRICITA’ (from July to December 2009) (figures forwarded to Electricity and Gas Authority)

service	Authority deadlines for fulfilling service	Percentage compliance with deadline
corrections to billing	90 calendar days	100%
corrections to double billing	20 calendar days	/
replies to written complaints	40 calendar days	90.77%

NB: according to Electricity and Gas Authority Decision 164/08, a new procedure for calculating standards concerning corrections to billing was introduced as of 1 July 2009, therefore this figure cannot be compared to figures from previous years. The other two parameters became effective as of 1 July 2009, and no requests to correct double billing were received during this period.

It must be pointed out that the figures in the above table concern customers on the protected market (mainly households and small enterprises). In the event of failure to comply with standards, basic automatic compensation amounting to 20 euro shall be paid.

Table 26 – “GENERAL” COMMERCIAL QUALITY LEVELS AND PERFORMANCES OF ACEA DISTRIBUZIONE (2008-2009) (figures forwarded to Electricity and Gas Authority)

service	Electricity and Gas Authority parameters Minimum percentage of services to be carried out by a specific deadline (%) (working days)	2008				2009			
		Average effective time for fulfilling service (working days)	Percentage of services carried out in compliance with deadline (%)	Average effective time for fulfilling service (working days)	Percentage of services carried out in compliance with deadline (%)	Average effective time for fulfilling service (working days)	Percentage of services carried out in compliance with deadline (%)	Average effective time for fulfilling service (working days)	Percentage of services carried out in compliance with deadline (%)
low voltage supplies		domestic		non domestic		domestic		non domestic	
carrying out difficult jobs	85% within 60	12.38	100%	13.38	99.44%	11.40	96.59%	11.12	97.55%
replying to written complaints/requests for information concerning distribution	90% within 20	15.49	99.89%	15.43	100%	15.42	99.02%	14.99	99.69%
replying to written complaints/requests for information concerning readings	90% within 20	15.00	90.91%	13.9	95%	18.47	75.00%	20.51	68.09%

service	Electricity and Gas Authority parameters Minimum percentage of services to be carried out by a specific deadline (%) (working days)	2008		2009	
		Average effective time for fulfilling service (working days)	Percentage of services carried out in compliance with deadline (%)	Average effective time for fulfilling service (working days)	Percentage of services carried out in compliance with deadline (%)
medium voltage supplies		end customers		end customers	
estimate for works on MV networks	90% within 40	16.97	90.38%	17.15	90.16%
carrying out difficult jobs	90% within 60	10.34	100%	9.80	100%
replying to written complaints/requests for information concerning distribution	95% within 20	8.9	99.34%	11.89	100%
replying to written complaints/requests for information concerning readings	95% within 20	26	0%	19.67	66.67%

Table 27 – “GENERAL” COMMERCIAL QUALITY LEVELS AND PERFORMANCES OF ACEAELECTRABEL ELETTRICITA’ (from July to December 2009) (figures forwarded to Electricity and Gas Authority)

service	Electricity and Gas Authority parameters Minimum percentage of services to be carried out by a specific deadline	Percentage of services carried out in compliance with deadline
replying to written requests for information	95% within 30 calendar days	38.46%
replying to written requests for correction to billing (Art. 8, Decision 164/08)	95% within 40 calendar days	65.23%

NB: according to Electricity and Gas Authority Decision 164/08, a new procedure for calculating standards concerning replying to written requests for information and replying to written request for corrections to billing was introduced as of 1 July 2009, therefore this figure cannot be compared to figures from previous years.

The Authority also establishes “technical” quality parameters concerning supply continuity and a system of bonuses and penalties with the purpose of encouraging companies to improve services. Decision 333/07 and subsequent Decision 76/09 established stricter quality standards concerning electricity, introducing amendments that will gradually become effective.

Current standards (length and number of blackouts for LV customers, lasting and extensive blackouts, individual blackouts for MV and HV customers) and the performances of Acea Distribuzione are illustrated in Tables 28-30).

It must be pointed out that in view of the results achieved in terms of service continuity and in the event such are confirmed further to inspection by the Electricity and Gas Authority, **Acea shall not be required to pay any penalties to the Authority in 2009**, as already occurred in 2008.

The indicators for 2008 and 2009 concerning **the duration of blackouts to low voltage customers** (divided according to concentration of inhabitants) can no longer be compared to the figures for 2007 following the changes to calculations introduced by the Authority: Table 28 therefore provides recalculated figures (in italics) in addition to the figures published by the Authority for 2007. The **performances in 2009 highlight general improvement in all areas.**

Table 28 – ELECTRICITY CONTINUITY FOR LV CUSTOMERS: DURATION OF BLACKOUTS AND PERCENTAGE IMPROVEMENTS ((2007-2008: figures certified by Electricity and Gas Authority; 2009: provisional figures forwarded to Electricity and Gas Authority awaiting certification)

	cumulative duration (long blackouts without notice due to company) per LV customer per year (minutes)			percentage improvement (recalculated figures)	
	2007	2008	2009	2009 vs. 2007	2009 vs. 2008
high concentration	49.14	-	-		
<i>figures recalculated to the effects of Decision 333/07</i>	<i>48.16</i>	<i>49.36</i>	<i>43.26</i>	-10.2%	-12.4%
medium concentration	88.67	-	-		
<i>figures recalculated to the effects of Decision 333/07</i>	<i>91.21</i>	<i>82.36</i>	<i>65.53</i>	-28.2%	-20.4%
low concentration	143.35	-	-		
<i>figures recalculated to the effects of Decision 333/07</i>	<i>142.32</i>	<i>133.55</i>	<i>129.86</i>	-8.8%	-2.8%

NB: the three areas have been established according to the level of concentration in resident population: over 50,000 inhabitants is “high concentration”; between 5,000 and 50,000 inhabitants is “medium concentration”, under 5,000 inhabitants is “low concentration”.

The quality parameter for the **average number of blackouts** (number of blackouts per low voltage customer per year) takes into account both long blackouts (> 3 minutes) and short blackouts (< 3 minutes but over one second). Figures for 2007-2009 were calculated to the effects and purposes of Decision 333/07 and the trend shows progressive and continuous improvement.

Table 29 – ELECTRICITY CONTINUITY INDICATORS FOR LV CUSTOMERS: AVERAGE NO. OF BLACKOUTS AND PERCENTAGE IMPROVEMENT (2007-2008: figures certified by Electricity and Gas Authority; 2009: provisional figures forwarded to Electricity and Gas Authority awaiting certification)

	average no. blackouts without notice due to company per LV customer per year			percentage improvement	
	2007	2008	2009	2009 vs. 2007	2009 vs. 2008
high concentration	3,314	3,093	2,511	-24.2%	-18.8%
medium concentration	6,411	5,882	4,837	-24.6%	-17.8%
low concentration	13,078	10,524	7,739	-40.8%	-26.5%

NB: the three areas have been established according to the level of concentration in resident population: over 50,000 inhabitants is “high concentration”; between 5,000 and 50,000 inhabitants is “medium concentration”, under 5,000 inhabitants is “low concentration”.

Lasting or extensive blackouts (exceeding established standards) **originating at any voltage level** in the electricity system (both low and medium voltage) and **for any reason** are subject to regulation. The regulations for 2008-2009 established that the supplier pay a penalty (calculated according to customers left without power) to the Fund for Exceptional Events established with the Electricity Adjustment Fund and, as of 2010, automatic compensation to customers affected by the blackout. In 2009, the overall number of customers affected by lasting or extensive blackouts amounted to 7,596.

Finally, **high and medium voltage customers with certificates of compliance for their wiring**⁴⁸ are eligible for **automatic compensation in the event of electricity blackouts exceeding the established standard**. As of 1 January 2008, all customers are eligible despite the voltage they receive. With respect to the overall number of customers affected by blackouts exceeding the established standard (157 in 2009), the number of those eligible for automatic compensation as they have certified wiring is still very low (see Table 30); in other cases the supplier pays penalties to the Electricity Adjustment Fund rather than to customers. The Authority intended both to encourage suppliers to improve performances and to make customers more responsible with respect to their wiring.

Table 30 – MV AND HV CUSTOMERS: BLACKOUTS AND COMPENSATION (2008-2009)

	high concentration				medium concentration				low concentration			
	MV		HV		MV		HV		MV		HV	
	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009
total no. customers	2,250	2,306	1	1	286	304	1	2	213	216	4	4
no. customers with blackouts exceeding standard	299	157	0	0	39	23	0	0	30	28	0	0
no. customers to be compensated	9	11	0	0	2	1	0	0	0	3	0	0

NB: the three areas have been established according to the level of concentration in resident population: over 50,000 inhabitants is "high concentration"; between 5,000 and 50,000 inhabitants is "medium concentration", under 5,000 inhabitants is "low concentration".

Quality in Public Lighting

Acea is responsible for **functional and artistic-monumental public lighting** in Rome, in accordance with a **Service Agreement** between the Company and the City Council renewed in 2007⁴⁹. The **design, implementation and maintenance of this lighting** is managed by Acea Distribuzione and **falls within Acea SpA's Quality Management System according to standard UNI EN ISO 9001:2000**⁵⁰ to ensure the reliability and quality control of the relative procedures.

Works and progress for both functional and artistic-monumental lighting are planned and carried out through **cooperation** between **corporate managers and technicians** through indications from **Local Public Administration Departments and Agencies** responsible for new town planning schemes and improvement projects for the territory and cultural heritage.

⁴⁸ In order to be entitled to compensation, high and medium voltage customers must show that they have safety switches in their wiring systems to ensure that any faults caused by their wiring does not affect the network damaging other nearby customers. Furthermore, in order to be entitled to compensation customers must provide electricity supplier a declaration of compliance for their systems issued by a qualified technician. In the event customers are not entitled to compensation, the amount due shall be paid by the Supplier to the Electricity Adjustment Fund.

⁴⁹ Rome City Council Decision no. 3 dated 4 January 2007. The Service Agreement was renewed for the period 2005-2015.

⁵⁰ In 2009, the Company passed all annual inspections and no "non-compliances" were discovered. In January 2010 – on expiry of the three-year Certificate – Acea SpA underwent a CSQ Audit for reissue of the Certificate of Compliance with Standard ISO 9001, new edition 2008.

Table 31 – FIGURES CONCERNING PUBLIC LIGHTING IN ROME (2009)

lights (no.)	169,841 (+2.8% vs. 2008)
• artistic-monumental lights (no.)	around 11,000
street lamps (no.)	194,211 (+3% vs. 2008)
MV and LV electricity grid (km)	7,281 (+1.3% vs. 2008)

Every year, in addition to ordinary and extraordinary maintenance for public lighting, Acea installs new lights, renovates and modernises existing lighting, improving and ensuring its safety, experimenting and subsequently installing advanced energy efficiency technologies (see boxes on Light Plan and LED Lighting).

The works involving **functional public lighting** carried out in 2009 (see Table 32) include the following:

- installation of **over 5,000 new lights**;
- new systems pursuant to the “**Safety Pact**” implemented last year with cooperation from the Ministry of Internal Affairs, the Prefect’s Office, Lazio Regional Council, Rome County Council and Rome City Council to improve a number of “critical” sites (near railway and underground stations, bus terminals and car parks) continued and was completed, paying particular attention to lighting and urban décor. In addition to the works carried out in 2008, around 600 new lights were installed and the City Council included other “delicate” areas into the Light Plan, the lighting in which will be completed over the first few months of 2010;
- initiatives concerning **energy efficiency** involved **installing 130 LED** lights following the pilot project carried out between the end of 2008 and the first few months of 2009 (see detailed box and “**Light Plan**” for Rome in relation to future development of LED application)
- reconstruction of the systems in around 3 km of **tunnels with high traffic volumes** in crucial areas in the city centre and large connecting roads involving a total of **1,915 lights**. These systems all complied with the latest European standards concerning lighting efficiency and energy saving (ref. Standard UNI 11095-2007). At the same time, over 1,600 old and inefficient floodlights no longer complying with the new standard were removed;
- the first operation to upgrade the “Parco Lineare delle Mura”, lighting a section of the Aurelian Walls (from Porta Metronia to Porta Latina). This operation – carried out with cooperation from Rome City Council’s Historical City Department - was special as it involved the joint work of skilled in-house functional and artistic-monumental lighting resources: the roads used for vehicle traffic were lit with urban décor poles, special ground lights lit the section of ancient Roman wall and floor-lights lit the pavements. The overall lighting system (128 lights), differentiated according to their specific use, ensured that this particularly attractive area could be used by residents and visitors alike.

Table 32 – MAIN FUNCTIONAL PUBLIC LIGHTING WORKS (2009)

type of work	(no. lights)
installation of new lights	5,043 lights, amounting to lighting for around 130 km of roads (+16% vs. 2008)
modernization/reconstruction	2,477 lights (+25% vs. 2008)
transformation 2.7 kV MV circuits to standard LV	2,051 lights
making safe	4,890 lights

Box – Development in LED Technology for Street Lighting

Acea Distribuzione continued market surveys concerning the LED source in 2009. **Monitoring of the pilot installations** carried out in 2008 provided **results in line with expectations in terms of quality and innovation** and consolidated the system used to identify suppliers. Progress in the LED project requires **constant alignment with development in this technology**, occurring at such a rapid pace that it is already capable of ensuring the same performance levels as traditional sources (sodium, metal Halides). New suppliers were identified and a number of those

already selected were consolidated, producing **devices with performances exceeding** those used during the pilot project. Towards the end of the year, **130 more lights were installed** and Rome City Council approved the **Light Plan** for 2010-2015, involving exceptional development in the installation of LED lights. Acea undertakes to install around 15,000 new LED lights over this period and around another 15,000 through modernization and transformation of existing systems.

Box – “Light Plan” for Rome

Rome City Council and Acea top management decided to promptly assess the roads or sections of roads without lighting in Rome. The Company therefore sent Rome City Council a study identifying **1,800 km of unlit road** - 3,800 streets - and the **most critical areas** in December 2009 to thereby establish the guidelines for designing and planning future development programmes.

A project entitled “**Light Plan**” was therefore drawn up and

presented during a joint press conference by Acea and Rome City Council towards the end of the year, **aiming to install 30,000 LED lights by the end of 2015**, thereby doubling Acea's current production capacity. The Plan will be implemented through **investments of around 110 million euro** and will require **over 2,000 projects to light 850 km of roads**, with **forecast savings of 5,000 t of CO₂**. A considerable number of projects and new installations have already been established for 2010.

Further to completion of **network digitalization** (HV, MV and LV) in 2008 as part of the GIS Project (Geochartic Information System) based on official maps, ensuring immediate reconnaissance of the network sections requiring works, **a similar project for public lighting was implemented in Rome**.

The public lighting system in Rome is very extensive and diversified, therefore requiring regular **maintenance and repairs** (see Table 33), as well as extraordinary operations.

The *Service Agreement* between Acea and Rome City Council also establishes the **public lighting service quality parameters** concerning **repair times**, calculated from arrival of relative report⁵¹. **Performance standards are expressed as the average repair time allowed (TMRA)** by which repairs should be made and a **deadline (TMAX)** beyond which penalties shall be applied⁵².

In 2009, **the average repair times (TMR) for Acea** to repair various types of faults **were always below the**

Table 33 – REPAIRS AND SCHEDULED AND EXTRAORDINARY MAINTENANCE FOR PUBLIC LIGHTING (2009)

type of work	(no.)
checking corrosion of lampposts	27,553 lampposts checked (+4.6% vs. 2008)
replacing bulbs prior to decline	64,921 bulbs replaced
re-installing corroded lampposts or those fallen for accidental reasons	1,337 lampposts re-installed (-7% vs. 2008)

⁵¹ It must be noted that reports of faults caused by other parties and those reported for the same network section subsequent to the first report are not taken into account to calculate performance levels.

⁵² Penalty calculations involve a very complex mechanism: each repair made after the relative deadline is subject to penalty. Repairs made by the TMAX but after the TMRA are only subject to penalties when TMR>TMRA. In 2009, the overall number of reports subject to penalties was 12,904, 209 of which (i.e. 1.6%) were repaired after TMAX; the overall amount for penalties for the year is illustrated in the box concerning claims, bonuses and fines in the section Institutions and the Company.

TMRA, thereby confirming the marked improvement in performances over the last five years (see Table 34 and Chart 15).

The overall number of **fault reports**⁵³ made by both in-house systems (remote control, monitoring teams) and citizens and Rome City Council through the various channels available (fax, email or letter, call center, online, etc.)⁵⁴ in 2009 amounted to **20,589** (-6% with respect to 21,922 the year before). Acea **acted in 97.3%** of cases, with 21,029 "reports covered" as at 31.12.2009, while the remaining reports were completed in the first few months of 2010. The percentage breakdowns per type of fault are illustrated in Chart 16.

Table 34 – REPAIRING PUBLIC LIGHTING FAULTS: PENALTIES, STANDARDS AND PERFORMANCES BY ACEA (2008-2009)

fault type	penalty per day of delay (euro)	performance standard pursuant to Agreement		Acea performance	
		average repair time allowed (TMRA) (working days)	deadline (TMAX) (working days)	average repair time (TMR) (working days)	
				2008	2009
neighbourhood blackout – fault on 8.4 kV MV network	50	1 day	1 day	< 1 day	< 1 day
street blackout – fault on 2.7 kV MV or LV network	50	5 days	8 days	2.41 days	2.27 days
section blackout (2-4 consecutive streetlights off)	50	10 days	15 days	6.03 days	5.74 days
light off: one light, upright, lamppost	25	15 days	20 days	8.13 days	6.70 days

Source: Annex D/2 to Service Agreement 2005-2015 Rome City Council – Acea SpA.

Chart 15 – TREND IN ACEA PERFORMANCE REPAIRING PUBLIC LIGHTING FAULTS (2005-2009)

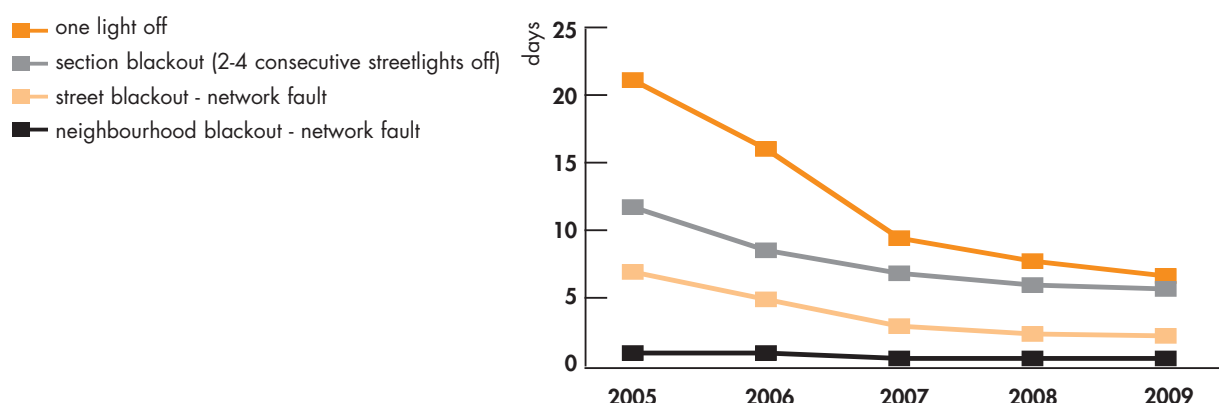
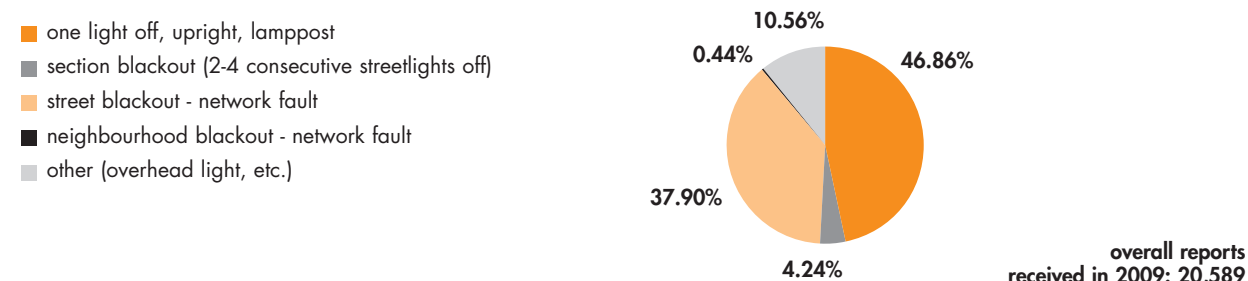


Chart 16 – TYPES OF FAULTS IN PUBLIC LIGHTING WITH RESPECT TO OVERALL NUMBER OF FAULT REPORTS RECEIVED (2009)



⁵³ This figure excludes reminders and repeated reports for the same fault.

⁵⁴ See section entitled Customer Care for details concerning the performances of call centers.

In accordance with the *Service Agreement* with Rome City Council, Acea helps **capitalize on the artistic and architectural heritage in the city of Rome** through consolidated experience in **artistic and monumental lighting**, for which around 11,000 lights are used. These distinctive skills are also available to “private subjects” on request (such as the Church, hotels and other parties in general). Table 35 provides a summary of the main works carried out in 2009.

Table 35 – MAIN WORKS CONCERNING ARTISTIC AND MONUMENTAL LIGHTING (2009)

system modernization	Modernization mainly concerned parks and gardens, and a number of systems dedicated to churches, obelisks, fountains and monuments. The operations worth mentioning include the fountain in Piazzale degli Eroi and the archaeological site at Terme di Diocleziano . Works involved an overall number of 770 lights
installation of new lights	Emphasis lighting for Colonna Traiana and Basilica Ulpia in the Foro di Traiano archaeological area , using LED technology (85 lights + 16 metal Halides); 53 lights in the archaeological park in Villa Gordiani; 4 new lights for the Sant’Aurea Church in Ostia; 49 lights for the avenues leading to Divino amore, amounting to 207 new lights
ordinary and scheduled maintenance	Scheduled maintenance involved 5,790 lights : 1,661 lights on bridges and banks along the Tiber, 2,563 lights in Villas and parks, 1,460 lights on monumental fountains, 106 lights for cathedrals and churches
extraordinary maintenance	Extraordinary maintenance concerned a total of 331 lights , with work carried out on Isola Tiberina (73 lights), bridges and banks along the Tiber (176 lights) and Campidoglio buildings (82 lights).

Box – Artistic Lighting in Archaeological Areas: Fori di Traiano and Villa Gordiani

The project for new lighting along Fori di Traiano (**Basilica Ulpia and Colonna Traiana**), written by the City Council Authority, was implemented by Acea Distribuzione and inaugurated in April 2009.

This lighting system was the **first operation specifically for an archaeological area entirely in LED technology**. Experiments on LED installations in 2008 involved road lighting and the architectural and monumental lighting for the Acquario Romano, currently used as offices by the Association of Architects. This technology not only ensures energy savings, but also control over the system via computers that can be programmed both to switch on equipment according to a preset “hierarchy” and to set the intensity of lighting.

The lighting project for the **Villa Gordiani archaeological park** aimed to capitalize on the archaeological remains in this area – the “Basilica”, the “Mausoleo”, the “aula Absidale”, the “aula Ottagonale” and the “Cisterna” – between Via Prenestina and Viale Venezia Giulia, and the “Cisterna grande” on the opposite side. In view of the nature of the materials in question, the equipment comprises high-pressure sodium bulbs. **Floodlights in which specific refractors can be inserted** were chosen to ensure **the best possible distribution of light and reduce dispersion and light pollution**. The main goal behind this project was to highlight emergencies through basic lighting on which to build an emphasis lighting system to reconstruct the architecture through light.

Quality in the Water Sector

The information provided below concerns management of the **Integrated Water System** which Acea carries out through Acea Ato 2 in **ATO 2 – Central Lazio** (Rome and 111 municipalities in Lazio)⁵⁵. Please see *Company Fact Sheets Italy-Overseas* for the other ATOs in which Acea operates⁵⁶ and *Environmental Issues* and *Environmental Accounts* for information concerning the environment.

⁵⁵ See *Environmental Issues for the number of networks and systems involved*.

⁵⁶ *Campania, Tuscany and Umbria, in addition to Lazio*.

Management of this service covers the entire drinking and wastewater cycle and is regulated via a **Management Agreement** between the Company and the ATO Authority, which also establishes general and specific **quality standards** through the **Integrated Water Service Charter**⁵⁷. Relations with customers are also regulated through **User Regulations** attached to the aforementioned Agreement, which establishes the technical, agreement and economic terms and conditions under which service supplier is required to provide services to customers and the procedure for settling disputes.

Designing, building, carrying out maintenance and restructuring networks and systems for the water service – which undoubtedly affect service quality – are carried out by Acea Ato 2 and **fall within Acea Spa's Quality Management System according to Standard UNI EN ISO 9001:2000**⁵⁸ to warrant reliability and improvement.

Finally, Acea Ato 2 constantly monitors the quality parameters concerning various aspects of the service and regularly forwards relative information to the ATO Technical Operational Office.

Municipalities within ATO 2 are gradually subjected to management in agreement with the local authorities once the condition of networks and systems has been checked and the fact that the municipalities in question have carried out the work required to solve any non compliances is confirmed. As at **31 December 2009**, this service was managed in **76 municipalities** (including Formello taken over in July), amounting to **around 3.7 million inhabitants**, in other words 95% of the overall number; this figure is joined by 9 other municipalities in which the Integrated Water Service is managed partially and the aqueduct systems of the Consortia Simbrivio, former Cassa per il Mezzogiorno, Doganella, the Consortia Nemi-Genzano, C.E.P. (Consorzio Ecologico Prenestino) and **Consorzio Acquedotto del Peschiera**. The latter consortium covers 8 municipalities, 6 of which have already transferred management of the integrated water system to Acea Ato 2, **and was taken over in 2009**. Checks on the condition of networks and systems in 101 municipalities (including in municipalities already managed) were completed by 31 December 2009.

The situation concerning the water infrastructures in a number of municipalities in the province of Rome recently acquired requires further actions to ensure a high quality service, for example by modernizing systems, completing pipes, building wells, etc. to warrant appropriate water supply and solve a number of problems. In 2009 for example, the Nuovo Simbrivio and Doganella aqueducts were connected to improve this structure, a new pipe was made operational in Velletri and extraordinary works were carried out on the Olgiata-Civitavecchia pipe. The operations carried out to solve the water emergencies in municipalities in south Rome that came to light in 2008 were also of primary importance. Acea Ato 2 therefore planned and carried out the works required according to that already performed the year before: this involved improving networks, searching for water and digging new wells and building new connection and supply pipes to ensure that the infrastructure and supply service became more reliable.

Operations to **solve leaks** by analyzing the supply networks, which have gone on for a number of years, focussed more specifically on the municipalities in the province of Rome; this work involved reconstructing the layout of pipes, entering this information in an IT system (GIS - Geographic Information System⁵⁹), monitoring the capacity and pressure of water and identifying and repairing leaks (see also box in *Environmental Issues*).

Rome⁶⁰ now has a near perfect quality in terms of service and the works, in addition to maintenance and fault repairs carried out, focus on general efficiency and adapting the water system for new housing by building new supply pipes and tanks and extending the sewerage system.

⁵⁷ The Acea Ato 2 Integrated Water Service Charter, which came into effect in 2003, applies in the municipality of Rome and gradually in the other municipalities acquired in ATO 2 – Central Lazio. The full version of this Service Charter is available online at www.aceaato2.it.

⁵⁸ In 2009, the company passed annual inspection and no "non compliances" were discovered. In January 2010 – on expiry of the three-year Certificate – Acea SpA underwent a CSQ Audit for reissue of the Certificate of Compliance according to Standard ISO 9001, new edition 2008.

⁵⁹ GIS is an IT system used to acquire, register, analyze, view and return information from geographic data, relating various information, according to a common geographic reference.

⁶⁰ Acea was appointed to manage the aqueduct system in Rome in 1937 and the purification system in 1985.

Box – A System for Overseeing Water Availability

A system to monitor the quantity and quality of water resources was implemented in 2009 comprising a network of 15 weather stations, a network of "scout wells" and remote measurement of a number of variables concerning supply systems. The information discovered and measurements taken are entered into a server which uses calculation algorithms,

balancing and set graphs to provide a regular overview of the condition of available water resources. A number of weather and climate (1951 –2009) and water (2002 – 2009) databases have already been developed and the relative parameters and indexes required to provide the system "a past memory" have been calculated.

The number and type of ordinary and **extraordinary maintenance operations** carried out on **networks, systems and equipment** in **all municipalities in ATO 2** under management to warrant regular water supply and **the analyses carried out on drinking and wastewater** in 2009 are illustrated in Table 36.

Table 36 – MAIN WORKS CONCERNING AQUEDUCTS, TREATMENT PLANTS AND NETWORKS AND WATER ANALYSES CARRIED OUT IN ATO 2 – CENTRAL LAZIO (2009)

type of work	(no.)
hydraulic/electromechanical maintenance on supply and source network	874 operations (repairs and maintenance, 364 of which solving leaks)
ordinary maintenance on water network (operations with digs on pipes, off-takes, carriers, etc.)	21,520 operations (8,821 of which on the Rome network)
"user" maintenance (operations without digging for users, e.g. meters, outlets, etc.)	40,981 operations (16,448 of which for users in Rome)
maintenance (improvements, ordinary, preventive, etc.) on treatment plants	5,260 operations (+ 15% with respect to 2008)
maintenance (ordinary and extraordinary) on sewerage network	8,886 operations (5,268 on the Rome network)
controlling drinking water quality	8,626 samples taken and 348,255 analyses carried out on drinking water
controlling wastewater quality	87,056 analyses carried out on wastewater

Continuity in water supply is an important **service quality parameter**. This parameter is calculated according to the **number and length of interruptions**: in 2009, 655 stoppages were required (33% less than in 2008), 541 of which were urgent (for faults in pipes) and 114 were scheduled; 23 stoppages lasted over 24 hours. Table 37 illustrates **net improvement in the figures** over the last three years, especially in relation to a decrease in the number of stoppages.

The **INTER parameter**⁶¹ required by the ATO Authority is used as **the index for interruptions to water supply** representing the company's performance in terms of service continuity, the **best possible value of which is**

Table 37 – NUMBER, TYPE AND DURATION OF STOPPAGES TO WATER SUPPLY (2007-2009)

	2007	2008	2009
urgent stoppages (no.)	915	734	541
scheduled stoppages (no.)	259	245	114
total stoppages (no.)	1,174	979	655
stoppages lasting > 24h (no.)	73	118	23

⁶¹ The INTER parameter for interruptions concerns water supply continuity and is calculated according to the number of interruptions to the water service, the number of customers affected, the overall number of customers in relative ATO and duration of each interruption.

almost one unit: the Acea INTER parameter for ATO 2 in 2009 was 0.99, as occurred in the three previous years.

Corporate subsidiary LaboratoRI supports Acea Ato 2 in carefully **monitoring and checking the quality of water** both used for drinking and to return to the natural environment.

Analyses on supplied drinking water are carried out on samples taken from various places: springs and wells, supply systems, reservoirs and distribution networks. **The frequency of analyses and withdrawal points** are established taking into account a number of variables in each municipality (volume of water supplied, condition of networks and infrastructures, special features in local sources, etc.) and exceed the number established in current Laws (Italian Legislative Decree 31/2001).

Over 8,600 samples were taken in ATO 2 – Central Lazio and **348,255 analyses** were carried out by both LaboratoRI and Acea Ato 2 (in relation to water quality, see also *Environmental Issues* page 167 and *Environmental Accounts* page 11).

In view of the volcanic nature of this area, the sources in a number of municipalities in the province of Rome – for example the Castelli area – have specific parameters (e.g. for fluorine, arsenic and vanadium) with concentrations exceeding those established in Italian Legislative Decree 31/2001. In such cases, Acea implements plans to install special treatment systems or by mixing this water with water from other sources, according to that established in provisions for exceptions (to the effects and purposes of Italian Legislative Decree 31/01).

The source water used to supply Acea’s “historical network” in Rome and Fiumicino is already of excellent quality.

In addition to the extraordinary presence of **423 artistic and monumental fountains**, for which Acea carries out extraordinary and ordinary maintenance, a **special feature of the city of Rome** is its roughly **2,500 drinking fountains** in cast iron (“spouts”) and travertine marble (“she-wolf drinking fountains”) located throughout the city to **provide drinking water** to Romans and visitors alike.

Box – “Parco della Fontana dell’Acqua Acetosa”

In December 2009, the “Parco della Fontana dell’Acqua Acetosa” was presented at Canottieri Aniene, thereby returning the historical fountain from which drinking water will once again flow thanks to restoration and improvements to the city of Rome. This fountain was classified as a monument to be restored by the Italian Environmental Fund and is located in the Parioli neighbourhood, right in the spot where the Tiber forms a bight before heading north.

Towards the end of the Fifties, following centuries of incessant supply of drinking water, this fountain was affected by significant pollution in water table providing its water, causing its closure. Careful work by Acea to restore the water system and lighting around the fountain and surrounding area ensured that this water – with its excellent organoleptic features – will once again run freely.

With regard to tap water consumption, Acea asked its customers in its **2009 Customer Satisfaction Survey** (for Rome and province) if they drink the water supplied to their homes and if not why not. The trend of the last three years was once again confirmed: around 55% of the people interviewed living in the city said that they regularly drink tap water while 22% never do and, of the latter, 24% do not like the taste and 15% do not trust its hygienic quality. The percentage of people living in the province who regularly drink tap water was 38% (improving on 24% last year) and 44% said they never drink tap water; 32% do not trust its hygienic quality and 21% do not like the taste.

For this reason and as Acea considers it important to improve the faith of people in the quality of its water,

it continues to **communicate with customers and the general public**: an initiative to circulate a “**water ID card**” was re-launched in 2009, providing a list of the parameters certifying the quality of drinking water, and a “**treasure map**” was distributed, providing a map of the centre of Rome showing the location of “spouts”, the traditional drinking fountains (see also *Communication, Events and Solidarity*).

Box – Altroconsumo Survey on Water Quality

In October 2009, Altroconsumo – one of the leading consumer associations in Italy – provided the results of a survey on water quality and launched an information campaign entitled *Drink Tap Water* for “the wary, the misinformed and demanding palates”.

«Low in mineral content, with the right amount of calcium and suitable for low-sodium diets (...), a description that (almost always) fits tap water. That is what emerged from our survey», states the Association’s website.

Altroconsumo took 35 samples of water from public drinking fountains in the centres of 35 chief cities in Italian regions and analyzed the quality and type of waters (hardness, salinity, sodium, chlorites), pollutants (especially contaminants that may

affect health) and metals, deliberately acting stricter than established by the Law and negatively assessing values that exceeded half the limit, even though they were far from the set limits. The overall opinion on water quality formed by the weighted average of partial opinions concerning quality, nitrates, metals and pollutants expressed on a scale of 5 levels – excellent, good, acceptable, mediocre, terrible – for Rome was excellent.

The results of this survey are published online in an article entitled “Blue gold. Gushes from your taps” in Altroconsumo, October 2009, www.altroconsumo.it)

The Company is also responsible for **additional water services** in the city (fire hydrants and sprinkler network); the sprinkler network is mainly located in the city centre and the “Trieste” and “Prati” neighbourhoods and supplies the most important and representative artistic and monumental fountains in Rome.

The integrated water system concerns the entire water cycle up to its return into the natural environment. **The sewage system** (systems and networks) **and the treatment service** managed by Acea Ato 2 comprised – as at 31.12.2009 – **466 sewage removal systems** (158 in Rome), **176 treatment plants** (35 of which in Rome) and **5,979 km of network** (around 4,030 km of which for Rome).

These operations gradually expanded in line with town planning development and progress in management of the Integrated Water Systems in ATO 2 – Central Lazio municipalities: **maintenance, improvements and repairs** to the sewage network and main sewages throughout 2009 in Rome and province amounted to **8,886**, with an average of **around 740 operations per month**.

Wastewater undergoes careful analysis before being returned to the environment (on entering and leaving treatment plants) in order to check the quality: Laboratorio carried out around 87,000 analyses on behalf of Acea Ato 2 in 2009.

The monitoring network for systems connected to treatment plants improved considerably over the last three years due to a project implemented by Acea Ato 2 with cooperation from University Research Institutes. Acea Ato 2’s **Environmental Ops Room** is currently **able to continuously monitor the entire wastewater disposal system** and produce daily reports concerning pluviometry, hydrometrical levels, the condition of the sewage network and the quality of water in the rivers receiving water, in other words **the Rivers Tiber and Aniene**. This Ops Room uses a **sewage network remote control** system to receive figures **from 32 measuring tools** and, further to an agreement with the Rome Hydrographic and Marigraphic Office effective for some years now, receives and processes hydrometric figures, figures from **48 pluviometric stations** and those from **4 water quality monitoring stations** installed along these two rivers.

Rates

Electricity Rates

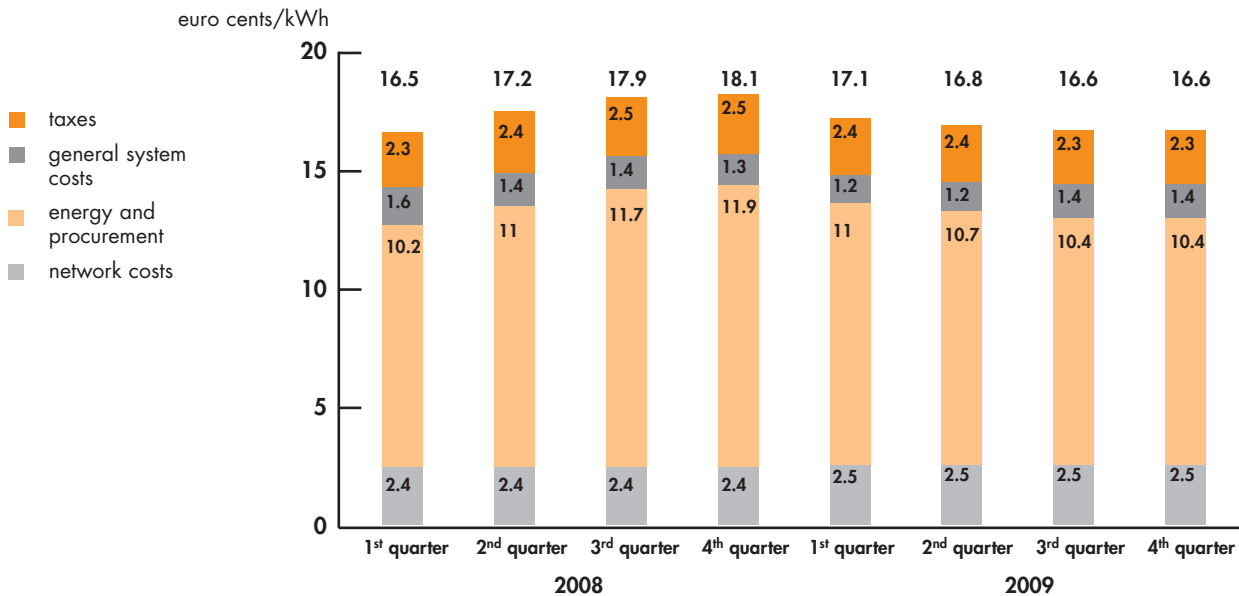
The electricity market became fully deregulated in July 2007. This means that any domestic consumer can freely choose their electricity supplier in Italy, according to that established by the European Union.

Entering the so-called “**deregulated market**” – in other words changing current supplier and implementing a contract with a different business – is the free choice of every consumer. In this case, the service costs excluding infrastructures (network services, system costs and taxes) are subject to market trends and free negotiations among the parties involved.

The *conditions* for the “**protected market**” regulated by the Electricity and Gas Authority remain effective for customers that decide not to switch to the deregulated market and stay with their usual supplier; the most important of these conditions for customers is undoubtedly the **rates**⁶².

According to the economic conditions established for standard households on the protected market (2,700 kWh per year at 3 kW)⁶³, the prices in 2009 reduced by 3.6% with respect to the year before, amounting to an average cost of 453 euro (with respect to round 470 euro per year in 2008). The final cost was affected by a reduction from 11.18 to 10.65 c€/kWh (average value for the four quarters in 2008 and 2009) of the item relative to procurement and marketing, which has always had the biggest effect on final cost, the reduction from 1.44 to 1.29 c€/kWh for general system costs and, finally, the reduction in taxes from 2.41 to 2.36 c€/kWh.

Chart 17 – TREND IN ELECTRICITY PRICES FOR STANDARD HOUSEHOLDS (in euro cents /kWh) (2008-2009)



Source: Electricity and Gas Authority website (www.autorità.energia.it) –statistics

⁶² Rates are updated by the Authority every quarter, mainly in relation to international hydrocarbon costs.

⁶³ According to the Authority, average annual consumption of domestic customers amounts to 2,170 kWh.

Water Rates

Acea Group companies apply the rates established and regularly updated by their respective **ATO Authorities (AATO)** as representatives of the local authorities served by an Integrated Water Service. These are calculated according to the area of the service in question (aqueducts, sewages and treatment), the customer and type of use.

In accordance with current laws, rates are established to cover management costs, investments made and returns on the invested capital, in compliance with the principle of economic and financial self-sufficiency in the water sector.

With regard to the cost item received by water companies and paid by users **connected to the sewage system but not served by treatment plants**, further to the decision made by the Council in 2008 and by way of compliance with Italian Law 13/09 (see relative box in Corporate Identity for more details), the Ministry for the Environment identified the criteria and parameters for repayment, establishing the following points: a five-year deadline for customers to be entitled to repayment; deduction of the costs related to design or installation for works carried out in order to start-up a treatment plant, as this is to be paid back; presentation of an official application for repayment by customers; the specific obligations of service providers to notify customers on progress in works to build treatment plants.

The **real average rates** applied by Acea Group companies within the consolidation scope in 2009 are illustrated in Table 38.

Table 38 – AVERAGE WATER RATES APPLIED BY ACEA GROUP COMPANIES (2009)

company	€/m ³
Lazio/Campania	
Acea Ato 2 SpA – Central Lazio	0.99
Acea Ato 5 SpA – Southern Lazio	1.41
Gori SpA – Sarnese Vesuviano	1.18
Tuscany/Umbria	
Acque SpA – Basso Valdarno	1.83
Publiacqua SpA – Medio Valdarno	1.80
Umbra Acque SpA – Umbria	1.46

Customer Care

The Acea SpA **Customer Care Team** ensures integrated management of relations with customers for the entire Group⁶⁴ through analyses, performance monitoring in **contact channels** available to customers, **directly overseen by operational companies**, and preparation of regular reports.

Customers can contact Acea and operational companies via an **exchange** which puts them through to corporate offices and sites, **commercial free-phone numbers, free-phone numbers for reporting faults** (see box), **counters** (physical and online), via **letter, email, fax** or **corporate websites** (www.acea.it, www.aceaelectrabel.it e www.aceaato2.it). “Key customers” (e.g. companies and institutions) have specific departments within operational companies to deal with their procedures. At the end of 2009, a telephone number was established for Public Administrations as “key customers” of Acea Electrabel Elettricità.

⁶⁴ Although monitoring of performances in managing contact centers carried out by the Customer Care Team includes almost all water companies in the Group, by way of complying with the accounting boundary in this chapter, information and performances of Acea Ato 2 are provided here and the Company Fact Sheets Italy-Overseas should be consulted for information concerning other companies.

Box – Telephone numbers

- Acea Exchange: 06/57991
- Commercial free-phone number for **water and electricity** (customers on the protected market) including perpetual lighting fault reports: 800.130.330 (*)
- Commercial free-phone number for customers on **deregulated electricity market**: 800.130.334
- Free-phone number **free market offers**: 800.130.333
- Free-phone number for **district heating**: 800.130.337
- Free-phone number for **water service complaints/faults**: 800.130.335
- Free-phone number for **electricity and public lighting complaints/faults Rome**: 800.130.336

(*) *On January 1st 2010 the services replying to free-phone number 800.130.330 were separated. This number is now exclusively used for Perpetual Lighting Management (in Italian Gestione Illuminazione Perpetua - Gip) and the Crisis Plan for Electricity System Safety (in Italian Piano di emergenza per la sicurezza del sistema elettrico - Pesse), whereas the Acea Ato 2 commercial service adopted free-phone number 800.130.331 and the protected electricity market was given free-phone number 800.199.900.*

NB: *Acea warrants respect for privacy in managing personal information in all relations with customers (in accordance with Italian Legislative Decree 196/2003).*

Acea8cento began to gradually take over Customer Care activities for all companies in the Group in 2008. The decision not to partially entrust management of customer care to an outsourcer by establishing a specific company within Acea Group proved to be a good choice and provided the expected results (see Chart 19). In fact, Acea8cento also took over management of the telephone lines (exchange and commercial free-phone number) and remote channels (fax, email, web-forms, written letters, etc.) on behalf of Acea Ato 5 in 2009.

In addition to overseeing Group company contact centers, Acea8cento analyzes and identifies areas for improvement in “remote” management of customers and, in 2009, established joint workgroups to improve the **structure** of the free-phone number of Acea Ato 2 customers, thereby creating **two separate free-phone numbers** – commercial and fault reports – and the logic and technical infrastructure for the Acea Ato5 exchange.

By way of ensuring ongoing improvement in contact center performances, in 2009 Acea **extended monitoring of quality provided** by free-phone numbers through mystery calls **to all the commercial services managed by Acea8cento** and the **Acea Distribuzione and Acea Ato 2 fault report centers** managed by these companies, the results of which are shared with corporate directors. Furthermore, Acea SpA’s CEO with support from the Customer Care Team **established a workgroup to map the problems most frequently reported by customers** in December, to identify the actions required and thereby respond more effectively to customers’ expectations, commencing with how complaints are managed.

The overall number of calls received by **Acea free-phone numbers** in 2009 amounted to **2.1 million**. This was slightly fewer than in 2008, while the distribution among the various services remained substantially unaltered: the electricity commercial free-phone numbers were responsible for around 64% of the calls received, with an increase in the traffic received by the free-phone number for the free market due to growth in this type of customer. **The service level improved**, with operators replying to **88%** of all calls received (see Chart 18).

Electricity and Gas vendor call centers are **assessed** twice a year **by the Electricity and Gas Authority**, which

Chart 18 – OVERALL TELEPHONE TRAFFIC FOR ACEA FREE-PHONE NUMBERS (2008-2009)

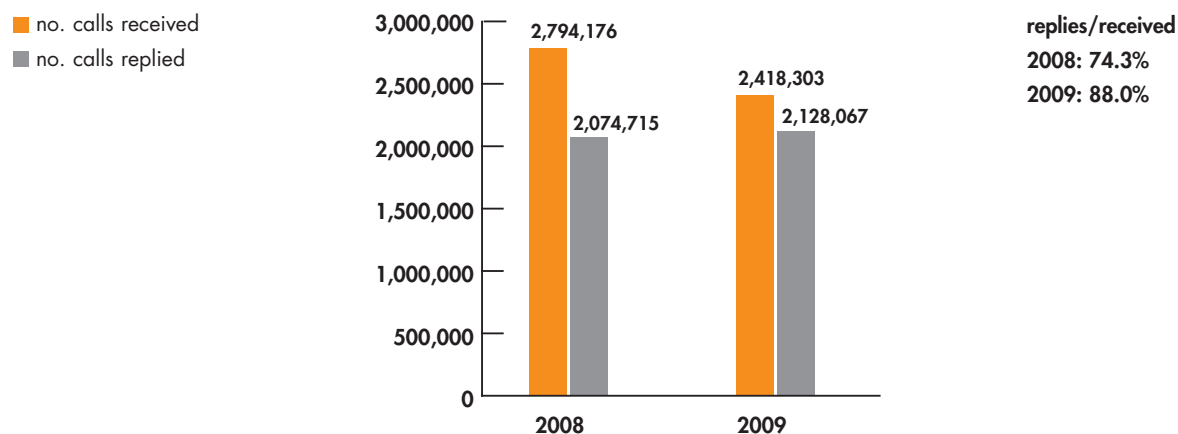
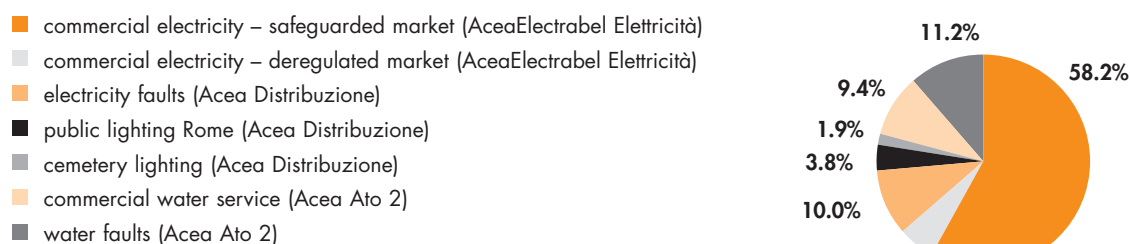


Chart 19 – PERCENTAGE DISTRIBUTION OF TELEPHONE TRAFFIC RECEIVED BY ACEA FREE-PHONE NUMBERS - 2009)



prepares a comparison of the services offered by each operator and publishes a **classification**⁶⁵ based on the **overall number of points**⁶⁶ (IQT) assigned.

The Authority's classification for the second half of 2008 and the same period in 2009 in relation to the AceaElectrabel Elettricità call center showed a slight drop from 20th place in 2008 to 22nd place in 2009, although it must be pointed out that it reached 15th place in the survey concerning the first half of 2009. Despite this position in the classification, performances have progressively improved: in fact, if we compare the points received on the whole, the **overall score (IQT) increased from 41.6 to 60.4 and then to 60.9 in the three half-year periods in question**. This improvement is mainly due to growth in the quality indicator (PQ), which reached 38 points in the second half of the year (35 in the first half) and the score for Customer Satisfaction Survey (PSC), which reached 92.3 (from 85.3 in the first survey), however also the slight improvement in the accessibility indicator (PA), which rose from 46 to 48.

More specifically, improvement that the AceaElectrabel Elettricità contact center progressively made in **Customer Satisfaction Surveys carried out by the Authority** involved all the elements under review, for example the amount of time passing before customers found the line free (from 74.7 in 2008 to 89.7 in 2009), the waiting time to speak to an operator (from 71.9 in 2008 to 89 in 2009).

⁶⁵ The classification for the quality of electricity and gas vendor call centers took into account figures from the second half of 2009 and can be viewed at the Electricity and Gas Authority website (www.autorità.energia.it).

⁶⁶ The **overall score** comprises three separate scores, two of which refer to **quality delivered** – access to service (PA) and service quality (PQ) – and the third concerning the results for **quality perceived** by customers – level of customer satisfaction in those calling the call center (PSC) –, carried out by the Authority.

It is also important to point out that **the elements most affecting the overall index of customer satisfaction (ICS)⁶⁷**, of a purely qualitative nature, such as the ability to solve problems (with a score of 87.2) and the clear nature of responses (with a score of 93) – **are the strength of this company's call center** with respect to the others.

The main performance indicators for other **Acea free-phone numbers** – electricity, public lighting and cemetery fault reports, water service faults and marketing – are provided in Table 39.

The **service level improved in all call centers**.

Table 39 – MAIN PERFORMANCE INDICATORS FOR ACEA FREE-PHONE NUMBERS (2009)

performance indicators	electricity faults	public lighting faults Rome	cemetery lighting faults	water marketing	water faults
	Acea Distribuzione(*)	Acea Distribuzione(*)	Acea Distribuzione	Acea Ato 2	Acea Ato 2(*)
total calls received (no.)	241,707	90,817	45,407	226,907	270,271
total calls answered (no.)	202,691	72,642	39,186	200,111	238,841
% answers for calls received	83.9%	80.0%	86.3%	88.2%	88.4%
average waiting time for reply (seconds)	116	105	81	57	107
average conversation time (seconds)	98	81	197	191	134

(*) Telephone calls answered by an automatic recording or ended by customer on the telephone tree are considered as answers; a fault in the exchange meant that figures were not recorded for half of January and the amount of fault reports is therefore slightly lower than the correct value.

More specifically, the performances of commercial free-phone numbers benefitted from the full operability of Acea8cento and the electric and IP service performances improved in relation to fault report free-phone. Over the last quarter of the year, Acea Distribuzione introduced a new operational system (Geocall) to ensure more effective management of reports and repairs and commenced training for the staff involved. These services are refined in close cooperation with operational rooms and are particularly important in providing prompt indications on the status of faults and time to repair.

Remote contact between customers and the company has been redesigned and improved over the last two years: more specifically, graphics and contents on the **Acea website** (www.acea.it) have been renewed and **the websites of operational companies** (www.aceaelectrabelelettricit .it e www.aceaato2.it) have been equipped with **online counters**, which can be used for matters concerning contracts and marketing, requesting information and checking billing and payments.

The Acea Ato 2 online counter became fully operational during the year and, as at 31.12.2009, received around 16,400 registrations. The **AltaFedelt  Competition** (loyalty programme) for water service customers in Rome also ended with virtuous customers receiving their awards (see relative box).

Acea has "physical" **counters** for electricity and water service customers at the main office in Piazzale Ostiense 2 and in the Ostia Lido branch. There are 25 more counters for the water service in other branches in Rome⁶⁸ and in the municipalities in which management was taken over.

⁶⁷ Information on the relationship between ICS and PSC and, more generally, how the overall IQT score is calculated can be found in Decision by the Electricity and Gas Authority no. 164/2008.

⁶⁸ At 1665 Via Casilina (VIII district).

The majority of customers visits to Acea counters relate to the electricity service (see Table 40), although the number decreased over the year on the whole. This is due to improvement in the performances of telephone contact centers (see Table 39) and, with regard to the water service, customers using other channels: fax and web.

Organization streamlining and a drop in the number of customers visiting counters in 2009 led to a considerable reduction in waiting times and service levels (expressed as a ratio between the number of tickets issued and customers served) of 98%.

Box – AltaFedeltà Competition Ends: over 1,600 Winners Awarded by Acea Ato 2

Acea Ato 2 launched the **AltaFedeltà competition** in September 2008 in order to raise the awareness of Rome water service customers.

This initiative ended in July 2009 and was supported by a campaign entitled "*You are the source of a better service*". It aimed to encourage customers to behave responsibly by persuading them to use the tools provided by the company – website, online counter, free-phone number, online payment – for active management of customer relations and awarding those that responded to this appeal.

The project was constantly monitored, from publication of the initiative up to its final results. There was a considerable change in the number of registrations with the online counter from the beginning to the end of the competition – from 2,683 to 12,452 subscribers in July 2009, an increase of over 364%. Finally, the initiative led to an initial increase in virtuous

behaviour by customers: 707 customers declined hard copies of bills (this figure was 145 in August 2008) and authorized direct debit for bills, thereby ensuring prompt payment, while 3,942 meter readings were made online (this figure was 155 in August 2008).

The number of customers awarded by **AltaFedeltà** (with low energy consumption electrical appliances, energy-saving equipment, bonuses for renovating and making apartment buildings compliant) amounted to over 1,600: 106 administrators, 40 apartment buildings 1,500 households.

On the whole, this initiative proved to encourage customers to act more responsibly both with respect to using water resources (monitoring consumption) and using the service (acting correctly towards company in terms of billing and payment). Finally, the "AltaFedeltà" competition was presented at the eighth edition of the Sodalitas Social Award due to its stakeholder engagement.



Table 40 – HEAD OFFICE COUNTER PERFORMANCES (2007-2009)

	AceaElettrabel Elettricità electricity service			Acea Ato 2 water service (*)		
	2007	2008	2009	2007	2008	2009
tickets issued (no.)	120,338	124,551	115,876	36,421	38,163	31,464
customers served (no.)	112,999	117,505	113,890	35,219	36,707	30,824
service level	94%	94%	98%	97%	96%	98%
average waiting time (mins.)	42	35	18	44	55	26
average service time (mins.)	10	9	10	15	14	14

(*) Between April and September 2008, in times of excess numbers for counters, 2,793 water service customers were served "outside the system", in other words they were not taken into account for the above statistics.

Box – Agency for the Quality of Public Services Assesses Acea Counters

The Agency responsible for controlling the quality of public services in Rome carried out a survey in 2009 to monitor the quality and quantity of Public Utilities counters in Rome (available online at www.agenzia.roma.it). This survey involved testing **interaction with staff** as mystery customers (in other words simulating a customer’s visit to a counter) and direct observation of these locations.

Interaction with counter staff aimed to examine both the quality of replies from counter staff and a number of indicators concerning numbers (the number of open counters, queue control system, waiting time to speak with staff), assessing the following specific areas: problem-solving, comparison with information on website (matching and coherent); staff appearance (ID badge showing, appearance, cleanliness, smart), courtesy and kindness.

Aspects concerning the structure of physical counters grouped into 8 macro-level areas were assessed through **direct observation**: disabled parking spaces, signposts/maintenance (effective signposting for offices, offices in good condition), public transport network, access to the building, the general condition (cleaning, space, etc.), condition of fittings (furniture, notices showing opening hours in clear view, etc.), procedure

for managing queues, information and feedback for customer (information leaflets available, printed forms available to provide opinion on the experience and presence of a claims/suggestion box for customers).

The specific indicators concerning quality and quantity were assigned **scores ranging from 0 to 100** according to their compliance with reference target standards (0-40 insufficient; 41-60 minimum compliance with standards; 61-75 sufficient compliance with standards; 76-90 good compliance with standards; 91-100 full compliance with standards); the mean for the specific assessments was calculated using weighting factors to provide an overall score.

The assessments deriving from **direct observation** of Acea’s physical counters gave good results for the Casilino and Ostiense counters, while the opinion on the Ostia counter was more critical. The condition of the premises received positive scores, with excellence in the areas concerning disabled parking spaces, condition of fittings and procedure for managing queues.

Interaction with staff received a good assessment under various aspects and for all the counters in question (see Chart).

Chart 20 – INTERACTION WITH ACEA COUNTER STAFF (2009)



Written complaints received via fax, email or letter are managed by operational companies according to **in-house procedures** for computer-based management from the initial report to its solution.

The parameters concerning **“replies to written complaints”** for the electricity service are indicated as “specific” in relation to sales and “general” commercial quality in relation to supply and reading (low and

medium voltage supplies) by the **Electricity and Gas Authority** (see *Quality Delivered*, Tables 25 and 26). In order to fulfil new standards for managing complaints introduced by the Authority and which came into effect on July 1st 2009, AceaElettrabel Elettricità placed two post boxes at the disposal of customers – one for the protected market and one for the free market; it also implemented a system for tracking and reports on complaints for “various use” customers on the free market via a Customer Relationship Management (CRM)⁶⁹ platform.

Written complaints for the public lighting service are managed by Acea Distribuzione: the overall number of complaints received in 2009 amounted to 1,421 (+12.7% with respect to the year before) and 1,359 replies were given (95.8% of the overall amount), 93.45% of which within 30 days.

Acea Ato 2 received 2,529 complaints/requests for the **water service in various municipalities in ATO 2** (Rome and province) (32% less than in 2008), 1,627 of which were carried out and 1,603 satisfied (98.5% of the overall number). A Customer Relationship Management (CRM) system was implemented in December 2009 to manage and monitor phone, counter or written requests from customers which, once fully operational in 2010, will considerably improve performance monitoring pursuant to the Service Charter, especially in relation to the procedure for replying to written complaints.

Another “means of contact” with customers is a **bill**, which provides information on a supply contract, consumption, terms of payment and – in a specific area – methods of payment, procedures for paying bills in instalments, providing readings, opening times and location of counters, web address, benefits for those using electric medical appliances, etc.

Company websites also provide information to help customers read their own meters.

Finally, Acea implemented a tool for out of court settlement of disputes between customers and the company in **2009**: this **mutual settlement procedure**, with Acea Ato 2 and Acea Ato 5 with regard to the **water service** and with AceaElettrabel Elettricità for the **electricity service** (see relative box in *Institutions and the Company*).

Box – Disputes with Customers

Legal disputes implemented by customers with respect to Acea Group generally concern complaints subsequently becoming summons in relation to supply (rates and refunds).

With respect to the year before, in 2009 these fell by 10% both

in terms of number and in terms of the average amount involved (which approached 1,000 euro in 2008, for an overall amount of around 1.5 million euro).

Communication, Events and Solidarity

Communication

In addition to overseeing all the customer contact centers mentioned above (customer care), Acea also deals with other forms of communication via a **Public Relations and Communication Team** at the Parent Company, which focuses on different stakeholders and the social context concerning corporate activities.

The Company ensures attendance at important public events through **sponsorships**, is committed to supporting **initiatives concerning solidarity** or the environment, proposes **publicity and awareness campaigns** for the general public, manages relations with various press and media agencies through a **Press Office** and oversees online communication through the corporate **website**.

⁶⁹ Household customers shall also be “transferred” to this system in January 2010.

More specifically, **Acea celebrated one hundred years of business** in 2009 and, by way of celebrating this “**Centenary**”, implemented numerous initiatives, including creation of a specific website (www.centenario.acea.it) (see box).



Box – 100 Years of Acea

The Company celebrated 100 years of business in 2009 – a century in which Acea played a fundamental role in the development and well-being of the community by providing such essential public services as water, electricity and public lighting.

The Company decided to highlight this event and involve the community in which it has operated for the longest in a series of initiatives: Rome. **Acea for Rome** was the name of a research project for which Istituto CeSAR was appointed to analyze both the past history of the company and its prospects for development and led to a publication sent to the main institutional stakeholders.

Acea also **revamped the logo** used throughout the year in all institutional communications, including 2009 and reference to 100 years of business and created a special **website for the Centenary** (www.centenario.acea.it), filled with unpublished photographic material to recount the history, leading players and activities that have characterized the Company throughout this century; the site also presented a project for a historical archive and celebration dates.

The first edition of a new corporate magazine – **Aceamagazine** – was also dedicated to this event and made

available outside the company: a **special edition** entitled *Rome’s water and lights – Stories and memories of 100 years of Acea’s activities* and the **Festival of water and energy**, created by Valerio Festi and held in Piazza del Popolo, in the heart of the city centre, which was attended by **over 100,000 people**.

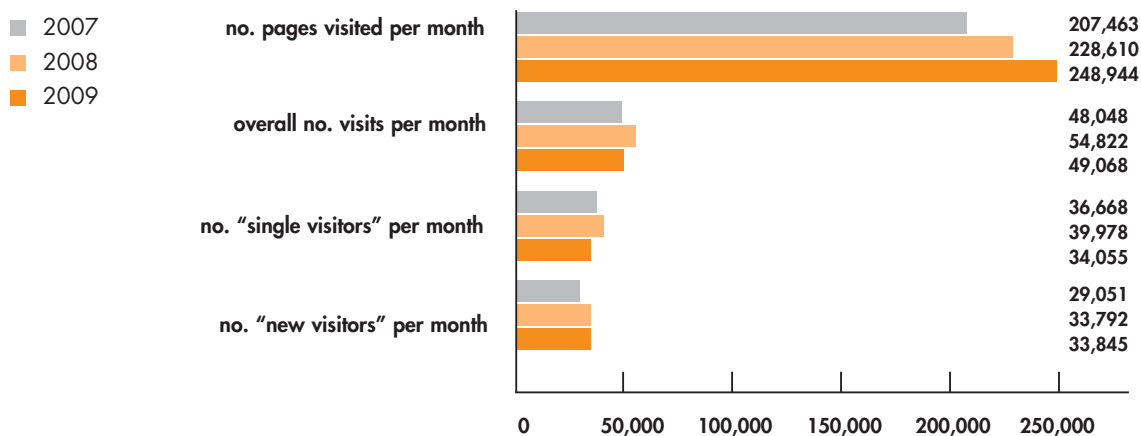
Finally, black and white photographs taken by Luciano Viti in emblematic parts of the Capital were used in the publicity campaign carried out by Publicis: these images focussed on people and their vitality, their passion, their strength. This is the world with which Acea has made a strong bond – a one hundred year-long bond -, a concept which is emphasized by use of the logo’s brackets around the people, by the headlines and by the pay off: “**Acea. Your world is at the centre of ours**”. At the end of the year, by way of celebrating Christmas, the last event held was devised by Studio Livia Cannella and involved projecting Christmas trees on the facade of Piramide Cestia, near Acea’s Head Office: **A tree a day for 10 days to celebrate 100 years of Acea**.

The **Acea website**⁷⁰ – www.acea.it – is above all the tool used to steer **institutional and financial communications online**: the “Regulations and Values” behind the Company’s actions, online share progress, publication of Reports and price-sensitive communications, trying as far as possible to align financial contents with Consob recommendations for listed companies. With regard to this, it is worth pointing out that two new sites were launched **in 2009**, both of which can be accessed via the institutional website, to provide **online** and interactive **versions** of the **Group Consolidated Financial Statement** and **Sustainability Report** (referring to financial year 2008) in Italian and English. Nonetheless, the contents found on Acea’s website aim to **fulfil the expectations of an increasing number of users**, including customers, suppliers, the general public and anyone interested in contacting the Company.

A **new version of the Acea website** was prepared and went live in July: the **overall number of visitors amounted to around 590,000**, with a monthly average of 49,068 visits, around 69% of which were “new visitors”. If you look at the trend over the last three years (see Chart 21), you can see a constant increase in the monthly average for pages visited and a slight decrease in the other access indicators. The overall decrease in visitors to the institutional site is related to the fact that the **water company websites** of Acea Ato 2 (www.aceaato2.it) and Acea Ato 5 (www.aceaato5.it) became fully operational in 2009 and respectively received around 175,300 and around 44,300 visits. Electricity vendor AceaElettrabel Elettricità’s website (www.aceaelettrabel.it) has also been online for several years and received around 500,000 visits in 2009.

⁷⁰ See box concerning institutional site in Communicating sustainability: procedure.

Chart 21 – THE MAIN ACCESS INDICATORS FOR THE ACEA WEBSITE (monthly averages 2007-2009)



Acea deals with the press and media through a specific **Office** and **provides a press release** every day, which is accessible to colleagues on the corporate intranet. **A selection of the press releases** – including from local papers – and audio and video mentions have been made available through a specific section on the **corporate website** from 2009. Acea thereby wished to offer outside visitors the chance to see what the main newspapers said about the Company.

The **centenary** year ensured that the Press Office was particularly busy organizing **celebrations** – also involving Italian and international press – as well as its everyday work of **promptly responding to numerous reports** concerning the services managed by Acea Group, which is carried out with cooperation from the relative operational companies and with constant interaction from daily newspaper offices, television and radio stations. A large number of reports still reach the Acea Press Office via email, fax and telephone calls and receive prompt replies.

The initiatives to make customers and the general public aware of the quality of water and the value of Acea's services undertaken by the company and supported by the Press Office included the **"Water ID Card"**, which was repeated in 2009 following the first prototype launched in 2007 and included new interviews and events and presentation of **"The Treasure Map"**, in other words a brochure in Italian and English providing information on the roughly 2,500 cast iron drinking fountains – "spouts" – found throughout the City of Rome that provide free drinking water, **and a map of the city centre showing the location of over 200 "spouts"** (also available online on the corporate website).

The **"Map of public lighting"** was also issued in the form of an ID card illustrating the main features of Rome's public lighting system, which is managed according to Quality Standard UNI EN ISO 9001, and showing the extent of this network and the overall number of lights and lamps lighting the city, its streets and its monumental heritage.

Particular attention was paid to highlighting the initiatives undertaken by subsidiary Acea Reti e Servizi Energetici **concerning renewable energy**, especially in relation to photovoltaic energy. The Company also operates and updates an environmental portal for schools: www.ambientandoci.it, which is a direct link for schools. Every year the willingness and competence of staff allow the Group to **open plants to visitors**, receiving a wide range of people – schoolchildren, technicians and other companies operating in this sector: **418 visitors** from both Italy and overseas were received in 2009.

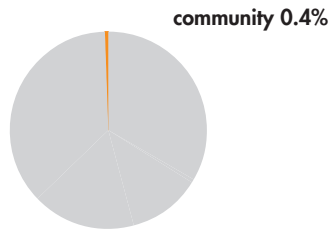
On presenting the initiatives mentioned, the Press Office continued to raise people's awareness on how to correctly use water and energy. To this regard, it also organized press conferences with cooperation from numerous Rome City Council Departments - mainly for schools – to encourage knowledge of the history of Roman Aqueducts, the water cycle and new energy sources.

Finally, the Press Office issued releases that helped inform people of the **numerous sponsorships of cultural, social and sport events** which aim to **consolidate Acea's bond with the territory**.

Events and Solidarity

Acea **contributes towards the well-being of local communities** and highlights its active presence in the area in which it operates by **sponsoring events** – cultural, sport, environmental or social – and **making donations** to solidarity and humanitarian initiatives (see the boxes further ahead listing a number of the events supported by the Company during the year).

Chart 22 – PERCENTAGE OF ADDED VALUE DISTRIBUTED THROUGHOUT THE COMMUNITY (2009)



The added value distributed throughout the community in 2009 amounts to around **3.6 million euro**⁷¹, an increase of 20% with respect to the roughly 3 million euro in 2008 (see *Corporate Identity*, Table 12 concerning added value). The amounts earmarked to support fairs and conventions increased by 69% with respect to 2008 and the amount contributed towards events for the community increased by 15%. The value of sponsorships increased by 27%, while the amount made in donations decreased to 370,000 euro in 2009 from around 500,000 euro the year before).

“Technical” sponsorships that Acea carries out by offering its services free of charge, such as switching off public lighting or providing energy and water for events, amounted to **87,100 euro in 2009** (over twice the amount of 40,000 euro the year before). This kind of operation is carried out for events involving the community, such as the traditional city marathons or film festivals and concerts taking place as part of the “estate romana” (Roman Summer) initiative held in summer to the benefit of visitors and the residents alike.

In addition to the events celebrating the Company’s Centenary mentioned earlier, **cultural events** sponsored or supported by Acea in 2009 were **particularly important**, including art shows, conferences, artistic and literature awards and music and film exhibitions. With regard to **sport**, Acea confirmed joint sponsorship of the basketball team Basket Virtus Roma and sponsored **international sporting events**, such as preparations for the World Volleyball Championships or the WBC World Boxing Championship for light-heavyweights, as well as the previously mentioned Rome marathons, and contributed towards organizing sporting events for young people and solidarity (such as the Golf Trophy *A game for life*, organized by the Romail Association against leukaemia, lymphomas and myeloma). In relation to the environment, Acea sponsored two important initiatives in 2009: the International Conference on “Energy: changes to the **environment and safety**” held in Paris in October and the “National Geochartic Earth day – Mission Rome 2009”. The Company also **distinguished itself for the numerous humanitarian and solidarity initiatives supported**, especially for children.

Like every year before, the hall in Rome Head Office was made available to associations to sell ornamental plants or Easter Eggs for the purposes of fundraising.

⁷¹ This item does not include funds raised for Committee for Africa initiatives (around 138,000 Euro) and “technical” sponsorships (amounting to 86,100 Euro in 2009). See also Table 12 for details on Sharing out Added Value in Corporate Identity.

Acea also continued with the **aid for African populations** through the **Committee for Africa**⁷² which led to **twelve projects** proposed by employees with cooperation from humanitarian organizations (see relative box). This Committee assesses projects and selects a number to implement, always monitoring their progress. At the end of the year, the Committee presents the projects underway and those planned in the future during a meeting open to all employees and attended by the top management.

Box – Acea's Commitment to Children and Health

Acea is particularly receptive to those promoting charity initiatives for health, especially non-profit organizations and associations focusing on the psychological and physical well-being of children. This year, Acea repeatedly contributed towards initiatives in support of hospitals, such as Bambin Gesù Children's Hospital and the children's ward at Policlinico Umberto I, which specialize in helping children. Associations responsible for activities such as clown-therapy to cheer up sick children or which gathered funds to help children with serious illnesses and their families also received support from Acea. The contributions made to Telefono Azzurro (a helpline for children) for the project entitled "Lighting the identity of African children" organized with the Sant'Egidio Community and fundraising for

an orphanage in Cameroon with Anlaidi Lazio are also part of this commitment.

With regard to health, Acea also helped various associations providing information and support to people with serious degenerating diseases through events combining sport, solidarity and voluntary action. A number of the initiatives supported throughout the year included Banca degli Occhi del Lazio for cornea transplants at San Giovanni Addolorata Hospital, the National Day against Deafness, Associazione Pagine Rosa Dragon Boat to rehabilitate women operated for breast cancer and the World Day against Diabetes, as well as those indicated in the box **Acea for solidarity**, to be consulted for further details.

Box – 2009 Activities by the Acea Committee for Africa

The Acea Committee for Africa supports solidarity projects **proposed by employees with cooperation from humanitarian organizations**, involving **initiatives** – often small projects to be implemented in Africa – **related to traditional corporate water and energy activities** which are funded through donations made by current and retired employees integrated by an amount from the Company.

In 2009, the **12 projects** were funded thanks to donations of around **138,000 euro**, materials and technical staff sent by the Company.

This ensured that the following were carried out:

- **a technical-craft school in Kenya** (Luce Universale Onlus)
- **a well for drinking water** in the village of Ndabiane in Senegal (La gabbianella Onlus)
- **a well for drinking water** in the region of **Dakar** (Senegal), particularly affected by drought (Radici d'Amore Onlus)
- **wells for drinking water** for the children in a number of villages in **Cameroon** (European Movement)

- **a well for drinking water with plastic tank** for an orphanage in **Kenya** (Anlaidi Lazio)
- **restoring a hydroelectric station in Congo** (Peacelink)
- **a swimming pool for disabled children in Burundi** (Le opere del padre Onlus)
- **a well for drinking water and a medical dispensary in Burkina Faso** (Arcobaleno Onlus)
- **5 wells for drinking water in Burkina Faso** (12 scatti Onlus)
- **a well for drinking water and toilets** for a rural community in **Ethiopia** (ActionAid Italia Onlus).

And the following were sent:

- technical materials and installers to build an **outpatients' clinic in Burkina Faso** (Progetto famiglia Onlus)
- **20 electricity meters and impulse counters** to **Sudan** (Opere San Francesco Saverno).

⁷² The Acea Committee for Africa comprises employee representatives (including the Managing Director and CEO), the Corporate Recreation Circle (CRA) and the "Gold Medal Association" (see also Human Resources).

A number of the main **events supported by Acea** throughout the year – through sponsorships, technical and otherwise, and donations – are illustrated in the boxes below, divided according to the objective and explaining how the company participated.

Box – 2009: Acea for the Environment and for Young People

- Sponsor of the International Conference "**Energy: changes to the environment and safety**" (Associazione Italiana Eisenhower Fellowships)
- Sponsor of **National Geochartic Earth day – Mission Rome 2009** (Lyras Cultural Association)
- Sponsor of **Art for Earth** event, a cultural project for environmental sustainability (Ass. Next Generation Act)
- Sponsor of **observation via webcam of a peregrine falcon nest at www.ambientandoci.it**, hosted by Acea (Ornis Italica)
- Sponsor of promotion for **junior basketball team Solsonica Rieti**, season 2008/2009
- Sponsor of **School Volleyball Competition 2009 – 16th Acea Trophy**, involving young people from upper middle schools (Fipav Lazio).

Box – 2009: Acea for Culture and Sport

- Acea organized the third edition of the Festival at Piazza del Popolo "**Roma city of water and light**" (Buddy event)
- Sponsor of exhibition "**Gerardo Rueda Sculptor**", leader in Hispanic culture, organized at the Museo dei Mercati di Traiano (Fundaciòn Gerardo Rueda)
- Sponsor of exhibition **Il Potere e la Grazia. I santi Patroni d'europa** (Power and Grace. The Patron Saints of Europe), which united and exhibited 100 artworks on this topic from leading European museum in Palazzo Venezia (Ass.Culturale Comitato di San Floriano)
- Sponsor of initiatives relating to the **Centenary of Futurism** (Zetema Progetto Cultura Srl)
- Sponsor for a series of **9 History Lessons** entitled "**Crisis and Revolution**" at Rome 'Auditorium (Laterza Agorà Srl)
- Sponsor of initiative "**Romantic**" Emphasis on stories of Rome (Zetema Progetto Cultura Srl)
- Sponsor for a **series of 11 free concerts**, organized by Maestro Uto Ughi: the **Uto Ughi Festival for Rome** in various locations throughout Rome (churches, auditorium halls, theatres)
- Sponsor of **Villa Celimontana Jazz Festival** (Ass.Cult. Villa Celimontana)
- Sponsor of "**Museums in Music 2009**" (Zetema Progetto Cultura Srl)
- Sponsor of numerous **awards**, including, as part of the Festival of Cinema – Career Award for Meryl Streep, international competition Global Junior Challenge 2009, Rome Award 2009 and the 31st Edition of Premio Fregene
- Technical Sponsor for **Roma si Libra**, an exhibition with stands for publishers and cultural events held in Piazza del Popolo (Federlazio)
- Technical Sponsor for various events for Roman Summer including: **Film Nights at Piazza Vittorio, Cinema Island** (on Isola Tiberina), **All'ombra del Colosseo, Cineporto 2009, Babylandia 2009, Stars and planets in the sky above Rome**, etc.
- Sponsor of traditional Roman sporting events with extensive participation from the general public: the 15th edition of **Rome Marathon** (Atielle srl), the 35th edition of the **Roma-Ostia Half Marathon** (Roma Ostia Srl)
- Co-sponsor of the **Virtus Roma basketball** team for seasons 2008-2009 and 2009-2010
- Sponsor for **preparation of the Volleyball World Championships** (Fipav Lazio)
- Sponsor for **WBC World light-heavyweight Championship** (O.P.I. 2000 Srl)
- Sponsor of **29th Spring Marathon** as part of the National Festival of Catholic Schools (Scuola Nuova srl)
- Sponsor of 32nd edition of the **Half-Marathon for Cooperation 2009** (Polisportiva Colli Aniene).

Box – 2009: Acea for Solidarity

- Contribution for the 17th Regional Golf Trophy, *A Game for Life* (Romail onlus) to raise funds on behalf of the Italian Association against Leukaemia, Lymphomas and Myeloma – Rome Office
- Contribution for the **Wheelchair Basketball Championship** season 2009/2010 (Ass. Sportiva Disabili Don Orione)
- Contribution for **Clown-Therapy for the Haematology Ward at Bambin Gesù Hospital** (Associazione Davide Ciavattini)
- Contribution for second edition in Rome of event *Una mano per l'AIL – Associazione Italiana contro le Leucemie (A Hand for the Association against Leukaemia)* - to raise funds for "Ospedale Ematologico Domiciliare Romail – Giuseppe Papa"
- Contribution in organizing *Vorrei...2009*, a charity show to raise funds for **research into cystic fibrosis** (Fondazione Fibrosi Cistica – Delegazione di Roma)
- Contribution in organizing **new LED lighting for the Children's ward** in Policlinico Umberto I in Rome (Associazione Nuova armonia)
- Contribution towards the fight against **muscular dystrophy** (U.I.L.D.M. Unione Italiano Lotta alla distrofia muscolare Onlus - Sezione Lazio)
- Contribution in organizing **charity concerts** for the International Day for Children's Rights as part of *The light of children* to raise funds for a neuro-navigator robot for neurological surgery at Bambin Gesù Children's Hospital
- Sponsor for celebrations of the **140 years of Bambino Gesù Children's Hospital** (Real Management Srl)
- Contribution for the fundraising campaign to support sick children and their families (Ass.Andrea Tudisco Onlus)
- Contribution for the fundraising campaign to **renovate the Hostel** in Via Marsala, Rome, which receives **people in difficult** (Amici della Caritas di Roma – Onlus)
- Contribution by buying candles as part of the *Fiori d'Azzurro* campaign (SOS Il Telefono Azzurro Onlus).

Finally, Acea sponsored a number of events in areas in which it operates through operating companies in the Group – such as the "Pisano June 2009" and the B.B. King concert at the Umbria Jazz Festival 2009 – while the amounts generally earmarked to support events in municipalities in the province of Rome were used in **operations to support the families affected by the terrible earthquake in Abruzzo** (see box in *Institutions and the Company*).



Consolidated External Costs

Acea Group **consolidated external costs** in 2009 amounted to **2,106 billion euro, 7.2% lower** than the 2,268 billion in 2008.

This difference is mainly due to a **reduction in energy, gas and fuel costs** (-174.7 million euro with respect to last year) – linked to volumes and price trends – which affect the overall amount for external costs the most (77.4% in 2009). The item “energy, gas and fuel” illustrates the trend in **energy procurement costs on the protected and free market** (amounting to 1.186 billion euro) **both decreased** with respect to the year before (see Table 41), whereas **the cost for buying gas** for resale **increased by 5.8%**, amounting to 259.7 million euro (with respect to 245.5 million in 2008).

The decrease in energy procurement costs on the protected and deregulated markets should also be viewed taking into account the particular economic situation in Italy and consequent fall in demand for energy; in fact, the amount of energy sold and overall margin from selling electricity decreased, although remaining in line with the trend commencing upon deregulation of the electricity market, confirming a slight decline in the number of customers on the protected market and a considerable rise in the number of customers on the deregulated market (see *Customers and the Community*).

Table 41 – ACEA ENERGY PROCUREMENT COSTS ON THE ELECTRICITY MARKET (2007-2009)

(in millions of euro)	2007	2008	2009
protected market	325.9	324.5	281.7
deregulated and safeguarded market	844.1	981.2	905.2

Procurement Policy

According to the new Group organization approved in 2009, a specific department (Procurement, Logistics and Facility Management) in the **Human Resources and Services Division** established in Acea SpA is responsible for **procurement of commodities, services and works**.

More specifically, a **Procurement Department** deals with relations with suppliers and is therefore responsible for managing Tenders for the entire Group by outlining strategies in compliance with current Laws and standards⁷³, as well as directly managing procurement in close cooperation with the Industrial Areas involved.

Reference principles for **procurement policies** are:

- calling **bids** as the main procedure for identifying suppliers;
- adopting **transparency** and non discrimination when contracting such bids;
- establishing formal **meetings with the business world**;
- escalating aspects relating to **quality, the environment and safety** when qualifying companies.

The **Code of Ethics for Tenders** was adopted by Acea in 2003 and outlines all the values on which

⁷³ Italian Legislative Decree 163 dated 12 April 2006 – Code for Public Agreements regarding works, services and supplies in compliance with European Directives 2004/17/EC and 2004/18/EC – which became effective as of July 1st 2006.

Box – Procurement Department: Tasks and Responsibilities

Provisions issued by Acea SpA outline the tasks and responsibilities for Operational Teams. The responsibilities established for the Procurement department, redefined in 2009, include the following:

- outlining and implementing purchasing and procurement policies in line with the category of commodities, demand and market in question;
- ensuring Central management of Tenders for all Companies in the Group;
- coordinating the needs for commodities, services and works throughout the Group, integrating the needs from Divisions, Industrial Areas and Companies in order to streamline timescales/costs/quality and govern procurement;
- warranting coordination of procurement by checking Purchase Applications from various corporate departments and managing Purchase Orders;
- ensuring constant development in Systems to qualify suppliers according to business needs and the Law and warranting management of the stages for accepting, checking, notifying and storing applications, also by overseeing specific Regulations.

contracting agency and contractors are expected to base their conduct; the **Code of Ethics for the Group** was adopted in 2004 and Article 14 focuses on *Relations with Suppliers*, stating the principles of transparency and integrity, safeguarding ethics in suppliers, the criteria for overseeing selection of suppliers and the obligations and rules of conduct for human resources responsible for procurement. **Companies wishing to become part of the Acea Qualification System or take part in Tenders for works, supplies and services are explicitly requested to accept the aforementioned codes**⁷⁴.

The Procurement Department **optimized IT systems** to support its operations, **streamlined operational processes and administration** in 2009 in order to **improve the “Procurement Center” service carried out for all companies/divisions** and consequently amplify its contribution to achieving economic and efficiency-related targets of the Group.

For this purpose, once the operational procedure was outlined, **specific operations were implemented on the SAP system** to create specific functions that could provide all important information in real time to thereby analyze and monitor the procurement process for supplies, services and works and simplify and streamline communication between the “Procurement Center” and companies/Divisions requesting such.

A **procurement portal to manage collective agreements** was implemented for this purpose (travel and transfers, stationery, printers, toner and other consumables), which helped speed up procedures and streamline costs, ensuring a considerable reduction in such (see box in section *Commodities and Services*). A project to further computerize procurement processes kicked off in December 2009: **the IT platform currently used solely for Tenders called according to the Qualification Systems is expected to be extended to all Tender procedures** implemented by Procurement Department. This will lead to considerable streamlining for this process – both with respect to supplier and customer – providing obvious benefits in terms of transparency and reduction of consumption in paper while complying with laws concerning storage, which is warranted by the Acea partner Portal.

A number of projects that commenced last year also continued, including Acea for Innovation and Vendor Rating applied in the energy works area.

More specifically, **Acea for Innovation** was launched in September 2008 to create a specific channel to collect “innovative ideas” for processes or products and from anyone and was presented at the “Matching 2009” Workshop in Milan in a meeting with the European Foundation for Quality Management (EFQM) and Consorzio Roma Ricerche (Roman Research Consortium - CRR) from the Polo Tecnologico Romano (Roman Technological Area). The website established for this project – www.aceainnovazione.com – received 47 “ideas” concerning water, services, electricity, renewable energy and ICT. The project ended

⁷⁴ Both the Code of Ethics for Tenders and the Acea Group Code of Ethics are available online on corporate website (Suppliers section and Regulations and Values section).

in September 2009: 5 of the ideas received were considered appropriate and innovative for the Group and are currently undergoing testing and on-site implementation.

Vendor Rating was applied in the system for qualifying energy-related works and aims to improve quality of works and their related safety through assessment of the performances of companies working on sites. This system commenced in 2008 as part of a wider Safety Project implemented by Acea Distribuzione and became part of the Company Qualification System Regulations in July 2009 (energy works). Progressive application between 2008 and 2009 has already had positive effects along the entire supply chain (see relative box in *Supplier Assessment*).

The Acea SpA Procurement Department accepted a proposal from the French Embassy in 2009 as part of a project entitled **Mission Economiques**, which led to two meetings with a number of companies from France and from other countries operating in Acea business-related areas that wished to discover the company's procurement needs in view of possible commercial relations. Further to these meetings, bilateral meetings were organized between producers and a number of Acea Group companies.

Procurement of Commodities, Services and Works

Reference Scope

The information illustrated here concerns the following Group companies: Acea SpA, Acea Distribuzione, Acea Reti e Servizi Energetici, Ecogena, Acea Ato 2, LaboratoRI, Acea Ato 5, **Acea Ato 5 Servizi, Acea Gori Servizi, Acea Ricerca Perdite, Sarnese Vesuviano, Acea8cento, Marco Polo (Acea branch), Acea Risorse e Impianti per l'Ambiente – ARIA (formerly TAD Energia Ambiente), Eall, SAO, Terni En.A, Enercombustibili, Ergo Ena, Apice, Ecoenergie** and some of the procurement concerning companies involved in the joint venture with Electrabel - AceaElectrabel, AceaElectrabel Produzione, AceaElectrabel Trading, AceaElectrabel Elettricità.

NB: the companies whose tenders were managed for the first time in 2009 are shown in bold.

The number of Group companies for which the Acea SpA Procurement Department Centrally manages tenders for product supplies, services and works (see box Reference Scope) grows year by year. Despite this fact, the overall economic value of contracts won, amounting to 510.5 million euro⁷⁵, decreased this year too with respect to the roughly 568 million in 2008, following the trend of the last three years. With respect to last year, the amount used to procure commodities increased, especially in relation to supplies for Acea Reti e Servizi Energetici, whereas the costs for contracting works and requests for services decreased, although the latter counts for around 50% the overall amounts involved (see Chart 23).

The percentages concerning tenders for the specific areas of energy (networks and market), water, the environment and energy (Waste-To-Energy), and corporate are illustrated in Chart 24: the share for the water sector increased with respect to last year, due to the higher number of companies involved in procurement service (see notes to Chart), and the share for the energy networks, especially in relation to photovoltaic energy.

Acea implements procedures in compliance with that established in part 3 of the Code for Tenders (Italian Legislative Decree 163/2006) and in-house Regulations for tenders under the European Community limit in compliance with the principles established by the EC Treaty to safeguard competition (see sub-sections *Commodities and Services; Works*) when procuring works, commodities and services for the special areas of water and energy.

Acea announces procedures in public evidence for tenders not involving these special areas in compliance with applicable laws and standards for the sector in question.

A Requirements Plan (for commodities and services) and a Contract Plan (for works) are drawn up every year to help organize tenders.

⁷⁵ This amount refers to tenders won throughout the year and do not distinguish between operations and investment, yearly and several-year agreements. "Commodities" and a large section of services and general costs of companies in JV with Electrabel are excluded, as these are directly managed by company/departments in question.

Chart 23 – VALUE OF TENDERS AND INCIDENCE OF VARIOUS TYPES ON OVERALL AMOUNT (2007-2009)

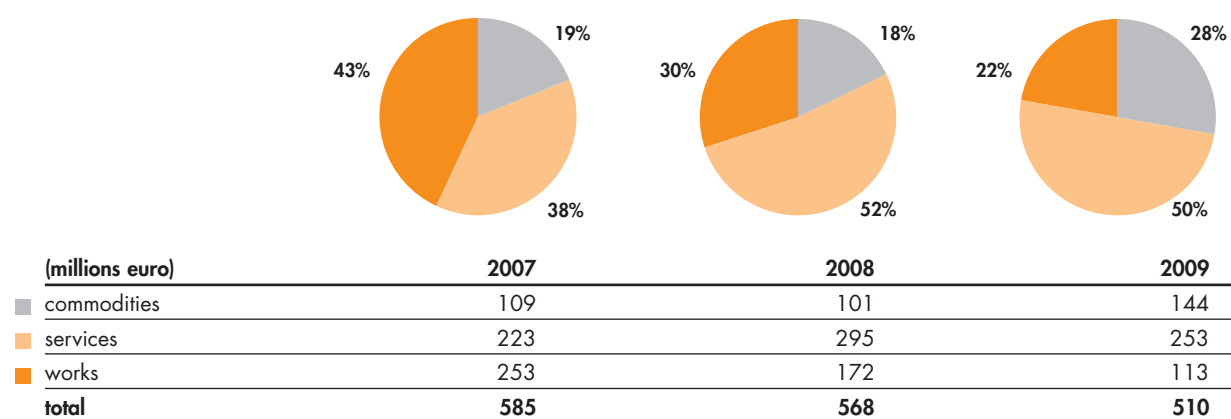
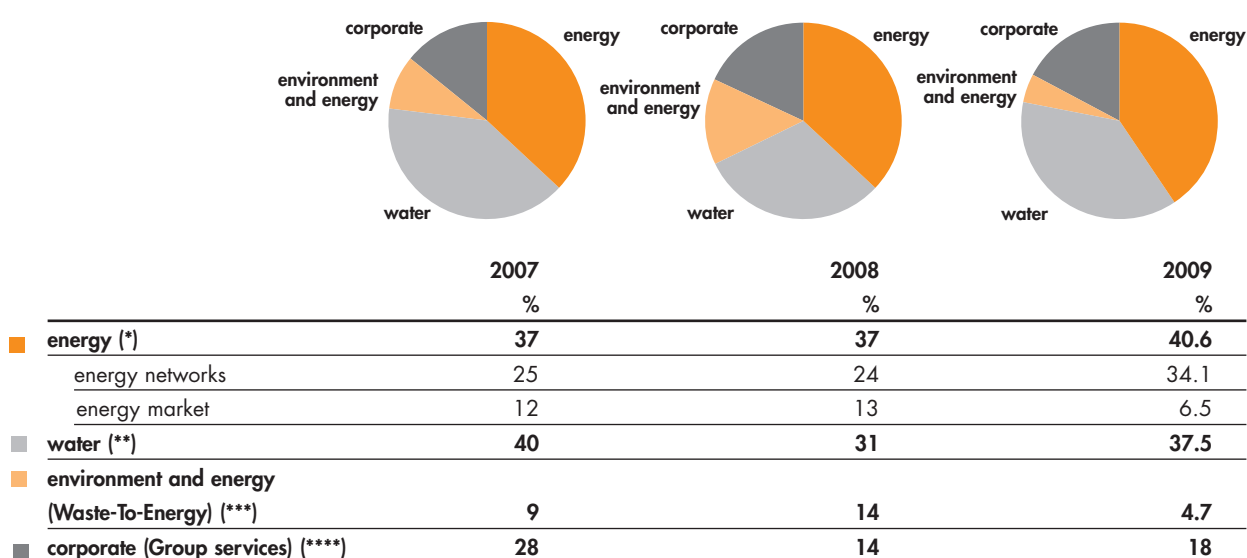


Chart 24 – PROCUREMENT COST SHARES ACCORDING TO SPECIFIC AREA (COMMODITIES, SERVICES, WORKS) (2007-2009)



(*) *Energy networks* in the *energy* area comprises operational companies responsible for distribution, public lighting and added value energy services: Acea Distribuzione SpA, Acea Reti e Servizi Energetici SpA, Ecogena, Luce Napoli (the latter commenced winding up at the end of 2008 and only receives procurement of "services")

The *energy market* includes companies in the joint-venture with AceaElectrabel that produce, trade and sell energy to the free and the protected market, procurement for which is partly managed by the Acea SpA Procurement Department.

(**) The *water* area includes Acea Ato 2, Acea Ato 5, Laboratorio, Acea Gori Servizi, Acea Ato 5 Servizi, Acea Ricerca e Perdite, Sarnese Vesuviano.

(***) The *environment and energy* area (Waste-To-Energy) area includes A.R.I.A. (formerly TAD Energia e Ambiente), EALL, Terni En.A, SAO, Enercombustibili, Ergo Ena, A.P.I.C.E., Ecoenergie.

(****) The *corporate* area comprises Acea SpA, Marco Polo and Acea8cento.

NB: the companies with tenders managed by Procurement Department since 2009 are written in bold.

Online Tenders are published in the **Suppliers Section** on the corporate **Website** (www.acea.it); this site provides information and contacts, tender regulations, forms and Qualification Systems. **The relative IT portal** currently under improvement can be used to ensure integrated **management of Qualification Systems and tenders** called among companies registered with the systems. This portal reproduces the operational procedures for traditional tenders online, whereby the documentation sent by companies is examined to ensure they fulfil requirements and then asked to make their economic bids, after which the classification is immediately viewed.

Commodities and Services

The amount used to purchase **commodities and services** in 2009 came to **397 million euro** (around 396 million in 2008), accounting for **77.8% of the overall amount spent on procurement**.

Although the costs for commodities and services **increased by just 0.2%** in absolute terms with respect to the year before, the incidence on overall procurement costs increased by over 7 percent. The most active Group companies in these areas were Acea Ato 2 (over 92 million euro) and Acea Reti e Servizi Energetici (over 77 million euro).

The **energy sector** (networks and market) is responsible for around **45% of the value of contracted commodities and services**, followed by **water** with **27%**, **corporate** (Group services) with **22%**, and the **environment and energy** (Waste-To-Energy), which is responsible for **6%** of costs.

Acea applies **In-house Regulations⁷⁶ for supplies of commodities and services below the European limit** (of 412,000 euro), which were adopted in 2008 and involve two tender procedures:

- **Ordinary Procedure:** online tenders for companies registered with Qualification Systems;
- **Extraordinary Procedure:** tenders called with single announcement.

Tenders and relative documentation are published online and companies can directly access these at no cost. In 2009, **345 tenders** were called⁷⁷ **through publication on the corporate website** and **15 tenders through European competition**.

The **top 10 suppliers** of the Group received 26.6% of the overall amount spent on commodities and services.

Box – Purchase Portal for Collective Agreements

The Procurement Department implemented a platform to manage collective agreements in 2009: travel and transfers, stationery, printers, toner and other consumables. This purchase portal was used by 82 users and over 600 orders were made for 19 Group companies. Collective management led to considerable streamlining in costs and consumption of around 26% in travel and transfer expenses, 24% in stationery, 4% in toner and inkjet, 34% in printers and other consumables.

A project to integrate the portal with corporate accounting systems also commenced to show situations concerning receipt of materials, cost summaries and authorization to invoice in real time.

Suppliers can access this information, obviously a great benefit to operational relations.

Table 42 – TOP TEN GROUP SUPPLIERS OF COMMODITIES AND SERVICES AND RELATIVE INCIDENCE (2009)

supplier	%	% accumulated	supplier	%	% accumulated
YINGLI GREEN ENERGY	4.5	4.5	SALENTO ENERGY Srl	2.2	19.5
KER SpA	4.3	8.8	ACCENTURE SpA	2.0	21.5
WUXI SUNTECH POWRE CO. LDT	3.4	12.2	ATI – AENERGICA Srl	1.9	23.4
ATI – LADURNER ACQUE Srl Srl	2.6	14.8	MARSH SpA	1.7	25.1
ATI – SODEXHO PASS Srl	2.5	17.3	BENI STABILI GESTIONI SpA	1.5	26.6

⁷⁶ The In-house Regulations for supplies of commodities and services in special areas "below the limit" were adopted in March 2008 to the effects and purposes of Italian Legislative Decree 163/2006.

⁷⁷ Excluding tenders carried out by AceaElectrabel JV companies.

Works

Contracted works for 2009 amounted to around **113 million euro**, a decrease of 34% with respect to roughly 172 million the year before and responsible for **22.2% of the overall procurement costs**.

Contracting works below the European Community limit (5.150 million euro) has been carried out according to two procedures established in the **In-house Regulations**⁷⁸ adopted by Acea since 2006:

- **Ordinary Procedure:** online tenders for companies registered with Qualification Systems;
- **Extraordinary Procedure:** this is used for works not covered by Qualification Systems. Tenders are called with a single announcement and **a mechanism for assessing out of the ordinary bids is drawn**⁷⁹.

Tenders called according the ordinary procedure are published online in Suppliers section of the Acea website. Tender announcements are also published in the Official Journal and daily newspapers.

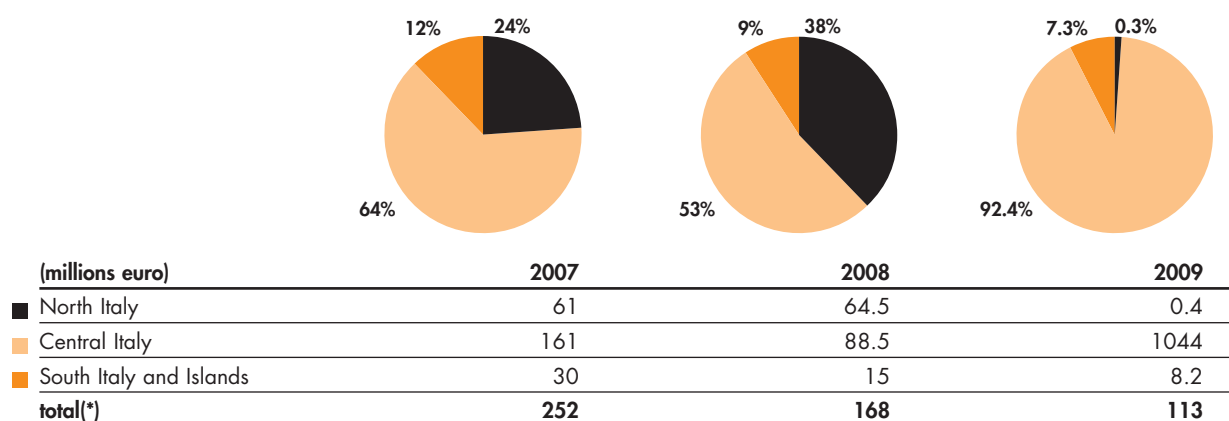
The **procedures for contracting works**⁸⁰ in 2009 amounted to **59, involving 116 batches**.

The overall percentage of works contracted through tenders was 91.5%: there were 54 tenders in all, 9 of which followed an informal procedure, 41 of which were online tenders and 4 of which were announced (1 European and 3 through an Extraordinary Procedure).

Chart 25 illustrates the **geographic distribution of companies awarded batches** and relative amounts for the last three years. As you can see, with respect to more diversified division in the previous two-year period, **companies in Central Italy** – in which Acea is more operational – **were responsible for over 92% of the overall amount of contracted works** in 2009, while just over 7% went to companies in the south and 0.3% companies in the north.

Furthermore, with regard to Central Italy (from Emilia Romagna to Abruzzo), **companies from Rome and the province of Rome** were contracted for around **97 million euro** (with respect to 63 million in 2008 and 137 million in 2007), **which is almost 86% of the overall amount for works** for 2009, thereby confirming **considerable effects on local related industries**.

Chart 25 – GEOGRAPHIC DISTRIBUTION OF AMOUNTS FOR CONTRACTED WORKS (2007-2009)



(*) Excluding contracted by companies in the JV with Electrabel.

⁷⁸ In-house Regulations for special "under the limit" works to the effects and purposes of Paragraph 7, Article 238 of Italian Legislative Decree 163/2006 were adopted in August 2006.

⁷⁹ The "draw tender" involves indicating a procedure to identify contractor but not to identify out of the ordinary bids, which is drawn once sealed bids have been deposited before a Notary. There are four possibilities, which are described in the Tender regulations. This prevents entrepreneurs from establishing "cartels", which can affect averages and "rigging" the tender results to thereby safeguard the principle of fair competition.

⁸⁰ Excluding tenders carried out by companies in the Joint Venture (AceaElectrabel); the only one of these to contract works in 2009 was AceaElectrabel Produzione, amounting to 0.1% of the overall value of tenders. This contract was decided via a tender.

Supplier Assessment

For some years now, Acea has implemented and regularly updated a number of **Qualification Systems**⁸¹ **for suppliers of works, commodities and services**: companies wishing to be included are required to comply with general requirements established by niche legislation (so-called "moral requirements") and the special requirements (technical and quality-related) established for each system and described in the respective Qualification Regulations. The requirements of a moral nature established by Law include **compliance with legal obligations concerning the payment of duties, taxes and social security contributions for employees** (confirmed by a DURC – *Documento Unico di Regolarità Contributiva* – Tax Compliance Certificate) and **compliance with laws on safety and any other obligations concerning employer-employee relations**. The special requirements include possession of an **apposite Corporate Quality System Certificate**, in compliance with UNI EN standards, also when not compulsory to the effects and purposes of current laws.

All **Qualification Systems** established in Acea are **extremely high-powered** as companies can subscribed to the Register at any time by forwarding an application and relative documentation and companies can be suspended from the Register in the event of failure to comply with any of the established requirements. The requirements concerning Companies already included in Acea Qualification Systems are automatically updated and checked.

The **Qualification Systems** established by Acea are as follows:

1. a Qualification System for companies carrying out **works – energy sector** (networks, rooms and public and artistic lighting, district heating)⁸²
2. a Qualification System for companies carrying out **works – water sector**, 2009 edition (water and sewage networks; aqueduct pipes and main sewages; drinking water supply wells)
3. a Qualification System for **works – electromechanical water sector** (mechanical system, electricity systems, telecommunications and automation systems)
4. a Qualification System for **motor pump supplies**
5. a Qualification System for **electric cable supplies**
6. a Qualification System for **transformer supplies**.

The **new regulations for the Qualification System for Works – Water Sector** was published in July 2009, following which applications for renewal from qualified companies and a large number of new applications for registration arrived, leading to 106 companies registered with the System by 31 December 2009 (88 the year before). The Qualification System for Works in the Electromechanical Water Sector established in 2008 also received new applications, increasing from 11 companies to 28 as at 31/12/2009.

In relation to the **Qualification System Works – Energy Sector** (42 companies registered as at 31/12/2009), the validity of which has been extended to the beginning of 2010 due to **review of the relative Regulations**, performance assessments for contractors in relation to quality and safety continued through **Vendor rating** (see box).

Furthermore, in **December 2009**, **Acea Distribuzione** drew up and adopted a **Policy for Health and Safety in the Workplace** as a further step forward towards implementing a System to manage health and safety

⁸¹ The Regulations for all Acea Qualification System are available online at www.acea.it, Suppliers section.

⁸² The System was updated in 2010 and involves signing the Policy for Health and Safety in the Workplace as a condition for acceptance.

in the workplace according to recommendations in Standard OHSAS:2007 (Occupational Health & Safety Assessment Series), which is due for completion by the end of 2010. In line with **the commitment made** by the company **to ensure that every employee of the Company or Contractors can carry out their jobs safely**, with a suitable level of training/information and specific roles and responsibilities, **the Policy for Health and Safety in the Workplace was widely distributed and published on the corporate website, Suppliers section.**

Finally, companies have only registered with two of the three **Qualification Systems** for commodities established in 2008 – **for supplies of electric cables, transformers and motor pumps**. There were 7 companies on the Register for electric cable supplies and 3 companies for transformer supplies as at 31 December 2009.

Box – Policy for Health and Safety in the Workplace on the Acea Website: Suppliers Section

Dear Company,

ACEA DISTRIBUZIONE S.P.A. would hereby like to inform you that it has adopted a Safety Management System designed and developed according to International Standard OHSAS 18001:2007 (Occupational Health & Safety Assessment Series). For this purpose, ACEA DISTRIBUZIONE S.P.A. Top Management has draw up "Health and Safety in the Workplace Policy" and has decided to diffuse such among employees, suppliers and visitors of ACEA DISTRIBUZIONE S.P.A.

Please read this Policy carefully and ensure it is diffused throughout your Company.

Box – Vendor Rating: Improved "Indicator of Reputation" for Companies in Terms of Quality and Safety

The **Vendor rating** system implemented the year before was further extended in 2009.

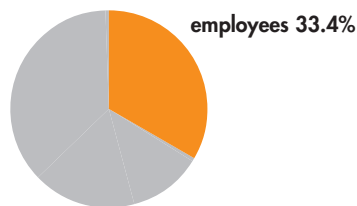
The system for assessing the performances of contractors operating in the energy sector was perfected with cooperation from the *Center of Advanced Procurement* at "Tor Vergata" University in Rome, **processes the information concerning 135 quality and safety parameters** deriving from site inspection and turns thee into an "Indicator of Reputation" (IR).

This IR is entered as an **additional parameter for awarding contracts** and favours companies with the highest safety and

quality standards. The Acea Distribuzione "Site Inspection" **Team** carried out around **2,000 inspections between 2008 and 2009** (927 in 2008 and 1,027 in 2009). **The average Indicator of Reputation** for companies increased from a value of between 30 and 40 – at the beginning of the project – to almost 90 at the end of 2009, a **truly important improvement**. The system is therefore proving that it can improve the reliability of companies, thereby positively affecting the entire supply chain.

The economic figures shown in this section – taken from the Consolidated Financial Statement – refer to the entire consolidation scope for the Group⁸³ unless otherwise stated, whereas the information and figures of a social nature concern a more limited scope, which is specified time by time in the text.

Chart 26 – PERCENTAGE OF ADDED VALUE DISTRIBUTED AMONG EMPLOYEES (2009)



Management of corporate processes concerning human resources – selection, training, capitalizing on human resources also through bonuses – is of fundamental strategic importance and, if governed correctly, can ensure high performances from human capital and consequently positively affect the quality of corporate services. Acea states in the *Quality Handbook* that «human resources are the fundamental active element in this organization through which it operates and regenerates, which is essential to ensuring effectiveness and efficiency in situations such as the current one».

The percentage of added value distributed among employees in 2009 of **33.4%** amounts to around **296 million euro** (with respect to 256 million euro the year before), thereby increasing by 15.7% with respect to 2008.

Human Resources in Acea

The Human Resources and Services Division in Acea SpA establishes Group policies in terms of human resources, organization and industrial relations and ensures they are correctly applied, in accordance with corporate strategic policies.

This Division also ensures staff management in terms of productivity, labour costs, training, development of occupational skills and – centrally – security and safety. This Division therefore interacts with the industrial areas and operational human resource teams in the various Group companies.

The number of employees in Group companies⁸⁴ once again increased in 2009 - from 6,588 to 6,720 staff members, an increase of 2% (see Table 43).

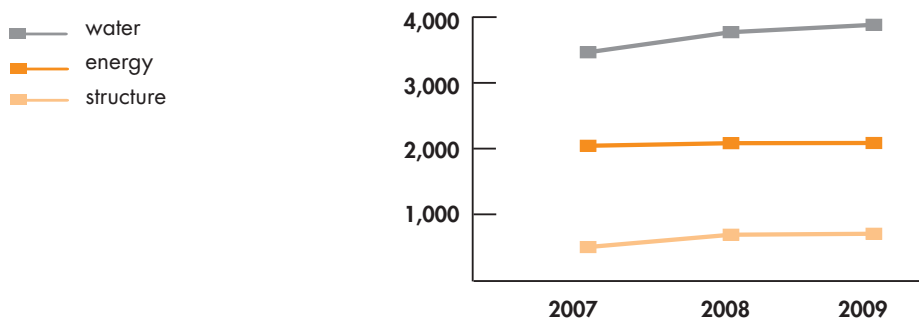
The highest increase in employees derives from the water sector (+3%), mainly due to consolidation of Nuove Acque – operating in ATO 4-Alto Valdarno in Tuscany – and merging resources from the organizations that formerly worked in the municipalities in which management was taken over. The number of human resources in the holding and Acea8cento also increased (+2%), while the number of employees in the energy sector basically remained stable.

⁸³ See Table 5 on the consolidation scope in Corporate Identity.

⁸⁴ This is the number of employees per percentage of consolidation.

Table 43 – EVOLUTION IN GROUP EMPLOYEES BY SECTOR (2007-2009) (numbers for period end per percentage of consolidation)

business area	2007 (no. employees)	2008 (no. employees)	2009 (no. employees)
water	3,497	3,807	3,921
Lazio-Campania	2,159	2,283	2,294
Tuscany-Umbria	537	669	720
overseas and laboratories	801	855	907
energy	2,056	2,096	2,099
networks	1,672	1,613	1,596
market	219	310	324
environment and energy	165	173	179
structure (Acea SpA+Acea8cento)	495	685	700
total	6,048	6,588	6,720

Chart 27 – EVOLUTION IN GROUP EMPLOYEES BY SECTOR (2007-2009) (numbers for period end per percentage of consolidation)

The **added value produced per head**⁸⁵ in 2009 amounted to **132.6 thousand euro**, decreasing by 16.5% with respect to the previous year (158.7 thousand euro).

With regard to **geographic location of employees**, figures demonstrate Acea's presence throughout the country and settlement in areas beyond the traditional scope of interest of the Group, in other words Lazio. In fact, the number of employees operating in central-north Italy (Tuscany-Umbria and Lombardia) increased by 7.3% with respect to 2008, reaching 886 units, whereas the overall workforce of the Group operating in central-south Italy (Lazio, Campania, Puglia) increased by around 1.5%, passing from 5,046 resources to 5,121. Employees in overseas subsidiaries decreased by 3% (from 716 in 2008 to 695 in 2009).

Table 44 – GEOGRAPHIC LOCATION OF EMPLOYEES (2009) (*)

(no. employees)	
central-north (Tuscany-Umbria-Lombardia)	886
central-south (Lazio-Campania-Puglia)	5,121
overseas	695
total (**)	6,720

(*) Per corporate office to which they belong.

(**) This figure refers to the overall number of Acea Group company employees, according to consolidation percentage.

⁸⁵ This is an indicator for efficiency calculated by dividing the added value produced by Acea Group by the average consistency of employees, which amounted to 6,687 units (from Consolidated Financial Statement 2009).

Reference Scope

Information and figures provided in Structure and Turnover concern: Acea SpA, Acea Distribuzione, Acea Reti e Servizi Energetici, Acea Ato 2, Acea Ato 5, LaboratoRI, the 4 companies in the JV with Electrabel and Acea8cento.

Table 45 highlights the **changes in numbers of employees** occurring in 2009, for each occupational category.

During the three-year period 2007-2009, despite the increase in absolute terms in the numbers of employees in categories **executives**, **middle management** and **white-collar workers**, the percentage import of the three categories on the overall workforce remained more or less stable, amounting to 2.5%, 6.6% e 60.6% respectively in 2009. The blue-collar workers category slightly but constantly decreased in the three-year period taken into account, both in absolute terms and as percentages. The number of women on the workforce in 2009 increased, covering 21.4% of the overall workforce (see Table 53).

Table 45 – ACEA'S HUMAN RESOURCES: STRUCTURE OF HUMAN RESOURCES (2007-2009)

	2007				2008				2009			
	men	women	total	%	men	women	total	%	men	women	total	%
executives	82	18	100	2.2	97	21	118	2.5	100	21	121	2.5
middle-management	211	70	281	6.2	220	77	297	6.3	237	80	317	6.6
white-collar workers	1,887	753	2,640	58.3	1,962	889	2,851	60	1,990	928	2,918	60.6
blue-collar workers	1,504	3	1,507	33.3	1,480	3	1,483	31.2	1,458	3	1,461	30.3
total	3,684	844	4,528	100	3,759	990	4,749	100	3,785	1,032	4,817	100

NB: the overall workforce illustrated above differs from the figures provided for the scope of consolidation (see Table 43) due to reporting boundaries.

Qualified human resources join the company (see Table 46) through recruitment on the outside labour market (177 resources in 2009), merging resources from companies acquired due to expansion in the water sector (23 resources in 2009) and due to redundancy within the Group, whereby employees are relocated to other Group companies (10 resources in 2009).

Demand for human resources is also satisfied by stabilizing resources already employed in-house with "temporary" contracts.

The companies most involved in hiring in 2009 were Acea Ato2 (57 resources), the companies in the *Joint Venture* (49 resources in all), Acea SpA (38 resources), Acea Distribuzione (22 resources) and Acea8cento (17 resources) .

Young people on their first approach to employment are encouraged to join the company through **professional training contracts**, 6 resources in 2009, and **vocational apprenticeships**, 39 units in 2009, and **project-related contracts**, 47 resources in 2009.

By way of optimizing the size of the workforce and ensuring it fulfils management and organizational needs, the Company also encourages changeover of staff through bonuses for voluntary redundancy and mobility. These systems both continued through 2009, with 19 employees taking voluntary redundancy and 40 employees undergoing mobility (see Table 46), nonetheless the number of employees leaving the company reduced by around 16% with respect to 2008.

Furthermore, the first voluntary and bonus-linked redundancy procedure was introduced in Acea Ato 2 in November for resources approaching retirement and commenced in January 2010 (see *Industrial Relations*).

Table 46– ACEA'S HUMAN RESOURCES: NEW RECRUITS AND LEAVERS (2007-2009)

	2007			2008			2009		
	men	women	total	men	women	total	men	women	total
NEW RECRUITS(*)									
permanent positions	160	55	215	127	86	213	94	36	130
temporary positions	13	4	17	13	6	19	19	16	35
professional training contracts	47	10	57	5	6	11	4	2	6
vocational training contracts	-	-	-	71	76	147	21	18	39
total	220	69	289	211	173	390	138	72	210
(of which) staff acquired from Public Authorities	9	3	12	21	8	29	23	0	23
LEAVERS (**)									
mobility	15	2	17	46	9	55	32	8	40
redundancies	33	1	34	22	3	25	17	2	19
retirement	11	2	13	9	0	9	8	0	8
dismissals	4	0	4	9	1	10	2	2	4
other	34	7	41	55	15	70	53	18	71
total	97	12	109	141	28	169	112	30	142
average workforce	3,624	825	4,449	3,718	911	4,629	3,784	1,015	4,799

(*) This item includes resources hired on the outside market, from company mergers and Public Authorities, as well as resources moved from Group companies both included and excluded from report scope.

(**) The "leavers" item "mobility" indicates pre-retirement benefits for employees approaching retirement; "redundancies" indicates termination of employment contract by mutual consent and with benefits, the item "other" includes leavers due to: resignation (40 in 2009), health reasons (3 in 2009), decease (10 in 2008), contract expiry (10 in 2009), transfer of staff to other Group companies outside the report scope (7 in 2009), fair dismissal (1 in 2009).

Table 47 – AVERAGE LENGTH OF SERVICE OF STAFF LEAVING ENERGY COMPANIES (2009)

average length of service	staff leaving in 2009		
	men	women	total
≤ 30 years	43	11	54
> 30 years and ≤ 40 years	16	5	21
> 40 years and ≤ 50 years	1	0	1
total	60	16	76

NB: in accordance with GRI Sector protocol (commentary on LA2), figures refer to companies in the energy sector: the 4 companies involved in the JV with Electabel, Acea Distribuzione, Acea Reti e Servizi Energetici, all located in Lazio.

In relation to Group companies operating in the energy sector, 71% of staff due to leave throughout the year (76 employees) had done maximum service time of 30 years and 28% service time of between 30 and 40 years, thereby demonstrating the level of stability in employment in Acea.

The number of new recruits hired with permanent contracts and vocational training contracts decreased in 2009, while those hired with temporary contracts increased. It must however be pointed out that most employees have **safeguarded and guaranteed employment terms and conditions** (see Table 48); in fact, the following have increased:

- staff with **permanent contracts**: this type of contract maintained its incidence at **around 95%** over the three years in question;
- staff with **vocational training contracts**: this type of contract lasts between 24 and 42 months depending on the education and occupation involved and guarantees resources ongoing on-site training and prospects for stable employment;
- staff with **temporary contracts**: of all non-stable contracts available, this type of contract offers the same benefits and guarantees as permanent contracts in proportion to the length of service provided (holidays, Christmas bonus, bonus extra wage and all other benefits provided).

Table 48 – ACEA’S HUMAN RESOURCES: CONTRACT TYPES (2007-2009)

(number)	2007			2008			2009		
	men	women	total	men	women	total	men	women	total
permanent workforce	3,609	818	4,427	3,650	899	4,549	3,670	927	4,597
(of which) part-time staff	26	23	49	19	50	69	16	71	87
staff on temporary contracts	20	14	34	17	5	22	21	15	36
staff on professional training contracts	55	12	67	16	12	28	5	3	8
staff on vocational training contracts	-	-	-	76	74	150	89	87	176
total	3,684	844	4,528	3,759	990	4,749	3,785	1,032	4,817

In line with the reduction in new recruits and leavers, the rates for new recruits, leavers and turnover decreased inverting the trend in the two previous years (see Table 49).

The average age of employees and service length remained substantially stable over the three years in question (see Tables 50 and 51).

The number of employees with **degrees or diplomas increased** in 2009 (see Table 52). In line with the trend for the previous two-year period, **the incidence of graduates on the overall workforce increased by around one percent** (from 14.6% in 2008 to 15.4% in 2009), that of employees with **diplomas basically remained stable** at around 49% while those with other qualifications – generally lower – constantly but slightly decreased.

The **incidence of women graduates with respect to all graduates (38.2%)** and to the **overall number of women employees (27.5%)** remained stable with respect to the year before.

Table 49 – TURNOVER, RECRUITMENT AND LEAVER RATES (2007-2009)

turnover			recruitment			leavers		
2007	2008	2009	2007	2008	2009	2007	2008	2009
8.94%	12.08%	7.33%	6.49%	8.42%	4.38%	2.45%	3.65%	2.96%

NB: the turnover rate derives from the overall number of new recruits and leavers in relation to the average annual workforce (see Table 46); the companies to which these figures refer are located in Lazio. The figures according to sex are as follows: turnover for women 2.12%, turnover for men 5.21%; new recruits women 1.50%, new recruits men 2.88%; leavers women 0.63%, leavers men 2.33%.

Table 50 – ACEA’S HUMAN RESOURCES: AVERAGE AGE OF EMPLOYEES (2007-2009)

(age)	2007			2008			2009		
	men	women	total	men	women	total	men	women	total
average age in company	45.1	42.7	44.7	45.1	41.1	44.3	45.6	41.5	44.7
average age executives	47.2	45.8	46.9	48.0	46.4	47.7	49.2	46.9	48.8
average age middle-management	45.8	44.0	45.4	46.0	43.7	45.4	46.2	44.5	45.3
average age white-collar workers	45.4	42.5	44.6	45.2	40.8	43.8	45.6	41.1	44.2
average age blue-collar workers	44.6	45.8	44.6	44.7	46.8	44.7	45.3	47.8	45.3

Table 51 – ACEA’S HUMAN RESOURCES: AVERAGE LENGTH OF SERVICE (2007-2009)

(age)	2007			2008			2009		
	men	women	total	men	women	total	men	women	total
average service company	13.4	12.1	13.2	13.5	10.9	13.0	14.0	11.2	13.4
average service executives	12.8	15.9	13.4	12.6	16.3	13.3	13.1	16.7	13.8
average service middle-management	13.7	13.3	13.6	13.7	12.4	13.4	14.3	13.3	14.0
average service white-collar workers	14.1	11.9	13.5	14.1	10.6	13.0	14.6	10.8	13.4
average service blue-collar workers	12.5	16.3	12.5	12.7	17.3	12.7	13.1	18.3	13.2

Table 52 – ACEA'S HUMAN RESOURCES: LEVEL OF EDUCATION (2007-2009)

(number)	2007			2008			2009		
	men	women	total	men	women	total	men	women	total
degrees	387	218	605	431	264	695	459	284	743
diplomas	1,805	437	2,242	1,850	502	2,352	1,844	513	2,357
other qualifications	1,492	189	1,681	1,478	224	1,702	1,482	235	1,717
total	3,684	844	4,528	3,759	990	4,749	3,785	1,032	4,817

Industrial Relations

Reference scope

The information and figures presented in Industrial Relations concern: Acea SpA, Acea Distribuzione, Acea Reti e Servizi Energetici, Acea Ato 2, Acea Ato 5, LaboratoRI, the 4 companies in the JV with Electrabel, Acea8cento, Marco Polo (Acea branch), companies in A.R.I.A. Group (formerly TAD Energia Ambiente): Terni En.A., EALL, SAO and Enercombustibili.

The Consolidated Agreement for the Electricity Sector and the Consolidated Agreement for the Gas-Water Sector (Collective National Labour Agreements - CCNL) and the existing Contract with the Company Acea8cento are the types of Agreement applied in Acea: **100% of the Company's human resources are covered by collective bargaining agreements.**

The percentage of employees that were members of Trade Unions in 2009 reached 71.4% (69.6% in 2008) and 381 resources were executives or representatives of Trade Unions, 7 of which in the role of Safety Representatives.

Negotiations to renew the Collective National Labour Agreement for the Electricity Sector⁸⁶ which expired at the end of June commenced in the second half of 2009.

Industrial Relations⁸⁷ carried out by the company throughout 2009 led to an important agreement concerning agreements: in fact, **harmonization of economic and legislative conditions was established** for staff from Public Authorities hired by Acea Ato 2 further to mergers and some of whom already operating, for which the Consolidated Agreement for the Gas-Water Sector was applied.

Negotiations for production bonuses were held as part of second-level negotiations pursuant to the Collective National Labour Agreement according to the commitments made on signing the **Acea8cento** Corporate Agreement. This agreement is effective 2009-2012 and established implementation of a service to replace the canteen through "lunch vouchers" and subscription of employees with corporate agreements at the Acea Group Corporate Recreation Club as of 2010.

With regard to **labour organization**, the following agreements were signed:

- further to application of the Consolidated Agreement for the Electricity Sector, a number of working hours and shifts and semi-shifts were reviewed for staff in the Environment and Energy industrial sector, thereby improving compliance with processes.
- with regard to Acea Distribuzione, discussions concerning redefinition of the territorial responsibility for acting and assigning emergency repair staff were completed and discussions concerning changes to organization and supervision of processes relating to Measurement and Fault Identification Team were completed to improve service levels, establishing new shift working hours. Further discussions concerning outsourcing of installation and implementation of electronic meters were also planned;
- with regard to Acea8cento and AceaElectrabel Produzione, agreements concerning working hours and shifts were reached.

⁸⁶ Negotiations to renew agreements concluded successfully in 2010.

⁸⁷ Also carried out for companies in A.R.I.A. Group in 2009: EALL, SAO, Terni En.A. and Enercombustibili.

Numerous trade union procedures to the effects and purposes of Article 2112 of the Italian Civil Code were held throughout the year to verify the extent of protection for employees further to transferral of companies: they all involved Acea Ato 2 hiring staff from the organizations acquired during corporate expansion to complete the ATO Plan.

Redundancy procedures concerning Acea Distribuzione and Acea Ato 2 were also completed: in relation to the former, by way of proceeding with actions already implemented in previous years, to the latter in an innovative manner, as this was the first time this procedure was implemented. Employees were encouraged to leave by offering extra bonuses and, in compliance with the principle of non-traumatic management of overstaffing adopted by the Group, by identifying the workers in the overstaffed areas and positions that were entitled to retire by the end of the third year after being placed in redundancy.

As far as notice to employees concerning changes to organization or corporate re-engineering affecting employer-employee relations is concerned, it must be pointed out that the company acts according to the following different situations:

1. **changes to organization:** in the event that new Divisions are established or mission is amended, the Acea SpA Human Resources and Services Division shall issue an Organizational Provision and publish such on the notice-board and corporate Intranet. The Trade Union discussions indicated below are usually implemented for changes affecting workers; in the event that such affect an individual worker (e.g. change to workplace, working hours, etc.), such is sent specific notification;
2. **corporate re-engineering:** in the event of re-engineering further to substantial changes in organization or production that affect working conditions and employment, procedures for notifying employees are subject to the Collective National Labour Agreements applied by the Group and Industrial Relations Protocols;
3. **corporate transformations** (such as transfers, mergers or acquisitions or company branches): in the event of corporate transformations, notifications for employees are subject to current laws⁸⁸ whereby company is obliged to inform representatives and the institutions responsible from a territorial viewpoint to ensure they can check that procedures are carried out correctly and the effects on employer-employee relations.

Box – Controversy with Employees and Trade Unions

Controversies implemented by employees against Acea generally involve dismissal, recognition of superior levels, review of levels and other matters of little consequence due to their scarcity (e.g. specific allowances, recalculation of due wages and opposition to roles and workplaces).

In 2009 there was a controversy concerning dismissal – solved through negotiation –, a limited number (under ten cases) of procedures for promotion and very few cases of role review from previous years.

Proceedings concerning employees from the former COS

(currently Almagora Contact) and from B2WIN concerning presumed illegal replacement of labourers are ongoing.

With regard to Industrial Relations, two proceedings against Acea Group companies concerning anti-trade union conduct were implemented by Trade Unions in relation to the agreement signed on 18.12.2008 (mainly involving establishment of four-year bonuses, increases to lunch vouchers and payment of reduced supply costs for employees). Both these proceedings were held at the Rome Court of Law and ended in favour of the Company.

⁸⁸ Article 2112 of the Italian Civil Code and Article 47, Italian Law 428/90 and subsequent amendments further to Italian Legislative Decree 276/2003.

Diversity and Equal Opportunities

Reference Scope

The information and figures provided in Diversity and Equal Opportunities concern: Acea SpA, Acea Distribuzione, Acea Reti e Servizi Energetici, Acea Ato 2, Acea Ato 5, LaboratoRI, the 4 companies in the JV with Electrabel and Acea8cento.

Diversity

Acea hires and integrates staff from protected categories (differently-abled, orphans, etc), who are guaranteed support, assistance and technical tools (such as modified telephones) to help them carry out their duties, also through support from the Associazione Nazionale Mutilati e Invalidi Civili (ANMIC – National Association for Disabled and Invalid Civilians). Staff in protected categories amounted to **234 human resources** (143 men and 91 women) as at 31/12/2009, in compliance with that established by current laws (Italian Law 68/99).

Equal Opportunities

An **Equal Opportunities Commission (CPO)** was established in Acea in 1991 to advocate tangible policies and action to support equal opportunities for the sexes and full integration of professional categories and oppose any form of discrimination.

This Commission has 12 members, 9 of which are appointed by the Trade Union and 3 of which by the Company (10 white-collar workers, 1 middle-manager and 1 executive), plus a secretary.

The CPO works to **raise awareness and spread a culture for equal opportunities** both **throughout the company, via a specific section on the corporate intranet** accessible to all employees, and **outside** the company, via initiatives to develop cooperation with similar organizations, such as the CPO network established by Rome Provincial Council Office for Equal Opportunities.

Acea's policy for protecting equal opportunities involves both **Regulations for safeguarding the dignity of men and women** and an **Advisor** (operating since 2006). This is an outside expert whose job is to gather and solve any reports of discrimination, sexual harassment and mobbing.

As far as 2008-2009 are concerned, Acea, in compliance with law, wrote a two-year report on sexes to illustrate the situation concerning male and female employees (numbers, occupational level, etc.). This document is written by Acea SpA Human Resources and Services Department and is forwarded to the Equal Opportunities Commission and Trade Unions, which subsequently present specific projects.

This Commission underwent considerable change in 2009 further to the resignation of a number of members, which reduced its operational capacity. Acea is well aware of the value that this Commission has created both for the company and its human resources over the years and is therefore reorganizing the CPO in order to breathe new life into current projects and develop new ones.

Women in Acea

Table 53 – WOMEN IN ACEA (2007-2009)

	2007	2008	2009
percentage women vs. overall workforce	18.6%	20.8%	21.4%
percentage women vs. overall corporate governance board members (*)	10.8%	9.4%	11.6%
percentage women vs. overall executives	18.0%	17.8%	17.4%
percentage women vs. overall middle management	24.9%	25.9%	25.2%
percentage women graduates vs. overall graduates	36.0%	38.0%	38.2%

(*) Board of Directors, Board of Statutory Auditors and Supervisory Boards of companies within the report scope.

The incidence of women with respect to the overall workforce **constantly increased** over the three-year period 2007-2009 to reach **21.4%** in 2009. Table 53 illustrates that the number of women in executive and middle management positions remained stable and the number of women in corporate governance boards increased by around two percent in 2009 following a slight decrease in 2008.

The Investor Relations Division, Customer Care Department and Risk Control Department were all headed by women in 2009.

Working Hours and Absence

Reference Scope

The information and figures presented in Working Hours and Absence concern: Acea SpA, Acea Distribuzione, Acea Reti e Servizi Energetici, Acea Ato 2, Acea Ato 5, LaboratorioI, the 4 companies in the JV with Electrabel and Acea8cento.

The overall number of hours worked increased in 2009, mainly due to an increase in “standard working hours” of both men and women.

The percentage of standard working hours for both men and women with respect to the respective hours worked (standard and overtime) increased slightly (by 0.6% for men and by 0.2% for women). The overall figure for overtime and relative percentage incidence on overall number of hours worked decreased from 6.8% in 2008 to 6.1% in 2009 (see Table 54). In relative terms, the incidence of overtime by men and women with respect to their respective overall hours worked decreased more for men (from 7.6% in 2008 to 7% in 2009) than for women (from 2.5% in 2008 to 2.3% in 2009) and, in absolute terms, women’s overtime slightly increased.

The overall days of absence increased by 0.7% in 2009 with respect to 2008. The number of absences for maternity leave, leave of absence and various types of authorized absence increased between 2008 and 2009 while sick leave and leave for strike action decreased, the latter illustrating the more relaxed climate in negotiations between the company and trade unions.

Table 54 – ACEA’S HUMAN RESOURCES: HOURS WORKED (2007-2009))

	2007			2008			2009		
	men	women	Total	men	women	total	men	women	total
standard hours	5,509,007	1,138,599	6,647,606	5,744,807	1,270,076	7,014,883	5,773,742	1,409,318	7,183,060
overtime	528,838	35,550	564,388	476,601	32,651	509,252	437,609	32,860	470,469
total hours worked	6,037,845	1,174,149	7,211,994	6,221,408	1,302,727	7,524,135	6,211,351	1,442,178	7,653,529

Table 55 – ACEA’S HUMAN RESOURCES: DAYS OF ABSENCE (2007-2009)

(days)	2007	2008	2009
sick leave	36,740	37,571	35,928
maternity leave (pregnancy and post partum)	6,293	7,572	9,528
strike action	83	426	61
Trade Union leave	6,176	6,751	6,792
authorized leave of absence	4,643	3,823	4,102
sundry leaves of absence (study, health, mourning and general reasons)	12,244	14,204	15,422
other reasons(*)	5,183	4,269	3,298
total days of absence (excluding holidays and accidents)	71,362	74,616	75,131

(*) The item “other reasons” mainly represented “secondment” and also includes leave for “public appointments” or “giving evidence” and days of “unjustified absence” and hydrothermal treatments.

Safeguarding Health and Safety in the Workplace

Reference Scope

The information and figures presented in Safeguarding Health and Safety in the Workplace concern: Acea SpA, Acea Reti e Servizi Energetici, Acea Distribuzione, Acea Ato 2, LaboratoRI, the 4 companies in the JV with Electrabel, Acea8cento, Marco Polo (Acea branch), Acea Rieti, Acque, Acque Industriali, Acque Ingegneria, Acque Servizi, Acquedotto del Fiora, Azga, GEAL, Gesesa, Gori, Lunigiana, Publiacqua, Publiacqua Ingegneria, Sogea, Umbra Acque, Aquaser, Kyklos, Solemme, companies in A.R.I.A. Group: EALL, Terni En.A, SAO, Enercombustibili.

All Group companies manage safety in compliance with current laws, independently and taking full and direct responsibility. The Holding Company also has a Safety and Protection Department with the job of providing companies guidelines and technical and expert support in improving safety in the workplace management, thereby helping further consolidate this aspect throughout the company. In 2009, the number of companies monitoring health and safety in the workplace and accidents to check the reliability of safety system increased. For this purpose, questionnaires were used to assess “**safety management**” with respect to legislation, the type of activities carried out, risk assessment, information and training, accident monitoring systems, etc. On-site inspections and meetings with Prevention and Protection Service officers were organized to complete this survey. Analysis of the results illustrated that the companies in question adopt reliable safety systems ensuring that they manage this aspect in full compliance with current laws and standards.

Group companies keep **risks for workers** under control and **monitor accidents**. Furthermore, in 2009 Acea SpA Safety and Protection Department wrote an accident report on 35 Group companies subject to high risk levels and types due to the work they carry out. The procedure used to analyze accidents complies with the *Guidelines for Classifying Accidents*, written by FederUtility and in compliance with **Standard UNI 7249/95**, in relation to INAIL parameters and indications from ESAW (European Statistics of Accidents at Work).

Acea Ato 2 began assessment of risks from work-related stress in 2009 which led to plans for specific training to begin in 2010.

Safety is an essential element in corporate organization; increased awareness of the importance of safety can only come about through knowledge. For this purpose, a training course was developed and provided to all employees and the section of the corporate intranet dedicated to safety was further enhanced with new contents, documents and updates.

Acea regularly consults the safety representatives of workers (RIs) to present strategic projects for improving health and safety in the workplace, *Risk Assessment Documents* and any other related aspects.

Safety is also overseen via constant communication with the best experts from the political, institutional and professional worlds (see box in *Institutions and the Company* on the roundtable with Institutions organized at Acea Congress Center).

On the **whole in 2009, 357 accidents** were reported, **69 of which in itinere** (in other words while travelling to/from work/home) (see Chart 28), which led to 18,436 days of sick leave, to which 2,243 days of sick leave due to accidents occurring the year before should be added, therefore reaching a **total of 20,679 days of absence due to accident**.

This increase in the number of accidents with respect to the two-year period before derives from the inclusion of other Group companies in the report scope for this section as of 2009.

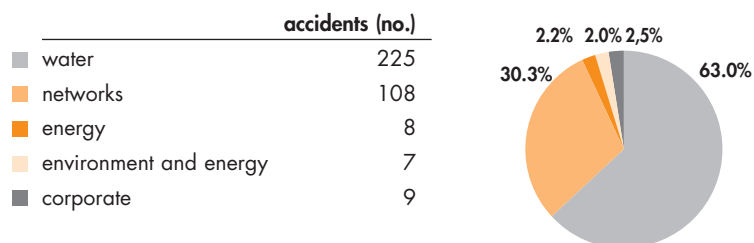
Furthermore, the severity index also considerably increased due to classification of the death of an Acea Ato 2 employee due to natural causes during working hours as a fatal accident⁸⁹.

⁸⁹ We would like to point out that 7,500 days of absence are registered for the calendar year in question in the event of fatal accidents; excluding this in 2009, the severity index would have been 1.02 and the frequency index would have been 27.66.

The separation of accidents by company aggregated according to industrial area are illustrated in Chart 28. Most accidents involved operational companies Acea Distribuzione and Acea Ato 2 (which respectively reported 106 and 70 accidents).

In 2009, regular meetings were held with the Safety Representatives of workers, in compliance with that established in Article 35, Italian Legislative Decree 81/08.

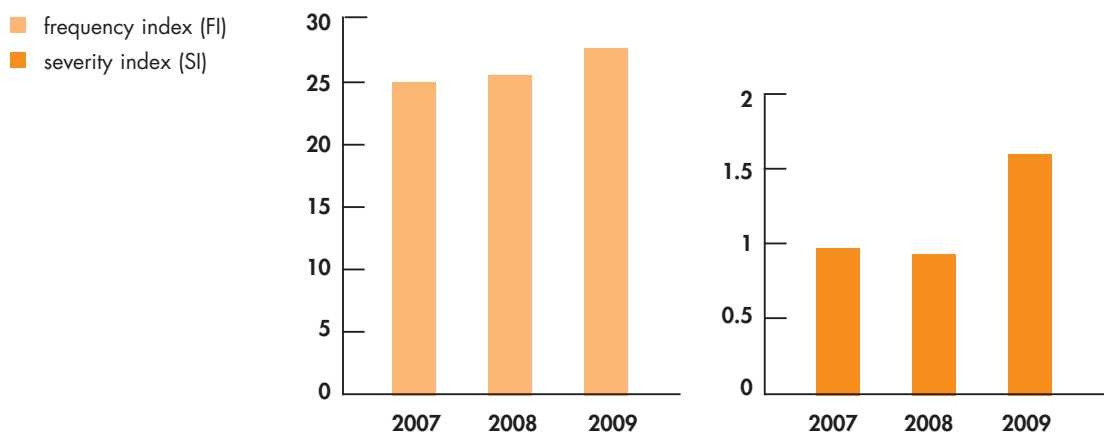
Chart 28 – ACCIDENTS BY INDUSTRIAL AREA (2009)



NB: AceaElectrabel, AceaElectrabel Trading (energy sector), Acea Rieti, Acque Ingegneria (water sector), Acquaser, A.R.I.A., Enercombustibili, Kykols and Solemme (the environment and energy) reported no accidents in 2009. The water sector in the table comprises 16 companies.

Chart 29 – ACCIDENTS AND FREQUENCY AND SEVERITY INDEXES (2007-2009)

	2007	2008	2009
accidents (no.)	185	197	357
overall days of absence	7,209	7,253	20,679
hours worked	7,376,632	7,697,712	12,865,478
frequency index (FI) (no. acc. x 1,000,000/work hours)	25.08	25.59	27.75
severity index (SI) (days absence x 1,000/work hours)	0.98	0.94	1.61



NB: the accidents in 2009 using the same report scope as 2008 would have amounted to 206.

Health Monitoring

Reference Scope

The information and figures presented in Health Monitoring concern: Acea SpA, Acea Reti e Servizi Energetici, Acea Distribuzione, Acea Ato 2, LaboratoRI, the 4 companies in the JV with Electrabel, Acea8cento and Marco Polo (Acea branch), Aquaser, Solemme and A.R.I.A. Group companies: EALL, Terni En.A. SAO and Enercombustibili.

Health Monitoring is the responsibility of an in-house department operating in compliance with current laws (Article 41, Italian Legislative Decree 81/08) and cooperating with outside experts. Staff health is monitored with support from formally appointed qualified doctors, who carry out medical check-ups at various times in an employee's working life – on recruitment (**pre-employment check-up**), following changes to specific duties (**preventive check-up**), for the purposes of risk assessment (**regular check-up**), on request from employee (**special check-up**), in the cases established by the law (**check-up on termination of employment or on retirement**) –, to provide an opinion concerning an employee's **suitability to a specific job**. Special medical check-ups are also guaranteed for workers exposed to specific risks.

By way of safeguarding the psychological and physical health of workers, qualified doctors cooperate with employers and Protection and Prevention Service Officers to assess the risks to which employees are subjected and draw up the relative health monitoring plan.

During 2009, **2,016 check-ups** were carried out; the relative costs⁹⁰ amounted to **around 171 thousand euro**.

There is also a **First Aid Station** to guarantee corporate employees and visitors first aid in the event of ailments not requiring hospital treatment.

Capitalizing on Human Resources and Communication

Reference Scope

The information and figures presented in Capitalizing on Human Resources and Communication concern: Acea SpA, Acea Distribuzione, Acea Reti e Servizi Energetici, Acea Ato 2, Acea Ato 5, LaboratoRI, the 4 companies in the JV with Electrabel and Acea8cento.

Plans for developing and capitalizing on corporate human resources are drawn up according to a system of objectives that comply with corporate policies. This system involves assessing organizational positions, identifying the competencies and responsibilities of workers, monitoring performances and recognizing and managing the needs of employees in terms of professional development and wages. In order to effectively fill positions and roles, the company initially analyzes in-house resources before assessing the opportunity of transferring resources from within the group or selecting recruits from the outside market; the latter is only adopted when specific skills not already available or that cannot be developed rapidly in-house are required.

⁹⁰ The costs relating to regular and pre-recruitment check-ups refer to the report scope for this section.

Salaries

Employees' **salaries** (excluding executives and top management) are established according to relative **National Collective Labour Agreements**. **Average gross salaries** paid in the main Group companies⁹¹ confirm constant adjustment to amounts **which increased at all levels** (see Table 56): with respect to 2008, middle-management received the largest increase (+7.4%), followed by white-collar workers (+2.5%), while blue-collar workers received a slight increase (0.3%).

Table 56 – AVERAGE GROSS SALARY ACCORDING TO ROLE (2007-2009)

(in thousands of euro)	middle-management	% adjustment	white-collar workers	% adjustment	blue-collar workers	% adjustment
2007	59.1	1.7%	36.5	1.1%	34.0	2.1%
2008	60.5	2.4%	38.9	6.8%	35.4	4.1%
2009	65	7.4%	39.9	2.5%	35.5	0.3%

Taking into account average gross salaries per head solely **for the minimum wage levels** in Acea for the above categories, the amounts (in thousands of euro) were as follows: middle management, 59.8; white-collar workers, 15.9; blue-collar workers, 15.9.

Including also executives – subject to a specific national agreement – the **overall average gross salaries** increased by 2.9% with respect to 2008 (see Table 57).

The overall salaries established by the **Salary Committee** for key managers according to market wage levels amounted to **around 2 million euro**, including bonuses, plus 80 thousand euro due to benefits, **which decreased with respect to 2008** (around 2.7 million euro – salaries and bonuses – plus 105 thousand euro in benefits). An exceptional event in 2009 involved the Company paying 6.7 million euro further to resignation of a number of former Directors and top management. The year 2009 was also the last period for capitalizing on the long-term monetary incentives for top management involving payment of an amount calculated as a percentage of gross annual earnings on achieving specific targets. These amounts and details concerning each member of the Acea SpA Board of Directors and Board of Statutory Auditors **are published in the Acea Group Consolidated Financial Statement** each year, which is available on the corporate website.

Table 57 – OVERALL AVERAGE GROSS SALARIES (2007-2009)

	totals (in thousands of euro)	% adjustment
2007	39.0	2.4%
2008	41.1	5.5%
2009	42.3	2.9%

Bonus Systems

The **Bonus System** adopted in Acea pays employees (white- and blue-collar workers) an amount according to the commitment made in achieving corporate quality performances.

The tools used in this system are linked to reviews of the set and variable elements in salaries and involve various bonus mechanisms: raises, promotions to higher occupational levels, payment of *ad personam* bonuses such as *one-off* bonuses.

⁹¹ In this case, the economic figure does not refer to the consolidation scope but to the report scope for this section comprising Acea SpA, Acea Distribuzione, Acea Reti e Servizi Energetici, Acea Ato 2, Acea Ato 5, LaboratoRi, the companies in the Joint Venture with AceaElectrabel and Acea8cento.

The bonus system for staff employed with permanent contracts (both full and part time) is based on “**results**” and is paid annually according to the occupational level and hours worked throughout the year. This payment is based on indicators concerning profitability, productivity and efficiency, safety and quality delivered and perceived (in fact, an indicator regarding the level of customer satisfaction is also taken into account).

Trade Union Agreements reached in 2009 (see *Industrial Relations*) in Acea8cento led to introduction of an annual bonus involving a special aspect: 40% of the overall bonus is calculated using two individual productivity indicators – service level and average time to reply – which are strictly related to the service levels established in agreements between Acea Group companies and Acea8cento. Merit- and salary-based policies implemented by Acea Ato 2 in 2009 mainly involved realignment of salaries for staff on lower pay-grades to match the duties they effectively carry out.

The bonus system adopted for **executive and middle-management**, as well as **top management**, involves:

- **MBO** (Management By Objectives): this bonus is calculated in proportion to the extent to which individual, corporate (company or sector) and Group targets set at the beginning of the year are reached, including assessment of organizational conduct;
- a **Long-Term Incentive Plan** (LTIP): this is a monetary bonus for Top Management paid once the economic and financial targets set for 2007-2009 were achieved, also in addition to DPO bonuses.

A number of **benefits** are also provided, such as additional monthly wages, lunch vouchers, reduced rates (for staff hired before 2000), benefits received via the Corporate Recreation Club, integrative health insurance - UNIPOL, a complementary pension fund for this sector (“Pegaso Fund” for employees and “Previndai Fund” for executives) and an agreement with the Monte dei Paschi di Siena Bank. There are also additional benefits for executives (e.g., company car and fuel expenses).

The overall amount earmarked for **staff leaving indemnities and other defined-benefit plans** to pay employees on termination of employment contract decreased from 127 million euro in 2008 to **123 million euro** in 2009.

Pension Funds with Set Contributions

Acea employees belong to two complementary pension funds: **Previndai** for executives, whose employment is regulated by the relative National Collective Labour Agreement signed by Confservizi, and **Pegaso** for the other categories of workers in the public utilities sector. The latter is jointly managed by Federutility (an organization representing local public businesses in the water and electricity sectors) and Trade Unions FILCEM-CGIL, FEMCA, FLAEI-CISL and UILCEM-UIL.

The overall number of workers that subscribed to the **Pegaso** Fund in 2009 was 30,335, an increase of 0.7% with respect to 2008, of which **around 3,076 are Acea Group employees**⁹². In view of the economic slump underway, the most important figure is the 33% growth in fund resources, which reached an overall value of 332 million euro. All sections (*guaranteed, conservative, balanced and dynamic*) had good returns both in absolute terms and with respect to Severance Pay, as illustrated in Table 58.

Table 58 – RETURNS FROM PEGASO SECTIONS AND LEAVING INDEMNITY as of 31/12/2009

type of investment	section returns	leaving indemnity return
guaranteed	+2.38%	
conservative	+6.02%	+1.98%
balanced	+9.12%	
dynamic	+10.97%	

Source: Pegaso release concerning 2009 returns.

⁹² This figure refers to employees in Acea SpA, Acea8cento, Acea Ato 2, Acea Ato 5, Acea Distribuzione, Acea Reti e Servizi Energetici, companies in the Joint Venture with AceaElectrabel, LaboratoRI, MarcoPolo, Solemme, Gruppo Crea, Gesesa, Umbra Acque, AceaGori Servizi and A.R.I.A. Group companies.

Systems for Assessing Human Resources

The structured system for assessing the performances of human resources became consolidated in 2009, extending to cover organizational conduct. This system works in harmony with the bonus system, as results are channelled into both staff development programmes and variable bonus programmes.

The projects concerning staff development implemented in 2009 included the following:

- the **Leader Plan**: focusing on developing the managerial abilities of operational leaders in Acea Distribuzione, especially in terms of Productivity, Quality and Safety;
- **Skills Inventory**: implemented in Acea Ato 2 and focusing on establishing ideal occupational profiles and relative training needs, making an inventory of existing skills and rationalizing development plans.

Training

The Company's "**Human Capital**" is a prosperous and varied asset expressing intellectual and professional skills, abilities in relationships, which requires appropriate sustenance including through training.

A **Training Cycle** was therefore established for Acea, involving: analysis of training needs, creation of a training plan, provision of training courses and intermediate and final assessments of the results both in terms of alignment with set targets and in terms of satisfaction with training received.

Corporate training aims to teach vocational know-how, technical skills and develop abilities in relating to people, self-organization and change. Acea SpA Human Resources and Services ensures Group companies – with the exception of those deriving from the Joint Venture between Acea and Electrabel – **managerial training** for both top and middle management and induction training to provide new recruits an overview of the Group's organization (mission, procedures, codes of values, Italian Legislative Decree 231/01), and provides solely Acea SpA employees **technical-specialist training**, including on compliance with current legislation (such as safeguarding privacy and safety in the workplace). Operational companies directly train their staff in relation to **technical-specialist skills** and **compliance with laws and standards**.

Joint venture companies are personally responsible for training policies for their staff and therefore establish a specific training plan further to analysis of training needs, which involved 3 separate areas in 2009: **transversal training** (management and administration, IT, etc.), **technical** and **managerial**.

Box – Faro-Farò Project

Induction for new recruits is an important stage in employer-employee relations aimed at helping resources to take over their roles in a new work environment.

Acea therefore implemented the "**Faro-Farò Project**" in 2009 to assist the arrival of new resources within the company.

This project involved **41 monitoring interviews** with new recruits in the Holding Company; the relative information and comments

were shared and analyzed with the direct executives of the resources interviewed.

The **Faro-Farò Project** is ongoing and an "**Induction and Welcome Handbook**" is currently being written: this guide will be given to new recruits to help them through their initial months of work in the company.

Training for resources on vocational training courses became increasingly important for companies in the Group over the two-year period in question. Acea SpA Development and Training Department therefore produced guidelines for operational companies to outline a mutual model to manage training for this specific type of contract. Two types of **experimental training courses** were given for the first time in 2009 to develop relational skills in accordance with the compulsory training plan for apprentice contracts. The amount of understanding Acea8cento apprentices achieved was also assessed, thereby ensuring that action could be taken to improve training courses underway.

The **main training measures** carried out by Group companies in **2009** included:

- developing a training **plan specifically for apprentices** with detailed modules covering basic, sector-related and technical skills;
- a **“Safety Training Project”**: a specific training course on compulsory training Health and Safety in the Workplace to the effects and purposes of updates to legislation (Italian Legislative Decree 81/08 and subsequent amendments), comprising two modules: a transversal module for all Acea SpA employees and a specific module for executives and Holding Company safety officers;
- the corporate Masters **Road Map** programme (see box in *Customers and the Community*) organized by Acea Distribuzione for 23 corporate resources with technical university education, which dealt with the internal electricity market, regulating service continuity and the features and operations of electricity networks;
- training carried out at Joint Venture companies as part of **Fondo For.te – Fondo Paritetico Interprofessionale Nazionale per la Formazione Continua del Terziario** (National Interprofessional Fund for Ongoing Training in the Service Sector) covering three areas: IT, languages and developing professional skills;
- training for Acea8cento **telephone operators**, paying particular attention to the 80 resources with occupational apprenticeship contract, to ensure that resources could operate in all the services managed;
- an **e-learning** course concerning Italian Legislative Decree 231/01 on **anti-corruption measures** for executives, middle management and white-collar workers with responsibilities;
- training linked to introduction of the SAP ERP system in Joint Venture companies to manage all resources and production systems through new communication technologies.

Throughout 2009, **483 training courses** were provided in **854 editions** and attended by **7,691 participations** (see Table 59).

New recruits and apprentices were particularly involved, also in *on the job training* with qualified staff. Extensive training was provided on technical and safety matters, which are two key areas for an industrial Group carrying out activities with a high technical profile and operational risk for which skills must be regularly updated and **specific knowledge acquired to ensure safety in the workplace**.

At the end of 2009, AceaElectrabel Produzione presented a second campaign providing information on safety to its employees in order to raise awareness in a direct manner, making them an active part of the corporate prevention system. In addition to specific training, this initiative presented a Vademecum entitled *“Working under Safe Conditions is our First Job”* and provided general information concerning health and safety in the workplace.

Resources are made aware of the main ethics adopted by the company through the *Code of Ethics* available on the corporate intranet, during induction training for new recruits when they are illustrated the contents of the corporate codes of values and through a specific training course on corporate social responsibility.

Overall training costs excluding planning and setting up the areas in which courses were held amounted to over **440,000 euro** (see Table 59).

The **number of training hours per head**⁹³ in 2009 reached 14.7 (15.5 the year before).

The number of training hours for women resources amounted to 17,165, the 24.4% of the overall amount.

Table 59 – TRAINING COURSES AND COSTS (2008-2009)

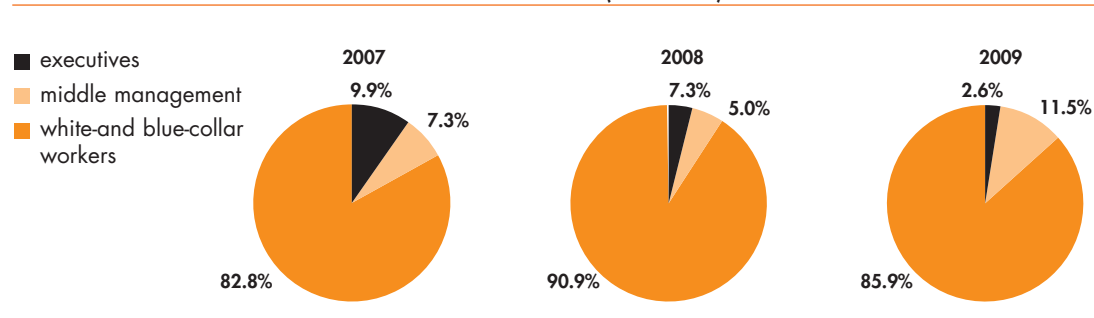
course types	no. courses		no. editions		no. participations (*)		% distribution participations		cost (**) euro	
	2008	2009	2008	2009	2008	2009	2008	2009	2008	2009
IT	15	41	23	52	152	514	2.4%	6.7%	7,686	10,920
induction	15	27	40	35	486	441	7.8%	5.7%	0 ^(°)	10,822
language	9	25	15	25	39	70	0.6%	1.0%	5,741	27,923 ^(°)
technical-skilled	228	267	235	505	1,896	3,923	29.9%	51.0%	341,767	229,282
managerial	27	24	52	24	262	133	4.1%	1.7%	110,175	25,455
administrative-management	11	17	24	23	194	272	3.1%	3.5%	20,070	27,409
safety, privacy and the environment	56	82	74	190	3,300	2,338	52.1%	30.4%	44,847	110,614
total	361	483	463	854	6,329	7,691	100%	100%	530,286	442,425

(*) This refers to participations and not "participants" as the same employee may have attended more than one course.

(**) Cost paid by Acea SpA, Acea Distribuzione, Acea Reti e Servizi Energetici, Acea Ato 2, Acea Ato 5, LaboratorioI, the 4 companies in the Electra-bel Joint Venture and Acea8cento.

(°) Induction training for new recruits is also provided by in-house resources.

Chart 30 – BREAKDOWN OF TRAINING HOURS BY CATEGORY (2007-2009)



Cooperation with Universities and High Schools

Research, internships and apprenticeships, events and meetings between companies and students and staff providing teaching as part of university masters programmes are just a few of the numerous forms of cooperation and partnership between Acea and universities.

The **Fixo Programme** (Training and Innovation for Employment) that Acea supported in 2008 to improve cooperation between businesses and universities ended at the beginning of 2009. The results deriving from joint assessment by university, political and production representatives concerning the programme's effectiveness and real job prospects offered to new graduates were presented at the final meeting. Acea attended the event and shared experiences concerning new recruits in the Holding Company: in fact, the Company held 12 internships leading to recruitment of 7 young graduates in corporate divisions thanks to this programme.

⁹³ This indicator is the ratio between the number of hours attended (70,390 in 2009) and the average workforce (4,799 in 2009).

In 2009, Acea supported a number of training projects, including the Fondaca **Masters in Corporate Citizenship** – integrated social responsibility strategies – offering two student grants to cover registration fees for the children of Group employees, the Tor Vergata University in Rome **Masters in Procurement Management** – Procurement and Tenders – offering a student grant to cover registration fees to a commendable student who had carried out an internship with Acea SpA, the **Safe Masters – Sostenibilità Ambientale Fonti Energetiche** (Environmental Sustainability in Energy Sources) – and, as part of the HR Academy of Consel – Consorzio Elis, the **[E=mc² (new Energies = Motivation x human Capital)²]** Project (see box).

Box – The [E=mc² (new Energies = Motivation x human Capital)²] Project

The [E=mc² (new Energies = Motivation x human Capital)²] Project involved cooperation from young graduates who carried out a statistical survey to ask young people entering the employment market (school-leavers with diplomas, graduates and seniors) what they thought of Acea. This survey provided the starting point for development of an *Employer Branding Plan* to convey to young people a corporate

image consistent with a listed multi-utility undergoing extensive expansion and change that offers job opportunities for dynamic young people willing to bring innovation to the company. More specifically, one of the objectives of this survey was to implement corrective actions to make Acea more appealing to talented young people.

Acea also attended national events that provided the chance to meet the university and high school universes through direct contact with young students, including individual interviews.

The main events involved in 2009 were: the “**19th Edition of the Job Meeting & Trovavoro.it**” where graduates and seniors received information on the profiles required by Acea and relative recruitment procedures and selection processes, “**Masters in Antitrust and Market Regulation**” where students were introduced to Acea businesses and the affects of regulation on their relative sectors, “**Global Village**”, an open day for orientation, training and employment for 600 of the best under-29 graduates selected by Italian Universities, “**Employment Day**” where candidates could check out the job opportunities offered by over 100 companies, including Acea, the **Job Forum** organized by Tor Vergata University in Rome and **Career Day** organized by the International Free University of Social Studies.

Acea hired 30 young graduates throughout 2009, 9 of which had already undergone training experience with Group companies. The Company also commenced **34 training courses** and **33 occupational internships for university students or graduates**.

Finally, cooperation that Acea Ato 2 commenced in 2008 with a number of professional and technical-industrial schools in Rome as part of the **school-work alternation project** continued in 2009: the company hosted **27 interns** who furthered their school education with practical experience in the company and visits to stations.

In-house Communication

The corporate **Intranet** and the *House Organ* are the two main channels through which Acea communicated **with employees**.

The *House Organ* was temporarily suspended in 2009 in order to renew its contents and graphics and was re-launched at the end of the year under the name **AceaMagazine**. Number zero of this magazine was issued in December and was a special issue dedicated to the Company’s Centenary, covering and developing its story and memories.

The **Intranet** is a corporate **portal solely for employees** and is updated on a daily basis to provide important information concerning the company and Group employees, official documents (Financial Statements, codes of values, policies, regulations, etc.), corporate procedures, organizational provisions and memos

and daily press and parliamentary reviews, as well as other content. **Detailed sections** have been developed over the year, providing extensive information on various topics: Administrative Responsibility, Regulations and Values, Safeguarding Savings, Quality, Training, Italian Law 262/2005, Safety and Equal Opportunities.

In line with the increasing process to raise awareness of employees with regard to safety, this section was expanded and provided more content in 2009. This section currently comprises three areas: **legislation** comprising updates on legislation and a press review concerning safety, **safety in Acea** in which corporate safety policies are illustrated, **organizing safety** illustrating the organizational chart and appointed officers, the Safety in the Workplace Management System Handbook and work procedures-instructions.

Social Activities

Reference Scope

The information and figures presented in Social Activities concern: Acea SpA, Acea Distribuzione, Acea Reti e Servizi Energetici, Acea Ato 2, Acea Ato 5, Laboratorio, the 4 companies in the JV with Electrabel and Acea8cento.

The Corporate Recreation Club (CRA), the Gold Medal Association (see relative box) and the National Association for Disabled and Invalid Civilians (ANMIC) are just some of the important organizations that provide social activities for employees.

The **registered members of the CRA** increased in 2009, reaching **4,468 members** including executives (4,451 in 2008), and applications to use the numerous services offered also grew due to their quality and low costs.

As in past years, this Club ran the **corporate crèche** available to the children of both employees and residents of the 1st Municipality, which currently looks after the maximum number of children permitted by Law, in other words 49.

The CRA managed relations with the insurance company responsible for ensuring **additional healthcare for company employees and their dependents** and distributed grants to the children of employees in high schools or universities who achieved distinguished results.

The CRA also continued offering services through an agreement with a bank providing personal loans (under special conditions), free legal advisory services and recreational, sporting and cultural activities at affordable costs (see Table 60).

Table 60 – MEMBERS USING CRA SERVICES (2007-2009)

	2007	2008	2009
members using travel services	2,780	2,940	2,950
members taking part in sports events	2,150	2,200	2,169
members benefitting from sports grants	550	501	565
young people attending summer camps	590	106	127
young people benefitting from study holidays	45	54	36
members paying insurance premiums in instalments	3,020	3,090	1,362
members making purchases in instalments	150	165	97
members subscribing to the Italian Touring Club (T.C.I.)	85	85	61
members taking part in cultural visits	1,592	1,598	1,499
members involved in theatrical activities	1,300	1,330	1,286
number of medical insurance refunds	787	670	713
members receiving "Epiphany gifts"	925	689	683
members benefitting from study grants	35	58	73

The CRA also supported numerous **solidarity initiatives**, for example by organizing meals for the homeless during festivities with the Sant'Egidio Community, refunding disabled persons the membership fee with CIVAS (a Supplementary Assistance Fund operating in the health field) and helping the Acea Committee for Africa (see also *Customers and the Community*, section *Events and Solidarity*) by selling the **Below2010** 12 photos for **Africa Calendar**, all proceeds of which were donated to the project for water wells in Burkina Faso.

Box – Gold Medal Association

The Gold Medal Association involves members who are pensioners and employees with at least 20 years of company service and provides them assistance in relation to social security, taxes and insurance; this Association had 1,079 members as at 31 December 2009: 917 pensioners and 162 working members.

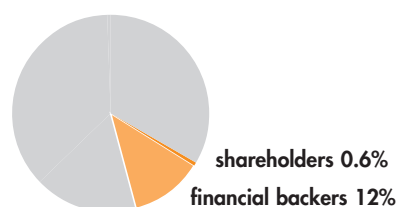
This Association also supports cultural and social initiatives and, in 2009, was responsible for:

- 2 social days, awarding longstanding members (20 years) and members that had retired during the year;
- assigning study grants to members' children;
- organizing trips to exhibitions and museums, social trips and holidays in Italy and abroad;
- participating in the Committee for Africa to select projects to fund;
- providing tax advice to members, offering them the chance to have a CAF representative to fill in their tax returns free of charge;
- organizing free IT courses.

The **National Association for the Disabled and Invalid Civilians** (ANMIC) cooperates with the company recruit and provide induction to disabled persons or those with serious ailments (234 employees in Acea as at 31/12/2009) which, over the years, has led to the removal of architectural barriers in corporate offices and improvement in safety in the workplace. ANMIC was acknowledged by the Government in 1956 and the Company in 1957, safeguarding its members and providing them various services. It has signed a number of agreements, including with Unipol SpA and the CRA concerning refunds for health and healthcare costs.



Chart 31 – PERCENTAGE OF ADDED VALUE DISTRIBUTED AMONG SHAREHOLDERS AND FINANCIAL BACKERS (2009)



Article 16 of the Acea Code of Ethics concerns relations with shareholders and focuses company conduct on the highest level of correctness and transparency. Furthermore, this Code comprises a number of operational regulations concerning the running of Shareholders' Meetings, Internal Dealing⁹⁴, preparation of corporate documentation, relations with related parties etc., to ensure constant and correct information reaches current and potential partners and financial backers – on equal standing with shareholders – and thorough and prompt communication of important information to the market and Supervisory Authorities. The Holding Company's **Investor Relations Division** – directly under the CEO – is responsible for ensuring the best possible relations with the financial community.

Payments to Shareholders and Financial Backers

In consequence of the losses registered in Financial Year 2009 (see *General Economic Indicators in Corporate Identity*), the Shareholders' Meeting of the Holding Company approved the motion to cover losses using corporate reserves further to recommendation by the Board of Directors: no dividends were therefore paid.

Table 61 – PROFITS DISTRIBUTED AMONG GROUP SHAREHOLDERS (2008-2009)

(in millions of euro)	2008	2009
profits distributed among Acea SpA shareholders	139.92	0
profits pertaining to minority shareholders	5.56	5.56
total	145.5	5.56

Acea stocks – compared to the reference indexes and the value of Italian comparables (see Chart 32 and Table 62) – performed negatively. In fact, stocks had a reference price of 7.48 euro as at 31/12/2009 (**capitalization**: 1,593 million euro), a **reduction** of 18.5% with respect to the same date the year before.

The **added value** distributed among **financial backers** amounted to **around 106 million euro, decreasing by 15.7%** with respect to 125.8 million euro the year before (which was affected by the roughly 3 million in

⁹⁴ Internal Dealing was established to the effects and purposes of Consolidated Law on Finance and regulates obligations concerning the conduct and information of important subjects within a company in relation to financial operations concerning Acea shares.

Chart 32 – TREND FOR STOCK EXCHANGE INDEXES AND ACEA SHARES (2008-2009)

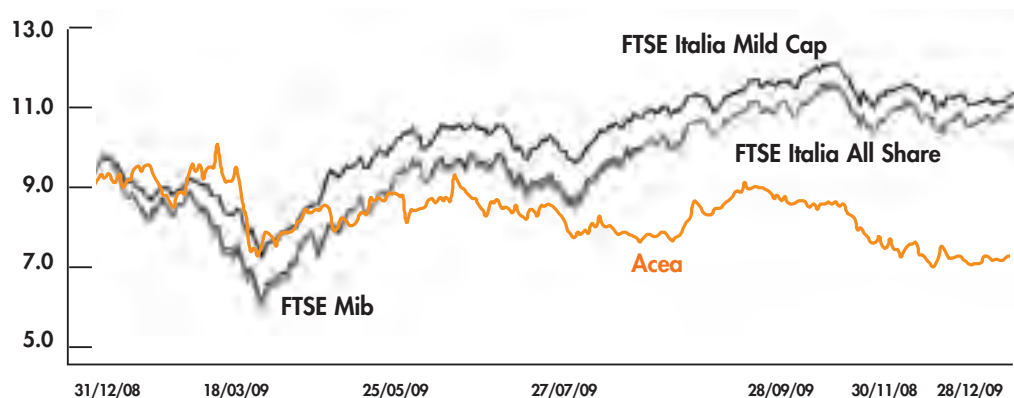


Table 62 – CHANGE IN STOCK VALUE: COMPARISON WITH COMPARABLES (2009/2008)

company	% change on 31.12.09 (with respect to 31.12.08)
Acea	-18.50%
A2A	+15.34%
Hera	+5.82%
Iride	+43.38%
Enia	+37.79%
Ascopiave	+2.10%
AcegasAps	-17.05%
Enel	+1.53%
Snam Rete Gas	+6.84%
Terna	+28.48%
average excluding Acea, Snam Rete Gas and Terna	+12.70%

Interest Rate Swap costs not included in the figure published last year), mainly due to the lower interest generated by both short- and medium to long-term needs.

Ratings by Agencies

International agency Fitch reduced the "long-term" rating of Acea from A+ to A in November 2009, with a negative outlook. This rating was reviewed in view of the forecasts for growth in debt due to both plans for considerable investments and to lower contributions from unregulated electricity business, which was affected by a drop in demand for energy.

Standard & Poor's confirmed A rating on long-term debt and A-1 rating on short-term debt, with a negative outlook. These ratings are linked to the forecasts whereby Acea may have difficulty «obtaining a big enough improvement in credit parameters to stay in line with A rating». S&P also mentioned that the factors which «further increased Group debt » included the 122 million euro paid to cover taxes and the bonus package for removing the previous management. Despite this, the Agency goes on to say that Acea has «considerably improved liquid assets by issuing long-term shares not payable in advance».

Table 63 – 2009 RATING

agency	long-term rating	short-term rating
Fitch	A	F1
S&P's	A	A-1

Financial Communication

Around 140 studies and/or memos concerning Acea were published and the Investor Relations Department organized around 50 *one on one*⁹⁵ meetings with **Italian and international investors**, as well as conference calls with analysts that cover Acea stocks and Roadshows⁹⁶ in London in 2009.

The annual **Top100 Webranking Italia**⁹⁷ assessed online corporate and financial communications from the top 100 companies listed on the Italian Stock Exchange by analyzing the contents and features of corporate websites in English and Acea was **downgraded**, losing 34 positions with respect to the year before. It must be pointed out that this survey was carried out in the short time in which Acea was uploading the new, **completely redesigned** version of the corporate website and neither information nor the English version were therefore available.

Table 64 – TOP 100 WEBRANKING ITALIA: ACEA'S RANKING (2007-2009)

	2007	2008	2009
ranking	39	57	91
score	46.75	29.25	15.25

As Acea was well aware of the improvements to make in web-based information, it launched the **Consolidated Financial Statements website in Italian and English** (<http://acea2008.message-asp.com/>) for Financial Year 2008 to provide rapid and easy access to economic and financial information.

The **corporate website section dedicated to "Shareholders"** was also renewed in 2009, continuing to provide access to economic and financial documents, presentations, summaries, press release and a wide range of other information. There are also live **updates on Acea stocks** and a **"Highlights" page**, which is an interactive way of viewing charts of economic figures from the last few years and comparing them with each other and those of leading Italian competitors.

Ethical Finance

Development in Ethical Finance

Although 2009 was an extremely difficult year for the financial market, the number of **Socially Responsible Investment Funds (SRI)** allocated to the common market in Europe **increased by 27%** – in other words **146 more funds** –with respect to 2008, thereby undergoing the largest percentage growth recorded over the last nine years. This is what came to light in the *Green, social and ethical funds in Europe*⁹⁸ written by Vigeo Italia, which also indicates an increase in the amount managed which reached **53 billion euro** in 2009 (+9% with respect to the previous year), demonstrating the increased faith of investors in responsible investment (see Charts 33-35).

Taking a closer look shows that the situation differs from country to county: the market is dominated by France, Belgium, UK and Switzerland, which alone count for around 67% of SRI Funds and over 70% of the overall assets managed. In 2009, the number of SRI Funds in most of the countries examined increased – with the exception of Italy and Spain, which remained stable with respect to the previous year – with France, Belgium and Germany particularly lively; while the value of assets managed generally decreased or remained stable, it only increased in France, Germany, Austria and Belgium.

⁹⁵ These were individual meetings between company and potential investors to gather information.

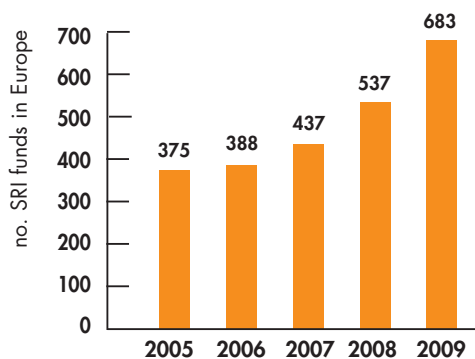
⁹⁶ These were events held to present the company on various financial markets.

⁹⁷ This survey is carried out every year by Hallvarsson & Halvarsson (H&H), a leading financial communication firm from Sweden which looks at the results from assessment of around 140 parameters set by a panel of experts, assigns a score for each company examined and publishes a classification.

⁹⁸ This report is published every year and has reached its ninth edition. It is used as a reference with regard to analyzing trends in Socially Responsible Retail Funds (SRI) in Europe. The scope of this analysis includes: Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Luxembourg, Norway, Holland, UK, Spain, Sweden and Switzerland and takes into account green, social and ethical retail funds effective as at 30 June 2009.

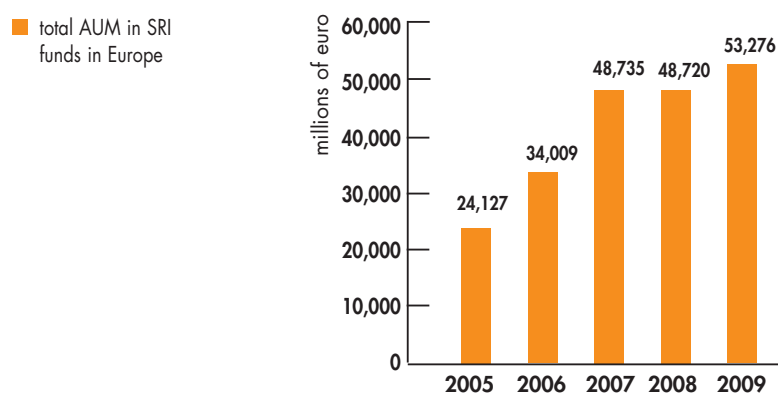
According to Vigeo analysts, **the trend in SRI funds and the value of assets in Europe is particularly remarkable** for such a difficult moment on the market, indicating that although this is a niche market, it is vital and appealing.

Chart 33 – OVERALL NUMBER OF SRI FUNDS IN EUROPE (2005-2009)



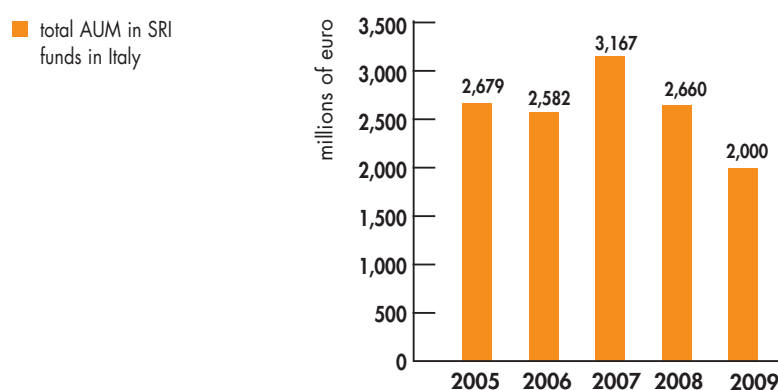
Source: Vigeo Italia, Green, social and ethical funds in Europe, 2009 Review.

Chart 34 – OVERALL ASSETS UNDER MANAGEMENT FOR SRI FUNDS IN EUROPE (2005-2009)



Source: Vigeo Italia, Green, social and ethical funds in Europe, 2009 Review.

Chart 35 – OVERALL ASSETS UNDER MANAGEMENT FOR SRI FUNDS IN ITALY (2005-2009)



Source: figures processed by Acea using Vigeo Italia, Green, social and ethical funds in Europe, 2005-2009.

Ethical Analysts Assess Acea

Ethical Finance Analysts assess Acea's conduct according to parameters for economic, social and environmental sustainability and a summary of their opinions in 2009 is provided hereunder as assessment scales or descriptions.

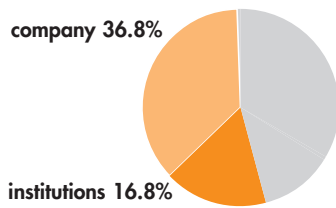
Axia confirmed Acea's rating as A+++ (scale A/A+++)¹ within its ethical indexes **Axia Ethical Italia** and **Axia CSR Italia**. These indexes also comprise the leading companies listed on the Milan Stock Exchange that received pass status in terms of criteria for exclusion and positive criteria for encouraging sustainability.

ECPI includes Acea stock in the **ECPI Ethical Index EMU** with a **rating of EE (scale E- /EEE)**. This index comprises 150 high capitalization companies in EMU (Economic and Monetary Union) that passed both positive (assessment of merit in 100 criteria) and negative (excluding companies operating in controversial sectors) sustainability screening.

Kempen/SNS has been examining Acea since 2005 and **discovered constant improvements** in performances and commitment to reporting by the company, **thereby issuing "pass status" for the Kempen SNS Socially Responsible Investing Universe**. More specifically, adoption of a Code of Ethics by the Group and establishment of an Ethics Committee, the Environmental Policies, widespread use of the ISO14000 Environmental Management System and an extensive and detailed environmental report were assessed positively.

Eiris – European leader in research in the field of corporate social responsibility – **once again confirmed extremely positive opinions** concerning Acea **for the year in question**. Special appreciation was shown for all aspects concerning environmental management (commitment, policies, results and reports), corporate governance tools, including the Group Code of Ethics and anti-corruption policy and policies and systems concerning topics of general interest to stakeholders (e.g. health and safety, equal opportunities, etc.). The global approach to human rights is mentioned as an aspect requiring improvement, however the analyst also noted that Acea is only marginally involved in countries "at risk".

Chart 36 – PERCENTAGE OF ADDED VALUE DISTRIBUTED AMONG INSTITUTIONS AND THE COMPANY (2009)



Acea Group focussed corporate strategy on governance that can oversee and improve the economic sustainability of its businesses while interacting with the other players in operational areas in a constructive manner. To this regard, the commitment made in building forms of cooperation with institutional stakeholders according to reciprocal roles in order to reduce possible contrasts and identify mutual benefits while taking into account the needs of the community and relative territory is particularly important.

Relations with Institutions

Relations between Acea and Institutions develop within a complex system for which management is not only carried out in compliance with current Laws, but also according to the principles and regulations established in the Groups Codes of Values, merging both the economic and social nature of such relations (paying duties and taxes, relations with local institutions, with niche Authorities, conversing with Consumer Associations and other representatives of the general public, professional and institutional cooperation, etc.).

In 2009, **the added value distributed** among **institutions** amounted to around **149 million euro** (+37.5% with respect to the year before). This amount includes that paid to public administrations by way of **duties and taxes**, excluding the contributions received for various reasons from Acea, and that paid to organizations by way of **membership contributions** (Acea is a member of Federutility and the Union of Industrialists and Companies in Rome).

With regard to income tax, there was a reduction in both **current taxes** – of around 20% (124 million euro in 2008 and 99.5 million in 2009), due to the lower income for the Financial Year in question – and the amount of 78.9 million euro recorded in the Financial Statement to **recover taxes** not paid by public service companies as exemption from taxes and classified as State benefits to the effects and purposes of Italian Law 185/2008 and subsequent implementation law. **Deferred taxation** made a positive effect on accounts to the amount of around 30.6 million euro.

The Group Code of Ethics pays particular attention to relations with political institutions and trade unions, with Article 19 establishing that:

«The Company in no way contributes towards funding political and trade union parties, movements, committees and organizations or their representatives or candidates.

The Company refrains from conduct aimed at exerting direct or indirect pressure on political representatives and makes no contributions to organizations with which there may be a conflict in interest.

Acea also cooperates financially on specific projects with non-political associations according to the following criteria:

- the purpose complies with corporate mission;
- the destination of resources is clear and can be proven;
- there is express authorization from the departments responsible for managing such relations within Acea».

Relations with institutional stakeholders are regulated by an intricate corporate organizational model. This establishes that solely the **Managing Director of Acea SpA** is responsible for **political representation** and **defining institutional strategies**, that the **Institutional Relations Department** is responsible for monitoring legislation with respect to corporate businesses, that the **Regulation, Market and Study Department** is responsible managing relations with reference Authorities and that the **Legal and Corporate Affairs Division** is responsible for communicating with **Authorities** responsible for movables companies and market (Stock Exchange and Consob).

Operational companies in the Group that manage specific services – water, electricity, public lighting – **together with Local Administrations** are responsible for directly managing the “technical and skilled” nature of services, through discussions and meetings with the organizations responsible for regulation and legislation, such as the ATO Authorities and the Electricity and Gas Authority.

Acea monitors the work carried out by the National Observatory for Safety (ONS) appointed by the Prime Minister’s Office to coordinate preparations of the national legislation to implement European Council Directive 2008/114/EC concerning identification and designation of critical European infrastructures and assessing the need to improve protection for such through the Asset Protection Department in the Safety and Protection Division.

Cooperation between Acea and the Department of Civil Defence following the devastating earthquake that hit Abruzzo and especially L’Aquila was particularly important. Acea took action by contributing towards sending containers with water services and tankers and installing electricity systems for those affected by the earthquake (see box).

The other **partnerships** that Acea has developed with various **institutions** over the years include the important **Protocol of Intent to reorganize the electricity network** signed in 2007 and involving Rome City

Box – Earthquake Emergency in Abruzzo: Volunteers from Acea Distribuzione and Acea Ato 2 alongside the Department for Civil Protection

Further to the devastating earthquake that hit the area of L’Aquila in Abruzzo on 6 April 2009 causing over 300 victims and terrible damage to buildings in the numerous municipalities in the area of the epicentre, **Acea Distribuzione and Acea Ato 2** received a request from the Operational Command and Control Division of the Department for **Civil Defence** and promptly acted through an operation amounting to 160,000 euro, providing manpower and materials to **send tankers and containers with water services and installing electricity systems in the shelters** hosting thousands of evacuees from areas at risk.

More specifically, Acea Distribuzione technicians and engineers checked the electricity in the operating shelters, designed the systems to install in the 8 shelters without electricity, outlined a plan of action, transferred materials and carried out the necessary work. The inevitable difficulties in logistics – roads interrupted, high locations of sites, constant bad weather and repeated tremors of a lower entity – were overcome by **operating without a solution for continuity**, with a base in

Rome and daily transferral of the teams involved comprising Acea Distribuzione technicians and other resources from Cebat Srl, further supported by a number of elements from the 11th Battalion of Pioneers from the Engineer Corps present on site, for a total of 20 men. Over the space of 9 days, electricity systems were installed on tent sites in **Collepietro, Castel del Monte, Ofena, Navelli, Villa S. Lucia, S. Benedetto in Perillis, Capestrano and Bussi sul Tirino, essential for ensuring light and heat to the evacuees**, supplying 156 field tents, 3 toilets, a marquee to be used as a general hall and a container for storing food. These operations involved laying around 12 km of cables and installing 20 supply boxes and 180 differential magnetothermal switches to protect the lines.

The efficiency and skill of the work carried out by Acea Distribuzione and Acea Ato 2 was particularly appreciated and, in March 2010, received a “Friendship Award” from Rome City Council, which every year awards initiatives to help the community.

Council, Lazio Regional Council, Terna SpA, the Regional Veio Park Society, Romanatura and Acea Distribuzione SpA: the numerous authorization procedures to implement projects in **11 protected natural areas** are at an advanced stage and works should commence in 2010 (see details in box in *Environmental Issues*).

Cooperation with the Province of Perugia to transfer knowledge and skills continued: Acea provided advisory services to this local authority concerning legal matters relating to tenders by providing explanations to specific queries and assistance in bidding procedures.

Acea's relations with Rome City Council include cooperating with the **Ombudsman**: this is an independent body appointed by the City Council to act as **mediator between public administration and the community**, defending the latter in the event of delays, faults and irregularity in services provided by companies in the Rome City Council Group. The Institutional Relations Department is responsible for this aspect in the Company, dealing with communication between the community and the company and replying to all requests.

There were **110 reports forwarded to Acea** in 2009 (140 in 2008), 21% of which concerning public lighting, 14% electricity distribution, 38% electricity sales and 27% the water service. **Every one of these reports received a reply.**

Acea always ventures to operate in compliance with the social context involved, paying attention to legitimate complaints from the community, including with respect to impacts from production infrastructures. More specifically, **San Vittore del Lazio received**, this year, **the PIMBY Award** – Please In My Back Yard – **for expanding the Waste-To-Energy Plant** managed by Acea Group company EALL.

This award is given to local administrations that encourage sustainability and promotes virtuous experiences in the field of correct information, environmental communication and involvement of local stakeholders. The reason stated for awarding San Vittore council was, «*The San Vittore Waste-To-Energy Plant derives from a precise and linear preliminary process (...). San Vittore, Frosinone Province and Acea Group company EALL took part in its creation in complete harmony. And real cooperation from the local community, the University of Cassino and companies operating in this area have ensured that the largest and most important Waste-To-Energy plant in the Region of Lazio is located in San Vittore. This demonstrates that waste disposal carried out with respect for the environment and agreement from all the parties involved can become a source of well-being for the entire community*».

Another important award received by Acea in 2009 as **public utility service that distinguished itself for its good practices and social responsibility** on behalf of stakeholders was the **CEEP-CSR Label** supported by the European Commission as part of the **Discerno Tre project** (see relative box).

Box – The CEEP-CSR Label Awarded to Acea

Acea received the "CEEP-CSR Label" in October 2009 for its **commitment to social and environmental responsibility 2009-2010**.

This important acknowledgement supported by the European Commission is awarded by CEEP (European Centre for Public Utilities Companies) to companies that distinguish themselves in applying European standards for corporate social responsibility and voluntarily apply social and environmental standards in their work.

Fifteen European companies received this award (out of 400 participants), 4 of which were Italian. The CEEP Scientific Committee, which includes representatives from UNO, the EU Commission and OECD awarded Acea this prestigious label following detailed analysis based on 63 criteria and

examination of a number of parameters for individual activities. The elements that were particularly appreciated included adoption of a Code of Ethics and commitment to the Code for Self-discipline for listed companies advocated by the Italian Stock Exchange to implement a governance model based on the principles of transparency and balance between management and control; the effective initiatives advocated by Acea Reti e Servizi Energetici in relation to saving energy and renewable sources and establishment of Acea8cento, which oversees Acea call centers and remote contact centers. With regard to Acea8cento, in addition to results concerning the quality and quantity of customer services, the integration and constant training of staff previously employed by outsourcers was assessed positively.

Acea has cooperated for various reasons **with Universities and Research Organizations** for many years: these relations involve carrying out **numerous technical studies and projects** to develop innovation by creating **internship opportunities** for graduates (participating at job meetings) and **offering the professional skills** of Acea employees through teaching courses, Masters courses, seminars and, finally, **the company supporting a number of academic activities**, such as study grants or funding research particularly pertinent to corporate businesses (see also *Human Resources and Research in Environmental Issues*).

The Company is also associated with important Research Centres, Legislation Agencies and other Associations involved in sectors of corporate interest (see relative box).

Box – Commitment to Research Centres and Legislation Agencies in 2009

The following commitments were renewed or undertaken in 2009:

- Associazione Amici dell'Accademia dei Lincei
- Istituto di Economia delle Fonti di Energia, IEFE – Bocconi
- CSR Manager Network Italia (Altis e ISVI)
- Global Compact (ONU)
- Istituto di Ricerche per l'Economia e la Finanza (REF)
- Associazione Elettrotecnica ed Elettronica Italiana (AEI)
- Comitato Elettrotecnico Italiano (CEI)
- Istituto Unificazione Italiano (UNI)
- Associazione Italiana di Illuminazione (AIDI)
- Associazione Amici della Luiss
- Fondazione Einaudi
- Italian Association for Trenchless Technology (IATT)
- World Energy Council (WEC)
- Federazione Italiana per l'uso Razionale dell'Energia (FIRE).

The company **actively takes part in debates** developing year after year on **current affairs of national and international importance**, assuring presence and contribution at meetings between the business world, scientific community, institutions and the community, as well as paying careful attention to important events (e.g. the Public Administration Forum, Ecopolis, Earth Day, Zeroemission or seminars on reform to local public services, the green economy and alternative energy, remote network control, health and safety in the workplace, corporate responsibility, etc.).

In 2009, Acea organized a roundtable involving representatives from the political and institutional world and other subjects interested in the important topic of safety in the workplace (see box).

Box – 2009 Roundtable on “Safety in the Workplace” at the La Fornace Congress Center

Acea organized a roundtable with Institutions and Stakeholders interested in safety in the workplace for various reasons. This event was attended by Acea Chairman Giancarlo Cremonesi and other important representatives from the world of politics, business and employment and was an important opportunity for direct debate with institutions following the extensive amendments introduced through new Italian Legislative Decree 106/09,

which considerably changed Legislative Decree 81/08. This roundtable involved detailed technical examination of safety and its ties with corporate responsibility and economic efficiency; a training seminar for RSPP and ASPP for the purposes of compulsory occupational refresher courses

Great care is taken in managing relations with **Federations, Business Associations, Trade Unions and Consumer Associations** and consequent assessment of their complaints.

More specifically, specific aspects in relations with Consumer Associations are controlled by operational companies in the Group and coordinated by the Holding Company Institutional Relations Department.

For some time now, the Company has a permanent table with Consumer Associations to ensure informal talks on projects and topics of mutual interest.

Further to complex talks and by way of preventing potential controversy between the company and consumers, a **Mutual Settlement Procedure was implemented** in 2009, which also applies to **household users** of the water and electricity services in Lazio (see relative box).

Chamber of Commerce Settlement was implemented in 2006 at the Rome Chamber of Commerce to settle controversy between customers and AceaElectrabel Elettricità concerning supplies: 15 applications for settlement were made in 2009 and 4 were upheld.

Box – Mutual Settlement in Acea: an Extra Tool for Consumers

A protocol for mutual settlement and implementation Regulations were signed with the leading Consumer Associations in Lazio registered with the National Board of Consumers and Users in May 2009. Settlement is offered to customers free of charge and is a voluntary and rapid out of court procedure for settling controversies without legal proceedings. In the event that the parties settle, this procedure ends with mutual agreement on a settlement, thereby ensuring benefits in terms of time, costs and – above all – results. This initiative involves Acea Ato 2 and Acea Ato 5 for the water sector and AceaElectrabel Elettricità for the electricity sector and their respective customers in Lazio, represented and supported by the selected Consumer Association.

These subjects actively participate in applying settlement, thereby qualifying this procedure as it is the parties involved that act to find mutually satisfying agreements on equal footing. The signed agreement is unusual as it gives Acea and Consumer Associations the chance to jointly agree to make any changes considered appropriate to making this procedure more effective once the 12 months initially established to experiment this procedure expire. The corporate websites provide all the documentation required to ensure that customers can use this settlement procedure. This experience of defining the Protocol was presented at the Ethics and Company Award.

Other relations the Company has with **businesses, associations, agencies, profit-making and non profit-making organizations** involve **sponsoring** cultural, recreational, sporting, social and environmental events or **making donations** to support specific projects (see *Customers and the Community and Human Resources*).

The Company as Stakeholder

Acea also behaves responsibly towards itself, safeguarding its assets and promoting business development: it strategically fulfils the needs involved in operational management and growth through careful in-house funding and implementation of investment plans.

The **added value destined to the Company** in 2009 was **325.6 million euro** (see Chart 36), a decrease with respect to 378.9 million in 2008: this amount includes **corporate self-funding** items (non-distributed profits, reserves, amortizations, etc.), in other words any resources that do not derive from outside sources. As a consequence to the negative results from this Financial Year, **non-distributed profits** amounted to losses of 52.5 million euro (profits of 140.5 million euro the year before).

Reserves amounted to **230.5 million euro** and **increased** by 21.6 million euro in one year due not only to the fact that investment plans from previous Financial Years matured, but also to the considerable rise in those made in 2009.

Credit depreciation increased by around **16 million euro**, with AceaElectrabel Elettricità responsible for 5.7 million and Acea Ato 2 for 6.5 million euro, also in view of the general economic trend.

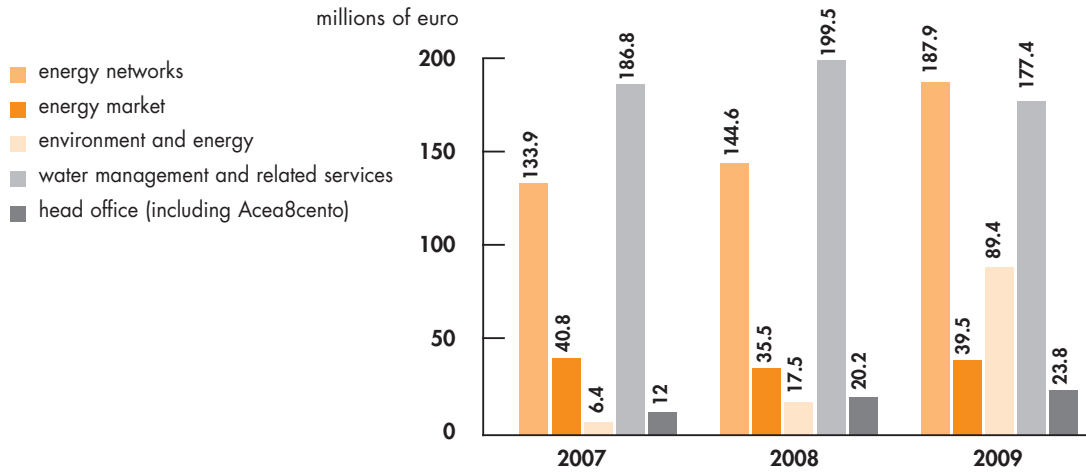
However, it is **amortizations** that **underwent the most considerable change, increasing** by **102.1 million euro** with respect to 2008 (6.56 million euro). **Around 76 million** were written off to **the new risk estimate** deriving from unforeseeable events that occurred in previous Financial Years, including: tax controversies underway with the Inland Revenue Office further to corporate reorganization carried out by Acea in 2004 and the potential effects on Acea Ato 5 of matters concerning the legitimacy of rates currently underway.

Investments in 2009 amounted to **518 million euro (+100.7 million** compared to the previous year). More specifically, in comparison with 2008, investments considerably increased in energy sectors: 43.3 million euro more in *networks*, mainly due to investments in photovoltaic technology, 6.1 million in *market* in

relation to Tirreno Power and 71.9 million euro in *environment and energy* in order to expand the San Vittore del Lazio Waste-To-Energy Plant.

Corporate protection was improved in 2009 through establishment of the **Asset Protection Team** within the Acea SpA **Safety and Protection Department**, which is directly under the CEO. This led to **adoption of a Policy for Corporate Protection** in December 2009 (see box).

Chart 37 – BREAKDOWN OF INVESTMENTS BY BUSINESS SECTOR (2007-2009)



This Team was given the task of **outlining and circulating guidelines and policies to safeguard, physically protect** (physical corporate structures), **logically protect** (intangible assets) **corporate assets, privacy and IT security and prevent fraud**, supporting the relative departments and Group companies by constantly monitoring the level of alignment with reference legislation and in relation to industrial risk assessments for business areas. In order to guarantee a link between the Asset Protection Team and Group companies, a Protection Management System Officer (RSGP) has been identified in each.

Particular attention was paid to **IT Security** throughout the year, leading to joint issue by the Acea SpA ICT Team and the Asset Protection Team of guidelines for IT security and a procedure for new checks on access to corporate sites, both of which refer to all Group companies.

Technological innovation is considered an essential element in corporate success and there are various Divisions and Departments responsible for this aspect both in the Holding Company and in other operational Group companies.

For this purpose, projects, research, experiments etc. are therefore developed year after year in relation to management of the integrated water system in the various ATOs for which the Group is responsible (e.g. identifying leaks, remote control, etc.), operations concerning “the environment and energy” (Waste-To-Energy and related businesses, such as waste conversion and its use) and operations concerning energy (from “new energies” to operations on production plants) described in the section of this report illustrating *Environmental Issues*. **Corporate best practices** in technological innovation – especially concerning the water sector – were shared and **capitalized** on both in terms of procedures and equipment designed. This led to implementation of the **Freedom Project to share innovative processes and products among Acea Group partners** according to the Open Source model, in other words setting up a specific website and forum for experts from the various Group companies. This project should become fully operational by the end of 2010.

Box – Protection Policy

The *Protection Policy* approved by the CEO in December 2009 and provided to employees through the corporate intranet states: «Acea Group considers affirming, supporting and maintaining principles and specific conduct to protect tangible and intangible assets (Corporate Protection) of primary importance (...) For this reason, Acea guarantees the availability of enough human, instrumental and economic resources to draw up appropriate measures for this sector and is issuing this document by way of undertaking to:

- plan, implement and keep efficient production processes and operations with criteria focusing on preventing strange, illegal or damaging events (...);

- train, inform, raise the awareness and improve the responsible nature of all employees (...);
- pursue continuous improvement in protecting tangible and intangible assets, adopting and promoting use of Management Systems for Protection (...) that comply with the best national and international standards;
- commence and maintain active dialogue with all employees and their representatives, local Authorities, Trade Associations, Authorities and any other party involved, warranting a contribution towards the community in terms of protection, cooperating with the authorities responsible for such matters».

Box – Actions by Authorities and Agencies with Respect to Acea: Proceedings, Awards and Fines

The **Electricity and Gas Authority (AEEG)** encourages companies to constantly improve both technical and commercial aspects of services provided by controlling and checking performances and applying bonuses or fines in relation to progress made. More specifically, service continuity parameters are monitored in relation to distribution (number and length of interruptions). It must be pointed out that Acea Distribuzione **received an award from the Electricity and Gas Authority** for the first time in relation to 2008 performances, confirming the improvements already reported the year before. The Service performances presented to the Authority in relation to 2009 which, once confirmed by such Authority, are expected to receive an award to be certified by the end of 2010.

The percentage of **public lighting** faults repaired beyond the deadline established according to the Service Level Agreement with Rome City Council and therefore subject to penalties increased from 1.0% in 2008 to 1.6% in 2009, with Acea paying the overall amount around 52,000 euro with respect to 32,000 euro the year before.

At the end of April, the Italian Autorità Garante della Concorrenza e del Mercato – **AGCM** (Authority for Competition and the Market) launched proceedings against Acea Distribuzione and other Italian Utilities following claims of a breach to Article 82 of the EU Treaty (abusing dominating position) by Sorgenia in relation to hindering and delaying

customers possibility of switching to another supplier. Acea Distribuzione requested application of a *Programme of Commitments* – permitted by Anti-trust Laws and currently under assessment by the AGCM – to remove problems in competition and consequent fines.

The **AGCM** completed three proceedings for bad conduct against AceaElectrabel Elettricità and Acea Ato 2. One proceeding was settled without objection; the second ended with a fine of 150,000 euro being inflicted on Acea Ato 2 (for interruption to the water service without prior notice); the third ended with a fine of 75,000 euro being inflicted on AceaElectrabel Elettricità for improper conduct by one of its business partners and not the company itself.

With regard to water, the **ATO Authority – Southern Lazio 5 (AATO)** annulled the regulations concerning rates for the Acea Ato 5 service relating to previous years (commencing in 2006) establishing payment of the higher costs with respect to those forecast on assignment of the service to Company further to claims by COVIRI concerning the legitimacy of a number of provisions issued by the Authority. This decision obviously caused problems in company management, therefore causing the Company to appeal to the Regional Administrative Court to censure the behaviour of the Authority and receive compensation for damages.



Environmental Issues



The 2009 reference scope includes Acea SpA, Acea Reti e Servizi Energetici, Acea Distribuzione, LaboratoRI, AceaElectrabel Produzione, Terni En.A and EALL in A.R.I.A. Group, Tirreno Power, Acea Ato 2 and, for a number of items, the following other water companies: Acea Ato 5, Acque, Gori, Acquedotto del Fiora, Publiacqua and Umbra Acque.

This year, **the figures concerning energy companies do not refer to the entire operations managed, but solely take into account Acea SpA shareholdings** (more specifically, 30%⁹⁹ in AceaElectrabel Produzione, 15% in Tirreno Power, 100% in Acea Distribuzione, Acea Reti e Servizi Energetici and companies in the A.R.I.A. Group), in accordance with the new calculation procedures adopted in 2008. With regard to the water sector, this section presents a selection of figures concerning the Group and additional details concerning Acea Ato 2, the company operating in ATO 2-Central Lazio, the "traditional" territory of Acea, while figures concerning the more important water companies in the Group (Acea Ato 5 SpA, Acque SpA, Gori SpA, Acquedotto del Fiora SpA, Publiacqua SpA and Umbra Acque SpA) can be seen in Environmental Accounts (attached on a CD).

⁹⁹ The AceaElectrabel Produzione companies that we remind are Voghera Energia and Longano Eolica, in which Acea shareholdings are respectively 24% and 15%.

GRI ENVIRONMENTAL PERFORMANCE INDICATORS

The **Environmental Performance Indicators** (core and additional) established in **GRI-G3 Guidelines, 2006 edition** and the indicators introduced through the **Electric Utilities Sector Supplement**¹⁰⁰ with which Acea complies to write the 2009 Sustainability Report are described below, indicating the sections and pages in the report in which they can be found.

The meaning of each performance indicator is described in detail in the *Guidelines and Sector Supplement*, to which reference should be made.

Table 65 –GRI-G3 ENVIRONMENTAL INDICATORS

MATERIALS

EN1 (Core) Materials used by weight or volume.

Environmental Accounts (attached in CD Rom format): pages 12-15; see also *Company fact sheets Italy & abroad*.

In relation to PCB, Acea disposed of all transformers with PCB exceeding the threshold of 500 ppm, in compliance with Italian Legislative Decree 209/99 and Law 62/05.

There are 450 transformers with PCB exceeding 50 ppm but below the aforementioned threshold.

EN2 (Core) Percentage of materials used that are recycle input materials.

Box - Green Procurement (GP) in Acea: *Environmental Issues* page 150

ENERGY

EN3 (Core) Direct energy consumption by primary energy source.

Environmental Issues pages. 172-173

EN4 (Core) Indirect energy consumption by primary source.

Environmental Issues page 172

EN5 (Additional) Energy saved due to conservation and efficiency improvements.

Environmental Issues page 162

EN6 (Additional) Initiatives to provide energy-efficient or renewable energy-based products and services, and reductions in energy requirements as a result of these initiatives.

Environmental Issues page 161

EN7 (Additional) Initiatives to reduce indirect energy consumption and reductions achieved.

Environmental Issues page 180

WATER

EN8 (Core) Total water withdrawal by source.

Environmental Issues page 173

EN9 (Additional) Water sources significantly affected by withdrawal of water. (see Ramsar list - wetlands)

Environmental Issues page 166

EN10 (Additional) Percentage and total volume of water recycled and reused.

Environmental Issues page 174 (limited to the cooling process of the thermoelectric plants)

¹⁰⁰ The Indicators of the Electric Utilities Sector Supplement (EU) are integrated in the same table.

BIODIVERSITY

- EN11 (Core) Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.
Environmental Issues pages 152, 166
- EN12 (Core) Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.
Environmental Issues page 152
- EU13 Biodiversity of offset habitats compared to the biodiversity of the affected areas.
Environmental Issues page 152
- EN13 (Additional) Habitats protected or restored.
Environmental Issues page 152
- EN14 (Additional) Strategies, current actions, and future plans for managing impacts on biodiversity.
Environmental Issues page 152
- EN15 (Additional) Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk (*).
This item is not currently monitored, although the Group adopts strict criteria to safeguard and protect natural territories and the flora and fauna in the areas in which it operates.

EMISSIONS, EFFLUENTS, AND WASTE

- EN16 (Core) Total direct and indirect greenhouse gas emissions by weight.
Environmental Issues page 175; *Environmental Accounts* (attached in CD Rom format): pages 16, 19-20
- EN17 (Core) Other relevant indirect greenhouse gas emissions by weight.
No emission to be reported.
- EN18 (Additional) Initiatives to reduce greenhouse gas emissions and reductions achieved.
Environmental Issues pages 150, 163
- EN19 (Core) Emissions of ozone-depleting substances by weight.
Environmental Issues page 176
- EN20 (Core) NO_x, SO_x, and other significant air emissions by type and weight.
Environmental Issues page 175; *Environmental Accounts* (attached in CD Rom format): pages 16, 19-20
- EN21 (Core) Total water discharge by quality and destination.
Environmental Issues page 173
- EN22 (Core) Total weight of waste by type and disposal method.
Environmental Issues page 176; more detailed information in the *Environmental Accounts* (attached in CD Rom format); figures in Company fact sheets Italy & abroad
- EN23 (Core) Total number and volume of significant spills.
In 2009, the Group released no significant amounts of pollutants such as mineral oil, fuels or chemical products into the environment.
- EN24 (Additional) Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally.
Waste classified as "hazardous" and monitored according to that established in EN22 is transferred to specialized and authorized outsourcers. This item is not currently monitored further.
- EN25 (Additional) Identity, size, protected status, and biodiversity value of water bodies and related habitats significantly affected by the reporting organization's discharges of water and runoff.
No discharge to be reported.

PRODUCTS AND SERVICES

- EN26 (Core) Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.
Product supplied (electricity, heat, drinking water, treated water and public lighting) have no significant impact on the environment, as they cause no pollution or harmful emissions.
- EN27 (Core) Percentage of products sold and their packaging materials that are reclaimed by category.
Not applicable

(*) The IUCN (International Union for the Conservation of Nature) list, to which the EN15 indicator refers, concerns endangered species (www.iucn.org).

COMPLIANCE

EN28 (Core) Monetary value of significant fines and total number of non-monetary sanctions for noncompliance with environmental laws and regulations.

Acea Ato 2. Overall amount of fines received in 2009: 248,368 euro.

Number of fines received in 2009: No. 178 (imposed by Arpa, Forestry Commission, Local Health Authorities, etc.)

Number of disputes on environmental matters concluded or pending and not yet settled: No. 179 (defensive briefs, appeals, etc.); figures in *Company fact sheets Italy & abroad*.

TRANSPORT

EN29 (Additional) Significant environmental impacts of transporting products and other goods and materials used

Environmental Issues pages 172, 179

GENERALE

EN30 (Additional) Total environmental protection expenditures and investments by type.

Environmental Issues page 154; *Company fact sheets Italy & abroad* (for the companies Acea Ato 2, Acquedotto del Fiora, AceaElectrabel Produzione and Tirreno Power).

THE GROUP'S ENVIRONMENTAL SUSTAINABILITY: MANAGEMENT SYSTEMS AND BIODIVERSITY

Acea and the Environment: Respect for Eco-systems

Acea considers **protecting the environment a value**, for which it adopted an Environmental Policy in 1998 and included principles for environmental protection in the *Group Code of Ethics*¹⁰¹. Operational companies therefore carry out their work fully aware of the importance of respecting eco-systems and paying attention to plant and animal species in the area.

Acea Group took up the challenge to combine the needs of the water and energy businesses with environmental protection, in terms of both the impact they have and harmonizing sites, infrastructures and production plants with the surrounding area.

In order to contribute to sustainable and lasting development and limit the effects of industrial activities on the natural environment **as much as possible**, Acea operates under the **perspective of "ongoing improvement", typical to Management Systems**. Stations and plants place the environment at the heart of a policy involving voluntary adoption of standards recognized at the international level (such as EMAS or international UNI EN ISO 14001 standards), trying out innovative technologies and applying the best technologies currently available.

With regard to 2010, which has also been declared **International Year of Biodiversity** by the General Assembly of the United Nations, Acea - now ready to play a positive and proactive role - is preparing a publication on this topic.

Box – Encouraging Sustainable Energy Consumption

Efficient management of energy demand by an electricity industry does not exclusively mean increasing the number of stations it has, expanding production or improving the efficiency of its production processes.

In order to achieve and maintain a balance between demand from the market and offers from electricity companies, it is also important to encourage sustainable consumption in consumers.

For this purpose, Acea has implemented numerous initiatives to direct customers towards sustainable consumption, also by way of complying with specific provisions from niche institutions.

The Company therefore focussed on educating people to save energy and the environment – the fact that new ways of using energy also have positive effects on the environment cannot be ignored (reduction in natural resources used in generation, production of less industrial waste, reduction in the amount of

CO₂ emissions) – by offering advisory services such as monitoring and analyzing plants and relative consumption, checking the parameters of corporate electricity networks and ensuring that customers can better manage their energy supplies through latest-generation equipment such as digital meters.

At the national level, the Road Map project implemented at the end of 2007 and currently under further progress, is particularly important; this project aims to improve electricity continuity performances around Rome and thereby raise the service level offered to the community to achieve the targets set by the Electricity and Gas Authority through Regulatory Cycle 2008-2011. It will be possible to appreciate the results expected from such initiatives designed for all types of customers (domestic, industrial and institutional) over time.

¹⁰¹ Environmental Policy and Group Code of Ethics are available online on corporate website (www.acea.it).

With regard to the **energy sector**, in which Acea is one of the leading national providers, the Company undertakes to provide customers the support they need to streamline their consumption, including by using energy from renewable sources (see box on encouraging sustainable energy consumption and *Saving energy, "Smart Grids" and Renewable Sources*).

Over the last three years, the Group has become more committed to transforming urban **waste into energy**, a topic of extreme importance to Italy's sustainability, aiming to achieve the minimum levels of impact on the environment permitted by modern and reliable technologies. The environmental risks of incinerators can be considered under control, whereas little use of Waste-To-Energy technologies and continuing to manage the now overflowing dumps is harmful in terms of sustainability.

Acea also intends to proceed in its commitment to reducing CO₂ emissions into the atmosphere in order to counter global climate change, although the causes of such change have not yet been scientifically cleared up. For this purpose, the Group is expanding its capacity to generate electricity from renewable sources (especially wind and photovoltaic), extending district heating (where possible), operating on the "emission trading" market, making its production plants more efficient (via Energy managers) and recovering efficiency in the end use of electricity by users.

Box – Carbon Disclosure Project: Acea Performances under Observation

For the last ten years, a group of institutional investors has carried out annual research into the leading international Utilities in order to **assess their ability to manage risks and the potential opportunities deriving from climate changes** and thereby channel investments to the most proactive companies.

This project is known as "*Carbon Disclosure Project*" (CDP)¹⁰² and Acea has taken part for many years, providing all the information required.

The companies involved in the CDP Project undergo assessment of **environmental economic performances**, according to the

EVA - *Economic Value Added* produced in a year, which is decreased to take into account external effects caused by CO₂ emissions, in other words the hidden costs paid by the community due to negative effects on the environment (climate change).

The responsible conduct of the Group has ensured that results have always been very positive and, according to the latest report available¹⁰³ published in 2009, **Acea was the best Utility in Europe**, especially in terms of specific CO₂ emissions (t CO₂/turnover in euro).

With regard to the **water sector**, in which Acea is leading Italian operator, the Group is committed to strictly safeguarding the areas surrounding water sources used and to keep the quality of drinking water high, also through constant analyses carried out by LaboratorioRI.

For some time, efforts have been made to fulfil the objective of ensuring less waste of water resources both in infrastructures, for example by monitoring the networks in order to identify and repair leaks or by using water in other production cycles, and by encouraging customers to use water properly through communication and information to highlight its value.

Another important and considerably controlled aspect involves returning clean water into the environment while protecting the catchment areas. For this purpose, the Group continuously monitors not only the quality of wastewater but also the condition of catchment areas and carries out research to adopt innovative technology in treatment plants in cooperation with specialized centres.

Finally, by way of ensuring more extensive visibility of interaction between Acea and the natural environment and in addition to that described and illustrated in this section of the report, figures are provided in the *Environmental Accounts* attached in the CD.

¹⁰² See official site: <http://www.cdproject.net>.

¹⁰³ The report was published by CDP in 2009 and refers to 2007.

Environmental Management Systems

The Group's key production plants have all decided to implement an Environmental Management System and therefore undertaken to monitor relative impacts and ensure ongoing improvement, in accordance with its principles for respecting and safeguarding the environment.

In 2009, further to analyses by the Agencies involved, **Acea Thermoelectric and Hydroelectric Plants, Waste-To-Energy Stations** and a number of **Water Companies** once again received **Environmental Certificates**.

With regard to **AceaElectrabel Produzione** Plants:

- Certification in compliance with Standard **UNI EN ISO 14001:2004** was **received** for the **Leini Thermoelectric Station** (Leini, province of Turin);
- Certification in compliance with Standard **UNI EN ISO 14001:2004** was **received** for the **G. Marconi Hydroelectric Station** (Narni, province of Terni);
- Certification in compliance with Standard **UNI EN ISO 14001:2004** was **confirmed** for the **Tor di Valle and Montemartini Thermoelectric Stations** (Rome) and the Salisano Hydroelectric Plant (Salisano, province of Rieti);
- Certification in compliance with Standard **UNI EN ISO 14001:2004** was also **confirmed** for the **Voghera Station** (Pavia), while the new **EMAS** audit is expected to be carried out in 2010.

With regard to **Tirreno Power** Plants:

- all thermoelectric stations have had an Environmental Management System for some time now. More specifically, the **Vado Ligure** and **Torrevaldaliga Sud Plants** have both **ISO 14001:2004 Certification** and **EMAS** registration; the procedure to receive both the aforementioned certifications continued in relation to the Naples Levante Station in 2009.

With regard to **A.R.I.A. Group** (Acea Risorse e Impianti per l'Ambiente):

- **EMAS** registration was confirmed for the EALL **Waste-To-Energy Plant** in San Vittore del Lazio (province of Frosinone) and the Terni En.A. **Waste-To-Energy Plant** in Terni. New audits are planned for 2010.

With regard to the water sector, the following operational companies in Tuscany are highlighted:

- **Acque SpA** and **subsidiaries** confirmed integrated **Best4 Certification** (Business Excellence Sustainable Task).

More specifically, the quality management system and social responsibility system were **updated to the 2008 editions** of Standards UNI EN ISO 9001 and SA8000, which was positively assessed by the Agency responsible for Certification.

- **Publicacqua SpA** retained Certification according to Standard **UNI EN ISO 14001:2004** for large purification plants at Anconella and Mantignano and for the **Treatment Plant** in the Florence area (San Colombano).

Box – Green Procurement (GP) in Acea

Acea's policy concerning green procurement for the Group commenced mid-2007, when a preliminary survey to support introduction of Green Procurement processes and tools was carried out by identifying the more "sensitive" commodities categories and analyzing the "green offer" available on the market.

At the end of 2008, new Hardware was purchased to manage the main corporate applications with innovative energy efficiency elements that can reduce electricity consumption in the processor by 50% and limit the heat generated by servers. Gradual introduction of environmental sustainability criteria when

contracting supplies and services was also proposed.

All the Tenders concerning **transportation and disposal of ash and waste** announced by Terni Ena and EALL (the companies responsible for the two Waste-To-Energy Plants) in 2009 established the obligation for bidders to **have UNI EN ISO 14001: 2004 Environmental Certification**.

The Group is expected to include requirements concerning **lower impacts on the environment** as well as the standard economic and technical requirements for procurement procedures in 2010.

Biodiversity

As illustrated above, Group companies operate according to environmental policies and principles, implementing **procedures in line with Management Systems** that take into account the protection of natural environments and the flora and fauna therein, paying particular attention to **biodiversity**. This is true with regard to the examples provided below involving operations at thermoelectric plants, electricity distribution and water distribution.

The areas comprising **large water stations** and those comprising **drinking water sources** (see Table 79) are subject to monitoring of the quality and quantity parameters by Acea and the healthy condition in these areas has ensured that wetlands with biodiversity comprising a wide range of species are created.

The same attention is paid to safeguarding the **areas surrounding hydroelectric and thermoelectric stations** and, more specifically, AceaElettrabel Produzione has proceeded with a number of operations that commenced last year in accordance with the objectives of management systems in stations to **restock fish** in the Rivers Sangro, Aventino and Nera nearby the Sant'Angelo and G. Marconi hydroelectric Plants. **Tirreno Power** has undertaken specific commitments to safeguard biodiversity, co-funding the P.A.R.C. Plan of Action (Petromyzon and river continuity) "**Sea lamprey and river continuity**", approved by the European Commission as part of the **Life Plus Nature Programme**.

The P.A.R.C. Project is very popular with the scientific community and involved the Authority for the Inter-regional Catchment Area of River Magra, Montemarcello-Magra Park, Liguria Regional Council, the University of Genoa DIP.TER.IS, Spezia Provincial Council and the Legambiente Association.

Another example of the awareness raised in relation to these topics is the cooperation between **Acea and Ornithologists** – ongoing for some time now – to study the species that can nest in **boxes placed on electricity pylons or water tanks**. In view of the considerable **success of this initiative** – grabbing attention at the international level -, Acea shall intensify this kind of initiative (see box on peregrine falcons).

Acea also demonstrates an aptitude for caring for the environment by limiting the impact from infrastructures used to distribute electricity (networks, supports) and Acea Distribuzione is an active element in **an important project to reorganize the electricity network**, deriving from an agreement with Rome City Council, Lazio Regional Council and other interested agencies **in an area comprising 11 protected natural areas** (see box on sustainable development of the electricity network).

Finally, there are no reports of habitats with biodiversity compromised by Group activities and therefore no compensation of habitats was required. Despite this fact and as mentioned earlier, the Group is particularly sensitive to this topic and probably the first to deal with **one of the next great environmental challenges for the European Union**, from which strong efforts to safeguard natural resources and repair damage to the environment are expected following the commitment made to limit climate changes. With regard to this, the Pavan Sukhdev¹⁰⁴ plan entitled "**The Economics of Ecosystems and Biodiversity (TEEB)**" should be seen. This is funded by, among others, the European Commission and UNEP (United Nations Environment Programme) and focuses on the potential economic benefits from protecting biodiversity and the costs deriving from losing species, decline in ecosystems and reparation costs.

¹⁰⁴ Pavan Sukhdev is also an advisor to UNEP, more specifically to the UNEP Green Economy Initiative. Other information on the TEEB study is available at <http://www.teebweb.org>

Box – Appio and Vergine: a Pair of Peregrine Falcons under the Watchful Eye of a Birdcam

Installation of nesting boxes on Acea electricity lines commenced around ten years ago through cooperation with a UK institute and Italian researchers. Initially, **30 nests** were installed on 60 kV HV pylons along the Roman coast and on the outskirts of Rome. The first bird to occupy these nests was a **kestrel**, a small falcon that is perfectly at home in these boxes, which provided shelter from predators and an environment filled with prey – above all insects, small reptiles and rodents.

This project was called “**Ali ed Energia**” (Wings and Energy) and is now proceeding with cooperation from Ornis Italic, which monitors sites to check whether or not nests are occupied and reproduction every year.

Other nests have been placed on Acea buildings since then, partly filling a “natural” gap as the Roman countryside offers falcons excellent prey but few sites high enough to be used for nesting.

Researchers can monitor the nests without disturbing chicks to gather valuable information on the biology and ecology of kestrels and tawny owls, recording the number and date on which eggs are laid, measuring the chicks and analyzing a number of samples in laboratories to assess any effects from environmental pollution.

Birdcams have also been installed commencing in 2004 to observe the nests of **kestrels, storks, herring gulls** and – nowadays – the **peregrine falcon**, the latest guest to box nests. In addition to a birdcam, each station has a radio transmitter, local power supply (with high-capacity batteries), receiver, modem, computer and an ADSL telephone line. The software component comprises interfaces among cameras and HTML language to allow **images to be broadcast at www.birdcam.it**.

At the end of 2009¹⁰⁵ two peregrine falcons nested on the **Acea tower-tank in Salone**, near to the town.

Their nest is located at the top of the tower – around 60 metres above ground – and dominates a vast green area comprising the “Acqua Vergine” source, which still supplies the Trevi Fountain and the lake in Villa Borghese. These falcons have been called **Appio and Vergine**, which are the names of two Roman aqueducts. Thousands of starlings fly over the Salone area in winter months, moving from the cities to the countryside in the morning and returning in the evening. These falcons capture the starlings and eat their prey on the tower’s cornice.

Numerous bird-lovers all over the world follow www.birdcam.it to observe the falcons in Acea “nests” live.

Source: www.ornisitalica.com

Box – “Sustainable Development” of the Electricity Network

Municipality of Rome, Lazio Regional Council, Terna SpA, the Regional Agency for Veio Park, Romanatura and Acea Distribuzione SpA signed a **Protocol of Intent to reorganize the electricity network**. Since then, design and planning of operations for a **vast area in the province of Rome, including 11 protected natural areas** and relative procedures for obtaining permits commenced.

Works shall commence in 2010 and involve installation of 123 km of new overhead and **demolishing and laying 388 km of sections of overhead lines underground** (96 km to be laid underground and 292 km to be demolished).

This project will **improve network safety** and therefore **improve the quality and continuity in the supply** of electricity, as well as **reduce losses by around 58 million kWh/year and emissions by around 26,000 t of CO₂/year**.

This project is of **great environmental importance**: less CO₂ will be emitted into the atmosphere and the **impacts from electricity**

infrastructures on the natural environment will be considerably reduced. In fact, as mentioned earlier, these works will involve a number of protected natural areas – including the Decima Malafede natural reserve, the Regional Veio Park, the Roman Coast natural reserve –.once the relative Authorities issue the permits required, according to a procedure specifically designed to ensure these areas are preserved. **Around 138 km of overhead lines will be laid underground/demolished in these protected areas**, thereby “freeing” around 300 hectares of land from infrastructures (equal to 750 football fields) and new installations (around 76km) shall be new supports with a lower visible impact than traditional ones and probably a lower impact on birdlife.

The overall project is expected to ensure extensive recovery of materials: 3,000 tons of steel, 440 tons of aluminium, 90 tons of glass and 3,000 tons of cement.

¹⁰⁵ In March 2010, 4 eggs were being brooded.

“Environmental Expenditures”

“Environmental Expenditures”, in the strict sense in which they are defined in European Commission Decision 2001/453/CE¹⁰⁶, are accounted by the main production companies in the Group and amounted to **33 million euro in 2009**.

AceaElectrabel Produzione and **Tirreno Power** also included current costs in the report, amounting to 11.9 million euro and 1.3 million euro respectively; solely environmental investments were recorded for **Acea Ato 2**.

Table 66 – 2009 ENVIRONMENTAL EXPENDITURES

group companies	investments (in millions of euro)	current costs (in millions of euro)
Acea Ato 2 SpA	19.86	nd
AceaElectrabel Produzione SpA	4.31	7.63
Tirreno Power	0.47	0.79
total	24.64	8.42

Taking into account solely environmental investments - around **24.6 million euro** - and comparing these with the overall investments made by the three companies - amounting to 300.5 million euro¹⁰⁷ - illustrates an **incidence of environmental costs of around 8%**.

Other water companies in the Group do not yet have a system for accounting environmental expenditures¹⁰⁸, systematically, as established by Recommendation 2001/453/EC.

¹⁰⁶ By “environmental expenditures”, EC Recommendation means the cost of «actions taken to prevent, reduce or repair damage to the environment deriving from operational activities (...) including waste disposal, training, protecting the ground and surface and underground water, protecting the air and the climate from pollution, reducing sound pollution to safeguard biodiversity and the landscape». Costs that may positively affect the environment but that are made to satisfy other needs, such as better profitability, health and safety in the workplace, product safety or efficient production are not included.

¹⁰⁷ Deriving from the overall amount of investments made by the 3 companies in 2009: Acea Ato 2 (108 million Euro), Tirreno Power (153 million Euro) and AceaElectrabel Produzione (39.5 million Euro).

¹⁰⁸ Nonetheless, Acquedotto del Fiora described its environmental costs and separated investments from operational costs in 2009. See the relative fact sheet in Company Fact Sheets Italy-Overseas for further details.

The main activities carried out by Acea in relation to energy involve:

- the supply producing, distributing and selling electricity and heat from traditional sources, including hydroelectric;
- building new combined-cycle thermoelectric stations fuelled by natural gas;
- managing and building Wind Farms and Photovoltaic Stations;
- Waste-To-Energy;
- selling gas;
- designing, building and managing public and artistic lighting systems;
- promoting, publicizing and implementing actions to improve end use of electricity.

The short- and long-term availability and reliability of electricity is ensured by paying attention and carefully planning procurement and production (through the companies in the JV with Electrabel) –improving stations and diversifying production sources, preparing implementation of a number of Stations in emergency situations (to immediately oversee the nerve centres in Rome), making special investments to improve distribution infrastructures – to guarantee continuity in electricity supplies (see box on Acea Distribuzione Road Map in *Customers and the Community*).

With regard to producing and selling electricity, the Group is now one of the main players in this sector (third most important company in Italy in terms of volumes sold) through shareholdings in the companies involved in the JV with Belgian company Electrabel and in Tirreno Power and continue to develop new energies, both from renewable sources and through Waste-To-Energy, the latter of which commenced in 2006 through acquisition of 100% of the TAD Energia Ambiente Group, now called A.R.I.A. (Acea Risorse e Impianti per l’Ambiente). Electricity distribution is carried out by Acea Distribuzione and the Group is the second most important company in Italy in terms of customers served and has excellent skills in public, functional and artistic lighting.

Figures concerning energy – production, primary sources used, emissions, etc. – **reported for 2009 were calculated according to Acea SpA’s shares in operational companies**, in accordance with the procedure introduced in 2008 (see *Reference scope*, page 145). All the **2007 figures** were **recalculated** to permit three-year comparison of energy figures (see also *Environmental Issues*)

Energy Production and Distribution

Overall **electricity production** in 2009 - according to the consolidation share – fell to **around 3,230 GWh** with respect to the 3,580 GWh in 2008 (see Table 67 and Environmental Issues, page 4).

With respect to the overall amount, **thermoelectric** energy confirmed its predominance, accounting for around 2,872 GWh (**2,370 GWh** of which from **natural gas**, **around 490 GWh** from **coal** and the rest from fuel oil and diesel), although the overall volumes decreased with respect to the year before. Production by **Waste-To-Energy operations** complied with the figures for 2008, whereas energy from **hydroelectric sources** for which Acea was responsible – around **182 GWh** - **increased by 30%** with respect to 140 GWh in 2008 and the amount **from renewable sources** (wind and photovoltaic) almost **doubled** reaching 21 GWh with respect to 11 GWh in 2008 (see specific section).

The thermoelectric plants in Tor di Valle and Leinì produced electricity not only via a combined high-efficiency gas and vapour cycle, but also **thermal energy** of around **36 GWh¹⁰⁹**, which was used to supply hot water and district heating to around 25,000 inhabitants in south Rome and in Settimo Torinese for around 8,000 inhabitants.

Table 67 – ENERGY PRODUCED, DIVIDED ACCORDING TO PRIMARY SOURCE (2007-2009)

energy produced in TJ (GWh)(*)	2007	2008	2009
coal	0	2,336.4 (649)	1,774.8 (493)
fuel oil	0	32.4 (9)	43.2 (12)
diesel	21.6 (6)	14.4 (4)	7.2 (2)
natural gas (combined cycles and co-generation)	4,464 (1,240)	9,360 (2,600)	8,514 (2,365)
waste to energy	-	576.0 (160)	568.8 (158)
total thermoelectric + WtE	4,485.6 (1,246)	12,319.2 (3,422)	10,908.0 (3,030)
hydro	270 (75)	500.4 (139)	655.2 (182)
wind	21.6 (6)	39.6 (11)	63.4 (17.6)
photovoltaic	0	0	12.6 (3.5)
total renewable (excluding WtE)	291.6 (81)	540.0 (150)	731.2 (203.1)
general total	4,777.2 (1,327)	12,859.2 (3,572)	11,639.2 (3,233)

(*) 1 GWh=3,6TJ

NB: Figures have been reclassified taking into account Acea SpA shareholdings (100% A.R.I.A., 100% Acea Reti e Servizi Energetici, 15% Tirreno Power, 30% AceaElectrabel Produzione). Tirreno Power was not included in the scope of consolidation for the Acea Group in 2007 and Acea Reti e Servizi Energetici (photovoltaic) was included for the first time in 2009.

The Group's production system comprises AceaElettrabel Produzione and Tirreno Power¹¹⁰ thermoelectric and hydroelectric generation plants (see Tables 69 and 70)¹¹¹, Wind Farms and Photovoltaic Plants and Waste-To-Energy Plants (see specific sections on renewable energy and Waste-To-Energy for relative description).

¹⁰⁹ This figure was reclassified according to consolidation percentage. The overall amount of thermal energy produced by Tor di Valle and Leinì thermoelectric plants was around 1,186 GWh.

¹¹⁰ Tirreno Power was established on 29 January 2003 following acquisition of third Gen. Co. Enel "Interpower" by the company comprising 50% EblAcea SpA (30% of which is owned by Acea) and 50% Energia Italiana SpA. Tirreno Power was included in the Acea Group Consolidated Financial Statement in 2008.

¹¹¹ Other figures concerning AceaElectrabel Produzione and Tirreno Power Plants are available in the relative fact sheets (see Company Fact Sheets Italy-Overseas), whereas energy production figures are provided in attached CD comprising Environmental Accounts.

Table 68 – PRIMARY SOURCES USED TO GENERATE ELECTRICITY / HEATING (2007-2009)

primary source used in TJoules (GWh) (*)	2007(**)	2008	2009
hydro	268,6 (74,6)	575,7 (159,9)	769,4 (213,7)
diesel	76,8 (21,3)	48,2 (13,4)	32,3 (9)
natural gas	8.592,6 (2.386,8)	18.583,9 (5.162,2)	17.021,3 (4.728,1)
coal (***)	0,0	5.481,4 (1.522,6)	4.550,8 (1.264,1)
wind	9,7 (2,7)	38,8 (10,8)	63,5 (17,7)
WDF (°)	0,0	910,8 (253,0)	1.063,4 (295,4)
photovoltaic	0,0	0,0	12,6 (3,5)
total	8.947,7 (2.485,4)	25.638,8 (7.121,9)	23.513,3 (6.531,5)

(*) 1 GWh=3,6TJ

(**) 2007 figures: solely regarding AceaElectrabel Produzione

(***) This figure differs from that published in 2008 as the latter was merely an estimate.

(°) Calculations differ for 2007 as station efficiency was considered as 30% (rather than 25%)

NB: figures have been recalculated taking into account Acea SpA shareholdings (100% A.R.I.A., 100% Acea Reti e Servizi Energetici, 15% Tirreno Power, 30% AceaElectrabel Produzione). Tirreno Power was not included in the scope of consolidation for the Acea Group in 2007 and Acea Reti e Servizi Energetici (photovoltaic) was included for the first time in 2009.

Table 69 – ACEAELECTRABEL PRODUZIONE ELECTRICITY GENERATION PLANTS

thermoelectric plants	hydroelectric plants
Tor di Valle Plant: combined-cycle section (*) (Rome)	A. Volta Plant in Castel Madama (Rome)
natural gas - gross output 125.9 MW	gross output 9.4 MW
Tor di Valle Plant: co-generation section (***) (Rome)	G. Ferraris Plant in Mandela (Rome)
natural gas – gross output 19.0 MW	gross output 8.5 MW
Montemartini Plant (Rome)	Salisano Plant (Rieti)
diesel – gross output 78.3 MW	gross output 42.2 MW
Voghera Plant: combined cycle (Pavia)	G. Marconi Plant in Orte (Viterbo)
natural gas - gross output 376 MW	gross output 20 MW
Roselectra Plant (Livorno)	Sant'Angelo Plant (Chieti)
natural gas - gross output 384 MW	gross output 58.4 MW
Leinì Plant (Turin)	Cecchina Plant (Rome)
natural gas - gross output 391 MW	gross output 0.4 MW
	Madonna del Rosario Plant (Rome)
	gross output 0.4 MW
wind farms	
Subsidiary company Longano Eolica Wind Farms (Isernia): gross output 19,6 MW	
Monte della Difesa Wind Farm (Salerno): gross output 28.9 MW	
Grand total: gross output 1,562 MW	

(*) The combined cycle at Tor di Valle Station has bleeding facilities on the steam turbine.

(**) The co-generating turbogas unit at Tor di Valle has an open cycle and provides district heating to the districts of Torrino Sud and Mostacciano in Rome.

In addition to the **thermoelectric plants** described in Table 70, Tirreno Power business also includes renewable sources in Genoa comprising **17 hydroelectric units** (overall output of 66 MW).

Figures concerning Group capacity according to energy source and calculated according to Acea shareholding illustrated in Table 71 illustrate a considerable increase in solar-photovoltaic energy.

Table 70 – TIRRENO POWER ELECTRICITY GENERATION PLANTS

thermoelectric plants

Vado Ligure Plant (Savona): combined cycle natural gas section / coal section

fuels: coal, fuel oil, natural gas – gross output 1,455 MW

Torrevaldaliga Sud Plant (Rome).

Also comprises due combined cycle sections + one traditional section

fuels: natural gas, fuel oil – gross output 1,494 MW

Napoli Levante Plant (Naples): combined cycle section

fuels: natural gas – gross output 401 MW

hydroelectric plants

Hydroelectric Plant in Genova: gross output 66 MW

Grand total: gross output 3,416 MW

Table 71 – GROUP CAPACITY ACCORDING TO ENERGY SOURCE (2007-2009)

capacity MV	2007	2008	2009
coal	0	96	96
fuel oil	0	3	3
diesel	23	23	23
natural gas (combined cycles and co-generation)	366	727	770
waste to energy	20	20	20
total thermoelectric + WtE	409	869	912
hydro	42	52	52
wind	3	12	12
solar-photovoltaic	0	3	17
grand total	454	936	993

NB: figures have been reclassified taking into account Acea SpA shareholdings (100% A.R.I.A., 100% Acea Reti e Servizi Energetici, 15% Tirreno Power, 30% AceaElectrabel Produzione). Tirreno Power was not included in the scope of consolidation for the Acea Group in 2007.

Table 72 – AVAILABILITY INDEXES FOR ACEAELECTRABEL PRODUZIONE PLANTS (2009)

energy source	plants	overall availability(%)	scheduled unavailability (%)	unscheduled unavailability(%)
natural gas	Roselectra	73.8	9.9	16.3
	Leini	75.4	10.8	13.8
	Voghera Energia	72.2	22.0	5.8
	Tor Di Valle (combined cycle - CCGT)	69.7	6.8	23.5
	Tor Di Valle (co-generation section)	86.0	3.0	11.0
diesel	Montemartini	79.0	15.2	5.8
hydro	Salisano	98.8	1.1	0.1
	S. Angelo	91.1	6.9	2.0
	Orte	94.3	5.0	0.7
	Castel Madama	99.5	0.4	0.1
	Mandela	99.2	0.1	0.7
	minor plants	91.4	0.1	8.5
wind	Monte della Difesa	97.5	nd	nd
	MonteCavuti	98.2	nd	nd
	MonteCavuti	99.4	nd	nd

NB: the hours of scheduled/unscheduled unavailability cannot be provided as the indexes are calculated taking into account partial stops and limited output.

Availability indexes for AceaElectrabel Produzione and Tirreno Power Plants by Plant and their average output were reported for the first time in 2009 (see Tables 72-75).

The following definitions must be taken into account in order to correctly interpret the figures provided in Table 72:

- **overall availability (%)**; this index refers to the period in which a station or section thereof is available to produce energy, including times in which it is available even though it is not operational due to Electricity Market needs. This index is the ratio between the amount of energy available - which is the difference between maximum amount of energy that can be generated and energy available (see paragraph below) – and the maximum amount of energy that can be generated that month. Availability of Wind Farms is calculated in compliance with the Service Contract with Vestas.
- **accidental unavailability (%)**: this index refers to the period in which a station or section thereof was unavailable due to fault. This index is the ratio between the amount of energy unavailable during fault and the maximum amount of energy that can be generated that month.
- **scheduled unavailability (%)**: this index refers to the period in which a station or section thereof was unavailable due to scheduled events (maintenance, etc.). This index is the ratio between the amount of energy unavailable during the scheduled event and the maximum amount of energy that can be generated that month.

Table 73 – AVERAGE EFFICIENCY IN ACEAELECTRABEL PRODUZIONE PLANTS (2009)

plant	average efficiency (%)
Roselectra	54.2
Leini	52.9
Voghera Energia	53.5
Tor Di Valle (combined cycle - CCGT)	38.2
Tor Di Valle (co-generation section)	68.6
Montemartini	26.3
Salisano	85.8
S.Angelo	79.0
Orte	98.6
Castel Madama	82.7
Mandela	91.4
minor stations	60.2

NB: average efficiency is the ratio between gross energy produced and potential energy

Table 74 – AVAILABILITY INDEXES FOR TIRRENO POWER PLANTS (2009)

energy source and plant	average availability (%)	scheduled unavailability (hours)	unscheduled unavailability (hours)
natural gas			
(natural gas combined cycle - CCGT)			
Naples, Torrevaldaliga and Vado Ligure Plants	92.9	394	2,088
coal			
Vado Ligure Plant	68.2	4,289 (*)	1,287
natural gas			
(traditional section)			
Torrevaldaliga Plant	99.2	0	73
hydroelectric	86.7	174	992

NB: the indexes for Tirreno Power were calculated according to that established in the Electric Utility Sector Supplement: Availability Factor (%) = (total hours or operability for period x 100) / total hours for period (hours)..

(*) Unit 3 in Vado Ligure: a stop of around 5 months was scheduled for this Station to carry out a general review on the steam turbine, replace the unit control system and carry out maintenance on a number of boiler components.

Table 75 – AVERAGE EFFICIENCY BY ENERGY SOURCE FOR TIRRENO POWER PLANTS (2009)

plant	average efficiency (%)
Torrevaldaliga	48.2
Vado Ligure	43.8
Napoli	53.5
Hydroelectric	92.0

source	
coal	39.0
natural gas	33.8
diesel	26.9
fuel oil	35.5
hydroelectric	92.0

NB: average efficiency is the ratio between gross energy produced and potential energy.

Electricity distribution in Rome and Formello is the responsibility of Acea Distribuzione¹¹², thanks to which Acea is the second most important electricity distributor in Italy serving over 3 million inhabitants via a network of cables and overhead lines covering **over 29,000 km** and around **12,000 GWh per year of electricity**. Table 76 provides 2009 figures concerning overhead and underground high-, medium- and low-voltage electricity distribution lines.

Table 76 – KM OF OVERHEAD AND UNDERGROUND LINES AS AT 31.12.2009

networks	overhead (km)	underground (km)
high-voltage	372	241
medium-voltage	499	9,336
low-voltage	1,708	16,860
total	2,579	26,437

Acea tries to limit the impact from electricity distribution infrastructures in this area too, therefore focusing on the *Protocol of Intent to Reorganize the Electricity Network* between Acea Distribuzione, other companies and local Authorities (see box on “Sustainable Development” of the Electricity Network in *Biodiversity*).

Finally, losses in transmission and distribution expressed as a percentage of the overall energy demand for the network amounted to 6.2% (see attached CD comprising *Environmental Accounts* for further details).

Waste-To-Energy

The importance of having a wide range of waste disposal plants in an area is increasingly highlighted by the critical situations that Italy has had to face. Modern waste incineration plants used to recover energy—more commonly known as **Waste-To-Energy Plants** – not only help to restrict the problem of disposal¹¹³, by considerably reducing its volume, but can also recover the heat developed during combustion and use this to produce vapour, which in turn is used to produce electricity.

¹¹² See Customers and the Community, the attached Environmental Accounts and CompanyFact Sheets Italy-Overseas for information concerning the activities carried out by Acea Distribuzione

¹¹³ While annual per head production of urban waste in Italy (550 kg/year) is in line with that in other high-income European countries such as France (577 kg/year) and Germany (566 kg/year), dumps are still highly used for disposal: around half of urban waste goes to dumps. (Source: Hi-Tech Ambiente monthly magazine issue 3 - April 2010).

The **two Waste-To-Energy Plants** of the Group¹¹⁴, located in Terni and San Vittore del Lazio (Frosinone), produced around **78,000 MWh** and **79,900 MWh** and provided electricity amounting to around **70,100 MWh** and **70,650 MWh** respectively in 2009.

These stations both implemented an environmental management system in compliance with **EMAS (761/01)** and **International Standard UNI EN ISO 14001:2004** and therefore receive current benefits (CIP6). The **Terni Plant** uses **pulper** as fuel and the **San Vittore del Lazio Plant** burns **WDF** (waste-derived fuel), the features of which are established by Ministerial Decree dated 5 February 1988 and subsequent Legislative Decree 152/2006. These stations both qualified as “**renewable source stations**” in **December 2009**.

The Waste-to-Heat Plant in San Vittore in the region of Lazio plays a primary role in **urban waste treatment** (see also relative box) and intends to become the benchmark for **treating dried sewage deriving from urban wastewater treatment**. Works to improve line 1 involving implementation of 2 more waste-to-energy lines are underway.

Box – The “2009 PIMBY Award” for San Vittore for the EALL SpA Waste-To-Energy Plant

The PIMBY Association (*Please In My Back Yard*) was established in 2007 and awards local Administrations that encourage sustainability. The objective of this award is to capitalize on the experience Administrations that choose to carry out works while upholding the wishes of the community.

San Vittore del Lazio also received an award for expansion of the Waste-To-Energy Plant owned by A.R.I.A. Group company EALL (100% owned by Acea) for the “**Waste Management**” category.

This Waste-To-Energy project – currently with output of 10 MWe – involves improving the station with two new 13 MWe lines and renovating the existing line. The overall potential for waste disposal will reach 300,000 tons per year of WDF (Waste-Derived Fuel) and sewage from Acea Ato2 treatment plants.

Once this work is completed, the plant will cover 30-40% of overall waste disposal capacity for the Lazio region.

In order to ensure involvement from stakeholders, the Municipality of San Vittore established an agreement with the University of Cassino to support debates and technical procedures with EALL technicians and thereby share decisions concerning station planning, building and management and assess proposals for improvements to further limit impact on the environment. The town council also met with the community and accepted the issues raised, supporting these during project examination and authorization procedure, up to conclusion of the process at the Service Conference at Lazio Regional Council for issue of Integrated Environmental Authorization.

Energy Savings, “Smart Grids” and Renewable Sources

Energy Manager and Energy Savings

In compliance with Law 10/91 establishing the *Regulations for Implementing the National Energy Plan Concerning Rational Use of Renewable Energy Sources*, Acea Group has Energy Manager in each of its leading subsidiaries to carefully oversee the processes with the highest levels of energy consumption in order to achieve the best possible results in terms of reducing consumption.

A workgroup comprising all water company Energy Manager supported by technical staff from the Holding Company industrial sector was established by the Group. This workgroup continues to support companies in order to ensure ongoing energy sufficiency in water systems and networks. The main activities involved include the following:

¹¹⁴ Further information is available in the Fact Sheet concerning Terni En.A. and EALL (see Company Fact Sheets Italy-Overseas).

1. monitoring electricity consumption (overall and specific) and energy efficiency indexes¹¹⁵ for all companies, especially in relation to the plants consuming the most energy, such as water treatment plants. The overall number of Acea Ato 2 plants monitored specifically amounts to 164;
2. analyzing the network to identify methods for improving efficiency (for example, it may be better to take samples from certain plants rather than others or at night rather than in daytime);
3. analyzing and searching for leaks;
4. producing a monthly report on energy consumption trend to control and plan actions.

The monthly and annual efficiency trends are examined to highlight any problems and rapidly verify the cause of inefficiency (maintenance underway, the need to renew tools or equipment, etc.).

The aforementioned monitoring system led to savings of around 20 GWh in drinking water retrieval systems in 2009 with respect to the year before.

Smart Grids and Energy Saving Certificates

The Group began incorporating the electricity network with the IT network in 2009 to develop “**smart grids**”, in other words networks that are required to incorporate actions by energy producers, users/consumers and distributors.

The Group develops and exploits new technologies through two companies: **Acea Reti e Servizi Energetici** (100% owned by Acea SpA) and **Ecogena** (51% owned by Acea SpA). The former company is responsible for identifying and implementing actions to achieve energy savings in compliance with current laws concerning energy suppliers and is also involved in the solar-energy sector. The latter develops civil and industrial co-generation and tri-generation systems¹¹⁶, and will play an important role in interconnecting networks and establishing “smart grids”.

“Smart grids” are also related to forecast development of electric or hybrid cars, in other words cars with both traditional engines and a smaller battery-powered engine. Two-way communication between a grid (smart) and such vehicles, for example via a power cable or wireless technology, is needed before electric cars can become popular on the market, not only to ensure they can be charged, but also to return energy to the grid. These are ambitious objectives, but they comply with the European intention to innovate the electricity network throughout Europe.

One of the essential tasks of Acea Reti e Servizi Energetici is to **achieve energy savings** to thereby obtain **Energy Efficiency Certificates** (TEE in Italian) or “White Certificates” by implementing the various initiatives aimed at just this. TEEs differ according to the energy source saved (type I, II or III certificates for savings in electricity, gas or other energy source) and are awarded by the Electricity and Gas Authority in view of various initiatives.

The results achieved by Acea Reti e Servizi Energetici over the last few years have been very satisfactory and ensured **fulfilment of the targets concerning energy saving established for Acea Distribuzione**. The operations carried out for this purpose included both distributing CFL bulbs and water kits to families and replacing the traditional votive light bulbs with LED lights and improving lighting in Rome underground stations.

As the initiatives already underway have led to more certificates than expected for Acea Distribuzione, new projects were implemented in 2009.

Over 500,000 excess certificates were accumulated in 2009 (see Table 77)¹¹⁷ and 358,467 certificates were transferred to other companies in 2006-2009.

¹¹⁵ In the case of a pump, this index could be represented by the ratio between energy consumed and amount of water pumped.

¹¹⁶ Cogeneration, in other words combined production of electricity and thermal energy, provides high efficiency: between 80 and 90%. Tri-generation is a particular application allowing use of all or part of thermal energy recovered to produce refrigerating energy in the form of refrigerated water for air conditioning or industrial processes.

¹¹⁷ Around 28,000 type III TEEs should be added to the number illustrated in Table 77.

Table 77 – ACEA DISTRIBUZIONE TARGETS CONCERNING SAVINGS AND OBJECTIVES ACHIEVED (2006 – 2009)

year	target (Tep/year)	target achieved by Acea (Tep/year)	excess certificates accumulated (Tep/year)
2006	7,850	58,988	69,974
2007	15,596	127,148	181,526
2008	49,131	223,074	355,469
2009	73,335	226,859	508,993

Ecogena also receives energy efficiency certificates through **co-generation** and **tri-generation stations** (see relative box) and will build stations for overall output of 4.3 MWe between 2009 and 2010 (see Table 78):

Table 78 – PROJECTS FOR CO-GENERATION/TRI-GENERATION STATIONS (2009-2010)

station	electricity output (MWe)	thermal output (MWt)	refrigerating output (MWf)
Saxa Rubra district (start-up Jan. 2009)	0.9	1.9	1.2
Canottieri Aniene sport centre (start-up Sept. 2009)	0.25	0.42	-
Bufalotta district (start-up Sept. 2009)	1	8.4	4.5
Torrino Nord district (start-up Dec. 2009)	0.25	1.6	1.5
Park Hotel ai Cappuccini in Gubbio (start-up Dec. 2009)	0.09	0.17	-
Fin di Ostia federal centre (start-up forecast March 2010)	0.09	0.17	-
Fin di Pietralata federal centre (start-up forecast March 2010)	0.09	0.17	-
Villa Flaminia sport centre (start-up forecast March 2010)	0.09	0.17	-
Sigma Tau in Pomezia (start-up forecast March 2010)	2.4	2.0	-
Fin di Marconi federal centre (start-up forecast April 2010)	0.09	0.17	-

Box – Ecogena: Energy Savings and Co-generation

Ecogena carries out projects to save energy via co-generation and tri-generation, implementing works using natural gas or renewable energy sources. Ecogena can intervene in any energy sector and propose both improvements to existing stations and new stations.

One of the essential elements in these buildings is recovering heat, in other words thermal energy that would otherwise be lost, and this ability ensures more efficient use of primary energy with respect to traditional stations.

In addition to better performances, white certificates demonstrating results in energy savings can be obtained and

other benefits of an environmental nature, i.e. avoiding emission of large amounts of CO₂ and using less primary energy.

An example of a station that has been built and became operational in September 2009 is the tri-generation station in “La Bufalotta” district of Rome comprising around 1,300 homes.

In addition to lower CO₂ emissions, this station will ensure economic savings (around 13% a year) once it becomes fully operational. More specifically, with respect to a traditional system producing separate thermal and refrigerating energy, this system is expected to save around 450 g of CO₂ per KWhe produced, in other words 1,000 tons per year.

Renewable Energy from the Wind and the Sun

In addition to energy produced using water, pulper and WDF from Waste-To-Energy procedures as a source (the latter only partly renewable) as described above, Acea's commitment to increasing production from renewable sources is demonstrated through installation of **new Wind Farms** and development of **photovoltaic systems**.

AceaEtrabel Produzione is continuing to expand production capacity through wind: the Wind Farm in Monte della Difesa, in the province of Salerno with output of 28.9 MW and which in 2009 produced over 41 GWh joined the two Wind Farms operating in Molis¹¹⁸. **The gross amount of electricity produced by Wind Farms** amounted to **76 GWh**, around **18 GWh** of which by Acea, according to shareholding (see Tables 67, 68, 71 and attached CD comprising *Environmental Accounts*).

Design of the "Cresta del Gallo" Wind Farm (province of Avellino) was also **completed** and will provide output of around 15 MW, while **installation** of the "Piano del Cornale" Wind Farm (province of Salerno) continued and will provide output of around 20 MW.

With regard to **solar energy**, further to the projects completed in 2008 providing overall output of around 3 MWp – including the system installed on the Monte Mario water station for about 1 MWp, inaugurated by the Mayor of Rome in 2009 – other systems were installed throughout 2009. The most important of these include that in **Fiumicino Airport area**, one of the largest in Italy with output of around 2 MWp and totally integrated¹¹⁹, and the **ground system** with output exceeding 2 MWp in **Terracina**. Systems providing around **17 MWp** were operational **by the end of 2009**.

The overall amount of energy produced through solar systems in 2009 was 3,485,000 kWh

Box – Photovoltaic System Supervision

In view of the importance of checking productivity in photovoltaic systems, a monitoring and supervision platform was implemented in 2009, which was considered essential for general, taking into account that:

- a large number of photovoltaic systems have been installed: 40 were already connected to the electricity grid as at 31.12.2009 (not all of which yet monitored, but planned for inclusion in the project);

- systems are various sizes, have different features and are located in several areas and regions (Lazio, Campania, Puglia and Umbria, including those under installation).

This supervision platform ensures availability of a wide range of information in real time, e.g. output, energy produced daily, monthly and all together, tons of CO₂ saved, etc.

¹¹⁸ Output amounts to 10.2 MW and 9.4 MW respectively and the two systems belong to Longano Eolica (15% owned by Acea SpA).

¹¹⁹ Photovoltaic systems are completely integrated when, for example, they replace standard roof coverings and building facades and therefore have the same inclination and architectural task or when they are used to cover cantilevers and canopies.

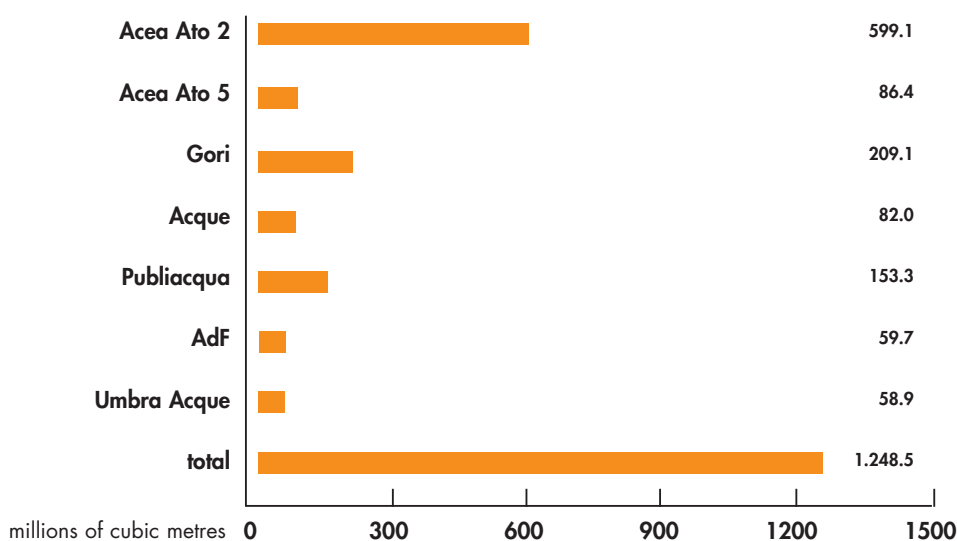
The Governor of Rome appointed Acea to build and operate aqueducts and water distribution networks for the city of Rome previously directly managed by the City Council on 2 September 1937. The Company also took over management of the sewage system in 2002, thereby becoming responsible for the entire Integrated Water Service in Rome. Since then, Acea has carried out uncountable operations, including the design and building of numerous main sewage systems – such as the grand aqueduct in Peschiera designed by Engineer Gaetano Roselli Lorenzini in 1910.

The Company’s experience therefore commenced with distributing drinking water in the the capital of Italy and now covers four regions: Lazio (ATO 2-Central Lazio and ATO 5-Southern Lazio), Campania (ATO 3-Sarnese Vesuviano) and in other ATOs in Umbria and Tuscany, where it operates through five companies: Acque, Publiacqua and Acquedotto del Fiora, Umbra Acque and – as of 2009 - Nuove Acque¹²⁰.

The overall user group served by the Group amounts to around **8 million people, while the drinking water** placed on the network in 2009 amounted to **1,248.5 million cubic metres** (see Chart 38).

This section will go on to illustrate Acea’s operations on the “historical” networks in Lazio through Acea Ato 2, while further details concerning other companies can be seen on the attached CD comprising *Environmental Accounts* and the *Company Fact Sheets Italy-Overseas*.

Chart 38 – DRINKING WATER VOLUMES PLACED ON THE NETWORK - GLOBAL AND ACCORDING TO COMPANY (2009)



The Integrated Water Service in ATO 2–Central Lazio

Acea Ato 2 provides the Integrated Water Service in ATO 2-Central Lazio (including not only the city or Rome, but also 111 other towns): from collecting water from sources to distributing drinking water to homes and collecting and treating wastewater.

Drinking water comes from sources subject to long-standing agreements.

¹²⁰ Nuove Acque entered the Group consolidation scope in October 2009, therefore 2009 water figures are not included in the sustainability report.

A number of springs (Peschiera, Capore, Acqua Marcia, Acquoria, Salone, Vallepietra; Ceraso), wells (Pantano Borghese, Finocchio, Torre Angela, Torre Spaccata; Doganella; Ceraso; former Casmez) and Bracciano Lake are the main **sources of water supplies** for over **3 million inhabitants** through **eight aqueduct systems** both gravity and pressure operated.

Three additional supply sources – the Traianee and Salone streams and the River Tiber - provide non-drinking water used for the sprinkler system following suitable treatment.

The **volume of water placed on the network** for the entire ATO 2 area in 2009 amounted to around **600 million cubic metres**, around 474 million cubic metres of which on the “historical network” of Rome and Fiumicino.

Acea takes great care when collecting water from its sources to ensure it has no effect on the ecosystems and surrounding protected areas (safeguarded sources are listed in Table 79).

Table 79 – SAFEGUARDED SOURCES

area in question	location	surface area (m ²)
Peschiera spring	Cittaducale (Rieti, Lazio)	598,530
Le Capore spring	Frasso and Casaprota (Rieti, Lazio)	586,600
Acqua Marcia spring	Agosta-Arsoli-Marano Equo (Roma)	3,519,600
Acquoria spring	Tivoli (Rome)	10,050
Acqua Felice – Pantano springs	Zagarolo (Rome)	441,280
Pertuso springs ¹²¹	Trevi – Filettino (Lazio)	77,740
Doganella springs	Rocca Priora (Roma)	350,000
Acqua Vergine springs	Rome	500,000
Torre Angela wells	Rome	50,300
Finocchio wells	Rome	31,153

The Quality of Water Supplied in Rome

Drinking water supplied in Rome by Acea Ato 2 is collected from particularly pure springs, thereby ensuring that the quality level at source is already very high. In order to ensure that such quality is maintained throughout the supply chain, intensive inspections and monitoring of the main chemical-physical and microbiological parameters are carried out (see Tables 80-82).

Two types of examinations are carried out on Acea Ato 2 drinking water: **first-level checks** carried out by ongoing gauging units placed along aqueducts and **second-level checks** carried out by LaboratoRI SpA, a Group company accredited by ACCREDIA (formerly SINAL) involving chemical-physical, chemical-organic and microbiological analyses on samples taken from various spots along the entire aqueduct system every day (see Table 80).

¹²¹ Under ordinary conditions, Pertuso springs are used by Enel to produce electricity, while the springs in Vallepietra and in Ceraso supply the aqueduct network in Simbrivio. In the event of seasonal lack of water Pertuso is also used, thereby interrupting electricity production. This procedure is regulated by a specific provision issued by the Simbrivio Commissioner for Water Crises.

Table 80 – ANALYSES ON DRINKING WATER – HISTORIC NETWORK IN ROME (2007-2009)

	withdrawal points (no.)	2007	2008	2009	2007	2008	2009
		total samples (no.)			total analyses (no.)		
collection	45	951	818	682	50,306	44,885	31,139
aqueducts and pipelines	33	541	640	500	22,626	22,585	19,499
reservoirs/water centres	17	1,493	623	214	11,228	12,252	11,432
supply networks	320	3,860	3,860	3,933	131,908	124,716	125,604
total	415	7,043	5,941	5,329	216,068	204,438	187,674

NB: the same withdrawal points were used all three years.

In addition to analysis of the samples taken from springs, aqueducts, reservoirs and drinking water supply networks – as shown in the table - Acea Ato 2 also analyzes wastewater, treatment plants and surface water through LaboratoRI (see also *Products – Environmental-Water Sector* on the attached CD comprising *Environmental Accounts*).

The **overall number of checks** carried out each year on the integrated water system ATO 2 – Central Lazio – amounting to **461,950 analyses** (on drinking, waste and surface water) in 2009 – **exceeds that established in current laws**¹²², thereby confirming the close attention paid to water.

Table 81 – OVERALL ANALYSES CARRIED OUT IN ATO 2-CENTRAL LAZIO (2007-2009)

	no. analyses		
	2007	2008	2009
drinking water	355,237	354,412	338,974
wastewater	76,944	96,214	87,056
surface water	32,942	28,717	35,920
total	465,123	479,343	461,950

NB: figures refer to analyses carried out by LaboratoRI.

¹²² Legislative Decree 31 dated 2 February 2001, "Implementation of Directive 98/83/EC concerning the quality of water for human consumption", published in Official Journal 52 dated 3 March 2001 – Ordinary Supplement 41.

Table 82 – AVERAGE CHEMICAL AND MICROBIOLOGICAL CHARACTERISTICS OF WATER SUPPLIED TO ROME AND PARAMETERS ACCORDING TO IT. LEG. DEC. 31/01 (2009)

parameters	unit of measurement	average value 2009	parametric value by law (It. Leg. Decree 31/01)
Turbidity	NTU	0.41	no irregular variations
Water temperature	°C	12	not established
Hydrogen ion concentration	pH	7.3	>6.5 e < 9.5
Electrical conductivity at 20°C	µS/cm	541	2500
Chlorides	mg/L Cl	6.6	250
Sulphates	mg/L SO ₄	15.5	250
Calcium	mg/L Ca	100	not established
Magnesium	mg/L Mg	19.5	not established
Sodium	mg/L Na	4.96	200
Potassium	mg/L K	2.2	not established
Total water hardness	°F	32.9	15-50
Free residual chlorine	mg/L Cl ₂	0.15	-
Alkalinity	mg/L CaCO ₃	321	not established
Fixed calculated residual	mg/L	387	1500
Nitrates	mg/L NO ₃	3.6	50
Nitrites	mg/L NO ₂	<0.01	0.50
Ammonia	mg/L NH ₄	<0.03	0.50
Fluorides	mg/L F	0.16	1.50
Total organic carbon (TOC)	mg/L C	0.5	no irregular variations
Iron	µg/L Fe	6.2	200
Copper	mg/L Cu	0.002	1.0
Lead	µg/L Pb	0.20	10
Cadmium	µg/L Cd	<0.2	5.0
Total chromium	µg/L Cr	<5.0	50
Nickel	µg/L Ni	<2.0	20
Manganese	µg/L Mn	0.36	50
Arsenic	µg/L As	1.5	10
Vanadium	µg/L V	2.8	50
Total trihalomethanes	µg/L	1.18	30
Trichlorethylene	µg/L	<0.10	10
Tetrachlorethylene	µg/L	<0.10	10
1,2 – Dichlorethylene	µg/L	<0.30	3.0
Benzene	µg/L	<0.10	1.0
Benzopyrene	µg/L	<0.003	0.010
Coliform bacteria at 37° C	MPN(*)/100 mL	0	0
Escherichia coli	MPN/100 mL	0	0
Enterococcus	UFC(**)/100 mL	0	0

(*) Most Probable Number.

(**) Unit Forming Colony.

The Sewage Service and Treatment System

The treatment system comprises sewage systems, collection systems connected to the sewage system and main sewage system and treatment plants, the potential of some of which exceeds 10 m³/s.

The Group sewage service managed by all water companies covers over **23,600 km**, comprising **around 870 operational treatment plants** that dealt with **around 851 million cubic metres of wastewater** in 2009 (see Charts 39-41, attached *Environmental Accounts* and – for more details concerning individual companies - *Company Fact Sheets Italy-Overseas*).

Chart 39 – OVERALL SEWAGE SYSTEM IN KMs AND BY COMPANY (2009)

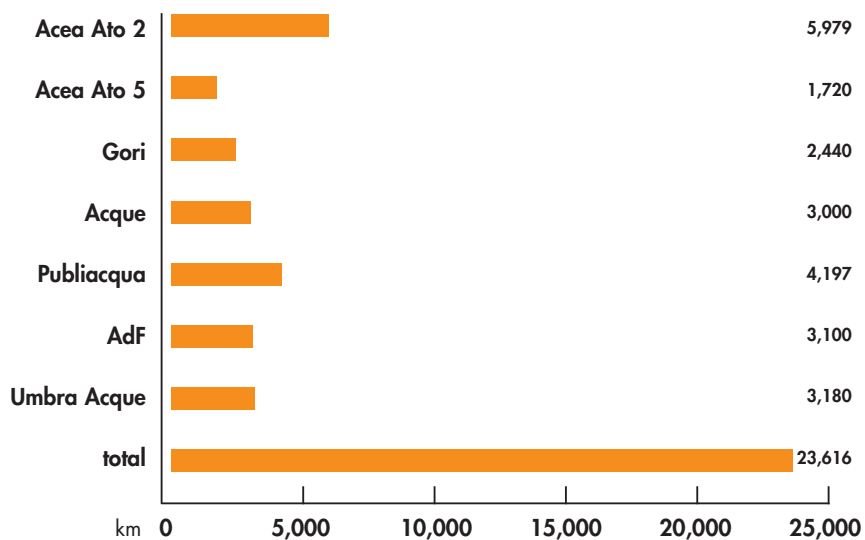


Chart 40 – OVERALL NUMBER OF TREATMENT PLANTS AND BY COMPANY (2009)

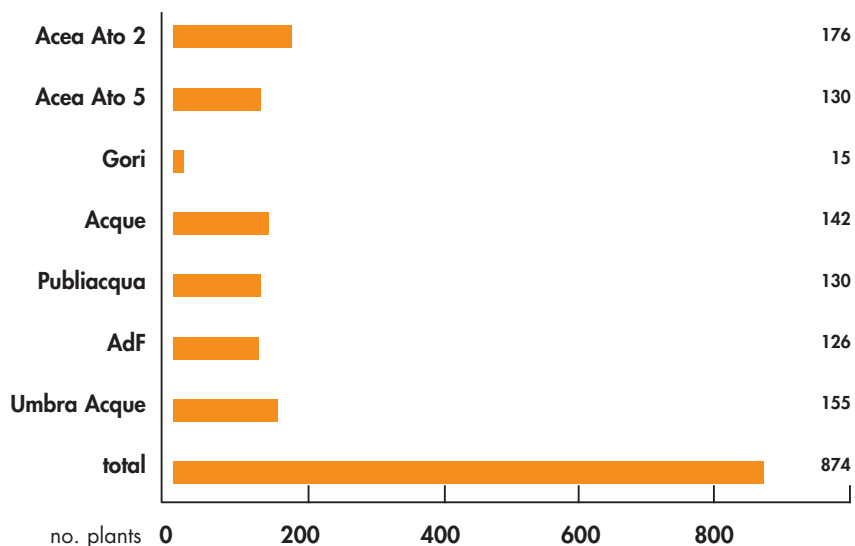
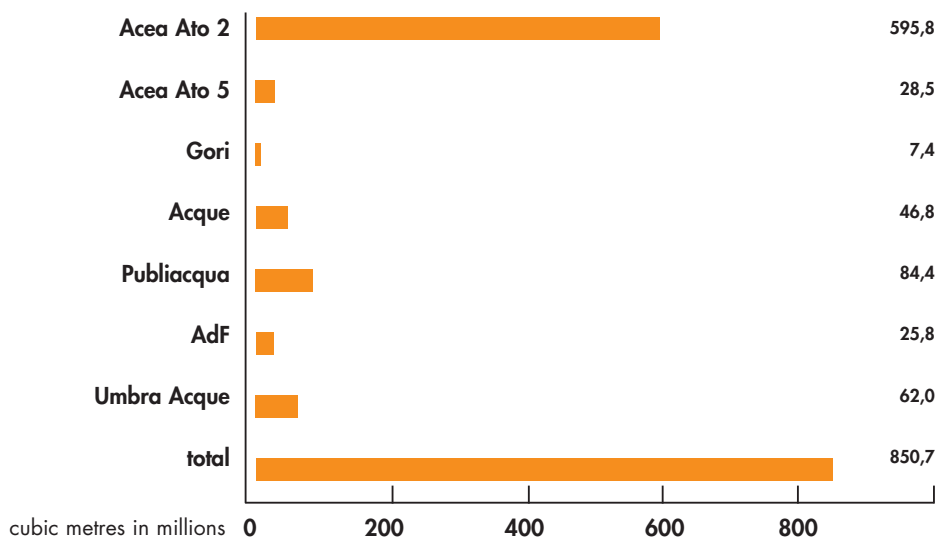


Chart 41 – OVERALL AMOUNT OF WASTE WATER TREATED AND BY COMPANY (2009)



The key treatment plants managed by **Acea Ato 2** in the “historical” area of Rome and Fiumicino treated **527 million cubic metres** of water in 2009, **an increase of around 7%** with respect to 494 m³ in 2008. Taking into account smaller treatment plans and those taken over in towns in ATO 2, this amount increases to an **overall volume of around 596 million cubic metres**.

As at 31.12.2009, this company managed 466 sewage collection systems, 158 of which in Rome, and 176 treatment plants, 35 of which in Rome¹²³.

“**Treatment efficiency**”, in other words the efficiency with which the main pollutants in wastewater are removed, was once again satisfactory in 2009, and outward levels of COD (Chemical Oxygen Demand) and TSS (Total Suspended Solids) within the limits established by current laws (Legislative Decree 152/06). COD and TSS volumes removed have increased over the last few years in absolute terms (see Charts 42 and 43¹²⁴).

The **sewage systems** managed in the ATO 2 area cover around **5,979 km** (1,953 km of which serving towns outside of Rome).

Chart 42 – COD REMOVED (KEY TREATMENT PLANTS IN ROME AND FIUMICINO) (2007-2009)

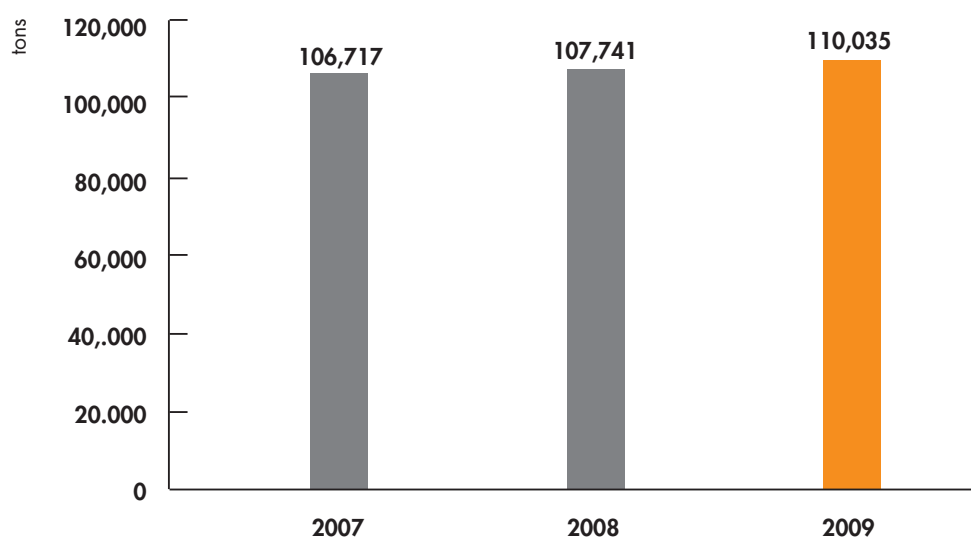
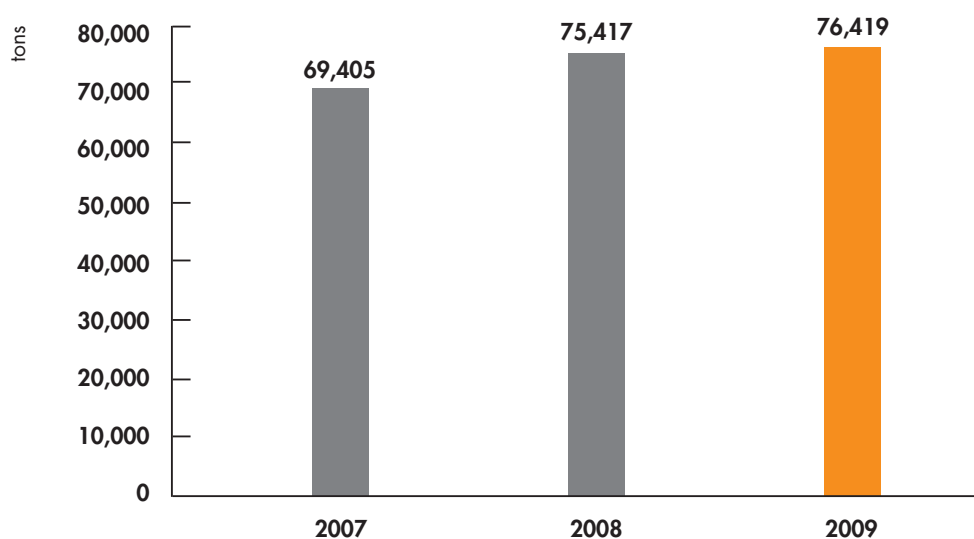


Chart 43 – TSS REMOVED (KEY TREATMENT PLANTS IN ROME AND FIUMICINO) (2007-2009)



¹²³ See also *Acea Ato 2 Fact Sheet in Company Fact Sheets Italy – Overseas* for further details.

¹²⁴ Figures concerning the volumes of COD and TSS removed by other water companies' plants are provided in *Company Fact Sheets Italy-Overseas*.

The **sludge produced** by civilian treatment plants **requires disposal**. Acea Group strategy to this regard is to **develop an integrated system** to use the sludge produced through recovering it and establishing a controlled chain comprising the producer to subject responsible for recovery or end user. Acea Group company Aquaser operates in this sector and is specialized in **recovering and disposing of sludge**, which is subsequently used as a replacement for fertilizers in agriculture and producing compost for farms or recovering energy.

Aquaser disposed of **175,896 tons** of waste (sludge, sand and sediment) on behalf of Group companies Acea Ato 2, Acea Ato 5 and Acquedotto del Fiora and **6,308 tons** of sludge on behalf of an outside company - Asa SpA (responsible for IWS in ATO 5- Tuscany Coast) – in 2009.

Last year, Aquaser took over two companies - Solemme and Kyklos -, each of which has a composting plant and is authorized to treat sludge. The Kyklos plant with potential of 60,000 tons of composting waste was inaugurated in July 200. The technology used and treatment potential makes this the leading company in Lazio in terms of recovering organic waste¹²⁵.

A campaign to raise awareness and increase involvement in farmers' associations was conducted to ensure the availability of land for **agronomic recovery of sludge** and Aquaser received two permits for recovering sludge in 2009, around 250 hectares in the Rome municipality and around 150 hectares in Pitigliano (Grosseto). Agronomic recovery of sludge commenced in the former company in summer 2009 (around 2,000 tons).

Finally, particular attention was paid to ensure reliability in this chain, whereby the transport companies used underwent inspections and a remote control system was implemented to ensure constant tracking and monitoring of transporters.

¹²⁵ Sludge disposal was carried out through agreements with other companies as well as by Solemme SpA and Kyklos Srl in 2009 and sludge was reused for farming purposes: either as it was or following composting.

Direct and Indirect Energy Consumption

As already mentioned in *Energy Saving, "smart grids" and renewable sources*, Acea monitors direct and indirect consumption to keep them under control and, where possible, limit them to ensure the lowest possible impact on the environment.

Tables 83 and 84 illustrate direct energy consumption by the Group, including **consumption of energy from primary sources** (above all natural gas) used to generate electricity/heating and **the energy consumed by corporate fleet**, both of which decreased in 2009.

Indirect consumption (Table 85) refers to, for example, **electricity losses** occurring during distribution and transmission (due to losses during transformation and transportation, fraud and incorrect readings) and **heat losses** in the district heating network.

In order to obtain the amount of "primary source" equivalent to **indirect energy consumed** by Acea according to that established in GRI-G3 Guidelines, the efficiency figure is used as the factor for converting from primary source to electricity, which in 2009 was around 50%:

GRI-G3 indicator EN4 = 6,651.0/0.50 = 13,302.0 TJ (around 317,918 tep)

Table 83 – ACEA FLEET CONSUMPTION (2007- 2009)

fleet	2007	2008	2009
<i>fuel</i>			
l	945,437.7	1,002,520.9	913,102.67
kg	694,897	736,853	671,130
TJ	30.5	32.4	29.5
<i>diesel</i>			
l	845,941	1,025,757.3	954,709.13
kg	706,360	856,507	797,182
TJ	29.6	35.8	33.37

Table 84 – DIRECT ENERGY (99% NATURAL GAS) USED BY ACEA GROUP (2007- 2009)

energy directly consumed by Group	2007	2008	2009
	TJ	TJ	TJ
	(GWh)	(GWh)	(GWh)
energy used to generate electricity (a)	8,947.4 (2,485.4)	25,638.8 (7,121.9)	23,513.4 (6,531.5)
energy used for fleet (b)	60.1 (16.7)	68.4 (19.0)	63.0 (17.5)
overall gross electricity produced (c)	4,692.2 (1,303.4)	12,334.0 (3,426.1)	11,124.0 (3,090.0)
net thermal energy sold (d)	59.8 (16.6)	80.3 (22.3)	110.5 (30.7)
EN3 = (a+b)-(c+d)	4,255.5 (1,182.07)	13,293.0 (3,692.5)	12,341.6 (3,428.3)

NB: figures for the three-year period in question have been reclassified according to Acea shareholdings (100% A.R.I.A. Group, 100% Acea Reti e Servizi Energetici, 15% Tirreno Power, 30% AceaElectrabel Produzione). Tirreno Power was not included in the Group scope of consolidation in 2007.

Table 85 – INDIRECT ELECTRICITY USED BY ACEA GROUP (2007-2009)

overall indirect energy consumption	2007	2008	2009
TJoule	4,453.3	6,695.7	6,651.0
(GWh)	(1,237.1)	(1,859.9)	(1,847.5)
loss of electricity	2,678.4	2,782.1	2,688.1
on distribution and transport networks	(744.0)	(772.8)	(746.7)
loss and in-house consumption	110.1	548.3	530.6
during electricity production	(30.59)	(152.3)	(147.4)
loss of heat	8.6	14.4	17.3
on district heating network	(2.4)	(4.0)	(4.8)
public lighting	550.1	515.5	543.1
consumption	(152.8)	(143.2)	(150.8)
consumption to distribute	594.7	1,820.5(*)	1,749.2(*)
drinking and non-drinking water	(165.2)	(505.7)	(485.9)
consumption	452.9	952.9(*)	1,060.2(*)
to treat wastewater	(125.8)	(264.7)	(294.5)
consumption for other services	58.3	62.0	62.5
	(16.26)	(17.2)	(17.4)

NB: figures for the three-year period in question have been reclassified according to Acea shareholdings (100% A.R.I.A. Group, 100% Acea Reti e Servizi Energetici, 15% Tirreno Power, 30% AceaElectrabel Produzione). Tirreno Power was not included in the Group scope of consolidation in 2007.

(*) Consumption for distributing and treating water includes all water companies in the report scope as of 2008.

Water Consumption

Group water consumption, mostly due to water used to cool AceaElectrabel Produzione and Tirreno Power thermoelectric stations decreased on the whole in 2009 (see Table 86).

One of the most important projects to limit impact on the environment that has been ongoing for some years now involves **the connection channel** between the **Tor di Valle Electricity station** requiring cooling and wastewater leaving the neighbouring **Roma Sud treatment plant**: the vicinity of these two industrial plants ensured both the best possible use of the product generated by one of these (treated water) as the fluid required in the other and that no other water was required from the surrounding environment.

Water for "civil/sanitary" use – around 2 m³ in 2009 – undergoes the same treatment as wastewater produced by Rome's population and is subsequently discharged into the River Tiber. The relative impact on the environment – in line with the biological features supporting the vitality of this River – is relatively low due to the **low concentrations of pollutants** transported (see Table 87).

With regard to the **type of water sources used**, the Group mainly uses water from aqueducts, while the water used to cool the Tor Di Valle station comes from the south Rome Treatment Plant and Tirreno Power also uses seawater for its operations (16% of the overall amount used), thereby helping safeguard natural water resources.

A matter of particular importance with regard to managing integrated water systems is **leaks on the distribution network**, to which Acea pays careful attention. The Group uses human and economic resources every year in order to improve performances by identifying and repairing leaks (see *Research and Company Fact Sheets Italy-Overseas* for details on individual water companies).

Table 86 – WATER CONSUMPTION BY ACEA GROUP (2007-2009)

overall water consumption	2007	2008	2009
Mm³	15.69	307.96	290.61
Industrial processes:			
district heating and other thermoelectric generation processes (*)	0.05	0.38	0.39
civil/sanitary	1.17	1.68	1.90
cooling thermoelectric stations	14.47	305.90	288.32

NB: figures for the three-year period in question have been reclassified according to Acea shareholdings (100% A.R.I.A. Group, 100% Acea Reti e Servizi Energetici, 15% Tirreno Power, 30% AceaElectrabel Produzione). Tirreno Power was not included in the Group scope of consolidation in 2007.

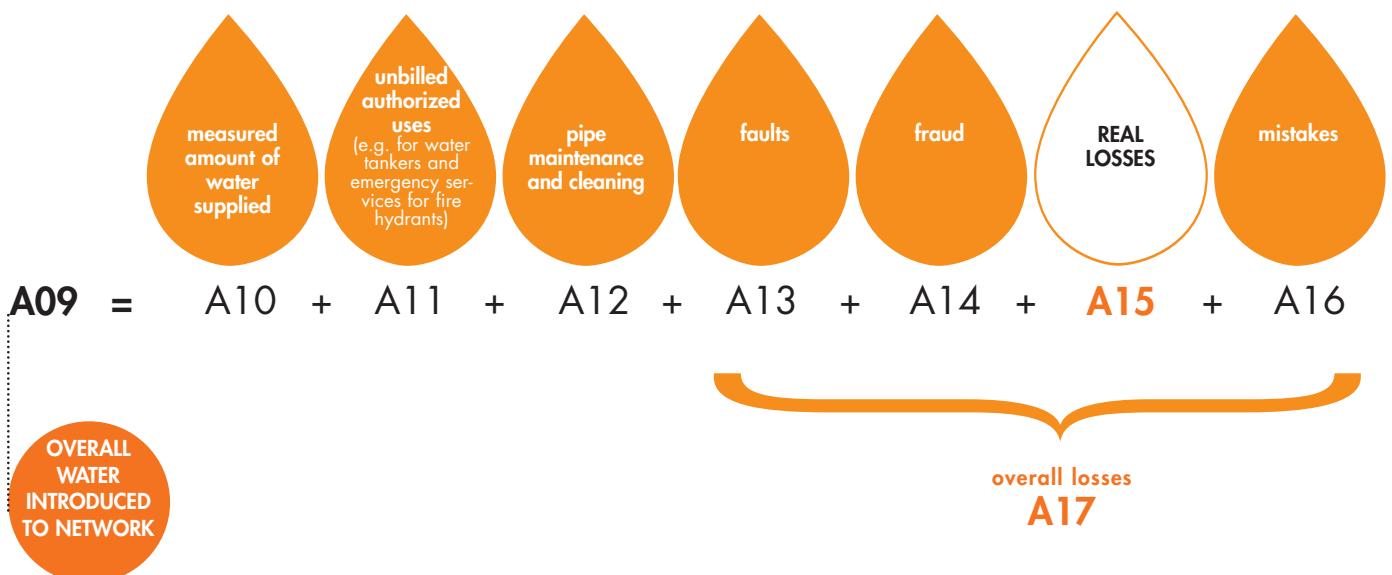
(*) In addition to water used for district heating, this figure includes Tirreno Power industrial water as of 2008 (aqueduct, rain and cleaning water, collected and treated prior to use). This figure also includes water used in A.R.I.A. Group Waste-To-Energy station processes as of 2009.

Table 87 - PARAMETERS FOR DISCHARGES FROM KEY TREATMENT PLANTS MANAGED BY ACEA ATO 2 – ROME (2009)

parameter	South Rome	North Rome	East Rome 1st section	East Rome 2nd section	Ostia
	average (mg/l)				
BOD ₅	22	17	14	28	6
COD	50	29	31	45	31
SST	32	24	15	23	12
nitrogen	11	12	12	12	10
phosphorous	5	1	1	1	2

Losses are assessed according to M.D. 99/97 (see Chart 44). Real losses¹²⁶ on the Rome and Fiumicino network amounted to around 25% of the overall amount of water introduced into the network in 2009 (see also *Environmental Accounts* on attached CD).

Chart 44 – REAL WATER LOSSES: A15 PARAMETER (M.D. 99/97)



¹²⁶ According to M.D. 99/97, real losses are indicated by parameter A15; these only quantify losses due to system faults (e.g.: leaks in the joints between pipes, holes and lacerations in pipes, structural subsidence of concrete or metal structures, etc.). This value derives from subtracting the water sold (A10) and any other failed delivery to end users from the overall amount of water entering the network: consumption for emergencies (A11), washing (A12), faults (A13), fraud (A14), mistaken readings (A16).

Emissions into the Atmosphere

Acea monitors emissions from its thermoelectric plants – continuously if possible – through specific analyzers subject to regular controls by both in-house staff and external qualified laboratories.

The main AceaElectrabel Produzione and Tirreno Power production plants have environmental Certification and are committed to reducing micro-pollutants (CO, NO_x and SO₂) and limiting carbon dioxide emissions (CO₂). In 2009, **AceaElectrabel Produzione** achieved **specific CO₂ emission** of **388 g/kWh** and **low nitrogen oxide emissions** due to the dry-low-NO_x devices in the burners of the latest combine cycle generation plants, which managed to keep such emissions as low as is currently possible. Although Tirreno Power Plants use modern technologies, they also use a combination of fuels (including coal and fuel oil) which cause more emissions than natural gas. **Tirreno Power specific CO₂ emissions** in 2009 therefore amounted to **527 g/kWh**. The company is however committed to progressively limiting emissions into the atmosphere; a current programme to manage fume treatment systems in the coal section at Vado Ligure thermoelectric plant (Savona) has not only confirmed compliance with the established emission limits, but also ensured **improvement in environmental performances** and, more precisely, a reduction in concentrations of smoke-stack emissions with respect to legal limits of 2.5% for SO₂, 2.5% for NO_x and 30% for dust¹²⁷.

Table 88 – OVERALL EMISSIONS (2007-2009)

	unit of measurement	2007	2008	2009
CO ₂	t	483,212	1,686,384	1,422,402
CO	t	78.5	376.6	352.2
NO _x	t	296.1	948.8	758.0
SO ₂	t	0.1	768.9	623.0

NB: figures for the three-year period in question have been reclassified according to Acea shareholdings (100% A.R.I.A. Group, 100% Acea Reti e Servizi Energetici, 15% Tirreno Power, 30% AceaElectrabel Produzione). Tirreno Power was not included in the Group scope of consolidation in 2007.

The CO₂ emissions **assigned to the National Allocation Plan (NAP) for the Group** for 2008-2009 and those effectively emitted are illustrated in Table 89. These values refer to **overall volumes** to attribute to each Station, while the emissions for Acea – recalculated according to shareholdings – are provided in *Environmental Accounts* in the attached CD.

¹²⁷ The limits established by the MICA Decree in 1993 and Legislative Decree 152/06 (Annex 2, part 5), are 400 mg/Nm³ for SO₂, 200 mg/Nm³ for NO_x and 50 mg/Nm³ for dust, while the programmes to improve environmental performance in Tirreno Power have led to concentrations in the Vado Ligure Station of 390 mg/Nm³ for SO₂, 195 mg/Nm³ for NO_x and 35 mg/Nm³ for dust.

Table 89 – NAP CO2 EMISSION SHARES AND EFFECTIVE EMISSIONS BY PLANT (2008-2009)

plants	2008		2009	
	shares assigned by NAP (tons)	effective emissions (tons)	shares assigned by NAP (tons)	effective emissions (tons)
Tirreno Power Plants				
(Acea shareholding 15%)				
Naples Plant	13,202 (*)	25,156.53	339,665 (**)	471,979.20
Torrevaldaliga	2,451,352	2,570,428.71	2,284,458	1,818,446.38
Vado Ligure	4,206,197	4,341,087.27	3,995,887	3,673,241.78
AceaElectrabel Produzione Plants				
(Acea shareholding 30%)				
Tor diValle	235,788	153,552	235,788	105,737
Montemartini	6,089	9,345	3,653	3,095
Voghera	717,675	278,313	681,791	433,420
Roselectra	715,592	654,957	679,813	581,117
Leini:	631,740	614,114	680,297	483,627
Terni EnA Plants				
(Acea shareholding 100%):				
Terni EnA (***)	8,055	125,869	8,055	65,642

(*) Shares assigned for roll-out of the combined cycle at Napoli Levante.(Decision 013/2009).

(**) Shares assigned for roll-out (1/01/2009 – 27/04/2009) and operations (28/04/2009 – 31/12/2009) (Decision 09/2010).

(***)Share assigned for the section attributed by CIP 6/92, ending in 2010

All the plants at risk were monitored, demonstrating that **no substantial emissions of substances responsible for reducing the ozone layer** were made. Finally, sound levels were monitored at the thermoelectric and hydroelectric stations and acoustic levels were measured at the Montemartini Plant further to installation of a soundproofing structure at the outlet of one of the gas turbines.

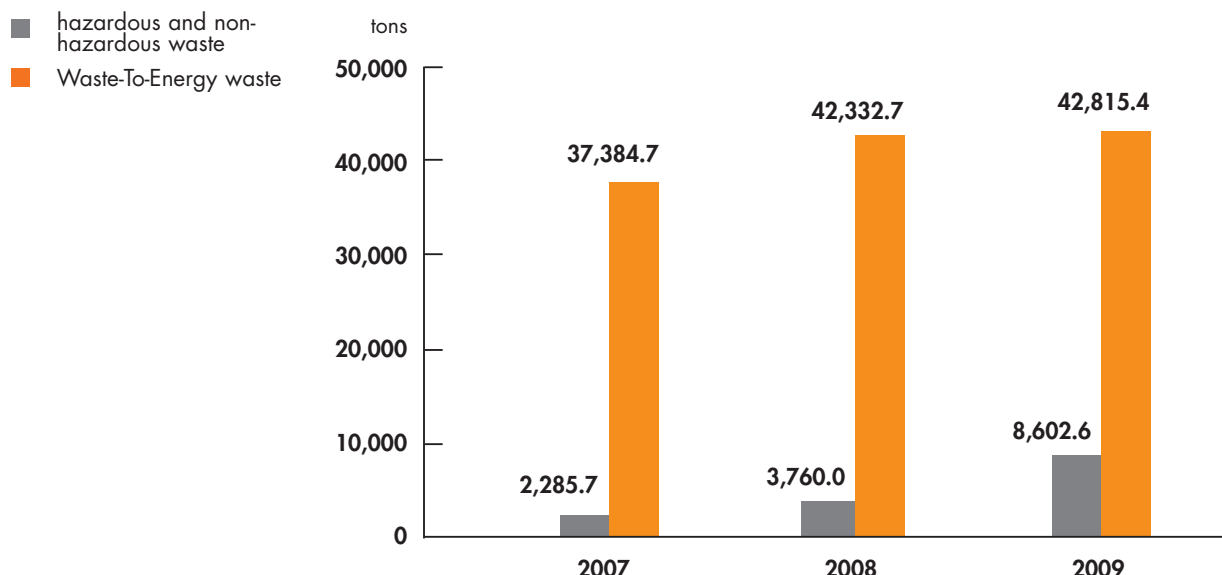
Acea Group Waste

Group waste production is described separately for the energy and water sectors, as indicated in the *Environmental Accounts* (pages 16-18). This distinction is considered essential as these two areas represent extremely different businesses both in terms of management and regulations and consequently with respect to waste production.

The overall amount of **waste produced** in the **energy area**¹²⁸ includes the amounts deriving from **distributing** electricity and **producing** energy (by AceaElectrabel Produzione and, as of 2008, Tirreno Power), amounting to **8,602 tons** (around 937 t of which was “hazardous waste”, around 11% of the overall waste) and waste deriving from **Waste-To-Energy operations** (substantially **ash** and **waste**), amounting to **42,815 tons** (12,271 t of which “hazardous waste”, around 29% of overall waste) (see Chart 45).

¹²⁸ The overall amount of waste in the energy sector includes 50% of waste produced by the Holding Company (around 29 tons, 5 of which are classified as “hazardous waste”).

Chart 45 – WASTE PRODUCED BY THE GROUP BY ENERGY AREA (2007-2009)

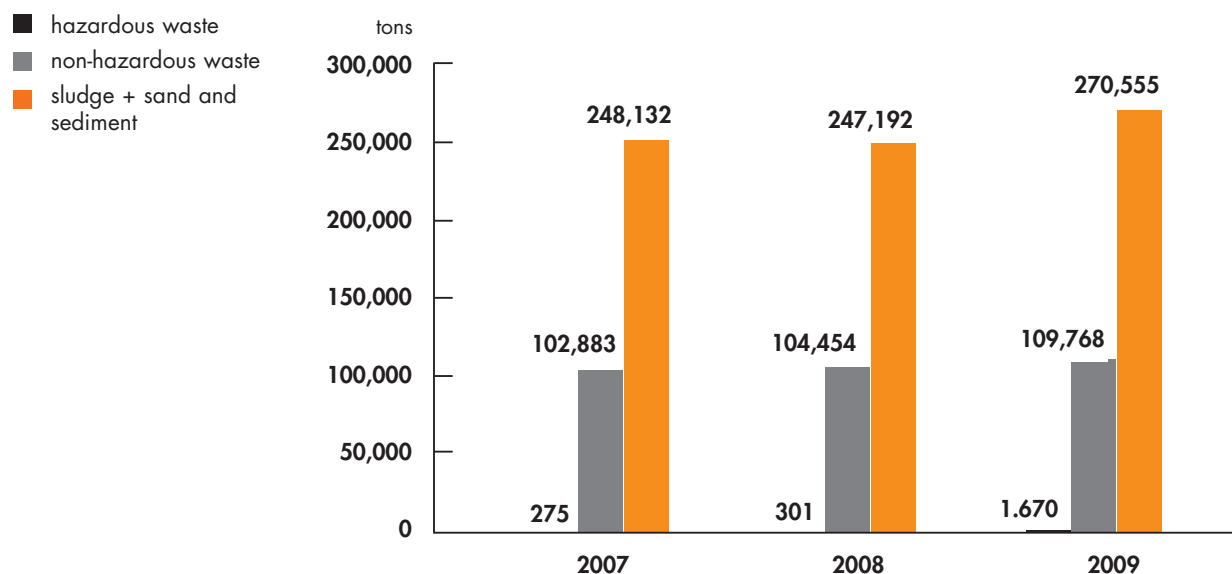


NB: "hazardous and non-hazardous waste" includes the amounts for which Acea is responsible according to shareholding (100% Distribuzione, 100% A.R.I.A. Group, 30% AceaElectrabel Produzione and 15% Tirreno Power). Tirreno Power was not included in the scope of consolidation in 2007.

The **waste produced in the water sector**¹²⁹, in which the Group's main water companies operate, amounted to **111,438 tons** in 2009 (1,670 t of which "hazardous waste", in other words 1.5%) and is mainly hazardous and non-hazardous inert material.

The **waste from treatment** of wastewater should be taken into consideration separately, which amounted to around **253,789 tons of sludge** in 2009 (56% by Acea Ato 2 alone) and **16,766 tons of sand and sediment** (58% by Acea Ato 2). See attached *Environmental Accounts* for further details.

Chart 46 – WASTE PRODUCED BY GROUP IN THE WATER SECTOR (2007-2009)



¹²⁹ In addition to the water companies in the report scope - Acea Ato 2, Acea Ato 5, Gori, Acque, Publicacqua, Acquedotto del Fiore - the overall amount of waste in the water sector includes 50% of waste produced by the Holding Company (around 29 tons, 5 of which are classified as "hazardous waste").

Acea uses specialized and authorized outsourcers for the purposes of waste disposal.

A number of companies achieve: **high percentages of recovered waste** Acea Distribuzione recovers 43% of overall waste (526 t out of around 1,222 t), Acea Ato 2 recovers 23% (664 t out of 2,913 t), Acea Electrabel Produzione sends around 16% of waste for recovery (538 t out of 3,281 t) and – above all - 88% of hazardous waste (474 t out of 539 t). The Tirreno Power Vado Ligure Station sends 100% of ash (light and heavy) and plaster produced to cement works. Tirreno Power manages to send around 83% (24.484 t out of 29,647 t)¹³⁰ of all other waste for recovery.

Furthermore, **separate waste collection** has also been carried out on the premises of the Head Office in Rome since 2008, also due to daily cooperation and commitment from all the employees working there. **Around 36,160 kg** of paper, cardboard and plastic was collected by the authorized companies and sent for recycling in 2009.

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**DOVE UN GIORNO DI SOLE
PUÒ DARTI LA CARICA
C'È LA NOSTRA ENERGIA.**

DAL 1809 ACEA E LA CITTÀ DI ROMA FANNO PARTE DI UN'UNICA STORIA. UNA STORIA FATTA DI PASSIONE, INNOVAZIONE E RISPETTO PER L'AMBIENTE E LE PERSONE. UNA STORIA DI ENERGIE CONDIVISE INSIEME A TUTTI I ROMANI PER VIVERE AL MEGLIO LO SPLENDORE DELLA NOSTRA CITTÀ.

2009
aceea
100 ANNI

ACEA. IL TUO MONDO AL CENTRO DEL NOSTRO.

¹³⁰ See also relative fact sheet in Company Fact Sheets Italy-Overseas.

Checks on Heating Systems and Mobility

Acea helps keep the level of emissions into city air under control both by checking civilian heating systems on behalf Municipality of Rome and through an efficient fleet of vehicles.

“Sanacaldaia” and “Caldiae sicure” Programmes

Acea Reti e Servizi Energetici SpA checks and inspects civilian heating systems on behalf Municipality of Rome to ensure they comply with legislation on limiting energy consumption.

According to current laws¹³¹, towns with over forty thousand inhabitants are obliged to check the effective maintenance and working conditions of heating systems in their territory.

These programmes are called Sanacaldaia (Healthy Boiler) and Caldiae Sicure (Safe Boilers): the former concerns Centralized heating systems exceeding 35 kW for heating uses and the latter concerns individual heating systems below 35 kW (so-called “independent” systems).

There are around **26,200** Centralized heating systems amounting to **8,566 MW**, whereas “independent” heating systems in Rome amounted to around **632.000** with estimated power of around **6,000 MW**.

In view of the current trend not to install Centralized heating systems in new buildings, the number and figures concerning these have remained basically stable over the last few years whereas, although the number of independent systems is increasing, they however have little affect on the overall number of systems installed as they involve such small power levels.

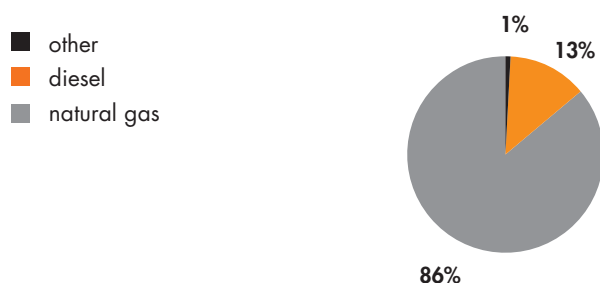
An analysis of the fuels used in these systems illustrates that:

natural gas is used in 86% of systems exceeding 35 kW and in almost all independent systems (below 35 kW);

diesel counts for around 13% of fuel used in Centralized systems;

other fuels (mainly biodiesel, LPG, pellets) count for just 1% of the fuel used in Centralized systems. More specifically, LPG is more popular on the outskirts which is not served by the gas mains.

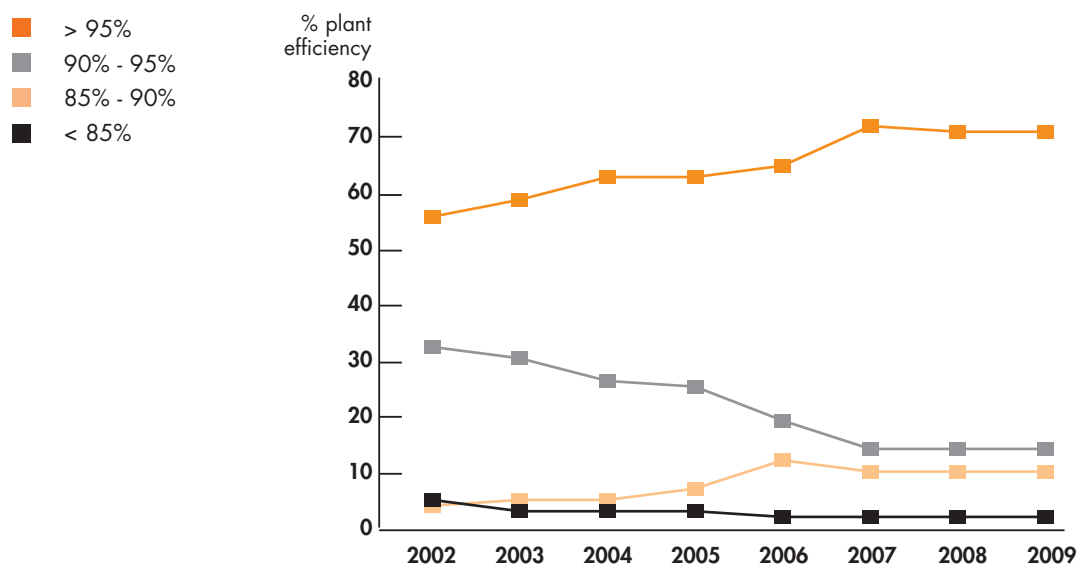
Chart 47 – DISTRIBUTION OF FUELS USED IN ROME (2009)



¹³¹ Decree by the President of the Republic 412 from 1993 (amended through DPR 551/99, Legislative Decree 192/05 and Legislative Decree 311/06).

Chart 48 illustrates the general improvement in average fuel efficiency registered during checks on Centralized heating systems between 2002 and 2009, which was also due to ongoing inspections and relative stability in figures over the last three years.

Chart 48 – TREND IN CENTRALIZED HEATING SYSTEM EFFICIENCY (2002-2009)



In-house Mobility

The Group tends to renew its corporate vehicle fleet in order to reduce emissions into the atmosphere. Over the last few years, the fleet has remained stable at around 2,450 vehicles, however latest generation vehicles have increased (euro 4) to replace "older" vehicles and, for the same reason, other vehicles still running in 2009 are due to be replaced in 2010. No important changes in nitrogen oxide (NO_x) and carbon monoxide (CO) emission were therefore recorded in 2009 with respect to the year before, while CO₂ emissions fell slightly due to a slight decrease in fuel consumption (diesel and petrol, see Table 83).

¹³² See also Emissions and waste, as well as that illustrated in Emissions from Vehicles and Air Conditioning in the attached Environmental Accounts, page 19.

Acea supports leading Research Centres and Legislation Agencies for the sectors in which it operates (see relative box in *Institutions and the Company*) and has continued to develop numerous studies, experiments and applications for new technology or innovative products and processes through operational companies such as LaboratoRI, Acea Ato 2, Acque, A.R.I.A. Group, Acea Distribuzione, Acea Reti e Servizi Energetici and others¹³³, often with cooperation with universities.

Research in the energy sector above all involves innovation concerning **renewable energies** or **lighting technology**. Projects for the water sector mostly deal with **safeguarding resources**, streamlining their use, **treating wastewater** and economic and financial aspects in relative management. Particular attention is paid to **recovering water** losses every year due to the affects it has on management. This aspect has been dealt with for a number of years by both Acea Ato 2 with cooperation from LaboratoRI and other Group water companies via "district metering" (see relative box).

Box – Identifying Water Losses in Municipalities in ATO 2 – Central Lazio

Identification and repair of water losses continued in 2009, paying particular attention to towns outside Rome where the network conditions require more action. A District Metering Survey was carried out in Grottaferrata, Albano, Castel Gandolfo, Castel Madama, Monterotondo, Riano, Fiano Romano, Santa Marinella and Cerveteri. The main objective of this survey was to locate more significant losses and to outline a

permanent monitoring system both to keep the level of losses under control after repairs and to identify any new losses. The network maps for all the towns in question were completed and pipe layout and characteristics of building works entered into GIS ATO 2, amounting to around 550 km, which was reconstructed and entered into the system.

More specifically, **LaboratoRI** and **Acea Ato 2** jointly carry out extensive research. Tables 90-93 provide a summary of the main actions taken over the last few years and continued in 2009 with respect to the environmental water area, divided into 4 smaller areas: **springs and drinking water, treatment plants, catchment areas and sewage systems**.

In addition to the research activities illustrated hereunder, LaboratoRI also supports other Group companies, for example designing and supporting management of the treatment plant for water used to squeeze pulper for **Terni EnA** in 2009.

¹³³ See also Company Fact Sheets Italy-Overseas.

Table 90 – MAIN RESEARCH ON SPRINGS AND DRINKING WATER

project title (year)	description
Monitoring to manage and protect water resources in ATO 2 (2009)	Applying water groundwater table balancing at drinking water sources in ATO 2 by way of implementing the procedure developed and proposed by Lazio Regional Council the year before.
Water research (2009)	Assessing water availability (amounts available for withdrawal) with field surveys to optimize the systems at Val Casale and Gramiccia (Fiano Romano), Matiera (Sacrofano), Fontane Nuove (San' Oreste) and Laurentino (Pomezia) wells.
Areas to safeguard (2009)	This was the first year in a two-year programme to draw up technical proposals for areas to safeguard at new wells (Fiano Romano, Marcellina, Grottaferrata, Castelgandolfo, Rocca di Papa), the Doganella wells and Simbrivio springs.
Disinfection for water intended for human consumption (2006-2009)	Research at a pilot plant to check the efficiency of disinfection by peracetic acid with respect to other disinfectant, by-products (taste and smell) which may be generated under dynamic and stagnation conditions, the stability of residues from disinfection and the effects from materials used in distribution continued.
Treatment of water intended for human consumption – support in planning and procurement of treatment systems (2009)	Research to identify effective treatment processes to ensure compliance of water quality with new emission standards to the effects and purposes of Legislative Decree 31/01 concerning drinking water quality.
Streamlining and checks on operability of drinking water treatment processes (2009)	Further to new acquisitions by Acea Ato 2 in the area, the operability in drinking water treatment plants checked and consequently the process streamlined and system monitored.
New technology for removing arsenic and vanadium from drinking water (2007-2009)	Experiments on a new filtering material combining ion-exchange resin technology with granular ferrous hydroxides to remove arsenic and vanadium from drinking water were completed.
Development of an ongoing monitoring prototype to detect mineralization parameters in water intended for human consumption (2009)	A prototype to continuously establish mineralization parameters was acquired and installed and can be used to inform customers of the main quality features in water intended for human consumption in various "strategic" sites in the city of Rome.

Table 91 – MAIN RESEARCH ON TREATMENT PLANTS

project title (year)	description
CLARIUS software application to manage wastewater treatment plants (2009)	Pilot project concerning application of Clarius software to organically and systematically collect and analyze information concerning the South Rome treatment plant. The objective of this project is to check the potential of this software as a tool to support management and draw up an application protocol.
SBBGR Pilot Project (2008-2009)	Experiments on SBBGR technology (Sequencing Biological Biofilter Granular Reactor). The first experimental stage on a pilot plant aimed at checking plant performance in terms of both removing and producing sludge was completed in 2009.
Sand classification and cleaning (2009)	Further to new provisions concerning the disposal of sludge and sand produced by treatment plants and to experiments on a pilot plant last year, a project was drawn up and technical and economic analyses made for a Centralized station to treat sludge and sand for reuse.
Full-scale MBR study (2009)	Further to installation of an MBR plant in the South Basin, a study to check full-scale performances that this technology can achieve in relation to Italian legislation in reusing wastewater.
Monitoring of hydrogen sulphide (H ₂ S) in wastewater treatment plants (South, East, North Rome, Ostia, Co.BI.S.) (2007-2009)	Research into the distribution of smell inside and outside the larger treatment plants in terms of area and length of time continued. Ordinary, extraordinary and nighttime monitoring campaigns applying the research method to discover the smell indicator for hydrogen sulphide air quality continued.
Safety Project: chemical and biological monitoring of air in wastewater treatment plants (South, East, North Rome, Ostia, Co.BI.S. and 15 smaller plants) (2007-2009)	This study involved review of chemical and biological Risk Assessment Documents for large treatment plants and updating of the biological risk in 15 smaller plants in 2009. Biological document review involved seasonal campaigns to monitor the microbiological quality of the aerosol and the work process and methods adopted to manipulate chemicals were checked for the chemical risk assessment document.

Table 91 – MAIN RESEARCH ON TREATMENT PLANTS (continued)

project title (year)	description
Check on efficiency of technologies to reduce smells at the Rome South Plant (2007-2009)	A number of air treatment devices (drums, scrubbers and plasma) are installed at the Rome South plant to reduce smell emissions. In order to monitor the real treatment efficiency, the concentrations of two indicators (hydrogen sulphide and volatile organic compounds) entering and leaving the plant continue to be monitored at set intervals.

Table 92 – MAIN RESEARCH ON CATCHMENT AREAS

project title (year)	description
Mapping of water balance areas (2009)	This project was launched for the first time in 2009 and involved sample-taking to establish the quality of water to establish the boundaries for catchment areas from which drinking water is withdrawn by Acea Ato 2.
River Tiber and River Aniene: quality, online chemical and physical monitoring network and eco-toxicological implementation (2007-2009)	Research into the time-related evolution of quality features in the Rivers Tiber/Aniene continued by means of accurate sample-taking for the purpose of annual classification (Italian Legislative Decree 152/06), analyzing the chemical-physical, biological and hydraulic data produced by the ongoing monitoring network comprising 4 control units and a bio-monitoring system to observe performance of the overall toxicity index.
River Tiber: Definition of procedure to monitor ecosystems (2008-2009)	Work to establish the quality and quantity in the suburban stretch of the River Tiber to outline a procedure for multi-parametric and integrated study of the sediment and the water was completed.
Establishment of the features in River Mignone water: evolution in quality features (2008-2009)	Work to establish the features of River Mignone water to check the impact along the waterway and changes to quality continued.
Development of a model for assessing polluting impacts along the urban stretch of the Rivers Tiber and Aniene (2006-2009)	An integrated simulation tool to link the causes of pollution with the effects discovered or expected on the system of receiving water bodies using SIMPOL3 software developed by the Water Research centre (WRc plc) in the UK was developed. SIMPOL3 is a probability-based model, whereby all the variables involved are considered casual variables with assigned laws of probability. The activities carried out in 2009 included completion of the model for the Tivoli section and River Tiber confluence of the River Aniene and schematization of the section between the Castel Giubileo dam and Mezzocammino River Tiber catchment area.

Table 93 – MAIN RESEARCH ON SEWERAGE SYSTEMS

project title (year)	description
Urban Drainage Model for North Rome and East Rome sewerage basins (2004-2009)	Review of the urban drainage model for the Rome North and Rome East sewage basins. The mathematical model can simulate drainage system operations under various conditions and is used to assess: response from the system in relation to significant historic rain fall and the frequency with which flood drains work with respect to historic series. The 2009 version of the model for north Rome covers a surface area of 154 km ² , with a sewerage system around 106 km long comprising 74 pumps and 10 cochlea and for east Rome covers surface area of 148 km ² with a sewerage system around 45 km long comprising 5 pumps and 4 cochlea.
Inflow/Run-off model for the entire south Rome sewerage basin (2006-2009)	This project aims to reconstruct the physical features of the waste and rain water drainage system relating to the south Rome main sewage system to create a mathematical model that can simulate urban drainage under various conditions. The following operations were carried out in 2009: digitalization and mapping of the main sewage system profiles; schematization of hydraulic structures found in 2008; inclusion of updated information concerning the census for an estimate of wastewater; reconstruction of draining basin features (urban and otherwise); monitoring of the quality and quantity of water entering the south Rome treatment plant; processing of data concerning rain for the events recorded.

21 – Main Works Involving the Management and Development of Electricity Networks and Stations (2009)	74	54 – Acea’s Human Resources: Hours Worked (2007-2009)	120
22 – “Specific” Commercial Quality Levels and Performance of Acea Distribuzione (2008-2009)	76	55 – Acea’s Human Resources: Days of Absence (2007-2009)	120
23 – Automatic Rebates for Customers Due to Failure to Comply with “Specific” Quality Levels (2009)	76	56 – Average Gross Salary According to Role (2007-2009)	124
24 – “Specific” Commercial Quality Levels: Punctual Notification of Technical Information by Distributor for Vendor (from July-December 2009)	77	57 – Overall Average Gross Salaries (2007-2009)	124
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Acea
2009 Sustainability Report

compiled by
Rapporti Istituzionali
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graphic
EDB&RDB

photographs
Fabio Anghelone - Archivio Acea

Italian edition printed in october 2009 by
Unionprinting

on Fedrigoni Symbol Freelifa
environmental-friendly recycled 2-sided coated
paper



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