

SUSTAINABILITY REPORT 2011



EDISON

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SUSTAINABILITY REPORT 2011

EDISON IN ITALY

Legend:

- Head office
- Thermoelectric power plant
- R&D Center
- Hydroelectric power plant
- Wind Farm
- Photovoltaic power plant
- Gas field
- Oil field
- Storage concession
- LNG terminal
- Compressor station
- Gas pipeline planned - under development
- Operational pipeline

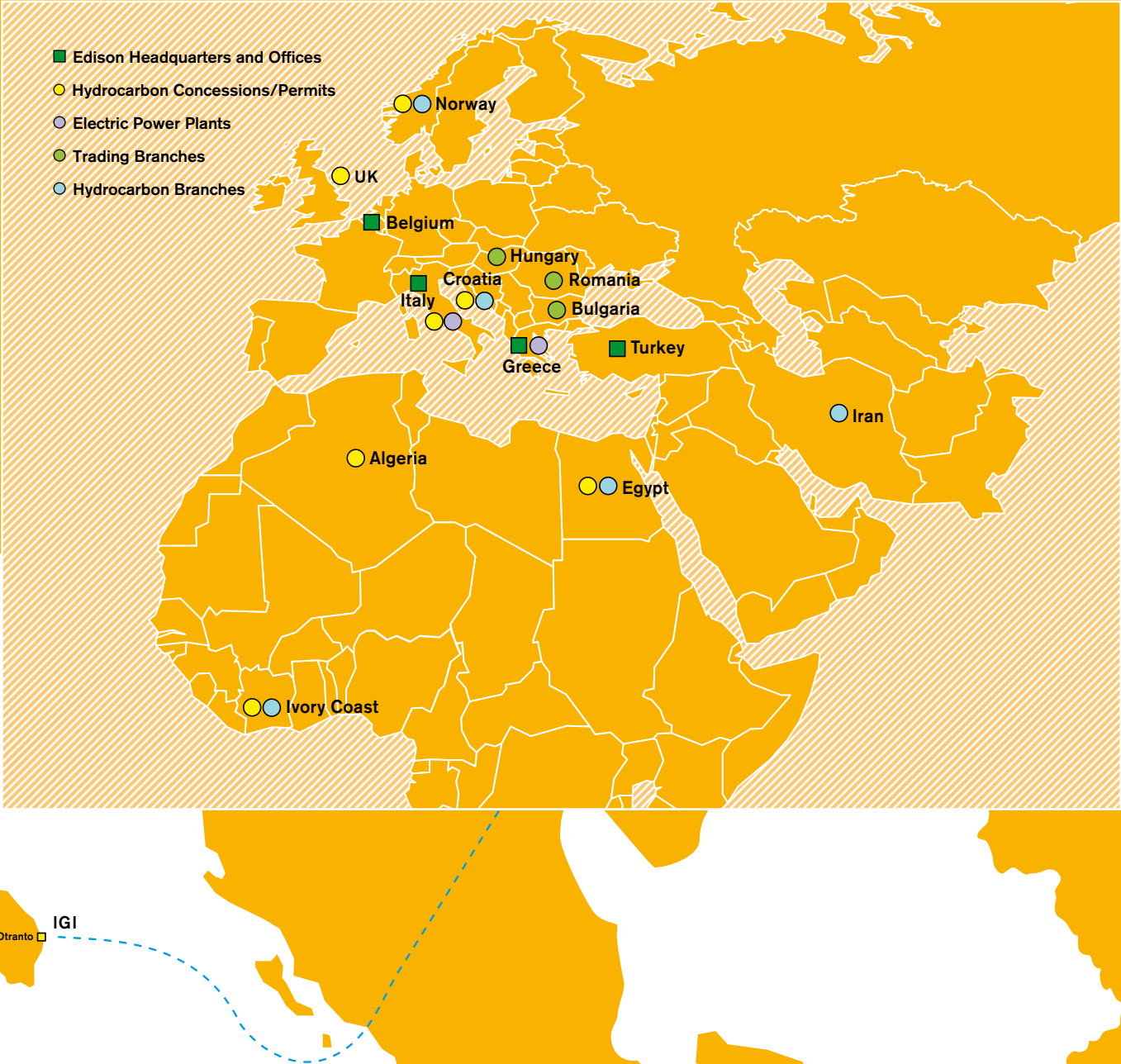
Locations marked on the map:

- North:** Prati di Vizzè, Brunico, Ponte Gardena, Premesa, Bolzano, Mezzocorona, Taio, Castelbello, Sonico, Lasa, Gloranza, Curon, Mese (12 plants), Venina, Belviso, Cedegolo, Ganda, Cividate, Val Caffaro (4 plants), Zappello, Veduggio, Monza, Cologno Monzese, Calusco, Publino, Sesto S.G., Paderno, Robbiate, Mediglia, Turbigo, Cascine Bianche, Oviglio, Sarmato, Piacenza*, Sermide*, San Quirico, Porcari, San Benedetto Val di Sambro, Minerbio, Cavarzere, Porto Viro, Marghera, Collalto, Torviscosa, Val Meduna (5 plants), Udine (8 plants), Izabela, Naide, Anemone, Daria, Regina, Clara, Calipso, Sarago Mare, Emma W, Giovanna, Squalo, Santo Stefano Mare, Rospo Mare, Portocannone, Castelnuovo della Daunia, Volturara - Motta, Volturino, Reggente, Candela, Rocchetta S. Antonio, Vaglio, Brindisi, Sella di Conza, Accettura, Altomonte, Melissa - San Francesco, Melissa - Strongoli, Simeri-Cricchi, Milazzo, San Filippo del Mela*, Mistretta, Comiso, Tressauro, Vega, Panda, Siracusa.
- Center:** Jesi, Montemignaio, Piombino, San Marco, Carassai Grottammare, Pentima, Terni, Cellino, Sambuceto, Bussi, Sulmona, Monteferrante, Montazzoli, Castiglione M. Marino, Fraine, Roccaspinalveti, Roio-Schiavi, Lucito, Ripabottoni, Termoli, Foiano, Faeto, Monte Barbatto, Toppo Grosso, San Vito, San Giorgio, La Molara, Foiano, Piano del Casino, Tusciano (8 c.li), Castelnovo di Conza, Sella di Conza, Accettura, Vaglio, Brindisi, Simeri-Cricchi, Melissa - San Francesco, Melissa - Strongoli, Simeri-Cricchi, Milazzo, San Filippo del Mela*, Mistretta, Comiso, Tressauro, Vega, Panda, Siracusa.
- South:** Cagliari, Galsi, Farigliano, Verzuolo, Trofarello, Chivasso*, Monza, Cologno Monzese, Calusco, Publino, Sesto S.G., Paderno, Robbiate, Mediglia, Turbigo, Cascine Bianche, Oviglio, Sarmato, Piacenza*, Sermide*, San Quirico, Porcari, San Benedetto Val di Sambro, Minerbio, Cavarzere, Porto Viro, Marghera, Collalto, Torviscosa, Val Meduna (5 plants), Udine (8 plants), Izabela, Naide, Anemone, Daria, Regina, Clara, Calipso, Sarago Mare, Emma W, Giovanna, Squalo, Santo Stefano Mare, Rospo Mare, Portocannone, Castelnuovo della Daunia, Volturara - Motta, Volturino, Reggente, Candela, Rocchetta S. Antonio, Vaglio, Brindisi, Sella di Conza, Accettura, Altomonte, Melissa - San Francesco, Melissa - Strongoli, Simeri-Cricchi, Milazzo, San Filippo del Mela*, Mistretta, Comiso, Tressauro, Vega, Panda, Siracusa.
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Notes:

- * Edipower thermoelectric power plant
- ** Edipower hydroelectric power plant

** Edipower hydroelectric power plant



FACILITIES AND INFRASTRUCTURES AT ITALY'S SERVICE

Electric Power Sector		Hydrocarbon Sector	
thermoelectric power plants	28	concessions and exploration permits	60
hydroelectric power plants*	72	concessions and permits for natural gas and crude oil exploration and production outside Italy	23
wind farms	32	storage centers in Italy***	3
photovoltaic facilities	9	hydrocarbon reserves (in billions of m3)	49.8
biomass power plants	1	gas distribution networks (in thousands of km)	3.52
MW of installed capacity from renewables**	2,224		11,459

* including 3 mini-hydro units
** the installed capacity data include 50% of the capacity of Edipower generating facilities
*** 2 operational centers and 1 center under development

LETTER TO OUR STAKEHOLDERS



For Edison, the adoption of a sustainable development model is consistent with a business management philosophy aimed at achieving economic growth with minimal impact on the environment and the social context.

Over the years, the Company has become increasingly aware of the leading role that it is being asked to play in addressing the challenges posed by the current global context and the economic, social and environmental issues that characterize it. Finding appropriate responses to these challenges is essential for the long term success of the Company's business endeavors and the overall national economic growth as a whole, the prosperity the country is, in fact, dependent to a significant extent on the contribution provided by the energy sector.

Consequently, Edison has steadily sought to integrate sustainability principles into its corporate business model. More specifically, compliance with the guidelines of Edison Sustainable Development Policy produced concrete actions and results including, besides a renewed commitment to the United Nation Global Compact, its ongoing sponsorship and support of the Italian Global Compact Network, as demonstrated by Edison's appointment to the Network's Steering Committee and its ongoing involvement in numerous initiatives organized by the Network at a national level, particularly with regard to human rights issues.

The new structure of the 2011 Sustainability Report is specifically designed to provide the stakeholders with a report on the projects pursued and the results achieved, measured in terms of the Policy's stated objectives.

In 2011, consistent with this approach, the Company's organization played a growing role in defining future objectives that are directly related to the four challenges identified in the Sustainable Development Policy: the Environment, our Employees, the Market, and our Community. The Sustainability Report highlights concrete objectives within contexts that are closely related to these challenges.

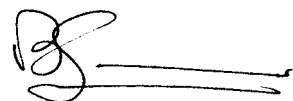
With this in mind, Edison ongoing pursuit of these objectives and the development of several related initiatives attest to its growing commitment to sustainability. Moreover, even if a different stock ownership structure were to emerge in the future, the Company will continue to adopt the best sustainable development practices and strengthen its relationship with all stakeholders.

In 2011, Edison continued to support numerous projects in different areas of corporate sustainability. Noteworthy projects pursued in 2011, in addition to ongoing investments in environmental protection and the development of renewable energy sources, included the Group's contribution to the international debate on sustainable development and its commitment to biodiversity. More specifically, the projects carried out in 2011 to determine the level of biodiversity in the areas surrounding production facilities enabled the Group to identify highly sensitive areas requiring an assessment of the impact of its activities and the adoption of appropriate mitigating measures. Moreover, the Company's well-established collaborative relationship with European Union's institutions in the effort

to define climate-change objectives was further strengthened by the presentation of a position paper that states the Company's vision with regard to the issues that will be discussed at the next United Nation Conference on Sustainable Development, scheduled to take place in Rio de Janeiro in June 2012 ("Rio+20 – United Nation Conference on Sustainable Development").

Major achievements in the area of human resources included completion of the certification process for the occupational health and Safety Management Systems of all the operational sites of the hydrocarbons operations, concurrently with the adoption of a Management-By-Objectives (MBO) system, applied to the entire management team, to assess the Group's performance with regard to occupational health and safety. Having achieved a significant reduction in Group accident rates in 2011, Edison intends to redouble its efforts to enhance occupational safety, which is still one of its primary goals, as concretely demonstrated by the decision to include among the parameters of the MBO system an integrated injury rate that includes the results for employees of contractor's performance in this area. Also in area of social issues, Edison has been very active in promoting respect for human rights: in addition to further progress in implementing the "It's my right. It's my life" project in Egypt, it organized a seminar entitled "Human Rights: the Implications for Businesses" aimed at informing and educating about human rights issues the Group's managers and representatives of other companies included in the Human Rights Working Group of the Italian Global Compact Network. Lastly, several community-oriented projects were devoted to promoting a culture of sustainable development: with "Edison Green Movie", focused on mitigating the environmental impact of movie production, "Eco-Generation. Your School is the Climate's Friend", aimed at developing eco-efficiency standards for schools, and "Edison Change the Music", designed to promote a culture of sustainability in the music world, Edison addressed major issues in the area of sustainable development. In addition, the same level of commitment drove projects aimed at establishing a dialogue with communities and promoting corporate volunteering and cultural projects. Particularly noteworthy projects in this area included "Together for Haiti", to help Haitian children after the 2010 earthquake, and the contribution provided to produce "The Cardboard Village", Ermanno Olmi's latest movie, which tells a story of different cultures and religions gathering, dialogue, acceptance and solidarity.

It is important to keep in mind that the activities carried out in the area of corporate responsibility were also assessed in terms of their compliance with the principles of the ISO 26000 Guidelines for Social Responsibility, which represents a further concrete example of the steady integration of sustainability issues into Edison's business activities. In conclusion, even in this period of internal and external changes, the 2011 Sustainability Report, in addition to providing the Group with an effective tool to deliver to its stakeholders an accounting of its economic, social and environmental performance, serves the purpose of emphasizing its future objectives and defining the guidelines that will guide its response to the challenges of sustainability.



Bruno Lescoeur
CEO

EDISON SUSTAINABLE DEVELOPMENT POLICY

Sustainability is a strategic element of Edison's business model. The creation of value is based on the ability to pursue economic objectives while at the same time steadily reducing environmental impacts, consistent with a sustainable development approach, thereby meeting the expectations of all stakeholders.

The world is faced with the global challenge of climate change, which can be successfully tackled only if we all get involved. As an electric utility, we have a great responsibility: we have to manage and mitigate our environmental impacts and help minimize the effects on climate, while delivering energy to all of our customers. We are convinced that the promotion of a culture of energy conservation, coupled with special services for our customers and the development of an energy system with a low environmental impact, can help contain global warming and provide growth opportunities in our markets.

Empowering our employees and providing them with a healthy and safe work environment are core objectives for Edison, which views them as fundamental elements to guarantee the respect and integrity of all our associates. We treasure diversity and foster the professional development of our employees by listening to their needs and expectations.

Edison is committed to strengthening its ties with its local communities by respecting the aspirations of the local population and supporting growth in the areas where it operates. We involve the communities in decisions that affect them, we invest in cultural development and we promote social, educational and sports initiatives that benefit the community.

Edison's 4 challenges and 11 commitments for sustainable development

The Environment

Help fight climate change and develop an energy system with a low environmental impact:

- » position ourselves among the energy companies with the most efficient facilities and the lowest level of greenhouse gas emissions, pursuing objectives of continuous improvement as we shift our energy mix towards sources with lower emissions;
- » aim to play a leadership role in the field of renewable energy in Italy;
- » operate with the utmost respect for the environment and biodiversity.

The Market

Be a transparent and fair player in the market in which we operate to establish respectful and lasting relationships with our counterparties:

- » invest in research to develop new energy-saving solutions for our customers, offering them services that are respectful of the environment, and promote an informed use of energy;
- » develop tools to communicate with customers and consumers' associations in order to improve the services that we offer.

Our Employees

Foster the development of our employees while providing a healthy and safe work environment:

- » strengthen programs that empower our employees by helping them develop competencies and finding an optimum work-life balance;
- » strengthen and improve our Management System for occupational health and safety prevention and monitoring (already one of the most advanced in Europe) and attain accident levels that are among the lowest in our industry, while continuing to pursue a "zero accidents" objective.

Our Community

Consolidate our ties with public institutions and local communities by listening to the legitimate expectations of our stakeholders:

- » communicate our values, actions and achievements, while listening to the expectations and changing needs of our local communities and those of public institutions;
- » as responsible citizens, support social, educational and sports initiatives that benefit the community;
- » establish and maintain stable, transparent and collaborative relationships with our suppliers;
- » maintain an effective system of Corporate Governance capable of steadily creating value for our shareholders.

THE CHALLENGES OF SUSTAINABLE DEVELOPMENT AND OUR OBJECTIVES FOR THE FUTURE

	SCOPE	OBJECTIVES FOR 2012
The Environment	Environmental risk management	» Perform an environmental risk assessment to update the "231 Organizational Model".
	Adoption of integrated Management Systems	» Cover 100% of operational sites with integrated environmental and Safety Management Systems that are ISO14001 and OHSAS 18001 certified.
	Protection of biodiversity	» Implement focused projects at production facilities to verify, with field visits and site-specific analyses, the actual degree of environmental protection and the magnitude of the impact that the facilities are having on biodiversity. » Develop partnerships and collaborative relationships with representative environmental entities and/or associations at the national level and, specifically, for the areas that the study found to be potentially more sensitive. » Develop training sessions and activities, in collaboration with biodiversity experts, to raise employee awareness. » Continue implementing activities aimed at protecting biodiversity in the areas contiguous Edison's production sites.
	Energy efficiency	» Consider new methods to interact with customers, including the assessment of pilot programs in the areas of public lighting, efficiency management programs and distributed power generation for self-consumption, with a low environmental impact.
Our Employees	Working together safely	» Introduce an MBO system with targets tied to an integrated injury incidence index based on data for both Edison personnel and employees of contractors. » Promote a culture of safety among contractors by launching a training/awareness program for all of their employees working at Edison, upon their initial arrival at an Edison site.
	Foster a culture on health and safety at the workplace and raise awareness	» Develop a training program for Edison employees consistent with the provision of the agreement between the central government and the regional administrations that went into effect on January 26, 2012. » Launch a pilot training program for the development of personal and organizational skills focused on risk perception.
The Market	Quality and transparency for consumers	» Update the Service Quality Charter, focusing on deceptive sales practices. » Continue the Regional Roadmap to develop a constructive dialogue with consumers' associations that operate at the local level.
Our Community	Protection of human rights	» Study the feasibility of defining a Country Risk Policy that includes avenues to assess risks related to the respect of human rights. » Include modules about human rights in the training program for Edison employees.
	Sustainability in the supply chain	» Develop a form to assess the sustainability of suppliers and define a rating method.
	Governance of sustainability	» Perform a new assessment of the conformity of Edison corporate responsibility management practices with the principles of the ISO 26000 standard.

WHO WE ARE



OUR RESPONSIBILITY

Edison is the Italian second largest operator in the electric power and gas sector. In 2010, two short years since it entered the residential electric power and gas market in Italy, Edison reached the major milestone of one million retail customers and continued on this success path in 2011 with a further significant growth of its customer base. Edison's market success is undeniably tied to the beliefs that underpin its business activities: commitment to sustainable development and responsible conduct toward the public, ethics in employment and protection and empowerment of associates and ethics in business conduct and corporate activities.

The principles reflected in the beliefs that drive the management of the Company's businesses and the values that are embodied in its Code of Ethics are inherent in the activities it carries out every day in the electric power and hydrocarbon sectors.

Edison produces, imports and sells electric power and hydrocarbons (natural gas and oil). With an annual net production of electric power of 35.3 TWh in 2011, Edison is notable for its success in developing a well balanced portfolio of highly efficient power plants, which enables it to produce energy with an optimum mix of facilities, ranging from combined-cycle systems fueled with natural gas to hydroelectric facilities, wind farms and other renewable sourced units. Renewable source generation accounts for 19% of Edison's total capacity, with over 2,200 MW of installed capacity. The Group's production from renewable sources is provided by a portfolio of 72 hydroelectric power plants,

Electric power – Sources (in GWh)	2011	2010	2009	'10-'11 % change
Thermoelectric production	27,146	35,361	35,646	-23.2%
Hydroelectric production	5,307	5,734	5,398	-7.4%
Production from wind power and other renewables	710	729	561	-2.7%
Edison Group's production in Italy (net)	33,163	41,824	41,605	-20.7%
Other purchases*	38,990	30,070	18,770	29.7%
Production outside Italy (thermoelectric)	2,172	943	236	130.3%
Total sources	74,325	72,837	60,611	2.0%

* Before expenses and excluding the trading portfolio.

Natural gas – Sources (in millions of m³)	2011	2010	2009	'10-'11 % change
Production in Italy	520	509	604	2.2%
Pipeline imports	5,682	7,671	8,678	-25.9%
LNG imports	6,130	5,813	1,682	5.4%
Domestic purchases and other items*	2,873	1,846	2,246	55.6%
Production outside Italy**	1,726	1,458	1,231	18.4%
Total sources	16,931	17,297	14,441	-2%

* Including changes in inventory and pipeline leaks.

** Counting volumes withheld as production tax.

Oil – Sources (in thousands of barrels)	2011	2010	2009	'10-'11 % change
Production in Italy	2,142	2,331	1,703	-8.1%
Production outside Italy*	1,366	1,159	957	17.8%
Total sources	3,508	3,490	2,660	0.5%

* Counting volumes withheld as production tax.

32 wind farms, 5 photovoltaic systems and 1 biomass facility. New photovoltaic systems were also completed in 2011.

On the international front, Edison is engaged in further strengthening its presence in the hydrocarbon sector, through production from the Abu Qir field in Egypt and exploration for new reserves in the North Sea. In 2011, hydrocarbon exploration and production growth continued with the award of new exploration licenses in Norway.

Lastly, in the area of electric power generation, Edison is present in Greece with ElpEdison, the country's second largest electric utility, and is pursuing further growth opportunities in Southeast Europe, Turkey and the Mediterranean Basin in general.

EDISON'S REPUTATION



Since 2005, Edison has carried out an annual survey to monitor the "health" of its image and reputation among its stakeholders. The survey is based on interviews of about 100 respondents, including business customers, suppliers, financial analysts, corporate decision makers and journalists. The issues covered by the stakeholder survey included familiarity with Edison, Edison's overall assessment, satisfaction with the relationship and service, advertising quality, Edison's reputation and comparison with Enel and Eni, its two main competitors. The results of the 2011 survey were quite gratifying.

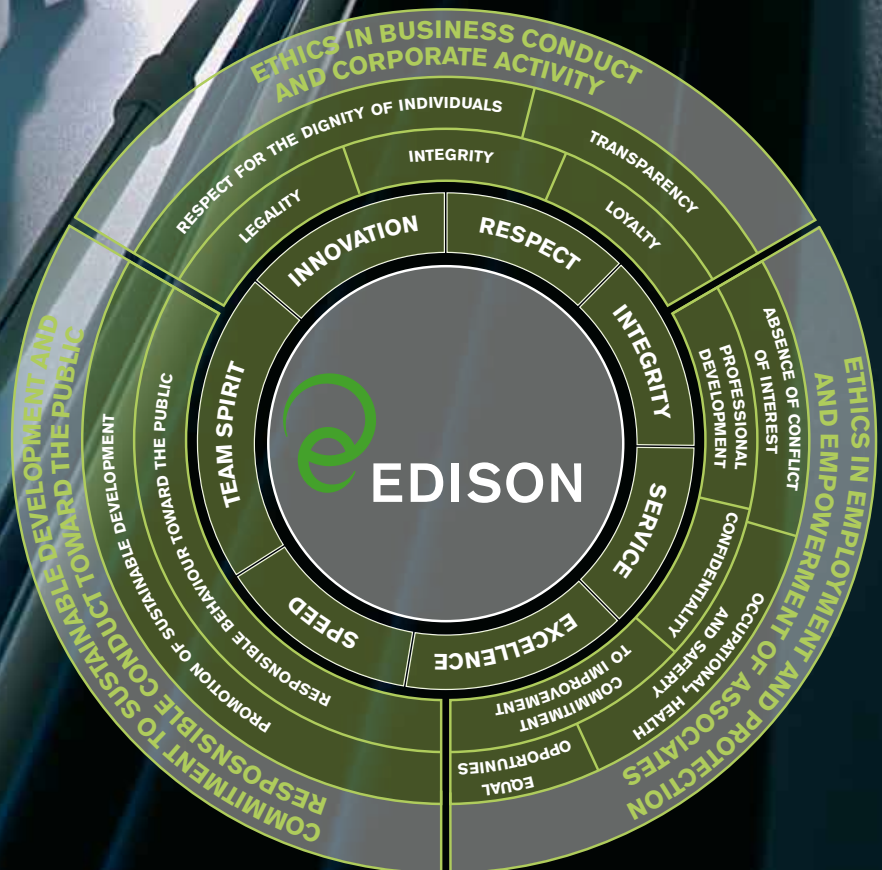
- » Familiarity with Edison has been growing steadily among stakeholders, particularly customers, suppliers and corporate decision makers, with 56% of interviewees stating that they are "very familiar" with Edison and 38% saying that they were "fairly familiar";
- » The opinion improved for some aspects of Edison's reputation, such as reliability, flexibility and innovation, but was slightly lower with regard to strength;
- » The opinion about personal relationships and service also improved, rising from 7.55 in 2010 to 7.65 in 2011;
- » There was a substantial gain in the overall assessment, which improved from 7.95 del 2010 to 8.33 in 2011;
- » The assessment of Edison's standing vis-à-vis its competitors improved steadily in terms of perception of Edison as a credible market competitor.

In 2011, in addition to the stakeholder survey, the Company surveyed opinion leaders regarding familiarity with Edison and its reputation, and an assessment of its communication activities. Here too, the results were positive, with a familiarity response of 99% for all respondents, counting those who were very familiar or fairly familiar with Edison or heard about it, and a favorable opinion (average score of 6.5), particularly among journalists. Print advertising was found to be clear, coherent and timely and Edison's advertising in general received the highest score with regard to clarity and timeliness, as well as for its entertainment value and multi-channel strategy.

Lastly, according to Fortune magazine, Edison is the Italian company with the best international reputation, placing it first for Italy in the ranking of the "World's Most Admired Companies" published annually by the magazine.

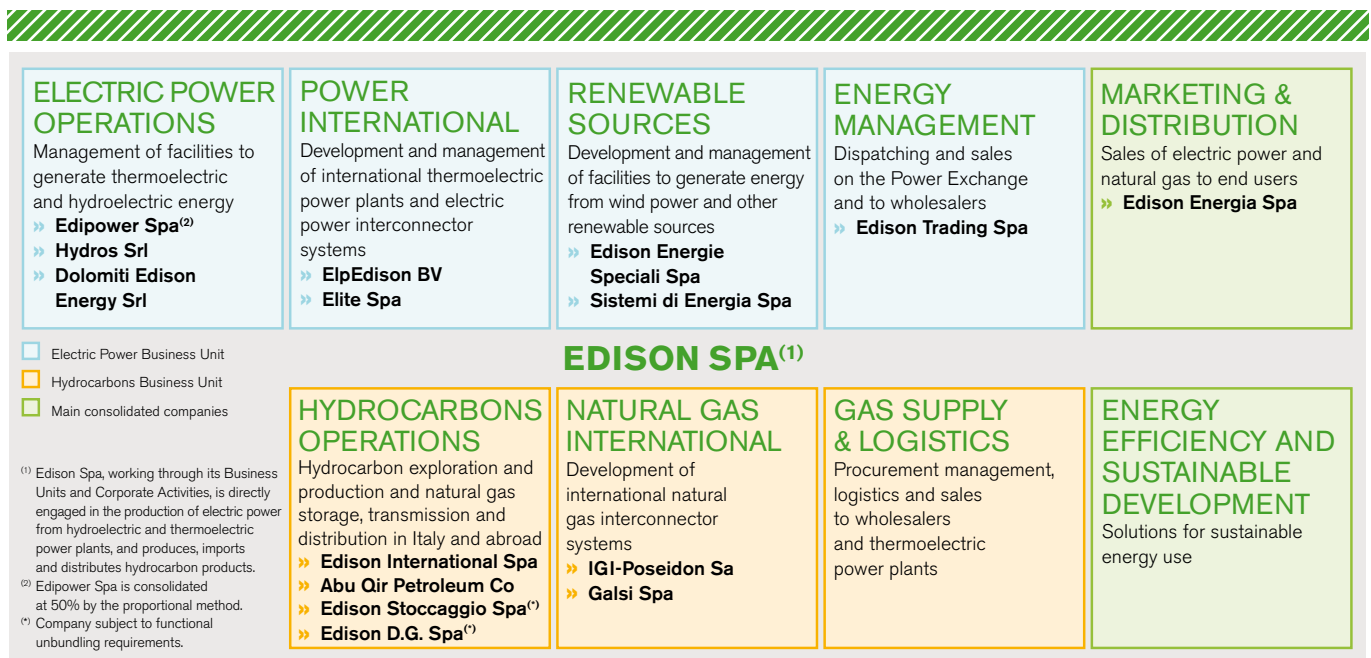
Edison's Values, which are rooted in its Code of Ethics, guide the way it conducts business and interacts with others.

Edison's mission is to supply its customers with high quality energy and services, working in partnership with its suppliers to develop and deploy more efficient technologies that are compatible with the environment and increase safety.

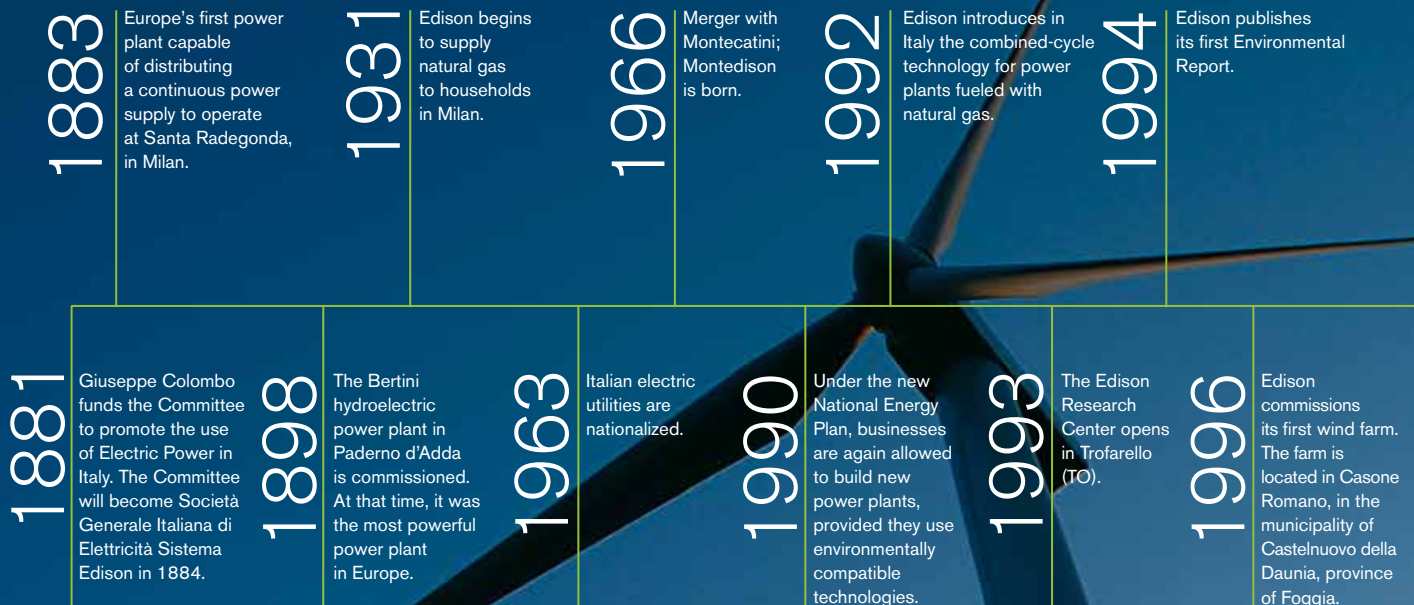


PROFILE OF THE GROUP

Edison is a leading player in Italy's energy market with activities in the procurement, production and distribution of electric power and hydrocarbons. The Group's structure was specifically designed to cover all strategic areas in the electric power and natural gas sectors. Accordingly, the Group's corporate organization is based on an integrated business model that reflects Edison's commitment to the energy business. Thanks to the coordinated effort of the Group's subsidiaries, Edison is able to produce electric power with a low environmental impact, offered at increasingly competitive prices on the deregulated market, for the benefit of its customers.



Edison's Commitment to Sustainability



Among significant events that occurred in 2011, the development concerning Edison's stock ownership structure were particularly noteworthy. On December 26, 2011, after lengthy negotiations, the shareholders A2A, Delmi and EDF reached a preliminary agreement for the corporate restructuring of Edison and Edipower. On January 24, 2012, Edison's Board of Directors approved this agreement, insofar as issues under its jurisdiction were concerned. The preliminary agreement called for the sale to Delmi of the interest held in Edipower's share capital and the signing of a contract for the supply of gas to Edipower. Both transactions will be beneficial for Edison: the sale of the interest in Edipower will release resources that will be used to fund the development of Edison's activities and will improve the Company's net financial position, with a resulting positive impact on financial ratios, while the contract to supply gas to Edipower will enable Edison to maintain unchanged the balance between gas supply sources and uses.

In addition, the sale of Taranto Energia Srl, a company to which Edison conveyed the business operations comprised of the CET 2 and CET 3 thermoelectric power plants, to ILVA (Riva Group) closed in 2011. Lastly, in April 2011, Edison sold to ExxonMobil Italiana Gas Srl and Qatar Terminal Ltd a 2.703% equity interest in Terminale GNL Adriatico Srl.

PERCEPTION OF THE AGREEMENT WITH EDF

The agreement to restructure Edison and Edipower was undoubtedly a significant development in 2011. Immediately following this agreement, consistent with its ongoing concern about the perceptions of its stakeholders, the Company commissioned a new survey about how outsiders and employees perceived this development. The results of the survey, carried out by ISPO, a specialist in this field, showed that:

- » most stakeholders outside the Company view the agreement as an opportunity for Edison and Italy;
- » overall, employees view the agreement as a positive change for the Company and, prospectively, believe that it will show Edison as a stronger and more relevant actor in the international scenario.

1997

Edison's Bussi power plant is the first facility in Italy to receive the ISO 14001 environmental certification. The CET3 power plant in Taranto is the first facility in the world to use, on an industrial scale, a combined-cycle system fueled with recycled gas from an adjoining steel mill.

2004

Ten years after publishing its first Environmental Report, Edison publishes its first Sustainability Report and approves the 231 Organizational Model.

2007

A 400-MW turbogas power plant fueled with a mixture that includes "lean" natural gas from local deposits is commissioned in Candela (FG). The steam generated by the facility is used to heat about 150 acres of greenhouses built by a local floricultural business.

2009

A Corporate Responsibility function is established and Edison publishes a Human Rights Policy.

2011

Implementation of activities to provide training on the relationship between business and human rights and increase awareness of these issues. A2A, Delmi and EDF reach an agreement in principle for the corporate restructuring of Edison and Edipower.

2002

Edison Energie Speciali (wind energy) is the first organization in Italy to receive multi-site EMAS registration.

2005

Edison joins the UN Global Compact.

2008

Publication of the Sustainable Development Policy. A Sustainable Development Business Unit is established.

2010

Start of the project to adopt the guidelines of the ISO 26000 standard. Edison establishes a working group on human rights.

EDISON'S STRATEGIES



Economic Framework in 2011 and Energy Sector Dynamics

In 2011, energy demand grew by a modest 0.6% for electric power and contracted by 6.4% for natural gas, settling for the third consecutive year at levels lower than those achieved before the 2008 crisis. The current phase of uncertainty is expected to continue in the coming years, with energy demand returning to its pre-crisis levels only over the medium term.

In the electric power sector, persisting strong competitive pressure on electric power's sales prices and profit margins is continuing. The natural gas market is still facing a critical phase both in Italy and abroad, due to the availability of large quantities of spot gas on Europe's hubs, which is causing a growing disparity between the price of spot gas and the cost of gas under conventional long-term procurement contracts, which are benchmarked to the changing price of Brent crude. This situation created a strong pressure on sales prices and, consequently, on distribution margins in all affected segments.

In order to regain its profitability Edison is engaged in negotiations with its suppliers, filing for arbitration in some cases, as a result of which it reached agreements with Eni in Norway and Promgas in Russia in 2011, adjusting natural gas prices to a level consistent with the different changed market conditions.

In such a complex environment, Edison reported positive and improving results in all areas of business, with the exception of the natural gas importation and sales sector, in which it was nevertheless able to generate positive results, thanks to revisions of the terms governing take-or-pay procurement contracts for gas imported from Russia and Norway. Noteworthy developments included:

- » a strong performance by the E&P operations, which benefitted from higher production of crude oil (+0.5% to 3.51 million barrels, up from 3.49 million barrels in 2010) and, especially, natural gas (+14.2% to 2.25 billion cubic meters, compared with 1.97 billion cubic meters in 2010). The commissioning of a new production platform at the Abu Qir concession caused gas production outside Italy to increase by 18.4%. Italian gas production operations also performed well, increasing their output by 2.1%;
- » the expansion of the retail customer base, which grew to about 1.3 million customers with gains both in the electric power and natural gas areas;
- » a positive performance by activities in the dispatching services market;
- » an increase in the generating capacity from renewables;
- » growth by the electric power production activities outside Italy.

These positive developments helped mitigating the effect of the profit margin compression affecting gas importation and distribution activities and of a challenging scenario in the electric power market.

Significant new events in the electric power sector

- » **May 2011** – A photovoltaic facility built by Edison is inaugurated at a plant of the Mapei Group in Latina. A similar photovoltaic system, built by Edison at a Mapei factory in Robbiano di Mediglia (MI), was inaugurated on May 27, 2011.
- » **June 2011** – Edison executes an agreement to sell its CET2 and CET3 thermoelectric power plants to ILVA (Riva Group), generating proceeds of about 164.4 million euros. The transaction closed on October 10, 2011.
- » **October 2011** – Elpedison, a joint venture of Edison and Hellenic Petroleum, inaugurated a new 420-MW, combined-cycle power plant in Thisvi (Greece).

Electric Power Sector

In the electric power sector, Edison intends to consolidate its position as the second largest operator in the Italian electric power market and increase its share of the end-customer market segment. As for power generation, the Group plans to grow in markets outside Italy to diversify the geographic presence of its operations. The areas of greatest interest are the Balkans and the Mediterranean Basin. Edison also intends to increase its commitment to renewable sources with investments in Italy and abroad.

In 2011, investments in the electric power area accounted for 168 million euros, including about 48 million euros in the thermoelectric area, used mainly for the revamping of the Bussi power plant, about 25 million euros to streamline and renovate the portfolio of hydroelectric facilities and about 95 million euros for other renewable source projects. More specifically, renewable source investments included the repowering of the San Giorgio wind farm and the expansion of the Foiano (BN) wind farm, for a total of 71 million euros, and the construction of new photovoltaic systems in Termoli (CB), Oviglio and Cascine Bianche (AL), at a cost of 21 million euros.

Significant new events in the hydrocarbon sector

- » **January 2011** – Edison is awarded three new hydrocarbon exploration licenses in Norway, which were put up for bids by the Norwegian Petroleum and Energy Ministry.
- » **April 2011** – Edison is awarded two new hydrocarbon exploration licenses on Norway's continental shelf, which were put up for bids by the Norwegian Petroleum and Energy Ministry.
- » **May 2011** – Production begins from the new NAQ PII platform and the new sea line linking it with the existing NAQ PI platform.
- » **November 2011** – Edison completes the fourth well of the new PII platform at the Abu Qir field, in Egypt, with the production starting on December 2011.

Hydrocarbon Sector

In the hydrocarbon market, Edison's goal is to confirm its position as Italy's second largest operator in this sector. A major effort is being planned with regard to hydrocarbon exploration and production activities outside Italy, with the aim of increasing reserves and annual production. In the infrastructural area, Edison is focused on completing international projects for the importation of gas and expanding storage capacity in Italy.

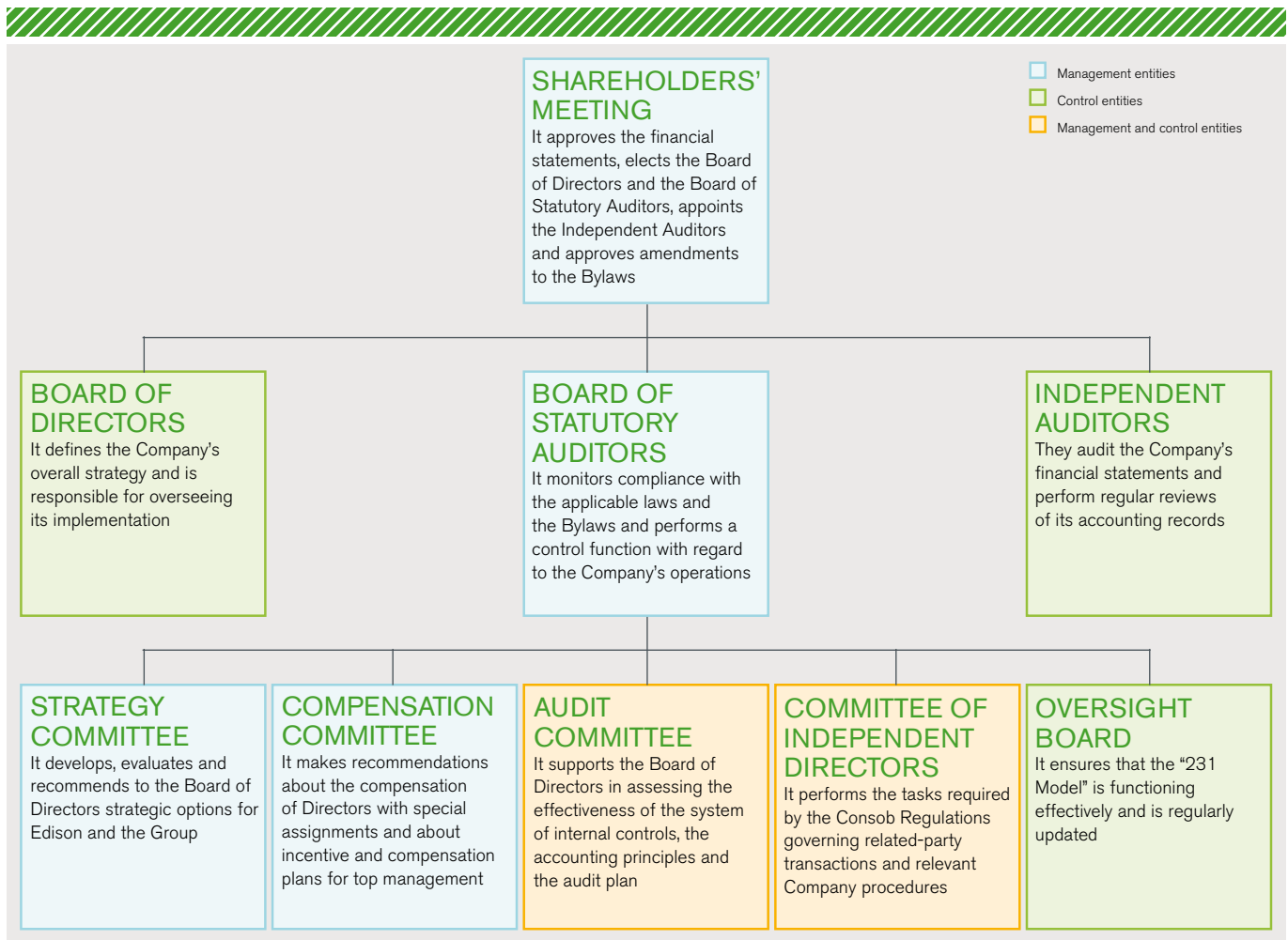
In 2011, investments in the hydrocarbon area, which totaled 311 million euros, were allocated to exploration and production activities and gas storage projects. In Egypt, investments focused on the Abu Qir concession, including construction of the new NAQ PII platform and renovation and upgrade of the existing NAQ PI platforms, and the West Wadi el Rayan concession, where wells 3, 4 and 5 were drilled. Production from the NAQ PII-3 and NAQ PII-1 wells began in July. Development of the area called North Abu Qir PII was completed with the installation of the new NAQ PII platform, from which four well were drilled without accidents or negative impact on the environment.

Investments made in the gas storage area in 2011 included expanding the capacity of the San Potito and Cotignola fields and completing the Collalto field, where the compressor station and treatment facility went on stream in July.

SUSTAINABILITY AND GOVERNANCE

Corporate Governance

Edison's system of corporate governance is the set of standards and behavior guidelines adopted by the Company to ensure that its governance bodies and control systems are functioning efficiently and transparently. In developing its governance structure, Edison adopted the principles and implementation criteria recommended by the Corporate Governance Code promoted by Borsa Italiana (2006 version). This structure includes the following governance bodies: Shareholders' Meeting, Board of Directors (which operates through executive Directors and Directors empowered to represent the Company, and is supported by its internal committees), the Board of Statutory Auditors and the Independent Auditors.



The Board of Directors is assisted by four committees, all of which make recommendations and provide consulting support:

- » Strategy Committee;
- » Compensation Committee;
- » Audit Committee;
- » Committee of Independent Directors.

Corporate Governance				
	Unit of m.	2011	2010	2009
Board of Directors				
Total BoD members	n.	13	13	13
Executive Directors on the BoD	n.	1	1	1
Independent Directors on the BoD	n.	3	3	3
Women on the BoD	n.	0	0	0
Meetings of the BoD	n.	14	8	8
Average attendance of BoD meetings by Directors	%	93.4	90.0	96.1
Average attendance of BoD meetings by Statutory Auditors	%	95.2	87.9	83.3
Committees				
Audit Committee meetings	n.	6	5	5
Compensation Committee meetings	n.	7	4	7
Strategy Committee meetings	n.	3	5	6
Meetings of the Committee of Independent Directors*	n.	4	-	-
Board of Statutory Auditors				
Meetings of the Board of Statutory Auditors.	n.	13	14	11

* Operational as of January 1, 2011.

More detailed information about Edison's system of corporate governance is provided in the Report on Corporate Governance, which is available online at: www.edison.it.

System of internal controls

Edison's system of internal controls is a structured and organic set of rules and procedures and organizational structures designed to prevent or minimize the impact of unexpected results and allow the Company to achieve its strategic and operating objectives, comply with relevant statutory and regulatory requirements and provide fair and transparent disclosures internally and to the market.

The cornerstones of Edison's system of internal controls are its Code of Ethics and the organizational model adopted pursuant to Legislative Decree 231/01 (231 Model). In September 2003, Edison approved a Code of Ethics that is consistent with best international practices. The Code defines the principles and values that are the foundation of corporate ethics and the corresponding rules of conduct and implementation procedures. The Code was also adopted by the Group's subsidiaries. A copy of the Code is provided to all Company employees and associates, urging them to adopt the Code's concepts and values. The Code of Ethics is binding with regard to the conduct of all Group associates (Directors, employees and anyone who acts in the Company's name by virtue of special proxies or powers of attorney), i.e. anyone who, for any reason and irrespective of the nature of the contractual relationship, contributes to the achievement of the Company's purposes and objectives.

The Code is also an integral part of the Organizational, Management and Control Model that was implemented to shield the Company from liability pursuant to Legislative Decree No. 231/2001. In July 2004, Edison adopted the Organizational Model required pursuant

to Legislative Decree No. 231/2001. The Model is designed to prevent the perpetration of the unlawful acts referred to in the abovementioned Decree and, consequently, shield the Company from administrative liability. The Model, which was adopted following a detailed analysis of the Company's operations to identify activities potentially at risk, includes a series of general principles, rules of conduct, control tools, administrative procedures, training and information programs, and disciplinary systems that are designed to prevent, as much as possible, the occurrence of the abovementioned crimes. The Board of Directors appointed an Oversight Board (OB), which is responsible for ensuring that the Model is functioning effectively and is kept up to date, and is required to report to the Board of Directors and the Board of Statutory Auditors.

Compliance with the Code of Ethics and the 231 Model is monitored by means of a special procedure for reporting potential violations and carefully targeted internal audits that cover all corporate areas and address social and environmental issues as well. Seven major audit engagements were carried out in 2011, focusing on customer relations, external relations, the hydroelectric operations, renewable sources development, procurement, and the safety, environmental and quality Management System.

An equal number of engagements is planned for 2012, targeting customers' relations, external relations, procurement, environmental issues and safety.

Lastly, also in 2012, once the 231 Model has been updated to include new types of crimes, including environmental crimes, training courses for employees will be provided on the content of the new organizational model, which also includes special protocols for the crime of corruption.

ASSESSMENT OF CONFORMITY WITH ISO 26000 GUIDELINES

Starting in 2010, Edison began a review process to determine whether its corporate responsibility activities complied with the principles set forth in the ISO 26000 Social Responsibility Guidelines. The first phase of the project led to the identification of the scope of implementation of the issues covered by the standard and the definition of a methodology to determine which issues were most relevant and should be targeted. Based on the key issues thus identified, an assessment was carried out in 2011 to determine the level of compliance of corporate responsibility activities with the seven "core subjects" defined in the Guidelines: governance, human rights, labor relations and working conditions, the environment, fair operating practices, consumer issues, and community involvement and development. This project, which was carried out by Edison's Internal Auditing function, in concert with the Corporate Responsibility function, included a detailed assessment of the potential impact of instances of non-conformity with the Guidelines. More specifically, the potential risk (consistency risk) that could derive from inconsistencies between Edison's commitments in public and official documents (such as its corporate responsibility policies) and its actions was measured on a scale of six degrees of intensity. The goal was to identify, in a subsequent phase of the project, any follow-up activities that may be required and obtain a better understanding of how the consistency risk could evolve into other risks (compliance, operating continuity, reputational or image risk).

The findings of the assessment, which were presented to the Steering Committee, the Chairman and the Audit Committee, showed that the level of conformity with the ISO 26000 Guidelines was quite good: about 70% of the activities required by the Guidelines and identified as being relevant that were analyzed were found to pose a low or virtually non-existent consistency risk. The assessment also helped develop useful elements for the definition of a new sustainability action plan for Edison and the development of new projects.

The Company plans to repeat this type of assessment in 2012.



The governance of sustainability

Over the years, Edison adopted the tools needed for an effective and efficient sustainability governance.

Edison's Mission, Code of Ethics, Corporate Values, Sustainable Development Policy and Human Rights Policy are the key elements that underpin the definition of the Group's strategies and guide the daily conduct of all its employees.

In addition, a Corporate Responsibility function was officially added to the Group's organization. This new entity, which reports directly to the manager of the External Relations and Communications Department, is a staff function of the Chief Executive Officer. It is responsible for managing and coordinating communication and reporting activities concerning Corporate Social Responsibility issues and processes, specifically with regard to the Group's Sustainability Report, and for providing specialized support to the Group's Departments and Business Units in the process of identifying and assessing environmental and social responsibility issues suitable for integration in their respective operating programs.

The integration of sustainability issues into the Group's business activities has been an ongoing process for several years, which included the adoption of specific policies to address different corporate responsibility issues and the implementation of important projects specifically designed to assess the Company's compliance with the "core subjects" of the ISO 26000 guidelines and commitments regarding human rights and biodiversity. An example of the integration effort is the involvement of Edison's Steering Committee, which is required to approve major sustainability projects and discuss the results with the Corporate Responsibility function.

EDISON AND THE GLOBAL COMPACT



Edison supports the UN Global Compact, an initiative launched by the United Nations by which companies agree to uphold and promote ten universal principles that cover human rights, labor standards, environmental protection and anti-corruption.

Since 2009, consistent with its active engagement in this area, Edison has been a member of the Italian Network of the UN Global Compact, and joined its Steering Committee in 2011.

Within the Italian Network, Edison coordinates a working group that includes several companies interested in developing tools to manage human rights issues.

THE ENVIRONMENTAL SUSTAINABILITY PRINCIPLES CHART OF CONFINDUSTRIA

Edison subscribed to the "Carta dei Principi di Sostenibilità Ambientale" (Environmental Sustainability Principles Chart) developed by Confindustria (the Italian employer association). The Chart represents a guide for those companies that are part of the Italian employer association and includes shared values and necessary actions for a common and progressive path towards environmental sustainability, by giving objectives that are realistic and achievable by Italian companies. By subscribing to the Chart Edison shows a further dedication to the environment, by committing to the values and objectives contained in the document.

Environmental and occupational health and safety systems

Edison's environmental and occupational health and safety policies are implemented thanks in part to the adoption of certified Management Systems at most production locations. The widespread use of such systems enabled the Group to achieve levels of excellence with regard both to its ability to communicate and interact with third parties who are affected by or involved in its environmental activities and its ability to activate, motivate and maximize the contributions of all interested parties within the organization. Edison was the first company in Italy to receive ISO 14001 and EMAS environmental certifications. Presently:

- » 95% of the sites of the electric power operations and 100% of the sites of the hydrocarbons operations are covered by ISO14001 environmental certification and OHSAS 18001 health and safety certification;
- » 66% of the sites of the electric power operations and 14% of the sites of the hydrocarbons operations are covered by EMAS environmental registration.

The steady increase in certified locations demonstrates the Group's commitment and attention to environmental and safety issues. Internal audits designed to bolster and improve the handling of operational practices are performed periodically to ensure that the Management Systems are working correctly. More specifically, a total of 156 audits were performed at Group sites in 201, including 26 third-party audits. In addition, 55 inspections were carried out by public entities and agencies.

Enterprise Risk Management

Edison established a centralized corporate function to control the risks that may arise in connection with the pursuit of its different business activities. This function's purpose is to maximize the efficiency and effectiveness of the risk mitigation actions implemented by the Company, while providing an important tool to exploit the full range of growth opportunities. The Group's system to control and manage business risks addresses two main areas:

- » Enterprise Risk Management, which identifies, monitors and controls risks in accordance with the integrated Management System model adopted by the Group;
- » Energy Risk Management, which is designed to manage the commodity market risks, which is the risk entailed by changes in the prices of energy raw materials in the financial and physical markets in which the Company operates.

Edison developed an integrated risk management model based on the Enterprise Risk Management (ERM) international principles. ERM's main purpose is to adopt a systematic approach to the process of mapping the Company's most significant risks, assess in advance their potential negative effects and take appropriate mitigating action. In addition, the integrated management of risks is a tool that supports the process by which strategic business choices are made, based also on a constantly evolving external context. For this purpose, Edison adopted a Corporate Risk Model that covers all types of risks inherent in the Group's businesses and applies a scoring method that assigns a relevance index to each risk, based on an assessment of its overall impact, probability of occurrence and level of control.

An overhaul of the ERM process launched in 2010 to achieve a continuous alignment of the Group's risk management framework with international practices and standards was completed in 2011. An important result of this improvement process was the development and adoption of dedicated IT technology tool that helps improve the efficiency of the ERM process and facilitates its interface with the planning process. A fully operational ERM portal was made available for the start of the 2011 Risk Self-assessment process. In addition, the Corporate Risk Model was upgraded by including, for example, the country risk, in view of the growing contribution provided by the Group's international operations, and strengthening the management of risks entailed by the Group's core business activities.

Considerations about sustainable development and climate change, both at the national and international level, are taken into account when assessing development projects and making investment decisions. The ERM process provides an important contribution to the assessment of risks associated with new initiatives by providing a risk matrix that can be used as a tool in the decision-making process.

SUSTAINABILITY ISSUES IN ENTERPRISE RISK MANAGEMENT

Examples of risks related to the external environment include, in addition to statutory/regulatory issues, macroeconomic factors, the risk of fluctuations in energy commodity prices and the country risk, the impact of changes in public opinion and social views, and climate and weather conditions. In addition to the risks inherent in the Group's core businesses, process risks include such risks as those related to ethics, corporate responsibility, customers' care, environmental issues, human resources, litigation, compliance requirements and information technology.

The issue of respect for human rights, which recurs pervasively throughout the Group's diverse activities, affects transversally all of the risks in the Business Risk Model. For example, risks that are most affected by this issue include environmental responsibility, corporate responsibility in managing projects with regard both to the work performed directly and the work of contractors, and the management of human resources, particularly with regard to occupational health and safety.

Key Sustainability Issues

Through interviews with management, feedback generated by its dialogue with its stakeholders and an analysis of important sustainability issues for its industry, highlighted in the national and international media, Edison monitors social responsibility issues that warrant analysis and the deployment of specific action plans. The approach used is based on the broadest understanding of the concept of significant relevance, which defines the relevance of information in relation to the relevance of the Group's activities with regard to financial, environmental and social issues.

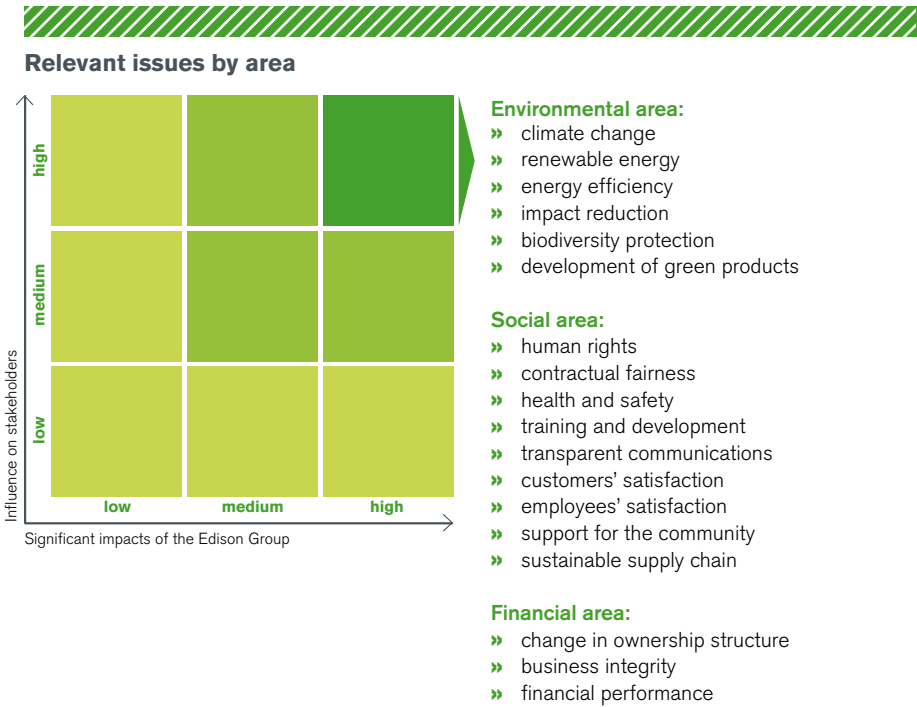
The issues identified as relevant and, consequently, covered in this Report were selected by defining a matrix, whose variables are Edison's significant financial, environmental and social impacts and their influence on the assessments and decisions of the stakeholders. This analysis is based on a three-levels rating scale: low, medium and high. More specifically, a survey of Edison's News Summaries was carried out, taking into account the relevance of information regarding sustainability printed on the main Italian and

international newspapers and the influence of this information on the assessments and decisions of stakeholders. The survey carried out in 2011 showed, in comparison with the previous year, the growing importance of issues in the financial, environmental and social areas.

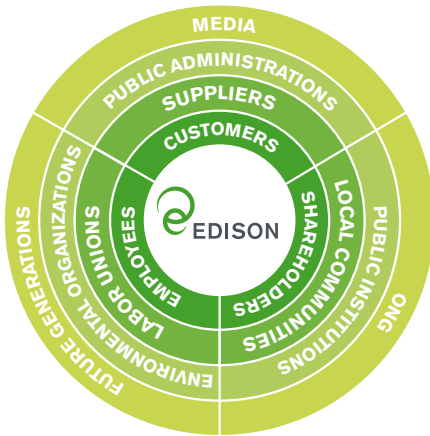
In the financial area, the topic discussed most frequently in 2011 concerned the Group's financial performance and corporate dynamics concerning potential changes in Edison's ownership structure.

In the environmental area, the focus was on the issues of energy conservation, an approach that is being increasingly viewed as the most effective solution for containing climate change. The projects carried out by the Energy Efficiency and Sustainable Development Business Unit elicited particular interest.

Lastly, in the social area, issues relevant to the stakeholders that warrant attention concerned mainly the protection of human rights in the conduct of business activities. Other highlighted issues included the health and safety of employees and local communities and the role played by the energy industry in Italy's development.



EDISON'S STAKEHOLDERS



Consistent with Edward Freeman's classic definition, Edison identifies as its stakeholders "all individuals and clearly identifiable groups that can affect or be affected by the activity of an organization in terms of its products, policies and work processes".

As part of its responsible management path, Edison interacts with and involves all of its counterparties, both internally (employees and shareholders) and externally (customers, suppliers, financial community, public administrations, competitors, the public in general and the environment), and undertakes specific commitments toward each one of them. An analysis of the level of impact of Edison's activities was used to develop a map that lists the main categories of stakeholders with whom the Group interacts.

Stakeholder engagement activities

In 2011 and the first quarter of 2012, Edison organized a series of activities that enabled it to encourage the ongoing involvement of its stakeholders, define more accurately the content of its communication activities and record the input of its stakeholders with regard to specific corporate responsibility issues.

It is also worth mentioning that in the closing months of 2011 Edison began to implement a stakeholder management project. This project included an assessment of the activities carried out thus far by Edison, based on a process of stakeholder engagement, both internally and externally. Specifically, the initial phase of the project included conducting internal interviews to identify the main stakeholders, defining their relationship status and their impact on the Group's operations, stating the key issues relevant to the stakeholders and listing all of the stakeholder relations management initiatives pursued by Edison. The second phase of this project, which will be implemented in 2012, will focus on recording the perceptions of external stakeholders. A comparison of the expectations of the Group's stakeholders (in terms both of their interests and anticipated engagement) with the results achieved by Edison during the year will enable the Company to identify opportunities for improvement in the area of stakeholder engagement and define an appropriate stakeholder management plan.

This project was carried out in accordance with the guidelines of the AA1000 Stakeholder Engagement Standard (AA1000 SES), which provide a reference framework for designing, implementing, assessing the quality and communicating the stakeholder engagement process.

Human Rights Training Edison organized a seminar entitled "Human Rights: the Implications for Businesses", which was aimed at educating its managers, particularly those who work abroad, and making them aware of processes with significant transversal and international characteristics. The seminar was also attended by employees of companies that support the UN Global Compact in Italy.

Edison Generation In-depth discussions about Edison's main corporate responsibility programs continued among members of the Edison Generation community, focusing on such issues as the environment, energy conservation, biodiversity, social commitments and human rights. In addition, Edison established a diversified presence on the social networks (Facebook, YouTube, Twitter).

Employees' satisfaction survey In 2011, consistent with past practice, the Company assessed the satisfaction of its employees specifically with regard to the company benefits provided by Edison. In this area, employees were asked to rate the usefulness of the numerous services provided by the Edison per Te program.

Dialogue with consumers A particularly important project was the development of the Regional Roadmap, which Edison pursued to engage in a constructive dialogue with consumers' associations that operate at the local level. The goal is to collaborate with local consumers' associations for an energy market that is more transparent and respectful of consumers.

Stakeholder interviews Interviews with members of some key stakeholder categories were carried out early in 2012 to record their impressions and expectations regarding specific issues. Summaries of these interviews will be included in the interactive version of the Sustainability Report.

Analysis of perception by stakeholders Two stakeholder satisfaction surveys were conducted in 2011. The first one, which is the same as the one carried out each year, dealt with the perception of Edison's reputation at different levels. The second one (an ad hoc survey), probed the impression of internal and external stakeholders about the corporate reorganization that occurred at the end of the year.

The Sustainability Report is in itself an important tool to communicate the Company's sustainability profile to all of its stakeholders, who are provided with information about significant results achieved during the year in the economic, social and environmental areas. The Report also provides an overview of the results achieved in terms of the objectives of the Sustainable Development Policy adopted by Edison. As was the case last year, with a view to continuously improve communication with stakeholders, an interactive version of the Sustainability Report was posted on the Company website: www.edison.it.

WEALTH CREATED FOR OUR STAKEHOLDERS

The incremental wealth that Edison creates through its industrial activities is computed by determining the economic value that it generates and how it is distributed among its main stakeholders. In 2011, the total economic value generated by the Group amounted to 12,269 million euros. Edison retained only 0.02% of this amount and distributed the remaining 99.98% to its stakeholders.

Economic value generated and distributed

(in millions of euros)

	2011		2010*		2009**	
	amount	%	amount	%	amount	%
Economic value generated by the Group	12,269	100.00%	11,295	100.00%	9,529	100.00%
Total sales revenues	12,033	98.08%	11,084	98.13%	9,384	98.48%
Financial income	236	1.92%	211	1.87%	145	1.52%
Economic value distributed by the Group	12,266	99.98%	10,327	91.43%	8,721	91.52%
Operating expenses	10,828	88.25%	9,374	82.99%	7,578	79.53%
Remuneration of employees	214	1.74%	253	2.24%	240	2.52%
Remuneration of lenders and shareholders	401	3.27%	356	3.15%	532	5.58%
Remuneration of the public administration	216	1.76%	300	2.66%	367	3.85%
Charitable contributions and sponsorships	2	0.02%	4	0.04%	4	0.04%
Economic value from discontinued operations	605	4.93%	40	0.35%	0	0.00%
Economic value retained by the Group	3	0.02%	968	8.57%	808	8.48%
Depreciation, amortization and writedowns	885	-	1,096	-	772	-
Additions to provisions and reserves	-882	-	-128	-	36	-

* Pursuant to IFRS 5, the data for 2010 were reclassified, showing in the income statement Edipower's contribution as part of the "Discontinued operations", consistent with the presentation in the 2011 financial statements.

** The data include the Edipower's contribution, consolidated proportionately at 50% on line-by-line basis.

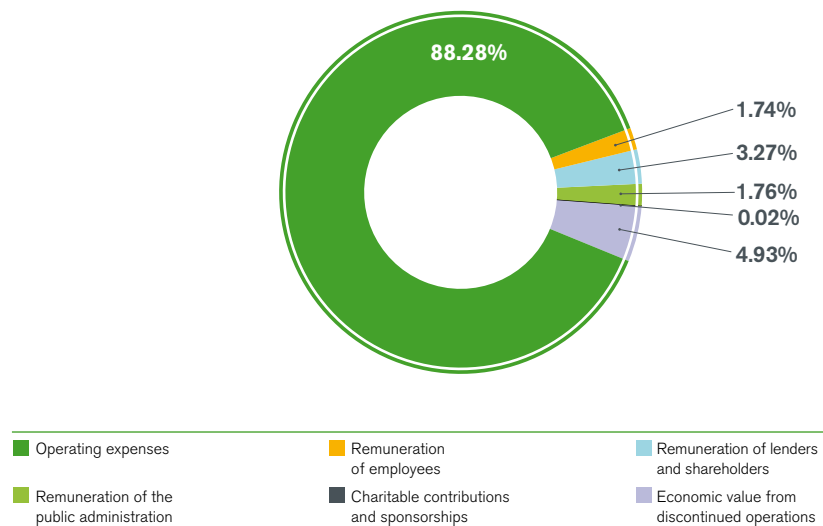


A breakdown of the Economic Value distributed to the stakeholders is as follows:

- » for operating expenses (payments to suppliers, non-strategic investments, royalties and other payments), over 10 billion euros (88.2% of the total economic value distributed);
- » to employees (direct and indirect remuneration: wages and salaries, social security contributions and benefits, severance indemnities, bonuses, and professional development and supplemental training expenses), 214 million euros (1.7% of the total);
- » to shareholders and lenders (remuneration of risk capital and debt capital), 401 million euros (3.27% of the total);
- » to the Public Administration (income taxes for the year), 216 million euros (1.7% of the total);
- » to the community (including non-commercial sponsorships, community programs and charitable contributions), about 2 million euros (0.02% of the total).

The balance of the economic value is attributable to Edipower's contribution, which this year was presented under "discontinued operations", following the company's restructuring and as required by the IFRS 5 accounting principle.

Economic value distributed



THE ENVIRONMENT



Edison responsibility: the environment

**CONTRIBUTE TO THE EFFORT TO FIGHT CLIMATE CHANGE
AND THE DEVELOPMENT OF AN ENERGY SYSTEM WITH
A REDUCED ENVIRONMENTAL IMPACT**

Rank among the energy companies with the most efficient power plants and the lowest greenhouse gas emissions, in pursuit of objectives of continuous improvement and evolution towards an energy mix with lower emission sources

17%

ELECTRIC POWER GENERATED
FROM RENEWABLE SOURCES

3.7 million t

CO₂ EMISSIONS AVOIDED
IN 2011 THANKS TO RENEWABLES

5

4 HYDROELECTRIC POWER PLANTS
AND 1 THERMOELECTRIC FACILITY
REVAMPED IN 2011

Strive to become a leader in the field of renewable energy sources in Italy

+63 MW

NEW PRODUCTION CAPACITY FROM
RENEWABLE ENERGY SOURCES
INSTALLED IN 2011

38

TURBINES INSTALLED AT NEW WIND
FARMS BUILT IN 2011 FOR A TOTAL
CAPACITY OF 71 MW

3

NEW SOLAR POWER SYSTEMS
BUILT IN 2011 FOR A TOTAL
CAPACITY OF 5 MW

Operate with the utmost respect for the environment and biodiversity

140

GROUP SITES ASSESSED FOR
BIODIVERSITY SENSITIVITY

**Biodiversity
Action Plan**

ACTION PLAN DEVELOPED TO MANAGE
SENSITIVE SITES WITH REGARD
TO BIODIVERSITY

Edison has always been committed to sustainable development in all of its activities, both in Italy and abroad, and has always been keenly aware of the sustainability needs of its employees, stakeholders and the natural habitat of the areas where its plants and offices are located.

Its commitment to environmental protection, regulatory compliance and continuous improvement is embodied in actions that, over the years, enabled Edison to achieve levels of excellence in the ability to reduce its impact on the environment through:

- » the adoption of certified environmental Management Systems to monitor and manage significant environmental issues and factors that, while having a smaller impact, can be held at levels of excellence;
- » use of the best techniques available, with the aim of constantly reducing emissions levels, alongside research and development of new technologies and less polluting energy sources;
- » ongoing use of programs to train the Company and contractors' employees and increase their awareness of these issues, because improving the environment requires, above all, the daily effort of everyone who works for and with Edison.

SIGNIFICANT ENVIRONMENTAL IMPACTS AND MITIGATION ACTIVITIES

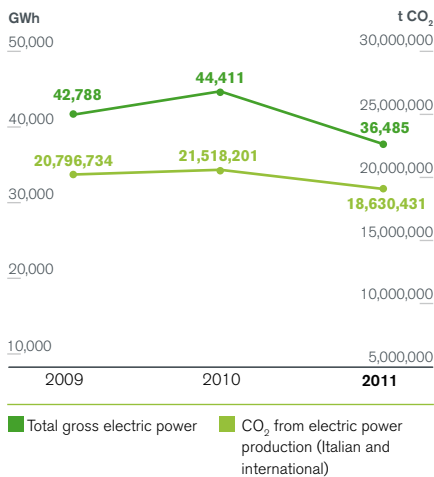
The significant environmental issues over which Edison can have an effect vary depending on the areas of business in which Edison operates. To address the unavoidable environmental impacts of its operations, the Company deploys mitigation, control and monitoring activities designed to steadily reduce its environmental footprint by using low-polluting resources, improving waste management and increasing waste recycling and treatment through the development of facilities capable of an environmental performance at the excellence level. In addition, consistent with the control and monitoring plans required by the adopted environmental certification systems, environmental impact levels are verified in accordance with programs that make it possible to keep under control any changes affecting environmental issues that are caused by plant modifications.

Thanks to the implementation of impact monitoring and mitigation activities, no extraordinary environmental events occurred in 2011.

		THERMOELECTRIC PRODUCTION	HYDROELECTRIC PRODUCTION	WIND POWER PRODUCTION
ELECTRIC POWER OPERATIONS	Resources used	<ul style="list-style-type: none">» Water» Raw materials (fuel)» Consumables (chemicals)	<ul style="list-style-type: none">» Water» Consumables (dielectric oil)» Fuel for auxiliary services	<ul style="list-style-type: none">» Chemicals (dielectric oil and lubricants)
	Significant environmental impacts	<ul style="list-style-type: none">» Emissions into the atmosphere» Effluents» Noise	<ul style="list-style-type: none">» Soil and water contamination» Noise» Biodiversity» Visual impact	<ul style="list-style-type: none">» Noise» Visual impact» Solid waste» Biodiversity» Landuse
	Mitigating actions taken	<ul style="list-style-type: none">» Use of natural gas and combined-cycle cogenerating facilities» Use of DLN (Dry Low NOx emissions) technology» Integrated environmental and Safety Management Systems	<ul style="list-style-type: none">» Minimum vital downstream water flow» Installation of noise reduction and soundproofing equipment» Construction of fish ladders	<ul style="list-style-type: none">» Use of low-noise wind turbines» Installation of transformer stations inside wind turbine towers



Electric power Emissions vs production



Reducing emissions into the atmosphere

Emissions into the atmosphere are generated primarily by the auxiliary systems operated in connection with hydrocarbon activities and the consumption of resources for thermoelectric energy production.

In the thermoelectric area, a decrease in production levels and the deployment at full operating capacity of SO_x and NO_x scrubbers at Edipower's power plants resulted in a reduction in NO_x and SO_x emissions. As for CO₂ emissions, they were down in terms of quantity generated (tons), as a direct result of the decrease in the production of electric power, but were up on a specific emissions basis (t/kWh). This disparity can be explained by an increase in electric power generated with fossil energy sources, such as coal and fuel oil, and a higher number of plant shutdowns and restarts, based on demand for energy in the electric power market.

HYDROCARBONS OPERATIONS		HYDROCARBON E&P	NATURAL GAS DISTRIBUTION
HYDROCARBONS OPERATIONS	Resources used	<ul style="list-style-type: none"> » Water » Raw materials (fuel) » Chemicals » Electric power 	<ul style="list-style-type: none"> » Chemicals
	Significant environmental impacts	<ul style="list-style-type: none"> » Impact on soil, subsoil and aquifer » Noise » Solid waste » Emissions into the atmosphere 	<ul style="list-style-type: none"> » Emission into the atmosphere due to gas leaks released
	Mitigating actions taken	<ul style="list-style-type: none"> » Actions to secure the aquifer » Remediation of areas disrupted by the laying of pipelines » Use of soundproofing panels » Use of scheduled maintenance (workover) » Use of tanks and reservoirs to contain aquifer waters 	<ul style="list-style-type: none"> » Continuous network monitoring » Periodic replacement of damaged pipes

The main activities implemented or started by Edison Spa in 2011 to mitigate its environmental impact are reviewed below:

EMISSIONS

At Bussi sul Tirino power plant, the replacement of the GE F9E gas turbines with GE LMS100 gas turbines was completed in 2011. These highly efficient aeroderivative systems with reduced nitric oxide emissions, will make it possible to significantly lower (by more than 40%) CO₂ and NO_x emissions. Other projects completed in 2011 included the revamping of Sonico, Civate, Caffaro2 and Albano power plants.

An Integrated Environmental Permit was secured for the Piombino thermoelectric power plant, which now uses fuel oil with a sulfur content of less than 3%. The next objective is a reduction in SO_x emissions.

In Siracusa, Sicily, work continued on replacing Freon with R-427a, a hydrocarbon-free gas. Thanks to the use of the R-427a refrigerant, no modification of the existing equipment (air conditioning and refrigerated storage systems) was required, other than replacing the original mineral oil and gaskets, with significant cost savings.

PARTICULATE MATTER

In 2011, special containers built by a company of the CEB Spa Group made it possible to minimize emissions of particulate matter during the removal of heavy ashes from under the boiler and their transfer to a special roll-off dumpsters used to transport ashes to disposal centers.

NOISE AND ELECTROMAGNETIC FIELDS

Insofar as noise impact is concerned, external noise is monitored at regular intervals and in connection with facility and/or organization changes. In addition, Edison monitors electromagnetic fields at least once every four years and carried out special monitoring campaigns when plants are modified.

Biomass – An acoustic insulation barrier was built in 2011 to reduce the noise generated by the chipping equipment and released through the opening used by the conveyer feeding chipping materials to the fixed grinder.

Wind power – Monitoring of noise emissions into the surrounding environment by aerogenerators to evaluate the effectiveness of noise projection models used during the facility development phase was completed in 2011.

Projects carried out in 2011 included monitoring external noise at the La Rocca power plant and implementing noise reduction measures at the Cogno facility that included replacing windows and doors and producing a new report on external noise. An assessment of the impact of electromagnetic field emissions on the population living in the proximity of power plant lines was performed at the Piancone facility.

PCB

The implementation of the plan to dispose of all equipment containing PCB was successfully completed in 2011.

Mitigation of the impact on the soil, subsoil and aquifer

The Group continued the remediation of some of its sites, most of which are within high profile industrial areas, potentially polluted by activities carried out in previous years and designated as areas of "national interest" pursuant to law. In 2011, projects involving the characterization, remediation and securing of industrial sites continued at the following production sites: Levante and Azotati in Porto Marghera (VE), Torviscosa (UD), Sesto San Giovanni (MI), Piombino (LI), Bussi sul Tirino (PE), Taranto, Milazzo (ME), Sinigo (BZ) and San Giuseppe di Cairo (SV). In addition, a characterization plan for the Pieve Vergonte (VB) power plants and a technical report for the Pentima (TR) site were approved, and a remediation project for the Rho (MI) electrical station was filed in 2011.

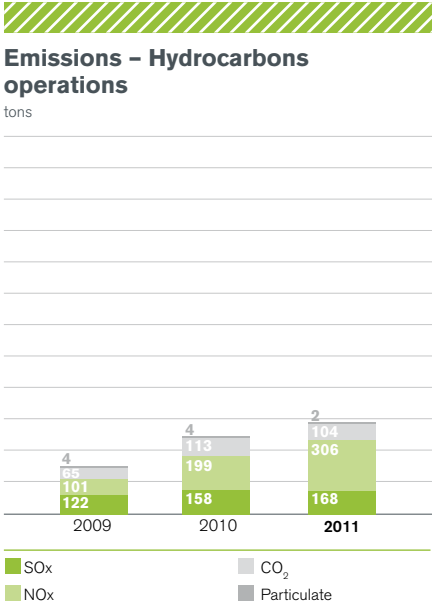
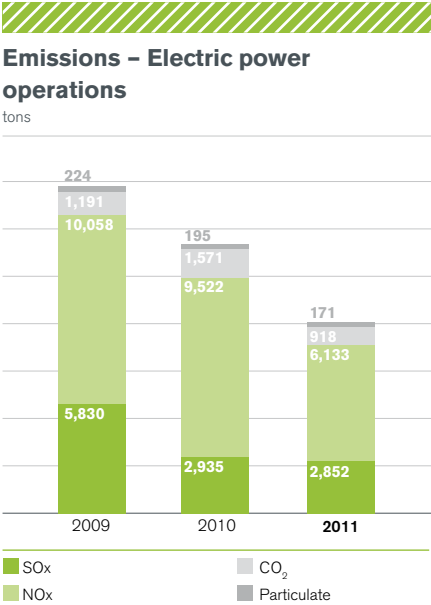
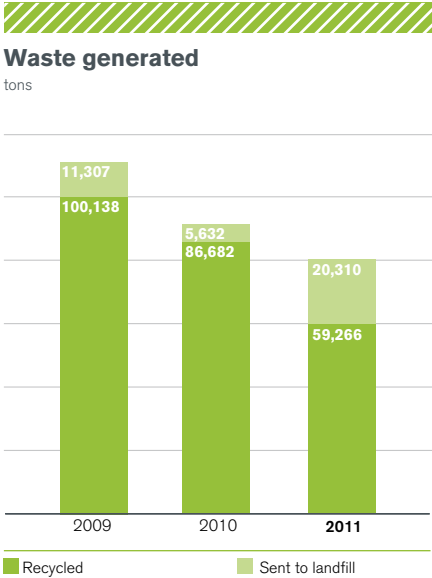
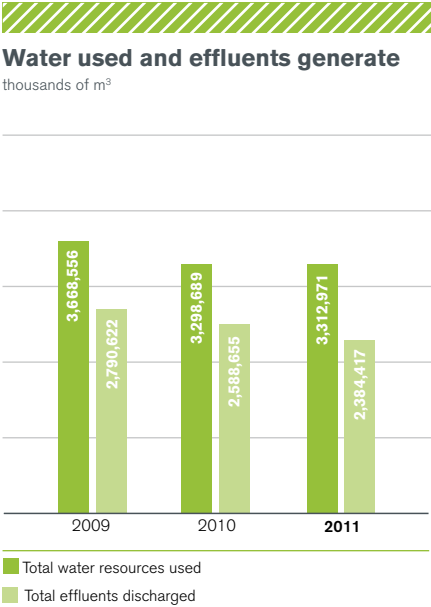
EFFLUENT TREATMENT

Vega Platform – A project to overhaul the 'Sea Sump' system currently installed on the Vega A Platform to collect rainwater draining from the platform's various modules got under way in 2011. A system to treat effluents (rain water and other effluents) from the platform's drain wells was developed in collaboration with the Engineering Department in Milan with the aim of minimizing as much as possible the impact on the marine environment. The system was submitted for approval to the National Mining Office for Hydrocarbons and Georesources, which issued an authorization to proceed with the project in October 2011.

CEB – Rainwater draining from the yards where biomasses are being processed could have a negative impact on the river into which they are discharged. A chemical-physical treatment facility for the collection and treatment of rain water before it is discharged into the Piave River was installed at CEB Spa in 2011. A construction site was opened in July and the work was completed in December. The results of initial tests of the treated water were encouraging.

Lastly, it is also worth mentioning that criminal proceedings against Edison for alleged procedural and permit violations at the Vega field are continuing. In 2010, the public prosecutor of Modica, upon a referral by the Coast Guard, charged Edison with violating Article 104 and Article 260 of Legislative Decree No. 152/2006 (Environmental Code). In the case at bar, the Company is being charged with a failure to secure a permit, which, in Edison's opinion, it secured when the platform was initially activated.

Moreover, the activity that is being challenged is a practice used in the oil industry that is fully in compliance with regulatory requirements and encouraged by the industry oversight authorities, whenever the existence of a dry underwater well is available. Edison is certain that its actions were fully in compliance with current regulations and has no doubt that the evidence produced in these proceedings will confirm its position. Moreover, it is important to emphasize that, in over 20 years of activity, no accident ever occurred at the Vega field, nor were there ever any spills of oil or substances used in the production process that contaminated the marine environment, as shown by investigations carried out by the judicial authorities themselves.



53 million €

**TOTAL GROUP EXPENDITURES
FOR ENVIRONMENTAL PROTECTION
(OPERATING COSTS AND
INVESTMENTS)**



Investments in environmental protection

The amounts invested are an indication of the Company's belief that protecting the environment is in its interest and represent the expression of an environmental policy that includes soil, subsoil, habitat and biodiversity protection projects and programs to manage waste and water resources.

The most noteworthy investments of 2011 included the following:

Electric Power Operations

- » The paperwork required for the issuance and renewal of the Integrated Environmental Permit pursuant to Legislative Decree No. 59/2005 was completed for power plants under the Ministry's jurisdiction with thermal capacity of more than 300 MW was completed in 2011. In addition, permits were secured for the Altomonte, Torviscosa, Simeri and Candela power plants and a review of the Monitoring and Control Plan for Sarmato was approved.
- » In 2011, renewal/monitoring audits of the integrated environmental and Safety Management Systems were successfully completed at the facilities of Group's Thermoelectric Divisions and Hydroelectric Division and at its wind farm by the CSQ-IMQ certification organization and by an accredited auditor for the EMAS registration.
- » In 2011, the Emilia Romagna regional administration issued a permit for the revamping of the San Quirico (PR) power plant and the site's environmental remediation.
- » Additional projects included: in the thermoelectric area, revamping the Bussi sul Tirino power plant, with installation of the new LMS100 GE gas turbine, and, in the hydroelectric area, completion of revamping activities at the Civate, Sonico, Albano and Caffaro2 power plants and start the renovation of the Mortitolo chute in the Valtellina district.
- » Work continued on projects for the environmental remediation of locations with soil and aquifer contamination identified or started in previous years at some thermoelectric and hydroelectric power plants.



Hydrocarbons

- » The activities required for the certification of the Italian Production Department in accordance with the UNI EN ISO 14001 and BS OHSAS 18001 standards, with the aim of covering 100% of the operating sites, were completed with a certification inspection of the Comiso gas production facility by an independent entity.
- » All monitoring inspections of the Business Unit's integrated environmental and Safety Management System, which include those of the Italian Production Department, Edison Stoccaggio Spa and Edison D.G. Spa were successfully completed in 2011. In addition, the EMAS environmental registration of the Cellino gas storage center and the Garguso gas production facility were renewed.
- » In 2011, in response to changing conditions in Egypt's political situation, the Company launched and completed a revision of its emergency and country evacuation management plan. In 2012, this process will be implemented at other at-risk countries where the Business Unit operates.
- » Training activities carried out in 2011 included the successful performance of pollution prevention exercises at the Vega offshore oil field.
- » Work continued on the activities required to implement the "Seveso II" Directive for gas storage facilities.

EDISON AND BIODIVERSITY



In 2011, Edison completed an assessment of the vulnerability of the areas surrounding its production facilities in terms of biodiversity issues.

The methodology used, developed on a national scale, was based on three types of data: use of soil, protected areas and distribution of vertebrate species. These three types of information, taken from official databases and scientific publications, were organized into a geographic database that also includes data about the location of the operating sites. The database thus created was used to develop a ranking of the operating sites, in terms of their sensitivity for biodiversity issues in the surrounding areas, by applying a three-step process:

1. Define two areas of study (1 km and 2 km radius) and analyze the three types of data collected in each area;
2. For each area of study and each site, compute the value of three different key indicators:
 - a. Soil use: types of soil use in a study area and the corresponding percentage;
 - b. Vertebrate species: identify the species that exist in each study area and develop an overall index representing the interest in preserving the vertebrate species, obtained as the sum of the preservation indices for each of the species present in the study area;
 - c. Protected areas: percentage of protected areas within the study area.
3. Combine this information into a single biodiversity sensitivity index for each site.

A summary data sheet that provides a description of the results of the analyses and lists the indicator data was prepared for each site, ranked based on the abovementioned biodiversity indices. It is worth noting that the most sensitive areas are concentrated in three macro-areas; this distribution provides an interesting approach to optimizing the specific site activities. The project described above for mapping the vulnerability of the areas surrounding the Group's facilities represents an important step in the biodiversity protection strategy adopted by Edison. More specifically, it represents the Company's first systematic approach to addressing biodiversity issues.

In 2012, Edison, using a consistent and rigorous methodological approach, will progress from a biodiversity analysis of large areas to area-specific analyses. The result of the study just completed will make it possible to focus on sites located within areas that are potentially more sensitive, due to their proximity to protected areas or particularly significant natural habitats. Edison will be able to carry out targeted activities at these production facilities to verify, with field visits and site-specific analyses, the true level of habitat conservation and the magnitude of the impact on biodiversity. At the same time, it will develop partnerships and collaborative relationships with representative environmental entities and/or associations at the national level and, specifically, for the areas that the study found to be potentially more sensitive. Lastly, training sessions and educational activities will be developed, in collaboration with biodiversity experts, to raise employee awareness.

PROJECTS IN THE WIND POWER AND PHOTOVOLTAIC AREAS

In the wind power and photovoltaic areas, the following environmental remediation and compensation projects were carried out in 2011:

- » Work at the San Francesco wind farm, in Melissa (KR), included the environmental remediation projects required by the relevant construction permits (hydroseeding and planting);
- » Projects carried out at the Oviglio and Cascine Bianche (AL) photovoltaic facilities included planting trees and bushes along the perimeter to minimize the system's visual impact, as required under the terms of the facility's construction permit.

EDISON AND CLIMATE CHANGE

Edison firmly believes that adopting a sustainable energy mix with a low carbon content, increasing the use of energy efficiency programs and adequately supporting research for innovative technologies are key elements for winning the global challenges posed by climate change.

The debate about the effects of global warming on climate stability and the possible solution to fight them has evolved to a level of maturity that warrants further engagement. In addition, discussions have also focused on the need to continue pursuing an emissions reduction strategy in the midst of an economic crisis. Governments, organizations and industry operators have begun to “take stock” of the policies, actions and tools deployed thus far and start thinking about future developments.

At the end of 2011 (November 28 – December 9), the 17th Conference of the Parties to the United Nations Framework Convention on Climate Change was held in Durban, South Africa. This conference, coming on the heels of earlier gatherings in Copenhagen and Cancun, was expected to produce a negotiating process for the definition of a new international agreement to limit greenhouse gas emissions that would replace the Kyoto Protocol, the implementation of which ends in 2012.

The efforts made by the parties resulted in the definition of a roadmap that, by 2015, will result in the signing, both by

industrialized and developing countries, of an international agreement with binding targets for 2020. At the same time, activities were started to promote more aggressively the transfer of clean technologies and the inclusion of Carbon Capture and Storage (CCS) projects in programs that qualify for the purposes of the Clean Development Mechanism. Another step forward in this area was the establishment of the Green Climate Fund to help developing countries implement programs to contain climate changing emissions and deploy adaptation measures to increase the local territory's ability to resist to extreme events caused by climate change.

The European Union suggested extending the period during which the Kyoto Protocol is in effect, while waiting for a new agreement. This proposal, while underscoring the determination of the European Union to continue on the path chosen at Kyoto, failed to gain the support of Japan, Canada, Australia, Russia and New Zealand. However, independently of the Durban negotiating process, some countries, such as China, adopted emissions reduction targets and are considering the implementation of trading mechanisms for CO₂ emissions rights based on the Emissions Trading Scheme (ETS) launched in Europe in 2005.

In Europe, the policy calls for the adoption of targets beyond 2020: more specifically, the 2050 roadmap sets reduction targets of 80% for CO₂ emissions. In the meantime, the current ETS system is facing a crisis situation. Conceived, within the framework of the Kyoto Protocol, as a flexible mechanism capable of adequately

determining the value of a ton of CO₂ emissions and thus foster the transition to more efficient technologies with a smaller carbon footprint, it ran into implementation problems that were magnified by the recent economic crisis. In the current environment, the price charged for one ton of CO₂ plummeted, which discouraged investments in innovative technologies.

The two different speeds at which climate change strategies are being developed (a slower process at the international level and a faster track in Europe) will ultimately lead to scenarios in which a key role will be played by technological innovations and their transfer to the developing countries.

Starting in 2013, pursuant to Directive No. 2009/29/EC, which amended Directive No. 2003/87/EC, thermoelectric operators will be required to purchase emissions rights at special auctions in order to continue running their power plants, except for special waivers for cogenerating facilities connected with district heating systems and facilities that use process gas to generate electric power.

In such an environment, a company like Edison can play an important role by:

- » adopting a balanced energy mix that included renewable energy sources;
- » reducing the impact of its facilities on the local environment;
- » emphasizing the value of natural gas as a sustainable fuel for the production of electric power with low CO₂ emissions;
- » increasing energy efficiency at the end-user level to optimize primary energy consumption.

WHAT IS CLIMATE CHANGE

Climate change can be measured in terms of the increase in the earth's temperature: greenhouse gases (CO₂, SF₆, N₂O, HCFC and PFC) produced by human activity are responsible for this increase.

Based on data from the United Nations Development Program, the following changes took place since 1992:

- ↑ a 36% increase in CO₂ emissions;
- ↑ an increase of 0.4–0.6°C in average surface temperature compare the historical average temperature (1951–1990);
- ↑ a rise of 2.5 mm a year in sea levels.

Source: United Nations Environment Program, Keeping Track of Our Changing Environment: From Rio to Rio + 20 (1992–2012) (Nairobi: UNEP, 2011).

Management of risks related to climate change

In such a scenario, Edison believes that fighting the negative impact of climate change is of paramount importance and, consequently, it is constantly focusing its efforts on the implementation of various projects concerned primarily with selecting the best technologies for energy production, making investment decisions for the development of renewable energy sources and conducting research and development activities on technologies with a low environmental impact.

The risks faced by businesses as a result of climate change can be of different types: physical, regulatory, reputational, competitive, social and litigation related. For Edison, fighting climate change also means conceiving, developing and implementing an effective system to manage the related risks:

- » Regulatory risks, caused by change in environmental regulations, which could have an impact of a financial, organizational or management type;
- » Physical risks, caused by unexpected natural events, which could have an impact on the Company's infrastructures, with probable financial

consequences, such as higher insurance costs and direct and indirect costs incurred for occupational health and safety;

- » Other economic, social and reputational risks.

Currently, regulatory risks are the most critical for Edison. As an energy producer that also uses thermoelectric power plants, the Group is required to comply with the requirements of the European Emissions Trading Scheme (EU ETS) and, more specifically, the National Allocation Plan for CO₂ emissions rights. In practice, the effect of regulatory risks is reflected mainly in an increase in operating costs and the imposition of restrictions on business activities caused by the need to comply with new directives and uncertainty about the direction of future European and international policies, which creates challenges when making investment decisions. Consequently, constantly monitoring the changes and trends that are occurring both at the national and international level is of fundamental importance for the Company, particularly during a transition period for the systems that regulate and govern emissions.

Because it operates in a highly regulated market in which the need to make the adjustments required to comply with restrictions imposed by current and future regulations is a frequent occurrence, Edison is engaged in a dialogue with public institutions as an active counterparty, both locally and at the European level. The Company was involved in every consultation process, both in Italy, with regard to the National Allocation Plan, and at the international level, during the fact finding phase for the establishment of a system to trade greenhouse gas emissions rights within the European Union (Directive No. 2003/87/EC) and, more recently, in connection with a system update (Directive No. 2009/29/EC). The Company's involvement in the process of defining EU regulatory mechanisms enabled it to promptly develop a strategy

that guarantees regulatory compliance and helps it seize any related opportunities. As far back as 2005, the launch year of the first pilot phase of the EU ETS, Edison created a system that, using forecast models, can project the Group's CO₂ emissions and develop a strategy to comply with regulatory requirements. This strategy, in addition to assessing possible emissions reduction activities, makes it possible to develop a buying program to acquire the quantity of emissions permits needed to comply with regulatory obligations, i.e. EUAs (European Union Allowances) and CERs (Certified Emission Reductions).

In addition, the Company established a task force to manage, monitor and assess the economic impact that changes in the regulatory framework are having on its business activities.

On the other hand, these changes can be a source of business opportunities. For Edison, the first important opportunity came from by the potential growth of renewable energy sources that could result from more stringent mandatory targets for the production of CO₂ emissions. While incentives are still needed for their development, renewable energy sources represent the most effective tool currently available to achieve those targets. Another opportunity could be presented by the energy efficiency market, which has grown in recent years specifically for its function as an additional tool to mitigate the effects of climate change: in this area, back in 2009, Edison established a business unit dedicated exclusively to the development of innovative energy efficiency services for its customers. Lastly, the Company is considering the possibility of exploiting other opportunities created by the climate change challenge, such as Carbon Capture and Storage (CCS) and technologies for high-efficiency generation and cogeneration.

As for physical risks, they consist mainly of a reduction in the average volume of precipitations (rain and snow) and an

excessive increase in temperature, which can cause an immediate drop in electric power production and create shortages of raw materials. In addition to managing this risk with its Enterprise Risk Management model, Edison monitors on a daily basis the trends in the energy it supplies and gas consumption, as they relate to changes in temperature.

Lastly, because it believes that the challenge posed by climate change is closely related to the protection of biodiversity, since the preservation of natural habitats and ecosystems has a major impact on the intensity of the effects of climate change, the Company launched a program to assess biodiversity levels in the areas surrounding its production facilities and developed an action plan that will be implemented in the coming years.

Carbon Management and CDM Projects

Edison created a complex model to forecast its level of emissions and compute the quantity of emissions rights (European Unit Allowances – EUA) that will be needed to comply with statutory requirements. This tool enables Edison to determine what its requirements will be and mitigate risk by constructing a balance portfolio of EUAs and CERs

purchased for compliance purposes. In addition, Edison chose to mitigate its exposure in the secondary market for CO₂ securities by investing in CDM (Clean Development Mechanism) projects in developing countries, as defined in the 1997 Kyoto Protocol. Edison, which was among first operators who entered this market in 2006, followed a unique approach that set it apart from its competitors and anticipated recent regulatory decisions by the European Commission. Specifically, it chose to purchase only credits from projects with established technologies, close to its core business, in the fields of renewables and energy efficiency, with regard to which it could carry out a strict due diligence procedures, specifically to verify the project's sustainability (e.g., avoiding projects with child labor issues or projects near protected areas). The decision to totally avoid HFC and N₂O projects proved to be farsighted, as the European Commission banned the use of these credits after 2012, finding them to be insufficiently sustainable.

Edison's unique approach is reflected not only in the choice of technologies used for the CDM projects it selected, but also in the evaluation process, which includes a preliminary assessment of a project's sustainability, both at the environmental

level, in terms, for example, of the need for permits and Environmental Impact Studies and its proximity to protected areas, and at the social level, in terms, for example, of child labor issues or population relocation due to dams' construction. If a projects is free of problems in these areas, it is then put through a thorough technical, legal and financial due diligence review to assess the transaction's potential benefits and risks. Based on this process, Edison decides whether or not it will buy the potential CER/ERU credits expected from the project, handling the entire credit registration and credit issuance process. Currently, Edison is a direct participant in more than 20 CDM projects in Asia involving renewables and energy efficiency and is an investor in carbon funds for the purpose of purchasing credits.

Development of Renewable Energy Sources

Through its ongoing development of renewable source facilities, Edison is contributing to the achievement of Italy's reduction objectives, with investments in a sector in which it has been historically present and active. In 2011, the development of generating facilities that use renewable sources enabled the Group to increase the generating capacity of its portfolio of renewable source facilities: at the end of 2011, the Group operated renewable source facilities with a combined production capacity of about 2,224 MW (2,161 MW in 2010), including about 1,744 MW from large-scale hydroelectric power plants, 459 MW from wind farms, 15 MW from photovoltaic systems and 6 MW from biomass facilities (through the Sistemi di Energia subsidiary).

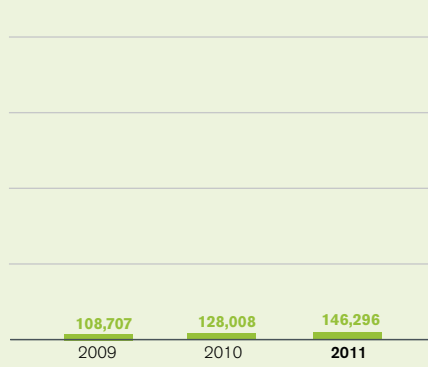
Emissions – Electric power operations

tons CO₂



Emissions – Hydrocarbons operations

tons CO₂



over **2,200** MW

GENERATING CAPACITY FROM
RENEWABLE SOURCES OF
THE EDISON GROUP

With regard to the development of wind power facilities outside Italy, work continued in 2011 on projects in the Sucheava region of Romania, where two wind farms with a projected combined capacity of 80-100 MW are planned. In addition, development of greenfield projects got under way in Greece, with the selection of some location and the start of preparatory anemometric activities for the selection of project layouts.

WIND POWER

Significant developments in the wind power area included the construction of wind farms in Foiano (completed between July and September, with a capacity of 17 MW) and S. Giorgio (completed in December, with a capacity of 54 MW), which required the installation of a total of 38 wind turbines, raising to 71 MW the total capacity in the Campania region. The facilities should reach full operating capacity in the first quarter of 2012. Also at the beginning of 2011, the regional administration of Apulia issued a permit to build and operate a wind farm in Candela (52 MW). In 2012, work will continue on the development of new sites, thanks in part to the progress made in the process required to secure the Integrated Environmental Permit from the different regional administrations and in negotiating and executing with various Italian municipal administrations new agreements for the construction of wind farms.

PHOTOVOLTAIC

In 2011, the Edison Group completed the construction and startup of three on-the-ground photovoltaic facilities, built both at sites owned by the Edison Group and at customer sites, with a combined capacity of about 5 MW and using different technologies: 1 MW at Cascine Bianche (Alessandria), using horizontal single-axis tracking technology; 3 MW in the municipality of Oviglio (Alessandria), including a horizontal single-axis tracking section for about 1 MW and a fixed-structure section for about 2 MW; and 1 MW at the Fiat Powertrain plant in Termoli (Campobasso) build on land owned by Edison.

MINI-HYDRO

In August, in the area of mini-hydro systems, the Group received and signed the "Hydroelectric Concession Governing Regulations" issued by

the Pavia provincial administration for a 4.5 MW run-of-the-river power plant. In November, a concession application for another 5 MW mini-hydro system was filed with the Cremona provincial administration. In addition, consistent with the operating plan, greenfield facilities are currently under development for a total of 20 MW and the Company is engaged in negotiations for purchasing/partnering transactions for a total of 50 MW.

Research and Innovation for the Environment

The ability to deliver services that are respectful of the environment is closely linked with the sustainability of production processes and starts at the research and development phase, which is of fundamental importance in identifying the innovations that will make it possible to achieve an improved environmental performance.

At Edison, research and development activities focus on issues concerning primarily energy production technologies (such as renewable energy sources, energy efficiency, low-impact generation technologies and development of advanced materials), reflected in projects that range from technology monitoring to feasibility studies, construction of cutting-

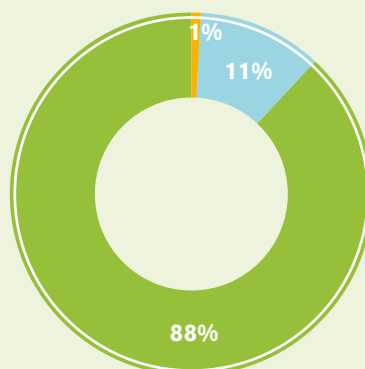
Recently, Italians were asked to express their opinion about the use of nuclear power and whether this type of energy should be reintroduced. The choice of the overwhelming majority of the Italian electorate, influenced in part by the Fukushima disaster, was against nuclear energy, but with an indication that Italy's policy on this issue should be revised.

Edison, like other Italian operators, had indicated that it would have been willing to consider nuclear energy as one of the technologies that could be deployed to achieve long-term strategic objectives, but viewed public support and the availability of long-term guarantees for investors as essential prerequisites. Since these two conditions could not be fulfilled, the Company temporarily altered its position, while waiting for a new definition of the national energy strategy.

40%

SHARE OF EDISON'S RESEARCH AND DEVELOPMENT EXPENDITURES DEDICATED TO RENEWABLE ENERGY SOURCES AND POWER GENERATION WITH A LOW ENVIRONMENTAL IMPACT.

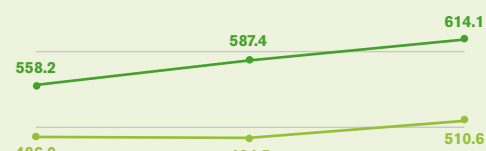
Edison's mix of renewables



■ Hydroelectric power
■ Electric power from other renewable sources (photovoltaic and biomass)
■ Wind power

Specific emissions – Electric power operations

Gross g/kWh



2009 2010 2011
■ Specific CO₂ emissions – thermoelectric power plants
■ Specific CO₂ emissions – all power plants

edge pilot plants and development of proprietary technologies. In addition, energy efficiency can become the main driver that countries and businesses could use to reduce emissions of greenhouse gases, which are responsible for climate change. Currently this appears to be the avenue that could be more easily pursued, since it represents an affordable and effective solution. In addition, the European Union's objective of achieving savings of 20% in primary energy use by 2020 is based on energy efficiency gains. In 2011, in this area, the European Commission developed a draft directive on energy efficiency that provides fresh support for initiatives by member states and businesses that are necessary to achieve the abovementioned savings objective. The measures proposed by the Commission include incentives for efficient energy use in every aspect of this sector, from power production to consumption (for example, high performance, cogenerating production technologies, performance of regular energy audits and promotion of solutions at the end-user level).

Edison research activities in the field of energy efficiency are carried out by its Innovation, Research and Development Department, which works synergistically with internal technology and many important Italian and international organizations engaged in energy research, which enables it to maintain a privileged vision of evolution in the technological scenario, essential both to seize opportunities and mitigate risks. In 2011, the Group's innovation, research and development activities covered a broad spectrum of topics, consistent with the highly dynamic and innovative phase that currently characterizes the energy sector. This dynamism, driven by strong competitiveness coupled with the pursuit of efficiency and emissions reduction goals, effectively translates into the development of new technological solutions that often leverage technologies and infrastructures from

PARTNERING FOR INNOVATION

IN 2011, Edison's Research and Development Department continued to collaborate, in Italy, with Milan's Politecnico University, Turin's Politecnico University, Environment Park – Scientific Technology Park for the Environment in Turin, CNR- IENI in Lecco, ENEA – National Agency for New Technologies, Energy and Sustainable Economic Development, and ECLT at Ca' Foscari University, in Venice. At the international level, collaboration continued with EDF's R&D organization, EIFER – European Institute for Energy Research, in Karlsruhe, Ecleer – European Energy Efficiency Research Center, which involves the Federal Polytechnic in Lausanne and the École des Mines in Paris.

the telecommunications and information technology sectors.

While continuing to generally monitor this broad spectrum of topics, research and development activities focused on some areas, specifically studying and testing some solutions and technologies in the areas of power generation (renewables or high efficiency) and energy efficiency. In the area of power generation systems, important efforts were devoted to fuel cells and photovoltaic systems. Work in the fuel cell area consisted mainly of tests of systems and components performed by a dedicated laboratory at the Edison Research Center in Trofarello and in collaboration with the Chemistry and Energetics Departments of Turin's Politecnico University and with the EIFER Institute in Karlsruhe, Germany. Activities concerning advanced, high-efficiency photovoltaic systems, which involved mainly system characterization projects, were carried out both in the lab and in the field at a test facility built at the Altomonte power plant, which is equipped with several photovoltaic systems and concentration cells. Activities in this area included an ongoing study carried out in cooperation with ECTL-Università Ca' Foscari in Venice, concerning certain basic operating aspects of innovative solar cells.

Another area related to power generation, albeit indirectly, is that of Carbon Capture and Storage (CCS), which was actively monitored with regard both to technological and regulatory developments and major test projects carried out in Europe.

The topic of energy efficiency, in its various manifestations, was the dominant issue pursued in 2011. The Group studied and participated in the development of customized solutions of some technologies that could help deliver new efficiency enhancement services to customers, particularly in the residential and service sectors. Activities in these areas, carried out in close coordination with the business units, included the performance of preliminary tests that will be followed in 2012 by pilot and demonstration projects. These initiatives represent the first concrete steps on the still infrequently travelled path toward smart-grid solutions, downstream of the distribution grid, consistent with a feasible medium-term scenario that calls for a significant development of such technologies as heat pumps, photovoltaic systems integrated into buildings, small-scale energy storage and electric vehicles. Additional activities in this area included work on storage systems, which were tested both in the lab and at the theoretical research level.

OUR EMPLOYEES



Edison responsibility: its employees

**SUPPORT THE DEVELOPMENT OF OUR EMPLOYEES, WHILE
PROTECTING THEIR HEALTH AND SAFETY IN THE WORKPLACE**

Consolidate programs to empower our employees with the aim of fostering the development of competencies and ensuring an optimum balance between private life and professional commitments

6.5 million €

AMOUNT INVESTED BY THE GROUP
IN EMPLOYEE TRAINING IN 2011

over **2,850**

NUMBER OF EMPLOYEES WHO
ATTENDED AT LEAST ONE TRAINING
COURSE IN 2011

96%

PERCENTAGE OF COMPANY AND
EXTERNAL STAFF AT ITALIAN SITES
WHO FOUND, IN 2011, THE "EDISON
PER TE" PEOPLE CARE PROGRAM
USEFUL

Consolidate and improve the prevention and monitoring Management System adopted for occupational health and safety (currently, already one of the most advanced in Europe) and to achieve injury indices that are among the lowest in the Group's industry, while pursuing the "zero accidents" objective

96%

PERCENTAGE OF GROUP FACILITIES
WITH OHSAS 18001 HEALTH
AND SAFETY CERTIFICATION

13.7 million €

AMOUNT SPENT FOR THE HEALTH
AND SAFETY OF GROUP EMPLOYEES
IN 2011

-50%

REDUCTION OF ACCIDENTS SUFFERED
IN ITALY BY GROUP EMPLOYEES IN 2011

The engine that drives Edison's growth is its human capital. Concern for company employees translates into a corporate culture aimed at promoting personal achievement, team work, communication, a results oriented approach and the delegation of responsibilities as key factors in the achievement of important corporate results. Equal opportunities, awareness of employees' professional and personal needs and expectations, protection of employees' health, commitment to supporting professional development and rewards for the achievement of results are the fundamental principles on which Edison's relationship with its staff is based. Edison rigorously complies with all statutes governing labor contracts and promotes its internal standards of responsible personnel management and the principles set forth in the Code of Ethics that the Company adopted, which are applicable to the entire Group. Anyone who works with us strives to ensure that our ethical standards, the rights enshrined in the Universal Declaration of Human Rights and the principles of the UN Global Compact are protected in all of the countries where the Company operates. All of these principles are listed in the Human Rights Policy adopted by Edison.

RECRUITMENT AND EMPOWERMENT OF OUR EMPLOYEES

Employees' recruitment

39.4%

PERCENTAGE OF GROUP EMPLOYEES WITH A COLLEGE DEGREE OR POST-GRADUATE DEGREE / PHD / MASTERS

Within the framework of a policy that fosters the internal development of professional competencies, the interaction with the labor market can provide important opportunities to acquire competencies and professional skills that are not available within the Group or to hire and invest in young resources. For this reason as well, for all positions that are rated as essential and/or critical, special replacement cards are updated periodically and the most appropriate activities are deployed to protect the corporate asset that employees represent for the Company in every respect.

Edison fully understands that the cooperation of highly motivated individuals with outstanding professional skills is a strategic factor of fundamental importance for the Company's growth. Consequently, it adopted a comprehensive recruitment process, followed by a human resources management and development system that, subsequent to their hiring, offers to all employees equal opportunities for improvement and professional development.

The recruitment and selection of employees to staff the Company's organization is carried out consistent with the principles of objectivity, transparency and equal opportunity, while respecting the privacy of each candidate. Our recruitment and selection processes are structured and implemented in accordance with the same exacting standards for all types of employees hired to fill positions at all levels of the organization.

Special attention is paid to college seniors and recent graduates, to whom Edison offers numerous internships and work opportunities to help them develop dissertations in various professional fields. These potential employees are recruited through numerous meetings with students at top universities.

In this area, Edison established a collaborative relationship with Italy's top universities, contributing teaching support about issues relevant to the Company and help in broadening development programs for college seniors and graduates, to whom it offers apprenticeship and dissertation support.

Edison's concern for the educational community goes beyond the university level. In 2011, for example, Edison under the aegis of Assolombarda and in collaboration with other companies, participated in a project for the development of a network of companies to reemphasize vocational education opportunities, under which it welcomed young students in the fourth year of high school, for whom it created alternating school-work programs focused on developing in the school system a teaching approach more oriented on developing the competencies actually required for employment.

MAXIMIZING THE VALUE OF LOCAL COMPETENCIES

At newly built production facilities in Italy, the so-called greenfield projects, taking also into account the nature of the production activities, which require operational continuity and high levels of security, the Group developed preferential hiring programs for local residents or residents of contiguous areas, implemented by means of contracts with local administration that target high unemployment areas.

Company employees who work at Edison Group entities outside Italy are also managed in accordance with evaluation and development processes that are consistent with Company principles and with the system/processes adopted in Italy, while fully complying local laws and the managerial and professional culture of each country and the resulting management practices, in addition to taking into account the operating peculiarities of each foreign entity. Lastly, programs, primarily of an educational nature, are being developed to foster the growing adoption by the local staff of the culture of the Group's head office, using both programs administered at the central level to benefit special employee groups (e.g., young developing resources and professionals) and training programs provided locally by central staff functions.



Employees' development and incentive system

The development of the Group's employees is promoted and implemented through specific professional and career paths. The Company developed a system to assess professional competencies, within professional families and role classifications, which it uses to identify technical-knowledge competencies of key value for the development of its businesses and deploy appropriate training and organizational activities to enhance and augment them, both at the organizational unit level and at the personal level. Edison also developed a performance review process that was applied to more than 1,000 employees, including executives, middle managers and office staff, in 2011, with the aim of promoting and rewarding the achievement of business results, within the framework of an objective and transparent dialogue between managers and employees.

To complete the tools available in the professional and performance evaluation area, Edison adopted a management model to assess, guide and develop the management skills that its managers must have to support the growth of their associates, until they are ready to handle management responsibilities. The identification of Company profiles that, because of the position, experience and key competencies involved, must be constantly monitored and protected is an integral part of the purposes and output of the Company's Management Review and professional competencies assessment processes. Lastly, the Company pays special attention to the management of recent college graduates, to whom it applies a special development, training and compensation policy during the first three years they spend at the Company.

Overall, the basic goal of the policy adopted to manage the compensation of those who work with us is to attract and retain the best resources functional to the Company's development in its market sector, recognize the responsibilities assigned to them, motivate their actions toward the achievement of both medium-term and long-term objectives and recognize and reward their achievements.

Edison compensates its employees in accordance with merit-based criteria that take into account the results achieved, managerial performance and professional competencies. The compensation system for all employees, with the exception of executives, includes collective incentives (result bonus), based on the achievement of profitability and productivity targets, and is designed to foster a more direct involvement of the entire staff in the pursuit of the Group's objectives. In addition to a fixed amount, the compensation system for executives and professionals with positions of high responsibility includes a specially designed system of variable incentives based on the achievement of annual and multi-year targets that are increasingly tied to sustainability.

The Group's overall objectives are translated into annual objectives, common to all management personnel, in addition to specific area and/or individual objectives. The main management objectives are assigned, in accordance with predetermined and measurable parameters, by the Board of Directors, which addresses these issues with the support of the Compensation Committee. For 2011, the common reference targets to which the variable compensation was tied included EBITDA, net financial position and three operating performance objectives. The targets thus defined were measured on a linear yardstick that included three thresholds: a minimum result threshold, below which the specific target is deemed not to have been achieved and, consequently, no economic benefit is produced, a target threshold and a maximum threshold.

MBO

IN 2011, PURSUANT TO A DECISION BY THE BOARD OF DIRECTORS, THE ACHIEVEMENT OF A RESULT TARGET TIED TO THE GROUP OCCUPATIONAL SAFETY PERFORMANCE WAS EXTENDED TO ALL MANAGEMENT PERSONNEL

Also in 2011, the Board of Directors, acting upon a proposal by the Compensation Committee, decided, consistent with past practice, to introduce for some executives an additional medium/long-term cash compensation factor. This tool was developed for retention purposes and to achieve greater alignment with the main objectives of the Company's stakeholders. The LTI programs is based on rolling three-year cycles and the maximum achievable value is predetermined: the first three-year cycle is for the 2011-2013 period.

Employees' benefits programs

For a number of years, by executing special agreements with the labor unions, Edison progressively integrated into its organization the new rules required by changing pension and health benefits legislation. Specifically, employees have the option of availing themselves of supplemental retirement benefits systems and supplemental health insurance benefits systems funded through joint employer and employee contributions.

In addition, the Company established the Edison Per Te program to help employees balance more effectively personal and professional commitments, further improve activities for the protection of employee health and provide support for their families. This program, launched in April 2008, is expanded and upgraded each year with new initiatives and activities based on employee recommendations, demonstrating Edison's growing concern for the needs of its employees. All of the services provided within the Edison Per Te program, irrespective of the specific issues that are being addressed, the manner in which they are presented in terms of communication and the type of employees who are using them, are structured to provide easy access, fast use, time savings and economic benefits. In most cases, they were designed with the aim of benefiting all employees, independently of where their workplace is located. However, in some areas, the programs were conceived and implemented for employees who work in urban areas or, conversely, to overcome the hindrances created by the distance from urban centers, as is the case for many of our operating locations.

In 2011, confirming the effectiveness of the services provided and the broad scope of employee needs covered, the satisfaction survey carried out at the end of each year showed that between 86% and 99% of the employees surveyed found the individual areas of the program useful.

EDISON PER TE



This program, which combines initiatives paid in full by the Company and services that require a contribution by employees, offers services that can be grouped into four areas of activity:

- » The Family area, which offers pediatric assistance services, summer camps, online computer and foreign language courses for the children of employees and information about specialized facilities and services for young children and teenagers. A service that helps employees at the Milan offices locate and hire babysitters has been active for some years. In addition, ten scholarships for a study/vacation program abroad, sponsored by the Intercultura Foundation, were made available in 2011 to the children of all Group employees in Italy.
- » The Health and Wellness area, which includes initiatives and services on health and physical wellness. In this area, one or more medical prevention campaigns are organized each year. In 2011, an oncological prevention campaign for employees at operating locations throughout Italy was organized in partnership with LILT – Lega Italiana per la Lotta Contro i Tumori, while employees at the Milan headquarters were offered special medical checkups in any of these areas: physical posture, otolaryngology, dermatology, endocrinology and general health assessment. Additional initiatives included online medical consultations, information about medical facilities and hospitals, wellness programs designed to promote physical activity and a Help Desk for seniors that provides online support on issues concerning the care of parents and/or older relatives.
- » The Personal Time area, which provides employees at offices in Milan with contributions toward commuting costs, easy payment terms and special agreements with ATM, Ferrovie Nord and Trenitalia Lombardia, as well as support by personnel specialized in dealing with public administration paperwork on behalf of Group employees. Other services in this area, available to employees at all locations, include online consulting support for private and personal legal and tax issues and numerous programs and discounts for leisure or cultural activities, including, for example, an excellent box office service for theatrical and musical events and several types of "Travel Vacations", many personalized to fit the needs of employees and former employees belonging to the Company's Senior Group.
- » The Savings Opportunities area, which includes a network of suppliers and stores located throughout Italy, expanded in 2011 with the addition of new conventions and agreements. Employees can use this program to purchase directly goods and services at a discount. In addition, the opportunities provided through the Business and People Network have been growing in number and importance. Edison, together with some of Italy's biggest companies with a concern for the needs of their employees and the issues related to balancing family and work obligations, established, through the Business and People Network, a commercial exchange platform through which employees at different companies within the network can purchase at discounted prices products and services from other network companies. Another function of the Business and People Network is to encourage and promote the use of employee fringe benefits as a competitive tool for businesses and a responsible contribution to the improvement of society by these businesses.

In order to maximize potential sales opportunities and use as effectively as possible the tools to make them available to employees, several Temporary Online Shop events are held each year, offering online sales at promotional prices, available for a limited time. In addition, an onsite Temporary Shop was organized for the first time in December, at the Milan headquarters, to support a worthy social project (5% of the revenues was donated to restructure a section of the Pediatric and Oncological Day Hospital at the San Gerardo Hospital in Monza).

After taking first place in 2009 in the Famiglia-Lavoro Prize sponsored by the Regional Administration of Lombardy and ALTIS, this program was honored in 2011 by the HR Innovation Practice Observatory at the School of Management of Milan's Politecnico University, with a special mention for the "intelligent" use of ITC tools as drivers of innovation in the management and development of human resources.



Employees’ training and development

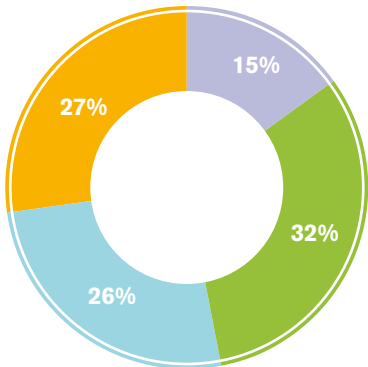
Based on a structured process that, starting with an assessment of existing competencies and skills, is designed to determine the Group's training and development needs, the Personnel and Organization Department, working in close cooperation with liner management, develops an annual training program that involves the entire staff, with the aim of developing professional-technical competencies and management competencies and strengthening transversal competencies (such as business competencies and knowledge of the economic-regulatory context), which are indispensable for any professional or manager working at Edison.

In 2011, Edison implemented a training program addressed to more than 2,800 employees. This program, which targeted with specific projects different populations within the Group, featured the customary emphasis on occupational safety and the environment.

The 2011 plan was characterized by an investment in professional competencies, both of a transversal type (for the energy operations) and a vertical type in the professional area. The "Specialization Course on the Energy Business and Utilities", developed and implemented together with Milan's Politecnico University is specifically related to the first type of competencies. This course is addressed to professionals with a cross-functional career path, who received a broad and diversified training to help them develop the Company's distinctive competencies. Another project that addressed a broader audience, but was still focused on the professional development of management personnel, consisted of a series of seminars, carried out during the year in partnership with top research entities and institutions, that examined in detail relevant issue for the energy sector.



Hours of training by type
2011



- Quality, Environment and Safety
- Technical/Profession training
- Institutional/Management training
- Foreign language courses

Activities regarding professional competencies for specific "trades/professional families" included completion of the first phase of the Market Academy, a conceptual training and development initiative in the sales area. Noteworthy management training programs included, in addition to the annual course for newly promoted supervisors, implementation of the biannual Management Program for New Executives and the "Responsible Leadership" program, which is designed to make all Company managers aware of the importance of managing the resources under their jurisdiction responsibly with regard to occupational safety issues.

OCCUPATIONAL HEALTH AND SAFETY



Promoting the development of our employees while guaranteeing their occupational health and safety is one of the challenges that are inherent in Edison's responsibility. With this in mind, Edison tackles and manages health and safety issues consistent with an integrated system approach, promoting the development and deployment of Management Systems as a key element of prevention and continuous management improvement, while respecting and constantly interacting with the communities within which it operates, in accordance with best international practices. The adoption of health and Safety Management Systems that comply with international benchmark standards (BS OHSAS 18001) demonstrates the Group's commitment to going beyond merely maintaining compliance with statutory requirements, choosing instead to promote a policy of continuous improvement that fosters a culture of safety at all levels of the organization.

Edison has been implementing for some time programs to promote occupational safety. As a result, it has been able to achieve outstanding results and bring its occupational safety indices to levels that place it among the most virtuous companies with respect both to its own employees and the employees of contractors.

In 2011, the occupational safety performance for Group employees showed a significant improvement compared with the data reported the previous year, with an Injury Incidence Rate of 1.43 and a Lost Workday Incidence Rate of 0.04. With regard to employees of contractors, 2011 ended with a higher Injury Incidence Rate, which increased to 6.45, due both to a higher number of accidents and a decrease in hours worked. Nevertheless, the Lost Workday Incidence Rate for contractor employees was still a low 0.13.



Note: The Lost Workday Incidence Rate for contractors' employees is net of 7,500 days attributable to a fatal accident that occurred at Sermide power plant. The existence of a correlation between this event and the work performed is still being analyzed and investigated by the relevant authorities.

The main activities carried out or launched in 2011 by Edison Spa are reviewed below:

"DICCI LA TUA"	The Company launched at its Foro Buonaparte headquarters in Milan and at its Rome and Bologna offices a project called "Dicci la Tua" (Tell Us About it). This project, which saw the involvement of the entire staff, is based on observing and reporting risky behavior and situations. The project's objective is to help promote an informal culture of occupational safety and achieve a reduction in the number of accidents.
DIMP PROJECT	A project to optimize the document collection process for access by employees of contractors (DIMP Project) got under way using the same software applied to the qualification process. The purpose of this project is to improve the effectiveness of the existing process and simplify the work of the Delegated Project Managers for Operational Activities, while helping reduce the use of paper documents.
CERTIFICATIONS	With the certification of Comiso gas production facility by an independent entity, the Hydrocarbons B.U. completed the certification process of the integrated environmental and safety systems for all of its operating sites in accordance with the UNI EN ISO 14001 and BS OHSAS 18001 standards. Thanks to this achievement, the Hydrocarbons B.U. is now aligned with the Electric Power B.U., which had already achieved this objective. As for the Renewable Sources B.U., the objective of full coverage will be reached in the first half of 2010, with the certification of the Castellavazzo biomass power plant. The Trofarello Research and Development Center started the certification process, which it expects to complete in the first half of 2012.
TRAINING OF EMPLOYEES OF CONTRACTORS	The active involvement of employees of contractors who work at operating sites on an ongoing basis in actively promoting Edison's culture of health and safety was pursued with coordination meetings and access to the training courses provided to Group employees. In 2011, 885 employees of contractors attended training courses.
RISK ASSESSMENT	A preliminary assessment of risk from work-related stress, designed in accordance with the general guidelines of the European Agreement of October 8, 2004, was completed. The Risk Assessment Documents were reviewed and, when necessary, updated consistent with operating conditions and organizational changes. This work was performed using a risk assessment software that is now available at virtually all the Group locations.
OSHA WEEK 2011	Edison was an active participant in "OSHA Week 2011", the European health and safety week (October 24-28), implementing several communication and training programs. The topic for 2011 was "Healthy and Safe Work Environments – Safe Maintenance Practices".

As was the case in previous years, support and guidance activities concerning compliance with current regulatory requirements and aimed at improving the Group's health and safety levels continued also at Edison's subsidiaries. More specifically, Edipower continued to implement various solution to prevent and mitigate risks related to occupational health and safety, which included guidelines and procedures to manage critical processes, periodic reviews of compliance with regulations and company standards, analysis of accident events and definition of appropriate corrective action, communication of the most meaningful events and occurrences to all production units and training programs on health and safety for all employees. The main activities carried out by Edipower are reviewed below:

- » european OSHAS campaign on the safety of maintenance activities;
- » completion of the process for the adoption of a Safety Management System specifically compliant with the BS OHSAS 18001/2007 reference standard at all production units, which then received OHSAS 18001 certification;
- » activities required for the maintenance of the OHSAS Management System at the Brindisi and Udine power plants, which were certified in 2010, and start of the system's integrated Safety/Environment audit;
- » preparation and joint review of operating instructions for handling interference risks between operating, maintenance and construction activities carried out in the same location;
- » safety inspections at construction sites and production facilities;
- » control and assessment of supplier's performance;
- » optimization of the process for the development of Safety and Coordination Plans.



INDUSTRIAL RELATIONS



CSR in labor agreements

IN 2011, THE COMPANY AND THE LABOR UNIONS SIGNED AN AGREEMENT FOR A BUSINESS DEVELOPMENT MODEL BASED IN PART ON SOCIAL RESPONSIBILITY PRINCIPLES.

Edison shares with the labor unions a structured system of industrial relations based on an ongoing constructive dialogue, carried out with the utmost respect for the fundamental principles that underpin the main relevant collective bargaining agreements. Early communication, consultation and debate and dialogue between the parties are the essential tools to maintaining a systematic approach to labor union relations and, consequently, deploying positive solutions for the Company and its employees and avoiding the occurrence of personal and collective conflict. Consistent with existing agreements about CSR, Edison and the labor unions are committed to implement bilateral arrangements capable of ensuring the Company's continuing success in a competitive market environment, while taking into account the personal and social issues that are relevant to the Group employees.

In July 2011, the Company and the labor unions representing workers in the electrical industry signed two important agreements: a first one (on July 13) concerning the Supplemental Company Agreement and a second one (on July 29) concerning Corporate Social Responsibility Protocol. The Supplemental Company Agreement, which covers the three-year period from 2011 to 2013, on the one hand, called for the renewal of the Result Bonus, which continues to be tied to profitability and productivity factors, and, on the other hand, created the premises for a subsequent agreement concerning corporate responsibility. The Company and the labor unions representing workers in the electrical industry confirmed their full support for a corporate development model that can combine the creation of value with the expectations of all internal and external stakeholders, while fully respecting fundamental human rights and complying with the best occupational safety and environmental protection standards.

An agreement renewing the National Collective Bargaining Agreement, which expired on December 31, 2009, was signed on March 10, 2011 with the labor unions representing workers in the gas and water industries. Consistent with the terms of the agreement signed by all unions on April 15, 2009, which implemented a reform of the contractual stipulations that govern the Italian system of industrial relations, the contract will be in effect for three years (i.e. until December 31, 2012) with regard both to benefits and compensation.

In 2010, as was the case in recent years, Edison was free of collective work stoppage events related to specific Company issues. However, the total number of strike hours was up sharply compared with 2010, due to nationwide strikes related to the challenging economic situation currently faced by Italy.

EMPLOYEE'S INVOLVEMENT

Numerous programs designed to foster employee involvement were carried out in 2010. In 2011, Edison+, the Company's Intranet portal, reaffirmed its function as a space where employees can find constantly updated news and information about the Edison Community. The portal provides a platform for sharing information and simplifying work and served as a reference point during the current phase of pending decisions about changes in corporate structure. Tools, functionalities and services were consolidated and the use of blogs, quizzes and online surveys was increased to encourage the sharing of information and increase dialogue and interaction opportunities among employees at different Company locations.

In 2011, internal communication activities again offered a number of internal events, including:

- » *parents at work day*, when the Company opened its doors to the children and grandchildren of its employees for the fifth consecutive year;
- » *diversity day*, which included seminars, lectures by experts and an ethnic lunch;
- » the *summer festival*, which marked the conclusion of the fourteenth edition of the annual intramural Arena Soccer Tournament, with the participation of players from the Milan area;
- » the *christmas party*, an anticipated opportunity to interact and celebrate, while sharing the projects and initiatives carried out during the year.

Additional programs included the fourth edition of the photography competition entitled "Women and Men Who Work at Edison" and, with the aim of supporting cultural, musical and sports partnerships, the Company launched the "Living the Sponsorships" project. Sports activities have in fact shown that they can provide good opportunities to come together and demonstrate our positive energy. On the occasion of games by Italy's national teams in various sports, interested employees were given an opportunity to attend the games and meet the athletes.



THE MARKET



Edison responsibility: the market

EDISON IS A TRANSPARENT AND FAIR OPERATOR IN THE MARKET IN WHICH IT OPERATES, WITH THE AIM OF ESTABLISHING LOYAL AND LASTING RELATIONSHIPS WITH ITS COUNTERPARTIES

Invest in researching new energy conservation solutions for our customers, offering them services that respect the environment and fosters a responsible energy use

720 GWh

RECS CERTIFIED "GREEN"
ENERGY SOLD IN 2011

1,700 t

AVOIDED CO₂ EMISSIONS THANKS
TO THREE PHOTOVOLTAIC SYSTEMS
DEVELOPED BY THE ENERGY
EFFICIENCY B.U. AND INSTALLED
AT CLIENTS' FACILITIES

3.2 million €

RESEARCH AND DEVELOPMENT
EXPENDITURES INCURRED
BY EDISON SPA IN 2011

Create avenues for interaction with customers and consumers' associations to improve the services offered by the Group

18

NUMBER OF CONSUMERS'
ASSOCIATIONS WITH WHICH
EDISON IS DEVELOPING DIRECT
COMMUNICATION CHANNELS

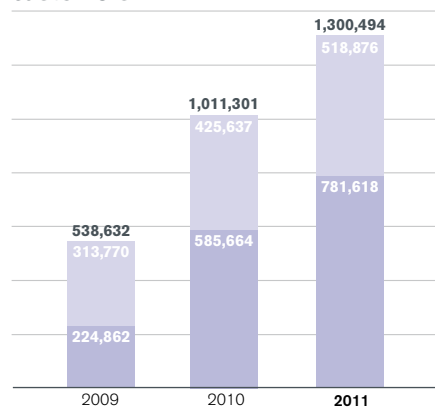
54.8%

PERCENTAGE OF INBOUND CALLS TO
THE CONTACT CENTER ANSWERED
WITHIN 30 SECONDS

Quality Charter

SERVICE QUALITY CHARTER
DEVELOPED JOINTLY WITH THE
MAIN CONSUMERS' ASSOCIATIONS

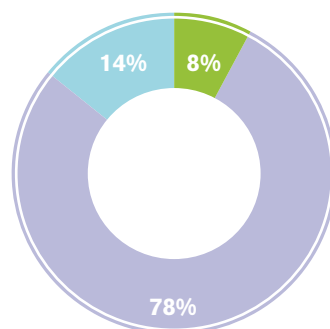
Total number of Edison Group customers



■ Total electric power customers ■ Total natural gas customers

Electric power customers

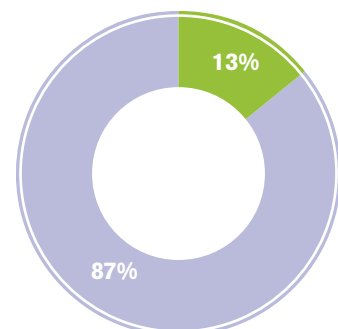
% GWh



■ Residential ■ Business ■ Small-business soho

Natural gas customers

% m³



■ Residential ■ Industrial and non-industrial wholesalers

EDISON PRODUCT OFFERS FOR THE MARKET

+9.4%

INCREASE IN SALES OF RECS
CERTIFIED GREEN ENERGY

An analysis of current trends in the energy sector clearly shows that it is gradually becoming more competitive and that a steadily increasing number of customers are switching to the deregulated market, searching among many available offers for the one that best suits their needs. This evolution is the result of a growing desire for change and widespread customer awareness, to which Edison is responding by constantly expanding and updating its product portfolio with the aim of providing greater flexibility and responding to changing market needs. In addition to constantly supporting its existing offers, Edison strives to broaden its product line, introducing services that are complementary to the supply of energy. In addition, it continues to monitor changes in regulations and technology in such areas as the smart grid and electric cars, so as to always be at the forefront in recognizing new signal from the market and working on the development of innovative products. Edison considers greater awareness of environmental issues and sustainable development as two key factors that are driving the Company's effort to develop sales offers with energy generated from renewable sources. Evidence of this commitment is Edison's involvement with partners who are extremely keen to promote eco-sustainability and its efforts to encourage customers to choose options with a low environmental impact, such as using direct bill payment and electronic invoices. Another strong point of Edison's strategy is to always place customers at the center its business activities, listening to "their voices", making them active participants in the development of new products and seeking to optimize their experience with the company by always communicating with them in clear and simple terms.

In 2011, Edison consolidated its retail customer base, offering affordable, simple and transparent quality services. The challenge that Edison chooses for itself each year is to constantly acquire new customers, investing in the relationship with its customers and building a strong bond with them, and broadening commercial partnerships, so as to exploit potential synergies with companies in highly complementary sectors and thus create more value for its customers.

EDISON'S SUSTAINABLE OFFERS

In 2011, Edison launched two important programs with high visibility partners who are actively engaged with regard to social and environmental issues and extremely mindful of the need for a sustainable use of natural resources. Together with Ikea and Electrolux Rex, Edison developed offers with energy produced exclusively from renewable sources, aimed at customers concerned about environmental sustainability:

- » The Edison Luce Green offer was available to Ikea Family members, who could choose to receive exclusively energy produced with RECS-certified renewable sources and a 10% discount on the PED (a rate component set by the Authority). This sales campaign lasted until the end of August 2011.
- » Electrolux customers who bought a home appliance from the "Green" line had the option (until December 31, 2011) to activate the Edison Risparmio Green offer, which included a bonus of free energy equal to one year's consumption by the appliance they purchased and a 10% discount on the PED. The CO₂ emissions generated to produce and distribute the product were offset through the regeneration and conservation of wooded areas in cooperation with local government entities.

Edison also promotes offers for the residential market that are designed to make customers aware of the need to consume energy more responsibly. Also with the Zero Sorprese offer customers have an incentive to lower their consumption in order to stay within the usage profile they selected. Lastly, in the small business segment, Edison added to its offer portfolio two "green" offers for paying customers who are independent contractors or members of the public administration.

In 2011, as part of its ongoing effort to strengthen its presence throughout Italy, Edison carried out a project to monitor conditions at the local level that included a tour of the main Italian cities to meet residential users directly and answer any questions regarding energy, how to switch supplier and the rates charged in the deregulated market.

In October 2011, with the market launch of the new Edison Zero Sorprese offer, Edison completed its range of sales offers for the consumer market with a product tailor made for each type of usage and designed to meet the need for clarity and simplification of family budget decisions. Specifically, Edison Zero Sorprese makes it easier to manage the family budget, thanks to the assurance of a fixed cost, locked for 12 months. With the Web version of this offer customers can save even more by signing the contract at the www.edisoncasa.it website and agreeing to direct bill payment and electronic invoices. Under another program launched in 2011 to lower energy costs, Edison and Webank signed an agreement aimed at significantly reducing the electricity and gas bills of customers in Italy. Specifically, all residential customers who use the Edison Zero Sorprese Web offer for their power and gas supply and open an account at Webank for direct payment of Edison's bills received a credit of 150 euros towards the cost of electric power and gas.

In 2012, Edison's objective will be further growth in the retail segment, both for electric power and natural gas, thanks to its portfolio of offers that are continuously evolving, with the aim of developing products that are always able to meet the demands of the market and new emerging needs.

A commitment to energy efficiency and a reduced environmental impact

Edison developed an efficiency energy service aimed at helping its customers use energy resources rationally, starting with the optimization of energy use processes, from onsite energy generation with limited or no environmental impact systems (photovoltaic, other renewable energy sources, high-yield cogeneration, etc.) up to and including support on how to offset residual carbon footprint emissions.

ECLEER

EDISON IS A MEMBER OF THE EUROPEAN CENTRE AND LABORATORY FOR ENERGY EFFICIENCY RESEARCH (ECLEER), WHOSE MISSION IS TO BRING ENERGY EFFICIENCY TO CUSTOMERS AND REDUCE CO₂ EMISSIONS THROUGH THE USE OF ELECTRIC POWER WITH LOW CARBON INTENSITY AS AN ALTERNATIVE TO FOSSIL FUELS

To promote access to energy efficiency, Edison even makes direct investments at customer locations. Activities carried out in 2011 included several studies of methods for the use of energy resources: definitions of virtuous processes that reduce costs and the environmental impact, projects for the construction of photovoltaic systems and industrial efficiency programs that meet the energy needs of customers and are implemented directly at the customer's production facilities.

Edison's services for the promotion of energy efficiency are designed specifically for industrial customers and are based primarily on onsite self-generation and optimization of the production process. The decision to focus on this segment is due to the interest shown by customers in the cost optimization structure included in Edison's offer and the resulting positive impact on the environment. Moreover, the evolution of the regulatory framework is providing additional momentum to the development of the market for energy efficiency services.

Energy Efficiency BUSINESS UNIT

EDISON ESTABLISHED A BUSINESS UNIT DEVOTED EXCLUSIVELY TO SUPPORTING INDUSTRIAL CUSTOMERS IN THE RATIONAL USE OF ENERGY RESOURCES AND THE PRODUCTION OF ENERGY FROM RENEWABLE SOURCES. SOLUTIONS ARE STUDIED BASED ON THE ACTUAL NEEDS OF CUSTOMERS AND FOLLOW AN IMPLEMENTATION PROCESS THAT STARTS WITH AN ENERGY AUDIT AND INCLUDES SUPPORT IN OFFSETTING THE RESIDUAL CARBON FOOTPRINT.

Edison understands that the main obstacle to the development of energy efficiency is the inability of customers to allocate resources to non-core activities, particularly during periods of crisis such as the current one. For this reason, Edison's Energy Efficiency and Sustainable Development Business Unit provided support to its industrial customers in the rational use of energy resources and the production of energy from renewable sources, installing high efficiency renewable-resource facilities with a low environmental impact, dedicated exclusively to meet the site's needs, from plant to office buildings. In accordance with an officially sanctioned model called "Efficient User System", Edison makes a direct investment, supplies to the customer its technical expertise and its knowhow in the areas of occupational safety, quality and the environment and offers economic terms that are more competitive than any of the best alternatives available for the supply of electric power from the grid. The type of situation to which this model can be applied depends on the actual needs of individual customers (production and distribution of heat/refrigeration, compressed air, high-efficiency indoor and outdoor lighting, etc.), based on a process that starts with an energy audit and runs up to project implementation. Edison commits itself to achieving an efficiency target and helps the customer communicate the work done and the environmental benefits achieved. The projects developed in 2011 are the result of the extensive work carried out in 2010 to analyze the market, define contract models and begin the operating phase at the initial construction sites for the production facilities.

Three renewable source facilities (photovoltaic) went on stream in 2011, for a total installed capacity of more than 3 MW. These systems, which were built at customer-owned sites, operate in self-consumption mode, i.e., they are totally dedicated to supply the consumption needs of the customer site: 0.97 MW installed on the roofs of three industrial buildings at a Mapei plant in Latina (LT); 1.354 MW installed on a cantilever roof sheltering the company parking lot at a Roche plant in Monza (MB); and 0.87 MW installed on the roofs of two industrial buildings at a Mapei plant in Robbiano di Mediglia (MI). In 2011, the strategy pursued by Edison generated savings of about 600 TEPs, corresponding to 1,700 tons of CO₂.

The construction of the facilities built for Mapei, financed exclusively by Edison, is the result of a successful partnership that shows how companies in power-intensive manufacturing industries and energy producer can collaborate in contributing together to the achievement, in an economically sustainable way, of the European Union's 2020 targets for reduction of greenhouse gas emissions: this is because the production of electric power with photovoltaic facilities does not generate the planet warming emissions that would otherwise be released by burning fossil fuels.

Other projects in 2011 included the start of pre-commercial activities concerning experimental energy efficiency a system for public lighting and fuel-cell power generation.

The development plan for 2012 calls for the signing of contracts to build photovoltaic facilities at sites of industrial customers, with the same development and operating modalities as those described above. Results are also expected from the sales activities

carried out in the second half of the year with industrial customers with regard to industrial cogeneration and trigeneration in the 1-10 MW size range and in the area of energy efficiency, which, presumably, will become an important line of business in the future, due in part to changes in European and Italian regulations.

Lastly, since 2010, Edison Energia has been collaborating with the Research and Development and Institutional Affairs Departments to develop energy efficiency services (post-meter services) for the Group's customers, particularly in the electric power sector. In addition, Edison is working on the development of systems that will allow its customers to see and monitor their consumption data independently.

MAPEI SUPPORT PHOTOVOLTAIC DEVELOPMENT

The production of electric power generated by photovoltaic facilities at Robbiano di Mediglia and Latina will make it possible to avoid emitting into the atmosphere a total of about 1,050 tons of CO₂ a year – corresponding to those produced by about 10,500 cars traveling from Milan to Rome – for a total of 19,400 tons of CO₂ over 20 years. The photovoltaic systems installed on the roofs of industrial buildings at Mapei plants have a combined installed capacity of more than 1,830 KW and produce 1,980,000 kWh a year. The systems at Robbiano and Latina supply 95% and 80% of their output, respectively, to meet the needs of the corresponding factories.

GREEN ENERGY FOR THE SANPELLEGRINO GROUP

Edison and the Sanpellegrino Group signed an agreement for the supply of electric power produced with renewable sources. Thanks to this agreement and purchases of certificates from the Renewable Energy Certificate System (RECS), Sanpellegrino's 11 plants and its Milan headquarters will be supplied exclusively with 100% Edison clean energy.

PROMOTING ENERGY EFFICIENCY WITH CONFINDUSTRIA ALESSANDRIA

In January 2012, Edison and the Alessandria manufacturers' association (Confindustria Alessandria) signed an agreement to develop energy efficiency projects for member companies. Under the agreement, Edison will build, at its expense, photovoltaic systems at plants operated by interested member companies of Confindustria Alessandria that meet certain requirements. Edison will retain ownership of the systems and will be the recipient of the economic benefits provided under the "Energy Account" (national government incentives), while the companies will benefit from a reduction in the cost of the electric power used by their plants and from the consideration they will receive for the air rights they granted to Edison. Title to the photovoltaic systems will pass to the companies upon the expiration of the "Energy Account" (after 20 years) or earlier, if desired.

QUALITY AT THE SERVICE OF OUR CUSTOMERS

In February 2011, Edison launched its Service Quality Charter, applicable to all residential electric power and natural gas customers. The Service Quality Charter is part of process that Edison began in 2007 to obtain quality certification in accordance with the ISO 9001 international standard. In 2008, ahead of its industry competitors, Edison was the largest wholesaler, in terms of revenues, operating in the deregulated energy market to receive the coveted certification. In 2011, Edison Energia passed with flying colors a Certification Renewal inspection, achieving again the challenging "zero non conformity" target, which is becoming an increasingly ambitious goal, considering that Edison reached the 1.3-million-customer mark in 2011.

The Service Quality Charter

IT IS A PRACTICAL GUIDE FOR ALL CUSTOMERS WHO CHOOSE EDISON ENERGIA AS THE SUPPLIER OF ELECTRIC POWER AND NATURAL GAS FOR THEIR HOMES, PROVIDING USEFUL INFORMATION TO ACCESS ALL AVAILABLE SERVICES

Edison's Service Quality Charter was made possible in part by the input of Cittadinanzattiva and will incorporate in its future editions the recommendations of other associations from the National Council of Consumers and Users. It is a practical and simple guide, with all of the information customers need to manage the delivery of their services. It is also consistent with the policy of transparency promoted by the Company, to ensure that consumers receive more information and protection, and constitutes an actual "pact" with its customers. Edison's main commitments include: speed, simplicity and no cost for the resolution of any disputes, thanks to the Joint Conciliation process (active since January 2010); guarantee of a customer service available every day, 24 hours a day; bill payment in installments for indigent customers; options for customers to manage their service on the Customer Page of the edisonenergia.it website; continuous monitoring of the services offered and compliance with contractual terms.

Edison also devoted considerable space to explaining how the electric power and natural gas markets operate, how to read the bill, the electric power and gas bonus and its commitment to environmental sustainability and energy conservation. Specifically, the Charter includes a section with useful advice for a responsible and efficient energy use. In addition, all Edison Energia's bills always list the emergency number of the distributor that customers should call in the event of breakdowns, interruptions and gas leaks. Lastly, included with the bill, a document with information about safety requirements concerning user equipment is sent to customers once a year. Publication of the second edition of the Service Quality Charter is scheduled for May 2012. This new edition will include a separate section describing the services and tools provided by Edison to prevent the activation of unsolicited contracts.

Edison's focus on customers, which is a key element of the strategy that guides the Company's commercial activities, is maintained by continuously monitoring the level of customer satisfaction. The annual in-depth customer satisfaction survey was carried out in 2011. This survey provides an important tool to assess the perception and level of satisfaction of customers with regard to all service components (sales, offers, billing, customer service, etc.). In addition to assessing performance in terms of customer experience, the survey identified areas requiring attention on a high priority basis, with regard to which the relevant Company functions are taking corrective action and implementing targeted activities aimed at improving the quality level provided sufficiently to meet customer expectations. The findings of the 2011 customer satisfaction survey showed that residential customers have a good level of satisfaction in all main areas and higher than the previous year, albeit not by much, as customers in this category tend to be very demanding. On the other hand, in the Microbusiness segment, the 2011

survey showed a significant improvement in the perceived quality of several aspects of the service provided (e.g., contact center, billing and affordability) that were the target of special projects during the year: for example, specialization of the contact center's units, development of a new billing method and carefully focused activities with change of offer.

In 2011, in addition to the annual customer satisfaction survey, the Company instituted an ongoing monthly analysis of customer satisfaction with the Contact Center service, with the goal of promptly identifying any problems and, when necessary, enabling the Company to define the required corrective action, the effectiveness of which will be verified by subsequent surveys. Lastly, a monthly monitoring of "lost" customers was activated in March 2011 to understand and verify the reasons why they left Edison. At the same time, prevention and retention activities focused on retaining at-risk customers were strengthened.

PROTECTING ACCESS TO ENERGY

Edison is contributing to the development of the social bonus, a feature of electric power and gas bills instituted by the Electric Power and Gas Authority. The bonus enables financially disadvantaged families or families that include a severely disabled person to save on their energy bills. All information about who is eligible for the social bonus and how to claim it is available through the various channels (tools) that Edison uses to communicate with its customers: from the Company website, which contains several FAQ about this issue, to the Service Quality Charter and customer service specialists, who can provide all references and answers that customers may need. Edison, in addition to the tools deployed by the Authority, gives households in financial difficulties the option of paying their bills in installments, breaking them up into smaller and more manageable payments.

EDISON MARKET ACADEMY

In 2011, to promote continuous improvement, Edison Energia launched the Edison Market Academy (EMA), a professions academy for all of Edison employees involved in processes that, directly or indirectly, "touch" customers, at all levels of the organization. The objective of the EMA is to pursue an innovative approach for the development of competencies and a corporate culture based on the concepts of "focus on customers" and service quality, starting with Edison's values and those of its customers and including technical, professional and behavioral competencies. The Market Academy will be a primary source of innovative ideas. Turning these ideas into projects to be developed by activating an "Innovation Management" process will be the next challenging objective that Edison Energia will pursue in 2012. Another step forward towards the achievement of continuous improvement.

Advertising and Marketing

CONSISTENT WITH THE PROVISION OF THE CODE OF COMMERCIAL CONDUCT, AS UPDATED IN 2011 BY THE ELECTRIC POWER AND GAS AUTHORITY, EDISON IS ALWAYS MINDFUL OF TRANSPARENCY ISSUES WITH REGARD TO ALL CONTRACT DOCUMENTS AND WHEN PROVIDING TRAINING FOR ITS SALES FORCE AND THAT OF ITS SUPPLIERS AND SUPPLYING ITS CUSTOMERS WITH ALL THE INFORMATION NEEDED TO SWITCH TO THE DEREGULATED MARKET.

Management of customer relations

In order to ensure the transparent handling of any problems with its customers, Edison, consistent with the relevant regulation (AEEG No. 04/08), defined a procedure for payment reminders that protects equally the Group's interest and that of consumers. The procedure calls for a sequence of three payment reminders. After the third reminder, Edison sends a letter demanding payment. After 10 business days have passed from the delivery of the letter without receiving a response from the customer (challenging the bill or providing proof of payment), Edison physically cuts off the supply of power (or reduces the power, when so required). The supply of power is reactivated only when a fax with evidence of payment is received or an application for an installment payment plan is received and approved. Customers at the third reminder level are contacted by a registered letter.

Also in 2010, Edison activated the joint conciliation procedure for all residential customers with a contract for the supply electric power or natural gas. This procedure can be used to resolve any dispute with the Company quickly and without filing a lawsuit. The increase in customer complaints that occurred in 2011 was due mainly to the acquisition of new residential customers. More specifically, the ratio of the number of complaints to the number of customers went from 2.8% in 2010 to 3.4% in 2011, while the increase in the base of electric power and gas customers grew by almost 30%.



Special attention is also paid to protecting consumers from deceptive sales practices. To that effect, Edison adopted a series of controls both for the physical sales network and the telephone sales network. These controls can be either of the preventative type (e.g., verification of the quality parameters of sales partners, acceptance of the Edison Code of Ethics, etc.) or the ex-post type, implemented with regard to the conduct of sales partners (e.g., control by area managers, courtesy calls to verify the actual intent to activate a contract, etc.).

In 2011, Edison was fined 360,000 euros by the Italian market competitiveness authority for "deceptive sales practices". This fine results from an investigation launched in response to complaints by some customers, acquired through sales agencies, who denied having signed a contract for the supply of electric power and natural gas. However, Edison handled these complaints in the most fair and transparent manner, cancelling the activation applications, if possible, or refunding any expenses to the customers affected by these complaints. For this reason, the Company is challenging this decision by the authority before the Regional Administrative Court of venue.



INTERACTION WITH CONSUMERS

One of the key factors underpinning Edison's success in the residential market, which it entered in 2008, has been its awareness of the importance of establishing a close dialogue between consumers and the company. Given the fundamentally important role played by the citizen consumer, whose needs and expectations inevitably shape business decisions and marketing strategies, Edison established from the very beginning a relationship and a direct dialogue with consumers' associations, especially those recognized by the Ministry of Economic Development, which are the counterparties providing a conduit for understanding the needs of consumers and addressing their grievances.

Consequently, in recent years, Edison was involved in various projects and initiatives in collaboration with the main consumers' associations.

JOINT CONCILIATION

Thanks to an agreement between Edison and the consumers' associations of the National Council of Consumers and Users, the Joint Conciliation tool was activated in 2009. This tool, which provides an alternative to the judicial system and is less onerous and faster both for consumers and businesses, can be used to resolve disputes amicably, voluntarily and free of charge, contributing to the improvement of the services provided to the public. Edison's Joint Conciliation procedure is available throughout Italy to all customers who have a contract with Edison for the supply electric power or natural gas to their homes. Differently from other industry protocols, Edison agreed to accept requests for conciliation for any type of dispute.

CLEARER DOCUMENTS FOR OUR CUSTOMERS

Consistent with the goal of improving the understanding of contractual and sales documents by customers and providing greater consumer protection, Edison, working with Cittadinanzattiva, carried out a review of its contracts, flyers, bills, FAQ and other documents, which produced the following results: some contract terms were amended, flyers were made more easily understandable, a bill reading guide was developed, FAQ were expanded and a series of tools to help customers make informed choices were developed.

REGIONAL ROADMAP WITH CONSUMERS' ASSOCIATIONS

The Regional Roadmap project got under way in 2011. Under this project, a meeting will be organized in each region, during which Edison will explain all of the activities that it carries out as part of its relationship with a customer: starting with the initial contact and the submission of sales offer, followed by how the contract is managed and ending with the various tools available to protect consumers (e.g., the simple handling of a complaint, initially, and the conciliation, subsequently) and to those adopted to provide customers with a service that is transparent, clear and mindful of their needs, consistent with the image of a sustainable company. The goal is to establish a preferential communication channel with the regional offices of consumers' associations, the Sportelli Energia Viva Voce, which is active throughout Italy, local industry associations, Confindustria primarily, and, obviously, local political actors and institutions.

The first event was held in Bologna, where Edison had an opportunity to meet representatives of consumer association in the Emilia Romagna region that are members of the National Council of Consumers and Users and the managers of the Sportelli Energia Viva Voce offices. The meeting was also attended by the Manager of the Energy and Green Economy Service from the Department of Production Activities of the Emilia Romagna regional administration, the Deputy Chairman of Federconsumatori and the Coordinator of Energia di Movimento dei Consumatori.

CONSUMERS' FORUM

Edison is a member of the Consumers' Forum, an independent association that includes the most important consumers' associations and many industrial and service companies, and represents the first permanent venue for consultation between businesses and consumers' representatives. It is a place for discussion and joint analysis, designed to facilitate mutual understanding, overcome the challenges of dialogue and jointly promote an evolution of consumer policies. The goals of the Forum include improving the quality of life of consumers; carry out studies, research, training activities and any other initiative aimed at promoting, developing and disseminating a culture of responsible consumption; support the establishment of venues for interaction; and improve the level of information and transparency about the quality and safety of public and private products and services and about the applicable national, E.U. and international regulations.

CONSUMERS AND ENERGY EFFICIENCY

In 2010, Edison worked with Adiconsum to publish the ENFORCE Guide – Energy Conservation and Efficiency in Buildings, which was developed as part of the European ENFORCE – European Network for the Energy Performance Certification of Buildings project. Italy, Spain, Portugal Slovenia and Greece joined this project, which was approved and partly funded by the European Commission. The project calls for the establishment of a network of energy auditors, who will provide consumers with qualified and independent energy diagnoses, listing the best activities to improve the energy efficiency of their homes, thereby motivating them to make the necessary investments

OUR COMMUNITY



Edison responsibility: our community

**STRENGTHEN OUR CONNECTIONS WITH LOCAL INSTITUTIONS AND
HOST COMMUNITIES BY PAYING ATTENTION TO THE LEGITIMATE
EXPECTATIONS OF OUR STAKEHOLDERS**

**Communicate our values, our activities and our results, mindful of the
expectations and changing needs of communities and institutions**

16

SCHOOLS REPRESENTED IN
THE YOUNG PEOPLE AREA AT
THE "DAL DIRE AL FARE" SHOW
SUPPORTED BY EDISON IN 2011

3,500

CHILDREN ENROLLED IN THE
"IT'S MY RIGHT IT'S MY LIFE!"
PROJECT IN EGYPT

2,500

STUDENTS CONTRIBUTING TO THE
"ECO-GENERATION" PROJECT FOR
ECO-SUSTAINABLE SCHOOLS

**As a responsible citizen, help support social, cultural and sports initiatives
that benefit the community**

2 million €

FOR COMMUNITY PROJECTS,
INCLUDING SPONSORSHIPS AND
CHARITABLE CONTRIBUTIONS, IN 2011

80

EMPLOYEES WHO TRAVELED TO HAITI
AS VOLUNTEERS FOR THE "TOGETHER
FOR HAITI" PROJECT THROUGH
AUGUST 2011

**Create and maintain stable, transparent and collaborative relationships
with our suppliers**

87%

OF PURCHASES REVIEWED
FOR QUALIFICATION IN 2011

DMS

IMPLEMENTATION OF A DOCUMENT
MANAGEMENT SYSTEM (DMS) WITH
THE ESTABLISHMENT OF AD HOC
PORTAL FOR THE EXCHANGE
OF DOCUMENTS CONCERNING
HEALTH AND SAFETY ISSUES

**Maintain an effective system of corporate governance that supports
the ongoing creation of value for our shareholders**

12.3 billion €

ECONOMIC VALUE GENERATED
BY THE GROUP IN 2011

887 million €

EBITDA GENERATED BY THE GROUP
IN 2011

COMMUNITY RELATIONS

The establishment of a new production facility, the construction of a gas pipeline or the development of a major infrastructure constitute activities that have a significant impact on the territory and local communities. Edison's responsibility is to carry out its activities by implementing solutions identified with the involvement of the communities and through transparent communications.

Edison's relations with local communities are managed in accordance with specific criteria:

Presence

Constant contact at the local level to listen, understand and meet the needs and expectations of the local community.

Trustworthiness and reliability

Willingness to be held responsible for the consequences of one's actions.

Communication

Establishment of a team at the local level capable of providing clear, complete and transparent information; activation of dedicated websites; implementation of informational and educational programs.

The use of discussion forums, an ongoing dialogue with the opposing side and a lasting relationship with local authorities are the tools used in this process, within which Edison has been playing a leading role in terms of its willingness to listen to and dialogue with local communities for the shared development of new projects. The success of this process can be measured with the following quality indicators:

- » actual project implementation;
- » development of local economic initiatives tied to the project implementation;
- » widespread support among political groups and the population;
- » establishment of a strong relationship with local players based on trust and ongoing collaboration;
- » administrative continuity at the local level as evidence of a constructive approach to managing local relationships.

Edison is one of the founders of the "Vajont October 9, 1963" Foundation, which was established to promote studies and scientific research for the prevention of hydro-geological risks, and organize research and study projects and scientific, cultural and promotional activities designed to prevent an imbalanced use of natural resources from producing in the future disasters similar to the one that occurred in the Vajont district in 1963.

Lastly, Edison participates in the "Sodalitas Social Innovation" project, designed to encourage partnering between for-profit and non-profit entities.

HEALTH AND SAFETY OF LOCAL COMMUNITIES

As part of the process of adopting integrated Management System for health, safety and the environment at all operating sites of the Edison Group, the Company carried out an assessment, which is updated at least once a year, of all of the risks inherent in its business activities, including those with a potential impact on local communities living in the vicinity of production facilities. The assessment process, which is carried out with ad hoc ranking criteria, assigns a level of significance to each risk, in order to develop the procedures, instructions and monitoring programs required for adequate control and oversight, as well as to manage any anomalous or emergency situations. The assessment process takes into account not only issues related to the operation of production facilities, but also those entailed by the design of a new facility or the renovation, even if partial, of an existing plant, with the aim of using the best technologies available, compatibly with production needs. The issues that are monitored most closely, in relation to the activities carried out, concern emissions into the atmosphere, noise generation and management of the level of hydroelectric reservoirs.

Special attention is paid to the management of risks from accidents that are relevant in terms of the Seveso Directive, currently applicable to the natural gas storage facilities of the Edison Group and to one of its hydrocarbon production facilities. The Company identified the operations and activities exposed to such risks to make sure that they are carried out under strict control and are constantly monitored. In addition, it developed emergency plans, coordinated with the relevant local entities, to adequately manage and respond to all potential scenarios.

No accidents affecting local communities occurred in 2011. With regard to the flood that affected the city of Aulla in October, all required activities were carried out in accordance with the rules and procedures applicable to emergencies of this type. The actions taken helped reduce the impact of the heavy rainfall.

Projects for the community

Edison views partnerships with no-profit associations and socially minded entities as an integral part of its corporate responsibility, because they constitute effective tools to dialogue with civil society and its stakeholders. Accordingly, the social projects evaluation committee, established in 2009 to support the Company in adopting a proactive approach in the selection of socially beneficial projects and making their development process transparent, defined specific criteria that must guide the project selection process:

- » connection with Edison's host communities;
- » preference for projects addressed to young people and women;
- » involvement of Edison employees through volunteering programs;
- » focus on priority issues, such as promotion of a culture of sustainable development, energy efficiency, sports activities and culture.

Promoting a culture of sustainable development

Energy conservation and renewable energy sources can provide significant momentum to the recovery of the global economy. While the use of new technologies with a low environmental impact is essential to achieve a sustainable development, it is equally important to follow an appropriate conduct and concretely engage in positive activities aimed at protecting our planet. For this reason, Edison is committed to creating a widespread culture about climate, energy conservation and sustainable development, focusing in particular on the younger generations, tomorrow's citizens, with projects in schools and the world of music.

EDISON CHANGE THE MUSIC

Edison Change the Music, which reached its fourth edition in 2011, is the first music project with zero emissions. The purpose of this project is twofold: increase awareness of environmental sustainability issues among young people and help young emerging bands succeed in the music world. At the heart of the project is Emerging Band Contest, in which 720 bands competed in 2011, but the project's other initiatives are also quite significant: the Observatory to monitor emissions generated by concerts in Italy, the Online Community, where visitors can express support for the project's principles, find advice and share news, images and videos, and, lastly, the Sustainable Music Manifesto, where the contribution of the online community to sustainability in the music world is presented.



EDISON GREEN MOVIE

Edison created the Edison Green Movie project to focus the attention of the motion picture industry on the correct and responsible use of energy, minimizing the environmental impact of movie production. To achieve this goal, it developed, jointly with the Tempest film studio, the "Edison Green Movie Protocol", which production houses can use to adopt solutions that reduce the environmental impact of movie production. Production houses that choose to adopt this protocol will receive support during the movie preparation phases and during shooting on the set. The objective is to produce sustainable movies and reduce their environmental impact, not just through the use of offsets, but also through energy conservation, the use of totally renewable energy sources and environmentally compatible practices in all phases of production. Movies produced using this protocol will be evaluated upon completion: those that achieved the expected results will receive the Edison Green Movie certification. The protocol, a first in Europe, will be presented at the next Cannes Film Festival.

CRES.CO. PROJECT

Edison joined 24 other companies in supporting the "Cres.Co" Project about sustainable development promoted by the Sodalitas Foundation to encourage the adoption of environmentally sustainable behaviors in six cities in Lombardy (Abbiategrosso, Carugate, Morbegno, Gorgonzola, Saronno and Calusco d'Adda) involving representatives of local institutions, the public in general, students and businesses in the development of a model of virtuous and replicable territories, known as Cresco Islands. This project focuses on three areas: energy and water; recovery, recycling and disposal; and sustainable mobility. Its aim, pursued with training courses, seminars and theater performances, is to transfer good business practices to sensitive districts by supporting the creation of a network on individuals who follow eco-compatible practices.

ECO-GENERATION. YOUR SCHOOL IS CLIMATE'S FRIEND



"Eco-Generation. Your School is the Climate's Friend" is a three-year project launched in 2010 with Legambiente to establish a series of environmental action centers consisting of a network of pilot schools that will be able to transfer to other schools throughout Italy knowhow about energy conservation, sustainable building construction and renewable sources. Thus far, 15 schools, 120 classes and 2,500 students are participating in this project. The project got under way with a thermographic survey to assess the energy efficiency of lead schools distributed throughout Italy, with the aims of detecting the presence of any thermal anomalies that could adversely affect building efficiency and comfort. The survey showed that at all tested buildings, appropriate actions could cut energy consumption by 50% to 70% compared with current levels. In addition, each school developed a "Sustainable School Manual", as a tool for renovating their school building. The best manual will be selected as the "Charter of Quality Objectives for Sustainable Schools", which all the other schools will be urged to adopt, and will be showcased at a dedicated event in April 2012.

In 2011, the schools included in the network actually tested the implementation a series of virtuous activities to improve their building and their lifestyles at school. Upon completion of this process, Edison and Legambiente will provide their support the school that submits the best project in terms of improving sustainability, helping it to implement an actual energy requalification initiative. The ultimate goal of the Eco-generation project is the development by the schools of a sustainability network for school buildings.

In addition, Edison and Legambiente plan to transform Eco-generation into a permanent energy efficiency program that can be made available to all schools, local entities and the Ministry of Education. This project was implemented under the aegis of the Italian Ministry of the Environment and is a partner of the European Union's Sustainable Energy Europe Campaign.

Lastly, the Eco-generation schools participated in the fourteenth edition of Nontiscordardimé – Operation Clean Schools: a day for volunteering entirely devoted to the quality and livability of school buildings from the standpoint of energy efficiency. A total of 4,863 classes and 108,000 students from 736 schools throughout Italy participated in this project.

ZERO EMISSIONS OPENING NIGHT AT LA SCALA

Edison, the company that brought the electric light to the Teatro alla Scala for the first time in 1883. "illuminated" the December 7 opening night with renewable energy from its power plants on the Adda River (Bertini, Esterle, Semenza), making the performance of "Il Don Giovanni", the opening performance of the artistic season, an eco-sustainable event. This approach helped avoiding the emission into the atmosphere of 68 tons of carbon dioxide, one of the main causes of the greenhouse effect. In addition, from December 1 to December 6, four bicycle-generators were installed near Piazza della Scala, in Milan, that could be used to produce clean energy for Milan and play arias from Mozart opera.



ENZO B VILLAGE

Edison agreed to help make the Village of the Enzo B Association, in Turin, a sustainable facility by building a photovoltaic system for the production of electric power. The Enzo B Village houses a shelter for mothers with small children, a therapeutic community for underage drug addicts, an equestrian rehabilitation center and a guided-work center for the disabled. The mission of the Enzo B Association is to create favorable conditions for fostering the health, caring and education of small children and adolescents who were abandoned or are socially, psychologically or physically in distress.

Dialogue with the Community

Edison is committed to establishing a stronger connection with the areas where it operates, paying special attention to local communities. The publication of the Human Rights Policy brought even more attention to this issue. More specifically, Edison works to protect, through various projects in Italy and abroad, the fundamental rights of those who are most vulnerable: i.e., women and children.

"SPORTIVI DENTRO"

To bring the positive values of team sports to the Opera maximum security prison, consistent with Edison's commitment to sports for all categories of stakeholders. This is the basic sense of the "Sportivi Dentro" project, which involved creating a volleyball team at the Opera maximum security prison, with the aim of helping the inmates understand the importance of teamwork and the commitment and determination that is required to achieve the common objectives that are inherent in sports activities. At a four-team volleyball tournament organized in June 2011, two guest teams played against 16 inmates, who put to use what they learned in 9 months of training with trainers specialized in sports activities at penitentiaries. Playing tactics were judged by a special spectator: Mauro Berruto, the manager of the Men's National Volleyball Team.



"IL SENSO DI UNA META"

The "Il senso di una meta" project, promoted by Edison in collaboration with AS Rugby Milan, includes two programs called "L'ovale al Beccaria" and "Soft Rugby-Psicomotricità", in which rugby is used as a tool for growing, sharing and promoting social inclusion in accordance with the ethics of sportsmanship.

"L'ovale al Beccaria" is a program to teach the values of rugby to youngsters of different ages and social backgrounds who are inmates at the Beccaria juvenile detention facility in Milan. In 2011, over 15 young men participated in the program on a regular basis, which made it possible to create a team inside the detention facility. The team, called Freedom Rugby, was then allowed to play a team from AS Rugby Milan.

The "Soft Rugby – Psicomotricità" program applies various interpretative categories and psychomotor techniques to mini-rugby (7-13 year olds). A total of 15 educators and 650 students from various schools in Milan



(elementary and intermediate schools from the Via Padova, Crescenzano and Parco Lambro area) participated in this program, which is aimed at eliminating any form of discrimination arising from the ability of more precocious children and is implemented in a manner that can accommodate children who develop and learn at a different pace.

"MISSIONE SOGNI" – MAKE DREAMS COME TRUE TO FIGHT ILLNESS

For the past four years, Edison supported Missione Sogni, an association that helps 5 to 15 years old boys and girls suffering from serious diseases or disabilities realize their dreams. It is scientifically proven that pain and illness-induced anxiety lower our organism's natural defenses, while anything that brings joy and serenity has a beneficial effect and undoubtedly helps the healing process. In 2011, Edison provided its support to Missione Sogni to help Raffaella, a 10-year-old with Down syndrome, and Luca, who suffers from autism, make their dream of swimming with dolphins come true. To make their dream come true, Raffaella and Luca were flown to Spain, where they participated in dolphin therapy at a specialized marine center. In addition, Fabio, a 14-year-old suffering from infantile cerebral palsy, dreamed to have a bicycle that he could use to transport his wheelchair. His dream came true for Christmas.

HAPPY IN SCHOOL

A book about "Happy in School", a three-year project that ended in 2010 will be published in 2012. The purpose of this project was to create, through training and support programs, a network of qualified and skilled intermediate school teachers who would know how to strengthen communications and interpersonal relations and incentivize the development of social and emotional components in educational relationships, with the aim of preventing bullying.

LIGHT AND HEAT

At the end of 2011, Edison began to collaborate with Pangea Onlus to operate a center for women who are victims of violence. The Italian statistical institute estimates that over 6 million women are victims of violence in Italy. The purpose of the "Light and Heat" project is to make women realize that they can break the vicious cycle of abuse and the distress that follows, welcome them and offer them basic assistance, and provide recovery programs to increase their self-esteem and job training. In 2012, this project will include the contribution of Edison employees who will make available their specific professional competencies as volunteers.

"BRAVO!"

Edison collaborates with Comunità di S. Egidio on the "Bravo!" project, which is aimed at ensuring that all children born in Sub-Saharan Africa are registered in the official records. This is because this region has one of the lowest birth registration rates in the world, with an estimated 55% to 67% of all children never being registered, which often makes them victims of abuse. Consequently, the registration of their birth in the official records becomes an effective tool to protect children and will provide future generations with an avenue to access the rights and services that a state is required to provide to its citizens.

Volunteering by Our Employees

Edison is convinced that corporate volunteering projects help motivate employees, strengthen their identification with their company and encourages them to acquire new competencies, develop team spirit and gain greater insight about corporate social responsibility, creating a higher level of awareness both internally and externally. It was with this approach that projects like Together for Haiti and Siticibo were developed. A project that will provide fresh momentum for volunteering initiatives will be developed in 2012, with the goal of sharing to an even greater extent with the people at Edison the values that are embodied in corporate responsibility projects.

TOGETHER FOR HAITI

RESULTS OF THE PROJECTS

80 EMPLOYEES TRAVELED
TO HAITI AS VOLUNTEERS
IN 2010-2011

90 IN 2011, 90 CHILDREN
WERE REUNITED WITH
THEIR FAMILIES

ARETÈ PRIZE

"TOGETHER FOR HAITI" WON THE
2011 ARETÈ PRIZE FOR INTERNAL
COMMUNICATIONS

In 2010, after the earthquake that struck Haiti, Edison, in collaboration with ANPIL, launched an awareness raising campaign addressed to its employees to finance the urgent relocation of homeless Haitian children, who will be reintegrated into society when the situation is stabilized. In just a few weeks after the earthquake, Edison and Edipower employees were able to raise sufficient funds to relocate 100 children from the tents in the refugee camps of Port au Prince to ANPIL's Hospitality Center in Port de Paix, where the children receive health care, love and education. In addition, the children received a thorough medical examination and were vaccinated against cholera. Edison gave its employees an opportunity to serve as volunteers at the Hospitality Center for 15-day periods. The period of volunteer service was treated as special paid leave and the Company paid all expenses. The volunteer teams worked alongside the local staff in all of the activities needed to care for the children and operate the Center and are the authors of the "Together for Haiti" blog (www.edisongeneration.it), created to record the impressions of the volunteers and provide a venue for sharing such an important human experience.

Within the context of the European Employee Volunteering Awards, Fondazione Sodalitas (Italy's partner for the awards) selected Together for Haiti as Italy's project in the Innovation category. In 2011, this project was honored with the Aretè Prize for the internal communications category.

In March 2011, the Together for Haiti project was restarted and many employees reconfirmed their support. In addition, thanks to the collaborative efforts of Associazione Anpil and local social workers, the establishment of official children's lists and the selection of families, with the support of Mayors from various districts of Port au Prince, the children's families were given priority status for housing allocation purposes. As a result, in 2011, 75 children at the Hospitality Center were able to rejoin their families in 2011. A total of 25 children are currently still at the Center because research for the information needed to reunite them with their families has not yet yielded positive results.

SITICIBO

For the past seven years, employees at Edison's headquarters volunteer during business hours to collect surplus food from the Company cafeteria for donation to soup kitchens in Milan. Thanks to this program, almost 4,000 meals were distributed in 2011 for a total of more than 200 hours of corporate volunteering. According to plans, employee involvement will be expanded in 2011 with new volunteering initiatives in the same area.



Edison supports culture

Edison, with its tradition of engagement in world of culture and concern for issues in this area, supports directly or through sponsorships the implementation of culturally significant initiatives and activities. Moreover, Edison, consistent with its long-standing tradition, was one of the first industrial companies in Italy and Europe to adopt as one of its objectives the preservation of its historical memory within the community.

THE CARDBOARD VILLAGE



In 2011, Edison helped produce "Il villaggio di cartone" (The Cardboard Village), Ermanno Olmi's latest film, thanks to the tax credit law, which allows companies that are not in the audiovisual sector to provide support to the Italian movie industry. The decision to support Ermanno Olmi in this project was made for two fundamental reasons. First of all, it is a historical return to movie production by Edison, which more than 50 years ago first put a movie camera in the hands of Ermanno Olmi, then a young office staffer. This famous director got his start at Edison, where he was able to learn and test the techniques of a trade in which he has become peerless in the international movie industry. From 1953 to 1961, Ermanno Olmi filmed the construction of power plants, the people involved and their hard work, producing numerous documentaries and involving some of his colleagues in his adventures with cinematography. The second reason has to do with the important issues addressed by the film, which are totally consistent with Edison's commitment in the area of corporate responsibility, particularly with regard to projects that promote sustainable development and the fundamental rights of humanity and those of more vulnerable persons. Edison believes that movies can be an effective tool to promote these values. "Il villaggio di cartone" tells a story of different cultures and religions gathering, dialogue, acceptance and solidarity. Because of the important message that it delivers, the film received the sponsorship of the United Nations High Commissioner for Refugees (UNHCR) and was recognized as a work of cultural interest by the Italian Ministry of Cultural Assets and Activities.

DON GIOVANNI IN CITTÀ

The "Don Giovanni in Città" project, developed by Edison in collaboration with the City of Milan and Fondazione Teatro alla Scala, included various programs to bring Mozart's opera to movie theaters in Milan's outskirts and to the Bollate and San Vittore jails.

NATIONAL CORPORATE FILM ARCHIVES

Edison's historical film collection, which includes more than 300 works on the history of Edisonvolta, Montecatini and Montedison from the 1920s to the 1980s, is currently being restored at the National Corporate Film Archives, in Ivrea, where it is permanently stored. It is one of Italy's most complete and extensive collection of industrial films and includes works by such truly major authors as Ermanno Olmi, Pier Paolo Pasolini and Italo Calvino. Some Edison documentaries can be viewed on the Web TV channel for corporate films, created by the National Corporate Film Archives, in Ivrea, and the General Directorate for Archives of the Italian Ministry of Cultural Assets and Activities (<http://www.cinemaimpresa.tv>).

THE PHOTOGRAPHY ARCHIVES

Edison's photography archives include 230,000 priceless documents commissioned to some of the most important Italian artists of the twentieth century. The most frequently recurring subjects are industrial facilities, mining structures, laboratories and plantings of fruit and vegetables, as well as photographs of movie sets, the Foro Buonaparte headquarters, leading figures in the Company's history and trade shows that the Company attended in Italy and abroad. The archives are stored at the Corporate Culture Center, which has been managing and cataloguing the photographic material and enhancing its value since 1999. More specifically, the Center created a special website where some already cataloged photographs of great historical significance can be viewed (<http://www.culturadimpresa.org/dati/>).

DAL DIRE AL FARE

In 2011, Edison was a participant in the seventh edition of "Dal dire al fare" (Walking the Walk), an Italian event about corporate social responsibility, where it collaborated in presenting a special section devoted exclusively to students that featured various programs to increase awareness of sustainability issues among young people.

FAI

Edison, which has always been aware of the importance of a culture based on respecting nature, the arts, history and tradition, has been a supporter of the Italian Environmental Fund (FAI) and is member of the "200 del FAI" group.

EDISON FOUNDATION

The Foundation engages in scientific research projects and studies of economic, cultural and social issues concerning local manufacturing systems and industrial clusters, focusing on relationships between small/medium-size businesses and large enterprises and between communities and local development, as well as of issues relating to the infrastructure and services offered by a civil society, particularly in light of the globalization process.

The foundation also promotes studies, surveys, publications and events both on its own and in cooperation with research entities and institutes, other foundations, associations, businesses and individuals. It also sponsors projects that are consistent with the purposes stated in its Bylaws. Through publications, books, news bulletins and conventions, the Edison Foundation showcased the areas of excellence in the Italian economy, in a context dominated by theories about the alleged decline of Italy's manufacturing system, helping sustain the debate about the strengths and weaknesses of Italy's industrial system, both among economists and in the political and media communities. A tangible sign of the appreciation of the manufacturing community for the work carried out by Edison Foundation is the support of a steadily rising number of members.

Edison Foundation pursued numerous projects in 2011. On the occasion of the 150th anniversary of Italy's unification, the Foundation sought to add its contribution of studies and analyses to the numerous projects promoted in Italy by organizing a convention entitled "L'industria nella costruzione dell'Italia Unita. Paradigmi e protagonisti", which was held in Rome, in November, in collaboration with the Accademia Nazionale dei Lincei.

The purpose of this convention, the eighth since the Foundation began to collaborate with Accademia Nazionale dei Lincei, was to highlight the crucial role that industry played in Italy's development, the role of various paradigms and its leading players. "Dentro la crisi 2009-2011. America, Europa, Italia" a book by Marco Fortis and the nineteenth in the Foundation's institutional series, was presented in December at an event in Milan, following its publication in October. In addition to the book's author, Pier Giuseppe Biandrino, Donato Masciandaro (a professor at the Bocconi University), Angelo Tantazzi (Chairman of Prometeia) and Alberto Quadrio Curzio were present at the event.

In addition, the Foundation edited a special issue of *Economia Politica* entitled "Moniac. Phillips Monetary National Income Analogue Computing Machine" to celebrate the 60th anniversary of a hydraulic machine that simulates economic processes, built from an original idea by an economist and an electrical engineer. Among collaborative projects with other foundations and institutions, the most important projects, specifically for the relevance of joint analyses of areas of excellence in Italy's manufacturing system, included those with Aspen Institute Italia, Ambrosetti European House, Italiadecide Foundation, Symbola Foundation and the National Observatory of Italian Industrial Clusters. Lastly, Gea - Edison Foundation Observatory on Italy's leadership positions in the global export market was established in 2011 and the Foundation launched a collaborative relationship with Bologna Manufacturers Association to establish an Observatory on advanced mechanical engineering products.



Edison Generation: a Community Devoted to Sustainability

Edison has a diversified presence on the social networks (Facebook, YouTube, Twitter) because it views the Web as an ideal venue for sharing and developing new ideas, engaging in discussions and comparing positions. Edison Generation, the community devoted to sustainability, was established to report up-close and in real time about Edison's main corporate social responsibility projects and exchange information and research about issues concerning the environment, energy efficiency, biodiversity, social commitments, culture and human rights. At the heart of Edison Generation is a multi-author blog, a log book about all projects, updated in real time with input provided by authors within the Company and by the Company's usual counterparties, consisting mainly of associations. It also includes a section devoted to sustainable events and another one for conversations about sustainability, taken in real time from the main social networks that enables viewers to keep up-to-date with the latest developments about social responsibility. In just over one year, the Community's website was viewed by more than 35,000 users.



Edison Supports Sports

Edison supports sports because it fully shares the values of integrity, team spirit and respect. In addition, support for amateur, youth or "minor league" programs, which always have a significant local following, have traditionally been one of the tools with which Edison interacts with local communities.

In 2011, the Group supported numerous sports initiatives both locally and at the national level. Edison is the main sponsor of the Italian Basketball Federation and official sponsor of the Italian Volleyball Federation and the National Italian Rugby Team.

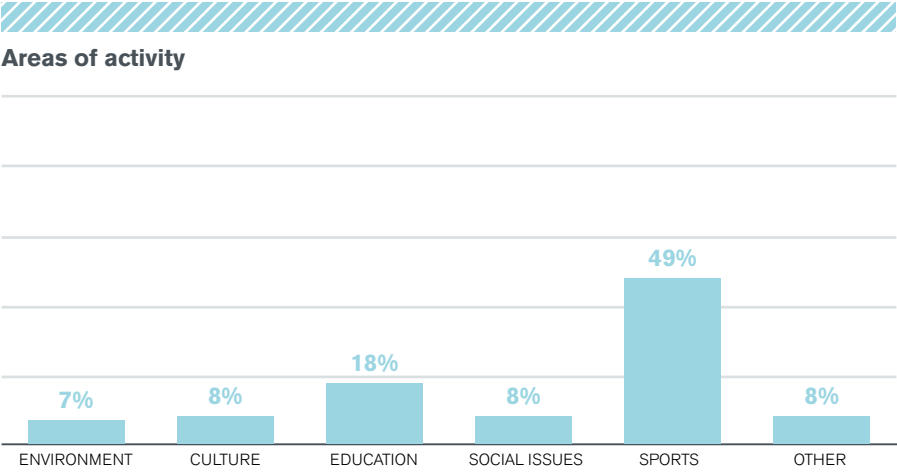
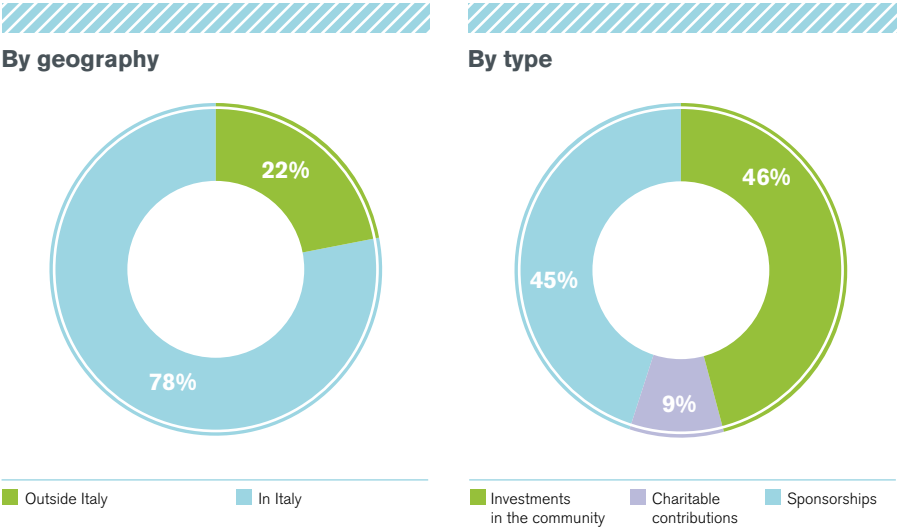
Edison was also the main sponsor of the three-on-three (B3) world basketball championship reserved for Italian middle and high-school students, which was organized under the aegis of the Italian National Olympic Committee and the Italian Ministry of Education. Edison was also the sponsor of the B3 world finals in Rimini.



Projects for the Community

This year, Edison decided to provide an accounting of the projects for its host communities, showing not just the amount of resources it provided, but also the motivation for those projects and their scope and geographic footprint, consistent with the Company's desire to monitor and assess its initiatives in accordance with a more strategic approach.

In 2011, as was the case in previous years, numerous contributions were provided for social projects aimed at fostering the cultural and economic development of the communities where Edison operates. The types of activities used for this purpose included investments in the community, which entailed providing ongoing support to entities with which Edison has a partnering relationship; charitable contributions, i.e., occasional gifts provided with a charitable intent; and sponsorships, including commercial initiatives with a social impact. The projects pursued in 2011 were valued in the aggregate at about 2 million euros, with investments in the community receiving the lion's share (46%), as evidence of Edison's commitment to establishing ongoing and strategic collaborative relationships with its stakeholders within the community. The projects carried out in 2011 focused on promoting sports and education, alongside programs involving social and cultural initiatives and the environment.



Note: This analysis was based on community projects carried out by the Corporate function, which account for a preponderant share of the Group's total projects.

EDISON AND HUMAN RIGHTS

Edison's relationship with its stakeholders is based on mutual trust and respect. For this reason, Edison protects, supports and promotes, within its sphere of influence, human rights that are recognized at the international level, starting with those enshrined in the Universal Declaration of Human Rights and the conventions based on it, making sure that it is not complicit, not even indirectly, in violating their principles.

In view of its expanded international presence, due mainly to its new activities in Egypt, Edison carried out a strategic review of issues related to human rights as an integral part of the Corporate Responsibility values. To that effect, working in collaboration with the Italian Network of the UN Global Compact, it began to implement a process in this area, starting with the publication of a Human Rights Policy in 2009. The Human Rights Policy, the implementation of which is monitored by the Human Resources Department, is based on the ten principles of the UN Global Compact and is consistent with the main international guidelines and conventions.

Also in collaboration with UN Global Compact Italia, Edison coordinates a work group that includes representatives of several Italian companies. In 2011, the activities of the work group included providing input about human rights, identifying new areas for review, defining operational method for cultural training and developing tools for dealing internally

with these issues. In 2012, the work group will focus on internal training and the study of self-assessment tools with regard to human rights at Italian companies.

Edison's Approach

By adopting a Human Rights Policy, Edison signaled its commitment to promoting respect for human rights and effectively respecting them throughout the Group. More specifically, the Policy sets forth the principles governing conduct with regard to off-the-books employment, child and forced labor, freedom of association and the right to collective bargaining, equal opportunities, the rights of indigenous populations, safety services, environmental protection and corruption.

Consistent with the provisions of the Group Code of Ethics, any form of discrimination based on race or nationality, opinions about political, labor union and religious issues, gender and sexual orientation, health and, in general, any private personal characteristic is forbidden.

For these reasons, Edison promoted in recent years internal and external projects to increase awareness about these issues and provide training in this area.

In October 2011, Edison organized a seminar entitled "Human Rights: the Implications for Businesses", with the aim of educating and motivating its managers, especially those who work outside Italy, about processes that are highly transversal and international in nature. Representatives of the companies

FORUM ON BUSINESS ETHICS AND CSR IN A GLOBAL ECONOMY

Edison was an active contributor to the VIII Forum on Business Ethics and CSR in a Global Economy organized by the Center for Research and Education in Politics and Ethics. The manager of Edison's Corporate Social Responsibility unit was one of the featured speakers at this event.

included in the Global Compact work group on these issue were invited to attend the training sessions. The seminar, carried out interactively by a lecturer from the United Nation System Staff College, addressed human rights issues (labor and non-labor) and their extreme importance at the political, social and economic level. In this regard, the seminar showed how human rights issues affect everyone's work on a daily basis.

"It's my right. It's my life!": a project to protect human rights in Egypt

In January 2009, Edison, acting through its Edison International subsidiary, signed a twenty-year contract with Egyptian General Petroleum Corporation (EGPC) acquiring the exploration, production and development rights for the Abu Qir offshore concession, located north of Alexandria, in Egypt. These new Egyptian operations provided Edison with an opportunity to develop a project devoted to education about the human rights of children and women in Cairo communities.

"It's my right. It's my life!" is a project developed in collaboration with Associazione Cospe (www.cospe.it) to promote the social and economic development of four communities in Cairo and support initiatives carried out by local associations (Community Development Associations – CDAs) to deliver services and help children, young people and women gain access to their rights. This project was chosen by the Committee established by Edison to evaluate social projects because it is perfectly compliant with Edison's guideline regarding social investments. More specifically, on the one hand, it is being carried out in a country where the Company has been established for several years and, on the other hand, it focuses on the younger generations and women. Moreover, the project is consistent with the goals of the strategic review started by Edison in 2009 with the publication of the Human Rights Policy in collaboration with the UN Global Compact.

In 2011, thanks to the "It's My Right, It's My Life!" project, four buildings used as community centers and school were used to provide educational and training courses to children, teachers and parents, as well as literacy courses for women. The community center/school facilities also provided a venue for family consulting activities, education about the "Charter of Children's Rights" and the inclusion of at-risk and disabled children.

The project included providing support for a campaign to increase awareness of the UN "Charter of Children's Rights" through cultural events, the mobilization of the community and the production of material by the children themselves. This Edison project for the rights of children and women is part of a COSPE program called "Fight Against Poverty for Social Inclusion", which is co-financed by the Italian Foreign Ministry and the European Union.

More specifically, 500 disabled children and their families, plus 3,000 preschool children from the economically disadvantaged communities of Helwan and "October 6", including 2,000 girls, benefited from the project.

The project to promote literacy among women, which Edison supported in Giza's marginal communities, provided an important contribution in helping empower the women in these communities, fostering the creation of local committees that promote literacy and access to women's rights. More specifically, the project involved 21 classes and a total of 300 women, 100 of whom passed the final test and received a literacy certificate.

Thanks to the new opportunities of free association that became available in civil society after the revolution, the El Saff and Desamy committees decided to officially establish themselves as women's associations, with offices separate from those of men's organizations, which, in the past, provided political cover, but also controlled and limited women's freedom of action.

Projects planned for 2012 include new literacy courses and post-literacy support, which is essential for helping those who wish to continue their education, and the establishment of artisanal workshops. In addition, additional support will be provided to committees and groups to help them continue providing assistance to women who are victims of violence.

Activities implemented to strengthen the role of committees and groups and ensure their sustainability will include new educational programs and seminars focused on human rights and promotion of women's rights, citizen involvement and participatory democracy. Lastly, plans also call for creating three centers to promote and increase awareness of women's rights through projects aimed at engaging and mobilizing the communities through the production of radio programs on community radio stations, participatory theater performances, artistic-recreational tools and a campaign to promote women's rights. The beneficiaries of this project are 1,200 women from the Abu el Normos, Desamy and El Saff communities and the Siwa Oasis.

Results of the project

» SEMINARS AND TRAINING FOR TEACHERS, PARENTS AND CHILDREN

» RENOVATIONS AND EQUIPMENT TO ESTABLISH FOUR CENTERS (OPEN TO ALL CHILDREN)

» PROMOTION AND EDUCATION FOR THE UN CHARTER OF CHILDREN'S RIGHTS

» THE PROJECT HELPED 500 DISABLED CHILDREN AND THEIR FAMILIES AND 3,000 PRESCHOOLERS IN HELWAN AND 6 OCTOBER, INCLUDING 2,000 GIRLS AT RISK FOR MUTILATION

RELATIONS WITH SHAREHOLDERS AND LENDERS

The Board of Directors and, under its direction, the relevant management structures, strive to provide to the shareholders, on a timely basis, relevant information and documents. Both directly and through its representatives, Edison engages in an ongoing dialogue with the market, while fully complying with the laws and regulations governing the circulation of insider information and the procedures applicable to confidential information. The aim of the Group's activities and procedures is to avoid disparities in access to information and ensure the concrete implementation of the principle that every investor and potential investor has a right to receive the same information to make informed investment decisions. Edison's organization chart includes a function responsible for handling investor relations and assigned to the manager of the Investor Relations Department responsibility for managing relations with institutional investors, equity and fixed-income financial analysts and rating agencies.

The main purpose of the activities of the Investor Relations Function is to provide the market with the information it needs to assess most effectively the Company's performance. This role is especially important, when one considers that issues related to regulatory and macroeconomic instability could have an impact on the price of the Edison shares, irrespective of the results achieved by the Company and the strategies it adopted. Particularly in the current economic environment, investor relations activities are a key factor in ensuring that the market is provided with accurate communications about the Group's true opportunities.

Investor relations activities in the current environment

In the highly negative market environment that continued in 2011, characterized by excess supply and a persistent pressure on margins, the Company's electric power operations were able to hold their margins at a level substantially in line with previous years (excluding the margins generated by the CIP6 operations) thanks mainly to a judicious policy for the optimization of sources and uses. In the natural gas area, the margins of the hydrocarbons operations were severely penalized, despite the positive contribution of the exploration and production activities and the successful renegotiation of long-term contracts to import natural gas from Russia and Norway. In 2011, Edison filed for arbitration in connection with the renegotiation of long-term contracts to import natural gas from Qatar, Libya and Algeria with the aim of restoring adequate profitability to its gas importation and distribution activities. A continuous communication effort by the Investor Relations Function helped make the market aware of the strategies deployed by Edison to address the economic crisis and stabilize its performance.

With regard to the constant pressure affecting Edison's long-term rating, due mainly to a concern, on the part of the rating agencies, for the deterioration of Italy's economic scenario and competitive framework and the repeated postponement of the closing of the agreements between the shareholders regarding Edison's new stock ownership structure, the Investor Relations Department's management of relations with the rating agencies continued through conference calls and meetings with top management. The communications provided helped contextualize the information given to the market, explaining the actions taken by Edison to strengthen its financial position and adjust its growth strategy consistent with changes in market conditions.

TRANSPARENCY AND
TIMELINESS OF FINANCIAL
COMMUNICATIONS

The activities of the Investor Relations Function are designed to provide the market with information that facilitates as much as possible the process of assessing the Company's operating and financial performance and its growth outlook. They are carried out through an ongoing dialogue both with buy-side counterparties, through one to one meetings, conference calls and meetings with investors, and sell-side counterparties, through conference calls and meetings with financial analysts to discuss corporate strategies, and include the constant daily availability of the Investor Relations team via e-mail and telephone. In managing communications with shareholders and investors, the tool that reaches the widest audience is the Group's web-site, which includes separate Governance, Investor Relations and Press Room pages, all easily accessible from the home page. On the occasion of the announcement of its annual, semiannual and quarterly results, the Company organizes special conference calls with institutional investors and financial analysts that are also open to members of the financial press. All press releases, paid announcements published by the Company regarding the exercise of rights conveyed by its securities and documents concerning Shareholders' and Bondholders' Meetings are posted on the www.edison.it website. Lastly, Edison encourages qualified journalists and experts to attend its Shareholders' Meetings.

Number of meetings with shareholders

	2011	2010	2009
Conference calls	4	4	5
Roadshows	0	0	0
Meetings with analysts/investors	3	5	3
Total	7	9	8



OUR SUPPLIERS



Edison fully understands that it is only by sharing its expertise and its best resources with its suppliers that it can accelerate the process of positive communication required to catalyze the energies of all of the parties involved in a project. For an initiative to be successful, it must produce a fair and lasting benefit also for the supplier. This simple yet fundamentally important paradigm is rooted in the style of the relations that Edison promotes with its suppliers. In other words, Edison is aware that its suppliers play a central role in every phase throughout the development of a project, an idea and the Company's own image. The suppliers with whom the Company does business are asked to embrace Edison's system of values because they represent an effective and reliable vehicle for successful business transactions.

In the now endemic crisis situation, considering that a supplier qualified for listing in our Register generates on average a significant portion of its revenues with Edison, the Company's Purchasing Department sought to avoid speculative or opportunistic posturing, choosing instead to maintain a profile aimed at developing relations beneficial to both parties. Evidence of this approach is provided by the fact that the number of suppliers deleted from the Register due to insolvency and related bankruptcy proceedings was negligible. Lastly, the commitment devoted to the issues of occupational health and safety is particularly noteworthy. In 2011, Edison invested in technologies and training to increase the efficiency of "business to business – B2B paperless" processes to improve record keeping compliance and, consequently, the implementation of Legislative Decree No. 81/2008.

PROCUREMENT PLANNING

In 2011, the activities of the Purchasing Department were supported by the Group's Procurement Plan, which is now fully integrated into the SAP corporate information system. The investment made to computerize this planning tool is now starting to pay off, not only in terms of purchasing efficiency, but also and more importantly with regard to the development of more stable, responsible and sustainable commercial partnerships. In 2011, as in past years, the process of planning buying needs for items handled by the Purchasing Department was characterized by an excellent coverage ratio based on the Company's budget. Three years since its introduction, the Procurement Plan has now become a firmly established tool in Edison's corporate culture and is being used with increasing success as a "live" tool for managing internal relations. Thanks also to the Procurement Plan, Edison's supply management activities pursue the following goals:

- » satisfaction of the internal client in terms of the quality of the purchased goods/services, on-time delivery and the ability to facilitate and anticipate interaction with the internal client with an "early involvement" approach;
- » reduction of the Company's exposure to the risks related to Legislative Decree No. 231/2001, safety and compliance with ethical principles;
- » search for the most attractive and sustainable economic solution that can also maximize benefits for the supplier;
- » establish stable relationships with the most reliable suppliers with an unblemished reputation.

Qualification and Evaluation of Suppliers

Currently, in accordance with the qualification process, any supplier of goods or services can spontaneously submit an application, through the suppliers' qualification portal, for the relevant merchandise and service categories. The qualification process proceeds in the manner required to enter the applicant either in the Vendors' List or the Suppliers' Register, depending on the strategic nature of each merchandise category. In the latter's case, once the prequalification phase is completed, the application is submitted to a Supplier Qualification Team (SQT), which decides whether proceeding with the qualification phase is warranted. The SQT is cross-functional and, depending on the merchandise categories involved, can ask outside professionals to render an independent technical opinion.

534,5 million €

**TOTAL VALUE OF THE GROUP SUPPLY
SUBJECT TO AN EVALUATION PROCESS**

The supplier qualification activity was particularly intense in 2011. Several application functions that develop a single Edison-Supplier interface and support what has been called the "supplier life cycle" have been concentrated on the Qualification Portal. The functionalities usable with a single Web access include: Catalog Purchases, Electronic Bidding, Supplier Qualification, Assessment of Field Performance and Rating, Company Documentation and Project Accounting.

In order to help all suppliers access the portal, a major campaign was carried out, targeting both non-qualified supplier, urging them to apply for qualification, and qualified suppliers, asking them to update the relevant questionnaires. As a result of this effort, the percentage of total purchases supplied by qualified vendors grew from 86% in 2010 to 87% in 2011.

The new Qualification Portal is providing an increasingly decisive contribution in conveying to all users the concern that Edison developed with regard to sustainability issues. Specifically, any supplier that begins the qualification process is required to agree to the binding condition that it must adopt Edison's 231 Organizational Model, Code of Ethics and Human Rights Policy. These conditions are repeated as binding contract clauses when an order is awarded. Today, the qualification of a supplier has grown into a structured process that enables Edison to assess a supplier's overall "quality". Moreover, the selection process and the controls that Edison applies to the services and other items purchased for its operations contribute to minimizing the risk of suppliers behaving in a manner contrary to the principles of free association and collective bargaining or using forced labor.

To help the "qualifiers" assess a new candidate's true beliefs with regard to CSR issues, special emphasis has been placed on the section of the questionnaire that deals with safety, certifications, permits and awards by international organizations received by the Supplier. The rating received with regard to these issues has the same weight for qualification purposes as the ratings for technical, commercial and financial issues.

In 2012, the portal will be upgraded with the addition a CSR page that will include a questionnaire and the corresponding rating and a more efficient application management of the process for the collection and validation of the self-certified accident indices provided by suppliers and their subcontractors. Special attention is constantly paid to expanding the use of B2B processes and minimizing the use of paper documents.

In addition, a new process to assess supplier performance subsequent to the fulfillment of awarded order will be implemented in 2012. This new information flow, designed in 2011 together with the SQT, will make it possible to create an automated order classification, for an assessment based on the type of goods supplied and the amount involved. The system will also send an assessment request to the primary order authorizing party on the order delivery date.

Corporate responsibility in the selection of suppliers

In the selection process, in addition to a supplier's rating, which summarizes Edison's opinion about the supplier's technical capabilities and reputation, special attention is paid to historical data about accident incidence rates and to whether the bidding contractor is compliant with regard to employee compensation and benefits. In the case of contracted construction work, the vendor is required to resubmit updated documents about employee benefits and occupational safety when work begins at the jobsite. These documents must be reviewed by an Edison project representative. All subcontracting arrangements are authorized only after an evaluation of the subcontractor's technical capabilities, an algorithmic assessment of accident incidence rates and a review of the subcontractor's paperwork regarding social security contributions and insurance. In addition, an online form to collect, share and validate the documents required by Legislative Decree No. 81/2008 with regard to occupational health and safety documents was activated in 2011.

As a rule, both when a facility is being built and when it is in operation, all technical and financial conditions being equal, Edison tends to favor local companies, in order to have better control and continuity in the procurement process and contribute to market development in the area where its new facility is located. In any event, local statutory requirements notwithstanding, the negotiating policies and the selection and order award criteria applied are the same both in Italy and outside Italy. ERP information system used for the activities of foreign branches was activated in 2011, both for foreign and Italian employees engaged in the same activities. This system provides Edison with an effective vehicle to export procedures and process homogeneously and ensure that they are adopted.

Specifically with regard to Edison, only one new lawsuit was filed in a civil court in 2011 and two previously pending disputes were settled. At this point, only one lawsuit is pending.

HUMAN RIGHTS IN THE SUPPLY CHAIN

Concern for and respect of human rights were strengthened by the inclusion in the vendor's qualification process of the acceptance and compliance with the rules of the 231 Organizational Model, the provisions of the Code of Ethics and, most importantly, the principles of the Group's Human Rights Policy. With this approach, the Company intends to disseminate outside the Group ethical principles that it believes are of fundamental importance in the conduct of business activities.

PUBLIC INSTITUTIONS

For Edison, interacting with public institutions entails establishing discussion groups and developing direct relationships, always carried out in compliance with the Organizational Model pursuant to Legislative Decree No. 231/2001. Edison interacts on an ongoing basis with central and local public administrations and E.U. institutions to monitor and manage the process of securing authorizations, permits, concessions and public grants and financing.

In view of Edison's future structure and its new objectives, which have an even greater international focus, one of Edison's current goals is to pursue a more organic type of relationship with political/cultural foundations and think tanks, both at the national and international level, which can be achieved through a dialogue carried out not only through the creation of a structure network, but also through projects for the study and analysis of political scenarios.

As a rule, the Institutional and Regulatory Affairs Department uses the Company's offices in Rome, Milan and Brussels not only to communicate with the outside world, but also to detect and interpret the signals and dynamics of the political, administrative and social system, with the aim of anticipating and guiding any resulting strategic choices by the Company. For this purpose, Edison interacts with government entities and the Parliament, in Italy, and the European Commission, the European Parliament and the Council of Europe, in Brussels, as well as with independent Authorities in Italy (Electric Power and Gas Authority and Antitrust Authority) and at the E.U. level, diplomatic representative offices and industry associations, actively collaborating with these parties and making available to them its knowhow in specific areas.

Through an ongoing dialogue with these institutions, Edison provides valuable support to the drafting of legislation, collaborating in developing "corporate position papers" that best represent the interests of the Group.

The commitment to constantly follow new developments involving public institutions is reflected in monitoring programs that are now implemented also at the regional level: specifically, the Institutional Affairs Department monitors regulatory developments in 13 regions, so as to support the Company within the context of the current federalist approach to energy and environmental issues. This monitoring process, combined with a careful identification of the main institutional counterparties at the local level, also makes it possible to start a transparent, effective and informed dialogue with the stakeholders involved in the definition of local scenarios.

Lastly, Edison is actively involved with national and European industry associations (Confindustria, Assoelettrica, Assomineraria, Federestrattiva, Unel, Eurelectric, Eurogas, etc.) through its contribution to various work groups, and the initiatives of associations that support broad-based interests, such as environmental associations, consumers' associations and labor unions.

RELATIONSHIPS WITH PUBLIC INSTITUTIONS IN ACCORDANCE WITH THE CODE OF ETHICS

Consistent with its Code of Ethics, "Edison engages in relationships with political organizations only for the purpose of gaining insight into issues that are relevant to the Group and transparently promoting the positions it supports. The Group neither finances nor supports political parties or their representatives and takes a strictly neutral stance toward contending political groups during election campaigns or events involving political parties".

MEETING LOCAL INSTITUTIONS

Among the main initiatives carried out in 2011 to foster a dialogue with public institution, the interaction with representatives of local communities affected by the construction of the gas pipeline included in the ITGI (Interconnector Turkey-Greece-Italy) project was particularly significant.

The aim of these activities was to increase the involvement of local communities and broaden their knowledge of key issues related to the construction of the pipeline. In May 2011, IGI Poseidon, the joint venture of Edison and the Depa Group from Greece, which is responsible for developing and building the Italy-Greece pipeline of the ITGI transit corridor, organized three days of meetings, at two functioning compressor stations operated in Italy by Snam Rete Gas, with a Greek delegation of representatives from the Thesprotia Prefecture, where the compressor station of the Poseidon pipeline will be built, and with journalists. This visit was organized to demonstrate the characteristics of a compressor station, how it operates and, most importantly, its impact on the local environment (noise, pollution, etc.) and what mitigating actions may be adopted.

During these meetings, the visiting delegation was able to speak with the technical staff at the compressor stations and with people who live in the surrounding areas, which enabled them to determine that the operation of the compressor stations has a limited or negligible impact on nature and on the local economic and social environment. The purpose of the visit was to maintain an open and continuous dialogue, so as to allow a normal development of the project, and establish positive relations with local authorities, providing evidence of the project's absolute transparency. These efforts resulted in the creation of friendly relations with local and national Greek authorities and led to the signing of the agreement for the siting of the compressor station for the Poseidon pipeline and the issuance of a permit for a preliminary environment assessment, which is the most critical permit required under Greek law.





METHODOLOGICAL NOTE

Edison views its Sustainability Report as a tool to communicate how the Group manages its corporate social responsibility and provide a complete and balanced presentation of its values, strategies and performance during the reporting period. The Report is also a management tool that can be used to monitor the Group's sustainability performance and set improvement goals for the future.

As was the case the previous year, the 2011 Sustainability Report was prepared in accordance with the "Sustainability Reporting Guidelines & Electric Utilities Sector Supplement (EUSS)" defined in 2009 by the Global Reporting Initiative – GRI. This standard is internationally recognized as the best practice in sustainability reporting. Edison chose to follow a gradual approach in adopting the GRI Guidelines and plans to add to the Report new indicators of social and environmental performance each year. In 2011, the Group again achieved the A+ level in the implementation of the Guidelines. As was the case in previous years, the 2011 Sustainability Report was audited by Independent Auditors to provide our stakeholders with the assurance that the information it contains is accurate and reliable. This process was completed successfully with the issuance of a certification letter, which is annexed to this Report.

The consolidation method adopted requires the following:

- » the operating and financial data and the data for the main performance indicators shown in the Report must be the consolidated data of the Edison Group, computed in accordance with the IAS/IFRS International Accounting Principles, and must include Edipower at 50%;
- » the social and environmental data must be those of Edison's core businesses (electric power operations and hydrocarbons operations), stated in accordance with the abovementioned consolidation principles and, therefore, with Edipower at 50% and the other companies at the consolidation percentages used in the consolidated financial statements.

Insofar as the reporting period and the scope of the information provided in this Report are concerned, please note that:

- » The data and information provided in this Report refer to the year ended December 31, 2011, except for some important projects completed early in 2012;
- » The data and information are those of the Group, except for specific information about Edison Spa;
- » Information about environmental performance in 2011 include the data for Elpedison Power SA and Elpedison Trading SA (consolidated at 50%).

Any discrepancies with the abovementioned reporting period or scope are appropriately mentioned in the Report.

The Sustainability Report is published once a year and was distributed at the Shareholders' Meeting convened in April 2012.

PERFORMANCE INDICATORS

Area	Unit	2009	2010	2011	Δ%/p.p	GRI
Note: The consolidation of Group companies that are not wholly owned can cause minor differences when reconciling the data (e.g., differences between the sum of partial amounts and that of total amounts or in percentage changes/percentage points).						
ENVIRONMENT (DATA AT DECEMBER 31)						
Production of hydrocarbons						
Natural gas produced	thousands of m³	1,835	1,968	2,246	14.1%	
Crude oil extracted	thousands of barr.	2,660	3,490	3,508	0.5%	
Net production of electric power						EU 2
Thermoelectric energy	GWh	35,882	36,304	29,318	-17.1%	
Hydroelectric energy	GWh	5,398	5,734	5,307	-7.4%	
Wind energy	GWh	556	683	656	-4.0%	
Electric power from other renewable sources (photovoltaic and biomasses)	GWh	5	47	51	10.3%	
Total electric power	GWh	41,841	42,767	35,333	-15.5%	
Electric power produced from renewable sources	%	14.3%	15.5%	17.0%	2%	
Total thermal energy	TJ	40,498	57,362	45,151	-21.3%	
Efficiency of the thermoelectric power plants						
Average yield of the thermoelectric power plants	%	43%	44%	44%	0.0%	EU11
Availability factor for the thermoelectric power plants	%	90%	92%	90%	-1.2%	
Availability factor for the hydroelectric power plants	%	93%	93%	91%	-1.6%	
Availability factor for the wind farms*	%	95%	95%	96%	0.9%	
Average availability factor	%	92%	93%	92.4%	-0.6%	EU 30
* The availability factor for wind farms subject to dispatching orders by Terna does not take into account, for availability computation purposes, any turbine shutdowns mandated by Terna.						
Energy used to produce electric power						
Natural gas	millions of Sm³	6,538.4	6,697.7	4,900.9	-26.8%	EN3
Coke-oven gas	millions of Nm³	437.0	566.0	505.5	-10.7%	EU11
Blast-furnace gas	millions of Nm³	4,368.0	5,324.7	4,299.8	-19.2%	
Steel-mill gas	millions of Nm³	75.7	66.2	46.0	-30.5%	
Blast-furnace and steel-mill gas mixture	millions of Nm³	888.5	1,939.5	2,409.0	24.2%	
Fuel oil	thousands of t	645.4	311.2	254.8	-18.1%	
Gasoil	thousands of t	5.9	1.9	5.8	207.0%	
Coal	thousands of t	398.0	333.3	344.8	3.5%	
Bark	thousands of t	48.7	50.1	51.9	3.6%	
Mud	thousands of t	17.9	22.8	26.1	14.2%	
Wood chips	thousands of t	1.4	52.8	72.1	36.6%	
Total energy used	thousands of GJ	288,518	289,352	222,415	-23.1%	
Energy used for ancillary services*						
Natural gas	thousands of Sm³	43,038.8	50,091.8	59,371.2	18.5%	
Gasoil	t	4,486.2	5,293.6	5,707.9	7.8%	
Fuel oil	t	7,766.0	6,405.0	11,765.5	83.7%	
Purchased electric power	MWh	100,955	104,092	126,396.9	21.4%	EN 4
* The data for 2009 and 2010 do not include Edipower.						
Materials used						
Total process chemicals	t	30,893	25,736	19,592.8	-23.9%	EN1
Dielectric oil used as lubricant and coolant	t	357	300	293.9	-2.1%	

Area	Unit	2009	2010	2011	Δ%/p.p	GRI
Water resources used						EN 8
Sea water	thousands of m ³	2,048,515	1,591,863	1,489,767	-6.4%	
Brackish water	thousands of m ³	-	-	377,664	-	
Water from rivers or canals	thousands of m ³	744,245	655,385	526,128	-19.7%	
Water drawn from the aquifer	thousands of m ³	3,317	4,750	4,028	-15.2%	
Purchased demineralized water	thousands of m ³	1,662	1,717	1,323	-23.0%	
Other water resources used	thousands of m ³	324	507	347	-31.4%	
Recycled water – thermoelectric operations	thousands of m ³	870,494	1,044,468	913,714	-12.5%	EN 10
Recycled industrial water	thousands of m ³	7,068	6,486	5,751	-11.3%	
Water from condensation and purchased steam	thousands of m ³	863,426	1,037,982	907,962	-12.5%	
Total water resources used	thousands of m³	3,668,556	3,298,689	3,312,971	0.3%	
Recycled water – thermoelectric operations	%	23.7%	31.6%	27.6%	-4.1%	
Flow-through water and biodiversity – hydroelectric operations						EN 12
Turbine powering water	thousands of m ³	21,064,597	21,772,784	19,342,826	-11.2%	
Minimum vital water flow (MVW)	thousands of m ³	1,254,953	1,363,892	1,452,022	6.5%	
MVW releases	%	6.0%	6.3%	7.5%	1.2%	
Effluents						EN 21
Industrial effluents generated	thousands of m ³	29,871	28,249	26,085	-7.7%	
Reinjected water (hydrocarbons operations)	thousands of m ³	19	19	15	-17.9%	
Cooling water	thousands of m ³	2,760,571	2,560,229	2,358,128	-7.9%	
Residential waste water	thousands of m ³	160	158	189	19.5%	
Total effluents	thousands of m³	2,790,622	2,588,655	2,384,417	-7.9%	
into the sewers	thousands of m ³	6,095	3,709	2,983	-19.6%	
into surface water bodies (rivers, canals and the sea)	thousands of m ³	1,423,032	2,582,388	2,379,458	-7.9%	
into ground water bodies (aquifer, etc.)	thousands of m ³	78	2,557	1,977	-22.7%	
Greenhouse gas emissions						
Electric power operations						
Gross electric power – Thermoelectric	GWh	37,257	36,634	30,339	-17.2%	
Total gross electric power	GWh	42,788	44,411	36,485	-17.8%	
CO ₂ from the production of electric power	t	20,796,734	21,518,201	18,630,431	-13.4%	EN 16
Specific CO ₂ emissions – thermoelectric power plants	gross g/kWh	558.2	587.4	614.1	4.5%	
Specific CO ₂ emissions – all power plants	gross g/kWh	486.0	484.5	510.6	5.4%	
Emissions rights allocated	t	19,190,650	18,161,361.1	16,985,600	-6.5%	
Kyoto Protocol compliance level (rights allocated/ emissions generated "below allocation")	%	92%	84%	96%	11.4%	EU 5
Emissions avoided with renewables	t	3,323,665	3,796,407	3,693,197	-2.7%	
SF ₆	t of CO ₂ eq.	845	796	1,419	78.3%	
Hydrocarbons operations						
CO ₂ emissions – hydrocarbons operations	t	108,707	128,008	146,296	14.3%	
Gas distribution operations						
CO ₂ emissions from pipeline leaks	t of CO ₂ eq.	16,544	23,764	22,373	-5.9%	EN 17
Indirect emissions						
Emissions attributable to consumption of purchased electric power	t	46,540	47,986	52,328	9.0%	EN 18



Area	Unit	2009	2010	2011	Δ%/p.p	GRI
Emissions of gases harmful to the ozone layer						EN19
CFC-11 equivalents	t	0.5	1.8	0.2	-90.7%	
Emissions into the atmosphere						EN 20
Electric power operations						
SOx	t	5,830	2,935	2,852	-2.8%	
NOx	t	10,058	9,522	6,133	-35.6%	
CO	t	1,191	1,571	918	-41.6%	
Particulate	t	224	195	171	-12.1%	
Hydrocarbons operations						
SOx	t	122	158	168	6.6%	
NOx	t	101	199	306	53.6%	
CO	t	65	113	104	-7.6%	
Particulate	t	4	4	2	-50.1%	
Total emissions into the atmosphere – Electric power and hydrocarbons operations*						
SOx	t	5,953	3,093	3,021	-2.3%	
NOx	t	10,158	9,722	6,439	-33.8%	
CO	t	1,255	1,684	1,023	-39.3%	
Particulate	t	229	199	173	-12.8%	

* The 2010 data were restated using a more accurate computation method.

Waste generated						EN 22
Special non-hazardous waste	t	107,246	88,037	75,936	-13.7%	
Special hazardous waste	t	4,200	4,277	3,642	-14.8%	
Total waste generated		111,446	92,314	79,577	-13.8%	
- recycled waste	t	100,138	86,682	59,266	-31.6%	
- waste to landfill	t	11,307	5,632	20,310	260.6%	
Inspections to locate natural gas leaks						PR 1
Pipelines inspected	Km	2,110	2,366	1,520	-35.8%	
Pipelines existing at the beginning of the year	Km	2,510	2,549	2,026	-20.5%	
Network inspected	%	84%	93%	75%	-19.2%	
Total number of leaks located	No.	1,363	1,234	1,351	9.5%	
Total volume of leaks*	thousands of Sm ³	999	1,435	954	-33.5%	

* The considerable difference between the 2010 number and the 2011 number is due to the implementation of Article 38 of Resolution ARG/gas No. 159/08 of November 6, 2008, which required the use of a new computation method with the introduction of a new coefficient.

HSE Management Systems*						
Sites covered by ISO 14001 Management Systems						
Electric power operations	%	100%	85%	95%	10%	
Hydrocarbons operations	%	89%	93%	100%	7%	
Sites covered by EMAS Management Systems						
Electric power operations	%	99%	77%	66%	-11%	
Hydrocarbons operations	%	11%	14%	14%	0%	
Sites covered by OHSAS 18001 Management Systems						
Electric power operations	%	95%	59%	95%	36%	
Hydrocarbons operations	%	89%	93%	100%	7%	

* Including photovoltaic facilities

Area	Unit	2009	2010	2011	Δ%/p.p	GRI
Auditing process						
Internal audits	No.	102	138	130	-6.2%	
External audits (by a third party)	No.	18	20	26	33.3%	
Total audits	No.	120	158	156	-1.3%	
Inspections - Italy						
Performed by local entities	No.	19	33	37	12.1%	
Other inspections	No.	17	10	18	80.0%	
Total inspections	No.	36	43	55	27.9%	
Environmental accounting						EN 30
Protection of air and climate	€/000	24,381	6,253	35,840	473.2%	
Water management	€/000	4,021	3,860	2,264	-41.4%	
Waste management	€/000	4,991	7,958	4,428	-44.4%	
Protection of soil, subsoil and aquifer	€/000	1,723	2,036	3,404	67.2%	
Protection of habitats and landscape and remediation projects	€/000	2,022	1,119	832	-25.7%	
Research and development	€/000	n.a.	n.a.	125	-	
Other environmental protection activities	€/000	4,033	4,776	5,122	7.2%	
Noise, vibrations, CEM reduction	€/000	513	364	1,012	178.1%	
Total outlays	€/000	41,683	26,366	53,027	101.1%	
Capital expenditures	€/000	21,861	8,999	38,625	329.2%	
Operating expenses	€/000	19,822	17,367	14,402	-17.1%	
Material environmental events						
Spills	No.	0	0	0	-	EN 23
Fines	€	0	5,682	4,250	-25.2%	EN 28
Other non-cash penalties	No.	0	0	0	-	EN 28

PERSONNEL (DATA AT DECEMBER 31)

Note: The consolidation of Group companies that are not wholly owned can cause minor differences when reconciling data (e.g., differences between the sum of partial amounts and that of total amounts).

Personnel breakdown by classification						LA 13
Executives	No.	189	192	196	2.1%	
- women included in the total	No.	18	18	19	5.6%	
Middle managers	No.	629	655	642	-2.0%	
- women included in the total	No.	153	165	172	4.2%	
Office staff	No.	2,154	2,186	2,299	5.2%	
- women included in the total	No.	497	510	501	-1.8%	
Production staff	No.	952	906	627	-30.8%	
- women included in the total	No.	6	6	4	-33.3%	
Total	No.	3,924	3,939	3,764	-4.4%	LA 1 - G3.1
- women included in the total	No.	674	699	696	-0.4%	LA 1 - G3.1
Temporary staff						LA 1
Temporary staff	No.	162	55	37	-32.7%	
- women included in the total	No.	n.a.	n.a.	21	-	LA 1 - G3.1

Area	Unit	2009	2010	2011	Δ%/p.p	GRI
Female employee percentages						LA 13
Executives	%	9.5%	9.4%	9.7%	0.3%	
Middle managers	%	24.3%	25.2%	26.8%	1.6%	
Office staff	%	23.1%	23.3%	21.8%	-1.5%	
Production staff	%	0.6%	0.7%	0.6%	-0.1%	
Total	%	17.2%	17.7%	18.5%	0.8%	
Temporary staff	%	n.a.	n.a.	56.8%	-	LA 1 - G3.1
Personnel breakdown by type of contract						LA 1
Permanent	No.	3,832	3,847	3,684	-4.2%	
- women included in the total	No.	n.a.	n.a.	678	-	LA 1 - G3.1
Specified time period	No.	91	92	80	-13.0%	
- women included in the total	No.	n.a.	n.a.	18	-	LA 1 - G3.1
Total	No.	3,923	3,939	3,764	-4.4%	
- women included in the total	No.	n.a.	n.a.	696	-	
Job training						LA 1
Apprentices	No.	20	53	24	-54.7%	
Interns/Short-term entry assignments	No.	32	27	16	-40.7%	
Interns and apprentices as a percentage of total staff	%	1%	2%	1%	-1.0%	
Part-time staff						LA 1
Employees with part-time contracts	No.	69	68	77	13.2%	
- women included in the total	No.	n.a.	n.a.	72	-	LA 1 - G3.1
% employees with part-time contracts	%	1.7%	1.7%	2.0%	17.6%	
- women included in the total	%	n.a.	n.a.	10.3%	-	LA 1 - G3.1
Breakdown of new hires by age group						LA 2 - G3.1
Younger than 36 years of age	No.	n.a.	n.a.	102	-	
Between 36 and 45 years of age	No.	n.a.	n.a.	28	-	
Older than 45 years of age	No.	n.a.	n.a.	10	-	
Total	No.	n.a.	n.a.	140	-	
Breakdown of new hires by gender						LA 2 - G3.1
Women	No.	n.a.	n.a.	29	-	
Men	No.	n.a.	n.a.	111	-	
Total	No.	n.a.	n.a.	140	-	
Breakdown of new hires by geography						LA 2 - G3.1
Italy	No.	n.a.	n.a.	83	-	
Other countries	No.	n.a.	n.a.	57	-	
Total	No.	n.a.	n.a.	140	-	
Breakdown of new hires by classification						LA 2
Executives	No.	2	1	0	-100.0%	
Middle managers	No.	21	27	10	-63.0%	
Office staff	No.	147	104	70	-32.7%	
Production staff	No.	58	50	60	20.0%	
Acquisitions	No.	880	0	0	0.0%	
Total	No.	1108	182	140	-23.1%	

Area	Unit	2009	2010	2011	Δ%/p.p	GRI
Breakdown of separations by reason						LA 2
Resignation	No.	45	67	75	11.9%	
Retirement	No.	66	80	75	-6.3%	
Death	No.	1	2	3	50.0%	
Termination/Divestment of business operations	No.	5	1	144	-	
Other	No.	31	19	19	0.0%	
Total	No.	147	169	316	87.0%	
The increase in the number of separations is due mainly to the divestment of the Taranto power plants (114 employees terminated).						
Breakdown of separations by age						LA 2 - G3.1
Younger than 35 years of age	No.	n.a.	n.a.	65	-	
Between 36 and 45 years of age	No.	n.a.	n.a.	110	-	
Older than 45 years of age	No.	n.a.	n.a.	141	-	
Total	No.	n.a.	n.a.	316	-	
Breakdown of separations by gender						LA 2 - G3.1
Women	No.	n.a.	n.a.	32	-	
Men	No.	n.a.	n.a.	284	-	
Total	No.	n.a.	n.a.	316	-	
Breakdown of separations by geography						LA 2 - G3.1
Italy	No.	n.a.	n.a.	265	-	
Other countries	No.	n.a.	n.a.	51	-	
Total	No.	n.a.	n.a.	316	-	
Changes to a higher classification*						
Promotion from middle manager to executive	No.	11	7	8	14.3%	
Promotion from office staff to middle manager	No.	34	39	31	-20.5%	
Promotion from production staff to office staff	No.	30	44	21	-52.3%	
Total	No.	75	90	60	-33.3%	
* Excluding Abu Qir.						
Employees who received training						
Employees who attended at least one training course	No.	3,025	2,658	2,858	7.5%	
Employees of contractors who attended Health and Safety courses*	No.	n.a.	n.a.	885	-	EU 18
Employees who received training	%	77%	67%	76%	9.0%	
Employees of contractors who attended Health and Safety courses (on average number of FTE)*	%	n.a.	n.a.	37%	-	EU 18
* Excluding AQP and Edipower; no data are available for 2009 and 2010.						
Breakdown of hours of training provided by classification						LA 10
Executives	No.	8,069	8,457	9,385	11.0%	
Middle managers	No.	19,372	23,676	24,438	3.2%	
Office staff	No.	68,881	66,781	62,081	-7.0%	
Production staff	No.	28,613	29,316	22,292	-24.0%	

Area	Unit	2009	2010	2011	Δ%/p.p	GRI
Total	No.	124,935	128,229	118,196	-7.8%	
- women included in the total*	No.	n.a.	n.a.	21,207	-	LA 10 - G3.1
Average hours per trained employee	No.	41	48	41	-14.3%	
Average hours per employee	No.	32	33	31	-3.5%	
Average hours per female employee*	No.	n.a.	n.a.	34	-	LA 10 - G3.1
* Excluding AQP.						
Breakdown of hours of training by type						LA 8
Quality, environment and safety	No.	44,275	45,596	37,771	-17.2%	
Technical training	No.	23,477	25,466	16,647	-34.6%	
Institutional training – internal	No.	29,690	18,235	32,008	75.5%	
Specialized training – external	No.	10,484	10,197	9,773	-4.2%	
Language course	No.	12,317	18,801	17,307	-7.9%	
Computer courses	No.	2,420	7,579	1,926	-74.6%	
Conventions	No.	2,258	2,356	2,764	17.3%	
Total hours	No.	124,920	128,229	118,196	-7.8%	
Breakdown of hours of training provided by macro function						LA 10 - G3.1
Staff functions	No.	n.a.	n.a.	24,268	-	
Research and Development	No.	n.a.	n.a.	2,368	-	
Electric Power Operations	No.	n.a.	n.a.	27,115	-	
Power International	No.	n.a.	n.a.	623	-	
Renewable Sources	No.	n.a.	n.a.	3,552	-	
Energy Management	No.	n.a.	n.a.	4,936	-	
Marketing and Distribution	No.	n.a.	n.a.	8,909	-	
Hydrocarbons Operations	No.	n.a.	n.a.	13,610	-	
Gas International	No.	n.a.	n.a.	389	-	
Gas Supply & Logistics	No.	n.a.	n.a.	3,014	-	
Energy Efficiency and Sustainable Development	No.	n.a.	n.a.	1,284	-	
Edipower	No.	n.a.	n.a.	28,128	-	
Total	No.	n.a.	n.a.	118,196	-	
Training costs						LA 8
Internal and external training costs (including taxes and mandatory social security contributions)	k €	2,081	2,321	2,266	-2.4%	
Labor cost of employees receiving training	k €	n.a.	n.a.	3,867	-	
Funded training	k €	n.a.	n.a.	448	-	
Total costs	k €	n.a.	n.a.	6,581	-	
Employees subject to annual performance review*						LA 12 (add)
Executives	%	100%	100%	100%	0.0%	
Middle managers	%	76%	83%	83%	0.3%	
Office staff	%	17%	22%	25%	3.4%	
Production staff	%	0%	0%	0%	0.0%	
Total	%	29%	34%	36%	2.5%	
Total number of women employees	%	n.a.	n.a.	50%	-	LA 12 - G3.1
* Excluding Abu Qir.						

Area	Unit	2009	2010	2011	Δ%/p.p	GRI
Employees in protected categories*						LA 13
Disabled employees	No.	88	90	89	-1.1%	
- executives included in the total	No.	n.a.	n.a.	0	-	LA 13 - G3.1
- middle managers included in the total	No.	n.a.	n.a.	5	-	LA 13 - G3.1
- office staff included in the total	No.	n.a.	n.a.	62	-	LA 13 - G3.1
- production staff included in the total	No.	n.a.	n.a.	22	-	LA 13 - G3.1
Other (e.g., orphans)	No.	30	28	27	-3.6%	
- executives included in the total	No.	n.a.	n.a.	0	-	LA 13 - G3.1
- middle managers included in the total	No.	n.a.	n.a.	0	-	LA 13 - G3.1
- office staff included in the total	No.	n.a.	n.a.	20	-	LA 13 - G3.1
- production staff included in the total	No.	n.a.	n.a.	7	-	LA 13 - G3.1
Total	No.	118	118	116	-1.7%	
* Excluding AQP and Group employees outside Italy.						
Employees returning to work and workforce reentry rates after parenting leave, by gender*						LA 15 - G3.1
Employees who took parenting leave	No.	n.a.	n.a.	81	-	
- women included in the total	No.	n.a.	n.a.	71	-	
* Excluding Group employees outside Italy.						
Missed hours of work*						LA 7
Illness	No.	143,900	149,494	131,746	-11.9%	
Accident	No.	3,579	8,022	3,327	-58.5%	
Maternity	No.	43,241	39,410	57,603	46.2%	
Strike	No.	81	220	1,041	373.2%	
Employee assembly	No.	7,039	6,904	6,396	-7.4%	
Paid leave	No.	47,663	53,347	55,729	4.5%	
Unpaid leave	No.	10,550	11,331	9,854	-13.0%	
Other	No.	0	0	0	0.0%	
Total	No.	256,052	268,727	265,696	-1.1%	
* Excluding AQP and Group employees outside Italy. The higher number of strike hours in 2011 is due mainly to several nationwide work stoppages (e.g., against the financial austerity measures).						
Average productivity bonuses per capita*						
Middle managers	€	1,600	1,677	1,567	-6.6%	
Office staff	€	1,713	1,729	1,731	0.1%	
Production	€	1,350	1,408	1,381	-1.9%	
Average	€	1,554	1,605	1,560	-2.8%	
* Excluding AQP and Group employees outside Italy.						
Incentivizing bonuses*						
Employees who received an incentivizing bonus other than the productivity bonus (MBO)	No.	376	438	476	8.7%	
Employees who received a non-cash incentivizing bonus (Award)	No.	65	88	3	-96.6%	
* Excluding AQP and Group employees outside Italy.						
Collective bargaining and union membership						LA 4
Employees covered by a national collective bargaining agreement	%	99%	99%	100%	1.0%	
Employees who are members of a union	%	48%	47%	49%	2.0%	

Area	Unit	2009	2010	2011	Δ%/p.p	GRI
Disputes with employees						
Outstanding at December 31	No.	26	26	22	-17.3%	
Started during the year	No.	5	2	2	0.0%	
Closed during the year	No.	11	9	10	11.1%	
Breakdown of Group employees by macro-function						LA 13 - G3.1
Staff functions	No.	n.a.	n.a.	590	-	
- women included in the total	No.	n.a.	n.a.	294	-	
Research and Development	No.	n.a.	n.a.	25	-	
- women included in the total	No.	n.a.	n.a.	8	-	
Electric Power Operations	No.	n.a.	n.a.	824	-	
- women included in the total	No.	n.a.	n.a.	22	-	
Power International	No.	n.a.	n.a.	42	-	
- women included in the total	No.	n.a.	n.a.	1	-	
Renewable Sources	No.	n.a.	n.a.	115	-	
- women included in the total	No.	n.a.	n.a.	9	-	
Energy Management	No.	n.a.	n.a.	89	-	
- women included in the total	No.	n.a.	n.a.	26	-	
Marketing and Distribution	No.	n.a.	n.a.	265	-	
- women included in the total	No.	n.a.	n.a.	125	-	
Hydrocarbons Operations	No.	n.a.	n.a.	1,183	-	
- women included in the total	No.	n.a.	n.a.	140	-	
Gas International	No.	n.a.	n.a.	27	-	
- women included in the total	No.	n.a.	n.a.	0	-	
Gas Supply & Logistics	No.	n.a.	n.a.	58	-	
- women included in the total	No.	n.a.	n.a.	19	-	
Energy Efficiency and Sustainable Development	No.	n.a.	n.a.	18	-	
- women included in the total	No.	n.a.	n.a.	5	-	
Edipower	No.	n.a.	n.a.	528	-	
- women included in the total	No.	n.a.	n.a.	47	-	
Total	No.	n.a.	n.a.	3,764	-	
- women included in the total	No.	n.a.	n.a.	696	-	
Women/Men base compensation ratio						LA14
Top Management						
Women/Men % compensation ratio	%	n.a.	n.a.	n.a.	-	
Women/Men age ratio (average year differential)	No.	n.a.	n.a.	n.a.	-	
Management						
Women/Men % compensation ratio	%	105.7%	111.9%	106.7%	-5.2%	
Women/Men age ratio (average year differential)	No.	< 2.6	< 2.4	< 2.4	-	

Area	Unit	2009	2010	2011	Δ%/p.p	GRI
Professionals						
Women/Men % compensation ratio	%	92.6%	96.2%	94.7%	-1.5%	
Women/Men age ratio (average year differential)	No.	< 5.7	< 3.5	< 3.9	-	
Office staff						
Women/Men % compensation ratio	%	89.3%	89.2%	90.5%	1.3%	
Women/Men age ratio (average year differential)	No.	< 3.7	< 1.3	< 2.3	-	
Production staff						
Women/Men % compensation ratio	%	n.a.	n.a.	n.a.	-	
Women/Men age ratio (average year differential)	No.	n.a.	n.a.	n.a.	-	
The higher number of strike hours in 2011 is due mainly to several nationwide work stoppages (e.g., against the financial austerity measures).						
Personnel breakdown by age groups						
Average age of employees	No.	45	45	44	-2.2%	LA 13 - G3.1
Younger than 25 years of age	%	2.9%	2.0%	1.2%	-0.8%	
- Executives included in the total	%	n.a.	n.a.	0.0%	-	
Between 25 and 35 years of age	%	25.2%	25.9%	26.7%	0.8%	
- Executives included in the total	%	n.a.	n.a.	0.0%	-	
Between 36 and 45 years of age	%	31.1%	31.0%	29.3%	-1.7%	
- Executives included in the total	%	n.a.	n.a.	23.0%	-	
Between 46 and 55 years of age	%	30.3%	30.0%	31.2%	1.2%	
- Executives included in the total	%	n.a.	n.a.	53.6%	-	
Older than 55 years of age	%	10.5%	11.1%	11.5%	0.4%	
- Executives included in the total	%	n.a.	n.a.	23.5%	-	
Personnel breakdown by geography						
Italy	No.	3,012	2,999	2,817	-6.1%	LA 1
- women included in the total	No.	n.a.	n.a.	583	-	LA 1 - G3.1
Other countries	No.	911	940	947	0.7%	
- women included in the total	No.	n.a.	n.a.	113	-	LA 1 - G3.1
Personnel breakdown by education level						
Elementary school	%	1.8%	1.5%	1.4%	-0.1%	
Middle school	%	16.3%	16.4%	15.9%	-0.5%	
High school diploma	%	49.3%	48.8%	43.3%	-5.5%	
College degree	%	32.0%	31.9%	38.1%	6.2%	
Other (Masters, PhD, etc.)	%	1.2%	1.4%	1.3%	-0.1%	
Average length of service at the Company*						
Executives	No.	15.9	14.3	14.2	-0.7%	
Middle managers	No.	14.8	13.5	11.3	-16.3%	
Office staff	No.	16.4	14.8	13.0	-12.2%	
Production staff	No.	18.7	17.8	16.3	-8.4%	
Total	No.	16.5	15.1	13.3	-11.9%	

* Excluding Abu Qir.

The data for 2009 and 2010 were restated using a more accurate computation method.



Area	Unit	2009	2010	2011	Δ%/p.p	GRI
Employee turnover (resignations)						LA 2 - G3,1
by age group						
Younger than 30 years of age	%	0.2%	0.2%	0.2%	0.0%	
Between 30 and 45 years of age	%	0.6%	1.1%	1.4%	0.3%	
Older than 45 years of age	%	0.3%	0.4%	0.4%	0.0%	
by gender						
Women	%	0.3%	0.5%	0.3%	-0.2%	
Men	%	0.8%	1.2%	1.7%	0.5%	
by geography						
Italy	%	n.a.	n.a.	1.5%	-	
Other countries	%	n.a.	n.a.	0.5%	-	
by classification						
Executives	%	0.0%	0.1%	0.1%	0.0%	
Middle managers	%	0.3%	0.5%	0.7%	0.2%	
Office staff	%	0.7%	0.8%	0.9%	0.1%	
Production staff	%	0.1%	0.4%	0.3%	-0.1%	
by length of service						
Less than 3 years of service	%	0.5%	0.5%	0.6%	0.1%	
Between 3 and 10 years of service	%	0.5%	1.0%	1.1%	0.1%	
More than 10 years of service	%	0.2%	0.3%	0.3%	0.0%	
Total	%	1.1%	1.7%	2.0%	0.3%	

The employee turnover data by gender for 2009 and 2010 were restated using a more accurate computation method.

Occupational safety						LA 7
Accidents occurred to Group employees (>1 workday lost, excluding in-transit accidents))	No.	19	20	10	-50.0%	
Lost workdays due to accidents	No.	455	767	247	-67.8%	
Fatal accidents	No.	n.a.	n.a.	0	-	
Instances of occupational illnesses	No.	n.a.	n.a.	n.a.	-	
Hours worked	No.	6,253,149	6,746,614	6,981,820	3.5%	
Injury incidence rate for the Group	No.	3.04	2.96	1.43	-51.6%	
Lost workday incidence rate for the Group	No.	0.07	0.11	0.04	-67.7%	
Occupational illness incidence rate	No.	n.a.	n.a.	n.a.	-	

Health care benefits*

Medical examinations provided	No.	3,454	1,576	1,513	-4.0%	
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* Excluding Abu Qir and for Edipower counting only employees at administrative offices.

Occupational safety expenditures						
Operating expenses	k €	7,394	8,473	8,280	-2.3%	
Capital expenditures	k €	4,090	5,607	5,512	-1.7%	
Total	k €	11,484	14,080	13,732	-2.0%	

Area	Unit	2009	2010	2011	Δ%/p.p	GRI
Employees of contractors						LA 1 EUSS
Average Full Time Equivalents (FTE)	No.	4166	2929	2,423	-17.3%	
Data computed on 200 workable days and including construction and maintenance activities						
Days worked by employees of contractors						EU 17
Construction activities	No.	335,817	264,348	107,477	-59.3%	
Maintenance activities	No.	497,325	321,390	377,032	17.3%	
Total	No.	833,142	585,738	484,508	-17.3%	
Occupational safety of contractors						LA 7 EUSS
Accidents occurred to employees of contractors (>1 workday lost)	No.	19	16	25	56.3%	
Hours worked	No.	5,429,428	4,711,481	3,876,068	-17.7%	
Lost workdays due to accidents	No.	571	460	507	10.1%	
Fatal accidents to employees of contractors	No.	n.a.	n.a.	1	-	
Injury incidence rate for contractors	No.	3.41	3.40	6.45	89.7%	
Lost workday incidence rate for contractors	No.	0.11	0.10	0.13	30.2%	
The number of workdays lost due to accidents and, consequently the Lost Workday Incidence Rate are net of 7,500 days attributable to a fatal accident that occurred at the Sermide power plant. The existence of a correlation between this event and the work performed is still being analyzed and investigated by the relevant authorities.						

CUSTOMERS (DATA AT DECEMBER 31)

Note: The consolidation of Group companies that are not wholly owned can cause minor differences when reconciling the data (e.g., differences between the sum of partial amounts and that of total amounts or in percentage changes/percentage points).

Electric power and natural gas customers						EU 3
Total electric power customers	No.	224,862	585,664	781,618	33.5%	
	GWh	24,978	27,203	22,962	-15.6%	
Residential	No.	155,199	414,043	612,191	47.9%	
	GWh	304	996	1,694	70.0%	
Business	No.	4,389	6,448	7,788	20.8%	
	GWh	22,862	22,781	17,980	-21.1%	
Small businesses soho	No.	65,274	165,173	161,639	-2.1%	
	GWh	1,812	3,426	3,288	-4.0%	
Total natural gas customers	No.	313,770	425,637	518,876	21.9%	
	mill. Sm ³	4,716	4,593	10,561	129.9%	
Edison Energia residential gas customers	No.	179,078	289,653	382,418	32.0%	
	mill. Sm ³	254	359	427	18.7%	
Other Edison Energia gas customers (industrial customers and non-industrial wholesalers)	No.	610	540	487	-9.8%	
	mill. Sm ³	4,382	4,162	3,151	-24.3%	
Total Edison Energia gas customers	No.	179,688	290,193	382,905	31.9%	
	mill. Sm ³	4,636	4,522	3,578	-20.9%	
AMG gas Palermo residential customers	No.	133,045	134,394	132,063	-1.7%	
	mill. Sm ³	56	56	49	-12.5%	



Area	Unit	2009	2010	2011	Δ%/p.p	GRI
SUPPLIERS (DATA AT DECEMBER 31)						
Note: The consolidation of Group companies that are not wholly owned can cause minor differences when reconciling the data (e.g., differences between the sum of partial amounts and that of total amounts or in percentage changes/percentage points).						
Breakdown of suppliers						
Total number of suppliers	No.	3,860	3,627	3,511	-3%	
Total value of goods and services supplied*	€/000	645,305	636,191	616,080	-3%	
Suppliers in Italy	%	84%	88%	85%	-3%	
Suppliers outside Italy	%	16%	12%	15%	3%	
* The amount includes the supply of goods and services and labor.						
Value of purchases from Edison qualified suppliers						
Total value of purchases from qualified suppliers	€/000	546,705	545,685	534,557	-2%	
as a % of total purchases	%	85%	86%	87%	1%	
Contractual fairness						
Average length of contractual payment terms	days	78	84	81	-4%	
Disputes						
Outstanding at December 31	No.	-	2	2	0%	
Started during the year	No.	1	1	1	0%	
Closed during the year	No.	-	2	-	-	

GRI INDEX

n.a.: not applicable **ibc**: inside back cover **ic**: inside cover

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02:09	Significant changes	Total	12, 13	
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EU2	Net energy produced	Total	88	
EU3	Number of customers, broken down by type	Total	99	
EU4	Length of transmissions and distribution networks	n.a.	-	1
EU5	Allocation of emissions rights and compliance with the Kyoto Protocol	Total	88	
3	Report Parameters			
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4	Governance, Commitments, Engagement			
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		COVERAGE	PAGE NO.	NOTES
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EU6	Management strategy to ensure the availability of energy over the medium/long-term	Total	14-15, 35	
EU7	DSM (demand-side management) programs	Total	14-15, 54-55	
EU8	R&D activities and investments	Total	38	
EU9	Decommissioning of nuclear facilities	n.a.	-	2
EC1	Economic value directly generated and distributed	Total	24	
EC2	Risks and opportunities due to climate change	Total	36-37	
EC3	Coverage of pension obligations	Total	43-44	
EC4	Significant financing received from the public administration	Total	In 2011 Edison as received 204,000 t from the public administration for research and investments.	
EC6	Policy, practices, and proportion of spending on locally-based suppliers	Total	101	
EC7	Hiring of residents from the locations where most of the organization's activities are carried out	Total	42, 92-93	
EC8	Development of investment provided primarily for "publicly useful projects"	Total	76	
EU10	Planned capacity vis-à-vis projected long-term energy demand	Total	14-15, 35	
EU11	Average yield of the thermoelectric power plants	Total	88	
EU12	Energy losses during transmission and distribution	n.a.	-	1
ENVIRONMENTAL PERFORMANCE				
DMA EN	Disclosure on management approach	Total	6, 28	
EN1	Raw materials used	Total	88-89	
EN2	Materials reused or recycled	n.a.		
EN3	Direct energy consumption by source	Total	88-89	
EN4	Indirect energy consumption	Total	88-89	
EN5	Energy saved	Partial	29, 33	
EN6	Energy-efficient or renewable-energy-based products and services	Total	55-57	
EN7	Initiatives to reduce indirect energy consumption and reductions achieved	Total		
EN8	Water consumption by source	Total	89	
EN11	Siting of facilities in protected areas or areas with high biodiversity	Total	34	
EN12	Description of significant impacts on biodiversity	Total	At the moment are not available specific data.	
EU13	Biodiversity of offset habitats compared with damaged habitats	Total	34	
EN13	Habitats protected or restored	Total	34	
EN14	Future strategies and plans to manage impacts on biodiversity	Total	34	
EN16	Direct greenhouse gas emissions	Total	89-90	
EN17	Indirect greenhouse gas emissions	Total	89-90	
EN18	Initiatives to reduce greenhouse gas emissions	Total	29, 37-38	
EN19	Emissions of substances harmful to the ozone layer	Total	90	
EN20	Other air emission	Total	90	
EN21	Effluents discharge	Total	89	
EN22	Waste production and disposal methods	Total	90	
EN23	Total number and volume of polluting spills	Total	91	
EN26	Initiatives to mitigate environmental impacts of products and services	Total	55-57	
EN27	Percentage of products sold and packing materials reused or recycled	n.a.	-	
EN28	Fines for non-compliance with environmental laws and regulations	Total	91	
EN30	Environmental protection expenditures and investments	Total	91	
SOCIAL PERFORMANCE				
EU14	Programs to ensure the availability of specialized personnel	Total	42	
EU15	Employees who potentially could be leaving the organization over the next 5-10 years	Total	42	
EU16	Policies concerning the health and safety of employees and contractors	Total	47-48	
DMA LA	Disclosure on management approach	Total	41	

		COVERAGE	PAGE NO.	NOTES
LA1	Breakdown of workforce by employment type, employment contract, and region	Totale	92	
LA2	Turnover by age group, gender, and region	Total	98	
EU17	Days worked by contractors	Total	99	
EU18	Employees of contractors who received health and safety training	Total	93	
LA4	Collective Bargaining Agreements Coverage	Total	95	
LA5	Minimum notice period for operational changes	Total	Covered by current legislation: Legislative Decree No. 18/2001 and Law No. 223/1991.	
LA7	Injuries and occupational diseases	Total	98	
LA8	Training programs concerning prevention and risk control to assist employees regarding serious	Total	47-48	
LA10	Employee training	Total	93-94	
LA12	Percentage of employees receiving performance and career development reviews	Total	94	
LA13	Breakdown of employees by gender and other indicators of diversity (e.g., disability)	Total	92	
LA14	Ratio of the base salary of male employees to that of female employees in the same category	Total	96-97	
HUMAN RIGHTS				
DMA HR	Disclosure on management approach	Total	77	
HR1	Transactions that have undergone human rights screening	Total	82	
HR2	Supplier and contractors who have undergone human rights screening	Total	82	
HR4	Occurrences of discrimination and actions taken	Total	There were no instance of discrimination during the reporting period.	
HR5	Activities in the course of which the freedom of association and the right to collective bargaining	Total	Covered by current law: Article 21 of Italian Institution.	
HR6	Transactions with a high for incidents of the use of child labor	Total	77-78	
HR7	Transactions with a high risk of the use of forced labor	Total	77-78	
IMPACTS ON SOCIETY				
EU19	Involvement of stakeholders in the decision making process for the development of new energy	Total	66-67	
EU20	Approach adopted to manage the impact of decommissioning projects	n.a.	66-68	
EU21	Emergency management plans	Total	66, D.Lgs. 334/1999	
DMA SO	Disclosure on management approach	Total	66-67	
SO1	Management of impacts on communities	Total	66-67	
EU22	People in the community who were physically displaced or economically compensated	n.a.	In the reporting period the company hasn't undertaken any construction/enlargement activities to existing plants.	
SO2	Monitoring the risk of corruption	Total	17-18	
SO3	Employees trained in preventing corruption crimes	Total	17-18	
SO4	Actions taken in response to corruption cases	Total	There were no instance of corruption during the reporting period.	
SO5	Positions on public policy and lobbying	Total	84	
SO8	Fines and non-cash penalties for failures to comply with laws and regulations	Total	Consolidate Report 61	
PRODUCT RESPONSIBILITY				
EU23	Programs to improve or maintain access to electric power	Total	59	
EU24	Information provided to customers about the safe use of energy and support services	Total	58	
DMA PR	Information about approaches to manage electrical networks	Total	58	
PR1	Phases in the life cycle of services the impacts of which on health and services have been assessed	Total	67	
EU25	Number of accidents that affected the community and any resulting judicial proceedings	Total	67	
PR3	Information requested for the procedures and services subject to such disclosure requirements	Total	58	
PR6	Programs to comply with laws and voluntary codes on marketing activities	Total	60	
PR8	Complaints regarding breaches of privacy	Total	100	
PR9	Fines for non-compliance with laws and regulations	Total	61	
EU26	Population not served in the distribution area	n.a.	-	1
EU27	Disconnections from the network for non-payment	Total	100	
EU28	Frequency index of network interruptions	n.a.	-	1
EU29	Length index of network interruptions	n.a.	-	1
EU30	Average availability factor for all power plants	Total	88	

Note:

¹ Edison non fornisce servizi di distribuzione e trasmissione di energia elettrica

² Edison non possiede impianti nucleari

REPORT OF THE INDEPENDENT AUDITORS



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REVIEW REPORT ON THE SUSTAINABILITY REPORT

To the Shareholders of Edison S.p.A.

1. We have reviewed the Sustainability Report of Edison Group (the “Group”) as of 31st December 2011. The Directors of Edison S.p.A. are responsible for the preparation of the Sustainability Report in accordance with “*Sustainability Reporting Guidelines & Electric Utilities Sector Supplement (EUSS)*” issued in 2009 by GRI – *Global Reporting Initiative*, as stated in the paragraph “A note on methodology”. The Directors are also responsible for the definition of the Group objectives regarding the sustainability performance and the reporting of the achieved results. The Directors are also responsible for the identification of stakeholders and of significant aspects to report, as well as for the implementation and maintenance of appropriate management and internal control processes with reference to data and information presented in the Sustainability Report. Our responsibility is to issue this report based on our review.
2. We conducted our work in accordance with the criteria for review engagements established by the “*International Standards Engagement 3000 – Assurance Engagement other than Audits or Reviews of Historical Financial Information*” (ISAE 3000), issued by the *International Auditing and Assurance Standards Board*. That standard requires the compliance with ethical principles (“*Code of Ethics of Professional Accountants*” issued by the *International Federation of Accountants*), including independence requirements, and that we plan and perform the engagement to obtain limited assurance about whether the report is free from material misstatement. A limited assurance engagement on the Sustainability Report consists of making inquiries, primary with company personnel responsible for the preparation of the information included in the Sustainability Report, analysing the Sustainability Report and applying other evidence gathering procedures, as appropriate. The performed procedures are summarized as follows:
 - comparing the economic and financial information and data included in the paragraph “The wealth created for our stakeholders” of the Sustainability Report with those included in the Group Consolidated Financial Statements as of 31st December 2011, on Deloitte & Touche S.p.A. issued the auditor’s report dated 9th March 2012 pursuant to articles 14 and 16 of Legislative Decree no. 39 of January 27th, 2010);
 - analysing how the processes underlying the generation, recording and management of quantitative data included in the Sustainability Report operate. In particular, we have performed the following procedures:
 - interviews and discussions with delegates of Edison S.p.A., to gather information on the information, accounting and reporting systems used in preparing the Sustainability Report, as well as on the internal control procedures supporting the gathering, aggregation, processing and transmittal of data and information to the department responsible for the preparation of the Sustainability Report;

Bologna Bari Firenze Genova Milano Roma Torino Padova

Sede Legale: Via Tortona, 25 – 20144 Milano

Capitale Sociale: sottoscritto e versato Euro 32.000,00 – deliberato Euro 50.000,00

Codice Fiscale/Registro delle Imprese Milano n. 05059250158 – R.E.A. Milano n. 1105593

Partita IVA: IT 05059250158

Member of Deloitte Touche Tohmatsu



ISO 9001:2008
FSS0166

- analysis, on a sample basis, of the documentation supporting the preparation of the Sustainability Report, in order to gather the evidence of processes in place, their adequacy, and that the internal control system correctly manages data and information in connection with the objectives described in the Sustainability Report;
- analysing the compliance of the qualitative information included in the Sustainability Report and its overall consistency in relation to the guidelines referred to in paragraph 1 of this review report, in particular with reference to the sustainability strategy and policies and the determination of significant aspects for each stakeholder category;
- analysing the stakeholder involvement process, in terms of methods used and completeness of persons involved, through analysis of the minutes of the meetings or any other available information about the significant features identified in the stakeholder involvement process;
- obtaining the representation letter signed by the Chief Executive Officer of Edison S.p.A. on the compliance of the Sustainability Report with the guidelines referred to in paragraph 1 and on the reliability and completeness of the information and data contained therein.

A review is less in scope than an audit carried out in accordance with ISAE 3000, and, therefore, does not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in an audit.

For the data and information relating to the Sustainability Report of the prior year presented for comparative purposes, reference should be made to our review report dated April 4th, 2011.

3. Based on the procedures performed, nothing has come to our attention that causes us to believe that the Sustainability Report of the Edison Group as of 31st December 2011 is not prepared, in all material respects, in accordance with the “*Sustainability Reporting Guidelines & Electric Utilities Sector Supplement (EUSS)*” issued in 2009 by GRI – *Global Reporting Initiative*, as set out in paragraph “A note on methodology”.

Milan, April 20th, 2012

DELOITTE ERS – ENTERPRISE RISK SERVICES S.r.l.

Franco Amelio

Partner

This report has been translated into the English language solely for the convenience of international readers.

EDISON ON LINE

Edison decided to revamp its Sustainability Report, focusing it on the main social and environmental issues and highlighting the results achieved in these areas.

In addition to this document, the Company developed other corporate communication tools, available on the www.edison.it website, which are specifically cited here as a reference source for information about the “Sustainability Reporting Guidelines” published by Global Reporting Initiative (GRI) and the principles of the UN Global Compact.

A searchable version of the Sustainability Report can be accessed from the home page www.edison.it. Edison Generation, www.edisongeneration.it, is a community devoted to social responsibility issues and provides information and updates about Edison's projects.



www.edison.it



www.edisongeneration.it



www.edison.it/it/sostenibilita



www.edisonchangethemusic.it

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