



Milan, 19 June 2013

## **Communication on Progress (CoP)**

**Year: 2013**

Edison reconfirms its commitment to approve Global Compact's 10 Principles regarding human rights, job protection, environment and the fight against corruption that we have supported since 2005.

Edison considers its support of these principles as a responsibility towards progress in the community in which it lives and the entire world, and as an incentive for continuous improvement.

Edison's commitment to foster the ten principles expressed by Global Compact is confirmed by its Sustainability Report which is also its Communication on Progress (COP), through which Edison publicly announces the main activities put into effect and the results obtained in the defence of human rights, job protection, environment protection and the fight against corruption.

**Chief Executive Officer  
Bruno Lescoeur**



# Sustainability Report 2012



 EDISON





# Contents

---

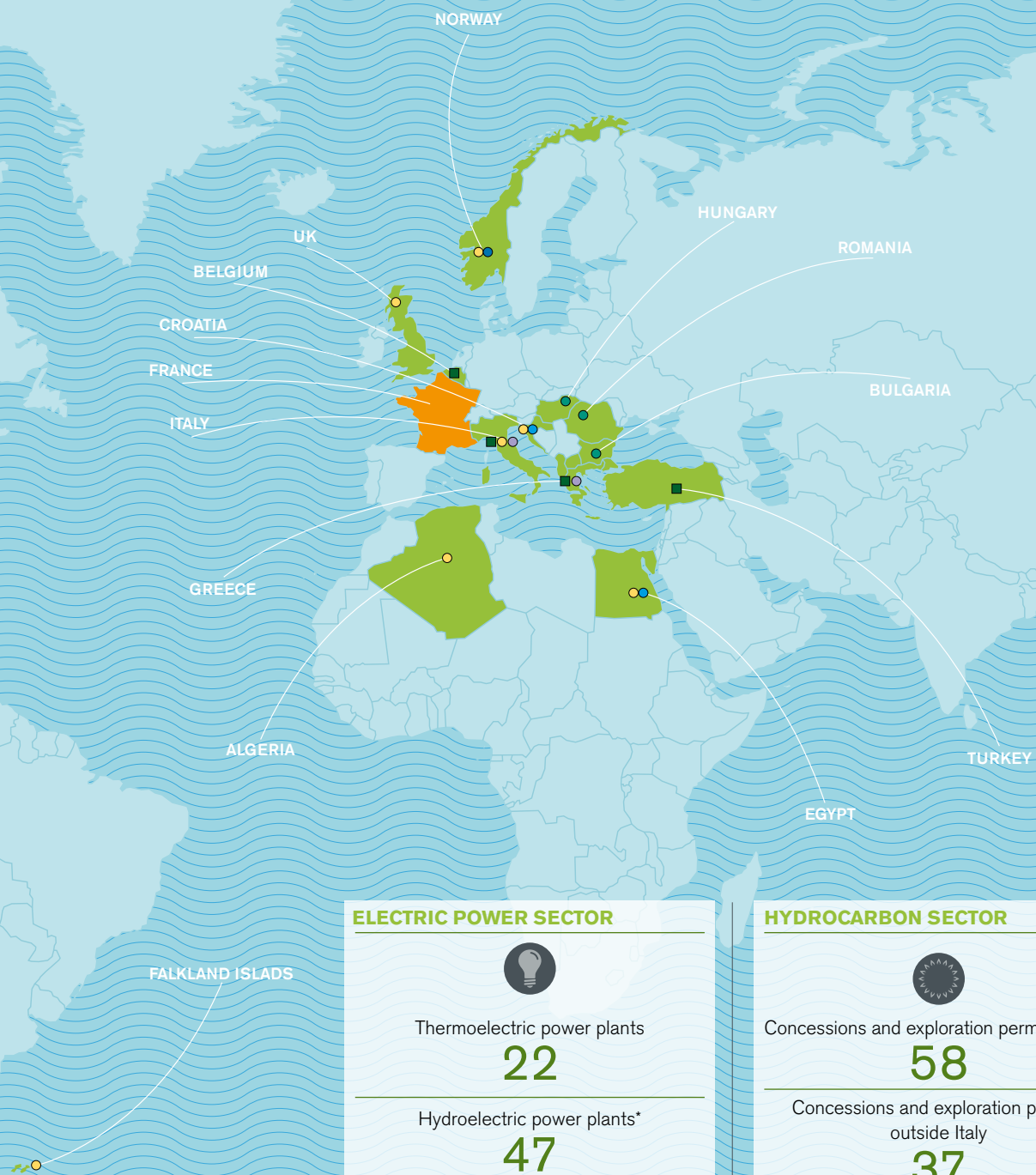
4	Growth despite the crisis		
6	Edison Sustainable Development Policy		
7	The challenges, the goals		
			
13	<b>We at Edison.</b>		
14	Energy and responsibility		
16	Actors on today's stage		
18	Activities and Projects in the Hydrocarbon Sector		
22	Sustainability and Governance		
27	Stakeholders: our point of reference		
29	The wealth we create		
			
31	<b>Environment means responsibility</b>		
32	Our commitments to the environment		
34	Mitigating significant environmental impacts		
39	A systematic approach to biodiversity		
			
47	<b>People as a resource</b>		
48	Empower the human capital		
50	Choosing to improve		
54	Health and safety		
56	Industrial relations		
57	Personnel involvement		
			
59	<b>The market is our benchmark</b>		
60	Edison's Product Offers for the Market		
64	The quality of customer service		
67	We seek for comparison		
			
69	<b>Respecting the community</b>		
70	Local community relations		
82	Shareholders and financiers		
84	Suppliers		
86	Institutions		
89	Note on methodology		
90	Performance indicators		
104	GRI Index		
108	Report of the Independent Auditors		
110	Edison on line		

# **Sustainability Report 2012**

# Edison in Italy...



# ...and in the world



## ELECTRIC POWER SECTOR



Thermoelectric power plants

22

Hydroelectric power plants\*

47

Wind farms

32

Photovoltaic facilities

9

Biomasse power plants

1

## HYDROCARBON SECTOR



Concessions and exploration permits in Italy

58

Concessions and exploration permits  
outside Italy

37

Storage centers in Italy\*\*

3

Hydrocarbon reserves (in billions of m<sup>3</sup>)

50

- EDISON HEADQUARTERS AND OFFICES
- HYDROCARBON CONCESSION / PERMIT
- POWER GENERATION FACILITY
- TRADING BRANCH
- HYDROCARBON BRANCH

\* including 3 mini-hydro units

\*\* 2 operational centers and 1 center under development

# Growth despite the crisis

---

The year 2012 featured important changes for Edison. In a much weakened national and international economic context marked by financial instability and the on-going recession in the euro zone, Edison has seen a profound change in its company structure, with the EDF Group becoming the company's main shareholder. This transition will allow Edison, an historic Italian company, to better tackle the short-term challenges that have emerged in recent years.

The backing of a solid shareholder will indeed help Edison to achieve its goals in terms of development. As part of a global strategy, Edison will play an international role as the Group's gas platform, benefiting both from Italy's strategic position in the Mediterranean and the skills acquired in this sector. The scheduled billion euro investment over the next three years in exploration and production of hydrocarbons and gas in Italy, confirms the path Edison will be taking, starting from the reinforcement of its position in Italy.

In this situation, the adoption of a sustainable development model remains a business management philosophy for Edison, aimed at achieving economic growth with minimal impact on the environment and the social context. Energy providers can actually play a strategic role in achieving this goal, as their activities have direct economic, social and environmental impacts and they are, therefore, among those primarily responsible for adopting good sustainability practices.

In 2012, Edison continued to contribute to the creation of a new development model. Its attendance at the Rio +20 Conference on Sustainable Development, as part of the Italian Global Compact delegation, represents an actual proof of this effort. On this occasion, Edison confirmed its position regarding the use of gas as a source of thermoelectric energy with a low environmental impact and a resource for transition towards a scenario in which energy efficiency, renewable energy sources and sustainable mobility are structural components of the energy system. The company's support to institutions in defining the National Energy Strategy and the participation in the General Assembly for the Green Economy (Stati Generali della Green Economy) also highlight Edison's active engagement in the creation of new development policies.

Specifically, in 2012 we improved our environmental and safety management systems, achieving the important milestone of ISO 14001 and OHSAS 18001 coverage of all our production sites. In spite of this difficult period, above all for Italian families, our social commitment has increased significantly, through partnerships with associations, donations and sponsorships in social, environmental and cultural areas.

Edison considers its partnerships with no-profit associations to be an effective means of dialogue with civil society, local communities and the stakeholders it deals with on a day-to-day basis. But they are also means of sharing experiences, paths taken and common values with other players. Players who help us to be what can be defined as "good citizens". Because a business, with its industrial and commercial activities, must necessarily be part of the community, with its human capital of history, values, people and responsibilities. In 2012 in particular we worked to promote a culture of energy efficiency and sustainable development in schools with Eco-Generation (in cooperation with Legambiente), in the world of music with Edison Change the Music, and in

cinema with Edison Green Movie, the first European protocol for the production of movies with a low environmental impact. Concerning social responsibility, in collaboration with Anpil, we achieved the goal of reuniting the Haitian children hit by the 2010 earthquake with their families. The "Insieme per Haiti" (Together for Haiti) project has gathered Edison employees for three years in a great expression of solidarity. Our several social projects are all dedicated to those who are most vulnerable, young people and children, with the common aim of protecting their fundamental rights, that is, eventually their right to grow.

But business responsibility means, above all, running a "good business", in a responsible way. With this regard, we have set up work groups and projects dedicated to dealing with significant issues connected to corporate responsibility, and integrating them in our day-to-day operating plans.

As part of the cooperation with EDF, positively active since years, it is worth noting Edison's participation in the "EDF Diversity Community", in charge of developing a strategy on diversity and inclusion in all Group activities. Again, in the social area, Edison collaborated with the Italian Global Compact Network in the initiative known as "Sustainable Supply Chain" to develop a supplier qualification system integrated with criteria relating to human rights, workers' rights, environment and the fight against corruption.

We also kept supporting the development of energy infrastructures with particular attention to the local area and sustainable development. For example, Edison and the other shareholders in the IGB gas pipeline, together with the EBRD – the European Bank for Reconstruction and Development – have launched an assessment of the project's sustainability using an Environmental and Social Impact Assessment (ESIA) procedure. At the same time, and also in the environmental area, besides participating in the "Strategy of Adaptation to Climate Change" project, we have continued operations to improve energy efficiency for industrial customers; in particular we have developed experimental urban lighting programs, using advanced technology that guarantees a 50% saving as compared with traditional technology.

These and other initiatives are concrete examples of the commitments set out in Edison's Sustainable Development Policy and the integration of sustainability principles in its corporate business model. The structure of the Sustainability Report is specifically designed to show our stakeholders the projects pursued and the results achieved, measured in terms of the goals stated in the Report. These goals are the result of the growing role played by the company's top management in defining future targets that are directly related to the four challenges identified in the Sustainable Development Policy (the Environment, our Employees, the Market, and our Community). This approach reflects Edison's on-going commitment to promoting an economically, socially and environmentally sustainable management model: a commitment that is destined to gain strength in the future.



**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, the goals



## THE ENVIRONMENT

### Challenges accomplished:

Scope	Objectives for 2012	Implemented activities	Extent of objective accomplishment
Environmental risk management	Perform an environmental risk assessment to update the "231 Organizational Model".	Starting and completion of risk assessment activities regarding environmental crimes pursuant to Legislative Decree 231/01.	○
Adoption of integrated Management Systems	Cover 100% of operational sites with integrated environmental and Safety Management Systems that are ISO14001 and OHSAS 18001 certified.	All operational sites have an integrated health, safety and environment management systems.	○
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.	The vulnerability mapping process of the areas surrounding the operational sites of Edison Group was completed through a methodology specifically developed for this project.	○
	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.	As the project of identification of the vulnerable areas was closed in 2012, this objective will be implemented during the year 2013, following the development of a specific plan for an area identified within the hydroelectric operations.	●
	Develop training sessions and activities, in collaboration with biodiversity experts, to raise employee awareness.	It was decided to launch a biodiversity training program in light of the pilot study on a specific area that will be carried out in 2013.	●
	Continue implementing activities aimed at protecting biodiversity in the areas contiguous to Edison's production sites.	Identification of a specific area that will be analyzed in relation to the vulnerability of the sites close to production areas.	○
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.	Launch of site self-generation and energy consumption optimization initiatives contracted with a number of industrial customers and experimental projects in the field of public lighting and data collection and monitoring.	○



Accomplished



Partially Accomplished



Not Accomplished



## OUR EMPLOYEES

### Challenges accomplished:

Scope	Objectives for 2012	Implemented activities	Extent of objective accomplishment
Working together safely	Introduce an MBO system with targets tied to an integrated lost time injury frequency rate index based on data for both Edison personnel and employees of contractors.	MBO system based on integrated injury rates introduced.	○
	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.	Training/awareness project launched for all contractor employees on all production sites.	○
	Develop a training program for Edison employees consistent with the provisions of the agreement between the central government and the regional administrations that came into effect on January 26, 2012.	Launched the training program for employees in accordance with the provisions of the agreement between the central government and the regional administrations	○
	Launch a pilot training program for the development of personal and organizational skills focused on risk perception.	Start of the pilot training project for skills development in all thermoelectric and hydroelectric production sites	○



## THE MARKET

### Challenges accomplished:

Scope	Objectives for 2012	Implemented activities	Extent of objective accomplishment
Quality and transparency for consumers	Update the Service Quality Charter, focusing on deceptive sales practices.	The new edition of the Charter of Quality was drawn up, and an event was organized during which the document was presented to the institutions.	○
	Continue the Regional Roadmap to develop a constructive dialogue with consumers' associations that operate at the local level.	5 meetings were held in Emilia Romagna, Tuscany, Liguria, Campania and Sicily.	○

○ Accomplished

○ Partially Accomplished

○ Not Accomplished



## OUR COMMUNITY

### Challenges accomplished:

Scope	Objectives for 2012	Implemented activities	Extent of objective accomplishment
Protection of humans rights	Study the feasibility of defining a Country Risk Policy that includes criteria to assess risk factors also related to the respect of human rights.	Launch of a project regarding the implementation of an integrated approach for the assessment and monitoring of country risk. The project saw the selection of macroeconomic and specific business indicators that need to be evaluated and monitored, with the aim of providing an integrated dashboard dedicated to country risk.	○
	Include modules about human rights in the training program for Edison employees.	Collaboration started with the Global Compact human rights work group in order to define the plan.	○
Sustainability in the supply chain	Develop a form to assess the sustainability of suppliers and define a rating method.	Development of the website for publishing the suppliers' self-assessment questionnaire is currently underway.	○
Governance of sustainability	Perform a new assessment of the conformity of Edison corporate responsibility management practices with the principles of the ISO 26000 standard.	Performed a follow up to the assessment activity carried out in 2011	○



Accomplished



Partially Accomplished



Not Accomplished





## Future challenges:

Challenge	Scope	Future objectives
 <b>THE ENVIRONMENT</b>	Adoption of integrated Management Systems	<ul style="list-style-type: none"> <li>• Obtain EMAS registration for Comiso 2 gas power plant.</li> <li>• Initiate the integration of Edison environmental management systems within the EDF Group certification perimeter in accordance with UNI EN ISO 14001 standards.</li> <li>• Mitigate the environmental impacts of Edison's operations, by completing the improvement activities planned for 2013 by the Environmental Programs of the operational managements certified under UNI EN ISO 14001 and registered under EMAS.</li> <li>• Consolidate the collection process for indicators measuring environmental performance, through EPIC software (Edison Performance Indicators Collection).</li> </ul>
	Protection of biodiversity	<ul style="list-style-type: none"> <li>• Launch a specific biodiversity analysis within an identified area of the hydroelectric operations, in light of the mapping performed in 2012.</li> </ul>
	Sustainable development culture	<ul style="list-style-type: none"> <li>• Implement Edison Green Movie protocol in the first test movie and continue with training activities on the protocol.</li> </ul>
	Energy efficiency	<ul style="list-style-type: none"> <li>• Evaluate the possibility of installing a 13 MW photovoltaic system at the site in West Wadi El Rayan in the Western Desert capable of providing electric power 24 hours a day.</li> <li>• Create and develop site self-generation projects through high-efficiency systems with a low environmental impact, for a total of 2-3 MW.</li> <li>• Consolidate and develop site and process energy-consumption optimization projects with a number of industrial customers and customers operating in the services sector</li> <li>• Implement business consulting support for clients (energy audits, definition of environmental management systems and energy management systems, obtainment of Energy Efficiency Certificates).</li> </ul>
 <b>OUR EMPLOYEES</b>	Working together safely	<ul style="list-style-type: none"> <li>• Complete the pilot training program for the development of personal and organizational skills regarding risk perception. All employees in the hydroelectric and thermoelectric energy areas are expected to take part in it.</li> <li>• Complete the training program for Edison employees in accordance with the provisions of the agreement between the central government and the regional administrations in force as of January 26, 2012.</li> <li>• Improve the usability of the monthly safety message involving and focusing the attention of all employees examining new specific topics every month and publishing them on the company's Intranet.</li> <li>• Further reduce the lost time injury frequency rate for Edison personnel and employees of contractors already linked to the target system assigned to Management.</li> </ul>
	Quality and transparency for consumers	<ul style="list-style-type: none"> <li>• Draw up the 3rd edition of the Edison Service Quality Charter.</li> <li>• Continue the Regional Roadmap with consumers' associations.</li> <li>• Implement the self-regulation protocol against deceptive sales practices.</li> <li>• Continue investment aimed at implementing a smart metering system that adds value to the offer portfolio proposed to the market.</li> <li>• Promote the digitization of a number of sale stages (e.g. through the use of tablets) and post-sales stages (such as raising customer awareness about switching to electronic bills).</li> <li>• Constantly search for new trends in the development of increasingly sustainable areas.</li> </ul>
 <b>THE MARKET</b>	Protection of humans rights	<ul style="list-style-type: none"> <li>• Apply the Country Risk assessment method model through a pilot project dedicated to monitoring a country Edison has interest in.</li> <li>• Study of a corporate self-assessment and monitoring system on human rights.</li> </ul>
	Sustainability in the supply chain	<ul style="list-style-type: none"> <li>• Launch the website for the suppliers' sustainability self-assessment (Sustainable Supply Chain project).</li> </ul>
	Governance of sustainability	<ul style="list-style-type: none"> <li>• Improve the sustainable development Governance through strategic administration by the Executive Committee.</li> <li>• Increase the operating coordination and the involvement of initiatives from all business and corporate areas.</li> </ul>
	National and international discussion on sustainable development	<ul style="list-style-type: none"> <li>• Launch the second phase of the stakeholder management project through interviews with external counterparties</li> <li>• Consolidate Edison's position in the Rome Manufacturers Association.</li> <li>• Organize the relationship with political/cultural foundations and think tanks into a more organic structure, both at the national and international level.</li> </ul>





**We**





# at Edison

## WHO WE ARE

---

Established in 1884 and among the first companies in Europe to operate in the energy sector, Edison represents the second largest Italian energy operator in the electric power and gas sector and is present in more than ten countries worldwide with over 3,200 employees. In 2012, Edison became part of EDF, the world's leading electric utility Group.





# Energy and responsibility

Edison's success in the market over the years is tied to the beliefs that underpin its business activities: commitment to sustainable development and responsible conduct toward the public, ethics in employment, protection and empowerment of associates and ethics in business conduct and corporate activities. The values that inspire Edison's desire to conduct its business and relationships in this manner with its stakeholders, come indeed from the Group Code of Ethics.

## Operating in the energy sector

Edison is one of the largest national energy operators in the fields of supply, production, and sales of electric power and hydrocarbons showing strong growth abroad, in particular in E&P activities. Edison is structured in such a way as to cover all the strategic areas in the electric power and natural gas sectors. Edison produces electric power at increasingly competitive prices on the deregulated market and for the benefit of its customers using the best available technology for environmental protection.

## Being an Italian Company in an international energy Group

In May 2012 EDF, Electricité de France, a European leader in the electricity sector already owning a considerable amount of Edison shares, acquired control of the company. The agreement reached with the previous shareholders allowed EDF to acquire exclusive control of Edison. This will permit the latter to benefit from the strategies of an international group and consequently take advantage of growth opportunities. The integration process between the two

companies, started in the previous years and still ongoing, also regarded some strategic sustainability issues. The "Corporate Responsibility" team of Edison was actually an active participant in the work groups organized by EDF to talk about various issues regarding sustainability, such as the acceptability of industrial projects, fuel poverty, equal opportunities, biodiversity, and other topics.

**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.**

# Values and Ethics

---



**The values that inspire Edison's desire to conduct its business and relationships in this manner with its stakeholders, come from the Group Code of Ethics.**

---



# Actors on today's stage

## ELECTRIC POWER

### POWER ASSETS

Management of facilities to generate thermoelectric and hydroelectric energy as well as energy from renewable sources.

- Edison Energie Speciali Spa
- Sistemi di Energia Spa
- Hydros Srl
- Dolomiti Edison Energy Srl

### POWER INTERNATIONAL

Development and management of international partnerships for the generation and sales of thermoelectric energy and electric power interconnector systems.

- ElpEdison Power SA
- ElpEdison Energy SA
- Elite Spa

### ENERGY MANAGEMENT

Dispatching, trading, acquisitions and sales of electric power on wholesale markets.

- Edison Trading Spa

## ELECTRIC POWER /HYDROCARBONS

### MARKETING SALES & ENERGY SERVICES

Sales of electric power and natural gas to end users Energy Efficiency Services & Solutions

- Edison Energia Spa
- AMG Gas Spa
- C.S.E. Srl

## EDISON SPA

### EXPLORATION & PRODUCTION

Hydrocarbon - oil & natural gas - exploration and production in Italy and abroad

- Edison International Spa
- Abu Qir Petroleum Co

### NATURAL GAS INTERNATIONAL & MANAGEMENT

Development of international natural gas infrastructures

- IGI-Poseidon Sa
- Galsi Spa

### GAS REGULATED ASSETS

Gas Storage, Transportation and Distribution Management in Italy

- Edison Stoccaggio Spa\*
- Edison DG Spa\*
- Infrastrutture Trasporto Gas Spa\*\*

<sup>(\*)</sup> Company subject to functional unbundling requirements.

<sup>(\*\*)</sup> Independent Transmission Operator

## HYDROCARBONS

## The energy sector in 2012

The year 2012 was characterized by overall financial instability that rang through national electric power and gas consumption.

During the year, the demand for electric power in Italy dropped by 2.8% (-3.1 % not calendar adjusted) to 325 TWh compared with 2011, returning to levels that had not been seen since 2004. The demand-based situation was made worse by electric power oversupply as a consequence of the rapid development of new capacity, primarily from renewable sources.

The drop in national natural gas consumption was even more marked reaching -4.1%.

Furthermore, the gas sector shows that the combined effect of the fall in demand and the rise in availability has for years been producing a constant disparity between the price of gas sold on the market and the price of gas bound to long-term procurement contracts. This situation has substantially compromised the profit margins of long-term procurement contracts forcing Edison, and other energy operators, to start the second cycle of price reviews for contracts that seek to further lower the prices from those stipulated in the contracts.

## Edison's Commitment to Sustainability

Giuseppe Colombo funds the Committee to promote the use of Electric Power in Italy. The Committee will become the Società Generale Italiana di Eletticità Sistema Edison in 1884.

1881

The Bertini hydroelectric power plant in Paderno d'Adda is commissioned. At that time, it was the most powerful plant in Europe.

1898

The Italian electric utilities are nationalized.

1963

Under the new National Energy Plan, businesses are again allowed to build power plants provided they use environmentally compatible technologies.

1990

The Edison Research Center opens in Trofarello (TO).

1993

Edison commissions its first wind farm. The farm is located in Casone Romano, in the municipality of Castelnuovo della Daunia, in the Province of Foggia.

1996

1883

Europe's first power plant capable of distributing a continuous power supply starts up at Santa Radegonda, in Milan.

1931

Edison begins to supply natural gas to households in Milan.

1966

Merger with Montecatini: Montedison is born.

1992

Edison introduces in Italy the first combined-cycle technology for power plants fuelled with natural gas.

1994

Edison publishes its first Environmental Report.

**A threefold mission now awaits Edison: to consolidate its presence in Italy, in order to remain the most credible challenger of former monopolies; to develop its power generation know how also abroad in the Balkans and the Mediterranean area; to become the group's hydrocarbon platform.**



## Electric power sector

### HIGHLIGHTS 2012

Installed capacity  
**7,7** GW

Net electric power production in Italy\*  
**22,5** TWh

Hydroelectric power plants  
**44**

Thermoelectric power plants  
**22**

\* net production of total energy (including foreign production): 24,4 TWh

### JANUARY 2012

Edison and the Alessandria manufacturers' association (Confindustria Alessandria) signed an agreement to develop energy efficiency projects, under which, in particular, the Group will build photovoltaic systems at its expense.

### PERFORMED ACTIVITIES

01. Management and development of facilities for the production of thermoelectric energy and energy from other renewable sources
02. Development and management of the international facilities that generate thermoelectric energy and electric power interconnector systems
03. Dispatching and selling on the Energy Exchange and to wholesalers
04. Electric power and natural gas sales to consumers

### FEBRUARY 2012

Edison and Multienergia Union entered into an agreement to build self-generation energy facilities (photovoltaic and cogeneration) with a low environmental impact, and to put in place initiatives to optimize energy efficiency.



## Hydrocarbon sector

### HIGHLIGHTS 2012

Gas production  
**2,5** billions of m<sup>3</sup>

Gas wells in production  
**219**

Oil Production  
**3,5** millions of barrels

Oil wells in production  
**61**

### PERFORMED ACTIVITIES

01. Hydrocarbon exploration and production, natural gas storage, transport and distribution in Italy and abroad
02. Development of gas interconnector systems at international levels
03. Procurement management, logistics and sales to wholesalers and thermoelectric energy plants
04. Solutions for the use of sustainable energy
05. Selling gas to consumers

### MARCH 2012

Edison is awarded three new hydrocarbon exploration licenses on Norway's continental shelf, which were put up for bids by the Norwegian Petroleum and Energy Ministry.

### JUNE 2012

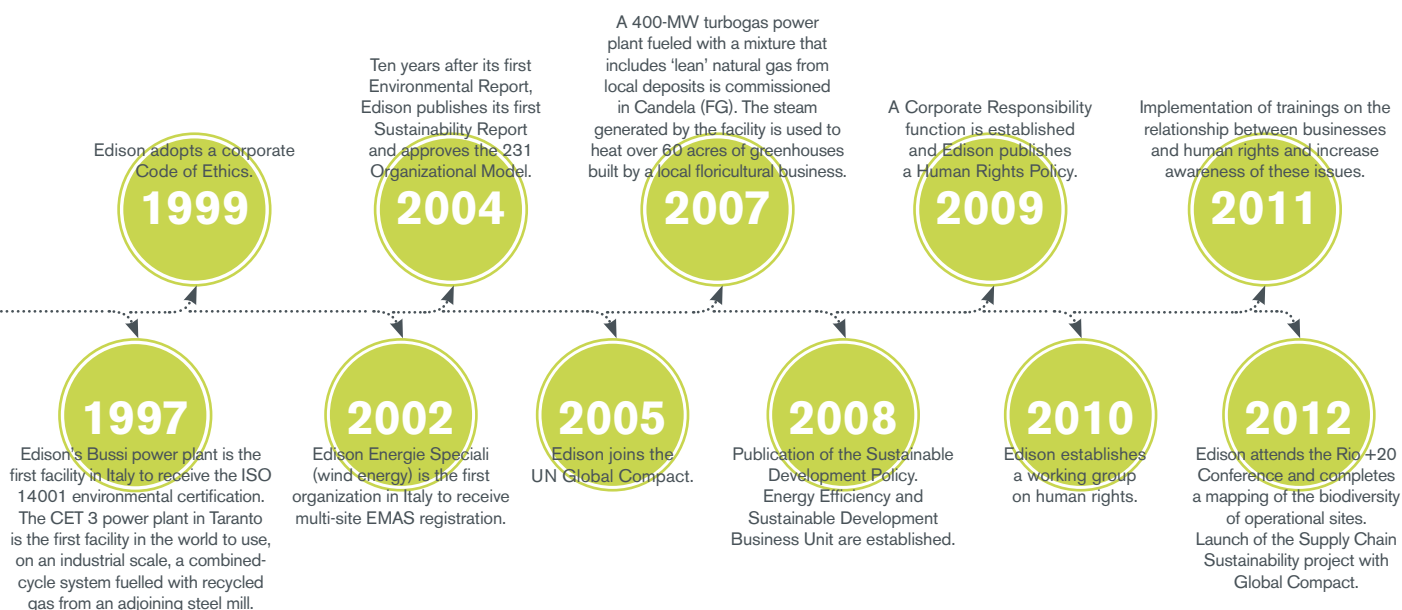
Edison signed a partnership agreement with Falkland Oil and Gas Ltd (Fogli) to take part in the hydrocarbon exploration of the deep ocean floor off the Falkland islands.

### SEPTEMBER 2012

Edison concluded a successful price-review arbitration regarding the contract with Rasgas for the supply of gas from Qatar.

### OCTOBER 2012

Edison closed in a positive way the arbitration for price reviewing of the contract with ENI for gas supply from Libya.







# Activities and Projects in the Hydrocarbon Sector

## The Abu Qir fields

Edison has been present in Egypt for many years and in January 2009 it bought the rights to exploration, production and development of the offshore fields in Abu Qir, off the coast of Alexandria, Egypt.

The concession period is of 20 years, plus a further 10 years on Edison's request. Operational activities are managed by the Abu Qir Petroleum company, an equal joint venture between Edison and EGPC headquartered in Alexandria. From the moment of purchase to date, through the implementation of a consistent development plan, hydrocarbon production from the concession has almost doubled, reaching 7 million cubic meters of gas and 8,500 barrels liquid equivalent (LPG and condensed) a day. The first stage of development ended with the entry into production in the summer of 2011 of a new platform, in North Abu Qir, which allowed a significant increase in production. Approximately 24 productive wells are active, 5 platforms, plus one at project stage, connected to each other and to the ground by a gas pipeline network of about 121 km. The results of the exploration campaign allowed start-up of the second development stage which foresees the realization of another platform, again in North Abu Qir. The platform, currently at the engineering stage, will start production in 2014 and will enable production to be maintained at the current levels. Studies are currently underway with regard to possible drilling of a well dedicated to the so called "deep horizons", which represent an interesting and additional hydrocarbon potential for the concession.

## Fields in UK, Norway and the Falkland Isles

In June 2012 Edison acquired a participation in the company Falkland Oil & Gas Ltd (FOGL), equal to 12.5% for the southern licenses and 25% for the northern licenses. In the event of success, this exploration could lead to the development of a new hydrocarbon site in the Southern Atlantic.

On the UK continental platform, Edison is participating through its subsidiary Euroil in three licenses which include the Markham gas field, now in production.

In Norway, Edison International Spa has been present since 2007 and owns shares in thirteen exploring licenses on the Norwegian continental area. Edison was recently assigned three new licenses, on one of which the company was nominated "operator": one license is in the Barents Sea (among the biggest frontiers for hydrocarbon exploration on the Norwegian continental platform) and two in the Norwegian Sea.

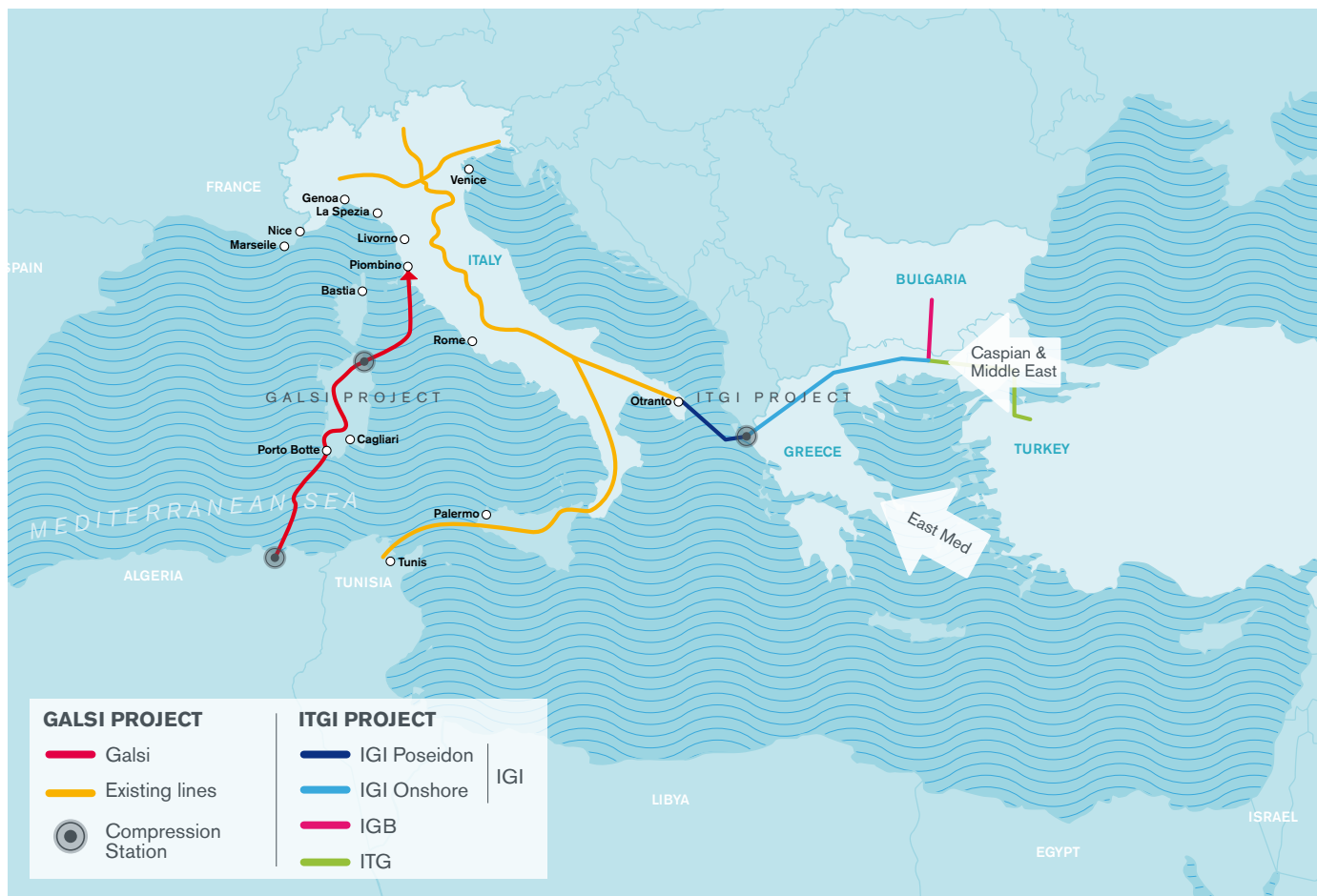
## Fields in Italy

Edison is actively involved in hydrocarbon Exploration and Production in Italy through the 58 mineral rights it holds. The Vega oil field, counting 25 years of operation in August 2012, produces through an offshore platform, called "Vega A", operating at a depth of approximately 130 meters below water and located about 20 km off the coast of Ragusa. Vega A currently produces approximately 3,000 oil barrels / day through 18 wells; production is then transferred to the FSO "Leonis" storage ship, moored at about two kilometers from the platform, and finally

sent to the refinery on oil tankers. Within the same C.C6.EO concession and about 6 kilometers from Vega A, a new platform, "Vega B", will be installed, allowing for the production of oil reserves that have not yet been exploited. The most advantageous development configuration for the Vega B field was identified as a fixed "minimum facilities" platform with which, through initial perforation of 4 wells, it is expected to double the current production. Other partnership projects aim to pursue development of the gas potential in the Adriatic Sea. These include ongoing development of the Clara fields with a new platform and development of the Fauzia field.

## Storage and gas distribution

Edison also operates in the regulated sectors of gas storage, transport and distribution through the subsidiary companies Edison Stoccaggio, ITG and Edison DG. In the storage field, the company is expanding its own capacity in line with the national energy strategy that aims to improve the safety of the country's energy system and foster a more fluid energy market. Over the past three years, the current development plan has seen the conclusion of expansion work at the Cellino (Teramo) and the Collalto (in the Veneto region) plants and the beginning of construction of the new plants in San Potito and Cotignola (Ravenna) that are expected to begin operations in 2013.



### The GALSI gas pipeline from Algeria

The Galsi gas pipeline will connect Algeria to Italy through Sardinia and Tuscany with a capacity of 8 billion cubic meters of gas per year, of which 2 are available for Edison. The gas pipeline, whose authorization procedure is now in a conclusive stage, extends over approximately 900 km, of which more than 300 in deep waters at over 2,000 meters below the surface of the Mediterranean Sea, between Algeria and Sardinia. The work will contribute to the creation of an Italian gas hub and of a new shorter and more advantageous route for the importation of Algerian gas into Italy and other European markets beyond the Alps. The shareholders of Galsi society, which take care of the development, of the realization and management of the new gas pipeline, is composed by Edison (20.8%), Sonatrach (41.6%), Enel (15.6%), Hera Trading (10.4%), Sfors (11.6%).

### The ITGI Gas Pipeline

ITGI represents a new means of supply for the Italian and European energy system, able to increase the safety and foster the competition on the gas market in the European Union. The project is part of the so-called Southern Corridor and is recognized by the EU as a Project of European interest. Because of its high strategic value, the ITGI obtained funding of 100 million Euros from the European Union. The strong point of the project is its advanced stage of development stage in terms of technical and authorization-granting activities, thanks to the permissions obtained and to completion of the detail engineering studies.

The gas pipeline will allow importation of approximately 10 billion cubic meters of natural gas every year from the Caspian Sea, Middle East and Eastern Mediterranean areas.

Edison is a direct shareholder of IGI Poseidon SA (equal joint venture between Edison and the Greek company Depa), for development of the marine segment of the ITGI between the Greek coast and the coast of Puglia (Poseidon gas pipeline). ITGI will also include a connection with Bulgaria, through the IGB (Interconnector Greece-Bulgaria) gas pipeline, which will have a transportation capacity of 3 to 5 billion cubic meters of gas per year.

## Edison at Rio+20

In June, the international United Nations Conference on Sustainable Development (Rio+20) took place in Rio de Janeiro twenty years after the first "Earth Summit" that was held in Rio in 1992. Edison participated with a delegation of Italian companies representing Global Compact Network Italia. At the conference, world leaders, along with representatives of the private sector, NGOs, and other groups, rethought themes that had been explored in the last summit that focused primarily on measures and implementations to end poverty, promote social equity and address the environmental protection of the planet. The representatives of each country, and in particular companies, were invited to express a shared position on

objectives with global relevance: universal access to information and communication guarantee, the development of the "green economy", poverty reduction, growth of innovative and clean technologies.

In the sphere of the main promoters of sustainable development, the energy sector can surely play a strategic role: in addition to being an important asset for economic growth, the sector, and its multiple involvement in local, social and environmental areas, adopts and experiments sustainable best practices. To this end, Edison expressed its positions on the following issues at the conference.

### Use of gas for the production of sustainable electric power.

The choice of which mixture of fossil fuels is to be used for the production of electric power has a significant importance if a "low-carbon" economy is to be built. In this field, the contribution given by natural gas could be of fundamental importance, bearing in mind that combined-cycle gas turbine facilities are the

most efficient and flexible types among those used to generate electric power. This source has specific CO<sub>2</sub> emissions that are half the values registered for the most modern coal-based technology and a complete absence of SO<sub>2</sub> emissions and particulate.

### Gas as a source of transition towards sustainable mobility.

The role of natural gas is also important for the development of sustainable mobility in urban centers and extra-urban networks. Transport based on natural gas, as a matter of fact can represent an "intermediate" technology to guide the transition towards electric traction systems, which would allow the gradual abandonment of petroleum by the public and private transport sector, with immediate benefits for air quality. To reach such an objective, a regulatory impulse to incentivize the amount of bio-fuels used in the transport sector is fundamental.

### The impulse of renewable energy sources on a sustainable model.

The development of generation from renewable sources will improve the reduction in CO<sub>2</sub> emissions and accelerate the start of direct interventions on the decarbonization strategy. In this regard, it would be important, among other initiatives, to enable the spread of the so called "smart-grid", that is to say intelligent networks with interconnection devices and hi-tech electric lines that should reconcile supply and demand. Eventually, implementation of combined-cycle technologies could also be considered a transitional solution: the combined-cycle facilities will be able to ensure and compensate the production of thermoelectric energy in case of lack of production from renewable sources until such time as electricity storage systems have been developed.

## Responsibility holding of the RIO+20 companies

Rio+20 in 2012, the business world:

- acknowledges the need for urgent interventions on challenges posed by sustainable development;
- to this end, it urges governments to involve the private sector by giving it strategic goals;
- is moving, officially and unofficially, at an international level to promote both corporate responsibility and sustainable development.
- is the primary investor in sustainable development and must be at the forefront in proposing solutions;
- is committed to increase efforts in order to improve global consumption patterns;
- is working to promote collaboration with governments, in particular at a local level, in order to accelerate the transition to a green economy and to a sustainable future.

### Promoting energy efficiency in Sustainable Development.

Energy efficiency is one of the most effective solutions to achieve sustainable development and can be considered as a true "energy source". In this field, more than others, it is important to set and implement partnerships between companies and public institutions able to activate and facilitate relations between the "end user" and the subjects that have the capacity to concretely implement energy efficiency initiatives. It is also important to make the legal frame more sharp and clear, most of all in terms of creating incentives and simplifying bureaucratic procedures.

### Diffusion of the "sustainability model".

Transfer to clean technology for energy production is an important solution that allows developing countries or those in transition towards a market economy to adopt technologies with a lower environmental impact. In particular, the sustainable development model can find concrete application in Mediterranean countries, in South-Eastern Europe, in the Middle East and North Africa: as a matter of fact, these areas are expected to have the highest economic growth and significant industrial development over the next few years. In this case too, partnerships between public institutions and companies should attract emerging countries to adopt clean technologies and to define an energy plan that is acceptable from an economic, social and environmental point of view.

## Contribution to definition of the National Energy Strategy

**T**o reaffirm its commitment to achieving the objectives posed by the country through its own development, Edison actively participated in the Parliamentary hearings for development of the National Energy Strategy. The final document is a guideline for the country in which it identifies the standard and regulatory framework required to address and ensure higher, long-term capital investments such as those in the energy sector. Edison mainly contributed to the following issues:

- **The Italian strategy must be extended beyond the borders of the country**, and reach E.U. target markets and countries that produce hydrocarbons. Given the increasing international scope, Edison believes that the strategy can be applied in a supranational energy context, where Italy can share the objectives of achieving greater energy efficiency.
- **Conditions for a better use of energy must be created.** Being able to talk about energy efficiency shows a clear awareness of consumer profiles and access to the relevant consumer and company data in order to

promote positive behavior and a market for services. The Group has indeed observed the need for the implementation of tools such as a suitable tax benefit system for investments and services or easier credit access to encourage efficiency investments.

- **Edison recognizes the responsibility and the importance that the energy sector has in boosting the country's growth**, especially at a time when Italy is looking for a way out of the serious financial crisis that has affected global economy. Over the last few years, Edison has demonstrated this by completing one of the most important generating capacity programs in Europe by building new efficient, environmentally compatible plants, fueled by natural gas. Moreover, Edison supports the role played by Italy as the Southern European hub of natural gas and long-term relations with gas producing countries.





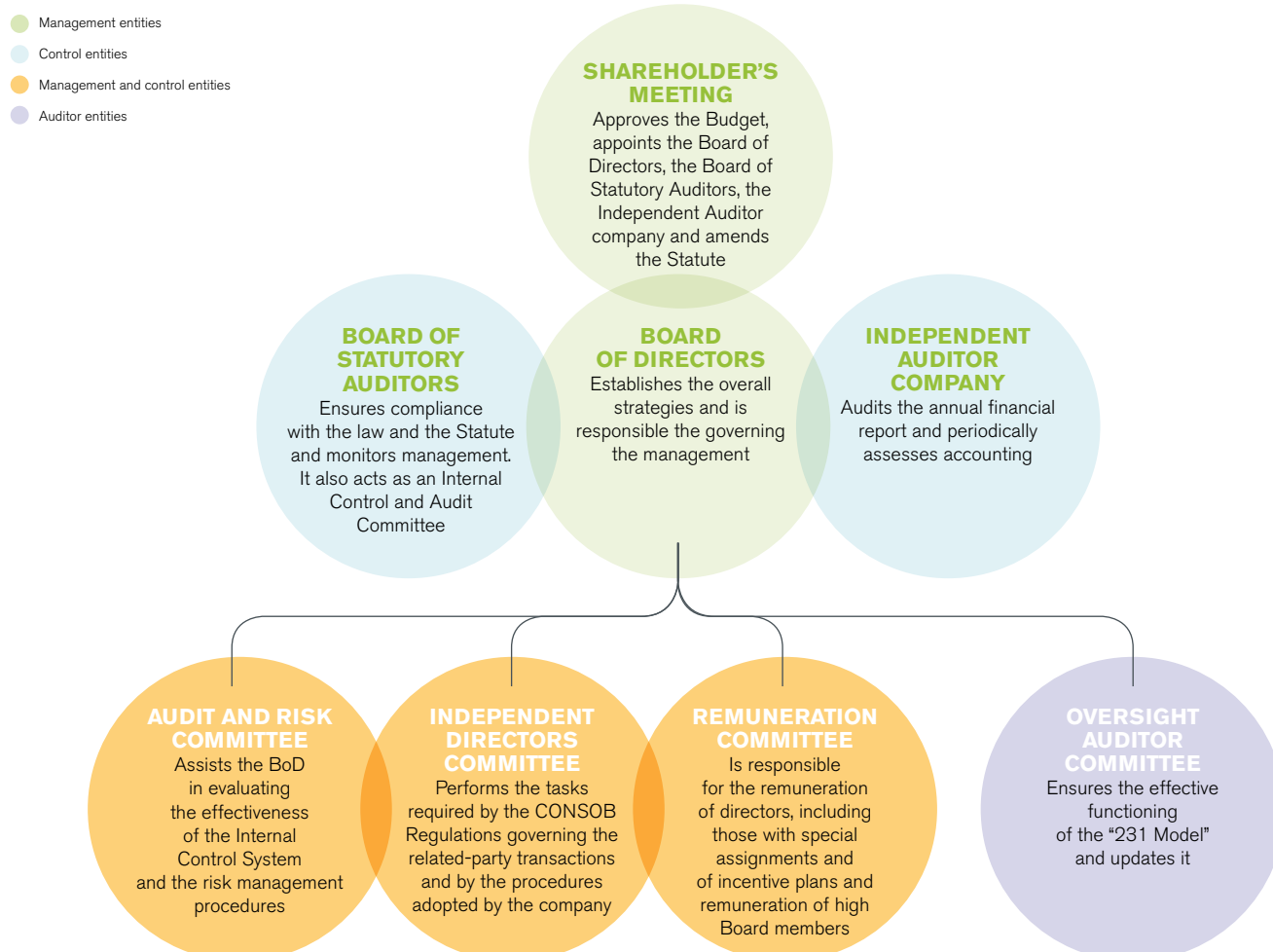


# Sustainability and Governance

## Ensure the achievement of the Group's objectives

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 contained in the Corporate Governance Code promoted by Borsa Italiana (2011 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.



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

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

### Code of Ethics

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.

### Organizational, management and control Model

The code is also 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 designed to prevent, as much as possible, the occurrence of the above mentioned 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 every semester. Compliance with the Code of Ethics and the 231 Model are monitored by means of a special procedure for reporting potential violations and carefully targeted

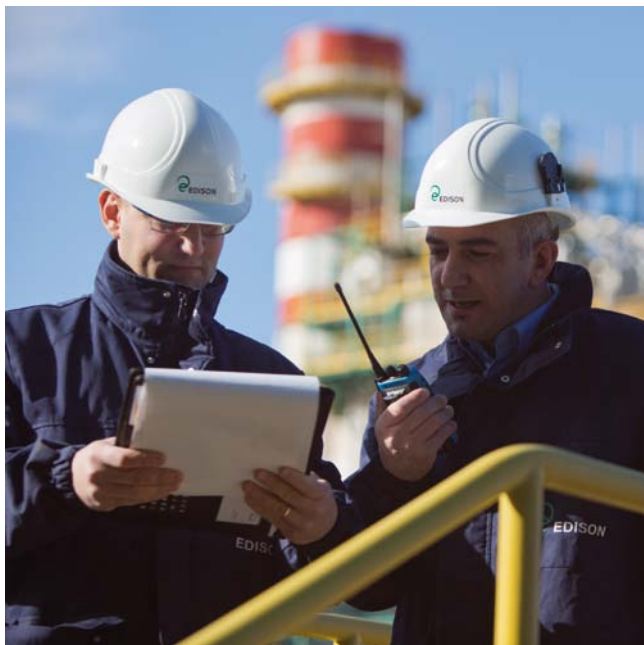
internal audits that cover all corporate areas and address social and environmental issues as well. In this regard, during 2012 significant operations were carried out, focusing on customer relations, external relations and communication, the safety management system, environment and quality, procurement and hydroelectric and biomass energy production. On the other hand, for 2013 the expectations are to continue to carry out operations mainly focused on customer relations, procurement, environmental issues and safety and hydro electric production.

In 2012, activities were carried out for the revision of the 231 Model in order to acknowledge new types of offence, among which that of criminal association, and introducing new defensive controls for appropriate behavior as part of the 231 Model. This Model is now undergoing revision in relation to environmental crimes. Following promulgation of the Legislative Decree No. 121/2011, which extended the administrative responsibility of bodies to the environmental crimes provided for by Decree No. 231/2001, an assessment operation, which will be followed by the definition of business procedures, was initiated and completed to evaluate Edison's position in regard to the risk of committing such crimes.

Activities to update Model 231 are expected to start during 2013 also as regards the new crimes of bribery between private individuals.

Corporate Governance	u.m.	2012	2011	2010
<b>Board of Directors</b>				
Total BoD members	n.	13	13	13
Executive Directors in the BoD	n.	1	1	1
Independent Directors in the BoD	n.	3	3	3
Women in the BoD	n.	2	0	0
Meetings of the BoD	n.	12	14	8
Average attendance of BoD meetings by Directors	%	89.1	93.4	90.0
Average attendance of BoD meetings by Statutory Auditors	%	97.2	95.2	87.9
<b>Committees</b>				
Audit and Risk Committee meetings	n.	5	6	5
Compensation Committee meetings	n.	4	7	4
Alternative Independent Directors*/Monitoring Committee Meetings	n.	12	4	-
<b>Board of Statutory Auditors</b>				
Meetings of the Board of Statutory Auditors	n.	10	13	14

\* operational as of January 1, 2011



## Edison and the Global Compact

**E**dison 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 participates at several working groups focused on human rights, supply chain and anticorruption issues. Edison attended at the Rio+20 conference as part of the Italian delegation, promoting Italian's best practices in terms of sustainability.



In 2012 Edison, in collaboration with Global Compact Network Italy, organized a seminar on scenarios and future outlooks after the RIO+20 conference.

## 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.

As integral part of sustainability governance, in 2009 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 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 integrating the themes of Corporate Responsibility in the operating programs.

Integrating sustainability into the Group's business activities has been an ongoing process for several years and includes the adoption of specific policies regarding each aspect of corporate responsibility and the implementation of important projects specifically designed to address human rights, the sustainable supply chain

and biodiversity. As proof of sustainable integration, the Corporate Responsibility function shares the main sustainability projects and the achievements thereof with the company's executive committee ("Steering Committee" until 2012, then "Comex" from 2013). Moreover, it is worth noting that the Sustainability Report itself was shared with the committee and was subject to the approval by the Board of Directors during the February 8, 2013 meeting.

### Environmental protection and workplace safety guarantee

The willingness to certify its own management systems demonstrates the group's commitment and attention to environmental and safety issues. Edison's environmental, health and workplace safety policies are implemented due to the adoption of certified management systems: In 2012 all facilities completed the certification process within ISO 14001 and OHSAS 18001 standards. Moreover, 66% of the facilities in the electric power sector and 14% of the facilities in the hydrocarbon sector of the Group has an EMAS environmental registration. The extension range of these certifications enabled the group to achieve excellent levels regarding both to its ability to communicate and interact with third parties who are interested or involved in



its environmental activities and its ability to activate, motivate and maximize the contributions of all parties within the organization.

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 118 audits were performed at group sites in 2012, including 15 third-party audits. In addition, 25 inspections were carried out by public entities and agencies.

#### Management of Sustainable Development related risks

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 mitigating actions implemented, and at the same time provide an important tool to exploit the full range of growth opportunities. The Group's structure 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, designed to manage the commodity market risk, which is the risk entailed by changes in the price of energy raw materials on the financial and physical markets in which the Company operates.

Edison developed an integrated risk management model based on the

international principles of Enterprise Risk Management (ERM). ERM's main purposes are 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 the appropriate mitigating actions. In addition, integrated risk management 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 to the Group's businesses and adopted a method that assigns a relevance index to each risk, based on an assessment of its overall impact, probability of occurrence and level of control.

During 2012, within the perspective of a constantly improving risk management business process, operation of the website, developed and functional since 2011, was consolidated, allowing greater efficiency in the ERM process and easier interaction with the strategic planning process. Moreover, the corporate risk model was upgraded with particular emphasis on counterparty risk, country risk, the growing level of criticality caused by worsening of the financial crisis, and strengthening the risk elements related to management of core business activities.

The aspects of sustainable development and climate change, both at national and international level, are taken into account in the assessment and investment decision making processes, referring to development projects in this case, the ERM process provides an important contribution to assessment of the risk profile for new operations, as a tool for the decision-making process.

## Sustainability Issues in Enterprise Risk Management

**A**mong the risks related to the external environment, there are in addition to statutory/regulatory issues, macroeconomic factors, the risk of fluctuations in energy commodity prices and the country risk, also the impact of public opinion and social view changes, and climate and weather conditions. Among process risks, in addition to the risks related to the Group's core businesses, are also aspects related to ethics, corporate responsibility, customer care, environmental

issues, human resources, litigation, compliance requirements and information technology. Compared to the Corporate Risk Model, the issue on human rights, a pervasive matter in many of the Group's activities, is positioned transversally. For example, among the related risks: the environmental responsibility, corporate responsibility in managing projects regarding both own and third party contractors and the management of human resources, in particular health and safety.



## Key Sustainability Issues

Through interviews with management, feedback generated by its stakeholders, and monitoring 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 is based on the broadest concept of relevance, which defines the importance of information in relation to the impact of the Group's activities regarding 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 relevant impacts and their influence on the assessments and decisions of the stakeholders. This analysis is based on a three-level rating scale: low, medium and high. More specifically, a survey on Edison's press review was carried out, taking into account the relevance of information regarding sustainability printed on the main national and international newspapers and their potential influence on the assessments and decisions of stakeholders.

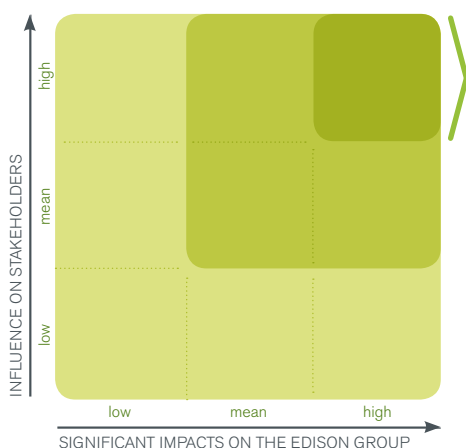
In the financial area, the most discussed topics in 2012 concerned the group's financial performance and corporate dynamics related to changes in Edison's ownership structure.



Regarding the environment, the focus was on energy conservation, an approach that is being increasingly viewed as the most effective solution for climate change reduction. A particularly wide appeal was given to the projects realized by the Energy Efficiency and Sustainable Development Business Unit and the involvement of Edison in activities of international relevance (RIO+20) and national relevance (General

States of Green Economy). Lastly, in the social area, the relevant issues for the stakeholders that are to be considered concern mainly the protection of human rights in the conduct of business activities. In addition to this, the most significant issues included Edison's support in the surrounding areas and local communities, and the role the energy industry played in the country's development.

### RELEVANT ISSUES BY AREA



#### ENVIRONMENTAL AREA:

- › climate change
- › renewable energy
- › energy efficiency
- › impact reduction
- › biodiversity protection
- › development of green products

#### FINANCIAL AREA:

- › change in ownership structure
- › business integrity
- › financial performance

#### SOCIAL AREA:

- › human rights
- › contractual fairness
- › health and safety
- › training
- › Transparent communications
- › customers' satisfaction
- › employees' satisfaction
- › support for the community
- › sustainable supply chain

# Stakeholders: our point of reference



Edison defines “stakeholder” using Edward Freeman’s classic definition, as “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.

In 2012, in light of the agreement for Edison’s new corporate structure, an opinion poll was carried out with external stakeholders and employees.

The results of the poll, carried out by a specialized company, showed that stakeholders believed the agreement represented an opportunity both for Edison and Italy.

## Listening and involving the stakeholders

In 2012 Edison intensified the activities of involvement of the interested actors, with the purpose of creating solid relationships with various counterparties and preventing possible crises. To that effect, the Group launched a project that aims to define a stakeholder management plan. The project comprises two steps, the first of which envisaged 14 interviews with Edison’s top managers. Thanks to the collected information, it was possible to define a map of the main stakeholders and to identify their interest areas, the implemented involvement

activities and the needs to be met, with the purpose of highlighting any mismatch between what the various actors expect and what Edison achieved. The second step, planned for 2013, aims to reveal the perceptions of the main interested actors through a series of interviews.

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

The many participation activities of the interested actors within the company enabled it to more accurately define the contents

to communicate and to bring statements from the stakeholders regarding specific corporate responsibility issues. Every year, Edison performs a series of studies and research with the purpose of evaluating and measuring the popularity and reputation of the company among its public. Various studies were conducted in 2012. Beside the annual research of our stakeholders on the perception of Edison and the services provided, the company ordered some other studies: public opinion on Edison’s image regarding the agreement with EDF; employees’ opinion on Edison’s image outside the company and on the agreement with EDF; reputation of Edison among the opinion leaders and their opinion on the new ownership structure.

## Edison's credibility among Stakeholders

**S**ince 2005, Edison performs, together with top research institutes, an annual monitoring of its own notoriety and

reputation within representatives of its own stakeholder, as client companies, suppliers, financial analysts, institutional decision makers and press. The issues covered by the stakeholder survey included familiarity with Edison, Edison's overall assessment, satisfaction with the relationship, service, and advertising quality, Edison's reputation in comparison with Enel and Eni, its two main competitors. The results of the 2012 survey are satisfactory and highlight a substantially better overall evaluation compared to 2011:

- Stakeholder's awareness of Edison was good, in particular, the percentage of those who said they knew the company "well" was 57%;
- Compared to its competitors, Edison shows positive evaluations, in particular among clients, press, suppliers and institutional decision maker. The company's strong points are its prices, attention to customers, flexibility and the brand. Points of attention were concerned the definition of Edison's new strategy after the acquisition by EDF;
- Personal relationships are considered to be excellent or at least very good by 86% of the interviewees and the service is considered excellent by the 59%.

In order to make comparisons with the information received from Edison's stakeholders and enrich the company's reputation, since 2010, the same survey issues have been submitted to a group of opinion leaders selected by the company that carries out the research. Even in this case, the results are positive with a total familiarity of 62% among those who "know the company well", a figure growing since 2011. Among the main strength points the opinion leaders highlight in particular the company story, the belonging to a great group and the commercial offer.



The Sustainability Report is in itself an important tool to communicate the company's sustainability profile to all its stakeholders,

providing them with information about significant results achieved during the year in economic, social and environmental areas.

### Edison Generation

Edison Generation Community continued with in-depth discussions about Edison's main corporate responsibility programs, focusing on such issues as the environment, energy conservation, biodiversity, social commitments and human rights.

### Community Relationships

In 2012 the first cycle of meetings with the associations involved in the discussion on Mediterranean hydrocarbon research and production was launched. As a result of the interaction with Legambiente, other similar initiatives will follow in the course of 2013.

### Employee Satisfaction Survey

During 2012 My EDF climate survey was taken, promoted at group level and oriented to acknowledge the opinions and expectations of each employee.

The survey was completed at the end of November and showed a participation of 64% by EDF Group and 90% by Edison.

### Dialog with Consumers

The implementation of the Regional Roadmap by Edison continued with the purpose of engaging the consumers' associations that operate at local level in a constructive dialog. The goal is to collaborate with local consumers' associations for an energy market that is more transparent and respectful of consumers. In addition to that, the market research tool was used to measure the results of the two institutional advertising campaigns carried out in 2012, first in summer and the second one in autumn: in both cases were measured the results reached in terms of brand notoriety, impact and appreciation of the advertisement and efficiency in communicating key messages.

### Analysis of Perception by Stakeholders

Again in 2012 Edison realized, together with a specialized company, a notoriety and reputation analysis within representatives of its own stakeholder, as client companies, suppliers, financial analysts, institutional decision makers and press.

# The wealth we create

The incremental wealth that Edison creates through its industrial activities is represented by the economic value that it generates and how it is distributed among its main stakeholders.

In 2012, the overall economic value of the group generated by "continuing operations" (i.e. excluding the economic value generated by discontinued operations assets) amounted to over 13 billion Euros of which approximately 7% was retained by the company.

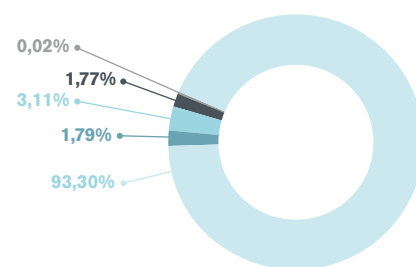
The remaining 93% was distributed to the stakeholders.

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

- operating costs (payments to suppliers, non-strategic investments, royalties and other payments), over 11 billion Euros;
- to employees (direct and indirect remuneration: wages and salaries, social security contributions and benefits, severance indemnities, bonuses, professional development and supplemental training costs), 218 million Euros;
- shareholders and lenders (remuneration of risk capital and debt capital), 379 million Euros;
- Public Administration (income taxes for the year), 216 million Euros;
- community (including non-commercial sponsorships, community programs and charitable contributions), about 3 million Euros.

## 2012 DISTRIBUTED ECONOMIC VALUE\*

- Operating costs
- Remuneration of employees
- Remuneration of lenders and shareholders
- Remuneration of the public administration
- Charitable contributions and sponsorships



## Economic value generated and distributed\*

(in millions of Euros)

	2012		2011**	
	Amount	%	Amount	%
<b>Economic value generated by the Group</b>	<b>13,092</b>	<b>100.00%</b>	<b>12,250</b>	<b>100.00%</b>
Total sales revenues	12,844	98.11%	12,014	98.07%
Financial income	248	1.89%	236	1.93%
<b>Economic value distributed by the Group</b>	<b>12,177</b>	<b>93.01%</b>	<b>11,642</b>	<b>95.04%</b>
Operating costs	11,361	86.78%	10,809	88.24%
Remuneration of employees	218	1.67%	214	1.75%
Remuneration of lenders and shareholders	379	2.89%	401	3.27%
Remuneration of the public administration	216	1.65%	216	1.76%
Charitable contributions and sponsorships	3	0.02%	2	0.02%
<b>Economic value retained by the Group</b>	<b>915</b>	<b>6.99%</b>	<b>608</b>	<b>4.96%</b>
Depreciation, amortization and writedowns	868	6.63%	885	7.22%
Additions to provisions and reserves	47	0.36%	-277	-2.26%

\* from continuing operations. The 2011 values were also reclassified according to the same principle, excluding, therefore, the economic value from discontinued operations

\*\* the 2011 values reflect the recent net variation in exposure of fair value for derivatives (commodities and exchanges)





# Environm res

# ent means ponsibility

THE ENVIRONMENT

---

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



# Our commitments to the environment

**Rank among the energy companies with the most efficient power plants and the lowest level of greenhouse gas emissions, pursuing objectives of continuous improvement as we shift our energy mix towards sources with lower emissions**



**95%**

**Net installed thermoelectric capacity from combined-cycle**

**18.3 TWh**

**Production of thermoelectric power from combined-cycle**

**324 g/kWh** 

**Specific CO<sub>2</sub> emissions for the production of electric and thermal power**

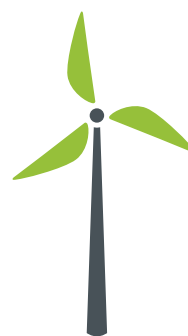
Edison has always committed to sustainable development in all of its activities, both in Italy and abroad, and has always been keenly aware of the sustainability needs of its employees, stakeholders and the natural habitat of the areas where its plants and offices are located.

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 employees and contractors 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.

**1,8 GW** 

**Production capacity from renewable energy sources installed**



**20%**

**Electric power generated from renewable sources compared to the net production of the group**

**1,9 millions t**

**CO<sub>2</sub> emissions avoided thanks to renewables**



**Operate with the utmost respect for the environment and biodiversity**

**4** million euros

Amount spent for the protection of habitats and landscapes, and for remediation projects



**100%**

Completion of the biodiversity mapping of the areas surrounding Edison group operational sites



**100%**

All operational sites have an integrated health, safety and environment systems







# Mitigating significant environmental impacts

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 impact 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.

100  
million euros

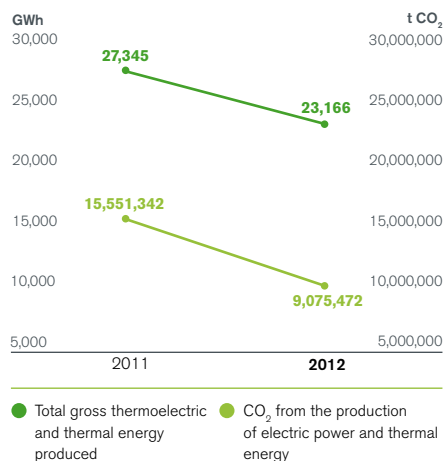


**Total Group expenditures  
for environmental protection  
(operating costs and investments)**

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

## Reducing Emissions into the Atmosphere

### ELECTRIC POWER EMISSIONS VS PRODUCTION



Variations concerning emissions are tied, in particular, to the divestment of the plants in Taranto, occurred in 2011.

Emissions into the atmosphere are primarily associated to energy production operations employing thermoelectric sources and, in small part, to the auxiliary systems operating in the hydrocarbon sector.

Thermoelectric operations experienced a considerable variation in the emissions into the atmosphere, mostly as a consequence of the divestment of the Taranto Energia thermoelectric power plant to ILVA (Riva Group) on October 10, 2011. Besides commercial fuel (natural gas), this plant effectively employed AFO, COKE and steel mill gases from the neighboring plant. The values of SO<sub>x</sub>, NO<sub>x</sub>, CO<sub>2</sub> and particulate emissions for Edison Group therefore dropped. CO emission figures, on the contrary, increased.

This gas is mainly generated during plant startup and shutdown, and amendments were introduced to some emission authorizations that require constant monitoring even during these transient stages.

Among the main activities of the year 2012, it is noteworthy to mention that a project for the recycling of "by-product" gas produced by the oil processing and storage plant of Maria

a Mare (in the Marche region) was launched. As part of the project, the gases that are currently being sent for thermodestruction will be sent to the San Giorgio Mare plant (also located in the Marche region) through a new gas pipeline to be duly treated and fed into the grid. The advantages created by the project are evident: the reduction of emissions into the atmosphere and the recycling of natural gas that previously was not being collected.

Since 2012, 100% of the electric power produced in the Comiso 2 plant derives (since 2012) from renewable sources, resulting in an evident reduction in the production of CO<sub>2</sub> as a by-product.

Other activities were launched and are in due course with the purpose of reducing emissions (such as the use of fuel oil with low sulfur content and improvements on plants to reduce the startup/shutdown transient time or to replace all climate control systems employing R22 gas with more environment friendly solutions) and energy consumption (such as the implementation of crepuscular sensors, energy efficient lamps and plant disconnect switches).

### E&P HYDROCARBONS

### NATURAL GAS DISTRIBUTION

#### HYDROCARBON SECTOR

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

## Mitigation of the impact on soil, subsoil and aquifers

The group continued the remediation of the sites within high profile industrial areas, potentially polluted by activities carried out in previous years and designated as areas of "national interest" pursuant to law.

The divestment of the thermoelectric power plant of Taranto generally affected all of Edison's environmental indicators, such as direct and auxiliary services fuel oil consumption, usage of seawater and effluents, but most notably emissions into the atmosphere. On the other hand, an increase in waste production was observed in the hydrocarbon sector, due to both site perforation and exploration operations and to the waste produced by third party companies during gas distribution (Edison DG) works performed for the pipeline connection for civil and industrial customers, accounted for starting from the current year.

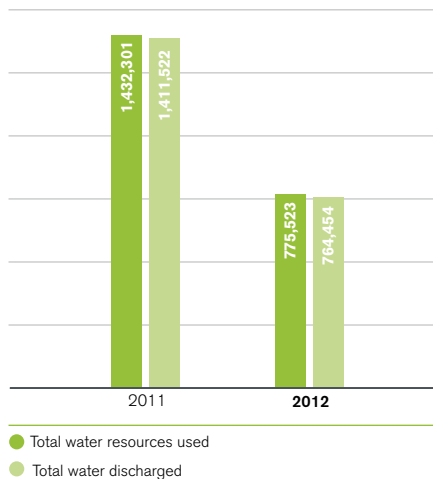
Lastly the Court of Modica, within the proceedings brought by the Public Prosecutor of Modica against, among others, some of Edison's managers and directors for the accusation of pollution allegedly caused by the floating vessel "Vega Oil" on October 22, 2012, sustained the objections of the defense and ordered the cancellation of the decree of judgment, referring the case back to the Preliminary Hearing Judge. The new Preliminary Hearing started on December 20, 2012 and Edison's civil liability authority was summoned for a statement.

## Projects related to safety in the Rospo Mare oil field

Rospo Mare, an offshore oil field located between Vasto and Termoli, implemented strict plant safety and environmental protection measures so as to guarantee the highest levels of protection for people and the ecosystem. The oil field is fully monitored by a ground-based remote monitoring system located in the base of Santo Stefano, through which production can be halted at any time. The system is able to activate emergency stop systems that seal the underwater reservoir at the bottom of the sea, and activate fire protection pumps around the whole plant should any gas leakages be detected. The same emergency stop system is also installed on the platforms. The emergency measure can also be activated from aboard the FSO Alba Marina. The FSO Alba Marina, which was replaced in December 2012, was designed and built to ensure the highest levels of safety even in extreme sea and weather conditions (waves of a height of up to 18 meters and winds with speeds of up to 150 kph), thanks to the mooring system with which it is equipped. The new FSO Alba Marina belongs to the Aframax category. It has a double hull and a double bottom, has a deadweight tonnage of 109,000 tonnes and is equipped with the most advanced control systems for automatic detection of the presence of gases and fire, as well as with emergency stop systems that ensure a high level of operational safety. The FSO Alba Marina was designed to accommodate 50 people including technicians and operators. It is staffed 24 hours a day and is in constant contact with Edison's operational base in Santo Stefano a Mare. In addition to the replacement of FSO Alba Marina, a total of 160 million Euros will be spent in future investments in relation to safety in order to perform new maintenance projects on the Rospo Mare oil field. Among the envisaged projects are those related to the testing of well equipment and the restoration of two wells on the Rospo Mare C platform. The control systems used proved to be very efficient in particular when an alarm went off in January 2013 after a suspicious patch was sighted near the Campo Rospo Mare: the possibility of the presence of crude oil in the sea was dismissed 60 hours after the alarm was sounded, as was also the possibility of the presence of any other type of pollution in the area.

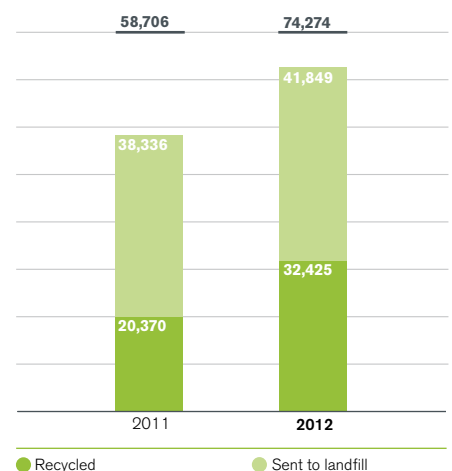
## WATER USED AND WATER DISCHARGED

thousands of m<sup>3</sup>



## WASTE GENERATED

tons



## Remediations

In 2012, 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), 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. 2012 saw the continuation of projects involving the characterization, remediation and securing of sites that the company is no longer using for business-related reasons. The sites are the following: Dogaletto (VE), San Giuliano Milanese (MI), Correzzana (MB), Muggia (TS) and Massa (MS).

2012 also saw the returning of the remediated areas in the vicinity of the Milazzo (MS) thermoelectric power plant and the Rho (MI) electrical station for "legitimate uses".

## Effluent Treatment

The rainwater collection system at the San Giorgio Mare (Marche) power plant was improved, through the installation of a system for collecting stormwater through a dedicated facility and through an automatic pumps system.

A collection and treatment system for effluent and rainwater from areas potentially contaminated by hydrocarbons came into operation on the Vega offshore platform. The system separates this effluent from other effluent that does not originate from other unclassified areas.

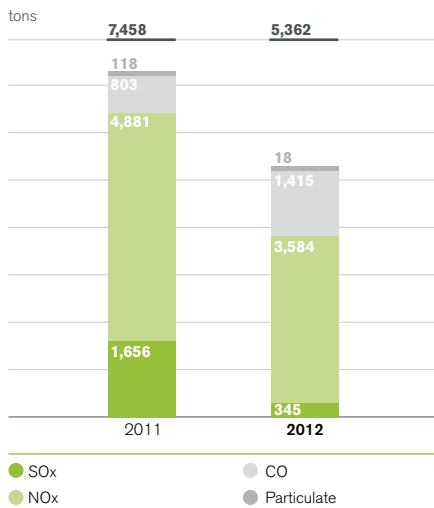
Projects for the recycling as process water of the effluent water from the steam production facilities blow down and of the stormwater are being implemented in the thermoelectric power plants.

## Soil contamination

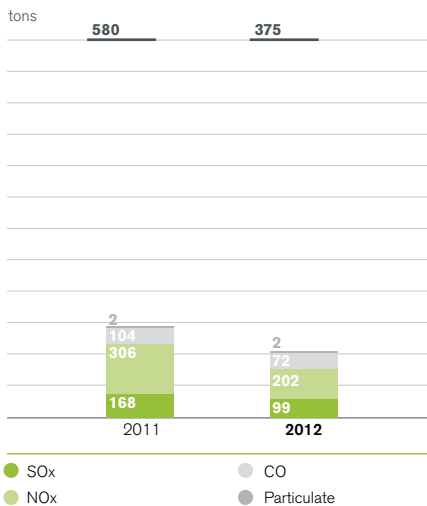
Activities for the improvement of chemical storage and dosing are in due course, with the purpose of reducing hazards for employees and the risk of soil and aquifer contamination, where necessary.

Feasibility studies were launched for the replacement of the lubricating oil used in auxiliary systems with biodegradable oil and of process chemicals with other more environment-friendly products.

### EMISSIONS INTO THE ATMOSPHERE ELECTRIC POWER OPERATIONS



### EMISSION INTO THE ATMOSPHERE HYDROCARBON OPERATIONS



Variations are tied, in particular, to the divestments of the plants in Taranto, occurred in 2011.





## Investments in Environmental Protection

The amounts invested are an indication of the company's belief that protecting the environment is in its interest and they represent the expression of an environmental policy that includes soil, subsoil, habitat and biodiversity protection projects and programs to manage waste and water resources. In particular, various activities were undertaken with regard to the certification of the management systems and the integrated environmental authorizations.

### Integrated management systems

In 2012 the Cogno la Rocca (BS) and Piancone (VB) hydroelectric power plants of Sistemi di Energia, Castellavazzo (BL) biomass power plant of CEB and the Thisvi and Thessaloniki Greek thermoelectric power plants of Elpedison obtained certifications for their integrated environmental and safety management systems.

Renewal/monitoring audits of the integrated environmental and safety management systems were successfully completed by the certification organization and by an accredited auditor for the EMAS registration. The audits for the thermoelectric plants were carried out in June, while the hydroelectric plants were audited in October.

All monitoring inspections of the hydrocarbon sector Business Units' integrated environmental and safety management systems, namely those of the Italian Production Department, Edison Stoccaggio Spa and Edison D.G., Spa were successfully completed in 2012. In addition, the EMAS environmental registration of the Cellino gas storage center and the Garguso gas production facility were renewed.

### Integrated environmental authorizations

The paperwork required for the issuance and renewal of the Integrated Environmental Permit (IPPC) 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 and for regionally relevant power plants with thermal capacity of less than 300 MW.

The application for an Integrated Environmental Ministerial Permit for the Rospo Mare B offshore platform at Campo Rospo was filed.

# A systematic approach to biodiversity

In 2012, 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. Definition of two areas of study (with radiuses of 1km and 2km) and the analysis of 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 above mentioned 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 that Edison has undertaken. More specifically, it represents the company's first systematic approach to addressing biodiversity issues.

In 2013 a project will be launched on one of these sites for the assessment of the flora and fauna upstream and downstream of the water streams used for power production in hydroelectric plants. With regard to the wind power and photovoltaic areas, permits for the construction of new facilities always include monitoring activities aimed at the monitoring of biodiversity, more particularly of birds, bats and flora in general (considered as a habitat). In addition, a revision of all concessions for minimum vital water flow in hydroelectric plants is currently in progress to ensure protection of the ecosystem downstream Edison production sites

## The protection of biodiversity in the wind power and photovoltaic areas

- The Montemignaio wind farm. It is located in a "Mountain pasture and Pratomagno bushes" area containing priority concern habitats and species, and did not require any monitoring activities in 2012.
- The Melissa-Strongoli wind farm. The area in which the wind farm is located is a foothill agricultural area, which also marginally includes a Special Protection Area (SPA) named "Alto Marchesato foce dei fiumi Neto e Tacina". The monitoring of birds was required in relation to this wind farm, and a charnel house was to be provided for birds of prey
- The Melissa wind farm- The San Francesco wind farm. The area in which the wind farm is located is a foothill agricultural area, which also marginally includes a Special Protection Area (SPA) named "Alto Marchesato foce dei fiumi Neto e Tacina". The monitoring of birds and of the habitat was required in relation to this wind farm.
- The San Benedetto Val di Sambro wind farm. The wind farm is not located in a sensitive site. However, the new permit stipulates that monitoring of birds and of bats is to be carried out when the construction site is opened, and that it is to be repeated for the three years following completion of the works. In addition, 10 single-blade 0.35 MW wind turbines were decommissioned and four new 0.85 MW wind turbines, for a total capacity of 3.4 MW, were installed. The base areas that previously supported the machines were restored to their natural state by using local soil, and are ready for the next planting out that will take place in Spring 2013.
- At the San Giorgio la Molara (BN) wind farm, twenty 0.5 MW wind turbines were decommissioned and eighteen new 3 MW wind turbines, for a total capacity of 54 MW, were installed.
- The Oviglio and Cascine Bianche (AL) photovoltaic facilities. The facilities are not located in sensitive sites, but the permits still stipulate that periodic agronomic investigations be carried out with regard to the characteristics of the soil in the area, in accordance with regional guidelines (after 1-3-5-10-15-20 years following the installation of the facilities).





## Climate Change

**T**he debate on the effects of global warming and possible solutions to counter them have progressively gained more interest in recent years and governments, organizations and industry operators have begun to “take stock” of the policies and tools deployed thus far.

### The international strategy for climate change

The year 2012 was an important year because it marked the end of the Kyoto Protocol. Furthermore, in the final phases of the XVII United Nations Framework Convention on Climate Changes (UNFCCC), negotiations continued between governments and various organizations in order to extend the protocol, looking for resolutions for the new Post Kyoto Protocol. The 194 delegates from the countries that met in Doha, Qatar, confirmed the decisions taken at the preceding convention held in Durban. They agreed to prepare an “Agreement” by 2015 with legal forces coming into effect starting from 2020. In the meantime, at the insistence of the European Union, an eight-year extension of the Kyoto Protocol was approved that begins in 2013 and ends in 2020 when the new Protocol will come into force. The extension of the Kyoto Protocol is the main result achieved by the Doha Conference, although only the European Union, Australia, Switzerland and

Norway abided by this decision, collectively responsible for 15-20% of the global greenhouse gas emissions; in fact, besides the USA, New Zealand, Japan and Canada, even Russia decided to stay out of this second stage. Despite the positive reception enjoyed by this extension of the Kyoto Protocol, it is desirable that the future international agreement be binding for a number of countries and economic sectors that are responsible for the majority of the global greenhouse gas emissions, with the further purpose of achieving the established objectives within the expected time frame.

### The European strategy for climate change

At the same time, the European Union maintains its policies to fight climate change, highlighting the two speeds at which climate change strategies are developing: slowly at the international level and fast along the European route. Particularly, the recent activities of the European Commission were aimed at supporting the Emission Trading Scheme - ETS. Conceived as a flexible mechanism capable of

adequately determining the value of a ton of CO<sub>2</sub> emissions and thus foster the transition to more efficient technologies with a smaller carbon footprint, the system ran into problems due to the surplus of emissions rights on the market, magnified by the recent economic crisis. In this context, the price of a tonne of CO<sub>2</sub> suddenly plummeted, hindering investments in innovative technologies, even though an auction mechanism is being introduced for specific economic sectors in 2013 for the allocation of the emission rights, which will no longer be granted for free. To address this problem, in July 2012 the European Commission presented proposals to amend the ETS Directive and withhold a little over 900 million rights from the auction timetable (backloading) until the end of this period. This represents a contingent intervention which should give investors a sign for the recovery of the carbon market. This measure has recently been approved by the EU Parliament Environment Committee but, at the same time, talks to adopt new structural measures to reinforce the ETS system began.

**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.**

**ENERGY EFFICIENCY**

Increase energy efficiency at end-user level to optimize primary energy consumption, also by exploiting the synergies with the EDF Group.

**NATURAL GAS**

Use natural gas to produce electric power, to make the transition towards sustainable mobility and to compensate for the availability of renewable sources that cannot be programmed.

**RENEWABLE SOURCES**

Strengthen the production of power from renewable sources with an eye on changes in national and international law, and identify new foreign markets for further.

**LOCAL INITIATIVES**

Promote initiatives at the local level to reduce the impact on the area surrounding the facilities, in order to have a global effect on climate change.

## A strategy for the management of climate change related risks

To Edison, addressing climate change means defining a strategy to manage the associated risks, as well as seizing business opportunities and contributing at the same time to preservation of the environment and climate. One of the most important opportunities for Edison has been development of the energy efficiency services market, a solution that has been recognized as an important tool due to its advantages in terms of containing CO<sub>2</sub> emissions and reducing primary energy consumption. Another important opportunity could be represented by the so-called "joint projects", established by Directive 2009/28/CE of the European Parliament, and by national transposition legislature, on the promotion of renewable sources in Europe and countries outside its borders. 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.

Edison developed a monitoring and risk management system, namely the Enterprise Risk Management (ERM). ERM allows the mapping of all the main risks to which the company is exposed, the evaluation of the main related negative aspects and the drawing up of plans for the mitigation of said impacts.

During the past few years, in particular, Edison developed a project to accurately define and monitor all environmental risks and to map, integrate and manage these risks through the ERM system that has been in use since 2011. During the last months of 2012, given the scope of action in line with the EDF's "Strategy of Adaptation to Climate change" project, the environmental risk management project led to the direct involvement of Edison in the implementation of the Adaptation Strategy. The main components of the EDF project include: the measuring and assessment of risks related

to climate change, impact assessment regarding the structures and the organization of EDF, access to necessary and relevant information, the adaptation of the EDF structures which are intended to remain present over the long term, the inclusion of the foreseeable consequences of climate change in the development of future structures and operations, the launching of research and development activities, the stepping-up of EDF's resistance to extreme weather events, the direct implementation of the EDF Climate Hazards Plan, and the adaptation of EDF's marketing offer 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.

### Edison's risks related to climate change

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 and have probable financial consequences, such as higher insurance costs as well as 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 CO<sub>2</sub> 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 the uncertainty of the direction of future European and international policies; this 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. In addition to this, Edison has task-forces that monitor and assess the impact that amendments to climate change regulations are having on its business activities.

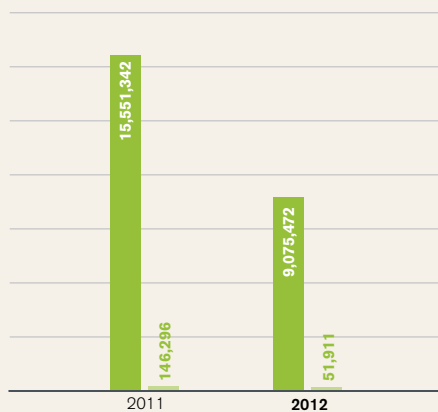
Because it operates in a highly regulated market in which the need to make the adjustments required to comply with restrictions imposed by current and future regulations is a frequent occurrence, it is important for Edison to engage in a dialogue with public institutions as an active counterparty, both locally and at European level. The company was involved in every consultation process, both in Italy, with the National Allocation Plan, and at an international level during the fact finding phase for the establishment of a system to trade greenhouse gas emissions rights within the European Union. The company's involvement in the process of defining EU regulatory mechanisms enabled it to develop a strategy that guarantees regulatory compliance and helps it seize any related opportunities.



## THE ENVIRONMENT

CO<sub>2</sub> EMISSIONS

tons

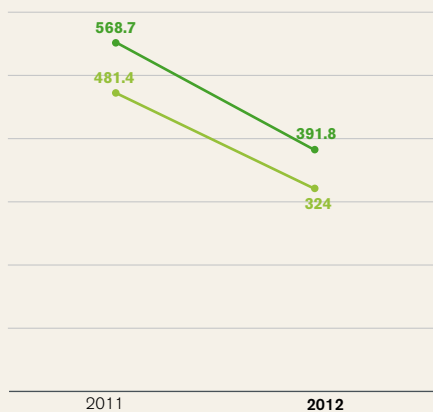


- CO<sub>2</sub> from the production of electric power and thermal energy
- CO<sub>2</sub> hydrocarbon operations

Variations concerning the electric sector are tied, in particular, to the divestments of the plants in Taranto, occurred in 2011.

SPECIFIC CO<sub>2</sub> EMISSIONS

g/KWh



- Specific CO<sub>2</sub> emissions - thermoelectric and thermal energy
- Specific CO<sub>2</sub> emissions - electric power and thermal energy

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 CO<sub>2</sub> 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).

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.

## Promoting energy efficiency in Europe

On November 14, 2012 the new European Directive 2012/27/EU on energy efficiency came into force and was published in the Official Journal of the European Union, establishing a common European framework of measures and obligations to ensure the achievement of the 20% energy efficiency EU target by 2020, as envisaged in the "20 20 20 package". The European Commission will assess the progress made by Member States by June 30, 2014, as well as the overall EU progress in achieving a reduction of the power consumption to a value not exceeding 1,474 MTOE of primary energy and/or not exceeding 1,078 MTOE of final energy, based on the assessment of national targets communicated by Member States. Among the new measures there is the energy restructuring of public construction, with the introduction of minimum energy performance requirements for the buildings owned and occupied by the Central Government which will have to be met by January 1, 2014 (for 3% of the total useful floor area). The Directive introduces mandatory energy efficiency regimes at the national level, new requirements for measurements, invoicing and communication to consumers, regulations for the promotion of energy efficiency through heating and cooling infrastructures and a new electricity transmission and distribution tariff regulation that promotes

energy efficiency. Based on the mandatory energy efficiency schemes, power distributors and/or sellers will have to achieve annual savings of at least 1.5% of the annual energy sales to end customers. Member States must adopt policies that encourage development of efficient heating and cooling systems, with particular reference to high-efficiency cogeneration (HEC), and verify by December 31, 2015, the potential for application of HEC and district heating and cooling. Each member State must also define a long-term strategy to deploy investments for the renovation of residential and commercial buildings, both public and private, and introduce measures aimed to promoting "the availability to all final customers of high quality and cost effective energy audits, as prescribed in the Directive."

Edison played an active role in the drafting and introduction of the Directive by providing inputs that were incorporated into the provisions regarding the role of Energy Service Companies (ESCOs), the establishment of appropriate financial instruments to support energy efficiency activities and the opening of the energy service market, the role of voluntary agreements and the requirements for high-efficiency cogeneration.

## Carbon Management and CDM Projects

Edison operates in a regulated environment, and therefore needs to oversee and anticipate the regulations. Therefore, in 2006, two years before the Kyoto Protocol came into force, it decided to create a team entrusted with the management of issues related to CO<sub>2</sub>, with the impact assessment of these policies on the company and with the creation of a balanced portfolio of emission reduction credits (EAU/ CER). In recent years, the management of the various issues pertaining to climate change involved an increasing number of corporate areas, with the aim of promoting a sustainable approach in all businesses.

Edison's focus on carbon management consists of a series of activities which, starting from the evaluation of the regulatory aspects, allow

the impact on the business to be established. Following this, a model is used to identify needs for CO<sub>2</sub> credits and, subsequently, to establish the strategy. With regard to the coverage of the remaining needs, in the Italian and European regulatory framework, the National Allocation Plan allows the use of credits (CER) from projects in developing countries. In fact, in these areas the marginal cost of reducing emissions is lower, and this allows a more efficient obtainment of credits and reduction of global CO<sub>2</sub> emissions. Furthermore, CDM (Clean Development Mechanism) projects allow the transfer of technology to more disadvantaged areas, so as to contribute both to the fight against climate change as well as to sustainable development.

Edison, which was among first operators who entered this market in 2006, followed a unique approach that set it apart from its main competitors and anticipated recent regulatory

decisions by the European Commission. In fact, 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 strict due diligence procedures, specifically to verify the project's sustainability (e.g., avoiding projects with child labor issues or projects near protected areas). Although less rewarding from a savings point of view, this investment option proved itself to be a pioneering one that anticipated the subsequent decisions of the European Commission, which, as from 2013, started prohibiting the use of credits from HFC and N<sub>2</sub>O projects after deeming them insufficiently sustainable from an environmental point of view.

In 2012, Edison continued consolidating its portfolio of projects and started the negotiation of procurement contracts for 2012 onwards.

## Research and Innovation for the Environment

Edison is focused on research activities in the field of energy efficiency carried out by its Innovation, Research and Development Department, which works in synergy both with internal technology as well as with many important Italian and international organizations engaged in energy research. These collaborative relationships, which are designed to investigate opportunities for improving efficiency in every aspect of this sector, from production to consumption, help maintain a privileged position to oversee developments in technology. At Edison, research and development activities focus on a commitment to identify and develop the best technologies for the production and use of energy, and these are reflected in projects that range from technology monitoring

to feasibility studies and the construction of cutting-edge pilot plants.

### Low impact power generation

In the area of electric power generation, activities were mainly focused on: distributed renewable power generation, consisting mainly of high-yield photovoltaic technologies (in collaboration with ECTL-Università Ca' Foscari in Venice) and on power generation with a low environmental impact (in collaboration with the Chemistry and Energetics Departments of the Politecnico di Turin and with the EIFER Institute in Karlsruhe, Germany). With regard to low impact power generation, the testing of systems

and components for fuel cells continued at the Edison Research Centre in Trofarello. Based on the experience gained during these experimental campaigns, a pre-commercial, high performance product was selected.

This product was installed on the premises of an Edison customer operating in the service sector, and was tested for the whole duration of 2012. An 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.



**Share of Edison's research and development expenditures dedicated to energy efficiency, renewable energy sources and power generation with a low environmental impact.**

### Fuel cells

Work in the fuel cell area consisted mainly of tests of systems and components performed by a dedicated laboratory at the Edison Research Centre in Trofarello and in collaboration with the Chemistry and Energetics Departments of Turin's Politecnico University and with the EIFER Institute in Karlsruhe, Germany.

### Photovoltaic systems

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.

### Power storage

Electricity storage technologies are very likely to become an essential element of competitiveness since they allow flexibility in production and final consumption and enable greater penetration of renewable energy sources, which are inherently discontinuous. The first European-level test on a "Redox Flow" type electricity storage system prototype was started at the centre. The test will serve to demonstrate the potential of this technology as an alternative to traditional batteries. Furthermore, the measuring devices at the Centre's laboratories are protected from electrical noise and from micro interruptions by means of an 80 kW flywheel power storage system.

## THE ENVIRONMENT

**Energy efficiency for end customers**

The Innovation, Research and Development Department intensified its activities aimed at the implementation of customized technological solutions and of energy efficiency services for end customers. In conjunction with the Energy Efficiency business unit, wireless monitoring systems that are able to record main consumption in detail and identify possible measures to improve efficiency were installed at a major Edison customer operating in the service sector. 2012 also saw the testing of an electric power consumption monitoring system on the residential premises of a number of customers. This test was carried out in conjunction with the business marketing and commercial direction. The system was connected to a web platform that is able to display a detailed report of the customers' consumption patterns together with the related costs. These technological solutions, that often leverage technologies and infrastructures from the telecommunications and information technology sectors, explore the smart-grid scenario downstream of the distribution grid.

Among the characterization projects related to energy-efficient solutions for our customers, one also finds the tests on innovative climate control systems fuelled by natural gas, which continued at the Trofarello Research Centre.

## ACQUISITION OF CSE

**In 2012, Edison acquired CSE, a small-sized certified ESCO with years of experience in the energy sector. CSE is specialized in the provision of services in the energy, environment, safety and quality sectors, and operates in the field of Energy Efficiency Credits.**

**Research for sustainable cities**

Italian cities could reduce air pollution by up to 30% over a period of 20 years thanks to a national energy efficiency and urban redevelopment program that includes projects related to sustainable heating and mobility, use of renewable energy sources, smart energy consumption and sustainable building. This is one of the main outcomes of the study "Energia in città: scenari e riflessioni sugli aspetti energetici nell'ambiente urbano" (Energy in the city: scenarios and reflections on energy-related aspects in the urban environment), which was carried out by a multidisciplinary team of engineers, chemists, physicists, ecologists, landscape architects and urban planners, geographers, and environmental economists coordinated by the "A. Volta" Centre for Scientific Culture (Volta Centre) in Como, in conjunction with Edison and with the support of the Como Chamber of Commerce. According to the study, sustainable mobility, energy conservation in the construction sector, smart grids and the dissemination of greenery in cities are the "ingredients" for the creation of sustainable cities.





## Power generation from renewable sources

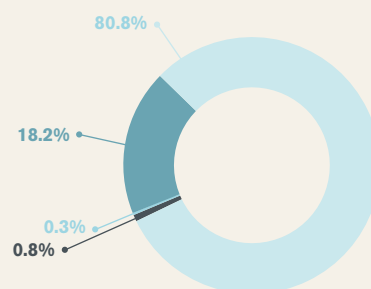
Renewable Energy Sources (RES) continue to have an important role in the country's industrial development. This trend is also confirmed by the recent National Energy Strategy document, which establishes new approximate RES targets with regard to the electric power sector. Furthermore, 2012 also saw the publication of the decrees for the promotion of renewable energy and photovoltaic energy sources, whose aim is to stabilize the mechanisms and methods for incentivizing renewable energy sources in the future, by setting power quotas for different technologies and by adopting tender-based systems for larger plants.

Edison has always been active in the renewable sources sector, and the Group's objective, in this context, is to diversify its energy mix for electric power production and contribute to the achievement of the targets set by Italy.

In 2012, the development of generating facilities that use renewable sources enabled the Group to increase the generating capacity of its installed capacity: at the end of that year, the Group operated renewable-source facilities with a combined production capacity of around 1,850 MW, of which around 1,350 MW from hydroelectric plants, 471 MW from wind farms, 13 MW from photovoltaic systems and 6 MW from biomass facilities. Edison will continue with the development of greenfield projects through the wind farm projects pipeline. In addition, the Edison Group will continue its monitoring activities with regard to new potential technologies in different sectors. In 2012 the total amount of renewable energy produced by Edison was of approximately 4.8 TWh, which corresponded to 20% of its total production.

### EDISON'S MIX OF RENEWABLES

- Hydroelectric power
- Wind power
- Photovoltaic power
- Biomass



### Wind Power

The full renovation works carried out on 60 Enercon wind turbines with a total capacity of 36 MW in three plants in Tuscany, Puglia and Campania reached completion. The project was completed during the latter part of the year, thereby allowing the securing of the incentives provided for renovation works carried out by 31/12/2012. Furthermore, the full reconstruction of the San Benedetto Val di Sambro plant in Emilia Romagna was also completed. The project also involved the

replacement of 10 RWT single-blade wind turbines with 4 three-bladed Vestas wind turbines with an output capacity of 850 kW each, for a total of 3.4 MW. Lastly, also the 54 MW San Giorgio La Molara plant, which was already built in 2011, started commercial operation in early 2012. In 2013, development activities will continue with the aim of obtaining the necessary permits for the construction and operation of new wind farms, and for the extension and full reconstruction of the plants in operation.

### Hydroelectric power

In line with the operating plan, greenfield facilities are currently under development and in-depth discussions and evaluations for purchasing/partnering with regard to projects for which the issuing of permits reached an advanced phase are underway. In March, 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 4.2 ME run-of-the-river power plant.







# People as a resource

THE PEOPLE

---

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





# Empower the human capital

Strengthen programs that empower our employees by helping them develop competencies and finding an optimum work-life balance



Average number of hours of training per employee

91%

number of employees who attended at least one training course among the total workforce



My EDF



first EDF group engagement survey:

90% participation by Edison employees

Edison strives to safeguard the company's employees in all of the countries where it operates by adopting ethical standards and observing the rights enshrined in the Universal Declaration of Human Rights and the principles of the UN Global Compact.

All of these principles are listed in the Human Rights Policy adopted by Edison.

Concern for people 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

3,248

Edison Group employees

Consolidate and improve the prevention and monitoring Management System adopted for occupational health and safety and achieve injury indices that are among the lowest in the Group's industry, while pursuing the "zero accidents" objective

100%



% of group facilities with ohsas 18001 health and safety certification



Edison personnel lost time injury frequency rate (3.0 contractor personnel lost time injury frequency rate)

1.8

1,142



Employees of contractors who attended health and safety courses



results. Equal opportunities, awareness of employees' professional and personal needs and expectations, protection of employee 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, which are applicable to the entire Group.

## Attention to equal opportunities

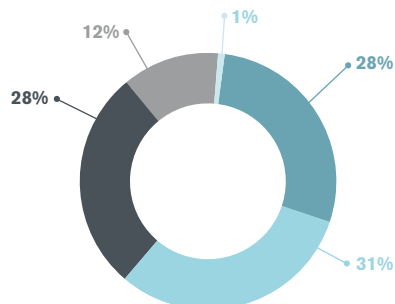
**E**dison's policies concretely embody equal rights opportunities and, more generally, attention to "diversity", by monitoring indicators related to the development, training and recognition of its employees.

To date, the management of diversity and its impact in terms of equal opportunities has taken place in a structured and systematic manner, in accordance with the policies of the EDF Group. Edison is a permanent member of the EDF Diversity Community, a body appointed to develop the diversity and inclusion strategy, which is constituted by representatives from all branches of the EDF.

As part of the program measures defined at Group level, Edison consistently also carries out initiatives of a communicative nature, among which is Diversity Day, which is celebrated concurrently with the World Day for Cultural Diversity for Dialogue and Development promoted by UNESCO. Through seminars open to all employees, the 2012 Diversity Day examined gender diversity, with particular focus on access to employment and career opportunities in the context of the work-life balance. This initiative is based on a number of concrete choices, acknowledged also by union agreements at company level, such as extending institutions that support parenting to all employees, in order to favor work-life balance, especially for women.

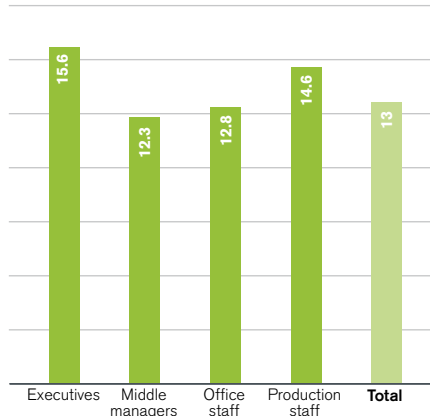
### AGE OF EMPLOYEES 2012

- Younger than 25 years of age
- Between 25 and 35 years of age
- Between 36 and 45 years of age
- Between 46 and 55 years of age
- Older than 55 years of age



### COMPANY SENIORITY BY CLASSIFICATION 2012

n° of years (average)







# Choosing to improve

## The search for and selection of employees in an objective and transparent manner

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.

The hiring process is conducted with the knowledge that the cooperation of highly motivated individuals with outstanding professional skills is a strategic factor of fundamental importance for the Company's growth.

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. The 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. Edison established collaboration and partnership relations with Italy's top universities.

Edison's concern for the educational community goes beyond the university level. In 2012, Edison, under the aegis of Assolombarda and in collaboration with other companies, also participated in a project for the development of a network of companies to reemphasize vocational education opportunities.

The project welcomed young students in the fourth year of high school for whom it created alternating school-work programs focused on developing a teaching approach in the school system that was oriented on developing the skills actually required for employment.

# 98%

Edison Group employees hired under permanent contract

## Attracting local competencies

**A**t newly built production facilities, 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, both in Italy, and more recently, in foreign countries in which Edison is present.

More generally, employees who work at Edison

Group entities outside Italy are selected and managed in accordance with evaluation and development processes that are consistent with company principles and with the systems/processes adopted in Italy, while fully complying with local laws and the managerial, professional and management practices of each country. Edison also ensures that the operating peculiarities of each foreign entity are taken into account. Lastly, in 2012 a number of programs, primarily of an educational nature, were implemented to foster the growing adoption by the local staff of the culture of the Group, 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 the individual central staff functions.

## Employee's 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 skills, "job family" and role classifications, that are used to identify training and development activities in order to enhance and improve them, both at an organizational unit level and at a 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 2012, with the aim of promoting and rewarding the achievement of business results, within the framework of an objective and transparent dialog 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 scouting and selection activities for recent graduates to whom it applies a special development, training and remuneration policy during the first three to four years they work for the company. There are many projects dedicated to the Young Community, namely the group of young graduates with little professional experience included in the company. These initiatives, together with the presence of a dedicated tutor-counselor, are

aimed at promoting the full integration of young graduates in Edison, thus appreciating and making use of their innovative contribution in a two-way exchange with the other corporate "generations".

### Reward 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 agreed with the labor unions (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.

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 2012, the common reference targets to which the variable compensation was tied included: EBITDA, net financial position and four operating performance objectives, one of which was related to occupational safety for company and contractor employees. In addition, since 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 (Long Term Incentive – LTI). This tool was developed for retention purposes and to achieve greater alignment with the main medium-term objectives of the Company's stakeholders.

### Programs for employees' well-being

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.

Apart from ensuring full compliance with national regulations with regard to pension contributions, Edison abides by all applicable rules related to national collective labor agreements in relation to planned and existing pension funds in all business areas.

In addition, the company established the "Edison Per Te" (Edison for You) corporate welfare program to help employees balance personal and professional commitments more effectively, further improve employee health services, and provide support for their families. Launched in April 2008, the program is subject to yearly revisions based on employees' suggestions submitted through special surveys and other listening channels. All of the services provided within the Edison Per Te program, are structured to provide easy access, fast use, time savings and economic benefits for company and contractor employees. In most cases, they were designed with the aim of benefiting all employees, independently of where their workplace is located. As evidence of positive reception of the proposed initiatives in terms of usage levels, in 2012 more than 55% of the employees used at least one service (+3.9% compared to 2011) and each of Edison's employees and contractors who took advantage of the program used an average of approximately 4.4 different types of service (compared to 3.8 in 2011).



## Edison per Te

**T**he program offers services that can be grouped into four areas of activity:

- **The Family area**, which offers pediatric assistance services, summer camps in Italy and study holidays abroad, 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, eight short-stay scholarships and an annual scholarship for a study/vacation program abroad, sponsored by the Intercultura Foundation, were granted in 2012 to the children of all Group employees in Italy.

This year, the school loan service was expanded and improved, and was extended not only to children attending junior and high school but also to employees' children following university courses. The service allows employees to take a company loan, payable in installments, so as to be able to be able cover expenses related to the purchase of school books and supplies for their children. The Help Desk service for seniors, launched in 2011 to provide information and advice on concessions, nursing facilities and home care services, was integrated with the possibility for those interested to book and make use of the services for their family through the "Edison per Te" structures and channels.

- **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 2012, 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: otolaryngology, dermatology, general prevention campaigns aimed both at men as well as at women and a more general health assessment check-up.

Online psychological counseling services, wellness programs aimed at promoting physical activity, agreements with spas and a senior citizen help desk providing informational support regarding issues related to the management of elderly parents and/or relatives are also available. As from this year, one can also book nursing facilities at specialized centers and above all book home visits and home care. Through its participation in the "Active as before" ("Attive come prima") project, Edison offers the support course "Active - The power of living" ("Attive - La forza di vivere") to its employees and to their relatives suffering from oncological diseases.

- **The Personal Time area per te**, which provides employees at offices in Milan with contributions toward commuting costs, easy payment terms and special agreements with ATM and TRENORD, 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.

- **The Savings Opportunities area**, which includes a network of suppliers and stores located throughout Italy, expanded in 2012 with the addition of new conventions and agreements. Employees can use this program to purchase goods and services directly at a discount, thanks to the introduction of a new set of conventions. 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 sales opportunities and the use of tools and make them available to employees, several Temporary Online Shop events are held each year offering online sales at promotional prices and for a limited time. In July and November two onsite Temporary Shops were organized at the Milan headquarters to support social projects (5% of the revenues from the July event was donated to ASEOP, an association that contributed to the restructuring of the Modena Hospital Pediatric division that was damaged by the earthquake; and a further 5% from the November event was donated to the "Noi Genitori di Erba" Cooperative, which provides training courses and day care services to disabled teenagers).

### Meet specific training requirements

Based on a structured process that, starting with an assessment of existing skills and performances of the individual, 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. Its aim is to develop professional family and management skills, as well as strengthening transversal skills, such as knowledge of the energy business and the economic-regulatory context. Other drivers for the training planning are relevant changes in the external context or internal evolutions, such as to require an alignment of the skill profiles of the different people within the company.

In 2012, Edison implemented a training programme addressed to more than 2,960 employees. The 2012 training program was also notable owing to its broad and transversal coverage of the different people within the company, recording a substantial increase in professional training, in addition to the customary emphasis on safety and the environment, as well as the institutional training aimed at preparing young employees, both professional and manager, in regard to organizational and managerial skills. Regarding technical training and

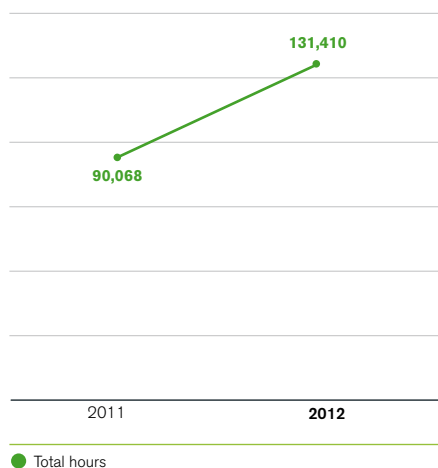
# +19%

### Edison's increased investment in training

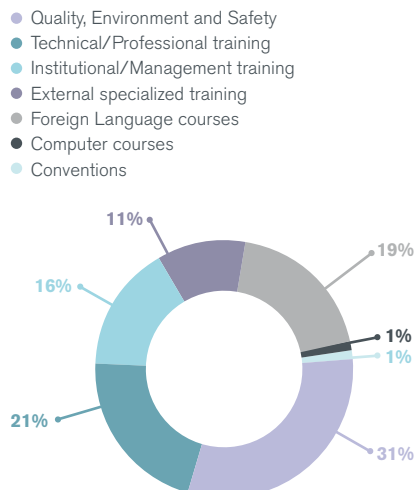
continuous training, the year 2012 featured task training programs organized for the technical-operational employees of existing plants and the plants that were launched through Power International operations in Greece.

Support to specific sales skills is assured by the full operability of the Market Academy programs, a conceptual training and development initiative in this area of business. Likewise, in regard to professional training, the second edition of the Specialization Course on Energy Business and Utilities was launched in May 2012. This program focuses on energy core skills and represents a partnership with Milan's Politecnico University addressed to Edison professionals with a cross-functional career path. Finally, the customary emphasis on development and updating activities on statutory, regulatory and sector issues, organized with meetings and seminars for the management was confirmed.

### HOURS OF TRAINING



### HOURS OF TRAINING BY TOPIC 2012



# 30

DIPLOMAS

Upon completion of the first edition of the Specialization Course on Energy

Business and Utilities in February 2012, 30 professionals obtained the Specialization diploma, bringing to completion 8 project works on issues important to the Company.





# Health and safety

Contributing to the development and management of an energy system with a reduced environmental impact and promoting the development of our employees while guaranteeing their occupational health and safety are the challenges inherent to Edison's responsibility that are shared within the international Group of which Edison is part. With this in mind, Edison tackles and manages environmental and safety issues consistent with a system-logic approach, promoting the development and deployment of integrated 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 a mere 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. In 2012, in the wake of an intensive and continuous dialogue between the workforce and the management, Edison reached several specific agreements in regard to training on health and safety matters. To this end, the training and development programs on health and safety prepared for 2012 were completed in accordance with the provisions of the agreement between the central government and the regional administrations of December 21, 2012. Specifically, the courses aimed to the management (started in 2011) were completed and, with regard to the office personnel, an e-learning training course was provided to all employees, as well as a further specialization session for employees with work duties at operational sites. Following the implementation of all the measures and programs to promote

workplace health and safety, the company saw improvements in injury rate figures. In this regard the company ranks among the best national and international organizations, accounting for both employees and contractors.

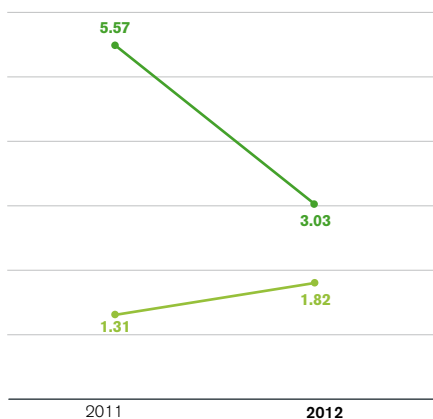
## SAFETY “MESSAGE PROJECT”

As part of the process for the development of a safety culture, shared by the Group's safety community, the “Safety Message” project was launched at the end of the year 2012 with the aim of raising awareness on health and safety issues via a dedicated space on the company's intranet.

## SAFETY MBO

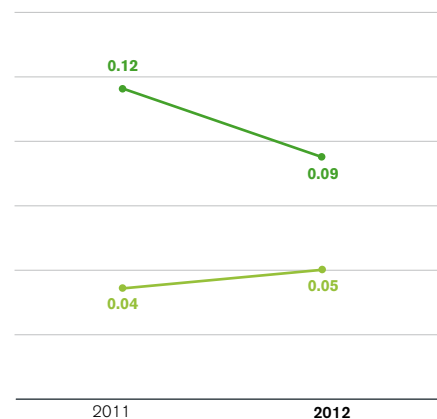
In 2011, pursuant to a decision by the Board of Directors, the achievement of a result target tied to the Group's occupational safety performance was extended to all management personnel. During 2012, the occupational safety performance targets were extended to contractor employees.

### LOST TIME INJURY FREQUENCY RATE



● Lost time injury frequency rate for the Group  
● Lost time injury frequency rate for contractors

### SEVERITY RATE



● Severity rate for the Group  
● Severity rate for contractors

In 2012, the occupational safety performance specific for Edison employees showed substantially unchanged data with respect to the previous year, with an lost time injury frequency rate of 1.82 and a severity rate of

0.05. With regard to contractor employees, the year ended with an improvement of both occupational safety indices. The value of the lost time injury frequency rate settled at 3.03, whereas the severity rate stood at 0.09.

The main activities implemented or started by Edison in 2012 to raise awareness on occupational health and safety are:

## “Dicci la tua”

In 2012, the “Dicci la Tua” (Tell Us About it) project further engaged the Foro Buonaparte headquarters in Milan and the Rome and Bologna offices. 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. More than 250 at-risk behaviors/situations were reported, 102 of which in the form of improvement suggestions. Besides ensuring appropriate feedback and implementation of feasible proposals, communication and reward initiatives were introduced for those who stood out in terms qualitative participation.

## Employee training

The health and safety development and training programs prepared for 2012 in accordance with the provisions of the agreement between the central government and the regional administrations of 21/12/2012 were completed. Specifically, the courses aimed to the management (started in 2011) were completed and, with regard to the office personnel, an e-learning training course was provided to all employees, as well as a further specialization session for employees with work duties at operational sites. This training program was implemented through funds made available under specific agreements with the labor unions. During 2013 the program will be extended to include specific courses for managerial roles.

## Occupational safety of contractors

Contractor employees working in operative sites on an ongoing basis were actively involved in Edison’s health and safety culture promotion initiatives, through coordination meetings and training courses envisaged for the Group’s employees. In 2012, more than 1,140 contractors employees attended training courses on health and safety. To this end, contractors that operate with general contracts at the Trofarello Research Centre attended a training on chemical risk, emergency plan and interference management. Furthermore, all facilities of the peninsula area E&P division completed the first BLSD (Basic Life Support Defibrillation) training cycle, by employing defibrillators. These defibrillators were made ready for use in all facilities. First access training for contractor employees working in the electric power sector remains an accepted practice.

In 2012 Edison specifically focused on the qualification process for contractors by introducing the software system for the management of corporate documentation, named DIMP, and by launching awareness activities aimed to all contractor employees upon first access to Edison sites.

## Health and safety in Egypt and Norway

In 2012 the management of possible emergencies was strengthened for expatriate personnel in Egypt. Specifically, a training activity was given to both new and already experienced expatriates, with indications of the operating procedures and practices to be followed in case of emergency. In addition, a communication procedure was introduced for information regarding health, safety and environment of interest for all those traveling to Egypt.

At the same time, a training workshop on safety and environmental issues was organized at the Edison Norwegian branch of Stavanger, open to both Italian and foreign personnel. Following the audit, activities at the Norwegian branch proved compliant with the requirements of local standards and regulations. In Norway, Edison also promoted a health campaign for its employees and their families. They were able to benefit from free medical examinations such as cancer screenings and eye tests.

## Risk Assessment

The objective and subjective data collection stage for risk assessment of work-related stress was completed in accordance with the general guidelines of the European Agreement of October 8, 2004. Supporting reports for the assessment process will be issued in 2013. All preventive measures raised by preliminary risk assessment of work-related stress were implemented, particularly those related to communication to employees and/or their representatives, training for supervisors, structured monitoring of specific risk indicators in order to check the trends, and the involvement of physicians trained to recognize any symptoms potentially related to risk.

## OSHA Week 2012

As in 2011, Edison was an active participant in “OSHA Week 2012,” the European health and safety week (October 22-26), implementing several communication and training programs. The theme for the year was “Work together to prevent the risks”, which has been confirmed for 2013. In this context, and in collaboration with the entire EDF Group, the proposed goal of involving at least 30% of the entire Italian Edison population on initiatives that was launched during the event was achieved.



# Industrial relations

Edison shares with the labour 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 collective bargaining agreements.

Early communication, consultation, debate, and open 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 thus avoiding the occurrence of personal and collective conflicts. Consistent with current CSR policies, Edison and the labor unions are committed to implementing bilateral arrangements capable of ensuring the company's continuing success in a competitive market, while taking into account the personal and social issues that are relevant to the group's employees.

In 2012, there were various opportunities for open dialogue on technical and management issues between the company and the electric power sector trade unions. Such episodes were fundamental in finding viable solutions in order to address recent employment issues caused by the situation at the Edison thermoelectric facilities, with particular reference to post-CIP6/92 power plants. On October 30, 2012, the company and the labor unions representing workers in the electric power sector signed an agreement based on effective and efficient social dialogue.

The agreement identifies and defines the instruments to promote the re-employability of employees, both within the Group (in line with existing professional skills and company

requirements for the coverage of current and future needs) and within the general labor market, should the conditions within the Group not be conducive to re-employment and/or because of particular individual conditions.

The agreement introduces and makes available a comprehensive income-support instrument in order to reduce the impact of these processes on the employees concerned.

Furthermore, following EDF's takeover acquisition, the Edison union representatives became full active members of the Group's European Company Committee (the EWC Group). In the second semester of 2012, negotiations with the trade unions of the electric power sector were begun for the renewal of the National Collective Worker's Contract which expired on the 31st of December 2012.

## CSR

### IN LABOUR AGREEMENTS

**The company and the labor unions signed an agreement for a business development model based in part on social responsibility principles**



# 100%

**Edison Group employees covered by the National Collective Bargaining Agreement.**

# Personnel involvement

Edison+, the Company's Intranet portal, is the company's main tool for accessing updated news and information regarding Edison Community initiatives and activities. In a year marked by corporate changes, the portal has served as an important point of reference for Edison's employees.

On the one hand, it has contributed in maintaining an uniform corporate culture and a deep-rooted sense of belonging; on the other, it has been an efficient guide to find information and simplify work. During 2012, Web 2.0 tools have been used to improve the interaction level and attention of the Edison Community.

Tools, features and services have been enhanced: the drafting of the Edison+ Newsletter, the electronic magazine sent via e-mail to all employees, and the MondoEdison, the printed review with the publication of special issues, for example those on health and safety issues. To promote chances of dialogue and consideration, employees have been invited to respond to surveys in relation to the ongoing corporate changes. In addition, the Survey My EDF, in collaboration with EDF, has been carried out involving all employees of the Group. Ad hoc surveys have been carried out in all Edison business areas in order to assess, for example, employee opinion concerning the new corporate structure.

In 2012, various internal events involving the employees were offered, including:

- On Parents at Work Day the Company opened its doors to the children and grandchildren of employees for the sixth consecutive year.
- Il Diversity Day, that included seminars, lectures given by experts, and an ethnic lunch that characterized the company's cultural diversity.
- The Summer Festival marked the conclusion of the fifteenth edition of the annual intramural Arena Soccer Tournament featuring teams made up of colleagues from the Milan area.
- The Christmas Party is an opportunity to celebrate with colleagues and get together at the end of a year full of changes.

In addition, the Living the Sponsorships project launched in 2011 continued with the aim of supporting cultural, music and sports partnerships. The company welcomes sports and music as worthy moments of gathering and expression of positive energy. To this end, the company's employees have attended football matches and concerts after taking part in initiatives on the Edison+ Intranet portal.

## My EDF Survey

EDF aims to give a voice to all employees and collects information regarding their relationship and commitment to the EDF Group, as well as their relationship with management and their employment conditions as a whole. The overall participation rate was very satisfying with Edison showing a 90% participation rate. Initial data on the group shows that confidence in the future of the EDF Group is solid notwithstanding the difficult context in which it was presented. Furthermore, being part of the group is considered an asset and represents an important commitment factor for all the employees. Furthermore, a substantial expectation of greater awareness of the strategic projects emerges from the survey.

In spring 2013, the results of the survey focusing on Edison will be available. The results will play a major role in future communication projects and will be the foundation for the launch of plans involving the aforementioned areas of improvement.







**is our**





# The market benchmark

THE MARKET

---

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



# Edison's Product Offers for the Market

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



**590** GWh

**Recs certified green energy sold**

**50%**



**saving energy on urban illumination in Sulbiate (Lombardy) thanks to an Edison project**

**3.3** million euros



**Research and development expenditures incurred by Edison spa**

An analysis of the current trends in the energy sector clearly shows that in 2012 the increasing trend of the electric power and natural gas market deregulation in Italy upholds, as already noticeable in the past years.

Despite the broadening of the competitive arena, the greater improvement of the market, suggested by the higher amount of customers shifting to the free market, and the increasing awareness of the final customer devise an embitterment of the competition, which is based on evermore complex, complete and convenient offers. Agents have diversified their options by changing from dual-fuel solutions to flat offers on fixed consumption tariffs. They have also included financial services such as electronic payment cards.

Within this context, despite the continuous propensity towards the extension of its customer base, Edison has strategically committed to the improvement and strengthening of its customer relations. The main marketing activities have focused on the advertising of a qualitatively superior service, in addition to the economic advantage on the single supplies. Edison's regular interaction with the customer, ranging

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

**REGIONAL ROAD MAP**



**Regional roadmap with consumers' associations**

**41.2%**

**Percentage of inbound calls to the contact centre answered within 30 seconds**



**THE QUALITY CHARTER**

**2nd edition of the service quality charter developed jointly with the main consumers' associations**



from awareness raising for the RID payment to incentives for an ever more digital bill, testify how the relationship between the sale company and the customer is based on mutual benefit, not only in economic terms, but also in environmental ones. In line with Edison's ideology of constantly being at the forefront of market evolution, in 2012 research was carried out with the aim of developing innovative smart meter devices. Through consumption monitoring, smart meter devices allow the final consumer to acquire greater awareness on energy efficiency that will lead to more mindful energy consumption. The importance of environmental issues was also addressed by Edison with the support of a new television programme, "Arriva Mr. Green" (Here Comes Mr. Green), in which a TV presenter, observing the energy habits and behaviors of families, advised the TV audience on how to adopt virtuous habits.

In 2012, Edison confirmed its objective to grow in the retail segment regarding both electric power and natural gas thanks to

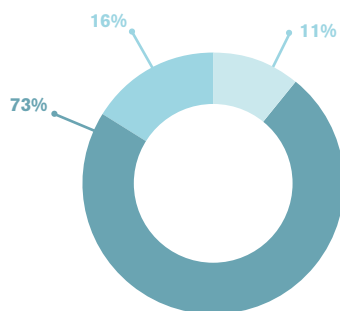
OVER  
1.4  
MILLION

Electric power  
and natural gas customers

### ELECTRIC POWER CUSTOMERS

% GWh

- Residential
- Business
- Small-business soho



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. Within Edison's offers portfolio, the green options have been confirmed also in 2012,

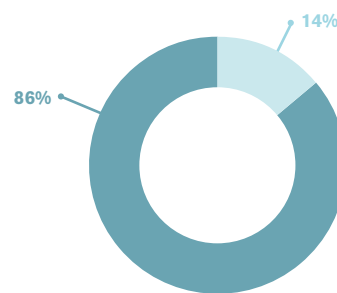
## Edison for Haiti's children

Edison has joined the initiative "Luce per la Libertà-Libertà dalla Fame" (Light for Freedom-Freedom from Hunger), aimed at raising funds to donate a meal to Haiti's children. The initiative was conceived and organized by the Embassy of Belize in Italy, with the patronage of the Municipality of Rome, in support of the World Food Programme (WFP). In particular, Edison has provided for the lightning of the Tree of Light, a Christmas tree located on the Spanish stairs in Trinità dei Monti in Rome over the Christmas period, and the CO2 emissions produced by the electrical discharge have been compensated by a new tree plantation in Belize. Furthermore, to reaffirm the company's renewed commitment to social welfare, from the 6th of December to the 31st of January, Edison donated 2 Euros to the WFP for each new customer subscribing to an electric power and natural gas contract for their household. The "Insieme per Haiti" (Together for Haiti) project which was launched in 2010, is an integral part of the initiative in support of the WFP.

### NATURAL GAS CUSTOMERS

% m³

- Residential
- Industrial and non-industrial wholesalers



allowing the final consumer to opt for electricity generated by renewable sources at zero emissions. Moreover, Edison further pursues a policy of customer awareness towards a more informed and responsible energy consumption.

## Protecting Access to Energy

In 2012 as well, Edison is contributing to the development of the social bonus, a feature of electric power and gas bills established 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 social bonus eligibility, and how to claim it, is available on various channels that Edison employs to communicate with its customers. These channels range from the Company's website, which contains several FAQs about this matter, to the Service Quality Charter, as well as the customer service, which provides all references and guidance for customers' needs. In addition to the tools deployed by the Authority, Edison gives households in financial difficulties the option of paying their bills in installments, breaking them up into smaller and more manageable payments.



## A Commitment to Energy Efficiency and a Reduced Environmental Impact

Edison has developed an activity area, in which its experience in the energy field is offered to its customers, so as to help them use energy resources in an optimal way. Edison's Energy Efficiency and Sustainable Development Business Unit supports its customers by offering services ranging from the optimization of energy consumption of productive processes and facilities, up to the production of on-site energy with low or null environmental impact systems (photovoltaic, other renewable energy sources, high-yield cogeneration, etc.). Particular attention is devoted to obtaining total subordination of the energy produced in these facilities to the site's energy needs so as to minimize also the impact on public grids. Finally, Edison provides assistance on how to compensate residual carbon footprint emissions and supports customers in obtaining the Energy Efficiency Titles.

In accordance with an officially sanctioned model called "Efficient User System" and the contractual instrument "performance contract", Edison makes a direct investment and shares with the customer the benefit of efficiency enhancement activities. The

### ECLEER

Edison is a member of the European Centre and Laboratory for Energy Efficiency (ECLEER), which mission is to bring energy efficiency to customers and reduce CO<sub>2</sub> emissions through the use of electric power with low carbon intensity, as an alternative to fossil fuels.



Company also supplies customers with its technical expertise and its knowhow on areas of occupational safety, quality and the environment, whilst offering economic terms that are more competitive than any of the best alternatives available on the grid for the electric power supply. 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 fosters communication with the customer regarding the work done and the environmental benefit achieved.

The activities carried in 2012 include energy auditing, which was initially performed with the support of qualified external partners, and which is now performed directly by Edison, as a result of the acquisition of the Energy Service Company (CSE). Other activities were related to the recognition and contracting of efficiency enhancement activities of on-site production and consumption processes with industrial and services customers, as well as to projects for renewable sources or low environmental impact plants. In addition, experimental activities with the private and public customer were also undertaken for consumption data collection, and were eventually directed towards an efficiency enhancement activity. Finally, customer assistance to obtain White Certificates/

Energy Efficiency Titles was provided. Finally, in 2012 other projects entailed pre-commercial activities in the experimental energy efficiency field, as well as in the field of public lighting and fuel-cell power generation.

#### Efficiency for the services sector

Edison's offers for the promotion of energy efficiency were initially designed specifically for industrial customers; in 2012, the promotion has been extended to the tertiary sector as well, with the launch of interesting activities, also of experimental nature, at partner's and customer's sites. The choice of focusing on these segments is driven by the customers' interest for the cost structure optimization envisaged by Edison's offers and for the subsequent positive environmental impact. In addition, in some cases, it is also driven by the green image for target customers, which derives from the company's own efficiency enhancing activity, as well as the environmental impact reduction of the company's facilities. Furthermore, the evolution of regulatory restrictions has constituted a further incentive for the development of the market on energy efficiency services, because energy efficiency is progressively considered an important lever for the energy and competitive development of the country. The 2013 development plan envisages to further pursue the scouting activity, contracting and establishing self-generation plants at low environmental impact on customers' sites, as well as the preparation of new initiatives for energy

efficiency and process optimization. The work of the Research and Development Unit and the Institutional Affairs Unit has carried on with the aim of adjusting at best the "plug-in" system for residential buildings. Edison customers are using this type of system to monitor their energy consumption and for greater awareness on waste removal and consumption reduction opportunities.

### Efficiency for industrial customers

In 2012, Edison supported companies with the objective of defining together the best path towards economic and environmental advantages, or in cases where companies did not intend to directly bear the efficiency investment, fostered savings up to the point of enabling companies to sustain the total project financing (for example, the installation of an energy production plant or the efficiency enhancement of the company's lightning system) to subsequently share the obtained saving. Edison has worked with an integrated approach supporting the customer in the different efficiency enhancement activities, from start to end. In fact, the process undertaken by the Group starts with an auditing activity at the customer's facility, necessary to monitor the consumption levels of the company's processes and services, as well as the consumption level of the hosting building. Then follow the measures to adopt in order to change behaviors -corporate

practice and simple habits -, but also, and foremost, the structural operations aimed at reducing energy waste generated by machinery, compressed air systems, lighting systems and others more.

Industrial companies were the first ones to receive Edison's proposal on efficiency. With them, Edison has worked mainly on energy

use not directly linked to the productive process, in other words, the one most likely of being inefficient. Already in these initial cases; Edison managed to enable companies in obtaining energy conservation, amounting to some percentage points, through efficiency enhancement and self-generation works.

## 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 to the purchase of RECS Certificates (Renewable Energy Certificate System), 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 Confindustria Alessandria (Alessandria's manufacturers association) signed an agreement to develop energy efficiency projects for member companies. Under this agreement, Edison will provide, at its expense, for the installation of photovoltaic systems at companies' facilities that are member of Confindustria Alessandria and which are interested in the project and 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). Meanwhile the companies will benefit from a reduction in the cost of the electric power used by their facilities and from the consideration they will receive for the air rights they granted to Edison. Title to the photovoltaic systems will be transferred to the companies upon the expiration of the "Energy Account" (after 20 years) or earlier, if desired.

The agreement with Confindustria Alessandria is one of the many agreements that the Business Unit is negotiating on the territory with associations and partners. The aim is to spread the energy efficiency culture and to help partners identify improvement margins and instruments to reduce waste, while producing and consuming in a more efficient and competitive way.

## Lighting experimental initiatives: Sulbiate

In 2012, a new partnership between Edison and the Fondazione Distretto Green & High Tech Monza Brianza has been launched together with two high profile partners, Philips and Gruppo Manutencoop. The partnership entails an experimental lightning initiative in the Sulbiate Municipality. Edison offered a solution that could meet the area's needs through advanced technological installations that guarantee a 50% reduction rate in comparison to traditional technology. In addition, the solution offered the City the possibility of remote control capacities via Internet in order to allocate public services in accordance with regulations and civic needs.

## The energy efficiency showcase with Accor

In 2012, an interesting collaboration between Edison and Accor has been launched with the common objective of testing, in various Accor hotels, a sort of showcase. In this showcase were implemented traditional or - where appropriate -innovative technologies useful at meeting energy conservation targets. The Energy Efficiency and Sustainable Development Business Unit, in collaboration with the Research and Development Unit, has implemented consumption and self-generation optimization works in the Accor hotels. The initiative began with an analysis of the existing system, through meticulous consumption measurements that led to the definition of a series of recommendations aimed at increasing the consumption awareness of the hotel employees. In addition, the initiative has been implemented with the installation of self-generation technologies, among which the innovative fuel-cell for the production of electric power and hot water at the Novotel Milano Malpensa hotel.

## GREEN CONTRIBUTIONS

In 2012, Edison has published the "Quaderni Verdi" (Green Papers) with the aim of documenting works undertaken for energy conservation or for energy production from renewable resources envisaged for self-consumption. These papers have been drafted by the Energy Efficiency and Sustainable Development Business Unit of the Group together with companies and public entities.



# The quality of customer service

The process to obtain quality certification in accordance with ISO 9001 International Standards began in 2007 and continued in 2012:

Edison Energia once again passed the certification renewal inspection and achieved the challenging “zero non conformity” target.

Furthermore, in 2012, quality also broadened its horizons and continued to improve, opening up to innovation management in order to better understand ideas emerging on all levels of organization. With this in mind, the Edison Market Academy (EMA) proves to be a driving force in innovation.

In May 2012, Edison also presented the second edition of the Service Quality Charter, applicable to all residential electric power and natural gas customers, which was improved by incorporating recommendations and comments from customers and consumers' associations. The Charter is a practical and simple guide, with all the information that customers need to manage the delivery of

their services. It reiterates the commitments made in the previous edition, namely: transparency and clarity in all contractual documents and in all communication with customers; 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 for hours a day; bill payment in installments for indigent customers; options for customers to manage their service through an online service; compliance with service quality standards. One chapter of the Charter is devoted to explaining how the electric power and natural gas markets operate, the electricity

and gas bonus, clear and simple bills thanks to the new bill reading guide which is also available on [www.edisonenergia.it](http://www.edisonenergia.it) where a spoken guide explains the different sections of electricity and gas bills. Edison Energia's bills always list the emergency number of the distributor that customers can call in the event of breakdowns, interruptions and gas leaks. Lastly, a document with information about safety requirements concerning user equipment is sent to customers once a year together with a bill.

Furthermore, the Charter includes a chapter on sustainability and also contains a section with useful advice for a responsible and efficient energy use.

## 2007

Starting a new, structured process to obtain quality certification in accordance with the ISO 9001 international standard.

## 2008

ISO 9001 certification as largest wholesaler, in terms of revenue, operating in the deregulated energy market.

## 2011

Launch of the Service Quality Charter applicable to all residential electric power and natural gas customers. ISO 9001 Certification renewed and successful achievement of the “zero non conformity” target.

## 2012

Renewed confirmation of ISO 9001 Quality Certification and achievement of the challenging “zero non conformity” target. Launch of the 2nd Edition of the Service Quality Charter and presentation of new features.

## The Edison Market Academy

**T**he Edison Market Academy (EMA), launched in 2011 by Edison Energia, is a professional academy for all Edison employees involved in processes that, directly or indirectly, involve direct contact with customers, at all levels of the organization. The objective of EMA is to pursue an innovative approach for the development of competencies and corporate culture based on the "focus on customer" concept and on "Service Quality". This approach starts with Edison's values, and those of its customers, and includes technical, professional and behavioral competencies. The Market Academy, one of the primary sources for the production of innovative ideas, established in 2012 a new process of innovation management. EMA's objective for 2012 was reached with the development of 82 "improvement proposals" for the company, that were later delivered to the various task references. Four "Innovative Ideas" aimed at improving customer service quality were developed in our courses, and these were assigned to 4 project managers, who have the task of supporting their feasibility and of drafting a business plan to implement them. It has been a busy year. Courses that started in 2011 have continued (Chance and Innovation together with Simplicity and Speed), but most importantly, new courses have been launched. Some courses are designed for everyone (Trip to the Customer), others are focused on specific sales careers (EMA for Store Lab, EMA for NICE, Effective Business Sales, 'Push' Retail Sales, Effective Written Communication to Customers, EMA for Marketing Lab), while still others are focused on method (Inventio et Dispositio, in collaboration with Formazione Istituzionale (Institutional Training)). Ten paths were designed by EMA over the course of the last 2 years, that included 46 training sessions involving all the SMBU employees, for a total of 10,134 hours. For 2013, the EMA aims to continue fostering new innovative ideas and improvement proposals through its courses, whilst keeping high the quality level towards Edison's customers.

## Customer satisfaction

Edison's focus on customers is a key element of the strategy that guides the Company's commercial activities. This is maintained by continuously monitoring the level of customer satisfaction in order to identify areas of activity, which provide a basis for plans designed by various corporate areas to improve the quality level provided to meet customer expectations. The annual in-depth customer satisfaction survey was carried out again in 2012. 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, for example by monitoring Edison touch points (sales force contact, billing, calls to the Contact Centre), the survey also identified the areas requiring high priority attention on which the relevant corporate functions are taking corrective action aimed at improving the quality level required to meet customer expectations.

Lastly, its customer care activities to assist customers throughout different stages of the contract were strengthened, as indeed were its marketing campaigns focused on retaining at-risk customers.

### Customers' Satisfaction

The findings of the 2012 customer satisfaction survey showed that residential customers have a good level of satisfaction in all main areas. The Group received particularly positive feedback regarding the expertise in service provision. In addition, some important recommendations were provided by VAT numbers, in terms of product portfolio and aspects of after-sales service.

## Management of Customer Relations

### Dispute conciliation

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 registered 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. The increase in customer complaints that occurred in 2012 was due mainly to the acquisition of new residential customers. In addition, the above increase is essentially related to the quality and timeliness of technical information sent by local distributors to the selling companies, with consequences regarding the ability to provide a service to meet the expectations of the end customer.

Since 2010, Edison has activated the joint conciliation procedure for all residential customers with a contract for the supply of electric power or natural gas. This procedure can be used to resolve any dispute with the company quickly, free of charge, and without legal proceedings.

A new extrajudicial tool to resolve disputes that are currently available will be established as a result of Decision 260/2012/E/com, through which the Electric Power and Gas Authority established the Energy Customer Conciliation Service which uses 'Acquirente Unico' to undertake the operational project.





The service will commence in April 2013, with a 12-month trial period and, among other things, will ensure that end customers are treated equally in accessing at least one conciliation procedure. Therefore, it will also be ensured that several procedures are available to customers as specified in the Third Package. The new customer conciliation service may be activated for end customers of electricity who have the right to greater protection and for vulnerable end customers of gas.

## COMMUNICATION AND MARKETING

Consistent with the provision of the Code of Commercial Conduct, as updated recently 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.

### Sales fairness

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.). Among its commitments, Edison has specifically undertaken to ensure the highest quality and reliability of its commercial network, by providing training for its agents and a "Welcome Call" for customers, a telephone call with the added purpose of checking the accuracy of customer details and the customer's actual intention to sign a contract with Edison.

Furthermore, as a result of Resolution 153/2012/R/com entitled 'Adopting pre-emptive measures and restoration in case of unwanted electric energy or natural gas contracts or activations', which entered into force on 1 June 2012 and which will allow companies to singularly or collectively adopt the Voluntary Self-Regulation Protocol on unwanted contracts, on December 2012, in conjunction with all CNCU consumers' associations, Edison and Sorgenia signed a voluntary self-regulation protocol to tackle the trend of unwanted activations and contracts for electric power and natural gas supply. The document, which will be in force from 1 February 2013, represents a real step

forward for the industry and commits the two companies to put in place further measures in addition to their obligations already stipulated by the regulation, in all stages of the process of acquiring a new customer and activating a new supply. The detail of the protocol calls for, amongst other things, more 'confirmation calls', better training of the sales force, sanctions for salespeople who use unfair practices, a freeze on billing in the event of a complaint, financial compensation for the consumer in the event of failing to comply. Lastly, a Watchdog has been set up which, together with the consumers' associations, will ensure compliance with the protocol.

## Responsible marketing

In 2012, Edison had no anomalies or incidents to report regarding failure to comply with regulations or voluntary codes of practice relating to marketing communications, including advertising, promotions and sponsorship per type; to date, Edison has not received any penalties for failing to comply with the legislation or regulations regarding supply and use of services. In addition, no penalties have been imposed for failure to comply with legislation and regulations, which include declarations, conventions, international agreements and national, sub-national, regional and local regulations regarding the supply and the use of products or services of the organization.

# We seek for comparison

One of the key factors underpinning Edison's success in the residential market, in which it entered in 2008, has been its awareness of the importance of establishing a close dialogue between consumers and businesses.

Given the fundamentally important role played by the consuming public, 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 has been 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. 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 of electric power or natural gas to their homes. Unlike other industry protocols, Edison accepts all requests for conciliation for any type of complaint.

## Clearer Documents for the Customer

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 was developed.

## Regional Roadmap with Consumers' Associations

In 2012, the Regional Roadmap was continued. 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 a 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. Following the first stage in Bologna, Edison held further meetings in Tuscany, Sicily, Campania and Liguria. The meetings were held in conjunction with local Confindustria; representatives from the regions who are responsible for energy and consumer protection and national and regional consumers' association representatives also took part.

## 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. Edison is part of the association's Executive Committee in the capacity of energy system representative.





the

# Respecting community

## THE COMMUNITY

---

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





# Local community relations

Communicate our values, actions and achievements, while listening to the expectations and changing needs of our local communities and those of public institutions

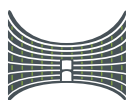


The first European protocol developed by Edison to produce films with low environmental impact



**ECO  
GENERATION**

The project developed in association with legambiente on the theme of energy saving in schools. the project has involved a total of 120 classes and 2,500 students.



**ZERO EMISSIONS  
OPENING NIGHT  
AT LA SCALA**

For the third consecutive year, Edison has lit up the premiere at Milan's, La Scala Theatre with renewable energy.

As responsible citizens, support social, cultural and sports initiatives that benefit the community

OVER **3** MILLIONS €

Edison projects for the community

**TOGETHER FOR HAITI**

Target achieved 78 children from the Anpil's hospitality center in Haiti reunited with their families



**LONDON  
2012**

Edison was official partner of the Italian national Olympic committee and the Italian team at the 2012 Olympic games

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. 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 dialog 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's 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.

In order to attain a level of involvement of the



community as a whole and manage general impacts, an essential tool for boosting sustainable development may be provided both by institutions and by the input of investors and lenders to infrastructure projects. In fact, funding awarding policies may help to bridge the legal gap that the local authorization processes occasionally throw up in terms of sustainability.

#### **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 programmes

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

**88%**

**Purchases reviewed for qualification**

**DASHBOARD**

**New tool for assessing the overall quality of the performance of the procurement management team**

**Maintain an effective system of Corporate Governance capable of steadily creating value for our shareholders.**

**13** billion Euros 

**Economic value generated by the group**

**1,103** million Euros

**Ebitda generated by the group**



## The social and environmental assessment of the Interconnector Greece-Bulgaria (IGB) project

**T**he IGB interconnector project is critical for the Southern Gas Corridor initiative and for the South-East Europe gas market. The European Bank for Reconstruction and Development (EBRD) and its shareholders (including Edison) launched a sustainability assessment of the project in tandem with the authorization procedures by Greece and Bulgaria, who are two countries involved in the project. The Environmental and Social Impact Assessment (ESIA) included the individual procedures in a single study. Compliance with the ESIA results shall then be implemented at all levels of the project and the contents of contracts shall reflect the steps to take in order to comply with the assessment. The final decision relating to investment by shareholders and in terms of financing by the

EBRD shall also be subject to all the above activities being carried out correctly. Established in 1991, the EBRD is owned by 63 countries, the European Union and the European Investment Bank. Despite being publicly funded, it invests primarily in private enterprises. The EBRD has a mandate in that it assists only those countries committed to and applying the principles of democracy and that need to promote sustainable development, energy efficiency and low carbon economies in all their activities. By means of the Environmental and Social Impact Assessment, the institute ensures that the projects that it finances are environmentally and socially sustainable, respect the rights of workers and the community and that are considered and are conducted in line with international regulations and good practices.

## Health and Safety of Local Communities

**A**s 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.

### Secure oil fields in Emilia Romagna

Edison has considerable experience in the development and use of natural gas storage facilities. In particular, the Group conducts this activity through a separate company - Edison

Stoccaggio S.p.A.; it is the second largest storage operator in Italy which conducts its own operations using two depleted oil fields (Collalto and Cellino) which were converted to storage facilities. This operator is developing the San Potito concession and Cotignola in Emilia Romagna region where work started in June 2010. In terms of the latter facility, which should come on stream in May 2013 with an expected production of 900 million cubic metres of gas, the earthquakes that occurred in the Emilia Romagna region in 2012 triggered concern amongst the public about the potential risks related to the future operations of the storage facility in the event of further seismic activity in the area. As was illustrated during meetings held with local communities and associations, Edison designed the facility with the safety of the area in mind: the fields selected are in fact described as 'having the potential to be





converted to storage fields<sup>1</sup>; in other words, oil fields that have always contained methane that was used up following extraction by other companies. In other words, Edison, by re-injecting gas, will restore the rocks to their previous state of natural gas fields, ensuring that storage is made at the same pressure conditions and original volumes. In addition, again with reference to the possibility of affecting the land's seismic potential during the construction of wells, it is important to note that the work can only cause minor impacts, that will not affect the local seismic potential.

#### Compliance with the Seveso Directive

Special attention is also 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. As part of the activities related to implementing the Seveso Directive, nearly all the preliminary investigations relating to the Cellino, Collalto and San Potito Cotignola fields have been concluded, and work began on all the activities required to implement the directive for gas storage facilities. In November, the Abruzzo Regional Technical Committee issued a favorable opinion regarding the proceedings for the Cellino field; this was the first favorable opinion issued in Italy for a gas storage facility. Following the expansion of the facility and the installation of new emissions outlets, the permit for emissions into the atmosphere was granted for the Collalto field which is valid for 15 years.

## Protecting the land during hydrocarbon production in Sicily

**E**dison has been operating in the hydrocarbon sector in Sicily for more than 30 years, bringing benefits in relation to jobs and the economy.

In Sicily, the Group operates a gas field, an on-shore and an off-shore oil field and off-shore development projects which are permitted for explorative work.

Edison's overriding commitment when constructing facilities has always involved creating positive outcomes for employment and the local economy. It is worth mentioning, for example, that in 2011, royalties on oil produced during the previous year from the Vega A field totaling approximately 1.8 million Euros were paid and that the Vega A platform has secured employment for a workforce in excess of 150 people (calculated on an ongoing basis).

Confirming Edison's commitment to development of its hydrocarbon infrastructures, Edison took positive steps during 2012 towards the construction of the Vega B off-shore field, which is expected to have a capacity of 17 million barrels of oil. During 2005, gas field

studies for Vega B were carried out to outline potential development scenarios for this area of the field, taking into consideration that the reserves in the Vega A field, which has been in production since 1987, are now being depleted. The best scenario was identified and studied over subsequent years, whilst also paying particular attention to the analyses and assessments of any impact on the environment. In particular, the position of the new site within the area was assessed, taking into account the proximity of 'sensitive areas' (for example, marine protected areas, where fishing and navigation and mooring are prohibited, or sites of historical or archaeological interest) and the possible repercussions in terms of harmful emissions (such as particulate matter, NO<sub>x</sub>, SO<sub>x</sub>, CO) during construction, execution and back-up operation of the facility were assessed.

The results of the analyses have shown that the project, as defined, reduces the environmental impact due to the use of existing infrastructures (Vega A and Leonis), which are already almost perfectly suited to processing and delivery of increasing production from the new Vega B platform. The location of the new platform is more than 12 nautical miles from sites of interest or restricted sites.

Furthermore, from a social point of view, the predicted investment to carry out the Vega B project, estimated to be approximately 225 million Euros, will have a positive effect on local development; in particular, the increase in production will involve an increase of royalties of approximately 50 million Euros over the next 20 years and the increase in use of local resources for related services during the execution and construction of the new platform will produce further economic benefits and job opportunities for local people.



## Social projects

Edison considers its partnerships with non-profit associations to be an effective means of dialogue with civil society, with local communities and with the counterparties it deals with on a day-to-day basis. But they are also a means of sharing experiences, routes taken and common values with other players. Players who help us be what are known as "good citizens". Because a business, with its industrial and commercial activities, must necessarily form part of the community, with

its human burden of history, values, people and responsibilities. Specifically, the company decided to choose projects that fulfill the following criteria:

### SODALITAS SOCIAL INNOVATION

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

- connection with Edison's host communities;
- involvement of Edison employee through volunteering programs;
- focus on priority issues, such as promotion of a culture of sustainable development, energy efficiency, energy access, sports activities and culture.

### Promoting a Culture of Sustainable Development

Energy conservation and renewable energy sources can provide significant momentum

## Eco-Generation. Your School is the Climate's Friend

The renovation of school buildings in Italy is one of the biggest challenges. Making a start with energy renovation may lead to many benefits, both financial and environmental. By reducing consumption and waste, it is possible for schools to put aside great resources immediately which can then be re-invested in modernization or compliance work. School is also the ideal place to try out worthwhile conservation practices whilst increasing knowledge and awareness regarding the culture of sustainability.

For this reason, the Eco-Generation project was conceived. Your School is the Climate's Friend, in conjunction with Legambiente, a project that involved 120 classes and 2,500 students; it is a label which certifies both the sustainability of school buildings and the culture of sustainability within the school, the natural environment for living and learning. During the 3-year Eco-Generation project, alumni and teaching staff from 10 higher education institutions in Milan, Monza, Pioltello, Varese, Padova, Verona, Scerni, Foggia, Palermo and Ravenna, and 5 satellite schools, coordinated by Legambiente instructors, conducted various workshops and experimental activities on resource consumption and conservation, thus creating a Sustainability Guide containing worthwhile measures to put into practice to improve energy, waste, water and transport management both within and outside the school.

School children were informed of the possibility of making their school sustainable, planned guidelines focused upon lifestyle changes and sustainable management of the building, which also include the issue of mobility and waste. Eco-Generation is essentially a project to educate citizens, whereby the school actively contributes to local culture; the project has been endorsed by the Department for the Environment and the Department for Education.

The first prize for the best set of guidelines presented was won by Ravenna's Mario Montanari Institute which was awarded Edison's 'energy-saving package' comprising an energy audit for the school building's energy certification which will highlight primary energy consumption and potential steps to take to optimize the school's energy use, a wireless monitoring system to directly measure the primary energy consumption and a high-efficiency lighting system equipped with a detection system and light sensors for one of the school classrooms.

Eco-Generation – Your School is the Climate's Friend is also present on the social networking site Facebook where, for the first time, a group co-administered by a company and an NGO, which is testimony to the feeling of mutual trust.

With a view to creating a culture of sustainable development, delegations from the Eco-Generation project also participated in the 'Let's take care

of Italy' project run by the Italian National Youth Conference as part of the international and European initiative entitled 'Young Europeans, Let's Take Care of the Planet!' (YECF2012). At the conference, children elected their representatives to attend the project's European conference which was held in Brussels between 14 and 16 May 2012.

Edison and Legambiente's plan is to transform Eco-generation into a permanent energy efficiency program that can be made available to all educational establishments, local councils and the Department for Education.

Eco-Generation will continue over the next years incorporating the creation of 21 environmental excellence centers, i.e. one per region, whose mission will be to share knowledge relating to energy conservation, sustainable construction, sustainable mobility, waste management and renewable sources within their own individual areas. The work of the centers, galvanized by the Eco-Generation 2.0 project, will lead to the creation of a network which will involve education establishments, public administration, local associations and citizens to bring about lasting changes on the ground.

## Energy - the whole story

Edison was partner to APER (Associazione Produttori Energia Rinnovabile - Renewable Energy Manufacturers' Association) during the 'Energia senza bugie' (Energy - the whole story) campaign, the aim of which was to illustrate the need to continue to develop renewable source and 'focus' Europe's objectives for 2020. The campaign, developed from an original idea by Emilio Giannelli, the famous Corriere della Sera cartoonist, emphasizes the costs and benefits for green energy growth between now and 2020.

## Edison Green Movie

Working jointly with Tempesta film production company, Edison developed the Edison Green Movie protocol, the first European protocol for actively sustainable cinema, providing production companies with solutions to reduce the environmental impact of film production. Specifically, through the timely analysis of all technical departments that contribute to the production of a film, the Protocol identified the forms of consumption that can be acted on to minimize the environmental impact of people and things. Based on these forms of consumption, sustainability indicators have been identified which should be taken into account to evaluate the environmental impact of a film production. Sustainability indicators are based on the following activities: energy use, transport of goods and people, consumption of materials (paper, plastics, glass, etc.), waste management, catering, coordination and internal communication, compensation. The objective is to produce sustainable movies and reduce

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 efficiency and sustainable development, focusing in particular on the younger generations, tomorrow's citizens, with projects in schools and the world of music.



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. In 2012, the protocol was presented at the 65th Cannes Film Festival, to the Italian Film Commission Training and at the home of the Cinema of Rome in front of an audience of those responsible for the work with the aim of increasing their awareness of low environmental impact cinema. The event received the patronage from the ministries of Culture and of the Environment.

## Edison Change the Music

Edison Change the Music, which reached its fifth edition in 2012, 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 822 bands competed in 2012, 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. In 2012, a new initiative was launched: the free Edison Radio App, making it possible to listen to music by bands that appeared in the last 3 editions of the Contest.

## Zero Emissions Opening Night at La Scala

For the third consecutive year, Edison, the company that brought the electric light to the La Scala Theatre 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), using the Renewable Energy Certificate System (RECS), making the performance of 'Lohengrin' by Wagner, the opening performance of the artistic season, an eco-sustainable event. This approach helped to compensate for the emission into the atmosphere of 64 tons of carbon dioxide, one of the main causes of the greenhouse effect.

## Verdi and Wagner in the City

As part of sponsorship of the opening night at La Scala, Edison started to work together with the Milan City Council with the aim of making the opening night more accessible, publicize it within the city and bring it to all those living in Milan. With this in mind, between 29 November and

10 December, the 'Verdi and Wagner in the City' project took place, with concerts, free lectures and meetings from the city centre to the city's suburbs. In addition, the opening night's opera was screened in theatres, cinemas and prisons. One of the concerts scheduled as part of a rich programme of events took place at the Edison shareholders' meeting room. One section of the project is devoted to the schools of Milan which will be implemented during 2013.

## Zero Emissions Music Festival

Edison was the main partner of the French Embassy in Rome during the 'Suona Francese' project, the aim of which was publicize high-quality up-and-coming French music in Italy. The project was concluded during a concert which took place on 21 June, on the day of the Festival of Music, in the impressive setting of Rome's Piazza Farnese. Edison's presence enabled the event to be a zero emissions concert, since the stages were powered by photo-voltaic energy.

## Cres.Co. Project

Edison joined 26 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 municipalities 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 and based on these three topics, its aim is to pursue objectives such as educating thousands of citizens, raising their awareness so that they can make sustainable choices when going about their daily lives. The work will be developed with the scientific contribution from the Polytechnic of Milan, which also helps to measure the impact generated by Cres.Co through its work on the ground.

## Mr Green

Mr Green is the central character in 10 television shows broadcast on the La7d channel, in conjunction with Edison, dedicated to the topic of energy conservation. The aim of the broadcast was very precise: help families in Italy to use energy sparingly.

The journalist Luca Bonaccorsi starred as Mr Green in the programme and played a key role in presenting conservation methods and respect for the environment as simple steps that everyone can take when going about their daily lives.

## THE COMMUNITY

**Support to vulnerable people**

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. In particular, Edison is committed to protecting the fundamental rights of more vulnerable groups, such as women and children, by means of various projects both in Italy and abroad, providing ongoing communication of objectives and results to be achieved.

**I'm going on holiday**

'I'm going on holiday' is the initiative which aims to support families from the Emilia Romagna region who were struck by the earthquake; the initiative is supported by Edison in conjunction with the Medolla, Finale Emilia and San Felice sul Panaro town councils. The 'I'm going on holiday' initiative has enabled children from between 6 and 14 years of age, who live in the towns mentioned, to spend up to two weeks on holiday free of charge at the Marina di Massa resort in Tuscany. The children were assisted by specialist and highly qualified instructors. In addition to traditional sports activities, the children took part in less well-known sports such as baseball, orienteering, music basketball and beach football. Music, juggling and papier-mâché modeling workshops injected a creative element into the holiday. Lastly, guided tours of the city of Viareggio, the Migliarino San Rossore Natural Park, the Cecina Acqua Village and the Corchia Cavern were organized.

**Light and Heat**

At the end of 2011, Edison began working with Pangea Onlus on the 'Light and Heat' project, the aim of which is to make women who are victims of abuse realize that they can break the vicious cycle of abuse and the distress that follows, and offer them basic assistance, provide recovery programmes to increase their self-esteem and job training. During 2012, the project achieved significant results. Working with the Milan-based Cerchi D'Acqua Social Cooperative, it was possible to include seven new cases of women in the project to provide psychological and psychiatric assistance. At the Lilith di Latina Women's Centre, 18 women and 13 children were enlisted on rehabilitation courses, both on an individual and group basis, whilst activities continued in Caserta to provide legal and psychological support to restore and extend parenting skills and support continued to be provided for the 'Casa Pangea Little Guests' project which tackles problems related to child abuse. At the Aquila Centre, the work of the anti-violence centre was stepped up, consolidating its presence throughout the area.

**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. Thanks to Edison's contribution in Burkina Faso as well, 3.5 million people have been registered.

**The 'senso di una meta' project**

The 'Senso di una meta' project promoted by Edison in collaboration with AS Rugby Milan, is divided into two initiatives: the '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 programme 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.

This year concluded with an extremely positive note, despite the usual turnover being marked by brief detention periods or frequent transfers. There are in excess of 20 young people attending the training sessions. Furthermore, the retention rate improved significantly and therefore the sense of belonging and sharing improved as well.

The 'Soft Rugby - Psicomotricità', on the other hand, is a programme that applies various interpretative categories and psychomotor techniques to mini-rugby (7-13 year olds). In particular, during the 2011-2012 academic year, work focused on the schools of Milan (primary and secondary) in the Via Padova, Crescenzago, Parco Lambro area, which are all particularly deprived and problematic areas where, amongst others, many immigrants from various nationalities are gathered. The project includes 5 lessons (per class) at the institute followed by a sixth lesson at the AS Rugby Milan ground. During the 2011-2012 academic year, 2,500 students (both male and female) took part.

**'Una casa dentro il paese' project**

Edison is the supporter of the 'Cooperativa noi genitori di Erba' which manages a range of services for disabilities: 'Centro Socio Educativo', 'Centro Diurno Disabili', 'Comunità Alloggio Residenziale', 'Progetto di Tempo Libero', 'Progetto Integrato con la Scuola'. Specifically, Edison supported the 'Una Casa dentro il paese' project. The aim of the work



is to provide residential weeks throughout the year with the aim of: assisting disabled people in separating from their families and living independently and providing respite for their families. This approach, made in small, gradual steps, providing assistance and tailored training, gives the person an opportunity to experience personal independence and an adult lifestyle, encouraging independence from their family and greater integration in social activities. In order to ensure that the work has minimal disruption, the initiative incorporates daytime services and leisure activities, which help to form specific plans for life.

## Renewable energy sources in Southern Ethiopia

Edison is working together with COOPI (International Cooperation) on the 'Renewable energy sources in the southern hemisphere' project, the goal of which is to encourage efficient energy use from renewable sources, to improve living conditions of the local people; the quality of basic social services and opportunities for revenue-generating activities. In particular, Edison's contribution will be used to supply solar energy to 2 accident and emergency facilities.

## Cascina S. Alberto - a community help centre

Cascina San Alberto, situated in Rozzano, has been the home of Don Gino Rigoldi since 1998. In recent years, however, it has become a free shelter which houses young people who experience drug addiction problems or have been in prison, foreign minors and those who have been neglected. Edison supports Comunità Nuova in this project by meeting three urgent needs: economic and housing support, health care, leisure

activities; holiday entitlement for good behaviour; literacy, professional training courses and help in finding a job. The length of a stay in Cascina S. Alberto is related to resolving these issues and to the young people starting on a journey towards social integration.

## Missione Sogni - Make Dreams Come True to Fight Illness

For the past five years, Edison has 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 an 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 2012, Raffaella, a child of 10 years who has Down's Syndrome, had her dream come true: she had the chance to touch and swim with dolphins.

## Enzo B Village

Edison supports the Enzo B Association and its village which houses a shelter for mothers with small children, a therapeutic community for underage drug addicts, an equestrian rehabilitation centre and a guided-work centre 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. The village's energy restoration project (as set out in the 2011 Sustainability Report) was postponed whilst awaiting sufficient funding. Some of the work carried out in 2012 with help of Edison has involved the completion and enhancement of housing, daily service and horse therapy.

## Support to local communities in Egypt and Norway

**E** Edison has always shown its willingness to develop projects, including international ones, in the field of social responsibility by supporting and promoting the community it works in. An example of this action is Egypt, where Edison International Branch Egypt, an integral part of the Social Performance Collaboration Forum (SPCF) along with BG (British Gas), PICL (Petronas International

Corporation Ltd.) and GDF Gaz de France has joined initiatives to develop the local Idku community where these companies have installed some of their gas plants.

The "Idku livelihoods Development Initiative" aims at increasing income in a sustainable manner and improving the sustainability opportunities for fishermen, farmers, young Idku men and women. Specifically, two significant projects have been promoted by Social Performance Collaboration:

- the construction of a new building for the Deaf-Mute Association (IDMA). Construction of the ground floor according to OSHA safety standards will be followed by a second phase, consisting of building additional floors. The final building will house a number of classrooms, which will be used for training courses in a number of subjects, including sign language, textile manufacturing, IT, carpentry, local handmade products.

Additionally, the building will include areas for the exhibition and sale of all products manufactured by the IDMA Association;

- a training project which started in September 2012 for 50 children of the Idku community on themes such as health and safety, equipment maintenance and production.

In Norway, in 2010 and 2012, Edison supported the "Pøbel" project, which will be supported in 2013 as well. The objective of the association promoting the project is to help integrate young people from difficult backgrounds back in school or at work, by working on motivating young people to believe in their own abilities and promoting their self-esteem. The results of the project were very positive, with a success rate of over 90%.



## THE COMMUNITY

**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 was developed in 2012, with the goal of sharing to an even greater extent during 2013 with the people at Edison the values that are embodied in corporate responsibility projects.

**Together for Haiti**

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](http://www.edisongeneration.it)), created to record the impressions of the volunteers and provide a venue for sharing such an important human experience.

In 2012, the "Together for Haiti" project nearly achieved its objective: reintegrating children into society when the situation is stabilized. Associazione Anpil and local social worker, through the establishment of official children's lists and the selection of families and with the support of Mayors from various districts of Port au Prince, enabled children's families to be given priority status for housing allocation purposes. As a result 78 children at the Hospitality Center were able to rejoin their families in 2012. There are currently 22 children at the centre, 2 of whom are confirmed orphans and have no traceable relatives. For these 2 children the Associazione is considering joint fostering with a family in Port au Prince of proven trust and reliability.

**Siticibo**

For the past eight 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.

Siticibo is a programme by the Fondazione Banco Alimentare Onlus which collects surplus food from the catering sector (hotels, company and hospital cafeterias, school refectories, retail stores. In just a few hours, unserved cooked food and unsold or unused fresh groceries are sent to canteens for the poor, family homes, community residences for old people, the destitute and chronically ill and first aid centers.

Thanks to this initiative, in 2012, 2,678 starter dishes, 4,327 main course dishes, 843 side dishes, 77 desserts and 31 kg of bread were collected from the Foro Bonaparte Edison canteen.



### 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.

### 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 ([www.edisongeneration.it](http://www.edisongeneration.it)), 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 of all projects, updated in real time with input provided by authors within the Company but also external to it. 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 enable viewers to keep up-to-date with the latest developments about social responsibility.

### Piano City

Edison is the main sponsor of the Piano City initiative, in collaboration with the City of Milan. It is the only event of this kind in Italy; three days dedicated to music and the piano. Music is played in houses, courtyards, piazzas and in the most beautiful and unusual places in the city. One of the most important concerts of this initiative, with Maestro Michele Campanella, was held at the Foro Buonaparte shareholder's meeting room and, for the first time, was open to the public.

### Sentieri Selvaggi

Edison held a contemporary music concert by the group Sentieri Selvaggi, a group that is well known by the public for this genre of music. The concert was held at the Elfo Puccini Theatre, one of the oldest buildings in Milan. Edison, in cooperation with the theatre, set up a bicycle rack made of recycled and gave the first 10 spectators arriving by bicycle on each night of the concert free entry.

### The Alexandria library

In 2012, Edison supported the construction of a room in the Alexandria library dedicated to Nelson's island in Abu Qir, off the coast of Alexandria in Egypt. The room, opened by the Italian Ambassador to Egypt, houses permanent exhibitions on important archeological findings made by Professor Paolo Gallo's team, lecturer in Egyptology at the Università degli Studi di Torino and Director of the CMAIA archeological mission based in Alexandria. The room was designed by the architect Karim El Shaboury thanks to funding from Edison and the Italian Cultural Institute of Cairo.

### 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 2012, 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 'Spazio Giovani'. This is a special section devoted exclusively to students that featured various programs to increase awareness of sustainability issues among young people:

- Mostra Giovani: Senior-high school students were asked to make a video or a poster on the changes and innovations aimed at improving society.
- Stories on CSR: University students and new graduates were invited to write a story on their relationship with CSR ('Io e la CSR') focusing on the way they deal with social responsibility in their daily lives.

### FAI

Edison has always been sensitive to a culture of respect for nature, the arts, history and traditions through its support of FAI (Fondo Ambiente Italiano) and is a member of "200 del FAI", a select group of people and companies, who are sensitive to cultural values and interested in preserving the historical, artistic and environmental wealth of our country and who support the Fondo with substantial financial donations and frequent involvement in restoration projects.



### 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 2012, Edison was the Official Partner of the Official National Olympic Committee and the Italian Olympic Team at the London 2012 Olympic Games. The agreement with the Italian National Olympic Committee marked Edison's continuing commitment in supporting the 'Azzurri' at the Olympics following Beijing 2008, the 2009 Mediterranean Games in Pescara and the Vancouver Winter Games in 2010. To follow the journey of the 'Azzurri' to London, Edison launched the 'Edison Sport Azzurro' channel on [www.youtube.com/edisonchannel](http://www.youtube.com/edisonchannel). The channel, fully devoted to the Italian champions, reported on their training, emotions and their personal stories. Furthermore, during the 2012 Olympics, Edison signed a sponsorship agreement with

## The Edison Foundation

**T**he 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. In 2012, new companies joined the Edison Foundation, bringing total membership to 29 members from 25. Numerous activities have been carried out during the year. The book "L'industria nei 150 anni dell'Unità d'Italia. Paradigmi e protagonisti" by Alberto Quadrio Curzio and Marco Fortis was published in June and twentieth in the institutional series. The book is about a conference which took place in Rome at the Accademia Nazionale dei Lincei on 24 and 25 November 2011, and contains many historical images. The publication was presented in Milan on 5 November with the participation of Bruno Lescoeur, Umberto Quadrio, Sandro Bonomi, (Chairman of Anima), Filippo Ferrua Magliani, (Chairman of Federalimentare), Antonio Gozzi (Chairman of Federacciai), Franco Manfredini (Chairman of Confindustria Ceramica), Cleto Sagripanti (Chairman of Anci), Roberto Snaidero (Chairman of FederlegnoArredo) and Michele Tronconi (Chairman of SMI), as well as the authors. Based on the book, the event sought to reiterate the importance of manufacturing

in the Italian economy and the need to move towards a modern technical-manufacturing policy, emphasizing the 'Made in Italy' brand and particularly what have been known as the '4 As' during these years: Alimentari-vini (Food-wine); Abbigliamento-moda (Clothing-fashion); Automazione-meccanica-gomma-plastica (Automation-engineering-rubber-plastic). The book was then presented in Rome at the Confindustria on 29 November, with the participation of the Chairman of Associazione Giorgio Squinzi.

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, and the National Observatory of Italian Industrial Clusters. Edison continues to collaborate with the Gea-Edison Foundation Observatory on Italy's leadership positions in the global export market, the results of which were presented at a conference in Milan, and an Observatory on advanced engineering was also established in collaboration with the Bologna Manufacturers Association.



the Federazione Italiana di Ginnastica (Italian Gymnastics Federations' to support the 'Farfalle' (butterflies) of rhythmic gymnastics, the three-times world champions, fourth in Beijing and top team for London. ([http://www.coni.it/notizie/primo-piano/9209-londra\\_2012-\\_edison\\_partner\\_ufficiale\\_del\\_coni.html](http://www.coni.it/notizie/primo-piano/9209-londra_2012-_edison_partner_ufficiale_del_coni.html))

In 2012, 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.

## Support to the Vajont Foundation

**E**dison 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.

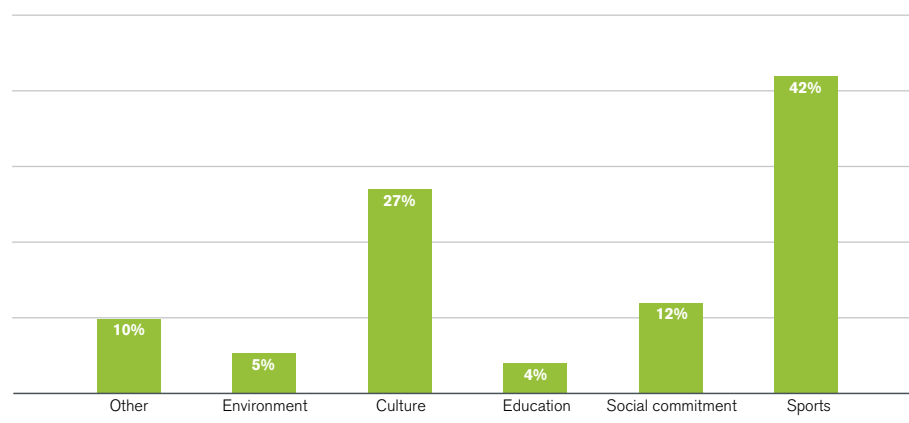
## Projects for the Community

Edison reports on its projects for its host communities, showing not just the amount of resources provided, but also the motivation for those projects and their scope and geographic area, consistent with the Company's desire to monitor and assess its initiatives in accordance with a more strategic approach.

In 2012, as was the case in previous years, numerous contributions were provided for social projects aimed at fostering the cultural and economic development of the

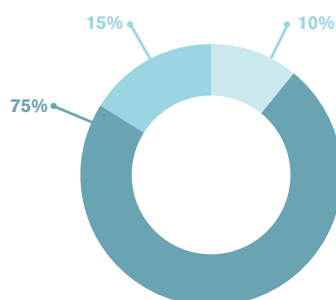
communities where Edison operates. The types of activities used for this purpose included investments in the community, which entailed providing ongoing support to entities with which Edison has a partnering relationship; charitable contributions, i.e., occasional gifts provided with a charitable intent; and sponsorships, including commercial initiatives with a social impact. The projects pursued in 2012 were valued overall at over 3 million Euros, with investments in the community (mostly the promotion of sports and cultural activities, next to other social, cultural and environmental initiatives) receiving the lion's share (75%).

### AREAS OF ACTIVITY



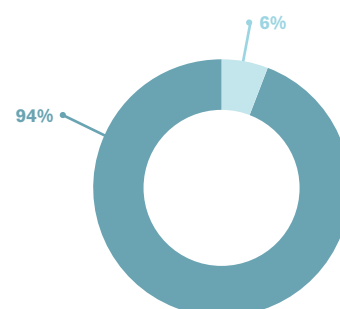
### TYPE

- Sponsorships
- Investments in the community
- Charitable contributions



### LOCATION

- Italy
- Other Countries



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





# Shareholders and financiers

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 dialog 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.

There are no disputes with company investors or ordinary shareholders. With regard to the long-standing dispute between UBS AG and the representative of savings shareholders on the merger of Edison and Italcementi SpA, which the Court of Milan, on 16 July 2008, issued a decision on and resolved by common agreement with UBS AG in June 2009, the Company proposed a settlement. The proposed settlement by the Company to certain savings shareholders who, even though they did not take any legal action or acts from which they could derive any legal effects, had made claims for compensation, was accepted by the stakeholders at around 65% of shares. Certain shareholders claiming compensation however, initiated legal proceedings with the Court of Milan which accepted the complaints made by the claimants in the first instance. The Company has opposed this decision by applying to the

Milan Court of Appeals and is awaiting the date of the first hearing.

During the summer of 2012, the acquisition of a share equal to 99.483% of capital with Edison voting rights to the EDF group, led to ordinary shares being suspended on the Italian Electronic Stock Exchange from 10 September 2012. As saving shares have maintained the quota and three bond issues are in circulation, quoted on the Luxembourg Stock Exchange for a total of EUR 1,800 million, Edison's Investor Relations has upheld its responsibility in ensuring disclosure requirements for market coherence, in accordance with the provisions of the law, and to manage relations with the financial market, fixed income institutional investors and rating agencies.

## Investor Relations Activities in the Current Environment

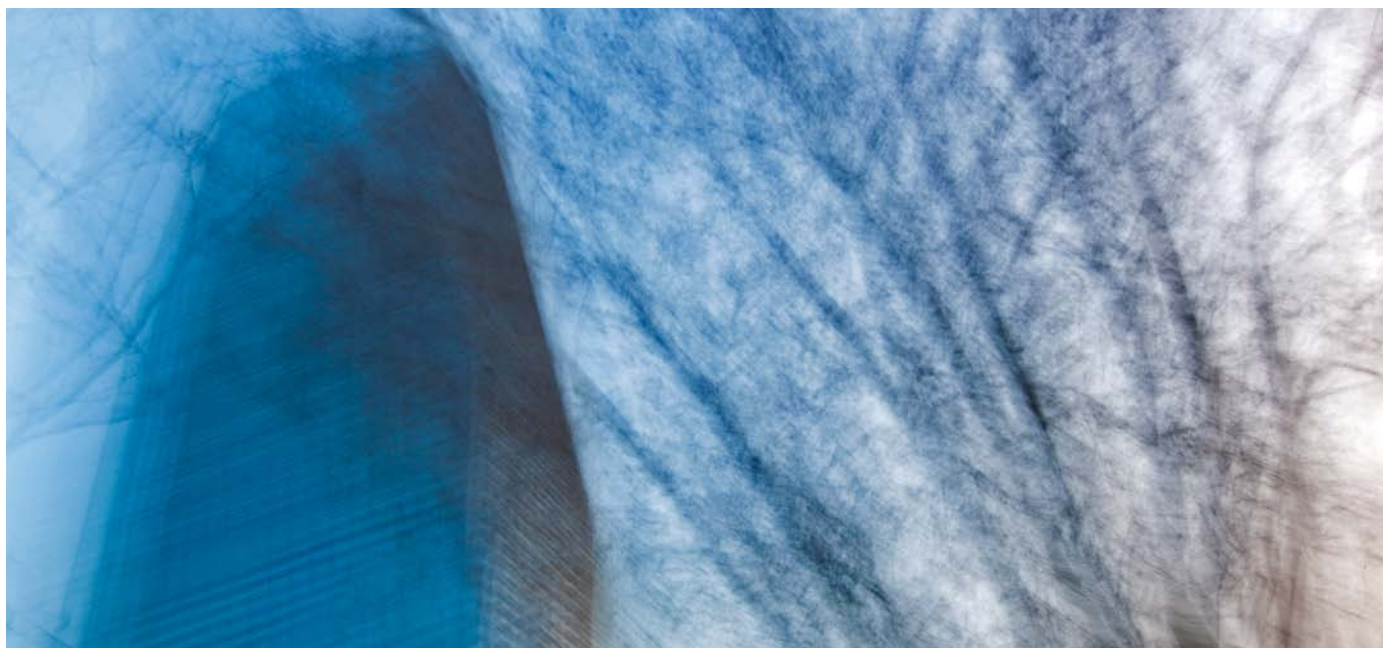
2012 was characterized by highly negative gas and electricity market conditions due to oversupply and the subsequent margin squeezes. For Edison in particular, 2012 was characterized by the restructuring of the

shareholders which led to the EDF Group holding 99.483% of share capital.

In the electricity sector, operational profitability declined compared to previous financial years due to a decrease in hydroelectric production because of unfavorable conditions during the period and margin squeezes concerning thermoelectric production and delayed distribution as a result of strong competitive pressure. In the natural gas area, the margins of the hydrocarbons increased significantly thanks to the increased contribution from Exploration & Production and the successful renegotiation of long-term contracts to import natural gas from Qatar and Libya. Despite the successful conclusion of the above-mentioned disputes, following which the conclusion of the arbitration in connection with the renegotiation of long-term contracts to import natural gas from Algeria is planned for 2013.

The lasting situation of excess offer on the market has caused the progressive disparity between the price of spot gas and the price of the gas sold under conventional long-term procurement contracts. In order to restore adequate profitability to its gas importation and sale activities, Edison has decided to initiate a new long-term renegotiation phase with contacts for importing natural gas.

The continuous communication effort by the Investor Relations Function helped raise the market's awareness of the strategies deployed by Edison to address the economic crisis and stabilize its performance. It also focused on disclosing information to



shareholders who had asked for it on joining the take-over bid and the exclusive purchase obligation on Edison's ordinary shares.

The management of relations with the rating agencies, which continued through conference calls and meetings with top management focused on contextualizing the drivers for business development and Edison's results on a competitive level in Italy and on explaining the guidelines of the EDF Group on the future development of the company and the steady integration of Edison into the group. In 2012, Edison was given an investment grade level rating.



## Transparency and Timeliness of Financial Communications

**T**he 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, the development and context of the electricity and gas markets in which Edison operates and its growth outlook. They are carried out through an ongoing dialog both with buy-side counterparties, through one-on-one or larger meetings, conference calls 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.

Until July 2012, the Company, on the occasion of the announcement of its periodic results, organized special conference calls with institutional investors and financial analysts that are also open to members of the financial press. Following the acquisition of virtually all ordinary capital by EDF, the periodic results were published in the press. Information on the results was also provided through financial correspondence with institutional investors and financial analysts managed on an EDF Group level, consistent with the methods applied by all companies of the group.

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](http://www.edison.it) website.

### Number of meetings with shareholders

	2012	2011	2010
conference call	3	4	4
road show	0	0	0
analysts / investors meeting	4	3	5
<b>Total</b>	<b>7</b>	<b>7</b>	<b>9</b>



# Suppliers

In 2012, even the Company's Purchasing Department could not ignore the persistent difficult conditions in its reference market.

In addition to the financial crisis affecting medium and small sized enterprises operating in traditional sectors with little technology, there was an increase in the procedural and operational complexity arising from the introduction of national regulations on VAT requirements and tax reductions on salaries and for employees.

In this new context, Edison has adopted a best practices model for the sections of the Company involved in sales, sharing its knowledge and good practices within the administrative and operational departments of its own suppliers. Edison has also made an effort to discourage any form of speculation, thus also exceeding the provisions of the law with regard to contracts. With this in mind, Edison pays special attention to ensure that the payment terms agreed with its own suppliers and subcontractors are respected. This awareness represents a real form of corporate responsibility which makes 'health' a determining factor for success.

## Improving services provided to suppliers and 'internal customers'

In 2012, the Purchasing Department was committed to a constant change process aimed at promoting the significant changes brought about by the acquisition of Edison by the EDF Group.

In order to better understand and manage the change, the updating of the Purchasing Department's Dash Board was completed. This was carried out by analyzing the trends of the last few years, the current structure and the future of the business to check that the divisions have been placed correctly with regard to the four key elements of the service provided: negotiating performance, internal customer satisfaction, creation of purchasing channels, productivity and compliance.

Whereas, in the past, purchases were carried out on a plant and industrial scale, today customer purchasing and management services, information technology and Staff Departments are important. This change involves a different relationship with new internal customers who need and have different ways of managing relationships with third parties who differ significantly to those in a traditional plant and industrial context. The aim of the Purchasing Department will be to develop and increase its cooperation with the business on all structural levels required, harmonizing basic requirements and, when possible, prioritizing critical requirements.

To reach this level of service, the Purchasing Department must indicate all the instruments it has for optimizing internal customer relations, starting with a more effective adoption of the Group's Procurement Plan in current activity to maximize the diffusion of all web-based transactional and purchasing channels. The participation of the supplier is essential for this improvement measure as it is often the suppliers, if well informed, who are the driving forces behind the success of initiatives.

In this regard, 2012 was a crucial year for merging the collaboration services provided by the Suppliers portal, with more paperless services for internal customers and, mainly, for suppliers. Various processes are covered by the web-enabled services on the portal, including: the qualification questionnaire, electronic building, catalog purchases, the collection of security documents required for work carried out on all Edison sites (Legislative Decree No. 81/2008). The introduction of these web services required an effort on the part of the division with regards to training and mainly support for internal customers and suppliers. By choice, and to highlight the effective control of the change processes, the Competence Center dedicated to suppliers was set up within the Purchasing Department using Edison resources.

## Assessing overall supplier quality

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 case of Suppliers' Register, 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

# 392.8

million euro

Total value of group purchases  
from qualified suppliers

SQT is cross-functional and, depending on the merchandise categories involved, can ask outside professionals to render an independent technical opinion.

The supplier qualification activity was particularly intense in 2012. 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 88% in 2012.

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 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.

## Corporate Responsibility in the Selection of Suppliers

In the selection process which summarizes Edison's opinion about the supplier's technical capabilities and reputation (Supplier's Rating), special attention is paid to historical data about injury 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 injury 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.

## Creation of a Sustainable Supply Chain with Global Compact

In the area of Sustainable Development and Corporate Responsibility, the Purchasing Department is actively participating in an unpublished project guided by Global Compact Network Italia (GCNI) which, in addition to Edison, involves various leading Italian companies from the energy, utilities, banking and insurance sectors.

The Sustainable Supply Chain project aims to develop a website for publishing a questionnaire which will allow the supplier's awareness on issues concerning human rights, job protection, environmental conservation and the fight against corruption, in accordance with the ten principles of the UN Global Compact.

What makes this project particularly ambitious is the fact that the website will be published on the Global Compact Portal and the Qualification Portals of various participating companies, thus becoming a vehicle for the rapid diffusion of the principles and values of Sustainable Development amongst suppliers.

All suppliers assessed will be included in a database that will give new suppliers an indication of their own ranking compared to the average. This self-assessment process, which is impartial and non-discriminatory, should facilitate the success of the initiative, making the site a recognized reference for measuring the rating of the Sustainability Supply Chain in a short period of time.

The aim of this project is not merely to collect and share the evaluations within the participating companies, but the higher aim of the initiative is to make suppliers aware of their own weaknesses, provide access to the good practices of the Global Compact and to develop it into a more responsible development model.





# Institutions

For Edison, dialogues with institutions involve setting up discussion forums and developing direct relationships, always carried out in compliance with the Organizational Model pursuant to Legislative Decree No. 231/01.

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. 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

## General States of Green Economy

Edison was involved in an Italian initiative by the General States of Green Economy. In the two days dedicated to the Green Economy in Rimini, the goal was to define a road map towards sustainability from the 70 proposals made during the long participation process.

Eight working groups and various meetings, with the participation of 1,000 experts, developed a proposal on "A development proposal for the green economy to help Italy out of the crisis", based on a programming

platform presented to the Minister of the Environment, the Minister for Economic Development, representatives from the Government, production groups, political groups and civil society. It was also discussed with OECD and EU representatives.

With more than 1,500 participants, around 40 speakers and two ministers, the General States of Green Economy confirmed that the new green economy is the most innovative sector in Italy, creating jobs, combating the recession and opening the country up to international markets.

**Consistent with its Code of Ethics, Edison engages in relationships with political organizations' representatives 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.**

knowhow in specific areas.

Through an ongoing dialog 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. Edison is actively involved with national and European industry associations (Confindustria, Assoelettrica, Assomineraria, Federestrattiva, Unei, 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.

The monitoring of the activities is carried out through the representative bodies and mainly concerns policy-related issues, while also covering detail contribution in relation to technical working groups. The aim is to sustain and support Edison's activities with contributions towards the addressing of policy-related issues developed by European and international institutions, so as to ensure that they are consistent with the Company's and with the Group's strategy.

With regard to consumers' associations, Edison is strengthening relations with the National Council of Consumers and Users (CNCU). Since July 2007 in fact, the Group began the long task of listening to and analyzing the requirements of Italian consumers and considered that creating a special and direct communication and collaboration channel with these consumers was crucial. Consumers have a leading position on the stakeholders map.

Lastly, based on the Group's new structure and its new objectives, which have an even greater international focus, Edison's goal is to pursue relations with political/cultural foundations and think tanks, both at the national and international level. Edison's goal is to create a continuous dialog carried out not only through the creation of a structure network, but also through projects for the study and analysis of political scenarios.

## Participation in the energy debate at national and international level

### Eurogas

Edison is a member of Eurogas, the association that represents the midstream and the shippers in the natural gas sector in Europe since 1990, and which includes over 50 companies and organizations from 27 countries as its members. Through Eurogas, Edison contributes to the dialogue with the European institutions for the regulation of the sector even within the Gas Forum in Madrid, the Gas Coordination Group and the Citizens Energy Forum. Edison participates directly in the Governing Board, which is the body responsible for choosing the organization's strategic plans, and is also active as a representative of the EDF Group in all subject work groups.

### Eurelectric

Edison is also a member of Eurelectric, the industry association created in 1989 by the companies specialized in electric power production and distribution in Europe that represents the interests of the electric power industry in dialog with the European institutions. Edison participates directly in the Board of Directors, the body that determines the association's strategic direction regarding the main policy directions, and is widely present within the working groups following the most important issues, from policies regarding energy mix and generation to the retail market.

### EFET

Edison also participates in the activities of EFET, the European Federation of Energy Traders, which has as its objective the improvement of market infrastructure for energy trading and market liquidity through dialog with the European institutions. Edison is part of the EFET Italy Board and actively participates in the activities of the dedicated workgroups.

### Energy Community

In the international arena, Edison participates in the work of the Energy Community, the organization that was established with the aim of extending the European Union's regulation of the internal energy market to the Contracting Parties of South East Europe, thus providing a context that is stable and conducive to investment. Within this community, Edison represents the Investors Advisory Panel, the body that was created to develop a more structured dialog between private investors and the Energy Community, and which brings together the major companies that are actively engaged in the area, with the aim of drawing up recommendations regarding priority actions for the promotion of medium and large infrastructure investments in the area. Edison is also part of the Renewable Energy Task Force, a group that was created with the aim of studying and proposing methods to extend European policies in support of renewable energy sources within the Energy Community Treaty.

### Energy Charter

Within the Energy Charter, the organization that currently includes 51 governments and which addresses issues such as investment protection, dispute resolution in the energy sector and cross-border transit systems on an international level, Edison participates in the work of the Industry Advisory Panel, the body created in 2004 to strengthen dialog between governments and private investors.

### World Energy Council

In the World Energy Council (WEC), an important international organization that has brought together more than 90 countries since 1923 and which is accredited by the United Nations, Edison, through the Vice-President of the National Committee of WEC Italy, contributes to the various activities carried out by the association, from the carrying out of studies and research in the energy field and the organizing of meetings and seminars, to the collaboration with institutions and international organizations in support of decision-making processes. The study activities and the activities related to the exchange of knowledge carried out by the WEC reach their utmost in the organization, every three years, of the World Energy Congress, which is the most authoritative international event regarding the energy debate.





# Note on methodology

Edison's Sustainability Report, which is published on a yearly basis, is a tool to communicate how the Group manages its corporate social responsibility and which is able to provide a complete and balanced presentation of its values, strategies and performances 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 2012 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 and based on GRI-G3 guidelines.

This standard is internationally recognized as the best practice in sustainability reporting. In 2012, the Group again achieved the A+ level in the implementation of the Guidelines. As was the case in previous years, the 2012 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 assurance statement, which is annexed to this Report.

Furthermore, aiming to progressively broaden the information reported in this document, Edison has widened the range of indicators reported, following the indications of the GRI-G3.1 guidelines, published at the beginning of 2011.

It should be noted that the methods used for the preparation of the 2012 Sustainability Report has provided for the following criteria:

- the data and information presented in the Sustainability Report were consolidated in accordance with the consolidation principles applied in the consolidated financial statements; any discrepancies in the information contained in the economic-financial documents may be attributed to the scope taken into account: in particular, the safety rates described in the Annual Report take only Italy into account, unlike this Report, which includes the entire Edison group;
- said data and information relates to the performance of the Edison Group in the year ended 31 December 2012 (with the exception of certain information that was considered as relevant in relation to early 2013), and unlike previous years, does not include Edipower S.p.A., which was sold

in 2012. The data relating to 2011 have been recalculated with the exclusion of Edipower, in order to ensure comparability between the two years; the choice of reclassifying 2011, excluding Edipower was intended to make the two years taken into account easier to compare and depends on the "weight" Edipower had on the 2011 results for the Group. Unlike other transfer operations (like the sale of the two Taranto power plants), this one appears as a major operation, given the significance of the assets object of the transaction and Edipower's contribution to the integrated Edison Group result (so-called major line of business);

- unlike last year, the indicators for the 2011-2012 period were presented to ensure higher accuracy of data and allow the effective comparison over time, due to Edipower's exit from the scope;
- Any discrepancies with the abovementioned reporting period or scope are appropriately mentioned in the Report.

Finally, it should be noted that the current Report was distributed at the Shareholders' Meeting held on 22 March 2013.



# Performance indicators

Performance indicator	Unit	2011	2012	D %/p.p.	GRI ref.
General note: unlike the previous years, the scope that was taken into account does not include Edipower, which was sold in 2012. The data for 2011 were recalculated excluding Edipower in order to ensure comparability between the two years.					
<b>ENVIRONMENT (DATA AT DECEMBER 31)</b>					
<b>Production of hydrocarbons</b>					
Natural gas produced	in millions of m <sup>3</sup>	2,246	2,518	12.1%	
Crude oil extracted	thousands of barrels	3,508	3,546	1.1%	
<b>Net production of electric power</b>					
<b>Edison production:</b>	<b>GWh</b>	<b>28,585</b>	<b>24,356</b>	<b>-14.8%</b>	<b>EU 2</b>
Thermoelectric energy	GWh	23,750	19,549	-17.7%	
- from combined-cycle	GWh	17,034	18,313	7.5%	
Hydroelectric energy	GWh	4,128	3,881	-6.0%	
Wind power	GWh	656	874	33.3%	
Electric power from other renewable sources (photovoltaic and biomasses)	GWh	51	51	0.0%	
Electric power produced from renewable sources	%	17%	20%	3%	
<b>Other sources:</b>	<b>GWh</b>	<b>45,737</b>	<b>28,626</b>	<b>-37.4%</b>	
Edipower (data 2012: until 24/5/2012 consolidated at 50%)	GWh	6,747	2,391	-64.6%	
Other purchases	GWh	38,990	26,235	-32.7%	
<b>Net production of thermal energy</b>					
<b>Edison production</b>	<b>TJ</b>	<b>11,009</b>	<b>11,174</b>	<b>1.5%</b>	
<b>Efficiency of the thermoelectric power plants</b>					
<b>Average yield of the thermoelectric power plants</b>	<b>%</b>	<b>42%</b>	<b>58%</b>	<b>16.0%</b>	<b>EU11</b>
Availability factor for the thermoelectric power plants	%	91%	90%	-1.0%	
Availability factor for the hydroelectric power plants	%	90%	94%	4.0%	
Availability factor for the wind farms*	%	96%	95%	-1.0%	
<b>Average availability factor</b>	<b>%</b>	<b>92%</b>	<b>93%</b>	<b>1.0%</b>	<b>EU 30</b>
* 2011: 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.					
<b>Energy used to produce electric power</b>					
Natural gas	millions of Sm <sup>3</sup>	4,047.3	4,088.6	1%	<b>EN3</b>
Coke-oven gas	millions of Nm <sup>3</sup>	505.5	86.1	-83.0%	
Blast-furnace gas	millions of Nm <sup>3</sup>	4,299.8	756.1	-82.4%	
Steel-mill gas	millions of Nm <sup>3</sup>	46.0	-	-100.0%	
Blast-furnace and steel-mill gas mixture	millions of Nm <sup>3</sup>	2,409.0	-	-100.0%	
Fuel oil	thousands of t	3.3	0.1	-98.4%	
Gas oil	thousands of t	4.1	-	-100.0%	

Performance indicator	Unit	2011	2012	D %/p.p.	GRI ref.
Coal	thousands of t	-	-	-	
Bark	thousands of t	51.9	71.1	17.7%	
Mud	thousands of t	26.1	24.5	-6.1%	
Wood chips	thousands of t	72.1	66.1	5.5%	
<b>Total energy used</b>	<b>thousands of GJ</b>	<b>175,775</b>	<b>146,875</b>	<b>-16.4%</b>	
2012: The gaps are due to the closure of the Taranto plant at the end of 2011					
<b>Energy used for ancillary services*</b>					
Natural gas	thousands of Sm <sup>3</sup>	54,172.6	4,915.9	-90.9%	
Gas oil	t	5,707.9	3,393.1	-40.6%	
Fuel oil	t	6,255.0	4,211.2	-32.7%	
Purchased electric power	MWh	126,396.9	139,916	10.7%	EN 4
* 2012: The reduction in energy consumption for ancillary services mainly relates to the period when the Rospo tanker was replaced.					
<b>Materials used</b>					EN 1
<b>Total process chemicals</b>	<b>t</b>	<b>12,870</b>	<b>58,558</b>	<b>355.0%</b>	
Dielectric oil used as lubricant and coolant	t	214	85	-60.3%	
The change of chemical processing products is linked to the increase of flowing injected gasoil occurred in 2012					
<b>Water resources used</b>					EN 8
Sea water	thousands of m <sup>3</sup>	1,013,150	309,206	-69.5%	
Brackish water	thousands of m <sup>3</sup>	377,664	378,026	0.1%	
Water from rivers or canals	thousands of m <sup>3</sup>	30,440	77,362	154.1%	
Water drawn from the aquifer	thousands of m <sup>3</sup>	3,216	4,574	42.2%	
Purchased demineralized water	thousands of m <sup>3</sup>	1,323	152	-88.5%	
Other water resources used	thousands of m <sup>3</sup>	341	291	-14.7%	
Recycled water – thermoelectric operations	thousands of m <sup>3</sup>	6,168	5,912	-4.1%	EN 10
Recycled industrial water	thousands of m <sup>3</sup>	5,389	4,566	-15.3%	
Water from condensation and purchased steam	thousands of m <sup>3</sup>	778	1,346	72.9%	
<b>Total water resources used</b>	<b>thousands of m<sup>3</sup></b>	<b>1,432,301</b>	<b>775,523</b>	<b>-45.9%</b>	
<b>Recycled water – thermoelectric operations</b>	<b>%</b>	<b>0.4%</b>	<b>0.8%</b>	<b>0.3%</b>	
<b>Flow-through water and biodiversity – hydroelectric operations</b>					EN 12
Turbine powering water	thousands of m <sup>3</sup>	14,739,759	13,611,981	-7.7%	
Minimum vital water flow (MVW)	thousands of m <sup>3</sup>	1,366,297	1,396,888	2.2%	
<b>MVW releases</b>	<b>%</b>	<b>9.3%</b>	<b>10.3%</b>	<b>1.0%</b>	
<b>Water discharges*</b>					EN 21
Industrial effluents generated	thousands of m <sup>3</sup>	24,585	25,657	4.4%	
Reinjected water (hydrocarbons operations)	thousands of m <sup>3</sup>	15	0	-100.0%	
Cooling water	thousands of m <sup>3</sup>	1,386,733	738,678	-46.7%	
Residential waste water	thousands of m <sup>3</sup>	189	119	-37.1%	
<b>Total water discharged</b>	<b>thousands of m<sup>3</sup></b>	<b>1,411,522</b>	<b>764,454</b>	<b>-45.8%</b>	
into the sewers	thousands of m <sup>3</sup>	2,678	4,737	76.9%	
into surface water bodies (rivers, canals and the sea)	thousands of m <sup>3</sup>	1,406,993	759,666	-46.0%	
into ground water bodies (aquifer, etc.)	thousands of m <sup>3</sup>	74	51	-30.5%	
*The reduction in water discharges is mainly due to the closure of the Taranto plant and changes to the production process.					
<b>Greenhouse gas emissions*</b>					
<b>Electric power operations</b>					
Gross thermoelectric power produced	GWh	24,287	20,062	-17.4%	

Performance indicator	Unit	2011	2012	D %/p.p.	GRI ref.
Total gross thermoelectric energy produced	GWh	29,245	24,904	-14.8%	
Total gross thermoelectric and thermal energy produced	GWh	27,345	23,166	-15.3%	
Total gross electric power and thermal energy produced	GWh	32,303	28,008	-13.3%	
CO2 from the production of electric power and thermal energy	t	15,551,342	9,075,472	-41.6%	EN 16
Specific CO2 emissions - thermoelectric and thermal energy	gross g/KWh	568,7	391,8	-31.1%	
Specific CO2 emissions - electric power and thermal energy	gross g/KWh	481,4	324,0	-32.7%	
Kyoto Protocol compliance level (rights allocated/emissions generated "below allocation")	%	87%	120%	33.4%	EU 5
Emissions avoided with renewables	t	2,749,489	1,882,900	-31.5%	
SF6	t of CO2 eq.	342	466	36.3%	
<b>Hydrocarbon sector</b>					
CO2 Hydrocarbon sector	t	146,296	51,911	-64.5%	
<b>Gas distribution operations</b>					
CO2 emissions from pipeline leaks	t of CO2 eq.	22,373	2,636	-88.2%	EN 17
<b>Indirect emissions</b>					
Emissions attributable to consumption of purchased electric power	t	52,328	56,246	7.5%	EN 18
*The reduction in emissions is mainly due to changes in the mixture of fossil fuels and the closure of the Taranto plant.					
<b>Emissions of gases harmful to the ozone layer</b>					
CFC-11 equivalents	t	0	0	-	EN19
<b>Emissions into the atmosphere</b>					
<b>Electric power operations</b>					
SOx	t	1,656	345	-79.2%	
NOx	t	4,881	3,584	-26.6%	
CO	t	803	1,415	76.2%	
Particulate	t	118	18	-84.3%	
<b>Hydrocarbon sector</b>					
SOx	t	168	99	-40.9%	
NOx	t	306	202	-34.0%	
CO	t	104	72	-31.2%	
Particulate	t	2	2	0,0%	
<b>Total emissions into the atmosphere – Electric power and hydrocarbons operations*</b>					
SOx	t	1,824	444	-75.7%	
NOx	t	5,187	3,786	-27.0%	
CO	t	907	1,486	63.9%	
Particulate	t	119	20	-83.2%	
<b>Waste generated</b>					
Special non-hazardous waste	t	56,675	72,692	28.3%	
Special hazardous waste	t	2,032	2,271	11.7%	
<b>Total waste generated</b>	<b>t</b>	<b>58,707</b>	<b>74,963</b>	<b>27.7%</b>	
recycled	t	20,370	32,674	60.4%	
sent to landfill	t	38,336	42,288	10.3%	

Performance indicator	Unit	2011	2012	D %/p.p.	GRI ref.
<b>Inspections to locate natural gas leaks</b>					<b>PR 1</b>
Pipelines inspected	Km	1,520	2,066	35.9%	
Pipelines existing at the beginning of the year	Km	2,026	2,603	28.5%	
<b>Network inspected</b>	<b>%</b>	<b>75%</b>	<b>79%</b>	<b>4.0%</b>	
Total number of leaks located	No.	1,351	1,213	-10.2%	
<b>Total volume of leaks*</b>	<b>thousands of Sm³</b>	<b>954</b>	<b>159</b>	<b>-83.3%</b>	
<b>HSE management systems*</b>					
Sites certified to ISO 14001 management system					
<i>Electric power operations</i>	%	100%	100%	-	
<i>Hydrocarbon sector</i>	%	100%	100%	-	
Sites with EMAS registration					
<i>Electric power operations</i>	%	67%	67%	-	
<i>Hydrocarbon sector</i>	%	14%	14%	-	
Sites certified to OHSAS 18001 management system					
<i>Electric power operations</i>	%	100%	100%	-	
<i>Hydrocarbon sector</i>	%	100%	100%	-	
<b>Auditing process</b>					
Internal audits	No.	115	103	-10.4%	
External audits (by a third party)	No.	12	15	25.0%	
<b>Total audits</b>	<b>No.</b>	<b>127</b>	<b>118</b>	<b>-7.1%</b>	
<b>Inspections -- Italy</b>					
Performed by local entities	No.	24	17	-29.2%	
Other inspections	No.	12	8	-33.3%	
<b>Total inspections</b>	<b>No.</b>	<b>36</b>	<b>25</b>	<b>-30.6%</b>	
<b>Environmental accounting</b>					<b>EN 30</b>
Protection of air and climate	€/000	32,947	2,548	-92.3%	
Water management	€/000	2,054	18,574	804.4%	
Waste management	€/000	2,791	2,563	-8.2%	
Protection of soil, subsoil and aquifer	€/000	2,794	4,215	50.9%	
Protection of habitats and landscape and remediation projects	€/000	392	4,153	958.4%	
Research and development	€/000	125	74	-41.1%	
Other environmental protection activities	€/000	4,429	68,039	1436.1%	
Noise, vibrations, CEM reduction	€/000	448	515	15.0%	
<b>Total outlays</b>	<b>€/000</b>	<b>45,981</b>	<b>100,682</b>	<b>119.0%</b>	
<i>Capital expenditures</i>	€/000	36,265	72,365	99.5%	
<i>Other significant environmental indicators</i>	€/000	9,717	28,316	191.4%	
<b>Operating expenses</b>					
Spills	No.	0	0	-	<b>EN 23</b>
Fines	€	3,351	1,570	-53.1%	<b>EN 28</b>
Other non-cash penalties	No.	0	0	-	<b>EN 28</b>



Performance indicator	Unit	2011	2012	D %/p.p.	GRI ref.
-----------------------	------	------	------	----------	----------

### PERSONNEL (DATA AT 31.12)

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) due to rounding up (values equal to or exceeding 0.5) or rounding down (values lower than 0.5).

"-": insignificant variation

Personnel breakdown by classification					LA 13
Executives	No.	181	193	6%	
- women included in the total	No.	17	20	18%	
Middle managers	No.	597	639	7%	
- women included in the total	No.	161	163	1%	
Office staff	No.	1,995	1,958	-2%	
- women included in the total	No.	468	470	0%	
Production staff	No.	463	458	-1%	
- women included in the total	No.	3	5	67%	
<b>Total</b>	<b>No.</b>	<b>3,236</b>	<b>3,248</b>	<b>0%</b>	<b>LA 1 - G3.1</b>
<b>- women included in the total</b>	<b>No.</b>	<b>649</b>	<b>658</b>	<b>1%</b>	<b>LA 1 - G3.1</b>
Temporary staff					LA 1
Temporary staff	No.	29	20	-31%	
- women included in the total	No.	14	9	-36%	LA 1 - G3.1
Female employee percentages					LA 13
Executives	%	9%	10%	1%	
Middle managers	%	27%	26%	-1%	
Office staff	%	23%	24%	1%	
Production staff	%	1%	1%	0%	
<b>Total</b>	<b>%</b>	<b>20%</b>	<b>20%</b>	<b>0%</b>	
Temporary staff	%	48%	45%	-3%	LA 1 - G3.1
Personnel breakdown by type of contract					LA 1
Permanent	No.	3,156	3,181	1%	
- women included in the total	No.	631	644	2%	LA 1 - G3.1
Specified time period	No.	80	67	-16%	
- women included in the total	No.	18	14	-22%	LA 1 - G3.1
<b>Total</b>	<b>No.</b>	<b>3,236</b>	<b>3,248</b>	<b>0%</b>	
<b>- women included in the total</b>	<b>No.</b>	<b>649</b>	<b>658</b>	<b>1%</b>	
Job training					LA 1
Apprentices	No.	24	16	-33%	
Interns/Short-term entry assignments	No.	14	16	14%	
<b>Interns and apprentices as a percentage of total staff</b>	<b>%</b>	<b>1%</b>	<b>1%</b>	<b>0%</b>	
The data for both 2011 and for 2012 regarding apprentices referred nearly exclusively to Abu Qir Petroleum (AQP), a company active in the hydrocarbon sector operating in Egypt.					
Part-time staff					LA 1
Employees with part-time contracts	No.	75	80	7%	
- women included in the total	No.	70	73	4%	LA 1 - G3.1
Employees with part-time contracts	%	2.3%	2.5%	0%	
- women included in the total	%	10.8%	11.1%	0%	LA 1 - G3.1

Performance indicator	Unit	2011	2012	D %/p.p.	GRI ref.
<b>Breakdown of new hires by age group</b>					<b>LA 2 - G3.1</b>
Younger than 35 years of age	No.	94	89	-5%	
Between 36 and 45 years of age	No.	27	23	-16%	
Older than 45 years of age	No.	10	15	58%	
<b>Total</b>	<b>No.</b>	<b>130</b>	<b>127</b>	<b>-3%</b>	
<b>Breakdown of new hires by gender</b>					<b>LA 2 - G3.1</b>
Women	No.	29	36	26%	
Men	No.	102	91	-11%	
<b>Total</b>	<b>No.</b>	<b>130</b>	<b>127</b>	<b>-3%</b>	
<b>Breakdown of new hires by geography</b>					<b>LA 2 - G3.1</b>
Italy	No.	73	81	11%	
Other countries	No.	57	46	-20%	
<b>Total</b>	<b>No.</b>	<b>130</b>	<b>127</b>	<b>-3%</b>	
<b>Breakdown of new hires by classification</b>					<b>LA 2</b>
Executives	No.	0	4	-	
Middle managers	No.	10	14	41%	
Office staff	No.	68	81	20%	
Production staff	No.	53	28	-47%	
<b>Total</b>	<b>No.</b>	<b>130</b>	<b>127</b>	<b>-3%</b>	

2012: the new employees hired following the acquisition of the company CSE Srl are included (5 employees).

<b>Breakdown of separations by reason</b>					<b>LA 2</b>
Resignation	No.	69	51	-26%	
Retirement	No.	65	46	-30%	
Death	No.	2	1	-50%	
Termination/Divestment of business operations	No.	125	7	-94%	
Other	No.	17	10	-42%	
<b>Total</b>	<b>No.</b>	<b>278</b>	<b>114</b>	<b>-59%</b>	
<b>Totale</b>	<b>n.</b>	<b>278</b>	<b>114</b>	<b>-59%</b>	

2012: the variation in separations is mainly due to the divestment of the Taranto power plants (114 people), which took place in 2011. It should be noted that the death concerns an in-transit accident that took place in Abu Qir.

<b>Breakdown of separations by age</b>					<b>LA 2 - G3.1</b>
Younger than 35 years of age	No.	61	38	-66%	
Between 35 and 45 years of age	No.	106	15	-71%	
Older than 45 years of age	No.	111	61	-44%	
<b>Total</b>	<b>No.</b>	<b>278</b>	<b>114</b>	<b>-59%</b>	

2012: the variation in the number of separations is due mainly to the divestment of the Taranto power plants (114 employees) that took place in 2011.

<b>Breakdown of separations by gender</b>					<b>LA 2 - G3.1</b>
Women	No.	29	29	0%	
Men	No.	249	86	-65%	
<b>Total</b>	<b>No.</b>	<b>278</b>	<b>114</b>	<b>-59%</b>	

Performance indicator	Unit	2011	2012	D %/p.p.	GRI ref.
<b>Changes to a higher classification</b>					
Promotion from middle manager to executive	No.	7	20	-	
Promotion from office staff to middle manager	No.	30	83	-	
Promotion from production staff to office staff	No.	19	31	-	
<b>Total</b>	<b>No.</b>	<b>55</b>	<b>134</b>	<b>-</b>	

In 2011, the data for AQP, a company active in the hydrocarbon sector operating in Egypt was not available; the data for 2012 includes AQP. The increase compared to the previous year is fully attributable to the contribution of AQP

<b>Employees who received training</b>					
Employees who attended at least one training course	No.	2,400	2,962	23%	
<b>Employees who received training</b>	<b>%</b>	<b>74%</b>	<b>91%</b>	<b>17%</b>	

In 2012 AQP, a company active in the hydrocarbon sector operating in Egypt, showed a significant increase in the number of employees trained.

<b>Breakdown of hours of training provided by classification</b>					<b>LA 10</b>
Executives	No.	7,943	5,384	-32%	
Middle managers	No.	19,560	25,846	32%	
Office staff	No.	53,400	84,092	57%	
Production staff	No.	9,165	16,088	76%	
<b>Total</b>	<b>No.</b>	<b>90,068</b>	<b>131,410</b>	<b>46%</b>	
<b>Average hours per trained employee</b>	<b>No.</b>	<b>38</b>	<b>44</b>	<b>18%</b>	
<b>Average hours per employee</b>	<b>No.</b>	<b>28</b>	<b>40</b>	<b>45%</b>	

<b>Breakdown of hours of training by topic</b>					<b>LA 8</b>
Quality, Environment and Safety	No.	21,536	40,594	88%	
Technical/Professional training	No.	12,549	27,912	122%	
Institutional/Management training	No.	29,948	20,710	-31%	
Specialized external training	No.	5,973	14,507	143%	
Language courses	No.	15,372	24,536	60%	
Computer courses	No.	1,926	1,346	-30%	
Conventions	No.	2,764	1,805	-35%	
<b>Total hours</b>	<b>No.</b>	<b>90,068</b>	<b>131,410</b>	<b>46%</b>	

<b>Breakdown of hours of training provided by macro function</b>					<b>LA 10 - G3.1</b>
Staff functions	No.	24,268	29,795	23%	
Research and Development	No.	2,368	1,910	-19%	
Electric Power Operations	No.	27,115	18,386	-32%	
Power international*	No.	623	7,287	1070%	
Renewable Sources	No.	3,552	4,654	31%	
Energy Management	No.	4,937	3,877	-21%	
Marketing and Distribution	No.	8,909	12,319	38%	
Hydrocarbons Operations	No.	13,611	48,601	257%	
Gas International	No.	389	360	-7%	
Gas Supply & Logistics	No.	3,014	3,083	2%	
Energy Efficiency and Sustainable Development	No.	1,284	1,138	-11%	
<b>Total hours</b>	<b>No.</b>	<b>90,068</b>	<b>131,410</b>	<b>46%</b>	

\*During 2012, a training program focusing mainly on technical training and issues related to health, safety and the environment was carried out in Greece on existing plants and on plants that started operating recently.

<b>Training costs</b>					<b>LA 8</b>
Internal and external training costs (including taxes and mandatory social security contributions)	€/000	2,002	2,647	32%	
Labor cost of employees receiving training	€/000	2,969	3,254	10%	

Performance indicator	Unit	2011	2012	D %/p.p.	GRI ref.
Funded training	€/000	448	403	-10%	
<b>Total costs</b>	<b>€/000</b>	<b>5,420</b>	<b>6,424</b>	<b>19%</b>	

2012: only total training costs were provided for Abu Qir.

Employees subject to annual performance review					LA 12 (add)
Executives	%	100%	96%	-	
Middle managers	%	82%	78%	-	
Office staff	%	30%	23%	-	
Production staff	%	0%	0%	-	
<b>Total</b>	<b>%</b>	<b>42%</b>	<b>35%</b>	<b>-</b>	
<b>Total number of women employees</b>	<b>%</b>	<b>51%</b>	<b>52%</b>	<b>-</b>	<b>LA 12 - G3.1</b>

The data for 2011 does not include Abu Qir.

Employees in protected categories					LA 13
Disabled employees	No.	78	105	-	
Other (e.g., orphans)	No.	24	24	-	
<b>Total</b>	<b>No.</b>	<b>102</b>	<b>129</b>	<b>-</b>	
<b>% of disabled employees</b>	<b>%</b>	<b>3%</b>	<b>3%</b>	<b>-</b>	

The data for 2011 does not include AQP, the Group's foreign employees, nor the employees of AMG GAS, Sistemi di Energia, CEB and Sel Edison.

Employees returning to work and workforce reentry rates after parenting leave, by gender					LA 15 - G3.1
Employees entitled to parenting leave	No.	2,258	2,266	-	
- women included in the total	No.	527	536	-	
Employees who took parenting leave	No.	73	63	-	
- women included in the total	No.	66	57	-	

The data for 2011 does not include Abu Qir, the Group's foreign employees, nor the employees of AMG GAS, Sistemi di Energia, CEB and Sel Edison.  
The data for 2012 does not include Abu Qir and the local employees of the foreign headquarters.

Missed hours of work					LA 7
Illness	No.	98,315	100,434	-	
Accidents (including in-transit accidents)	No.	1,874	2,852	-	
Maternity	No.	55,520	34,425	-	
Strike	No.	973	138	-	
Employee assembly	No.	0	0	-	
Paid leave	No.	40,354	35,652	-	
Unpaid leave	No.	7,032	6,658	-	
<b>Total</b>	<b>No.</b>	<b>204,068</b>	<b>180,159</b>	<b>-</b>	

The data for 2011 does not include Abu Qir, the Group's foreign employees, nor the employees of AMG GAS, Sistemi di Energia, CEB and Sel Edison. Moreover, the data regarding the strikes for 2011 is influenced by the strikes that took place on a national level in relation to the austerity measures.

Average productivity bonuses per capita					
Middle managers	€	1,873	2,154	15%	
Office staff	€	1,520	1,776	17%	
Production staff	€	1,223	1,484	21%	
<b>Average paid per capita</b>	<b>€</b>	<b>1,549</b>	<b>1,805</b>	<b>17%</b>	

The data for 2011 and 2012 do not include Abu Qir, the local employees of the foreign headquarters, nor the employees of AMG GAS, Sistemi di Energia, CEB and Sel Edison.

Incentivizing bonuses					
Employees who received an incentivizing bonus other than the productivity bonus (MBO)	No.	415	434	-	
Employees who received a non-cash incentivizing bonus (Award)	No.	0	0	-	

The data for 2011 does not include Abu Qir, the Group's foreign employees, nor the employees of AMG GAS, Sistemi di Energia, CEB and Sel Edison.  
The data for 2012 does not include Abu Qir and the local employees of the foreign headquarters.



Performance indicator	Unit	2011	2012	D %/p.p.	GRI ref.
<b>Collective bargaining and union membership</b>					<b>LA 4</b>
Employees covered by a national collective bargaining agreement	No.	3,236	3,248	0%	
Employees who are members of a union	No.	1,530	1,498	-2%	
Employees covered by a national collective bargaining agreement	%	100%	100%	0%	
Employees who are members of a union	%	47%	46%	-2%	
The data for 2012 only partially includes the local employees of the foreign headquarters					
<b>Disputes with employees</b>					
Outstanding at December 31	No.	4	5	25%	
Started during the year	No.	1	1	0%	
Closed during the year	No.	1	0	-100%	
<b>Breakdown of Group employees by macro-function</b>					<b>LA 13 - G3.1</b>
Staff functions	No.	<b>590</b>	<b>614</b>	4%	
- women included in the total	No.	294	282	-4%	
Research and Development	No.	<b>25</b>	<b>23</b>	-8%	
- women included in the total	No.	8	8	0%	
Electric Power Operations	No.	<b>823</b>	<b>842</b>	2%	
- women included in the total	No.	22	25	14%	
Power International	No.	<b>42</b>	<b>46</b>	8%	
- women included in the total	No.	1	6	500%	
Renewable Sources	No.	<b>115</b>	<b>78</b>	-32%	
- women included in the total	No.	9	12	33%	
Energy Management	No.	<b>89</b>	<b>84</b>	-6%	
- women included in the total	No.	26	22	-17%	
Marketing and Distribution	No.	<b>265</b>	<b>281</b>	6%	
- women included in the total	No.	125	136	9%	
Hydrocarbons Operations	No.	<b>1,183</b>	<b>1,200</b>	1%	
- women included in the total	No.	140	142	1%	
Gas International	No.	<b>27</b>	<b>7</b>	-74%	
- women included in the total	No.	0	2	-	
Gas Supply & Logistics	No.	<b>58</b>	<b>52</b>	-10%	
- women included in the total	No.	19	17	-11%	
Energy Efficiency and Sustainable Development	No.	<b>18</b>	<b>23</b>	28%	
- women included in the total	No.	5	7	40%	
<b>Total</b>	<b>No.</b>	<b>3,235</b>	<b>3,248</b>	<b>0%</b>	
- women included in the total	<b>No.</b>	<b>649</b>	<b>658</b>	<b>1%</b>	
<b>Women/Men base compensation ratio</b>					<b>LA14</b>
<b>Top Management</b>					
Women/Men % compensation ratio	%	n.a.	n.a.	-	
Women/Men age ratio (average year differential)	No.	n.a.	n.a.	-	
<b>Management</b>					
Women/Men % compensation ratio	%	106.7%	106.2%	-	
Women/Men age ratio (average year differential)	No.	< 2.4	< 1.5	-	
<b>Professionals</b>					
Women/Men % compensation ratio	%	94.7%	94.9%	-	
Women/Men age ratio (average year differential)	No.	< 3.9	< 3.5	-	

Performance indicator	Unit	2011	2012	D %/p.p.	GRI ref.
<b>Office staff</b>					
Women/Men % compensation ratio	%	90.5%	92.9%	-	
Women/Men age ratio (average year differential)	No.	< 2.3	< 0.9	-	
<b>Production staff</b>					
Women/Men % compensation ratio	%	n.a.	n.a.	-	
Women/Men age ratio (average year differential)	No.	n.a.	n.a.	-	
The "production staff" category is not meaningful due to the small number of women in this category.					
<b>Personnel breakdown by age groups</b>					<b>LA 13 - G3.1</b>
Younger than 25 years of age	%	1%	1%	0%	
- Executives included in the total	%	0%	0%	0%	
Between 25 and 35 years of age	%	29%	28%	-1%	
- Executives included in the total	%	0%	0%	0%	
Between 36 and 45 years of age	%	32%	31%	-1%	
- Executives included in the total	%	23%	22%	-1%	
Between 46 and 55 years of age	%	27%	28%	1%	
- Executives included in the total	%	52%	52%	0%	
Older than 55 years of age	%	11%	12%	1%	
- Executives included in the total	%	24%	25%	1%	
<b>Personnel breakdown by geography</b>					<b>LA 1</b>
Italy	No.	2,289	2,297	0%	
- women included in the total	No.	536	539	1%	LA 1 - G3.1
Other countries	No.	947	952	0%	
- women included in the total	No.	113	119	5%	LA 1 - G3.1
<b>Total</b>	<b>No.</b>	<b>3,236</b>	<b>3,248</b>	<b>0%</b>	
- women included in the total	<b>No.</b>	<b>649</b>	<b>658</b>	<b>1%</b>	<b>LA 1 - G3.1</b>
<b>Personnel breakdown by education level</b>					
Elementary school	%	1%	1%	0%	
Middle school	%	17%	17%	0%	
High school diploma	%	38%	41%	3%	
College degree	%	42%	40%	-2%	
Other (Masters, PhD, etc.)	%	1%	1%	-1%	
Some information regarding education level was estimated during 2011.					
<b>Average length of service at the Company</b>					
Executives	Years	14.1	15.6	11%	
Middle managers	Years	10.9	12.3	13%	
Office staff	Years	10.5	12.8	22%	
Production staff	Years	13.9	14.6	5%	
<b>Total</b>	<b>Years</b>	<b>12.4</b>	<b>13.0</b>	<b>5%</b>	

The data do not include Abu Qir.

Performance indicator	Unit	2011	2012	D %/p.p.	GRI ref.
<b>Employee turnover (resignations)</b>					<b>LA 2 - G3.1</b>
<i>by age group</i>					
Younger than 30 years of age	%	0.0%	0.6%	1%	
Between 30 and 45 years of age	%	1.7%	0.8%	-1%	
Older than 45 years of age	%	0.4%	0.2%	0%	
<i>by gender</i>					
Women	%	0.3%	0.5%	0%	
Men	%	1.8%	1.0%	-1%	
<i>by geography</i>					
Italy	%	1.6%	1.3%	0%	
Other countries	%	0.6%	0.3%	0%	
<i>by classification</i>					
Executives	%	0.2%	0.1%	0%	
Middle managers	%	0.7%	0.4%	0%	
Office staff	%	1.0%	1.0%	0%	
Production staff	%	0.3%	0.1%	0%	
<i>by length of service</i>					
Less than 3 years of service	%	0.9%	0.4%	0%	
Between 3 and 10 years of service	%	1.2%	1.0%	0%	
More than 10 years of service	%	0.1%	0.2%	0%	
<b>Occupational safety</b>					<b>LA 7</b>
Accidents occurred to Group employees (>1 workday lost, excluding in-transit accidents))	No.	8	11	38%	
Accidents (including in-transit accidents)	No.	220	328	49%	
Fatal accidents	No.	0	1	-	
Instances of occupational illnesses	No.	n.a.	n.a.	-	
Hours worked	No.	6,093,021	6,027,768	-1%	
<b>Lost time injury frequency rate (for one million working hours)</b>	<b>No.</b>	<b>1.31</b>	<b>1.82</b>	<b>39%</b>	
<b>Severity rate (for one thousand working hours)</b>	<b>No.</b>	<b>0.04</b>	<b>0.05</b>	<b>51%</b>	
<b>Average of workdays lost (for each accident)</b>	<b>No.</b>	<b>27.50</b>	<b>28.27</b>	<b>3%</b>	
The fatal accident that took place in 2012 concerns an in-transit accident in Abu Qir.					
<b>Health care benefits</b>					
Medical examinations provided	No.	1,474	1,475	0%	
The data do not include Abu Qir.					
<b>Occupational safety expenditures</b>					
Operating expenses	€/000	7,230	7,758	7%	
Capital expenditures	€/000	4,575	2,994	-35%	
<b>Total</b>	<b>€/000</b>	<b>11,805</b>	<b>10,747</b>	<b>-9%</b>	
<b>Employees of contractors</b>					<b>LA 1 EUSS</b>
Average Full Time Equivalents (FTE)	No.	2,021	1,857	-8%	
Data computed on 200 workable days and including construction and maintenance activities.					
<b>Days worked by employees of contractors</b>					<b>EU 17</b>
Construction activities	No.	99,273	92,674	-7%	
Maintenance activities	No.	305,024	278,645	-9%	
<b>Total</b>	<b>No.</b>	<b>404,297</b>	<b>371,318</b>	<b>-8%</b>	

Performance indicator	Unit	2011	2012	D %/p.p.	GRI ref.
<b>Occupational safety of contractors</b>					<b>LA 7 EUSS</b>
<b>Employees of contractors who attended Health and Safety courses (on average number of FTE)*</b>	%	<b>44%</b>	<b>84%</b>	<b>40%</b>	<b>EU 18</b>
Accidents occurred to employees of contractors (>1 workday lost)	No.	18	9	-50%	
Hours worked	No.	3,234,374	2,970,546	-8%	
Lost workdays due to accidents	No.	376	276	-27%	
- Fatal accidents to employees of contractors	No.	0	0	-	
<b>Lost time injury frequency rate (for one million working hours)</b>	<b>No.</b>	<b>5.57</b>	<b>3.03</b>	<b>-46%</b>	
<b>Severity rate (for one thousand working hours)</b>	<b>No.</b>	<b>0.12</b>	<b>0.09</b>	<b>-20%</b>	

\* The data do not include Abu Qir.

## CUSTOMERS (DATA AT DECEMBER 31.12)

<b>Electric power and natural gas customers</b>					<b>EU 3</b>
<b>Total electric power customers</b>	<b>No.</b>	<b>781,618</b>	<b>830,220</b>	<b>6.2%</b>	
	<b>GWh</b>	<b>22,962</b>	<b>18,102</b>	<b>-21.2%</b>	
<i>Residential</i>	<i>No.</i>	<i>612,191</i>	<i>670,691</i>	<i>9.6%</i>	
	<i>GWh</i>	<i>1,694</i>	<i>2,057</i>	<i>21.5%</i>	
<i>Business</i>	<i>No.</i>	<i>7,788</i>	<i>4,009</i>	<i>-48.5%</i>	
	<i>GWh</i>	<i>17,980</i>	<i>13,113</i>	<i>-27.1%</i>	
<i>Small businesses Soho</i>	<i>No.</i>	<i>161,639</i>	<i>155,520</i>	<i>-3.8%</i>	
	<i>GWh</i>	<i>3,288</i>	<i>2,932</i>	<i>-10.8%</i>	
<b>Total natural gas customers</b>	<b>No.</b>	<b>518,876</b>	<b>578,641</b>	<b>11.5%</b>	
	<b>mill. Sm3</b>	<b>10,561</b>	<b>11,890</b>	<b>12.6%</b>	
<i>Edison Energia residential gas customers</i>	<i>No.</i>	<i>382,418</i>	<i>442,392</i>	<i>15.7%</i>	
	<i>mill. Sm3</i>	<i>427</i>	<i>514</i>	<i>20.4%</i>	
<i>Other Edison Energia gas customers (industrial customers and non-industrial wholesalers)</i>	<i>No.</i>	<i>487</i>	<i>563</i>	<i>15.6%</i>	
	<i>mill. Sm3</i>	<i>3,151</i>	<i>3,481</i>	<i>10.5%</i>	
<i>Total Edison Energia gas customers</i>	<i>No.</i>	<i>382,905</i>	<i>442,955</i>	<i>15.7%</i>	
	<i>mill. Sm3</i>	<i>3,578</i>	<i>3,995</i>	<i>11.7%</i>	
<i>AMG gas Palermo residential customers</i>	<i>No.</i>	<i>132,063</i>	<i>131,800</i>	<i>-0.2%</i>	
	<i>mill. Sm3</i>	<i>49</i>	<i>50</i>	<i>1.6%</i>	
<i>AMG gas Palermo industrial customers</i>	<i>No.</i>	<i>3,846</i>	<i>3,820</i>	<i>-0.7%</i>	
	<i>mill. Sm3</i>	<i>25</i>	<i>26</i>	<i>2.4%</i>	
<i>Total AMG Palermo gas customers</i>	<i>No.</i>	<i>135,909</i>	<i>135,620</i>	<i>-0.2%</i>	
	<i>mill. Sm3</i>	<i>74</i>	<i>76</i>	<i>1.9%</i>	
<i>Total sales to non-Group thermoelectric users*</i>	<i>No.</i>	<i>22</i>	<i>21</i>	<i>-4.5%</i>	
	<i>mill. Sm3</i>	<i>4,473</i>	<i>4,900</i>	<i>9.5%</i>	
<i>GASL sales volumes**</i>	<i>No.</i>	<i>40</i>	<i>45</i>	<i>12.5%</i>	
	<i>mill. Sm3</i>	<i>2,436</i>	<i>2,919</i>	<i>19.8%</i>	
<b>Electric power and natural gas customers</b>	<b>No.</b>	<b>1,300,494</b>	<b>1,408,861</b>	<b>8.3%</b>	

\*Excluding intercompany sales

\*\*The data do not include trading gas.



Performance indicator	Unit	2011	2012	D %/p.p.	GRI ref.
<b>Green energy sold</b>					<b>EN 6</b>
RECS certified energy*	GWh	720	590	-18.1%	
* The data refers to the contract value declared at 31/12/2012					
<b>Interruptions of electric power service</b>					<b>EU 27</b>
"Interrupted" customers broken down by length of time between disconnection and payment					
< 48h	No.	890	4,579	414.5%	
48h-1 week	No.	1,071	7,543	604.3%	
1 week - 1 month	No.	1,240	8,753	605.9%	
1 month - 1 year	No.	565	5,877	940.2%	
> 1 year	No.	0	0	-	
"Interrupted" customers broken down by length of time between payment and reconnection					
< 48h	No.	3,684	25,513	592.5%	
48h-1 week	No.	51	193	278.4%	
> 1 week	No.	31	1,046	3274.2%	
<b>Failure to comply with codes and regulations on advertising and product marketing</b>					<b>PR7</b>
Electric power operations	No.	0	0	-	
Natural gas operations	No.	0	0	-	
<b>Contact center service</b>					
Total number of inbound calls	No.	2,090,516	2,893,205	38.4%	
Total number of outbound calls	No.	1,010,000	640,000	-36.6%	
Number of calls answered within 30 seconds	No.	1,144,547	1,192,984	4.2%	
% of inbound calls answered within 30 seconds	%	54.7%	41.2%	-13.5%	
<b>Number of complaints</b>					<b>PR 8</b>
Total number of complaints for the electric power service	No.	34,494	39,671	15.0%	
Complaints as a percentage of the total number of electric power customers	%	4.4%	4.8%	0.4%	
Total number of complaints for the gas service	No.	10,267	16,203	57.8%	
Complaints as a percentage of the total number of gas customers	%	2.0%	2.8%	0.8%	
Total number of complaints	No.	44,761	55,874	24.8%	
Complaints as a percentage of the total number of customers	%	3.4%	4.0%	0.5%	

Performance indicator	Unit	2011	2012	D %/p.p.	GRI ref.
<b>SUPPLIERS (DATA AT DECEMBER 31.12)</b>					
<b>Breakdown of suppliers</b>					
Total number of suppliers	No.	3,109	3,189	3%	
Total value of goods and services supplied*	€/000	544,780	434,579	-20%	
Suppliers in Italy	%	84.43%	88.72%	4%	
Suppliers outside Italy	%	15.57%	11.28%	-4%	
* The data refers to: Purchase orders, specific contracts, catalog orders, removal orders created in the reporting year and a budget for generic orders estimated in the reporting year.					
<b>Value of purchases from Edison qualified suppliers (thousands of Euros)*</b>					
Total value of purchases from qualified suppliers	€/000	470,886	381,847	-19%	
as a % of total purchases	%	86%	88%	1%	
*The data refers to Purchase orders, specific contracts, catalog orders, removal orders created in the reporting year and a budget for generic orders estimated in the reporting year.					
<b>Contractual fairness</b>					
Average length of contractual payment terms	days	72	70	-3%	
<b>Disputes</b>					
Outstanding at December 31	No.	1	2	100%	
Started during the year	No.	1	2	100%	
Closed during the year	No.	0	-	-	

# GRI Index

n.a.: not applicable    ibc: inside back cover    RCG: Corporate Governance Report

		Coverage	Page/Direct remark	Note
	<b>PROFILE</b>			
<b>1</b>	<b>Strategy and analysis</b>			
1.1	Statement from the Chairman and the Chief Executive Officer	Total	4	
1.2	Key impacts, risks, and opportunities	Total	4, 24-25	
<b>2</b>	<b>Organizational profile</b>			
2.1	Name of the organization	Total	Cover	
2.2	Primary brands, products and/or services	Total	2, 3	
2.3	Operational structure	Total	16, 18-19	
2.4	Location of the organization's headquarters	Total	ibc	
2.5	Countries where the organization operates	Total	2, 3	
2.6	Nature of ownership and legal form	Total	ibc	
2.7	Markets served	Total	2, 3	
2.8	Scale of reporting organization	Total	2, 3	
2.9	Significant changes during reporting period	Total	4, 17	
2.10	Awards received during reporting period	Total	<a href="http://www.edison.it/en/media/">www.edison.it/en/media/</a>	
EU1	Installed capacity	Total	3	
EU2	Net energy produced	Total	17	
EU3	Number of customers, broken down by type	Total	101	
EU4	Length of transmission and distribution networks	n.a.		1
EU5	Allocation of emissions allowances and compliance with the Kyoto Protocol	Total	92	
<b>3</b>	<b>Report parameters</b>			
3.1	Reporting period	Total	89	
3.2	Date of publication of previous report	Total	89	
3.3	Reporting cycle	Total	89	
3.4	Contacts and addresses for report information	Total	ibc	
3.5	Process for defining report content	Total	26	
3.6	Scope of the report	Total	89	
3.7	Limitations on the objective or scope of the report	Total	89	
3.8	Information about affiliated companies	Total	89	
3.9	Data measurement techniques and bases of calculation	Total	89	
3.10	Restatements compared with previous report	Total	89	
3.11	Significant changes from previous report	Total	89	
3.12	Reference table	Total	104	
3.13	Independent assurance statement	Total	108	

4	Governance, Commitments, Engagement			
4.1	Governance structure	Total	22	
4.2	Indicate whether the Chairman is also an executive officer	Total	RCG 30-33	
4.3	Independent and non-executive Directors	Total	RCG 30-33	
4.4	Mechanisms for shareholders to provide recommendations	Total	RCG 27-28	
4.5	Linkage between compensation for Directors and top management and performance	Total	RCG 41	
4.6	Conflicts of interest	Total	RCG 34	
4.7	Qualifications of Directors	Total	RCG 19-26	
4.8	Mission, values, codes of conduct and principles	Total	14-15	
4.9	Procedures to identify and manage economic, environmental and social performance	Total	24-25	
4.10	Process for evaluating the Board's performance	Total	RCG 23, 41	
4.11	Method for applying the precautionary principle or approach	Total	24-25	
4.12	Adoption of external economic, social and environmental codes and principles	Total	24, 66	
4.13	Memberships in industry associations	Total	87	
4.14	List of stakeholders engaged by the organization	Total	27	
4.15	Basis for identification of stakeholders with whom to engage	Total	27	
4.16	Approaches to stakeholder engagement	Total	27-28	
4.17	Key topics and concerns raised through stakeholder engagement and actions taken	Total	28	

## ECONOMIC PERFORMANCE

DMA EC	Disclosure on management approach	Total	29	
EU6	Management strategy to ensure the availability of energy over the medium/long-term	Total	17-19	
EU7	DSM (demand-side management) programs	Total	17-19, 60	
EU8	R&D activities and investments	Total	43	2
EU9	Decommissioning of nuclear facilities	n.a.		
EC1	Economic value directly generated and distributed	Total	29	
EC2	Risks and opportunities due to climate change	Total	41	
EC3	Coverage of pension obligations	Total	51	
EC4	Substantial financing received from the public administration	Total	In 2012 Edison received from Public Administration entities contributions for investments and research equal to approximately 168,000 Euros	
EC6	Policy, practices and proportion of spending on locally-based suppliers	Total	103	
EC7	Hiring of residents from the locations where most of the organization's activities are carried out	Total	50, 95	
EC8	Development of investments provided primarily for "publicly useful projects"	Total	18-19, 72	
EU10	Planned capacity vis-à-vis projected long-term energy demand	Total	16-17	
EU11	Average yield of the thermoelectric power plants	Total	90	
EU12	Energy losses during transmission and distribution	n.a.		1

## ENVIRONMENTAL PERFORMANCE

DMA EN	Disclosure on management approach	Total		
EN1	Raw materials used	Total	91	3
EN2	Materials reused or recycled	n.a.		
EN3	Direct energy consumption by source	Total	90	
EN4	Indirect energy consumption	Total	91	
EN5	Energy saved	Partial	38	
EN6	Energy-efficient or renewable-energy-based products and services	Total	62-63	
EN8	Water consumption by source	Total	91	
EN11	Location of facilities in protected areas or areas with high biodiversity	Total	39	
EN12	Description of significant impacts on biodiversity	Total	At the moment are not available specific data. See objectives at pagg. 7, 11.	
EU13	Biodiversity of offset habitats compared with damaged habitats	Total	39	



EN13	Habitats protected or restored	Total	39
EN14	Future strategies and plans to manage impacts on biodiversity	Total	39
EN16	Direct greenhouse gas emissions	Total	92
EN17	Indirect greenhouse gas emissions	Total	92
EN18	Initiatives to reduce greenhouse gas emissions	Total	35, 38
EN19	Emissions of substances harmful to the ozone layer	Total	92
EN20	Other air emissions	Total	92
EN21	Effluents discharge	Total	91
EN22	Waste production and disposal methods	Total	92
EN23	Total number and volume of polluting spills	Total	93
EN26	Initiatives to mitigate environmental impacts of products and services	Total	62-63
EN27	Percentage of products sold and packing materials reused or recycled	n.a.	
EN28	Fines for non-compliance with environmental laws and regulations	Total	93
EN30	Environmental protection expenditure and investments	Total	93

## SOCIAL PERFORMANCE

EU14	Programs to ensure the availability of specialized personnel	Total	51, 53
EU15	Employees who potentially could be leaving the organization over the next 5-10 years	Total	51, 53
EU16	Policies concerning the health and safety of employees and contractors	Total	54-55
DMA LA	Disclosure on management approach	Total	48
LA1	Breakdown of workforce by employment type, contract and region	Total	94, 99, 100
LA2	Turnover by age group, gender and region	Total	95, 100
EU17	Days worked by contractors	Total	100
EU18	Employees of contractors who received health and safety training	Total	101
LA4	Collective Bargaining Agreements Coverage	Total	98
LA5	Minimum notice period for operational changes	Total	Covered by current regulation Legislative Decree 18/2001 and Law 223/91
LA7	Injuries and occupational diseases	Total	97, 100, 101
LA8	Training programs concerning prevention and risk control to assist employees regarding serious disorders or illnesses	Total	54-55
LA10	Employee training	Total	53
LA12	Percentage of employees receiving performance and career development reviews	Total	97
LA13	Breakdown of employees by gender and other indicators of diversity (e.g. disability)	Total	94, 97, 99
LA14	Ratio of the base salary of male employees to that of female employees in the same category	Total	98

## HUMAN RIGHTS

DMA HR	Disclosure on management approach	Total	24
HR1	Transactions that have undergone human rights screening	Total	94-95
HR2	Suppliers and contractors who have undergone human rights screening	Total	94-95
HR4	Occurrences of discrimination and actions taken	Total	No episodes of discrimination have taken place.
HR5	Activities in the course of which freedom of association and the right to collective bargaining might be exposed to risks	Total	No activities have been identified that might expose freedom of association and the right to collective bargaining to risks.
HR6	Operations involving a high risk of the use of child labor	Total	No operations involving a high risk of use of child labor have been identified
HR7	Operations involving a high risk of the use of forced labor	Total	No activities that might involve risks of forced labor have been identified

## IMPACTS ON SOCIETY

EU19	Involvement of stakeholders in the decision making process for the development of new energy facilities	Total	70-71
EU20	Approach used for the management of impacts on local communities caused by construction/ expansion of facilities	Total	71-73
EU21	Emergency management plans	Total	73

DMA SO	Disclosure on management approach	Total	70	
SO1	Management of impacts on the community	Total	74-81	
EU22	Members of the community who were physically displaced or economically compensate due to construction/expansion of facilities	Total	In the reporting period the company hasn't made any construction/enlargement activities to existing plants.	
SO2	Monitoring the risk of corruption	Total	23	
SO3	Employees trained in preventing corruption crimes	Total	23	
SO4	Actions taken in response to cases of corruption	Total	There where no instance of corruption during the reporting period.	
SO5	Positions on public policy and lobbying	Total	86	
SO8	Fines and non-cash penalties for failure to comply with laws and regulations	Total	Consolidated Report, 64	

#### PRODUCT RESPONSIBILITY

EU23	Programs to improve or maintain access to electric power	Total	61	
EU24	Information provided to customers about the safe use of energy and support services	Total	67	
DMA PR	Information regarding electricity grid management methods	Total	6, 60	
PR1	Phases in the life cycle of services the impacts of which on health and services have been assessed	Total	72	
EU25	Number of accidents that affected the community and any resulting judicial proceedings	Total	36	
PR3	Information requested for the procedures and services subject to such disclosure requirements	Total	64	
PR6	Programs to comply with laws and voluntary codes on marketing activities	Total	66	
PR8	Complaints regarding breaches of privacy	Partial	102	
PR9	Fines for non-compliance with laws and regulations	Total	66	
EU26	Population not served in the distribution area	n.a.		1
EU27	Disconnections from the grid due to non-payment	Total	102	
EU28	Frequency index for grid interruptions	n.a.		1
EU29	Length index for grid interruptions	n.a.		1
EU30	Average availability factor for all power plants	Total	90	

#### Note:

1 Edison does not provide electric power distribution and transmission services

2 Edison does not own any nuclear facilities

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

# Report of the Independent Auditors



Reconta Ernst & Young S.p.A.  
Via della Chiusa, 2  
20123 Milano  
Tel. (+39) 02 722121  
Fax (+39) 02 72212037  
www.ey.com

## Independent auditors' report on the limited assurance engagement of Edison's Sustainability Report as of December 31, 2012 (Translation from the original Italian text)

To the Board of Directors of  
Edison S.p.A.

1. We have carried out the limited assurance engagement of the sustainability report (hereinafter the "Report") of Edison and its subsidiaries (hereinafter "Edison") as of December 31, 2012. The Management of Edison S.p.A. is responsible for the preparation of the Report in accordance with the "Sustainability Reporting Guidelines & Electric Utilities Sector Supplement (EUSS)", issued in 2009 by G.R.I. - Global Reporting Initiative, that are detailed in the paragraph "Note on methodology", as well as for determining the Group's commitments regarding the sustainability performances and the reporting of the achieved results. The Management of Edison is also responsible for the identification of the stakeholders and the significant matters to report, as well as implementing and maintaining appropriate processes to manage and control internally the data and disclosures reported in the Report. Our responsibility is to issue this report based on the limited assurance engagement described in this report.
2. Our work has been conducted in accordance with the principles and guidelines established by the "International Standard on Assurance Engagements 3000 - Assurance Engagements other than Audits or Reviews of Historical Financial Information" ("ISAE 3000"), issued by the International Auditing and Assurance Standard Board. ISAE 3000 requires the compliance with ethical requirements ("Code of Ethics for Professional Accountants" issued by the International Federation of Accountants - "IFAC"), including professional independence, as well as planning and executing our work in order to obtain a limited assurance, rather than a reasonable assurance, that the Report is free from material misstatements. A limited assurance engagement of the Report consists of making inquiries, primarily with company's personnel responsible for the preparation of the information included in the Report, in the analysis of the Report and in other procedures in order to obtain evidences considered appropriate. The procedures performed on the Report are summarized below:
  - a. Compared the economic and financial information and data included in the section "Who we are" of the Report with those included in the Edison consolidated financial statements as of December 31, 2012, on which other auditor issued the auditors' report, pursuant to art. 14 and 16 of Legislative Decree n. 39 dated February 14, 2013;
  - b. Analyzed the operation of the processes that support the generation, recording and management of the quantitative data reported in the Report. In particular, we have carried out the following procedures:
    - interviews and discussions with personnel of the Management of Edison to obtain an understanding about the information, accounting and reporting system in use for the preparation of the Report and about the processes and the internal control procedures supporting the collection, aggregation, data processing and transmission of data and information to the department responsible for preparation of the Report;

Reconta Ernst & Young S.p.A.  
Sede Legale: 00198 Roma - Via Po, 32  
Capitale Sociale € 1.402.500,00 i.v.  
Iscritta alla S.G. del Registro delle imprese presso la C.C.I.A.A. di Roma  
Codice fiscale e numero di iscrizione 00434000984  
P.I. 00891231003  
Iscritta all'Albo Revisori Contabili al n. 70945 Pubblicato sulla G.U.  
Suppl. 13 - IV Serie Speciale del 17/2/1998  
Iscritta all'Albo Speciale delle società di revisione  
Consob al progressivo n. 2 delibera n. 10831 del 16/7/1997

A member firm of Ernst & Young Global Limited



- on-site verifications at thermoelectric power plant of Sesto San Giovanni (MI) and at Edison Stoccaggio S.p.A. natural gas compress and storage yard of San Potito and Cotignola - Bagnacavallo (RA);
- analyzed, on a sample basis, the documentation supporting the compilation of the Report in order to confirm the processes in use, their adequacy and the operation of the internal control for the correct reliability of data and information in relation to the objectives described in the Report;
- c. analysis of the consistency of the qualitative information reported in the Report to the guidelines indicated in paragraph 1. of the present report and the internal consistency, with reference to the strategy, the sustainability policies and the identification of the main matters for any kind of stakeholder;
- d. analysis of the process relating to the engagement of the stakeholders;
- e. attainment of the representation letter, signed by the legal representative of Edison S.p.A., relating to the compliance of the Report with the guidelines indicated in paragraph 1., as well as to the reliability and completeness of the information and data presented in the Report.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement performed in accordance with ISAE 3000, and it does not provide a similar level of assurance; as consequence, we may not have become aware of all the significant events and circumstances which we could have identified had we performed a reasonable assurance engagement.

The Report presents, for comparative purposes, figures related to prior year. Some figures have been restated compared to the figures previously reported and assured by another independent auditor, whose report was issued on April 20, 2012. The restatement principles of comparative figures and the related disclosure have undergone limited assurance procedures for the only purpose of issuing this report.

3. Based on our work, nothing has come to our attention that causes us to believe that the sustainability Report of Edison as of December 31, 2012 is not in compliance, in all material respects, with the guidelines "Sustainability Reporting Guidelines & Electric Utilities Sector Supplement (EUSS)" issued in 2009 by the G.R.I. - Global Reporting Initiative as stated in the paragraph "Note on methodology" of the Report.

Milan, March 13, 2013

Reconta Ernst & Young S.p.A.  
Signed by: Gabriele Grignaffini, partner

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



# Edison on line

The Sustainability Report focus 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](http://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.

Edison Generation, [www.edisongeneration.it](http://www.edisongeneration.it), is a community devoted to social responsibility issues and provides information and updates about Edison's projects.



[www.edison.it](http://www.edison.it)



[www.edisongeneration.it](http://www.edisongeneration.it)



<http://www.youtube.com/user/ediblog>



[www.edisonchangethemusic.it](http://www.edisonchangethemusic.it)



## Edison Spa

Foro Buonaparte, 31  
20121 Milan

Share capital: 5,291,700,671.00 euros, fully paid-in  
Milan Company Register and Tax I.D. No. 06722600019  
VAT No. 08263330014  
Milan REA No. 1698754

Published by

**External Relations and Communications Department  
Corporate Responsibility**

Tel. +39 02 6222.1  
sostenibilita@edison.it  
www.edison.it  
www.edisongeneration.it

A thank you to all Edison Departments and colleagues  
who collaborated in creating this Report

### **In collaboration with**

collaboration with  
KPMG Climate change & Sustainability Services

### **Art Direction**

MStudio, Milano  
www.mstudiomilano.it

### **Photographs**

Edison Archive  
Valerio Catalani - Milestone  
Marco Biondi  
Renato Cerisola

Milan, March 2013

This publication was printed on ecological paper,  
with a low environmental impact.

