

Sustainability Report 2013



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Message from the Chief Executive Officer



2013 represented a pivotal year in the history of Edison: we have celebrated 130 years of age and energy, with a leading role in the development of Italy, and we have experienced our first year as a full member of the EDF Group, assuming a key role in gas supply and in power and hydrocarbons production development in Italy and in the Mediterranean Basin.

In 130 years of activity we were the first in Europe to introduce electric power, illuminating the Teatro alla Scala in 1883 and building, in the years that immediately followed, Italy's first hydroelectric power plants; in the early '50s we were pioneers in the exploration and production of hydrocarbons in Italy and in the '90s we invested in an extensive program to build our country's most modern plants. The story of Edison is the success of great talents, who have earned their place in the History of Italy. From Giuseppe Colombo, our founder and professor of the Politecnico di Milano, to Giacinto Motta, an historic figure in the institutional and industrial life of Italy, right up to Ferruccio Parri, once head of Edison's

Economic Service and later Italy's first Premier of the post-war period.

Today our industrial mission within the EDF Group is composed of three large-scale development aims: to consolidate our presence on the Italian energy market, to develop our competences regarding the production and sale of electricity, especially across Mediterranean regions, and to expand the scope of our pole of competence in hydrocarbons, with further investment in the exploration and development of oil and gas in Italy and abroad, and by developing the supply of gas for our country and for the Group.

The last five years of activity have unfortunately been marked by one of the most difficult external contexts of recent history. An economy in recession, both in Italy and in Europe, a drop in consumption, energy policies that are often ineffective. These trends continued into 2013, but in the final part of the year a few lights seemed to go on at the end of the tunnel: the economy in general, and industrial production and

exportation in particular, seem to be showing signs of improvement, along with a recovery in the levels of trust demonstrated by consumers and companies.

Despite the extremely difficult context, in 2013 we were able to exceed the objectives we had set for ourselves, managing operations of both sectors in a flexible and effective manner. With great pragmatism, tenacity and united purposes, we were able to achieve exceptional results in both electricity and hydrocarbons, extracting value from our assets.

All of which has taken place while safeguarding the integrity of the production plants and, above all, employment levels, a result that proves how Edison always strives to combine economic sustainability and social responsibility in its management.

Another fundamental principle that guides our actions is environment protection, and in particular the tackling of climate change. During the course of its long history, Edison has privileged production technologies that respect the environment, such as hydroelectric power and the most modern,

efficient and eco-friendly gas-fed plants, to become one of the nation's big electric power producers with the lowest level of CO₂ emissions. Reducing CO₂ emissions is a constant challenge for Edison, as well as a responsibility, and we have long been supporters of efficient mechanisms for supranational regulations that move in this direction. In the recent debate on long-term aims in this regard, we in fact supported the position of the European electric power sector that demands an ambitious and clear objective for the reduction of climate-altering emissions.

In 2013, I observed among the women and men of Edison a renewed trust in our means and future. Considering ourselves fully part of EDF, we have reshaped our role within the Group and have effectively valued our contribution, sharing know-how, resources, projects and approaches, also on the subject closest to our hearts, that of sustainable development. Secondly, the positive economic and financial performances of 2013, obtained in a context still characterized by the crisis, are a sign of a recovery in

health from which to start again. We are therefore ready to start running again, relaunching with projects and investments, and able to count on a solid, competent investor who respects the Italian roots and identity of the company and is, above all, determined to support our future growth.

Today, as it did 130 years ago, Edison is once again ready to take on a key role in the sustainable development of Italy, transforming itself, with its sustainability operations and aim to create a shared value, into a force for change that is able to bring about a new concept of not only the economy, but of society as a whole. We are convinced that a healthy social and territorial context depends on the presence of companies that are able to provide employment, pay adequate salaries, purchase quality goods and services, pay taxes, protect the environment, use resources in a respectful and efficient manner. On the other hand, a solid territorial context in itself creates a competitive advantage for the company that operates within it, indirectly increasing the social legitimacy of the organization. This is,

for us, the essence of shared value, and we continue our efforts along this path.

This is coherent with the path we have already embarked upon years ago: Edison participates in Global Compact, striving to integrate into its strategic vision, as well as promote and foster, the ten universally accepted principles on human rights, job protection, environment protection and the fight against corruption, already an integral part of the organizational culture and daily operations.

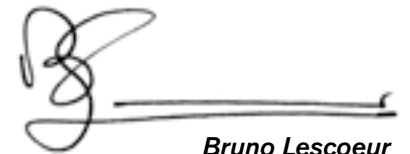
These same principles steered the development of the business in 2013, and in particular the implementation of the ambitious plan to invest in the hydrocarbon sector in Italy and abroad, where we have reinforced dialogue with the territories and supported the development of local communities. In Italy, in particular, we have created the gas storage facility of San Potito e Cotignola, which was up and running in June, we have finished drilling two new wells at the Rospo site and we have initiated development activities at the Fauzia field. Abroad, as well as in Egypt where we are present and

planning operations in terms of energy accessibility, investment has been made to develop a future production pole in Norway, with new concessions for hydrocarbons, and activity for the construction of the Polarled pipeline has got underway.

Out of the desire to obtain shared value Edison Start is born, one of the most ambitious projects launched to celebrate our 130 year anniversary and coherent with the needs that the company expresses and that we strive to hear and interpret. A prize that is designed to help individuals, start-ups and organizations to execute their innovative ideas on social, environmental and energy themes: the winning projects will obtain an economic contribution and the support of our managerial competences. We are still experiencing difficult times, especially for young people, and there is a great need to regain trust in the future, to believe in our inborn potential for relaunch.

This Sustainability Report therefore outlines the renewed effort in leveraging our business to create new relations, collaborations and

partnerships and to propose an effective response to instances of community. We thus aim to give new momentum to "sustainability" and "innovation", key elements of the company's identity. Not only fulfilling an operational dimension, they represent for Edison a framework of identity, logic and concept on which it is possible to hinge the change itself. Today, like yesterday. With the same spirit of innovation and entrepreneurship that our founders and our predecessors had over these last 130 years.



Bruno Lescoeur
CEO Edison

130 Years of Energy and Progress

Right from its establishment, Edison has always proved itself to be a company at the cutting edge, with incessant drive for pioneerism, modernity, change. It did it yesterday, at the end of the 1800s, in an economic and social context that was moving towards the building of a new world,

at a time in which creating innovative business meant bringing modernity to the country and generating new development opportunities. It does it today, in a different way, rethinking products and markets, redefining productivity throughout the value chain, facilitating local economic

and social development, applying different skills, yet equipped with the same potential to change the world in which we live for the better. Different times but the same values, the same objectives, the same desire to be at the cutting edge in Italy.

Edison Yesterday

Pioneers of technology and protagonists of industrialisation in Italy, with the building of the first electric and hydroelectric power plants.

The first operator on a national level and one of the first supralocal subjects, it brings modernity to Italy, introducing knowledge and techniques that are otherwise unavailable.

An actor for development, particularly in the "peripheral" areas of the country with the expansion of hydroelectric power, located by nature in "remote" parts of the country, capable of bringing energy that is not only physical, but above all symbolic.

An activator of innovation as a direct spin off in the academic world, a catalyst for investment by banks and the Milanese middle class, a courageous company able to respond to the economic crisis of the early 1900s with innovation and "sustainability".

Edison Today

Interpreters of change through the promotion of energy efficiency and renewable energy and gas as a source for transition.

An international and multinational business, generator of local employment and skills spread throughout the country, committed to valuing human rights, particularly in the Mediterranean countries in which it operates.

A company that is able to converse with the region, protect the environment, favour the development of local clusters and provide networks with a new "citizenship", by activating a new model for dialogue.

A company supported by solid international partners, able to accentuate the global approach: a global vision, but with great attention paid to each territory.

Powering towards innovation

Company identity

Corporate citizenship

The model for business development

EDISON START: SOCIAL INNOVATION AND SHARED VALUE



Edison is an historic company that has contributed to the evolution of Italy; the pioneering spirit and entrepreneurial approach have characterised its history and evolution, with a tendency towards enduring, and therefore sustainable, development. In keeping with these values, and to coincide with its 130th anniversary, Edison has decided to launch Edison Start, a national competition to promote the development of ideas and projects that are innovative and sustainable (from an economic, social and environmental point of view) on the themes of energy, social and cultural development and the quality of domestic life and local communities. It is created with the aim of promoting innovation and change, in a concrete way, with regard to energy development, social and cultural practices, quality of life, supporting the development of a sus-

tainable future for our Country, creating shared value thanks to the diffusion of practices that favour competitiveness and at the same time sustainability, also in local communities, contributing to the development of new responses to social needs with a view to long-term sustainability. Valid projects can be carried out across the whole country, but must be characterised by their local impact, generating positive effects for the area in which they are being developed. The competition will award the winners in each category with 100,000 euros. Furthermore, the 30 finalists will receive the support of a team composed of numerous managers from Edison, Università Bocconi, the Politecnico University of Milan and Assolombarda. The aim is to help the finalists, through training and shared skills, to translate their ideas into an executive project.



The three categories are:

- **Energy:** innovative solutions and technologies in the field of energy, energy efficiency, access to energy for those in vulnerable categories, and renewable energy sources.
- **Social and cultural development:** projects and initiatives that launch development opportunities and that have a social impact in terms of fighting poverty, improving conditions of life, accessing fundamental rights, inclusion and integration, valuing of cultural patrimony.
- **Smart Communities:** projects that have a positive impact on the quality of domestic life and communities that they belong to (e.g. in the sectors of health, home automation, waste management, mobility, sustainable architecture, safety, logistics etc.).

Projects must be innovative, respond to clearly identifiable needs, be feasible and sustainable, generate positive externality, replicability and scalability. The winners of Edison Start will be named in October 2014. To follow the progress of the project: www.edisonstart.it

130 YEARS YOUNG

Edison has chosen the anniversary of 130 years of activity as the occasion to reaffirm its history of service to help Italy to grow and progress. During 2013, the company implemented numerous initiatives. The main ones, selected in light of the value generated for the company, are reviewed below:

➤ Lighting of Opening Night at the Teatro alla Scala: for the fourth consecutive year, Edison, the company that brought the electric light to the Teatro alla Scala for the first time in 1883, 'illuminated' the December 7 opening night with renewable energy from its power plants on the Adda River (Bertini, Esterle, Semenza), using the Renewable Energy Certificate System (RECS), making the performance of "La Traviata" by Giuseppe Verdi, 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. Alongside activities for the opening night at Teatro alla Scala, Edison started to work together with the Milan City Council with the aim of making the opening night more accessible, to publicise it within

the city and bring it to all those living in Milan. In the year dedicated to the celebration of Verdi, Edison supported two different projects: The first dedicated to Giuseppe Verdi, with "Verdi in Milan", an initiative with a three-month programme of concerts, lessons and events dedicated to the great composer. The second, in line with those of previous years, dedicated to the protagonist of La Traviata, "Violetta in the city", from 1 to 7 December. Concerts, free lectures and conventions from the city centre to the suburbs, as well as screenings of the opening night's opera in theatres, cinemas, hospitals and prisons. The historic premises of Edison played host to three meetings: "3 women for Violetta." Lorella Zanardo, Lella Costa and Tiziana Fabbricini told the stories of three different Violettas, referring to the modern status of women.

➤ The "Pioneers" photographic exhibition (with dedicated catalogue) set up in Via Dante in Milan and at the Foro Buonaparte office, a special journey through images that express visions, achievements, plants, techniques and people to return them to collective memory

with the awareness of how much has been done: 45 images from the Edison archives and 15 portraits by collaborators (among which former employee Ermanno Olmi).

- Edison Media Center, to rediscover and catalog the company's archival heritage on one single platform: over 14,000 "pieces of history" including videos, documents, images, logotypes, made available thanks to classification and archiving promoted by the Centro per la Cultura d'Impresa
- Interactive area of the website summarising Edison's history and records, with details on the presence of local facilities. For more details: 130.edison.it
- Video on the main facilities which can be seen on Edison Channel, on YouTube: www.youtube.com/user/ediblog
- Theatrical performance dedicated to Edison and its history at the Piccolo Teatro in Milan.

130 years of tradition, which now help us interpret contemporary change and give us energy to go on experimenting.



130 YEARS OF EDISON

THE ORIGINS (1881-1920)

In Milan continental Europe's first power plant goes into operation at Santa Radegonda.

The Paderno d'Adda hydroelectric power plant comes into operation, the first on the river of the same name, at that time the largest construction of its kind in Europe, followed in subsequent years by the plants at Cornate and Calusco d'Adda.

Edison's activities in the electric power sector are nationalised. The power plants that feed the industrial plants remain the property of Edison.

Edison begins construction of new combined-cycle cogenerated thermoelectric power plants in the Montedison locations, that will bring installed thermoelectric capacity to 2400 MW in five years, calling for investments of approximately 2000 billion lire.

Edison enters the residential market, offering the supply of electric power to families, extended in 2009 to gas.

Public lighting experiment starts in Piazza del Duomo and surroundings.

The Second World War causes enormous damage to Edison's company assets. Reconstruction activity is initiated immediately after the end of the war and benefits from aid provided by the Marshall Plan.

SELM (Montedison Electric Services) is established, later renamed as Edison, and acquires the 21 self-generation hydroelectric power plants of the Montedison group.

Edison returns to the sector of end user gas distribution with the acquisition of SAG Adriatica Gas of Padua, later renamed as Edison D.G. (Gas Distribution).

Edison is Italy's second largest operator in the electric power and hydrocarbons sector.

1883

1885

1898

1940

1963

1979

1990

1998

2008

2013

1884

1893

1931

1951

1966

1987

1996

2005

2012

Società Generale Italiana di Elettricità Sistema Edison is set up.

FROM THE 1920s TO NATIONALISATION

Edison wins the concession to produce and distribute gas in Milan.

FROM NATIONALISATION TO LIBERALISATION OF THE ENERGY MARKET (1966-2001)

From the merger with Montecatini, Italy's largest chemicals group establishes Montecatini Edison Spa, subsequently renamed Montedison.

Taranto's 500 MW CET 3 power plant, controlled by ISE, is completed and is the world's first power station to use three gases resulting from iron and steel salvage in a cogenerative combined-cycle.

Edison becomes part of the EDF group, one of the world's leading energy providers.

First electric tramline service supplied by Edison starts in Milan.

The inauguration of the dam in Santa Giustina (TN), at that time the highest in Europe.

The oilrig for the extraction of crude oil from Vega, the most important Italian oil fields, begins operations.

EDISON IN THE NEW MILLENNIUM

Inauguration of the Candela plant, Europe's most efficient and eco-friendly power plant.



01

Edison Today

Extracting value from our electric and hydrocarbon assets, we want to supply our customers with high-quality energy and services, operating in partnership with our suppliers for the development and use of more efficient technologies, compatible with the environment and safety.

Company structure

- Edison is one of the most important Italy's operators in the electric power and gas sector.
- It operates in the sectors of supply, production and sales of electric power, gas and crude oil.
- It possesses highly efficient and diversified electricity generating plants, including combined-cycle gas, hydroelectric, wind, solar and biomass plants.
- The company operates in the exploration and production of hydrocarbons in Europe, Middle East and Africa and is working to build European infrastructures for the importing of gas.
- It actively manages the three gas storage concessions of Cellino, Collalto and San Potito e Cotignola and the related gas sales services.
- It is present with its businesses and offices in more than 10 countries across the world and has more than 3,200 employees.
- It is part of the Electricité de France (EDF) Group, which owns almost the entire social capital.
- It is quoted on the Milan Stock Exchange, with reference only to preferred stock.

ELECTRICITY SUPPLY CHAIN

POWER ASSET

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

ELECTRICITY SUPPLY CHAIN/ HYDROCARBON SUPPLY CHAIN

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 Energy Solutions Spa

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. LT procurement management, logistics and trading of natural gas. Thermoelectric natural gas power supply.

- 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**

* Company subject to functional unbundling requirements.

** Independent Transmission Operator

HYDROCARBON SUPPLY CHAIN

2013 Highlights

January

Joins the Polarled Project consortium, which will build a new 480 km offshore gas pipeline in Norway, thus enhancing its international presence in the hydrocarbon sector.

March

Renews the Board of Directors with Henri Proglio, CEO of EDF, confirmed as president of the Company and Bruno Lescoeur in the role of Chief Executive Officer. Edison starts distributing dividends once more.

April

A positive outcome for Edison in the arbitration with Sonatrach regarding the price revision of the long-term contract for the supply of natural gas from Algeria.

June

Edison, through its subsidiary Edison International Spa, is awarded four new hydrocarbon exploration and production licences on Norway's continental shelf, which were put up for bid by the Norwegian Petroleum and Energy Ministry. The new licences are added to two other licences already assigned in early January.

July

Signs commercial agreements for the renegotiation of contracts for the long-term supply of natural gas from Qatar and Algeria.

October

Edison, through its subsidiary Edison Energia Spa, wins the contract published by Consip (a company of the Ministry of Economy and Finance) for the 2014 supply of electric power to public administrations.

November December

Launches Edison Start, a prize that finances innovative ideas in the fields of energy, social and cultural development and smart communities. Launches Energy Control, the web application to help families control and optimise their household electricity consumption.

Edison, which in 1883 first brought electricity to the Teatro alla Scala, illuminates the opening night and zeroes the emissions of CO₂. Standard and Poor's agency raises Edison's long-term credit rating to BBB+ from BBB with Stable outlook.

Business areas

Electric power sector

Edison is active in the production and sale of electricity in Italy and Greece and in both countries is the second largest national operator. Edison's position in electricity generation is the result of its historic presence in the sector together with one of the most important production capacity expansion programmes ever realised in Europe, with investments in new,

efficient and environmentally friendly gas-powered plants, resulting in a total installed power of 7.7 GW.

The installed generating capacity is currently composed of 44 hydroelectric power plants, 22 thermoelectric power plants, 32 wind power plants, 9 photovoltaic plants and 1 biomass plant as well as 3 mini hydro plants.

Edison has also returned to the Italian resi-

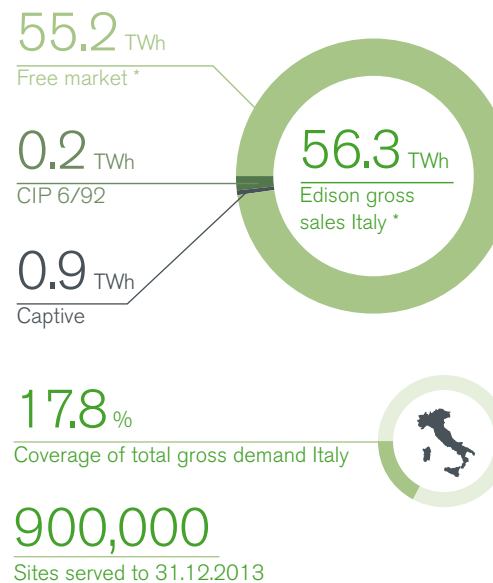
dential market, supplying families with electric power since 2008 and gas since the following year. In five years Edison has achieved the following results:

- 900,000 sites served with electricity;
- 604,000 sites served with gas.

ACTIVITIES IN THE ELECTRIC POWER PRODUCTION SECTOR

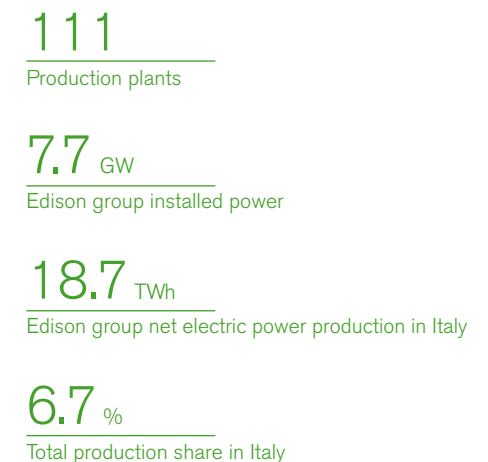
- Management and development of plants for the production of thermoelectric energy, also from renewable energy sources.
- Development and management of international plants to generate thermoelectric energy and electric power interconnector systems.
- Dispatching and selling on the Stock Exchange and to wholesalers.
- Selling of electric power and natural gas to end users.

ITALIAN MARKET 2013



* Includes sales on IPEX and to wholesalers, excludes exportation.

PLANTS AND PRODUCTION CAPACITY 2013



Sources: AU full-year forecasts, Terna and Edison estimates.

Hydrocarbon sector

Edison has an integrated presence in the hydrocarbons production sector, from production to importation, distribution, storage and sales of natural gas and crude oil.

Thanks to its experience, its position as a main player on the Italian market and its geographical localisation in a country that looks out onto the Mediterranean and North Africa, benefitting from easy access to the regions of the Caspian Sea, Edison will become the platform for the gas sector within the EDF Group.

Exploration and production activities current-

ly include 58 concessions and exploration permits in Italy and 53 abroad (Egypt, Norway, Algeria, United Kingdom, Croatia, Israel), for a total of 227 gas wells and 63 oil wells in production. Storage activity involves 3 facilities and 44 wells. The national authorities of all these countries recognise Edison as an operator in their oil fields, based on scrupulous analysis of its financial stability, environmental compliance and advanced technical skills. The Company can count on hydrocarbon reserves equivalent to 50.4 billion cubic metres and the availability of 4 long-term contracts for the importing of natural gas from production areas (Qatar, Libya, Algeria and Russia) that ensure the diversi-

fication of supply sources to a total of 12.5 billion cubic metres.

Edison promotes two key infrastructures for the diversification and security of European gas supplies: the Galsi gas pipeline, which could connect Italy to Algeria, bringing in 8 billion cubic metres of gas per year, and the ITGI (Interconnector Turkey-Greece-Italy) pipeline, which could connect Italy to the areas of the Caspian Sea, guaranteeing up to 10 billion cubic metres of gas per year.

In 2013, with the availability of 15.7 billion cubic metres of gas, Edison was able to cover 22.5% of Italian requirements.

ACTIVITIES WITHIN THE HYDROCARBONS PRODUCTION SECTOR

- Hydrocarbon exploration and production, natural gas storage, transport and distribution in Italy and abroad.
- Development of gas interconnector systems on an international level.
- Management of procurement, logistical activity and sales to wholesalers and thermoelectric power plants.
- Solutions for the use of sustainable energy.
- Selling of gas to end users.

ITALIAN MARKET 2013

15.7 Bn m³
Edison Sales Italy

604,000
Sites served to 31.12.2013

22.5 %
Edison sales /
Total requirement in Italy



PLANTS AND PRODUCTION CAPACITY 2013

0.4 Bn m³
Gas production - Edison (Italy)

3
Concessions for storage
entres in Italy

50.4 Bn m³ eq.
Hydrocarbon reserves

5.5 %
Production share

1.8 Bn m³
Gas production - Edison (abroad)

3,580 km
Gas network - low and medium
pressure gas pipelines

3,580 thousands
of drums
Oil sources (Italy + Abroad¹)

53
concessions and permits abroad

80 km
Gas network - high pressure
gas pipelines

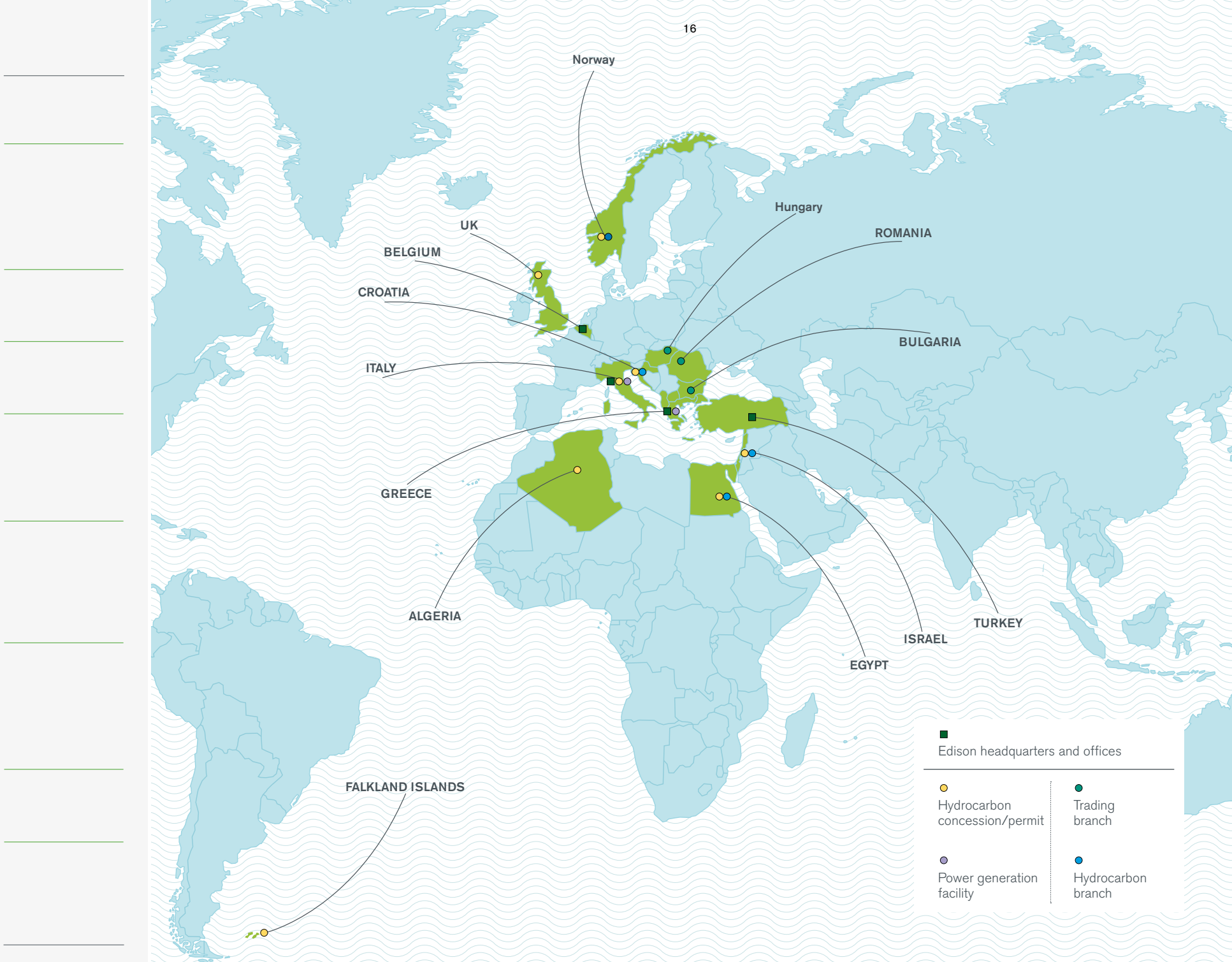
58
Concessions and permits in Italy

Sources: full-year forecasts from the Ministry for Economic Development and Edison estimates.
¹ Counting volumes withheld as production tax.

Assets in Italy and across the World



○ Headquarters	● Operating Company
Thermoelectric power plant	Thermoelectric mothballed plant
R&D center	Hydroelectric power plant
Wind farm	Photovoltaic system
Gas field	Oil field
Storage concession	LNG terminal
Compressor station	Merchant line ELITE.
Operational pipeline	Pipeline in project



Italy

Over time, Edison has grown to become Italy's second largest operator in the electric power and hydrocarbons sector.

In the electric power sector the Company has developed a highly efficient network of production plants, across the entire country, with a diversified production mix that includes combined-cycle gas, hydroelectric, wind, solar and biomass plants, with electric power production that represented 6.7% of total national production in 2013.

In the hydrocarbon sector, in which it has been active since 1954, Edison has discovered some of the country's most important fields: the gas fields of Cellino (1958) and Portocannone (1963) and the oil field of Vega, in the Channel of Sicily (1981). It currently possesses 58 concessions and exploration permits. The greatest share of gas production comes from the offshore Daria and Clara Nord fields in the Adriatic Sea, which Edison participates in as a joint venture, while oil production comes mainly from the Vega site in the Mediterranean Sea and Rospo and Sarago in the Adriatic.

In 2009 the world's first offshore structure in reinforced concrete entered into operation for the regasification of liquefied natural gas (LNG) transported via sea. The plant, located off Porto Levante in the Adriatic Sea, has an annual capacity of 8 billion cubic metres,

corresponding to approximately 10% of the nation's natural gas requirement, and represents a structure of strategic importance for Italy in terms of the diversification and security of energy supplies.

In Italy there are also the natural gas storage facilities of Cellino and Collalto, located respectively in Abruzzo and Veneto, as well as that at San Potito e Cotignola (Ravenna), which came into operation in 2013.

National production of gas and crude oil equated to approximately 22.5% of the nation's energy requirement in 2013.

During the course of 2013, following the contraction of the electric power market, six thermoelectric plants (Sulmona, Termoli, Jesi, Porto Viro, Sarmato, Cologno Monzese), were placed in a state of conservation, suspending production and implementing a major personnel redeployment and retraining plan.

Edison employs more than 2,300 people in Italy.

Egypt

Edison has been present in Egypt since the mid Nineties. Since 2009 it has held 100% of the Abu Qir concession, which includes 3 fields (Abu Qir, North Abu Qir, West Abu Qir) situated off the Nile Delta in deep waters from 14 to 35 metres.

In the Abu Qir fields, which are Edison's most important exploration and production asset,

there are currently 7 platforms (5 for production and 2 for compression), 24 wells and a network of sealines over 120 km long. Gas extraction is managed by Abu Qir Petroleum, which is based in Alexandria, an equal joint venture between Edison and Egyptian General Petroleum Corporation.

Edison's other activities in the country consist of its 60% stake in the West Wadi El Rayan licence in the Western Desert and its 20% stake in the Rosetta offshore production licence, which extends 90 km to the north-west of the Nile Delta and produces for the domestic market. A total of 820 people are involved in activities in Egypt.

Norway

Edison has been present in the leading European oil country since 2007 and since the start of 2009 has been approved by the local authorities to act as an operator. At 31 December 2013 Edison's Norwegian branch held 20 licences, seven of which it managed as an operator. From a geographical point of view, licences are equally distributed between the North Sea (7 licences), the Norwegian Sea (7 licences) and Barents Sea (6 licences). Edison manages its own exploration portfolio thanks to partnerships with 28 different oil and gas companies. The branch is entering the devel-

opment phase with the Zidane and Skarfjell projects, following gas and oil discoveries of the same name, and is partner in the development of an infrastructure for the transportation of gas known as Polarled. Edison's branch in Norway is based in Stavanger, the Norwegian oil and gas capital.

Greece

Edison has been present in Greece with commercial activities for more than ten years. In 2009, in an equal joint venture with Hellenic Petroleum, ElpEdison Power – in which important Greek industrial groups have a minority stake – and ElpEdison Energy were set up. ElpEdison Power is one of the main private producers of electric power in the country with two combined-cycle power plants: Thessaloniki (with a power of 390 MW) and Thisvi (420 MW) the latter inaugurated in 2011 and both built with an entirely private investment plan of more than 500 million euros. ElpEdison Energy is the main private supplier of electric power in Greece and is also active in the trading sector.

United Kingdom and Falkland Islands

In the UK, through its subsidiary Euroil, Edison participates in two operating licences regarding the Markham gas field; the gas produced since 1992 has been sent to the Dutch ter-

minal of Den Helder. In October 2013, Edison bought EDF Production UK Ltd, a company working in hydrocarbon exploration, development and production. In 2012, in the Falkland Islands, Edison signed a partnership agreement with British company Falkland Oil and Gas Ltd (Fogl) to conduct new research activity on hydrocarbons in the area. In particular, Edison holds 25% of the Northern Area Licences and 12.5% of the Southern Area Licences.

Croatia

Edison holds 70% of the concession for the Izabela field located in the northern Adriatic, off Pola, at a depth of around 38 m. The site is operated by EDINA, an equal joint venture with INA, and comprises two platforms (Izabela South and North) with 5 drilled wells. To export the gas produced, the transportation infrastructure already in place between Italy and Croatia can be used.

Algeria

Edison's presence in Algeria dates back to the late '90s, and was consolidated in 2002 with minority participation (11.25%) in the joint venture that holds the concession for the Reggane North block located in the Reggane Basin, in the south-west area of the Algerian Sahara. So far 3D seismic surveys have been

taken over 1,700 km² and 2D seismic surveys over 2,000 km², and 15 wells have been drilled, 6 for exploration and 9 for appraisal.

Israel

Since late 2013, Edison has also been present in Israel, with the Tel Aviv branch that directly manages exploratory activities for the two offshore concessions recently acquired by the Company.

Brazil

Edison is present in Brazil through Ibiritermo S.A. Ibiritermo was set up in 2001, an equal joint venture with Petrobras - Petróleo Brasileiro S.A. to develop, finance, construct and manage a natural gas thermoelectric power plant of 226 MW, located in the area of Belo Horizonte, in the state of Minas Gerais. The power plant became operational in 2002 and is operated by Petrobras.

Role within the EDF Group

EDF IDENTITY CARD

- A leader in the European energy market, present in all business sectors: production, transportation, distribution and sales.
- Europe's first producer of electricity: its production systems in France, mainly nuclear and hydroelectric, supply 140GW of electricity, 85% of which is produced without CO₂ emissions.
- It manages over 1,000,000 km of aerial and subterranean medium and low voltage electric lines and approximately 100,000 km of high and very high voltage lines.
- With 159,000 employees, it supplies energy and services to more than 39 million customers across the world.
- Listed on the Paris Stock Exchange, it is a member of the CAC 40 index.

Since May 2012, Edison has been a full part of the Electricité de France Group, Europe's leading electricity company. Following the agreement made between the company's previous shareholders, EDF has now acquired exclusive control over 97.40% of Edison's partnership capital.

This operation provided the company and Italy with the opportunity to become a successful player in the global strategy of an international group, as it can take advantage of the assets and competences of a company that has been rooted in France for 130 years, but that more recently has started to move onto foreign markets. In this context, while fully respecting its history, EDF will contribute to giving Edison's development plan industrial and financial solidity, allowing them to seize any growth opportunities that present themselves on the reference markets.

Forming part of the EDF Group does not only translate into aspects of business integration but on a wider sharing of sustainability culture, innovation and the strategic objective of being recognised by customers and end consumers as reliable suppliers of clean energy at accessible costs.

STRATEGY FOR BUSINESS DEVELOPMENT

- To consolidate the presence and positions acquired on the Italian energy market, continuing to offer a valid alternative to the ex-monopoly operators and guarantee market competitiveness, to the advantage of end users and businesses.
- To expand the electric power business in the Mediterranean basin and in the Balkans by exporting the electricity production and sales competences gained on the Italian market to promising countries that are starting to implement liberalisation procedures.
- To consolidate our role as the "hydrocarbon hub" of EDF, by means of additional investments for the exploration and development of oil and gas in Italy and abroad, and by developing the supply of gas for our country and for the entire Group.

Growth outlook

EDF's full support in development of Edison, particularly in Italy, is testified by the continuous investment programme that, in the hydrocarbon sector in our Country alone, amounts to approximately 1 billion Euros over the next three-year period. These are mainly projects relating to hydrocarbon exploration and production activities, but also to gas storage. These initiatives are all at an advanced stage; many are already being carried out, while others are on stand-by until authorisation procedures conclude.

As well as the Italian production hub, Edison intends to diversify its geographic exposure, developing its presence in the Mediterranean area and creating a new production hub in Northern Europe, as can be seen from the numerous exploration permits already obtained in Norway.

As regards development of new gas infrastructures for the European market, along with its planned pipelines to Italy from Greece and Algeria, the Company is also taking an active part in development of the EDF Group operations, in particular construction of the Dunkerque regasification terminal and a 15% participation in the South Stream underwater gas

pipeline, alongside Gazprom, Eni and Winterhall. Edison's mission also involves management of the Group's supply portfolio, having shown its ability to operate efficiently in a particularly unstable and challenging market situation.

In the electric power sector, Edison aims to increase its role as one of the key energy companies in Italy, with an integrated presence from production to sale of energy at competitive prices for Italian consumers, integrating its own range of products with value added energy services. In parallel, Edison will develop its presence on the more promising foreign markets in the Mediterranean area, in a manner complementary to EDF's foreign development strategy.

Investment continuity

Over the course of the year that has just concluded, Edison continued to invest in development, albeit with numbers inferior to the past due to the effects of the market crisis seen in recent years, together with delays in the authorisation process. The long ownership reorganisation process has also involved a temporary revision of the portfolio of investment projects for development of the company.

In 2013, investment focused on the development of assets in the hydrocarbon sector. In Italy the company has developed the gas storage site of San Potito e Cotignola, which was up and running in June, as well as drilling two new wells in the Rospo oil field and initiating development activities at the Tresauro gas field in the Adriatic Sea.

Investment abroad related to optimisation of the Egyptian concessions and development of the future production hub in Norway, through construction of the Polarled pipeline that will connect the future 'Zidane' gas production field to the mainland.

The most significant exploration activities were carried out in Norway, with the drilling of the Skarfjell North, Skarfjell South and Brattholmen wells, on the Falkland Islands, with hydrocarbon research activity in the southern area, and in Great Britain, with the drilling of the Handcross 1X well in the North Sea.

Minor operations continued in the electric power sector, particularly increased maintenance in the hydroelectric and thermoelectric sector in Italy and Greece.



02 **Our Sustainability**

**From company competitiveness to the creation of value for the regions:
thus Edison participates actively in the shift to sustainability in Italy.**

Sustainability in governance

For Edison, the adoption of a sustainable development model remains consistent with a business management philosophy aimed at achieving economic growth with minimal impact on the environment and on society. In addition, Edison believes that this approach is essential in order to implement the business mission in compliance with the principles and rules of operational correctness and cost-effectiveness, balancing the expectations of shareholders with those of legitimate stakeholders in the Company's activities.

In order to pursue these objectives Edison has over time developed an approach to sustainability which seeks to create value not only for the Company, but also for the society and environment in which it operates by achieving short and long-term objectives, linked to the challenges and commitments it has entered into and which are periodically updated. The driver behind this interaction is the Corporate Responsibility department, which focuses particularly on the coordination of sustainability communication and reporting activities and provides specialist support to the Company's Departments/Business Units.

The ultimate goal of the governance model is to make a substantial contribution to the fulfilment of the action plan that focuses on the areas of commitment and improvement, and which

includes all of the projects and initiatives identified across the various areas of the Company.

System of Corporate Governance

Edison's Corporate Governance system is designed with the aim of contributing to achieving stable business results aligned to the strategic guidelines and to maintaining the trust of all the stakeholders. Particular attention is paid to preventing conflicts of interest, an aspect which has been considered even more important since EDF took over the Company. Edison's governance structure, based on the traditional organisational model, responds to the indications in the self-regulation code on corporate governance promoted by Borsa Italiana, and includes the following governing bodies:

- Shareholders' meeting;
- Board of Directors (which operates through executive directors and directors with representational powers and is supported by consultative committees for Control and Risks, Remuneration and independent directors);
- Board of Statutory Auditors;
- Independent auditors;
- 231 Monitoring Body.

Governance is complemented by: an Executive Committee (Comex) led by the CEO and composed of Divisional Directors representing the

main areas of business, managerial committees in support of the CEO, the organisational structure, the Code of Ethics, and the Internal Auditing Team reporting directly to the Board of Directors.

The Comex is constantly updated by the Corporate Responsibility department, which is in close contact with the company divisions, regarding the main sustainability projects and the results achieved, while the Board of Directors examines and approves the Sustainability Report which is distributed to shareholders at the Shareholders' meeting and to all stakeholders through publication on the Company's website.

More detailed information about Edison's system of corporate governance is provided in the Report on Corporate Governance, which is available online on the corporate web site:

www.edison.it



ETHICS AND VALUES

Ethics in business
conduct and
company activities

Loyalty
Integrity
Legality
Transparency
Respect for people's dignity

Ethics in
employment
and protection
and empowerment
of associates

Absence of conflicts of interest
Safety and health protection
Equal opportunities
Professional development
Confidentiality
Commitment to improvement

Commitment
to sustainable
development
and responsibility
towards the public

Promotion of sustainable development
Responsibility towards the public



Respect Innovation Integrity Excellence Service Team Spirit

GOVERNANCE STRUCTURE

- Managing bodies
- Controlling bodies
- Managing and controlling bodies
- Monitoring bodies

Shareholders' Meeting

It approves the financial statements, elects the Board of Directors and the Board of Statutory Auditors, appoints the independent auditor companies and approves amendments to the Statute

Board of Statutory Auditors

It monitors compliance with the applicable laws and the Statute and controls the company's operations. It also acts as an Internal Control and Audit Committee

Board of Directors

It defines the company's overall strategy and is responsible for overseeing its management

Independent Auditor Company

It audits the company's financial statements and perform regular reviews of its accounting records

Audit and Risk Committee

It supports the BoD in assessing the effectiveness of the system of internal controls and risk management procedure

Committee of Independent Directors

It performs the tasks required by the Consob Regulation governing related party transactions and by the relevant company procedures

Compensation Committee

It makes recommendations about the compensation for Directors including those with special assignments and about the incentive and compensation plans for top management

Oversight Body

It ensures that the "231" Model is functioning effectively and is regularly updated

EDISON FOR HUMAN RIGHTS

Edison has promoted its Human Rights Policy in the belief that, while respecting governments' responsibilities and competences, companies can have an important role in supporting and promoting human rights. Implemented in collaboration with the Italian UN Global Compact Network, it is inspired by the main international guidelines and conventions (Universal Declaration of Human Rights, ILO, etc.), application of which is overseen by the Human Resources Department in cooperation with the Corporate Responsibility division.

In 2013, Edison finished drafting a guideline for analysing the impact of the Company's activities on human rights. The guideline, based on the framework outlined by United Nations representative John Ruggie and formalised towards the end of the year, defines operational and organisational criteria, responsibilities and timeframes for the constant monitoring of the subject, to guarantee effective protection and the timely management of any problems, as well as evaluations carried out at sites in the wake of specific contingencies.

Risk prevention and management

Edison has established a centralised corporate function to control any risks that may arise while carrying out 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 growth opportunities. The structure for the control and management of corporate risks involves two main areas:

- Enterprise Risk Management, which identifies, monitors and controls risks in accordance with the integrated management model adopted by the Group;
- Energy Risk Management, designed to manage commodity market risks, which are those risks connected to price variations in energy raw materials on the financial and physical markets in which the Company operates.

Edison has 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 in identifying the Company's most significant risks, to assess in advance their potential negative effects and to 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 has equipped itself with a Corporate Risk Model that covers all types of risks inherent to its business and has adopted a method that assigns a relevance index to each risk, based on the assessment of its overall impact, probability of occurrence and level of control. Since 2011, with the aim of constantly improving the risk management business process, important actions have been launched which have led to:

- the development and creation of a website to support the ERM process, which has increased the efficiency of the management of the process itself and has made it easier to interact with the strategic planning process.
- the revision of the Corporate Risk Model, in which particular emphasis was laid on the counterparty risk and the country risk, according to the growing level of criticality caused by the financial crisis, and on reinforcing the risk elements related to core business management. As regards the country risk in particular, an integrated assessment model has been developed, which combines macroeconomic indicators and risk indicators provided by the main information providers with specific business aspects. In 2013 a pilot project was conducted on a country of interest for Edison, with the aim of adapting the characteristics of the assessment model to the specific requirements of monitoring initiatives abroad.

Aspects related to sustainable development and climate change, at both national and international level, are taken into account when assessing and deciding about investment, with reference to development projects: in this case, the ERM process provides an important contribution to the assessment of the risk profile related to the new operations, as a tool to support the decision-making process.

The Internal Control System

Edison's internal control and risk management system is composed of a structured and organic set of rules, organisational procedures and structures to prevent or limit the impact of unexpected results and to allow the Company to achieve its strategic and operational objectives (i.e. the activities' coherence with objectives, activity effectiveness and efficiency and protecting the corporate asset), its objectives of compliance with applicable laws and regulations and of providing fair and transparent disclosures internally and for the market (reporting). Such a system permeates the entire Company and involves different subjects with specific roles and responsibilities.

Among the elements underpinning Edison's internal control and risk management system are the Code of Ethics and organisational Model pursuant to Leg. Decree 231/01 (Model 231). In September 2003 Edison approved a Code of Ethics that is consistent with the best interna-

tional practices, which defines the principles and values of corporate ethics, as well as rules of conduct and implementation procedures related to such principles, and this has become an integral part of Model 231. The Code was also approved by the Company's subsidiaries. The Code of Ethics is binding as regards the conduct of all group collaborators (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. It is delivered to all of the Company's employees and collaborators. A specific procedure has been determined for indicating possible infringements of the Code of Ethics and Model 231.

The Code of Ethics was reviewed in 2013 as part of the draft for updating the model according to Legislative Decree No. 231/2001. In particular, a strong emphasis was made on aspects related to fraud prevention and corruption, both in terms of group values and in terms of individual rules of conduct; the value related to harassment was reinforced, explicitly requiring adherence to the 10 principles of the United Nations Global Compact. The legal aspects related to communication technologies were re-examined with the introduction of social networks and the possible negative repercussions in terms of company image and reputation resulting from their improper use.

The Code of Ethics is also integral part of the organisational, Management and Control Model aimed at shielding the Company from liability pursuant to Legislative Decree No. 231/2001. At the end of July 2004, Edison approved the Organisational Model pursuant to Legislative Decree No. 231/2001, which is aimed at preventing the possibility of perpetration of the unlawful acts referred to in the abovementioned Decree and, consequently, at shielding the Company from administrative liability. The Model, which was adopted following a detailed analysis of the Company's operations aiming to identify activities potentially at risk, includes a series of general principles, rules of conduct, control tools, administrative procedures, training and information programmes and disciplinary systems designed to prevent, as much as possible, the occurrence of the abovementioned offences.

In 2013 updates were made to Edison's Model 231 to incorporate new types of crime which had been added to Leg. Decree 231, including in particular the crime of criminal association and environmental crimes, as well as starting the update of the Model in consideration of the new crime of corruption among private individuals and the crime of undue inducement to give or promise benefits. Consequently new controls were introduced in the existing conduct protocols which are an integral part of the organisational Model 231 and the new protocol for the

management of environmental risks was introduced. Likewise, the Organisational Model 231 of each of Edison's subsidiaries will be updated in 2014.

The Board of Directors appointed an Oversight Body (OB) responsible for ensuring that the Model functions effectively and is kept up to date; it reports to the Board of Directors and the Board of Statutory Auditors every semester.

Compliance with the Code of Ethics and Model 231 is monitored by means of a special procedure for reporting potential violations and

carefully targeted internal audits that cover all corporate areas and that also address social and environmental. In this regard, various relevant initiatives were taken in 2013 concerning customer relations, the worker health and safety management system, the environmental risk management and prevention system, and respect for conduct protocols included in Organizational Model 231, which give particular attention to the principles identified in order to prevent fraud and corruption.

In 2014 initiatives focused primarily on customer relations, relations with the public administration,

on environmental issues and worker health and safety issues, on hydroelectric production and the multiannual renewal of the related concessions are expected to continue. Assessments on the company processes will also be developed with the aim of identifying and assessing risks of fraud and risks of unethical behaviour in general, both in Italy as well as in the Company's foreign establishments. Finally, in relation to the growth which Edison will seek to achieve in the gas and hydrocarbons business sectors, above all abroad, new compliance models will be developed in order to comply with international anti-bribery laws.

THE HSE MANAGEMENT SYSTEMS

The management systems give substance to the commitments undertaken and to the management policies established by Edison and officialised in Policies on quality, environment, health and safety in order to improve operational practices with regard to HSE issues. Since 2012 all facilities have completed the process for certification of their own management systems pursuant to the UNI EN ISO 14001 standard and the OHSAS 18001 standard. Moreover, 67% of facilities in the electric power sector and 25% of facilities in the Group's hydrocarbon sector are covered by the EMAS environmental registration.

The correct functioning of the management systems is ensured by means of internal and third party audits (in order to keep certifications), in addition to regular inspection visits by public entities and authorities.

SUSTAINABILITY ISSUES IN ENTERPRISE RISK MANAGEMENT

Among the risks related to the external environment, in addition to statutory/regulatory issues, macroeconomic factors, the risk of fluctuations in energy commodities prices and the country risk, the impacts of public opinion and changes in social views, as well as climate and weather conditions are also relevant. Among

process risks, in addition to the risks related to the Group's core businesses, there are also aspects related to ethics and corporate responsibility, issues related to customer care, environmental issues, issues related to human resources, legal risks, aspects of compliance and information technology. Issues that cut across the company's Risk Model are respect for human rights, a subject which pervades the Group's numerous activities, environmental responsibility, corporate responsibility in managing its own activities and those of contractors, and the management of human resources, above all in relation to health and safety.

Materiality, challenges and commitments

Edison is always open to discussions with its own stakeholders and is aware that only by continuing to develop this approach it will be able to preserve the ability to produce the social value, stemming from innovation (but not exclusively), which has accompanied it constantly in its first 130 years of existence. This is a value which Edison continues to seek, together with the business's continuous development and the generation of economic value, especially because it is convinced that today, more than ever before, this can make a difference for the success of a large company operating in the energy sector on an international level.



Edison's sustainability strategy is aimed at reinforcing this vision, and is based on the wider concept of materiality. To this end, the entire Company is committed to monitoring the development of the sectors in which it operates, and more in general of the external factors which can influence its own long-term business objectives. The analysis of the most relevant and significant issues for Edison's operations originates from this, in an economic, environmental and social context, which are observed from both an internal (the Company's) and an external (the stakeholders') perspective, which constitutes a basis for the challenges, commitments and plans of action aimed at risk mitigation and at seizing opportunities with a view to value creation.

A material issue is an issue which influences the decisions, actions and performance of an organisation and/or of its stakeholders. With the publication of the new G4 guidelines (adoption of which will be obligatory as from 2015) the principle of materiality has become fundamental in reporting.

The reference context and material issues

The relevant and material issues which present risks as well as opportunities arise within the context of a sector that is characterised by certain fundamental trends:

- sustainable energy in accordance with the dual dimension of individual consumption and States' energy planning;
- stable energy consumption in mature markets, but constantly increasing in emerging markets;
- access to energy;
- combating climate change;
- gradual liberalisation of European markets;
- increase in global demand for gas and strong competition among the world's geographic areas;
- fall in the production and internal consumption of energy, related to the economic crisis rather than to increases in efficiency in final use or switching to other energy sources.

In this context, Edison has systematically detailed the material issues for its own business, which are summarised in the following diagram. This has been done by including key issues for the development of hydrocarbon assets as efficiently as possible.

MATERIALITY MATRIX 2013

MATERIAL ISSUES

Economic/Governance

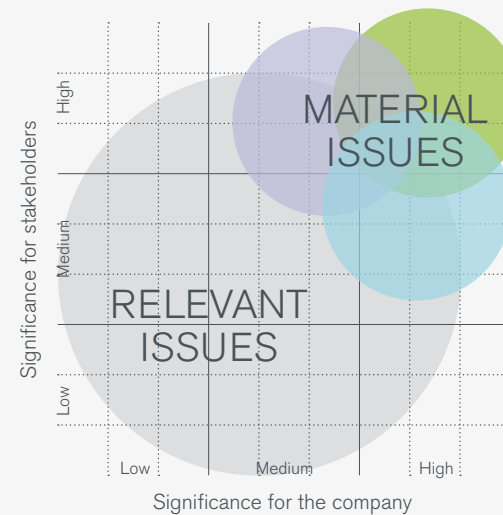
- Corporate responsibility management and stakeholder engagement
- Innovation and efficiency in production and distribution
- Effective communications and marketing campaigns, support services for consumers and dispute resolution

Social

- Relations with collaborators
- Health and safety
- Empowerment, training and development of people
- Community involvement
- Employment and employment relationship

Environmental

- Climate change mitigation and adaptation
- Protection of biodiversity
- Sustainable resource use
- Empowerment and enhancement of renewable resources (replaced by fossil energy sources)
- Waste management



RELEVANT ISSUES

- Business Continuity, Risk Management, Safety and Operations reliability
- Business Development
- Anti-corruption responsible political involvement
- Promoting sustainability of the value chain
- Diversity and equal opportunities
- Indigenous rights and human rights risk situation

The materiality analysis provided some clear results, which are set out below:

- the issue of employment and employability is of key importance, even in view of the present national macroeconomic scenario. The quality of work is closely related to this aspect: health and safety are priorities, but they are also accompanied by the protection of relations between the Company and its workers, as well as clear and bidirectional relationships;
- social responsibility, understood as an instrument to help the business achieve strategic objectives by involving all the stakeholders to create concrete projects characterised by strong, shared values, is a prerequisite for transparent involvement in the community based on trust and mutual respect;
- from an environmental perspective, with regard to the specific contexts in which Edison operates, the issues of major relevance concern biodiversity, sustainable use of resources and tackling climate change;
- ultimately, the issue of fair trading conditions, from marketing to the sale of products and services, to customer care and dispute resolution, is the most significant area in the context of market relations. Starting from this framework, Edison is developing and will continue to develop its own policies, as well as its own action plan for sustainability, with an approach that is increasingly integrated with the core business.

Commitments towards sustainable development

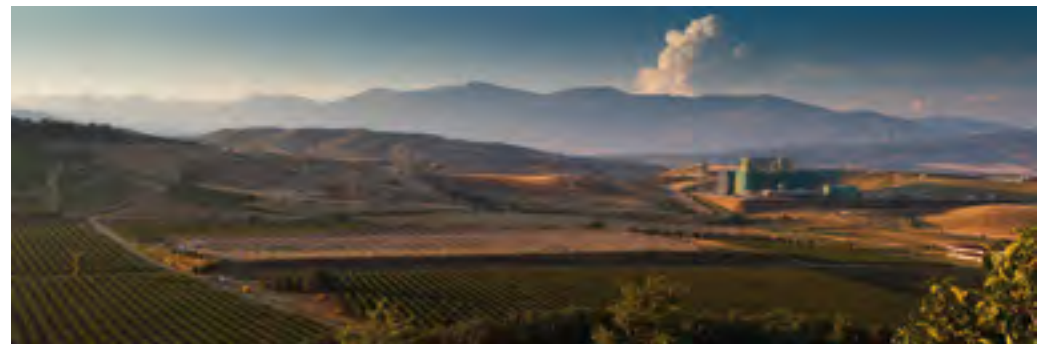
Edison has developed a policy which summarises the Company's commitment in the context of sustainable development in line with the above-mentioned issues and the organisation's ethical values. The policy is based on four areas of development:

- **people** - protecting employment and issues related to occupational health and safety, fundamental elements to guarantee the respect and integrity of all collaborators, together with giving value to diversity, to listening and professional development;
- **community** - reinforcing ties with the local community, respecting the aspirations of the local population and supporting the regions' growth by involving the community in its decision-making process;
- **environment** - the management and mitigation of environmental impacts, the contribution to reducing the effects on climate, guaranteeing energy supplies for all customers, the creation of a culture aimed at rational energy use and specific services for customers as well as the development of an energy model in line with environmental needs;
- **market** - market transparency and fairness in order to create loyal and long-term relationships with counterparties.

THE MATERIALITY ANALYSIS PROCESS

The process of updating the materiality analysis was completed using a method which may be summarised according to the following steps:

- identification of issues indicated in the principal sustainability guidelines (ISO 26000, GRI-G4, Global Compact), which are generally considered to represent the company's external perspective as identified in multi-stakeholder debates and meetings on an international level ;
- contextualisation of issues identified with regard to the Electric Utilities and Oil & Gas sectors by means of the benchmark used in 2012 sustainability reports by the main competitors and on the basis of the analysis of issues which are deemed to be fundamental by EDF;
- analysis of the sector scenario, of public opinion and pressures on the company in order to identify further issues and reinforce issues that have already been identified by analysing press reviews, media and the web;
- analysis of external stakeholders' perceptions (based on engagement tools, focus groups and surveys undertaken over the year);
- analysis of the Ethical Code and the Policies adopted by Edison;
- perception analysis from the company's internal perspective by means of interviews with directors of the different departments;
- comparative assessment of the internal and external dimensions and definition of the material issues.



03 The Value of Our Energy



Through our activities we plan to generate economic, social and environmental value which we share with stakeholders.

Economic performance

There are various ways of creating economic value. This is possible by means of the Company's involvement in all business activities, in both the electric power and the hydrocarbon sectors. The industry's integration in fact allows the Company to reduce risks and to exploit the best opportunities related to each sector's developments, optimising production and trading activities in particular and succeeding in supplying energy to the market at competitive prices and at the same time under profitable conditions for the Company.

In 2013 this flexibility has enabled Edison to register another positive year. Proceeds from

sales have increased by 2.7%, as well as the net operating profit (+50%) and that resulting from continuing operations, which has more than doubled when compared to the previous year, after having recorded 130 million euros of taxes on income.

The net financial debt has been reduced when compared to the previous year, and amounts to 2,549 million euros, which is less than the 2,613 million euros recorded at the end of December 2012. Improvement in the situation and in the financial perspectives has been confirmed by the revised opinions expressed throughout the year in the principal rating agencies.

The saving actions have ended at the price of 0.95 euros on the 31 of December 2013, and have increased by 13% with regards to the value of 0.84 euros of the corresponding ending of 2012.

With regard to 2014, Edison confirms the possibility of generating yet another big gross operating margin, which varies between 600 million and 1 billion euros, mostly according to the price review schedule with regards to long-term contracts related to gas provision. Edison is still involved in the second stage of these processes of price review, which are expected to be finalised in 2014/2015.

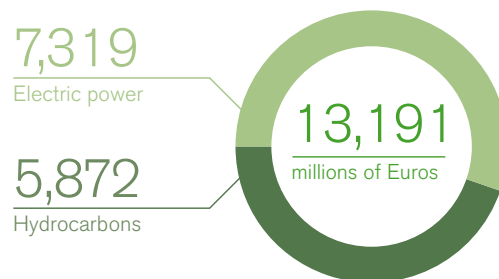
KEY FIGURES – ECONOMIC PERFORMANCE

	(in millions of euros) 2013	Diff. Vs. 2012 (%)	Developments
Sale proceeds	12,335	+ 2.7%	Electric power sector: volume increase in the electric power sector. Hydrocarbon sector: decrease in average sale prices
Gross operating margin	1,009	- 8.5%	Electric power sector: hydroelectric generation and optimisation of plant portfolio Hydrocarbon sector: <ul style="list-style-type: none"> > negative margins in buying and selling natural gas; > decrease in the volumes produced; > increasing margins in the field of regulated gas infrastructure
Net operating profit	344	+ 50.2%	Amortisation (for minor exploration costs) and depreciation reduction
Result from Continuing Operations	98	+172.2%	
Net financial debt	2,549	- 2.4%	

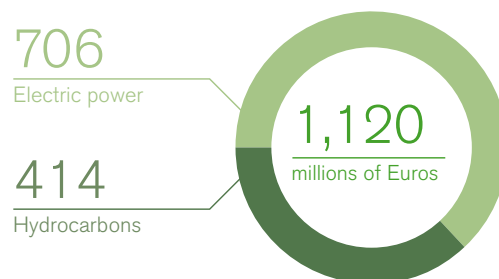
For a more detailed analysis of the main components and of the trends in the sectors in 2013, see the explanatory Notes to the Consolidated Report.

PROCEEDS PER SECTOR

(in millions of Euros)

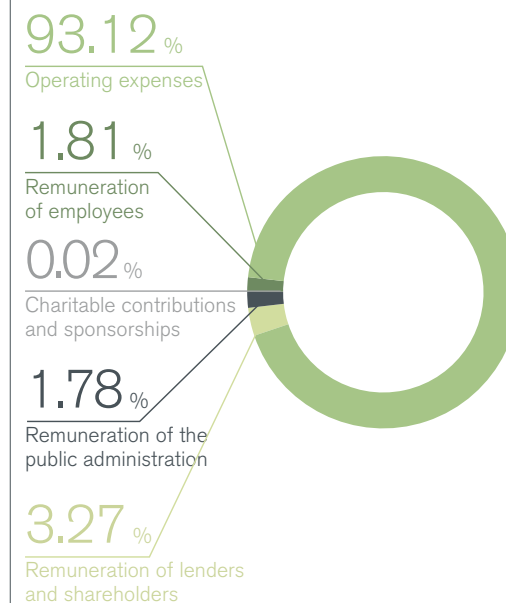
**GROSS OPERATING MARGIN PER SECTOR**

(in millions of Euros)

**Distribution of the value added**

The overall economic value of the Group generated by continuing operations (excluding the economic value generated by transferred assets or discontinued operations) amounted to over 13.2 billion euros of which approximately 6% was retained by the Company. The remaining 94% was distributed to stakeholders as follows:

- to suppliers in the form of payments related to operating costs for the purchase of commodities, services, non-strategic investments, royalties and other charges;
- to personnel in the form of direct and indirect remuneration (wages and salaries, social security contributions and benefits, severance indemnities, bonuses, and professional development and supplemental training expenses);
- to shareholders and financiers in the form of dividends and financial charges;
- to the government for annual income tax;
- to the community in the form of sponsorships, donations and other forms of contribution.

DISTRIBUTED ECONOMIC VALUE

ECONOMIC VALUE GENERATED AND DISTRIBUTED*							
(in millions of Euros)	2013		2012 *		2011 *		
	value	%	value	%	value	%	
Economic value generated	13,284	100.00%	13,092	100.00%	12,250	100.00%	
Total sales revenues	13,050	98.24%	12,844	98.11%	12,014	98.07%	
Financial income	234	1.76%	248	1.89%	236	1.93%	
Economic value distributed	12,516	94.22%	12,177	93.01%	11,642	95.04%	
Operating expenses	11,655	87.74%	11,361	86.78%	10,809	88.24%	
Remuneration of employees	226	1.70%	218	1.67%	214	1.75%	
Remuneration of lenders and shareholders	409	3.08%	379	2.89%	401	3.27%	
Remuneration of the public administration	223	1.68%	216	1.65%	216	1.76%	
Charitable contributions and sponsorships	3	0.02%	3	0.02%	2	0.02%	
Economic value retained by the Group	768	5.78%	915	6.99%	608	4.96%	
Amortisation and depreciation	656	4.94%	868	6.63%	885	7.22%	
Additions to provisions and reserves	112	0.84%	47	0.36%	-277	-2.26%	

* The 2012 and 2011 values, for comparison uniformity, do not include the economic value from "Discontinued Operations"



Seeking shared value with the stakeholders

To combine the difficult challenge of company competitiveness and reliability with its presence in the territories, to reconcile the double level on which Edison operates: the Company plays the "macro" role of a leader on a national and international market with its widespread presence throughout Italy and abroad and the need to maintain constant and transparent dialogue with local stakeholders in each territory. A duplicate dimension that combines a complex scenario at international level and numerous specific scenarios at local level, with the relative impacts on development, people, environment, cohesion and social inclusion. Edison's path towards consolidated leadership in the electric power and gas sector in Italy includes modulation of an innovative approach to sustainability and corporate citizenship.

No company organisation is an independent entity but rather draws competitive advantage from the support services and infrastructures that surround it, as well as from interactions with its actors of reference. In particular, Edison possesses plants across the country, and the energy that it supplies crosses Italy (and not only Italy) in a physical but also symbolic way. Today Edison assumes a key role in applying its energies for the development of the local communities in which it operates. In a logic of creating value, it transforms into a force for change

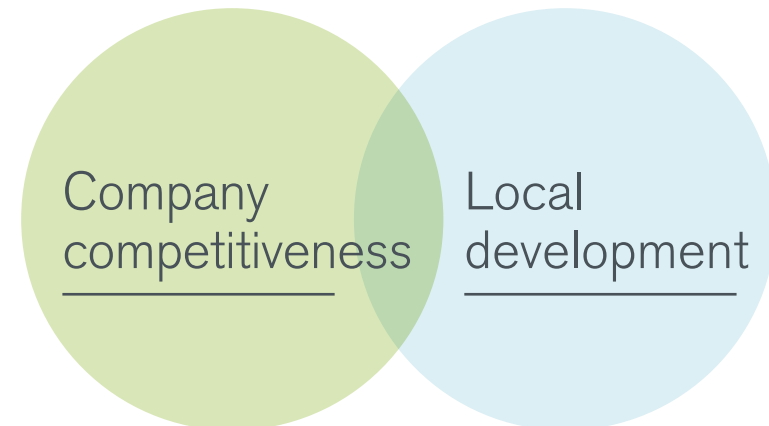
able to bring a long term vision not only with regard to the economy, but society as a whole.

To reinforce its sustainability strategy, from 2013 Edison has set itself the ambitious goal of maximising the positive benefits of its pres-

ence in Italy and in local areas, and consequently, embarking on a path to redefine and strengthen its practices of communication, debate and partnership with the stakeholders, positioning them with an innovative approach that aims to generate Shared Value.

APPROACH TO SHARED VALUE

The theme of Shared Value was formalised at the end of 2010 by Michael Porter and Mark Kramer, influential academics in the field of corporate management and territorial competitiveness, and presented for the first time in 2011 in the Harvard Business Review. It is defined as "the combination of operational policies and practices that reinforce competitiveness in a company, at the same time improving the economic and social conditions of the communities in which it operates".



EDISON AND SHARED VALUE

Edison, like any company, is characterised by corporate assets that act as levers for the creation of value. These distinct elements of every company represent internal capital stock on the one side while defining the scope to compete on the market on the other side, generating wealth and value.

In the preliminary phase, the analysis model foresees the identification of specific company assets and the positioning of ongoing projects. The path taken in 2013 was based on 5 modular steps:

- to understand which characteristics of the Edison business are compatible with the Shared Value approach;
- to interpret and personalise a methodological approach borrowed from the theory of Porter and Kramer;
- to identify stakeholders who can be more involved and who benefit from this business approach;
- to select the existing initiatives that are to be reread with regard to the stakeholders, identifying those that can be projected externally as levers for the creation of value for the company and territory;

- to develop a strategic approach and an intervention model based on this model, that can be integrated into the action plan for sustainability and allow for communication with the territories.

In order to make a concrete start along the path to Shared Value, Edison has carried out mapping and analysis of company processes and activities. This has led to the identification of plans, intrinsic to the business, that are capable of generating positive social impacts. The mapping of actions with high potential, currently underway, aims to identify a set of activities that, conveniently remodelled, can be arranged inside an innovative model for liaising with the territories in which the company operates.

Relationship with the stakeholders: listening, partnership

Edison's presence on the market is composed of exchanges of values and value that involve all of the Company's key stakeholders and the relationship that is built with them forms the basis for assuming responsibility with regard to the whole community. Edison is convinced that the stakeholders' trust is a real asset with economic value, a necessary and preliminary condition for all types of relationship, whether commercial or otherwise. Solid relationship capital, which translates as reputation, is the prerequisite to embarking on paths to create shared value. Edison is aware, and has long been involved in activities to reduce and manage potential risk, reinforcing the brand and thus consolidating the bond of trust with communities and, in particular, with consumers and territories.

Communication activities conducted with the stakeholders also contribute to the monitoring of sustainability themes on which to build specific paths of analysis and develop action plans. Edison has embarked on a structured path of stakeholder management (based on the best known guideline on stakeholder engagement, the AA1000 SES - AA1000 Stakeholder Engagement Standard), analysing coherence between the communication tools created by

Edison and the effective needs of the stakeholders.

During an initial phase that concluded in 2012, 14 interviews with top company managers were conducted to define a map of the main stakeholders, identifying the relative areas of interest, activities of involvement, needs requiring a response, analysing the state of the relationship with each category of interlocutor, with the aim to identify possible differences between what the various actors expect and what Edison has carried out. In 2013, the external stakeholders who will be involved in the "listening" project were identified and interviewed, with interviews designed to validate the results and identify eventual modifications or reformulations of the ongoing initiatives for involvement.



MONITORING CREDIBILITY AND REPUTATION TO REINFORCE CORPORATE CITIZENSHIP

Every year, Edison performs analysis and research with the purpose of evaluating and measuring the popularity and reputation of the company in a public review. The study "Edison's image in the eyes of opinion leaders, the population and stakeholders" provides the company with a snapshot of the "state of health" of its image and perception. The data, collated by the ISPO institute, demonstrates that Edison is positioned high in the rankings of the best known Italian companies, obtaining very positive feedback from its key stakeholders. In particular, the key

themes which increase its level of recognition, are "innovation" and "closeness to the country". When comparing sectorial competitiveness, Edison maintains its high position. More specifically, sales, renewables and production are Edison's best known areas of activity; its exploration and drilling are lesser known activities. Belonging to the EDF Group appears to be a positive factor, though the company is still considered to be strongly Italian, close to the territory and inclined towards investment in the country. The focus on sustainability, especially

environmental sustainability, is an explicit request from the people.

Following the institutional campaign in December during the 130th anniversary celebrations, a study was undertaken to assess recollection and appreciation of the campaign and its impact on Edison's image as regards competitors. In particular, Edison is perceived to be the most likeable and most innovative company; the campaign effectively told Edison's story and improved knowledge of the company's activities and values.

HYDROCARBONS, PLANTS AND TERRITORIES: AN IN-DEPTH ANALYSIS AMONG THE POPULATION

Over the course of the year a "steering committee" was set up inside the company, composed of representatives for the key functions, to share motions arriving from the community, monitor development of the public debate on the hydrocarbons theme, and evaluate possible new activities for stakeholders. The steering committee's activities will continue into 2014 with the detailed mapping of stakeholders, the creation of dedicated tools for involvement

and specific initiatives regarding the plants. In order to gain in-depth knowledge of the attitudes, prejudices and fears of the population with regard to the plants and their recent modifications, three focus groups have been set up with the local population of Collalto a Susegana (Veneto - gas storage facility), Vasto (Abruzzo - offshore platform for the extraction of hydrocarbons) and Pozzallo (Sicily - offshore platform for the extraction of hydrocarbons). On

one hand, the plants are considered a resource for the territory, in that Edison enjoys a positive reputation, especially in terms of transparency, attention to environmental sustainability and importance for the development of the Country. On the other hand, the analysis highlights an increasing need for continuous dialogue that involves the local communities, through solid engagement of the stakeholders with actions and initiatives that are proactive for the territory.

The sustainability network

An important characteristic of the way Edison pays respect to the theme of sustainable development and corporate responsibility is its commitment in multi stakeholder contexts where debate on these themes continues to evolve. Affiliation at company level and the direct participation of its people in governance and round tables has allowed Edison to build a wide network that includes associations and organisations active on a national and international level, with which the Company maintains its attention and focus on the most relevant initiatives across the various areas of interest to its sustainability profile:

- **Global Compact** – the world's most significant initiative for the promotion of sustainable development, launched in 2000 under the auspices of the United Nations. Approximately 10,000 organisations participate, among which more than 7,000 companies from 145 countries; Edison has participated in the Italian network since 2009.



- **IPIECA** – International Petroleum Industry Environmental Conservation Association, a forum for debate and confrontation on environmental and social issues in E&P.
- **Sodalitas** – founded in 1995 by Assolombarda to build a bridge between business and

society. The first organisation to have introduced Business Sustainability in Italy, more than 90 leading companies on the Italian market belong to it.

- **Centre for Business Culture** – Edison is part of the Board of Directors on the association founded in October 1991 by the Milan Chamber of Commerce and recognised by the Ministry of Culture which promotes the protection and profitable use of the documentary assets of its associates as an organisational and cultural resource. The Centre conserves Edison's photographic archive, recognised by the governmental archive department for Lombardia as an asset of significant historical interest; it is composed of approximately 230,000 photographs, of which about 6,800 have been catalogued and digitalised so far.
- **National Corporate Film Archives** – based in Ivrea, it conserves and restores Edison's cinematographic collection, that boasts works by the likes of Olmi, Pasolini and Calvino and amounts to more than 300 titles on the history of the Company between the 1920s and 1980s.
- **Politeia** – Since 2012 Edison has been part of the Committee to promote the Forum on Business Ethics and CSR in a Global Economy, organised by Politeia in collaboration with the Università degli studi di Milano. The Forum gives managers and experts in business eth-

ics and CSR, hailing from the most prestigious international research centres, the chance to discuss ethical issues that emerge from the global economic system.

- **MED. Solutions** – a network of universities, research centres, businesses, etc. interested in identifying and promoting solutions and initiatives in the Mediterranean area, launched during 2013 and coordinated by the Università di Siena.
- **OME. Observatoire Méditerranéen de l'Energie** – an association founded in 1988 and that counts among its members 32 energy companies from 14 Mediterranean countries; its aim is to promote energy as an element of regional integration. Presiding over it since May 2013 is Bruno Lescoeur, CEO of Edison.
- **RES4MED** – an association of which Edison is a founding member. Founded in 2012 with the aim to act as a catalyst for initiatives to promote renewable energy sources in the Mediterranean basin through the involvement of key actors in the areas of North Africa, the Balkans and Middle East.
- **WAME** – association founded in 2013 by the main European energy companies, including Edison which sits on the executive board, and by the organisers of EXPO 2015 to promote the issue of access to electricity.

EDISON'S PARTICIPATION IN IPIECA

Edison is part of IPIECA, International Petroleum Industry Environmental Conservation Association, founded in 1974 with the aim of representing the oil and gas industry in both the upstream and downstream sector, dealing with both social and environmental issues. It acts as a forum for discussion and cooperation on environmental problems between the oil and gas industry and international organisations. 37 petroleum companies and 16 sectorial associations take direct part, forming a network of more than 400 companies from across the world. In IPIECA there are currently active work groups, which Edison takes part in in cooperation with EDF, on various issues: environment and safety, human rights, corporate responsibility and communication.

COMMITMENT TO GLOBAL COMPACT

Since 2005 Edison has participated in Global Compact, the initiative launched by the United Nations that unites governments, businesses, international organisations, trade unions and civil society, with the aim to promote on a global scale the culture of corporate citizenship by respecting the ten universally accepted principles on human rights, job protection, environment protection and

the fight against corruption.

Edison is a founding member and sits on the Executive Board of the Italian Global Compact Network Foundation, the body responsible for the development of initiatives of the international network in Italy. Furthermore, it participates in work groups on the themes of "Supply Chain" and "Human Rights".

The company undertakes to integrate the 10 principles into its strategic vision and to promote and disseminate them; in addition, every year it provides the Communication on Progress (COP), a public document for stakeholders regarding progress achieved in implementing agreed principles and supporting the broader objectives of the Global Pact.

WAME&EXPO 2015 AND THE THEME OF ENERGY ACCESS

The impossibility of access to modern sources of energy is a serious global social problem: according to current estimates, there are currently 1.3 billion people (19% of the world's population) who do not have access to electric power.

The United Nations' Advisory Group on Energy and Climate Change has requested the adoption of objectives to achieve universal access to modern energy services by 2030. The policies

adopted at various levels do not, as yet, allow for the forecasting of significant improvement regarding access to modern energy. All parties (governments, international agencies, businesses and voluntary organisations) active in the energy field are essential in order to carry out effective action to achieve the 2030 objective.

On this premise, Edison was a founding member of the project «World Access to Modern Energy & Expo 2015», that aims to maximise the opportunity offered by this international event, with actions to put in motion from 2013 and for the whole of 2015.

The key objectives are:

- to bring the problem of enduring exclusion from modern energy for a large part of the world's population to the attention of public opinion;
- to build a database of research, analysis and best practices for public consultation via a web platform that can be useful and bequeathed, post-Expo, to countries and governments, ONGs and companies in energy sector;
- to facilitate actions to close the modern energy gap, contributing to the meeting of demand and the offering of projects that focus on this issue.

04

Protection of the Environment and Territories



**Protecting the environment, respecting legislation, continuous improvement:
Edison has in this way achieved excellent results in reducing its impact.**

Tackling climate change

The energy sector shows a vulnerability to events triggered by variations in climate that take on different meanings depending on the level of exposure by the territorial-environmental system in which the various structures are located. Therefore, alongside a careful risk analysis, it is very important that a specific "surveillance and response" plan is adopted for any effects caused by unexpected and violent meteorological phenomena.

Climate changes and actions for their mitigation represent a relevant theme for Edison, in that it is exposed to numerous solicitations that directly and/or indirectly influence industrial activity. Such solicitations are translated as interventions to adopt in order to deal with two types of risk:

- physical risk, directly linked to extreme and violent meteorological manifestations caused by global warming and that could have repercussions on industrial infrastructures with economic and social consequences;

- normative risk (risk indirectly linked to climate change), linked to the application of European and national legislation drawn up to contain, within the limits hoped for, the increase in global temperature. The adoption of such legislation requires a necessary series of compliances that have repercussions on the industrial process, the management of infrastructures, as well as on investments.

Although no ad hoc "National Strategy" on climate change has yet been published in Italy (a draft proposal was drawn up recently by the Department for the Environment and for Protection of the Land and Sea), Edison has started a project to manage environmental risks in line with the actions taken by the EDF's "Strategy of Adaptation to Climate change" project, aimed at reinforcing the level of "resilience" of systems to sudden, disruptive events.

Regulatory risk represents an indirect risk deriving both from evolution of the regulatory situation as regards the restriction of green-

house gas emissions, and application of specific provisions that impact the management of industrial plants. These risks mainly take the form of an increase in operating costs due also to work undertaken to modernise installations, in order to increase efficiency and consequently reduce emissions of CO₂.

Consequently, constantly monitoring the changes and trends that are occurring both at the national and international level is of fundamental importance for Edison, particularly at this time, when the legislative framework upon which to base an energy model featuring low carbon emissions is in the process of being drawn up.

In this context, Edison has an active role in discussions with the Institutions, both at national and European level. It plays an active part in the discussions developed at Italian and EEC level, witness the recent involvement in talks on the "Green Paper" on the energy and environmental targets to be pursued from now until 2030 and, prior to this, in the debate on reform of the Emissions Trading System (ETS).

IN 2013 EDF INITIATED A WORK GROUP THAT ALSO INVOLVES EDISON, DEDICATED TO IDENTIFYING A METHODOLOGY FOR THE COMMON CALCULATION OF THE CARBON FOOTPRINT.

THE INTERNATIONAL STRATEGY FOR CLIMATE CHANGE

As of 31 December 2012 there are no binding objectives defined internationally under the UNFCCC (United Nations Framework Convention on Climate Change), owing to the expiry of the Kyoto Protocol. The Parties involved in the negotiating process to identify new obligations for the reduction of emissions of CO₂ (industrialised countries, developing countries, market economy transition countries, as well as recently developed countries) have recognised the need to limit the increase in global warming to 2°C, but have still not reached agreement on the commitments which must be taken on as binding, global and fair and represented in the new "International Agreement". The responsibility accepted by all the Parties to prepare a draft "Agreement" to be approved at the XXI Conference of the Parties in Paris (COP XXI) with legally binding objectives as from 2020 has not been decisive in terms of accelerating the move to "post – Kyoto". The recent COP XIX held in Warsaw, which closed in November 2013, recorded no significant progress in terms of the new international treaty, so that the possibility of reaching a global agreement is now at risk. In any case, with a view to 2015 (COP XXI in Paris), within the first quarter of the year in question the Countries must send clear, transparent plans regarding the commitments they are able to make as part of the "International agreement".

At the same time, the European Union is going ahead with its policies to combat climate change. In particular, the recent proposal made by the European Commission for the new "climate-energy package", presented in January 2014 to the European Parliament and Council, is of great significance.

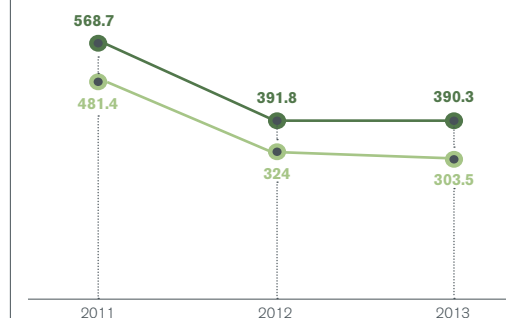
In this strategy the intention is reiterated to ambitiously increase the environmental targets to 2030, envisaging a reduction in the emissions of CO₂ of 40% and an increase in renewable sources of 27%. Actions relating to energy efficiency will be dealt with as part of the review of the recent directive 2012/27/EU, which should be implemented within the end of 2014.

In relation to "climatic" objectives, the reduction in emissions of CO₂ of 40% compared to 1990 must be achieved solely through initiatives within the EU, without using international credits from projects undertaken in other countries: furthermore, the proposal also envisages a reform of the ETS (Emissions Trading System) with the introduction, for the next exchange period (ETS phase IV, starting in 2021) of a "reserve" that protects the market from both excess shares and severe financial events. This strengthening in the European commitment to climate can also be seen in the aim of reconfiguring its energy production mix, assigning an important role to renewable energy sources which, in 2030, should cover 27% of the energy consumption requirements at European level.

SPECIFIC CO₂ EMISSIONS

(g/KWh)

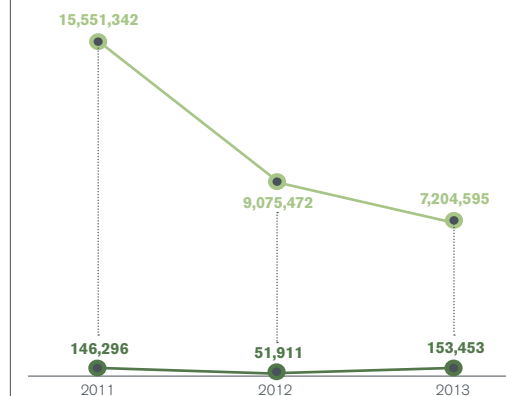
- Specific CO₂ emissions - thermoelectric and thermal energy
- Specific CO₂ emissions – electric power and thermal energy



CO₂ EMISSIONS

(tonns)

- Production of electric power and thermal energy
- Hydrocarbon sector



Mitigation of environmental impacts

Edison's approach to the protection and safeguarding of the global and local environment takes three forms:

- 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 programmes to train Company and contractor employees and increase their

awareness of these issues, because improving the environment requires, above all, the daily effort of everyone who works for and with Edison.

Edison is engaged on the environmental front, investing its resources to improve services by containing emissions into the air and water, protecting the soil, subsoil and biodiversity, correctly disposing of waste and maximising waste recovery. The Company monitors its environmental performance at all times, in an attempt to continually improve its results.

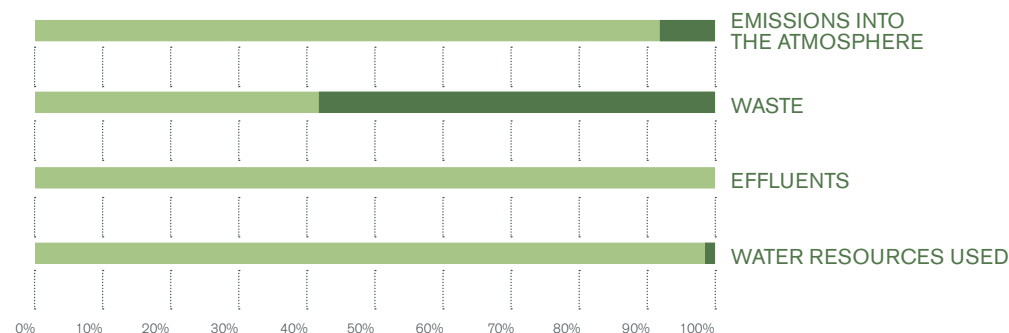
Management Systems and ongoing improvement

Edison was the first company in Italy to receive ISO 14001 and EMAS environmental certifications. To date, and for the first time in its history, Edison has reached the ambitious milestone of integrated environmental (ISO 14001) and safety (OHSAS 18001) certification coverage at all its production plants. Most of the controls on environmental and safety aspects are entrusted to its management systems, application of which has enabled it to achieve excellent levels regarding both its ability to communicate and interact with third parties who are interested or involved in its environmental activities and regarding the reduction in environmental impact generated by manufacturing processes. Ongoing improvement is the basic requirement of the Edison approach. The results achieved by the Company in 2013 are summarised below:

- during 2013 the EMAS certification already present at the E&P division's hydrocarbon sites was also extended to the Comiso II gas power plant. Therefore, the objective of continuing to maintain the EMAS registration and certifications for the E&P sites is fully confirmed: renewal/monitoring audits of the integrated environmental and safety management systems were successfully completed by the certification organisation and by an accredited

ENVIRONMENTAL IMPACTS PER SECTOR

- Electric power sector
- Hydrocarbon sector



auditor for the EMAS registration. The audits for the thermoelectric plants were carried out in June, while the hydroelectric plants were audited in October. Furthermore, all monitoring inspections of the hydrocarbon sector Business Units' integrated environmental and safety management systems, namely those of the Italian Production Department, Edison Stocaggio Spa and Edison D.G., Spa were completed successfully;

- the annual training program destined for technicians in the environmental job family was completed, with a total of 20 hours themed training sessions per person per year. Questions relating to sustainability and company social responsibility, emissions into the atmosphere, effluents and management of visits by control bodies were dealt with;
- internal audit work was undertaken at all the Edison sites; it is an essential tool to verify conformity to the Group Policy in terms of quality, the environment and safety. It also allows the effectiveness of the Environmental management systems and the Safety management systems to be determined, assessing their compliance with reference standards (UNI EN ISO 9001 for quality, UNI EN ISO 14001 and EC Regulation 761/01 "EMAS" for the environment and BS OHSAS 18001 for health and safety). It is to ensure the correct functioning of

the management systems that internal audits are carried out periodically, in order to maintain and improve the handling of operational practices. More specifically, a total of 97 audits were performed at Group sites in 2013, including 11 third-party audits. In addition to those above, 49 inspections were carried out by public entities and agencies.

Authorisation processes and compliance with regulations

Compliance with the environmental provisions in force, monitoring of the legislative framework for prompt application in conformity to its developments, and strict adherence to the authorisation requirements which the Company is bound to are the prerequisites for Edison's commitment to protecting the environment. In this context, the main activities carried out in 2013 are listed below:

- the paperwork required for the issuance and renewal of the Integrated Environmental Permit pursuant to Legislative Decree No. 59/2005 was completed for power plants under the Ministry's jurisdiction with thermal capacity of more than 300 MW and for regionally relevant power plants with thermal capacity of less than 300 MW. A non-substantial modification was requested for the Integrated Environmental Permits issued to Marghera Levante and Terni thermoelectric power plants, to allow

use of an auxiliary boiler. Both requests were duly accepted;

- the authorising decree is still pending for the request for Ministerial Environmental Integrated Authorisation for the Rospo Mare B off-shore platform at Campo Rospo, which was presented in 2012;
- the investigations relating to preparation of the safety reports in compliance with the "Seveso Directive" for the San Potito e Cotignola and Collalto gas storage facilities have been concluded; this is a continuation of the positive operations carried out in previous years for the Cellino facility;
- as a result of regulations issued during the year, activities relating to communication of plants containing fluorinated gasses and on-line reporting of the waste produced have been completed. In addition, an assessment was made of the actions consequent to issue of the new Single Environmental Authorisation and the relaunch of the Waste Traceability System (SISTRI);
- the application procedure went ahead to request issue of the FPC (Fire Prevention Certificate) for electrical stations as required by Leg. D. 151/11 point 48 1B due to the presence of electrical machines containing more than 1 m³ of oil;

- third-party verification of natural gas leakage using the L-DAR procedure was carried out for the Milazzo, Candela, Altomonte, Simeri and Torviscosa facilities. No significant problems were identified;
- the rainwater collection system at the Porcari power plant was improved, through the installation of a separation network and collection system for stormwater, which is then sent for recycling.

A single administrative sanction was recorded for 540 euros following an investigation into the biomass plant at Castellavazzo for exceeding emission limits; the infringement resulted in a fine.

Environmental protection measures

Edison considers environmental protection to be an integral part of its work and its manufacturing growth process. The Company adopts safety and environmental protection standards in line with international best practices, and the results seen from an environmental monitoring and control viewpoint show an ever increasing care for the environment. The following is a summary of the main actions taken in 2013:

- work to profile, make safe and restore sites continued, with most of the sites being particularly important industrial areas which were

potentially polluted by previous activities of the Montedison Group and defined as of "national interest" by lawmakers. At the same time, work continued on projects for the environmental remediation of locations with soil and aquifer contamination identified or started in previous years at some of the Group's thermoelectric and hydroelectric power plants;

- In 2013, projects involving the monitoring, remediation and securing of industrial sites continued at the following production sites: Marghera Levante and Marghera Azotati in Porto Marghera (VE), Sesto San Giovanni (MI), Piombino (LI), Bussi sul Trino (PE), San Giuseppe di Cairo (SV) and Pieve Vergonte (VB). As for the power plant at Milazzo (ME) the area under investigation was released since no contamination was found either of the aquifer or of the land. The plant at Torviscosa (UD) was excluded from the list of sites of National Interest and the redevelopment of the land has become the competence of the Region of Friuli Venezia Giulia. Finally, the technical report issued following the actions carried out at the Pentima (TR) site is awaiting validation by ARPA;
- 2013 saw the continuation of projects involving the characterisation, remediation and securing of the following sites that the Company is no longer using for business-related reasons: Dogaletto (VE), San Giuliano Milanese

(MI), Correzzana (MB), Sinigo (BZ) and Massa (MS). At the Muggia (TS) site operations have been completed, and we are awaiting the ministerial decree certifying that the site can be returned to legitimate use;

- as part of the process for issue of hydrocarbon exploration rights for the Codogno field in the Municipality of Pizzighettone (CR), Edison has carried out a preliminary environmental survey aimed at environmental remediation activities. This survey highlighted a state of potential subsoil contamination by hydrocarbons, with an overall extension of approximately 25 square metres, which cannot be attributed to activities prior to the exploration; the relevant bodies have been notified and we are waiting for the Authorities in charge to call a service meeting to approve the Reclamation Plan, connected to the plan for environmental remediation of the site, which involves the removal and disposal of the surface soil involved;
- as regards implementation of the plan to dispose of PCB, all equipment containing these substances were disposed of successfully in 2013;
- soundproofing was carried out at the Sonico and Cogno hydroelectric power plants;
- the reverse osmosis demineralisation plant at the Cologno power plant was reactivated,

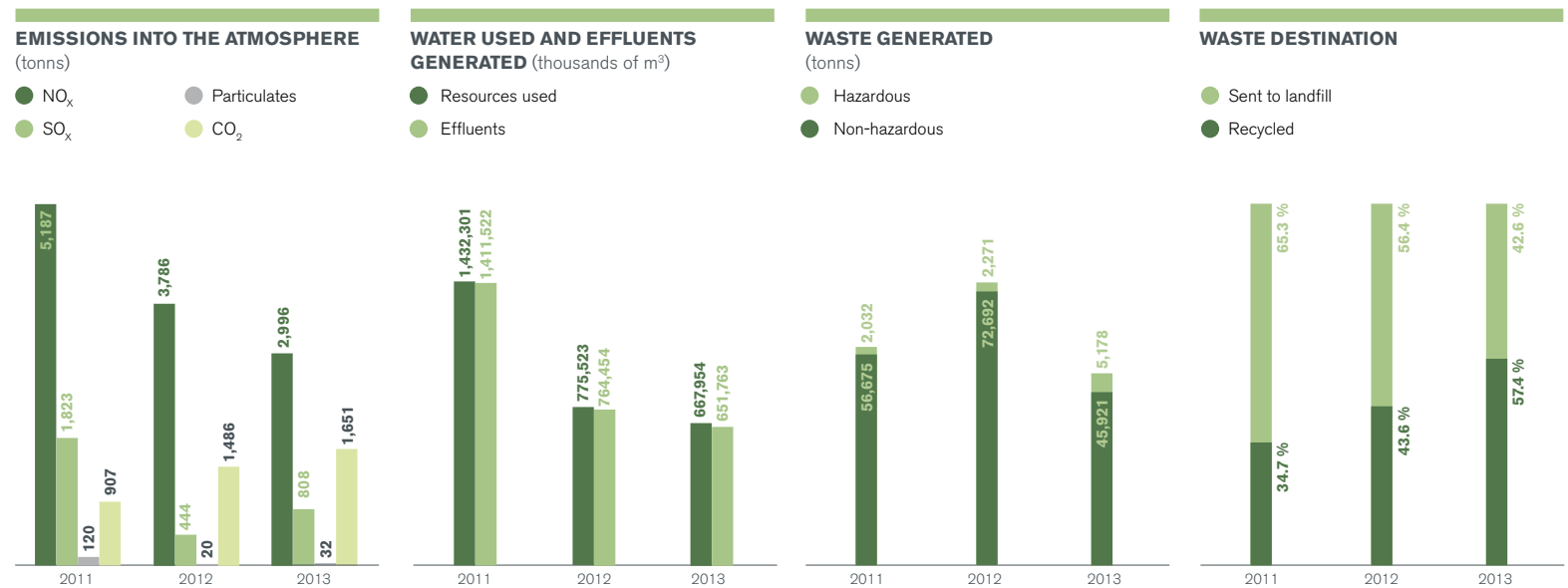
allowing a reduction in the consumption of hydrochloric acid and soda;

- temporary connection of the Mistretta substation using transmission towers has been replaced by a permanent connection;
- in the wind sector, at the San Benedetto Val di Sambro plant, reclamation work was completed at the disused sites and hydro-seeding was carried out in the areas newly covered with soil;
- work on the process gas recovery system at

the Maria a Mare oil production plant was completed, in order to reduce emissions into the atmosphere from combustion of the gas separated from the oil itself. The separated gas was partly consumed internally, while the excess was sent to the torch and the thermal burner. The plan to modify the systems, and reconfigure the power plant, has allowed the excess gas to be recovered and sent, after compression, to a newly built flow line connected to the existing Verdicchio - San Giorgio Mare pow-

er plant gas pipeline. The gas from the power plant is now carried to the San Giorgio Mare power plant to be processed and fed into the commercial network.

In 2013 there were no incidents with an impact on environmental systems (soil, subsoil, aquifers and biodiversity). All sites carried out at least one environmental emergency trial to test the efficiency of the organisation. In 2013 there were no spillages at Edison sites.



EMERGENCY MANAGEMENT AT THE ROSPO MARE FIELD

In January 2013 Edison was able to verify the efficiency of the control systems implemented at the Rospo Mare Field directly. In particular, when an alarm was triggered in January 2013 after sighting of a suspicious patch close to the platform, Edison activated the emergency procedure in a timely manner, immediately stopping production thanks to the innovative onshore remote control system at the Santo Stefano base.

Thanks to the co-operation of the Port Authorities and the other emergency services, following thorough analysis and investigation, the local ARPA (Molise and Abruzzo) were able to exclude the presence of crude oil and therefore any form of pollution in the sea within just 60 hours of the alarm being triggered, and this was confirmed by satellite pictures taken over the following days.

The strict plant safety and environmental protection measures implemented at the Rospo Mare Field are of an extremely high level, and guarantee maximum protection for people and the ecosystem. In the event of gas leakages, the system is able to activate emergency stop systems that seal the underwater filed at the bottom of the sea, and activate fire protection pumps around the whole plant. The same

emergency stop system is also installed on the platforms. The emergency measure can also be activated from aboard the FSO Alba Marina. Naturally, the field is also provided with standard safety equipment in compliance with navigation codes and mining legislation. The FSO Alba Marina 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 metres 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.



Defending biodiversity

In 2012, the Company completed an assessment of the vulnerability of the areas surrounding its production facilities in terms of biodiversity issues. The methodology used was that of analysing 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. 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. Thanks to the results of the study, attention can now be focussed on those sites in a potentially more sensitive situation due to their proximity to protected areas or areas of particular natural interest.

In 2013, a project was launched to assess the existing flora and fauna in a section of the Silisia river of about 3.3 km. in length located between two dams used to produce electricity. The site identified is immediately upstream of the hydro-electric plant of Chievolis, located in Val Meduna (PN); Edison completed the study in the section

between the Ca' Selva dam and the Chievolis power plant. The study was carried out by analysing the biological components, with particular reference to more complex plant and animal species, also including analysis of the surrounding area. This study has helped integrate existing knowledge of the area around Edison plants, in a site lying on the boundaries of an area that forms part of the Natura 2000 ecological network and also involves the south-western extensions of the Friuli Dolomites Natural Park. A number of observation stations were identified, according to the investigations carried out. More specifically, regarding analysis of the river ecosystem, the investigation stations were located a little downstream of the Ca' Selva dam and a little upstream of the Chievolis power plant. Analysis made it possible to verify that the water quality in these two environments is high, and that almost all the species found in the Chievolis station are also present in the Ca' Selva station, so that there is a similar environmental situation in both stations. As regards the fish life, the populations found in both stations are suitable for the sections under investigation, with the European Bullhead fish, a protected species, being particularly abundant in the downstream station, confirming the good level of preservation of the stream. As a whole, in spite of the various human activities, the area under study appears to feature a high natural level that is reflected in the state of preservation of the habitat and the

fauna present in that habitat.

This pilot study has been used to validate the methodology used to analyse the sensitivity of operating sites in terms of biodiversity.

The question of biodiversity is one of the priorities in Edison's environmental protection strategy. In 2013 the Company focussed its efforts on the following activities:

- obtaining, in April 2012, the Integrated Environmental Permit for Full Reconstruction of the wind farm located in the Commune of San Benedetto Val di Sambro, Loc. Monte del Galletto (BO). The final environmental report asked for installation of artificial cavities for birds and bats in certain areas of the territory. As a result, 3 bat boxes were set up in June 2013, at the Town Hall, at San Benedetto Val di Sambro Comprehensive School and at a local church. A further 12 bat boxes were then delivered for positioning in the villages of Montefredente, Monte Acuto Vallese, Madonna dei Fornelli, Pian del Voglio and Ripoli at the local branches of the Comprehensive School.
- the area in which the Melissa-Strongoli and Melissa - San Francesco wind farms are located is a foothill agricultural area, which also marginally includes a Special Protection Area (SPA) named "Alto Marchesato foce dei fiumi Neto e Tacina". Monitoring of birds was required for these plants, with a mobile char-

nel house being set up in a specified area, to encourage birds of prey to nest at a distance from the wind farms. It must be noted that, as regards the presence of the charnel house in the area, an Egyptian vulture was sighted this

year; this bird of prey has been absent from the area for approximately two years, and is a protected species world-wide and extremely rare in Calabria. To date it is only known to be present in Strongoli (KR).

Finally, several specific projects on questions of biodiversity have been launched, in particular in the Vega and Rospo Mare off-shore fields, involving the monitoring of local marine flora and fauna for a certain period.

MOSELMONITOR – MONITORING WATER QUALITY WITH BIOINDICATORS

The "Mossemonitor" project is a pilot project for the bio-monitoring of sea water undertaken with the Termoli Marine Biology and Fishing Division of the Institute for Animal Health of Abruzzo and Molise. The project involves the installation of the Mossemonitor system, which uses *Mytilus galloprovincialis* as bio-indicator organisms, on a platform of the Rospo Mare offshore oil complex. The biosensors, if duly integrated into a continuous seawater circuit, display different responses in the presence of pollution, acting as control and monitoring elements for water quality. The system proposed is a valid surveillance tool which can identify any environmental alterations in critical areas.

The instrument was installed in a dedicated water capture system built inside the platform. Subsequently an Internet connection was realised for the real-time transfer of biological and chemical-physical data, recorded by a multiparametric probe in situ, to the Institute for Animal Health at Termoli. The Mossemonitor has proved itself to be an early and effective warning system thanks to the

characteristics of the instruments and biosensors used. The data collected during the study have given greater knowledge of the behaviour of mussels in areas subject to human impact, such as oil drilling platforms.

In consideration of the positive results obtained and the excellent development prospects for the monitoring system in terms of creating data banks for the integrated management of coastal areas, Edison intends to continue the experiment in order to progress its research.

BIOVEGA – PROTECTING BIODIVERSITY AT THE VEGA PLATFORM

The BioVega project was started in 2013 to monitor the state of biodiversity in the vicinity of the off-shore platform. It consists of 5 successive macro phases, which will be completed over a two-year period:

- Survey of the species and algae on the jacket and in the waters surrounding the platform
- Analysis of the flora and fauna
- Continual monitoring of certain parameters that are vital for biodiversity

- Installation of special devices capable of creating environments that can host biodiversity
- Installation of special video cameras to show Vega's biodiversity to everybody.

The first part of the project was finalised in 2013. The results have shown that the main inhabitants of the jacket are molluscs, of which there are 17 species present. There are numerous species of fish (for example Chromis, Black Seabream, Greater Amberjack, Triggerfish), of various classes and sizes.

It can be said that the Vega A platform shows high levels of biodiversity for its area, and as it is an off-shore environment (in terms of distance from the coast and depth of water) it is attractive to many species that would not normally be present in this type of environment. The presence of the jacket has enabled the development of a typical community of molluscs, algae, crustaceans etc. needed for the colonisation of fish species. It is therefore possible to assume that the platform acts as a fish attracting device (FAD) for the species found there.



05 **Market Responsibility**

**Fair management of customer relations, transparency in interactions
and support services: our goal is customer satisfaction.**

The central position of customers and service quality

Fairness and transparency of commercial practices

For Edison, direct contact with consumer associations, particularly those acknowledged by the Department of Economic Development, has always been a fundamental means of giving form to new all-round improvements to its responsible operation on the deregulated market. In line with the provisions of the Code of Commercial Conduct, which was recently updated by the Authority for Electricity and Gas (AEEG), Edison is always very careful about the transparency of all contractual documentation, the training of sales staff and its suppliers and providing customers with all the information necessary to transfer to the free market: however this is a market where transparency alone is not sufficient; there is also a need for simple information and fair behaviour.

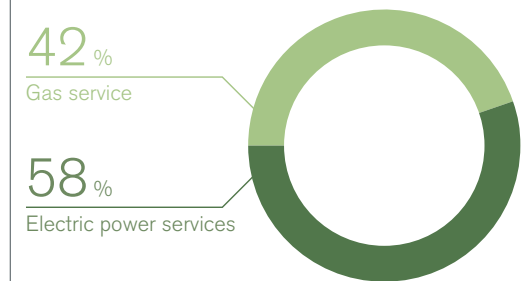
This is why in 2013, as a result of Electric Power and Gas Authority's specific Resolution entitled 'Adopting pre-emptive measures and restoration in case of unwanted electric power or natural gas contracts or activations', which will allow companies to singularly or collectively adopt the Voluntary Self-Regulation Protocol on unwanted contracts, Edison and Sorgenia presented the public with a voluntary self-regulation Protocol, signed in conjunction with all the National Council of Consumers and Users consumer associations, to tackle the trend of

unwanted activations and contracts for electric power and natural gas supply. The document, which came into force on 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.

The Protocol also involves creation of a joint Observatory, with the participation of the two companies and a delegation representing the signing consumer associations that has the task of guaranteeing compliance with the Protocol itself, and which met for the first time in November 2013 with the aim of jointly verifying the results of operations to monitor compliance with the Protocol.

Edison's decision to sign the Protocol merely reinforces a path it already embarked on some time ago: many of the obligations foreseen by the Regulator in Resolution 153 had, in fact, already been implemented spontaneously or even exceeded. Edison adopted a series of controls both for the physical sales network

NUMBER OF CUSTOMERS, DIVIDED ACCORDING TO TYPE OF SERVICE



SUPPLIES BY TYPE OF CUSTOMER

- Residential
- Industrial/Business

GAS PROVISION SERVICE (mil Sm³)

4,830 614

ELECTRIC POWER SERVICES (GWh)

17,158 1,991

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 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.

Some of the other tools and initiatives implemented by the Company to reinforce relations with consumers and their representatives include:

- Joint Conciliation: activated thanks to an agreement between Edison and the consumers' associations of the National Council of Consumers and Users, the Joint Conciliation tool provides an alternative to the judicial system and is less onerous and faster both for consumers and businesses, allowing disputes to be resolved amicably, voluntarily and free of charge, contributing to the improvement of the services provided to the public. During 2013 a proper table was set up for work and discussion with all the Consumer associations, aimed at analysing critical points and continually improving the service for all domestic end users.
- The Consumers' Forum, an independent organisation that includes the most important consumers' associations and many industrial and

service companies, represents the first permanent venue for consultation between businesses and consumers' representatives. In October 2013 Edison provided an active contribution to creation of the Energy Workshop "Facciamo luce sulle liberalizzazioni energetiche" ("Casting light on energy deregulation"). The Workshop was held as part of the Consumeeting 2013 event, which was attended by Italian and European institutions, authorities and consumers, and provided an opportunity for debate on the state of retail market deregulation.

The activities of the Edison Market Academy (EMA), born in 2011 with the aim of pursuing an innovative approach for the development of skills and corporate culture based on the "focus on customer" concept and on "Service Quality", also continued during the year.

This professional academy is now no longer aimed solely at all Edison employees, but has extended its audience to external collaborators, that is to say the Contact Centre operators. In December 2013, just two and a half years from its initial launch, EMA had delivered over 16,000 hours of training to 300 Edison Group employees, recording an increase in the level of participant satisfaction, which rose from 4.2 in 2012 to 4.4 this year (on a scale of from 1 to 5).

A total of 17 training programmes have been

planned and completed, with a total of 87 sessions. An innovative training/information site for participants was also introduced in 2013, along with e-learning options aimed at diversifying the teaching methods.

A TABLE FOR DISCUSSIONS WITH CONSUMER ASSOCIATIONS

At the beginning of 2013, Edison decided to set up a permanent table with the National Council for Consumers and Users Consumer associations to increase the opportunities for confrontation and exchange of information, outside individual projects, on retail market situation questions. The first result from this table was signature, in December, of the document "Proposed improvements to the retail electric and gas market". This document, signed together with 5 other companies in this sector and all 18 Consumer associations, analyses the relationship between distributors and sellers, offering possible solutions for the critical points encountered. The document is to be presented to the Institutions, Regulators and the public during the early months of 2014. Apart from the market questions it deals with, the table also has the aim of reinforcing relations between Edison and the Consumer associations even further.

Quality at the service of customers

The trends seen in recent years, as well as indicating market difficulties, show that the business and residential segments are becoming increasingly different in terms of needs and both sales and post-sales services.

To compete in this scenario Edison has acted so as to make use of the skills of its human resources and its organisational factor. The main market segments are now entrusted to three departments, which are fully responsible for profitability, cost and the development and management of new, customised contract options for each segment.

The business segment is managed directly by sales Account Managers, with dedicated monitoring of supply management. Compared to the past, interaction is with customers who are increasingly aware of market dynamics and is constantly updated, to offer real time quotes for services and take advantage of all the

opportunities offered by the wholesale market. The Small and Medium Enterprises (SME) segment, on the other hand, is monitored by agencies, inbound/outbound telephone operators and via the web, giving a significant contribution to contracts gained in 2013. There are 48 sales agencies present within Italy, employing a total of approximately 500 salespeople, while there are 3 tele-selling structures, including 1 call centre with a total of around 260 operator stations.

In the residential segment, 2013 marked a turning point. The strategy on this market followed a logic guided by an increased quality of new customers, thus improving the value of the supplied customer base. Great importance was given to increasingly up-to-date contract options, from incentives for payment by bank draft to discounts for contracts stipulated using broker-free channels.

In 2013 Edison chose to consolidate its existing offers, aiming to promote a higher quali-

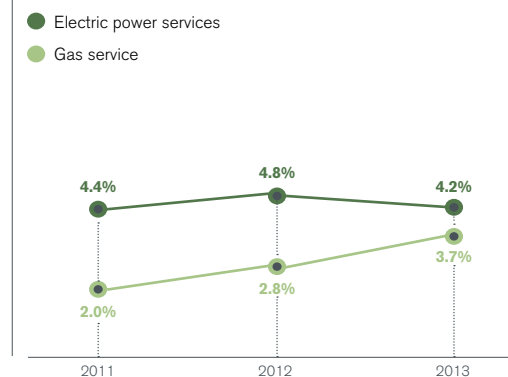
ty service in addition to an economic advantage on individual supplies, with an increasing stress on added value activities. These include payment by banker's draft and the use of digital bills, bearing witness to the commitment to a form of interaction that benefits both Edison and the end customer.

In 2013 as well, Edison is contributing to the development of the social bonus, 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 the information on those entitled and how to access the social bonus are available on the various channels used by Edison to communicate with customers (from the web site, which

IN 2013 TOO EDISON ENERGIA SUCCESSFULLY PASSED INSPECTION BY THE CERTIFYING BODY BY ACHIEVING THE "ZERO NON CONFORMITY" OBJECTIVE FOR ITS QUALITY MANAGEMENT SYSTEM WHICH IS CERTIFIED IN ACCORDANCE WITH THE INTERNATIONAL STANDARD ISO 9001.

NUMBER OF COMPLAINTS

(no. of complaints for the total number of customers)



publishes a number of FAQ on the subject, to the Service Quality Charter and the customer service department). Edison, in addition to the tools deployed by the Authority, gives households in financial difficulties the option of paying their bills in instalments, breaking them up into smaller and more manageable payments.

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 Company'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 approximately 15 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 evidence of payment is received or an application for an instalment payment plan is received and approved.

Customer satisfaction

The annual survey on Edison Customer satisfaction was carried out as usual in 2013. The picture that emerges from the survey

shows a continuing positive level of satisfaction expressed by families who have selected Edison as their supplier; in the business sector, which is structurally more challenging, certain priority areas have been identified for improvement, in order to respond more fully to the expectations of this type of Customer. Finally, the Key Accounts situation is extremely positive. This is a market on which Edison has always been present, and one in which it has reinforced its positioning in recent years thanks to an increasingly customised offer combined with a growing attention to the quality of post-sales services.

Interaction with the institutions

For Edison, dialogues with institutions involve setting up discussion forums and developing direct relationships, always carried out in compliance with the Organisational Model pursuant to Legislative Decree No. 231/01. 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 EU level, diplomatic representative offices and industry associations, actively collaborating with these parties and making available to them its know-how in specific areas. Edison provides valuable support to the drafting of legislation, collaborating in developing "corporate position papers" that best represent the interests of the Group. Lastly, Edison is actively involved with national and European industry associations (Confindustria, Confindustria Energia, Assoelettrica, Assolombarda, Assomineraria, Federestrattiva, Unindustria, 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 trade unions. In 2013, Edison joined Unindustria, the Association of Industrialists and Businesses of Lazio, and took an active part in the Energy section. As mentioned, regarding the Associations of Consumers, Edison is strengthening its dealings with the Associations of the CNCU – National Council of Consumers and Users. As from July 2007 the Group started a long process of listening to and analysing the needs of Italian consumers, since it considered it essential to create a privileged channel with them for direct communication and collaboration. Con-

sumers have a leading position on the stakeholders map.

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 national and international level. In 2013, Edison intensified its engagement with some of the principal think tanks, including the European Council of Foreign Relations, the Istituto Affari Internazionali, the Atlantic Council, the Istituto per la Competitività and Arel. Edison's goal is to create a continuous dialogue carried out not only through the creation of a structured network, but also through projects for the study and analysis of political scenarios. Consistent with its Code of Ethics, Edison engages in relationships with political organisations 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.

Edison interacts on an ongoing basis with central and local public administrations to monitor and manage the process of securing authorisations, permits, concessions and public grants and financing.

Participation in the energy debate on the

national and international level Edison also takes an active part in the national, European and international energy debate, not least by participating in:

➤ **Eurogas** - Edison is a member of Eurogas, the association which since 1990 has represented in Europe the midstream and shippers in the natural gas sector and which sees the involvement of over 50 companies and associations from 27 countries. 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 is directly involved in the Governing Board, the body responsible for choosing the association's strategic direction, and is active also as representative of the EDF Group in all the work groups.

➤ **Eurelectric** - Edison is 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. Edison chairs

the Europe Committee, the body through which Assoelettrica takes part in the activities of Eurelectric.

➤ **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 dialogue 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 dialogue 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 at international level 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. In May 2013 Edison and WEC organised the Rome the international conference on Energy Transition: The energy transition in Europe: different pathways, same destination?

- Edison coordinated for Italy the WEC – Europe Task Force created at the World Energy Congress in Daegu and which sought to position the WEC in regard to EU issues and institutions: WEC position on the EU-Framework Policy 2030.

DEALINGS WITH INSTITUTIONS IN THE CODE OF ETHICS

Consistent with its Code of Ethics, Edison engages in relationships with political organisations 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.

THE ROLE OF EDISON IN THE CONFINDUSTRIA SYSTEM

Edison is present in the Confindustria system by joining both the structures linked to the territories in which it is based and to the category or production sector associations. The significant involvement with the business world enables the development of a positive relationship with all the stakeholders who come into play in the various spheres in which Edison operates, through the representation and protection of shared interests in regard to institutions and in areas such as the economy, environment, local territory and labour. Of particular importance is Edison's involvement in the working groups of Assolombarda, Assomineraria, Confindustria Energia, Assoelettrica and Federestrattiva where important issues are addressed of common interest to companies, with

particular reference to the whole spectrum of the energy business whether on the hydrocarbon side or the electricity side in a broad sense.

THE ROLE OF EDISON IN ASSOMINERARIA

Edison takes part in the working groups of Assomineraria, the Italian mining associations for the mining and oil industry, an integral part of the Confindustria system. Its institutional purpose is represent the interests of 142 associate companies which operate in various ways in Italy in the search for and production of mineral resources. In particular, Edison is present and active in the hydrocarbons and geothermal sector, which includes 20 Operators who hold Permits and Concessions for the Exploration and Production of Hydrocarbons.

EDISON AND THE NUOVI MECENATI FOUNDATION

Since 2013 Edison has been a patron of the Nuovi Mecenati Foundation, which is supported by the French Embassy in Italy. The aim of this Foundation is to encourage and reinforce Franco-Italian cultural relations in contemporary creative fields, to support the circulation of French artists and art works within Italy. In co-operation with Italian artists and operators, its work is carried out in the visual arts, theatre, music and dance, circus, street artists, cinema and audio-visual sectors. Its most important projects and events include: Suona Francese - French Music Festival, FFF - Festival de la Fiction Française, Rendez-Vous - appointment with new French cinema, France Danse - French contemporary dance festival, Piano - Franco-Italian platform for artistic exchanges and many other events.

THE ROLE OF THE EDISON FOUNDATION

The Edison 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 globalisation 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 By-laws. In 2013, four new companies joined the Edison Foundation, bringing total membership up to 25 members. Two volumes were published in the Edison Foundation's institutional series: "Debito e crescita. L'Equazione della crisi" by Marco Fortis and Alberto Quadrio Curzio, dedicated to the international economic and financial crisis, and "Ricerca Scientifica e tecnologia. L'incerta alleanza" by Sergio Carrà on the relationship between science and technology. Six conferences were organised during the year, some independently, other in co-operation with organisations and associations. The meeting "Per una logica industriale meridionalista", promoted in co-operation with Svimez (Associazione dello Sviluppo per l'Industria nel Mezzogiorno - Association for the Development of Industry in Southern Italy) took place in April and was attended, among others, by the minister Fabrizio Barca; May saw the presentation of the book "Carlo Cattaneo: federalismo e sviluppo" edited by

Carlo Lacaita and Franco Masoni, in co-operation with the Italo-Swiss Committee for publication of the works of Carlo Cattaneo; June brought the meeting "Made in Italy. How our companies can compete and win abroad", promoted jointly by the Edison Foundation and by the partner Gea. The convention "L'economia reale nel Mezzogiorno" was held in October, at the Accademia Nazionale dei Lincei in Rome. Highlighted among the numerous speakers was a contribution by the Minister Carlo Trigilia.

2013 saw the publication of 14 issues of Statistical Analyses on economic questions. Processing of the Fortis-Corradini index on Italian excellence in international commerce continued. The co-operation with the "Political Economy Magazine. Journal of Analytical and Institutional Economics" also continued.

Collaborative projects with other foundations and institutions included those with Aspen Institute Italia, Ambrosetti European House, the National Observatory of Italian Industrial Clusters and the Symbola Foundation, with which the second I.T.A.L.I.A. Report was drawn up, with the assistance of Unioncamere. The collaborations with Gea continued and this year involved the theme of the most important emerging markets for Italy and, finally, the Observatory on advanced Italian machinery continued its work with the Industrialists Association of Bologna.

Energy efficiency and the development of renewable energy sources

Sustainable Supply

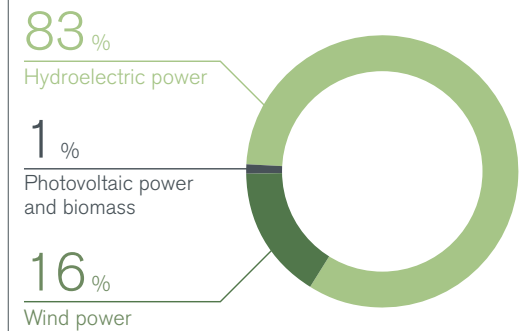
Renewable energy sources (RES) continue to have an important role in the country's industrial development. At national level, the National Energy Strategy was approved during March 2013, identifying the 7 priorities for the energy sector in Italy, which are summarised below:

- Promoting energy efficiency;
- Development of the southern-European Gas Hub;
- Sustainable development of renewable energy sources;

- Re-launch of national hydrocarbon production;
- Development of infrastructures and the electric market;
- Restructuring of the refining sector and the fuel distribution grid;
- Modernisation of the energy "governance" system.

Actions to support renewable energy sources will thus remain a focal point for the Italian energy sector in future years.

MIX OF RENEWABLE ENERGY PRODUCED BY EDISON



AT THE END OF THE YEAR, THE EDISON GROUP OPERATED RENEWABLE-SOURCE FACILITIES WITH A COMBINED PRODUCTION CAPACITY OF AROUND 1,848 MW, OF WHICH AROUND 1,358 MW FROM HYDROELECTRIC POWER PLANTS, 471 MW FROM WIND FARMS, 13 MW FROM PHOTOVOLTAIC SYSTEMS AND 6 MW FROM BIOMASS FACILITIES.

In 2013 work was completed to renovate plant and make repairs to electric substations, which was started in 2012, without changes in the available wind power (442.9 MW wind power owned by Edison Energie Speciali Spa - Edens, 26 MW owned by Parco Eolico San Francesco, which is 100% controlled, 4.8 MW from Parco Eolico Castelnovo, which is 50% controlled).

During the first half of 2013 the Integrated Environmental Permit for the Baselice (BN) project (12 MW) and for complete reconstruction of Rocchetta S. Antonio (FG) (5.25 MW) were obtained. These two permits were issued by the Campania and Puglia Regional Authorities, respectively.

During the second half of 2013 the Integrated Environmental Permit for the new Vaglio di Basilicata (PZ) project (39 MW) was issued by the Basilicata Regional Authorities: activities are currently in progress to assess the investment, which is also connected to the plan for

complete reconstruction of the existing Vaglio facility, for which the authorisation procedure is in progress.

The Company put the two projects out to auction in June 2013 for the assignment of the incentives, as defined by the Ministerial Decree to promote renewable, non-photovoltaic sources of 6 July 2012. Owing to the high number of offers and the limited allotment, only the offer of the Baselice project (12 MW) came within the allotment allowed. Creation of this plant was therefore started.

As part of the development of a partnership operation, and in line with territorial needs, Edison Energie Speciali has produced an experimental public lighting project at San Benedetto Val di Sambro, using low energy (LED) systems, which will guarantee a reduction in costs for the Public Administration, both in terms of energy consumption and of maintenance operations.

Promoting energy efficiency

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 Service Department, which underwent significant reorganisation in 2013 to allow it to operate through Edison Energy Solutions, supports its customers by offering services ranging from the optimisation of energy consumption in manufacturing 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 co generation, etc.). Particular attention is devoted to obtaining total subordination of the energy produced in these facilities to the site's energy needs so as also to minimise the impact on public grids. Edison also provides assistance to its customers on accounting for emissions of CO₂, proposing action to reduce them, offers consultancy to determine their carbon footprint and supports them in obtaining Energy Efficiency Credits.

Through the model called "Efficient Use System" (defined by Leg. Decree 115/08 and subsequent changes and additions) and performance contracts, Edison invests directly and

IN 2013 THE TOTAL AMOUNT OF RENEWABLE ENERGY PRODUCED BY EDISON WAS OF APPROXIMATELY 5.2 TWH, WHICH CORRESPONDED TO 26% OF ITS TOTAL PRODUCTION.

EDISON ENERGY SOLUTIONS WILL CONCENTRATE IN A SINGLE COMPANY BOTH THE RESPONSIBILITY FOR DEVELOPMENT OF NEW INITIATIVES AND THE MANAGEMENT OF WORKING ASSETS IN THE FIELD OF ENERGY EFFICIENCY SERVICES AND TECHNICAL AND PLANT SOLUTIONS.

shares with the customer any benefit arising from energy efficiency initiatives and guarantees more convenient economic terms than the best alternatives for energy procurement from the grid. Edison has also interpreted the question of sustainability by applying internal rules and operating practices that go beyond the legal requirements in terms of safety at work and environmental protection. The areas depend on the real needs of the customer (streamlining of the production system for compressed air, modernisation of lighting systems with high efficiency solutions, recovery of

waste heat, cooling systems, high-efficiency electric engines or engines controlled through inverters) in a process which starts from energy audit right up to the action taken. Edison commits itself to achieving an efficiency target and fosters communication with the customer regarding the work done and the environmental benefit achieved.

Activities carried out during 2013 by the Energy Efficiency Services Department included the recognition, development 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 energy sources or low environmental impact plants. Through the company Edison Energy Solutions, various projects have been developed, including in particular the installation at the factory of F.lli Lanificio Cerruti, an historic textile producer in Biella, of a compressed air plant tailored to the company's real needs, with the aim of helping the customer reduce energy waste and consumption by identifying the most suitable technologies and assisting it by means of an Energy Performance Contract. Contracting for the supply of electric, thermal and refrigerating power using a 2 MW high-efficiency natural gas tri generation plant at our customer Haupt Pharma's industrial site was also com-

pleted in 2013, and the process required to authorise construction of the plant itself was completed successfully. A total of over 200 visits were made during the year to industrial and service sector customers, and approximately 60 commercial offers were presented for site consumption optimisation operations or the creation of low environmental impact, self-generation plants.

In 2013 the Department of Services for Energy Efficiency consolidated the cooperation and integration of its activities with the Energy Service Company CSE - bought by Edison in 2012 – so as to strengthen the assistance and consultancy work for final users. The services developed and supplied include energy audits, requests for Energy Efficiency Credits, assistance in implementation of energy and environmental management systems.

The Department has also promoted meetings and debate locally with associations and partners in order to disseminate the culture of energy efficiency and to help its partners identify room for improvement and instruments to reduce waste and to produce and consume more efficiently and competitively.

Edison's consolidated offers for the promotion of energy efficiency, which were initially designed specifically for industrial customers,

have also been extended to the service sector. The choice of focusing on these segments is driven by the customers' interest for the cost structure optimisation 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. The development of regulatory restrictions is a further stimulus to developing energy efficiency services, since energy efficiency is increasingly considered an important lever for the decarbonisation of the energy sector and for the country's competitiveness.

A transversal operation is also currently in progress with other Edison Departments, including R&D and Institutional Affairs, in order to monitor the technological development of energy efficiency solutions, with particular focus on the service and residential sectors.

The 2014 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 optimisation. It is also expected to obtain ESCO - Energy Service Company - certification for Edison Energy Solutions, in accordance with the technical

standard UNI CEI 11352 so as to offer customers greater guarantees and raise its own operating performance level. Finally, gradual integration with CSE is planned through corporate merger with the aim of enhancing synergies and assistance and consultancy for customers (energy audits, obtaining Energy Efficiency Credits, energy/environment management systems).



MANAGEMENT OF DOMESTIC CONSUMPTION - ENERGY CONTROL

In line with the activities started by the Company's to create innovative tools and services for careful consumption monitoring, increasing final consumer awareness of energy efficiency and more mindful energy consumption, the new and innovative "Energy control" service was launched at the end of the year. This device, which is connected to the home meter, allows consumption to be monitored in real time on the web, giving customers the ability to know the details of their own energy costs and showing which devices in the home are responsible for the highest power consumption, thus triggering energy saving and efficiency measures. Customers can connect to the portal via the Internet, including on tablet devices or smartphones, in order to view their consumption and spending, enable sms notifications in the event of particularly high consumption, compare their energy habits with those of families of a similar size in order to assess their own consumption and receive customised suggestions on how to cut their energy use and improve the efficiency of household appliances.

PROMOTING ENERGY EFFICIENCY ON THE GROUND

In May 2013, Edison and Federalimentare (Italian food industry association) signed an agreement to develop energy efficiency projects for small and medium-sized member companies. In June 2013, Edison and Confindustria Ceramica (Italian ceramics manufacturers association) signed an agreement on energy efficiency services for member companies. In both cases, Edison aims to support customers with audits and feasibility studies to identify potential energy efficiency initiatives that could be put in place (including self-generation). Once this first stage has been completed, Edison, in conjunction with the company, will decide which energy improvement initiative to implement. Edison will assist the company with implementing and managing the projects by providing a turnkey model and, if requested by the customer, direct investment by Edison. In the latter case, the financial saving obtained from the energy improvement initiatives will be shared between the company and Edison until the investment has been fully recouped. Edison also proposes to provide associate companies with assistance to obtain Energy Efficiency Credits and, in the case of agreement with Confindustria Ceramica, consultancy for the implementation of Energy Management Systems.

ENERGY AUDITS IN AIRPORTS

In 2013 Edison, via the company CSE and in conjunction with DBA Progetti SpA and Buro Happold Ltd, participated in the energy efficiency project proposed by ENAC (Italian civil aviation authority) centring on energy audits and identifying energy improvement initiatives to make at airports in the Italian regions falling under the Convergence objective. The airports concerned were Naples, Salerno, Bari, Brindisi, Foggia, Taranto, Reggio Calabria, Crotone, Lamezia Terme, Palermo, Catania, Comiso, Trapani, Pantelleria and Lampedusa. The first two stages of the project were completed in 2013, consisting of a preliminary energy audit and a detailed audit for all the buildings at the 15 airports. The project is expected to be completed in early 2014, with the identification, evaluation and prioritisation of possible energy efficiency initiatives.

Research and innovation: towards the future of energy

Sustainability is the common feature of all of Edison's Research, Development and Innovation activities: from renewable energy sources to greater energy efficiency (both for industry and end consumers), from the development of power generation technologies with a low environmental impact to the study of advanced materials, manufactured using procedures that cut across energy issues.

Heat pumps for heating and air conditioning, advanced photovoltaic systems (concentration and solar thermodynamic), small-scale cogeneration, fuel cells and thin-film deposition techniques for solar panels are just some of the areas being investigated by Edison's Research,

EDISON DEDICATES 60% OF ITS EXPLORATION AND DEVELOPMENT EXPENDITURE TO ENERGY EFFICIENCY, RENEWABLE ENERGY SOURCES AND POWER GENERATION WITH A LOW ENVIRONMENTAL IMPACT.

Development and Innovation Department. A lot of these activities take place at the Trofarello (TO) Research Centre – in relation to which, in 2013 the first stage for environmental certification ISO 14001 was successfully passed (which will add to the current OHSAS 18001 certification for health and safety) - and in the Altomonte (CS) facility, where these solutions are developed and tested.

Edison monitors the development of Smart Grids with the aim of creating systems in which the consumer can also be an energy generator who, depending on the circumstances, takes energy from the grid or inputs it, increasing the flexibility and strength of the energy service and reducing the possibilities of black-out. Analysis of data on energy flows serves the same purpose, enabling the planning of energy production from renewable energy sources which optimises the grid by making it more efficient. The development of energy metering systems, with the aim of increasing transparency in relations with customers and raising their energy awareness, also falls within this framework. These technological solutions, which often leverage technologies and infrastructures from the telecommunications and information technology sectors, explore the smart-grid scenario downstream of the distribution grid.

While customising energy efficiency solutions for our customers, the Trofarello Research Centre also continued testing innovative climate

INNOVATION PARTNERSHIPS

In 2013, Edison's Research, Development and Innovation Unit collaborated in Italy with: the Politecnico University of Milan, the Politecnico University of Turin, CNR-IENI in Lecco, the 'Alessandro Volta' Scientific Cultural Centre and the University of L'Aquila. At international level, collaboration continued with EDF's R&D institute, EIFER (European Institute for Energy Research) in Karlsruhe.

control systems fuelled by natural gas.

During 2013, the Directors of CERN (Geneva), Sergio Bertolucci, Rolf Dieter Heuer and Stephen Myers, were awarded the first Edison Volta Prize by the European Physical Society for advances in high-energy physics, culminating in the detection of a Higgs boson. In addition to the 2014 Edison Volta Prize, a special edition is planned for 2015 on the occasion of the Milan Expo.

In autumn an agreement was signed with the University of L'Aquila providing resources to build a research laboratory and award doctorates and scholarships. The initiative came about as a result of Edison's promise to help the city of L'Aquila following the earthquake which damaged its academic institutions.

The relation with suppliers

In 2013, Edison's purchase prices fell further compared with the previous year (-7%), following the trend of lower investment in electricity generation and the reduced use of production facilities. This reduction is not only due to the ongoing recession which has cut demand, but it is a continuing reflection of the effect of past and current changes which have been affecting the energy market for some time.

The supply mix is therefore changing with a gradual growth in the need for commercial services, hydrocarbons and information technology compared to the purchase of goods and services for assets which produce electricity.

In this regard, in terms of its corporate responsibility, Edison continues to place great importance on optimising costs, namely purchasing efficiency, in synergy with the other companies of the EDF Group, as well as protecting local interests and above all, ensuring fair compensation of suppliers and complying with the agreed payment schedules, thereby promoting fair and transparent relations built on trust and the creation of value in the long term and not for speculative purposes.

In this regard, the percentage of purchases supplied by qualified suppliers reached 90.4%. This result is significant not so much in abso-

lute terms (+3%), but for the fact that it was achieved starting from a threshold which was already very high, thanks to an intensive qualification campaign and the decision to spread the value of the goods and services procured across a large number of suppliers.

Control over sustainability aspects in the supply chain

Edison's goods and services procurement policy is based on absolute transparency, impartiality and open competition. Edison works with suppliers which, besides being able to meet company requirements, apply the best organisational methods, adhere to the highest safety and environmental protection standards and have an impeccable reputation.

Edison's relationship with a supplier begins with the qualification process, which is completely electronic and uses a special IT system. In order to apply for qualification, any supplier that accesses Edison's qualification portal must state that it has read the 231/2001 Organisational Model, the Code of Ethics and the Human Rights Policy. These conditions subsequently become binding contract clauses when an order is awarded.

The qualification procedures enable Edison to assess a supplier's overall 'quality', and also

VALUE OF SUPPLIES BY GEOGRAPHICAL AREA



NUMBER OF SUPPLIERS

SUPPLIERS AVAILABLE ON THE QUALIFICATION PORTAL

4.383

ACTIVE SUPPLIERS

2.845

ensure that social and environmental issues are safeguarded, both to mitigate risk and to create value. In this sense the current group of Edison suppliers has already achieved a good level in terms of quality, also in reference to environmental and health and safety aspects, and compliance with ethical standards for procurement by suppliers with QHSE management systems which are certified in accordance with international standards, in 2013 reached 57%.

Edison participated in the development of the Sustainable Supply Chain Self-Assessment Platform project and website, launched in 2011 coordinated by Global Compact Network Italia, together with many leading Italian companies in the energy, utilities, banking and insurance sectors, with the aim of creating a questionnaire to raise and monitor supplier awareness of issues concerning human rights, employment, the environment and combating corruption.

Within this framework, Edison has set itself more challenging objectives for next year regarding the integration of practical sustainability issues in the supply chain, specifically:

- launching the website in conjunction with an intensive communication campaign by the Global Compact Network;
- inviting all suppliers selected by partner companies to participate in the self-assessment questionnaire;
- defining the importance and weight of this assessment for the purpose of supplier qualification.

This last change will have a significant impact on organisational aspects, including the structure of Edison's Supplier Qualification Team (SQT), and will also lead to modifications in the qualification process.

57% OF PROCUREMENT IN 2013 WAS ALLOCATED TO SUPPLIERS WITH AT LEAST ONE SYSTEM TO MANAGE QUALITY, ENVIRONMENT, HEALTH AND SAFETY, CERTIFIED IN ACCORDANCE WITH INTERNATIONAL STANDARDS

TOTAL PURCHASES REVIEWED FOR QUALIFICATION
(thousands of Euros)

● Purchases reviewed for qualification
● Total purchases



SECURITY ON THE SUPPLIERS PORTAL

This year too, new features were added to the Suppliers Portal which will simplify its use and enable valuable information to be transmitted. In particular, the new features concern DIMP, the system where safety documents, pursuant to Legislative Decree No. 81/2008, can be shared. For the first time workers at Contractors and Subcontractors who come to our sites have been recorded on our systems in order to facilitate control relating to the envisaged obligatory documents such as: employment contract, identity document, training certificates, qualifications and licences, certification of medical fitness for the role. Furthermore, in many cases, the contractual documents were systematically organised in predefined formats to facilitate their consultation. The development and communication stages took over two years, involving around 1,000 employees, over 3,000 companies and just as many contracts and subcontracts.

This tool is additional to other web-enabled services provided on the portal both for suppliers and for 'internal customers' including, in addition to the qualification questionnaire, electronic tenders, making purchases from an electronic catalogue and project accounting.

The value of interaction with EDF

The tendency to include social responsibility among the criteria used to qualify suppliers is an objective shared by EDF.

In this regard, collaboration and sharing of information and operating methods with other Group entities was stepped up in 2013 in order to share current practices and procedures, with particular emphasis on workers' health and safety, environmental protection and more generally, the principles of sustainability and social responsibility.

From the comparison there emerged a substantial adherence to the policies of the EDF Group and in particular to the "Golden Rules", in other words the collection of rules and principles to be applied in dealings with suppliers in order to create a correct and transparent relationship. Edison also uses structured price lists in contracts, a purchase-planning process, a structured IT system and paperless document management.

Staff at Edison have also been involved in the "local footprint" project, which aims to estimate the impact on employment which the EDF Group has in the areas where it operates. In addition to the Purchasing Department, specialist buyers of gas and oil, that is, the raw

materials needed to operate production facilities, were also involved.

The Purchasing Department continued to invest heavily in training and information courses for its personnel, with managers of other company departments giving talks and participating in seminars. The basic idea of this approach is for each buyer to better understand how he personally contributes to the successful outcome of development projects. Edison is fully aware of the need to constantly adapt the knowledge and skills of its buyers so that they can carry out their role with a proactive spirit, and interact appropriately with markets in increasingly competitive conditions, and can handle sustainable development issues adequately and proactively.

An aerial view of two workers in red protective suits and yellow hard hats standing on a metal grating platform. They are surrounded by complex industrial machinery featuring yellow pipes, valves, and green-painted metal blocks. One worker is holding a clipboard and looking at it, while the other stands beside him, also looking down. The scene is brightly lit, suggesting an outdoor or well-lit industrial environment.

06

Supporting People and Communities

Edison's value derives from the value of the people who work for it, who are bringing energy to areas in order to support growth and forge new relations.

Safeguarding work and employment

Edison undertakes to meet the expectations of company personnel through the creation of a working environment capable of attracting, retaining and enhancing talent, a policy to systematically talk to its employees, the promotion of equal opportunities, the safeguarding of health and a commitment to professional development and recognition of achievements. Edison bases its relationship with its employees on the following fundamental principles: place skilled human resources in every position, disseminate a performance culture and develop leadership skills. One of the Company's main objectives is to create a working environment which is stimulating and welcoming, but at the same time challenging: each single person is at the heart of Edison's human resource management policies.

Edison can only generate social value by creating jobs, directly and indirectly, both in Italy and abroad. For many of the Group's production facilities, and also

taking into account the nature of the production activities, which require operational continuity and high levels of safety, preferential recruitment programmes have been developed for local residents and residents of neighbouring areas, both in Italy, and more recently, in other countries in which Edison is present. More generally, workers who operate in

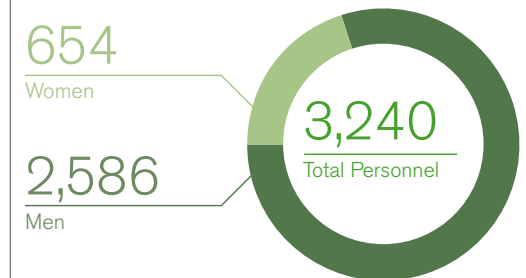
Edison's foreign companies are recruited and managed through assessment and development processes that are in line with corporate principles, in full compliance with local laws, managerial and professional culture in the country and consequent operational practice, as well the operational profile of the companies.

In the context of a company policy that fosters the development of internal professional skills, interaction with the labour market can provide important opportunities for Edison to acquire professional skills that are not available within the Company or to hire and invest in young resources. For this reason as well, for all positions deemed to be essential and/or critical, the Company periodically updates special replacement charts and takes the most appropriate management actions to protect its corporate assets, which employees represent. The recruitment process is conducted in the belief that having highly motivated individuals with outstanding professional skills on board is a strategic factor of fundamental importance for the Company's growth. The recruitment and selection of employees to the Company is carried out according to the principles of objectivity, transparency and equal opportunity, while respecting each candidate's privacy. The recruitment and selection processes

PERSONNEL BY GEOGRAPHICAL AREA



PERSONNEL BY GENDER



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 organisation. Special attention is paid to final-year students and recent graduates to whom Edison offers numerous internships and training opportunities.

Diversity and equal opportunities

Edison's policies specifically embody respect for equal opportunities and, more generally, attention to diversity, by monitoring indicators relating to the development, training and recognition of its employees. The number of female managers continues to rise, a positive trend which in recent years has seen an average annual increase of 2%. 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 composed of representatives from all EDF entities, established to develop the diversity and inclusion strategy. As part of the programmes decided at Group level, Edison also carries out relevant communication initiatives, including Diversity Day, which is celebrated concurrently with the World Day for Cultural Diversity for Dialogue and Development promoted by UNESCO. Through semi-

nars open to all employees, the 2013 Diversity Day examined diversity as a source of innovation and progress, thanks to the contribution of external guests and the employees themselves. Edison rigorously complies with all leg-

islation governing employment contracts and promotes its internal standards of responsible personnel management and the principles set out in the Code of Ethics.



INDUSTRIAL RELATIONS

Edison shares a structured system of industrial relations with the trade unions, founded on ongoing constructive dialogue, based on full compliance with the principles underpinning the main national collective labour agreements. Early communication, consultation, discussion and dialogue between the parties are essential tools in order to maintain systematic relations with trade unions, thus avoiding personal and collective conflicts. Consistent with current CSR policies, Edison and the trade 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 employees. It should be noted that in 2013 the two main collective contracts used in Edison were renewed, that relating to the Electric Sector (which involves around 1,700 Edison staff), and that relating to the Hydrocarbon Sector (which involves around 300 staff mainly operating in the E&P sector and in "regulated" infrastructure such as gas storage and transport).

In 2013, the trade union agreement of 30 October 2012, intended to address employment problems caused by the

production overcapacity in the Italian thermoelectric sector, was also implemented by means of local trade union agreements. In fact, from the end of 2012 and during 2013, six thermoelectric power plants were closed (Sulmona, Termoli, Jesi, Porto Viro, Sarmato and Cologno Monzese). Edison used the social shock



absorber of the extraordinary redundancy fund (47,544 hours in 2013) to support the income of the workers concerned (89) while reassignment was sought in the company or on the local job market. The retraining and reassignment process for surplus staff at the 6 production sites enabled the reassignment of 71% of interested staff within Edison and 10% on the local labour market in the period. A result which represents positive synergy among all the actors involved - human resources department, corporate divisions, unions and local administrations. In 2013, strike action taken in the hydrocarbon sector – not related to collective company disputes – concerned initiatives taken by the trade unions to expedite the renewal of the gas-water collective labour agreement, which expired in 2012 and had not yet been renewed in 2013. On the other hand, strike action in 2013 in the electric power sector (a very limited amount in any case), was attributable to external events, particularly Edison personnel joining the more general protest action taken by an entire region (Tuscany) over the very serious problems at the Piombino steelworks, to show their solidarity.

Development of human resources

Employee development is promoted and implemented through specific professional and career paths. The Company has put in place a professional skills system which, according to 'job family' and role, is used to identify training and development activities in order to enhance and improve skills, both at an organisational unit level and at a personal level. An assessment process for work has been developed (applied in 2013 to 1,253 employees covering senior and middle managers and office staff) aimed at promoting and recognising the achievement of results, in a transparent and objective feedback framework between the manager and the worker.

To complete the tools available in terms of professional and performance evaluation, Edison uses a management model to assess, guide and develop the management skills that its managers must have, to guide the growth of its employees until they are ready to handle management responsibilities. Moreover, under the Group's Talent Policy, a programme for the early identification and development of young people's potential for growth within the Company was launched in September 2013. Edison pays special attention to the recruitment and selection of recent graduates to whom it applies a special development, training and compensation policy during the first three to four years they work for the Company. Edison

has many projects dedicated to the Young Community, namely the group of young graduates with little professional experience. These initiatives, together with the presence of a dedicated counsellor/tutor, are aimed at facilitating the full integration of young graduates and making use of their innovative contribution in a two-way exchange with other "generations" in the Company (in 2013 some development programmes came to an end for the Young Community and young recruits taken on in 2010 also took part in the Group onboarding event called 2days2gether).

Based on a structured process which, starting with an assessment of an individual's existing skills and performance, is designed to determine training and development needs, the Human Resources and Organisation Department, working in close cooperation with line

management, develops an annual training programme that involves the entire staff. Its aim is to develop 'job family' and management skills, as well as strengthen transversal skills, such as knowledge of the energy business, the reference framework and the economic-regulatory context.

Fewer hours were spent on the training programme in 2013 than in 2012. This is due to the reduction of per capita training hours in companies outside Italy, where more emphasis was placed on greater inclusiveness of training initiatives, with the involvement of 10% more employees than in the previous year.

The 2013 training programme was also notable owing to its broad and transversal coverage of the different people within the Company, both in terms of professional and technical training, and in terms of the customary empha-

REFERENCE TARGETS TO WHICH 2013 VARIABLE COMPENSATION WAS TIED:

- > EBITDA;
- > NET FINANCIAL POSITION;
- > FIVE OPERATING PERFORMANCE TARGETS, ONE OF WHICH WAS RELATED TO OCCUPATIONAL HEALTH AND SAFETY FOR PERSONNEL AND CONTRACTOR EMPLOYEES.

sis on safety and the environment. Among the 'continuing training' initiatives, special mention should be made of the specialised techniques programme for operators and storage technicians working in hydrocarbons, which is also aimed at thermoelectric workers redeployed to gas storage facilities in 2013. As happens every year, specific training activities to update employees on statutory, regulatory and sector-related issues were organised, with internal conferences and seminars held in conjunction with the academic community. Lastly, the second Specialisation Course on Energy Business and Utilities was completed in June. This programme, held in partnership with the Politecnico University of Milan, focused on core energy skills and was aimed at 30 Edison professionals with cross-functional positions.

Edison compensates its employees in accordance with merit-based criteria that take into account the results achieved, managerial performance and professional skills. The compensation system for the personnel, with the exception of executives, includes collective incentives agreed with the trade unions (performance bonuses) based on the achievement of profitability and productivity targets and designed to foster a more direct involvement of the entire staff in the pursuit of the Company's targets. 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 targets are translated into annual targets, common to all management personnel, in addition to specific area and/or individual targets. The main management targets are assigned, in accordance with predetermined and measurable parameters, by the Board of Directors with the support of the Compensation Committee.

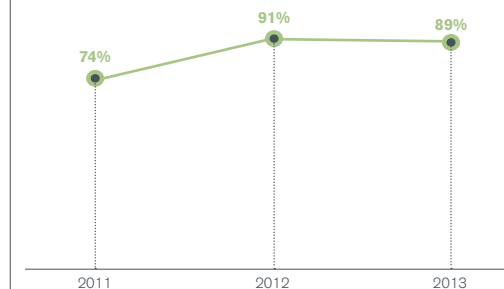
In addition, since 2011 the Board of Directors, acting upon a proposal by the Compensation Committee, decided, consistent with past practice, to introduce for some executives an additional medium/long-term monetary compensation factor (Long-Term Incentive – LTI). This tool was developed for retention purposes and to achieve greater alignment with the main medium-term objectives of the Company's stakeholders.

Lastly, during 2013, important corporate agreements were reached on collective bonuses linked to profitability and productivity, leading – for the first time in Edison's contractual history – to the creation of a single reference framework applicable to all sites to which the Energy-Oil national collective labour agreement applies (headquarters and production units).

AVERAGE TRAINING HOURS PER EMPLOYEE



TRAINED PERSONNEL



INVESTING IN WELFARE AND WORK-LIFE BALANCE: EDISON PER TE

Edison developed the corporate welfare programme 'Edison Per Te' (Edison For You) to help employees balance more effectively personal and professional commitments, build on activities for the protection of employee health and provide support for their families. Launched in April 2008, the programme is subject to yearly reviews and updates based on employees' suggestions submitted through special surveys and other feedback channels.

The programme offers services that can be grouped into four areas of activity.

- **Family:** includes consultations with a paediatrician, residential and day summer camps in Italy and study initiatives such as study holidays abroad and school loans. As part of a partnership with the AFS Intercultura Foundation, in 2013, Edison fully funded one annual scholarship, one six-month scholarship and twelve summer schemes lasting four to six weeks for the children of employees living in Italy, Norway and Egypt.
- **Health and Wellness:** includes initiatives and services for health and physical well-being. In this area, one or more medical prevention

campaigns are organised each year: in 2013, a heart disease prevention campaign for employees at offices throughout Italy was organised in conjunction with a network of specialist clinics, while employees at the Milan office underwent a sports medical check-up to evaluate their general physical and mental well-being. Since 2013, Edison has supported AVIS (Italian blood donors association): the donation campaign totalled five days over the year with almost 80 donors.

- **Time for You:** offers employees at the Milan offices a contribution towards their commute to work, thanks to agreements with ATM and Trenord.
- **Shopping:** offers employees the opportunity to purchase goods and services at special rates from a network of partners. In 2013, social marketing initiatives in this area included part of the proceeds raised by special sales initiatives being donated to Bambinisenzasbarre, an association which provides support to children with one or both parents in prison, in order to build a 'Yellow Space' (a child-friendly area where parents and children can meet) in prisons in Lombardy.

In most cases, Edison Per Te services were designed with the aim of benefiting all employees, regardless of their position within the Company or the location of their workplace. Many initiatives are in fact aimed at interns and agency workers. Bearing witness to the appreciation of the initiatives proposed, in 2013 around 60% of staff benefitted from at least one initiative (+4% compared to 2012) and on average each Edison employee and worker who made use of the programme repeated the experience (4.3 requests input per head).

Involving people

In 2013, the year in which Edison celebrated its 130th anniversary, employees participated in a number of projects. Worthy of special mention is the internal photography exhibition "Pioneers" recounting the Company's history, including through the faces of some of its employees. The regular events where employees are traditionally involved also took place:

- Parents at Work Day, now in its 7th year, where the Company opened its doors to the children and grandchildren of its employees;
- Diversity Day, which included a seminar on diversity and an ethnic lunch to promote cultural diversity;
- Senior Awards Ceremony, where employees with 20, 30 and 35 years of company service received recognition;
- Summer Festival, which concluded the 16th company Soccer Tournament;

- end of year event, an occasion to socialise and come together to celebrate the Company's 130th anniversary.

The Living the Sponsorships project continued, supporting cultural, music and sports partnerships sponsored by the Company.

The Edison+ Intranet reaffirmed its function as a constantly updated space where employees can find news and information about the Company and colleagues, work tools and services for employees. The Portal is an effective means of sharing information and simplifying work which helps maintain a uniform corporate culture. Tools, features and services were again enhanced in 2013. Blogs, quizzes, short surveys and online forums were provided to improve the level of employee interaction and feedback. To encourage information sharing, the electronic Edison+ Newsletter continued to be published and emailed to all employees.

With the voluntary work undertaken Edison intends to reinforce employees' motivation by increasing their sense of belonging and encouraging them to develop new skills, build team spirit, acquire greater know-how about the Company's social responsibility, and create a higher level of internal and external awareness. In this spirit, for the ninth year running, Edison participated in the Siticibo project where surplus food is collected from the company canteen for donation to soup kitchens in Milan. Siticibo is a programme coordinated by Fondazione Banco Alimentare Onlus (Italian Food Bank) which collects surplus food from the catering sector (hotels, company, hospital and school canteens, retail stores). In just a few hours, unserved cooked food and unsold or unused fresh groceries are sent to canteens for the poor, group homes, community residences for the elderly, the destitute and chronically ill, and primary care centres. Under this initiative, in 2013, 1,855 first courses, 3,437 second courses and 1,056 side dishes were collected from Edison's Foro Bonaparte canteen.

THE FIRST EDF PULSE COMPETITION WAS HELD IN 2013. OPEN TO GROUP EMPLOYEES, IT PROMOTES THE DEVELOPMENT OF HIGH-VALUE ACTIONS WHICH GENERATE INNOVATION, PERFORMANCE AND EFFICACY IN THE CONTEXT OF PROFESSIONAL ACTIVITY.

MY EDF: THE SECOND CLIMATE SURVEY



My EDF aims to give a voice to all employees to discover how they view their relationship with and commitment to the EDF Group, as well as their relationship with management and their employment conditions as a whole. This initiative, now in its second year, saw the high participation of Edison employees. The 2013 survey (the results of which have not yet been published at the time of writing) gathered the opinions of 85% of employees, broadly matching participation in 2012. The main points identified by the 2012 survey, which were the basis of intensive communication activities and specific improvement initiatives during 2013, were positive: confidence in the future of the EDF Group was solid notwithstanding the difficult macroeconomic context, and being part of the Group was considered an asset and something which strongly binds all the employees together. 82% of employees said that they identified with the Company's values and culture, 90% said that they were proud to work for Edison and 83% would recommend Edison to their friends. 84% were satisfied with the services provided by the Edison Per Te programme, and their health, welfare and accident cover. 68% of employees believed



that Edison truly cares about its employees' well-being and 89% thought that the Company takes its workers' health and safety very seriously. 73% of respondents felt that their boss was good at delegating and 76% said that their boss listened to and built on the ideas of employees. Of course, in addition to these positive points there were also areas which required attention and improvement that have already been examined in depth, leading to the launch and/or planning of specific cross-departmental programmes and initiatives

involving all corporate areas in order to overcome the issues highlighted by employees: for example, with regard to communicating corporate strategies; innovation; the level of cooperation between teams; and methods and tools used to manage and empower employees. During spring 2014, the results of the new survey will be made available and will be again be used as a basis to monitor Edison's social performance, to mobilise the Company on important issues and to share and implement new improvement initiatives.

Working safely

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 safety issues with a coordinated 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 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 organisation. In 2013, thanks to intensive and continuous dialogue between trade union representatives and management, Edison signed specific agreements with regard to health and safety training.

In this regard, training and refresher programmes were completed on health and safe-

ty as prepared for 2013 in line with the provisions of the State-Regions agreement of 21 December 2011. In particular courses were completed for all company managers and, as for staff in other offices, an e-learning training update was provided for all staff. In addition, in agreement with trade union representatives, specific training initiatives were implemented: safe driving training for employees who spend a significant amount of time driving for work-related reasons, the Back School at Work pilot programme which involved around 30 people, aiming to identify the correct posture for the workplace (to be repeated in 2014) and Training the Trainers, aiming to develop the specific skills of members of the Environmental Protection, Safety and Quality job family.

Given all the measures implemented and the programme on occupational health and safety, for 2013 the Company obtained results in line with previous years in terms of accident rates.

In 2013 the total injury rate (company personnel and contractor employees) for activities in Italy amounted to 3.1, which is in line with the trend at the end of 2012 (2.9). The total severity rate for activities in Italy was 0.18 in 2013, and is higher when compared to that of 0.08 in 2012. In further detail, the improvement trend for employees has strengthened, with a frequency rate of 1.2 (1.8 in 2012), while the situation has worsened with regards to contractors, with an injury frequency rate of 5.0 at the end of 2013, compared to 3.0 in 2012. In this context, a fatal accident occurred in Egypt to an external contractor due to a car accident during a transfer.

Edison is committed to promoting the idea that occupational health and safety depend on the individual worker's responsibility within a company and not just on the responsibility of those who are assigned specific tasks in such

OVERALL, TAKING INTO ACCOUNT ACTIVITIES BOTH IN ITALY AND OVERSEAS, EDISON'S ACCIDENT FREQUENCY INDEX FOR COMPANY AND CONTRACTORS' PERSONNEL IN 2013 STOOD AT 2.3, REAFFIRMING THE LEVEL REACHED IN THE PREVIOUS YEAR.

TOTAL TRAINING HOURS ON THE ISSUES OF THE ENVIRONMENT, HEALTH AND SAFETY SUPPLIED IN THE YEAR TOTALLED 29,969 (*), UP BY 9% COMPARED TO THE PREVIOUS YEAR, TO WHICH MAY BE ADDED 11,276 HOURS OF TECHNICAL TRAINING.

* The figure does not include Abu Qir

an environment The roles, responsibilities and related authorisation in the field of occupational health and safety are defined, documented and communicated coherently by means of the Company's organisational and functional set-up.

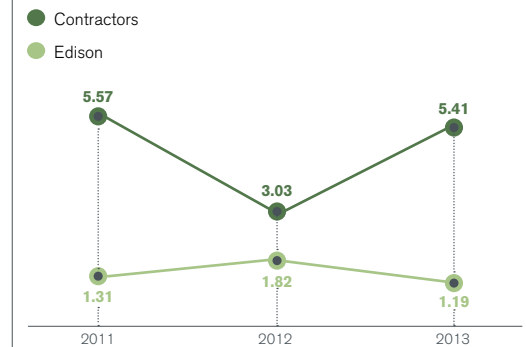
As regards responsibilities and authorisations, Edison has endorsed the principle of articulation of responsibilities in the field of health and safety by means of a system of authorisations and powers of attorney. Within the individual authorisations and powers of attorney, the responsibilities, tasks and powers given to the representatives in the field of Health and Safety are indicated. As provided in the current

regulatory framework, Edison's Worker Safety Representatives (WSRs) attend specific training courses in relation to their role and attend at least one refresher course a year, to which all company WSRs are invited, and which is offered on the occasion of the European Week for Health and Safety at Work. The relationship between the WSRs and the Company are continuous and based on the common aim of further improving health and safety conditions in our work places.

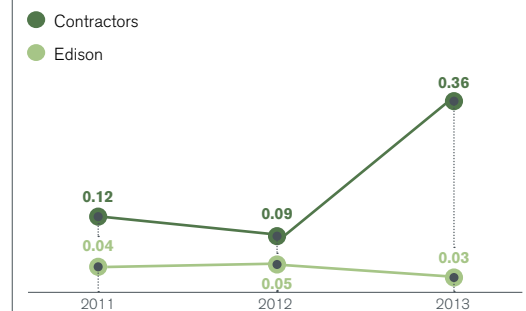
By executing special agreements with the labour unions, Edison has progressively integrated into its organisation the new rules

THE BUILDING WORKS OF THE GAS STORAGE FACILITY OF SAN POTITO E COTIGNOLA HAVE BEEN COMPLETED AND THE GOAL OF HAVING NO INJURIES AT ALL HAS BEEN ACHIEVED DURING THE 720,221 HOURS WORKED.

INJURY INCIDENCE RATE



LOST WORKDAY INCIDENCE RATE



required by legislation on pension and health benefits for all types of employees and collaborators. Employees have the option of availing themselves of health insurance benefits systems and supplemental retirement benefits systems funded through additional employer contributions. Apart from ensuring full compliance with national regulations with regard to pension contributions, Edison abides by all applicable rules related to national collective labour agreements in relation to planned and existing pension funds in all business areas. Even the mandatory accident insurance policies have been responsibly extended with other insurance policies provided for by the agency for the benefit of its employees.

SAFETY PRECAUTIONS: PRINCIPAL ACTIONS TAKEN IN 2013

Training - the "Risk perception" training programme directed at all the employees of the Power Asset Business Unit, with the aim of improving personal attitude in order to perceive and control occupational risks, has been completed. A similar training programme has been extended to the Business Unit Renewable Sources.

Risk assessment - The documents updating the risk assessment of work-related stress have been issued, and all specific Risk Assessment Documents for each site and operating company have been updated.

OSHA Week 2013 - Edison was an active participant in the European health and safety week "OSHA week 2013", implementing several communication and training programmes. The year's theme was "Working together for risk prevention". 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 were launched during the event was achieved: the percentage of Edison employees involved amounted to 37%.

Safety culture - by working together with the Group's safety community, the "Safety Message" project continued with the aim of raising awareness on health and safety issues which not only concern activities at work but also private

and family life.

Audit and internal control - In the context of the internal audit process on quality, environmental, health and safety issues, 86 audits have been carried out in 2013 in compliance with the scheduling foreseen. The findings recorded during such audits are managed by the management systems of the various company organisations.

Egypt - In 2013 the training programme for the management of possible emergencies continued for expatriate personnel in Egypt. A training workshop on safety and environmental issues was organised, which was open to both Italian and foreign personnel, and focused in particular on the operational procedures of managing the specific working conditions in a desert environment. In addition to the workshop, an asset integrity audit was carried out. Moreover, in view of the forthcoming transfer to the new offices in Cairo, the offices' emergency plan has been re-examined.

Norway - The health campaign for Edison's employees and their families has been offered successfully once again, by providing free medical examinations such as cancer screenings and eye tests.

Israel - Following the opening of the new branch in Tel Aviv, Israel, the principal safety measures for personnel have been verified.

Enhancing contractors' occupational safety

In all of Edison's establishments and operating companies, contractors are involved to participate in information and training courses, on issues that are specific to the place where the work is carried out, as well as on safety issues in general. In particular, the information/training programmes aimed at contractors and subcontractors provide:

- training on first access to sites: all contractor employees participate in a session on first access to sites which guarantees the external workers' knowledge on the risks inherent in Edison's work environment;
- during operational activities contractors and subcontractors are invited to participate in training sessions provided for Edison's employees, always with the aim of continuously improving the safety of operational activities

Contractor employees who regularly work at operating sites are actively involved in activities promoting Edison's culture of health and safety through coordination meetings and access to the training courses provided to Group employees. In 2013 Edison has strengthened the qualification process for contractors which had already begun in 2012, by introducing the software system for the management of corporate documentation, named DIMP, and by continuing to organise awareness activities aimed at all

IN 2013, MORE THAN 560 CONTRACTOR EMPLOYEES ATTENDED TRAINING COURSES ON HEALTH AND SAFETY.

contractor employees upon their first access to Edison sites. Such an activity is deemed to be fundamental as it complements already existing coordination instruments.

Ultimately, it should be noted that in 2013, training events have been organised at the Trofarello Research Centre with contractor personnel on handling emergencies, chemical risk, and waste management.

Guaranteeing the safety of local communities

As part of the process of adopting integrated management systems 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 the 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 plans

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 encountered in the design of a new facility or the renovation, even if partial, of an existing facility, with the aim of using the best technologies available that are compatible with production needs. The issues that are monitored the most, in relation to the activities carried out, concern emissions into the atmosphere, noise generation and management of the levels of hydroelectric reservoirs.

Edison has considerable experience, particularly in the development and use of natural gas storage facilities. The Group carries out these activities through its own company named Edison Stoccaggio S.p.A., the second storage operator in Italy who carries out its own activities by means of three gas fields: Collalto, Cellino and San Potito e Cotignola, the last one having started to operate in 2013. With regards to the site of San Potito e Cotignola, the earthquakes which occurred in Emilia in 2012 have raised the public's concern on the potential risks connected to the storage facility's future operation in case of new seismic activity in the area. As explained during meetings held with local communities and associations, Edison designed the facility with the safety of the area in mind: The fields chosen are gas fields which have always contained

methane that was already extracted by third parties in the past and which is by now depleted. In fact, these are qualified as being "convertible to storage facilities". In other words, by re-injecting the methane, Edison will restore the rocks to their previous state of natural gas fields, ensuring that storage takes place under the same pressure conditions and original volume. In addition, also 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, which will

not affect the local seismic potential. Particular attention is paid also to managing risks from a serious incident pursuant to the so-called "Seveso" law, which is currently applicable in the Edison Group to the natural gas storage sites (with application of art. 8 of leg. Decree 334/96) and a hydrocarbon production plant (with application of art. 6 of Leg. Decree 334/96). The Company has identified the operations and activities that are exposed to such risks to make sure that they are carried out under strict control and that they are constantly supervised. In addition, it devel-

oped 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 Directive, nearly all the investigations relating to the Cellino, Collalto and San Potito e Cotignola fields have been concluded, and work began on all the adjustments foreseen by the organisational processes for gas storage facilities. Finally, all the establishments of Cellino and San Potito e Cotignola have obtained the CPI (Fire Prevention Certification).

THE SEISMIC MONITORING NETWORK AT COLLALTO: A SOURCE OF PRIDE FOR EDISON

The seismic monitoring network is a piece of infrastructure created with the aim of monitoring natural seismic activity and any micro seismic activity induced in the area where the Collalto storage field lies. From the viewpoint of natural seismic activity, the area is of medium to high danger level, which means it may be subject to a medium to strong natural earthquake. The Collalto monitoring network arises from an agreement signed with the Municipality of Susegana as a means to guarantee, for the populations which live near the field, the correct management of storage; subsequently the realisation of the monitoring network was also the subject of a ministerial order as part of the screening procedure to enhance the plant. In respect of this guarantee function, Edison

decided to entrust the design, realisation and management of the network to a public and internationally renowned third party in the field of seismological research, the National Institute of Oceanography and Experimental Geophysics (OGS) which joined the project with the dual aim of:

- providing Edison with a reliable tool to identify any external interactions arising from its work;
- guaranteeing control bodies, local authorities, and the population living near the plant accessible and reliable data which allow the work of the storage plant operator to be verified.

In addition, given its sensitivity in measurement, the monitoring network provides added value for the local community since it enables better understanding of the natural seismic nature of the area and consequently improves the related monitoring for Civil Protection purposes. In the two years in which the network has been in operation, the storage activity has not produced any induced seismic activity. In Edison's desire to respond to the need for transparency requested by the people living around the plant, the OGS website shows the wave form data from each sensor so that anyone, with the right preparation, can analyse them and verify the accuracy of the periodic reports issued. Finally, a meeting was held with the population to facilitate knowledge of the potential of the instrument at local level.

Edison supports the social sector

Edison's involvement in the local communities where it operates is based on principles of presence, through ongoing contact with the region. The Company is ready to listen, understand and embrace the community's needs and expectations, trustworthiness and reliability, by assuming responsibility and communicating, providing clear, complete and transparent information and feedback.

Specifically, the Company decided to choose projects that meet the following criteria:

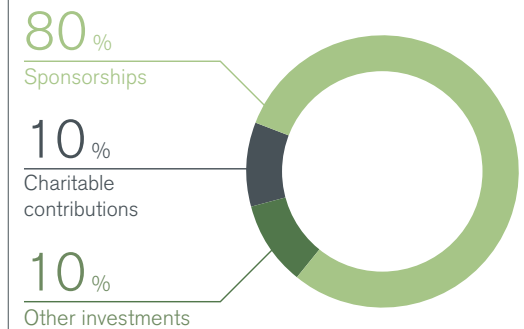
- a territorial link with the Company's host communities;
- involvement of employees through volunteering activities;
- focus on priority issues, such as the promotion of a culture of sustainable development, energy efficiency, energy access, sports activities and culture.

To this end the Company fosters investments in communities, i.e. initiatives providing continuous support to entities with whom partnerships are established. In 2013 Edison invested 2.8 million euros in social projects, mostly aimed at sponsorship activities (80%), for the promotion of sports and cultural activities, coupled with other social, cultural and environmental initiatives.

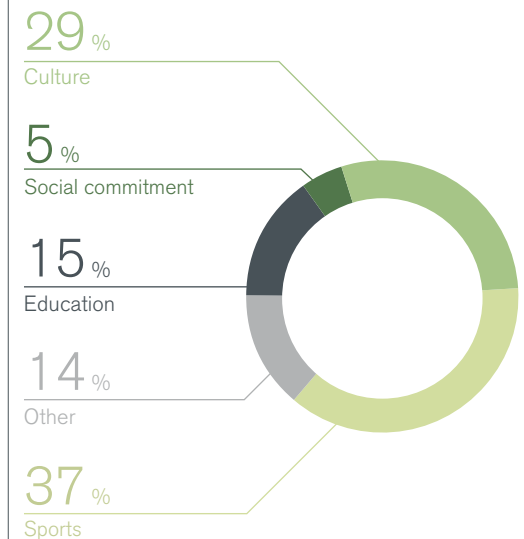
Edison's commitment to a culture of sustainability

Edison is committed towards a widespread culture on climate, energy efficiency and sustainable development, aimed in particular at youths and children, through education, music and the cinema. As part of raising the level of education on efficiency and the sustainable use of resources, Eco Generation 2.0 has been created and developed, the fruit of a decade-long collaboration with Legambiente, aimed at activating a sustainable change thanks to the feedback and contribution of a number of institutional players who can indicate and share methodologies and paths to be followed, in order to enhance initiatives in schools and stimulate activities locally in order to create real leading edge environmental control centres, one for each region. To this day the project has established a stable network of 20 regions which involves educational organisations (students, teachers and school staff), public administrations, regional associations and citizens. Even during the last year, leading educational pathways have been strengthened thanks to the contribution of experts in environmental education on a national and regional level, by designing and planning the Eco-Generation Kit which includes scientific files and educational materials. In June, at the Imperial Fora in Rome, an environmental theatre workshop was organised for children and young people in rela-

INVESTMENTS IN THE COMMUNITY



AREAS OF ACTIVITY



IN 2013 ECO-GENERATION HAS INVOLVED 20 EDUCATIONAL ORGANISATIONS, 120 TEACHERS, OVER 2600 STUDENTS AND NEARLY THE SAME NUMBER OF PARENTS, 35 PUBLIC ADMINISTRATIONS AND 40 ASSOCIATIONS.

tion to renewable energy sources. Within the framework of this initiative, a pilot project was launched at an institute in Ravenna, where an energy monitoring system has been installed in view of improving energy consumption.

Edison aims to raise awareness on energy issues through culture. In this context, the Edison Green Movie protocol stands out as the first European Protocol for actively sustainable cinema, aimed at production companies in view of the adoption of solutions to reduce the environmental impact of film production. In 2013 the Protocol has been applied for the first time. "Il Capitale Umano", an Indiana Production Company and Rai Cinema production directed by Paolo Virzì is the first film made according to Edison Green Movie. The protocol's application in all stages of production has enabled the best use of energy consumption and materials, contributing to reduce the film's environmental impacts and achieving concrete energy savings. By following the Edison Green Movie protocol, Indiana Production had to re-think the entire film production process by adopting energy sav-

ing practices, and by using resources responsibly. In particular, "Il Capitale Umano" has satisfied the film's energy requirements by means of a temporary connection with the electrical grid, which enabled it to eliminate approximately 75% of carbon dioxide emissions. The energy taken from the electrical grid together with the use of a battery powered neon bank for scenes filmed indoors has resulted in savings of over 37 thousand euros.

In 2014, Ermanno Olmi and the production team of the film "Torneranno i prati" applied the Edison Green Movie guidelines to the new film by the famous director.

Edison was the main partner of the French Embassy in Rome for the project called "Suona Francese" (Playing France), which aimed to promote high quality new French music in Italy. The project concluded with a concert which took place on the 21st of June, on the day of the Music Festival, in the impressive setting of Rome's Piazza Farnese. For the occasion Edison built a stage fully powered by photovoltaic panels.

GEOGRAPHICAL AREA



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.

In 2013, for the second year running, Edison was 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. Two of the major concerts in this event, with Maestro Michele Campanella and Cesare Picco, were held in the shareholders' meeting room at the Foro Buonaparte. An important new event this year was Piano Tram. In this, a tram, bearing the Edison/Piano City brand and containing a piano, cruised along routes in Milan city centre, dedicating each journey to a different musical style.

Edison and sport as an instrument of social cohesion

Edison considers sport as an instrument to generate positive energy and a catalyser of values that can activate virtuous processes of social development.

With this in mind, in 2013, at the national level, Edison continued its commitment as the Main Sponsor of the national basketball teams and as the 'second sponsor' of the national volleyball and rugby teams. The Company supports numerous locally based amateur and youth sports activities, as a means of interacting and integrating with the local communities where it operates.

In this spirit, the Company has initiated several local projects using sport as an instrument of sustainable development. At the local level, the initiatives with the longest track record are our support for Torviscosa football team and the Candela rifle range, two clubs with strong roots in areas where the Company has plants. Increasingly Edison lends its image to initiatives which combine sporting and charitable benefits; this is the case, just to give a few examples, of the Hope Run in Milan, in support of two research and assistance projects for young cancer patients, the support supplied to "Integralmente", a sporting event for the disabled which took place in the summer in Bellunese as part of the initiatives to commemorate the 50th anni-

versary of Vajont, through the Vajont Foundation of which Edison is a founder member.

In order to promote sustainable mobility, Edison supported the first edition of Cyclopride Day, which took place in Milan and Naples with a cycle route to rediscover the city. Over ten thousand cyclists took part in the initiative.

In collaboration with the Cannavò Foundation, Edison supports "Sport all'Opera" a sporting and training project aimed at prisoners in the Opera maximum security prison, dedicated to rehabilitation through sport. In 2013, Edison's contribution consisted of rebuilding the prison gymnasium, in which the sports activities for prisoners (volleyball, CrossFit, Fitbox, stretching) will begin in 2014. With this initiative, sport will come into prison as a powerful tool for personal growth, not only through physical fitness but specially in the inner man: a positive way of demonstrating and working off energy. Through sports activity, full of implications for interpersonal relationships, prisoners will be able to share values such as respect, sacrifice, abiding by the rules and team spirit, thereby adding value to their course of re-education towards reintegration into society.

The initiative confirms Edison's long-standing commitment to sport as a social tool and fits into a programme that has already seen the Company as a promoter of sports projects within places of detention. "L'Ovale al Beccaria" brought the

rugby team of A.S. Rugby Milano to the Cesare Beccaria youth detention centre and the Bollate Prison, involving youth and adult prisoners in a team game based on managing aggression and a system of technical and ethical rules.

In particular, the fifth year of work at the Beccaria young offenders' institution ended in June 2013 with a positive outcome. 26 volunteers worked on the project in rotation, including coaches, instructors and players of A.S. Rugby Milano. During the 2012-2013 season two games were played between volunteers of A.S. Rugby Milano and the youth prisoners; the third and final match was organised against the Under 20 team, the same age as the youth team. In 2013, the experiment also kicked off at the Bollate House of Detention, with the intention of creating a real association that could take part in activities at the federal level.

Edison also partners AS Rugby Milano in the 'Soft Rugby' project, aimed at elementary and middle schools, which gives lessons in educational institutions; during the course of the school year, three events were held, at which all the twelve school campuses concerned took part, involving a total of 2600 students (male and female), and coordinated by 13 teachers and coaches from within the club. Furthermore, thanks to the assistance of a professional educator, the possibility of expanding the proposal to

address the fight against bullying was tried out. As this achieved positive results, further involvement of boys in middle and senior schools is planned for the future.

Edison for communities

Edison carries out its operations in a twofold way. As a local player in the areas where its plants are located and as a global player, part of a market and a sector that extends beyond national boundaries. With this awareness, the Company has over the years developed many projects supporting and sustaining communities, paying particular attention to the most vulnerable members of society.

In 2010, following the earthquake that struck Haiti, in collaboration with the Associazione Anpil, we launched the "Together for Haiti" project, consisting both of an awareness raising campaign addressed to its employees to finance the relocation of homeless Haitian children, with the aim of reintegrating them in society once the situation has stabilised and of a company volunteering initiative at the Hospitality Centre at Port de Paix, where the children are housed. Since then the Company has maintained, through Anpil, a continuous presence alongside the victims of the earthquake, especially children. In 2013, Edison paid a contribution to finance a structural improvement to the Hibiscus school in

Bon Repos, one of the suburbs of Port au Prince worst affected by the earthquake. Some of the children who had benefited from the 'Together for Haiti' project were given places at the school, which currently has 85 students.

At the local level, however, Edison supports Comunità Nuova, a no-profit organisation that helps the disadvantaged and provides resources for the youngest among this group in the Cascina S. Alberto project. This centre houses 14 young men who are undergoing criminal proceedings, and offers them the possibility of guidance in their progress towards becoming self-supporting and in the resolution of their legal problems, including those involving rehabilitation. Guests are provided with their own psychoeducational programme of social reintegration, focused on reinterpreting their own actions within the collective and concentrating on the acquisition of work skills, before finally leaving the community. Thanks to support from Edison, Comunità Nuova has been able to guarantee 2000 meals, cover part of the heating costs, electricity and maintenance, as well as educational team spirit for guidance and looking for jobs

For the past six years, Edison has supported Missione Sogni, an association that helps 5 to 15 years old boys and girls suffering from serious diseases or disabilities realise their dreams.

It is scientifically proven that pain and illness-induced anxiety lower our organism's natural defences, while anything that brings joy and serenity has a beneficial effect and undoubtedly helps the healing process. In 2013, thanks to Edison, Claudia, 15, who suffers from generalised oro-motor dyspraxia, was able to realise her dream of undergoing dolphin therapy; Alice, who is 10 and suffers from juvenile idiopathic arthritis, was able to realise her dream of visiting Eurodisney; and Viviana, 15 years of age and suffering from Lejeune's syndrome, her dream of meeting Pope Francis in Rome.

SUPPORT FOR THE VAJONT FOUNDATION

Edison is among the founders of the Foundation "Vajont 9 October 1963", set up to promote, through the "recall" of the Vajont tragedy, study and scientific research in the field of hydrogeological risk prevention, to organise research, study, and scientific, cultural, promotional initiatives aimed at preventing unbalanced use of natural resources, in the future, producing disasters similar to that of Vajont in 1963. In 2013, marking the 50th anniversary of the tragedy, Edison contributed to support the programme of local, national and international events aimed at promoting and renewing memory of Vajont.

SUPPORT FOR LOCAL COMMUNITIES IN EGYPT

Edison has always shown a propensity to developing international projects as part of its social responsibility supporting and valorising the community in which it operates, in order to give back to the latter part of the value generated. In Egypt, Edison, together with other companies in the area, is part of the Social Performance Collaboration Forum (SPCF), a place to discuss and develop initiatives, promoted by companies operating in Egypt, in favour of the local community in the Idku area in the Beheria province.

In 2013, the Forum, also with the contribution of Edison, continued to be engaged in the construction of the new building for the local deaf-dumb association, the realisation of which will require 12-15 months. The building is earmarked for future extension and will be built according to all the OHSAS safety standards. Construction should be completed by May 2014. The building will be equipped with workshops for teaching sign language, textile manufacture, IT, carpentry, sewing and making local products by hand. An area for exhibiting and selling the products made there is also scheduled, to raise funds for the community's own development. A further project involves 50 young people,

who started a training programme in September 2012, lasting 18 months (for 4 days a week): Edison made a contribution to subsidising the course, which is focused on safety, maintenance and production.

The "Idku livelihoods Development Initiative" also aims to increase income sustainably and improve the opportunities to sustain fishermen, farmers, young people and women. The programme focuses on three primary industrial sectors: fishing, farming and handicrafts.

SUPPORT FOR LOCAL COMMUNITIES IN BRAZIL

In Brazil too Edison is engaged in supporting social responsibility projects in favour of the local communities who are socially very vulnerable and live around the electric plant of its joint venture Ibiritermo. The beneficiaries of these projects are generally children, adolescents and women and the objectives are the generation of income, education to universal values of citizenship and teaching and developing leisure and cultural activities.

The project called "Tecer para Crescer" (weave to grow), which completed its eighth year,

regards the development of local crafts involving textiles and training in cutting and sewing. The project is increasingly turning into work and source of income for women in the local community. In 2013 it trained 23 women, many of whom have already found work in the sector.

In partnership with the police of the State of Minas Gerais, Edison supported the "Circuito Unidos pela Paz 2013" project, with the aim of bringing local communities closer to the police and supporting its activities in fighting crime, violence and drugs, through the realisation of parties in main squares for children and families, with games, entertainment, shows for the young ones and the distribution of books. The initiative has involved over 7,000 children from the community and related families.

The "Espaço Cultural ADAV" project involved 400 children and adolescents with courses of dance, theatre, modelling, crafts, IT, cookery and sport. In addition, thanks to the exclusive support of Edison, 6 pupils were able to take part in the Bolzano Dance Festival in July 2013 performing a show called Beleza (beauty in Portuguese), which was performed again in Rome at the Gardens of the Accademia Filarmonica Romana.



07

Commitments and Actions

Last year, Edison completed a set of initiatives consistent with its strategic sustainability commitments. After assessing their impact, the Company has put in place for 2014 a system of objectives and commitments, consisting of small steps helping to set a course for the future.

Review of 2013

Environment

	Commitments	Activities	Extent of achievement
Adoption of Integrated Management Systems	Obtain EMAS registration for the Comiso 2 gas power plant.	Obtained up to April 2013.	
	Initiate the integration of Edison environmental management systems within the scope of the certification parameters of the EDF Group in accordance with the UNI EN ISO 14001 standard.	Involvement in the audit on conformity with the system in February 2013. Undertaking of first re-examination meeting of management in May 2013.	
	Mitigate the environmental impacts of Edison's operations, by completing the improvement activities planned for 2013 by operational management's Environmental Programmes certified under UNI EN ISO 14001 and registered under EMAS.	The re-examination of the environmental management system at corporate level was set up, in which progress on the environmental programmes for operations was judged positively.	
	Consolidate the indicator collection process for measuring environmental performance, through EPIC software (Edison Performance Indicators Collection).	All the environmental data was collected using the EPIC system.	
Protection of biodiversity	Launch a specific biodiversity analysis within an identified area of the hydroelectric sector, in light of the mapping performed in 2012.	Analysis completed on impacts on biodiversity at the site of Chievolis (PN).	
	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.	In 2013 priority was given to biodiversity activities in the E&P sector in which context the Mosselmonitor and BioVega projects were started.	
	Develop awareness raising training sessions and activities within the Company, in collaboration with experts from the sector.	Activity partially realised.	
Sustainable development culture	Implement the Edison Green Movie protocol on the first test film and continue with protocol training activities.	The Green Movie protocol applied to the film "Il Capitale Umano" by P. Virzi and to training projects.	

Energy efficiency

Assess the case for installing a photovoltaic plant at the West Wadi El Rayan site in the Western Desert in Egypt of 13 MW that can provide electricity 24 hours a day.

Activity not realised due to social, political and economic difficulties which struck the country in 2013.



Create and develop site self-generation projects through high-efficiency plants with a low environmental impact, for a total of 2-3 MW.

Started and concluded authorisation process for the tri-generation, high yield 2 MW plant at the Latina facility of the customer Haupt Pharma.



Consolidate and develop site and process energy-consumption optimisation projects with a number of industrial customers and customers operating in the services sector.

Putting into operation of the compressed air plant at the plant of the customer Flli Lanificio Cerruti and contracting of further initiatives to optimise consumption.



Implement business consulting for customers (energy audits, definition of environmental management systems and energy management systems, obtainment of Energy Efficiency Credits).

Signed 24 new contracts to request Energy Efficiency Credits and 36 offers relating to consultancy work.



Employees

Working safely

Commitments

Complete the pilot training programme for the development of personal and organisational skills regarding risk perception. All employees in the hydroelectric and thermoelectric energy areas are expected to take part.

Activities

The project was implemented for all the staff of the Power Asset Business Unit, also extending it to the Renewable Sources Business Unit.

Extent of achievement



Complete the training programme for Edison employees in accordance with the provisions of the agreement between the central government and the regional administrations in force as of 26 January 2012.

The entire programme was completed according to the health and safety agreement concluded with the various national trade unions and internal unit employee organisations (RSU).



Improve the user-friendliness and distribution of the monthly safety message, involving employees and raising their awareness on safety by examining new topics every month and publishing them on the Company's intranet.

The safety message is published monthly on the Company's intranet. The topics addressed are activities at work and safety concerning family life.



Further reduce the injury rate (among Edison employees and third-party personnel) currently linked to the system of targets assigned to management.








The total injury rate for activities in Italy is in line with the trend at the end of 2012.



Markets

Quality and transparency towards consumers

Sustainability of the supply chain

Commitments	Activities	Extent of achievement
Draw up the 3rd edition of the Edison Service Quality Charter.	Awaiting conclusion of the AEEG consultation on Bolletta 2.0.	
Continue the Regional Roadmap with consumers' associations.	The activity was suspended and has been rescheduled for 2014.	
Implement the self-regulation protocol against deceptive sales practices.	This activity was commenced and is currently in operation. The adjustments provided in the protocol were carried out.	
Continue investment aimed at implementing a smart metering system that adds value to the offer portfolio proposed to the market.	Activity completed with the finalisation and launch of Energy Control, a device which enables online real-time monitoring of consumption, providing the customer with the possibility of knowing the details of their energy spending.	
Promote the digitisation 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).	Tablets provided to the sales force to facilitate commercial work and dialogue with customer.	
Constantly search for new trends in the development of increasingly sustainable areas.	Market research on market development trends was carried out.	
Launch the website for the suppliers' sustainability self-assessment (Sustainable Supply Chain project).	The project led by the Global Compact is continuing but the specific objective has been postponed to 2014 in agreement with the partners.	

Community

	Commitment	Activities	Extent of achievement
Protection of humans rights	Apply the model for country risk assessment through a pilot project dedicated to monitoring a country of interest to Edison.	In 2013 a pilot project was conducted on a country of interest for Edison, with the aim of adapting the characteristics of the assessment model to the specific needs to monitor initiatives abroad.	
	Study a corporate self-assessment and monitoring system on human rights.	Realised a self-assessment model on human rights based on the framework developed by John Ruggie.	
	Develop the training plan on human rights following the collaboration started with the Global Compact human rights work group.	The preliminary internal study phase was launched; during 2013, Global Compact preferred to give priority to other topics. The activity has been rescheduled for 2014.	
Governance of sustainability	Improve the Sustainable Development Governance through the strategic administration of the Executive Committee.	Sharing projects, initiatives and strategies both with the Executive Committee and with the individual members of the Committee itself depending on the project.	
	Increase the operating coordination and the involvement of initiatives from all business and corporate areas.	Contact points identified for Sustainability Report or figures selected ad hoc by the managers in all the company areas. Inter-functional projects started on biodiversity, human rights, fuel poverty.	
Stakeholder engagement	Launch the second phase of the stakeholder management project through interviews with external counterparties.	Identified interlocutors to be involved, interviews started.	
	Consolidate Edison's position in the Rome Manufacturers Association.	In 2013, Edison joined Unindustria, the Association of Industrialists and Businesses of Lazio, and took an active part in the Energy section.	
	Organise the relationship with political/cultural foundations and think tanks into a more organic structure, both at the national and at the international level.	In 2013, Edison intensified its engagement with some of the principal think tanks, including the European Council of Foreign Relations, the Istituto Affari Internazionali, the Atlantic Council, the Istituto per la Competitività and Arel.	

New objectives

Environment

Scope

Integrated management systems

Objectives

Develop and enhance the integrated management systems as an instrument to reduce environmental impacts and sustainable use of natural resources.

Activities

Putting into full operation the Environmental Management and Safety System at FSO Alba Marina.

Obtaining certification of environmental management system for Research and Development at the Trofarello Centre and for the Engineering Division in conformity with UNI EN ISO 14001:2004.

Complete the integration programme for Edison's environmental management systems in the certification scope of the EDF Group pursuant to UNI EN ISO 14001.

In the thermoelectric sector, digitalisation of the collection system for power plant operating parameters using the EPIC application.

Digitalisation of the management of waste (loading and unloading registers and lists) produced by thermoelectric plant.

In regard to thermoelectric plant: implementation of the documentation system for the management of the integrated management system procedures

Protection of biodiversity

Continue and enhance the analysis and monitoring of the impact on biodiversity generated by the plant and by company operations.

Implementation of the 'Mosselmonitor' project at the Campo Rospo Mare offshore field.

Continue the 'Bio Vega' project, which has already begun at the Vega platform, analysing marine biodiversity around the oil field

Continue monitoring of birdlife and bats in wind power plants, in particular at the San Benedetto Val di Sambro wind power plant, with a check on the colonisation by bats of the artificial nests.

With regard to the construction of the scheduled Baselice wind power plant, carrying-out of a preventive analysis of native local vegetation so as to introduce mainly plants that are compatible with the habitat and do not alter local biodiversity on the site while environmental restoration is taking place.

Developing studies on bird life and chiroptera in the San Benedetto Val di Sambro area, together with measures to inform the population.

Protection of the environment and impact reduction

Environmental impact management with a view to minimisation.

Installation of phytopurification plants for the residential effluents at the Candela, Simeri and Altomonte power plants.

Implementation of subsoil reclamation works at the Levante and Azotati di Porto Marghera power plants.

Market

Scope

Dialogue with the market

Objectives

Increase the number of meetings and information exchange with consumers, in order to establish ever firmer relations based on transparency.

Activities

A working group with consumer organisations was established in collaboration with other retailers.

A roadmap with consumer organisations on disclosure and information measures on the topic of conciliation.

A working group on conciliation with consumer organisations belonging to the Consiglio Nazionale Consumatori e Utenti (National Consumers and Users Council).

Quality of the offer

Guarantee maximum quality in the offer of products and services, for excellent customer care.

Maintain the 'zero non-conformity' target in terms of running quality management systems.

Expand the range of e-learning solutions by making best use of the Edison Market Academy platform.

Diversify training activities according to the needs of the trade.

Reorganise the sales service with a greater focus on market areas.

Optimise IT systems audit operations by means of the NICE project.

International discussion groups with the EDF Group in order to share and spread best practice from individual group companies.

Including value-added services in the existing offer portfolio.

Recovery of loans

Optimise loan recovery procedures in order to guarantee economic sustainability to the business.

Audit of the reminder management process: analysis and evaluation of process improvement measures.

Evaluation of new solutions for integrating information systems for the management of credit.

Renewable energy source

Development of assets linked to renewable resources.

Wind power development: introduction of 12 MW of new wind power plants.

Consolidate and develop site self-generation projects through high-efficiency plants with a low environmental impact.

Commissioning of a 2 MW high-efficiency trigeneration plant.

Consolidate and develop site and process energy-consumption optimisation projects.

Consolidate and develop site and process energy-consumption optimisation projects with a number of industrial customers and customers operating in the services sector for a total saving of about 3.4 GWh/year.

Energy efficiency

Development of energy efficiency services and activities in the services and residential sectors.

Enriching the Energy Control offer in the residential sector with new functionalities and new products.

Launch of an ad hoc offer in the services sector for measuring and understanding the customer's real energy requirements, checking consumption and 'behavioural' waste, planning a strategy aimed at increasing energy efficiency and communicating the results.

Implementation of consultancy support for customers.

Consolidate and implement further business consulting support for customers (energy audits, energy management systems, obtainment of Energy Efficiency Credits), benefiting additionally from the absorption of CSE

Consolidate and develop site self-generation projects through high-efficiency plants with a low environmental impact and initiatives to optimise the process and site.

Consolidate and develop high-efficiency self-generation plants with a low environmental impact and process and site initiatives at industrial customers' and services sector customer sites.

Obtaining ESCo certification.

Obtain ESCo - Energy Service Company - certification for Edison Energy Solutions, in accordance with the technical standard UNI CEI 11352 so as to offer customers greater guarantees of their own skills and capacity.

Supplier management

Greater integration of sustainability aspects in the supply chain.

Launch of the website prepared as part of the project with Global Compact.

Inviting all suppliers to participate in the self-assessment questionnaire.

Employees

Scope

Health and safety

Objectives

Reduce the integrated injury rate (company personnel and contractors' employees) compared to the average for the three-year period 2011-2013 (IF = 3.2)

Activities

Extend the 'Risk Perception' project, as already applied in the Power Asset and Renewable Resources Business Units (BUs), to other BUs/ companies and widen participation to include company personnel.

Guarantee at least 30% of employees training on the theme of the European Week for Health and Safety at Work 2014, 'Management of stress and psychosocial risks at work'.

Continue information activities on risks of interference at contractors operating for Edison in order to achieve the target of 70% of the working population in three years from the launch of the project.

Meeting and involvement

Consolidate continuous improvement processes in meetings, dialogue and involvement targeted at employees.

Guarantee one interview a year between every employee and his or her manager for 100% of employees (launch from the 2013-2014 cycle).

My EDF - Management of communication processes and sharing the results of the 2013 survey with all employees, through internal media and a system of specific meetings involving management and employees in all business areas.

My EDF - In each of the different business areas, define specific action plans on critical areas and areas for improvement indicated by employees with regard to more specifically professional topics, communication and topics more closely linked to quality and work-life balance in the company.

Edison per te - Greater geographic uniformity in the delivery of services for employees, by implementing the project for remodelling the offer in favour of peripheral sites.

Industrial relations

Protecting jobs and managing possible reorganisations efficiently.

Further refinement of activities initiated by the employees of mothballed power plants (cushioning the effects of unemployment and redeployment of personnel).

Variation within the Group of new rules on employee representation following the Confindustria /CGIL - CISL - UIL management and union agreement signed on 10 January 2014.

Community

Scope

Relations with the local area

Objectives

Develop the approach to Shared Value begun in 2013.

Consolidate the dialogue and feedback with the stakeholders.

Improve coherence and effectiveness of donations and sponsorships.

Activities

Identify and draw up an action plan for internal assessment for developing Shared Value activities at a marginal cost, to the advantage of the partnership with local players on subjects of local interest.

Preliminary study and design of a structured instrument for dialogue with stakeholders.

Study a revision of the process used to define the budget and the plan for sponsorships and donations with the aim of improving their coherence and organisation, including also sharing them with the whole Executive Committee (Comex).

Corporate governance and the relationship with stakeholders

Scope

Governance

Objectives

Strengthen corporate governance and risk management processes.

Strengthen communication channels with existing institutions.

Activities

Assessment of company procedures relating to the risk of fraud and ethical risks.

Development of new models of compliance with international anti-bribery legislation in foreign countries in which Edison will be developing its core business.

Consolidate Edison's standing in the Confindustria sector.

Consolidation of activities undertaken in collaboration with think tanks and expansion to European think tanks.

Institutional dialogue

08

Appendices



Data and indicators

Production (data as at 31 December)

	Unit	2011	2012	2013	GRI
Production and reserves of hydrocarbons					OG1
Natural gas produced	thousands of m ³	2,246	2,518	2,209	
Crude oil extracted	thousands of barrels	3,508	3,546	3,580	
Hydrocarbon reserves	billions of m ³	49.8	50.0	50.4	
Net production of electric power					EU 2
Edison production	GWh	28,585	24,355	20,055	
Thermoelectric energy	GWh	23,750	19,549	14,841	
- of which combined-cycle	GWh	17,034	18,313	14,841	
Renewable energy source	GWh	4,835	4,806	5,214	OG3
- of which hydroelectric energy	GWh	4,128	3,881	4,338	
- of which wind power	GWh	656	874	823	
- of which electric power from other renewable energy sources (photovoltaic and biomass)	GWh	51	51	53	
Share of electric power produced from renewable energy sources	%	17%	20%	26%	
Other sources	GWh	45,737	28,626	37,625	
- of which Edipower*	GWh	6,747	2,391	-	
- of which other purchases	GWh	38,990	26,235	37,625	
* Edipower until 24/05/2012					
Net production of thermal energy					
Edison production	TJ	11,009	11,174	11,396	
Efficiency of the thermoelectric power plants					
Average yield of the thermoelectric power plants	%	42%	58%	57%	EU11
Availability factor for the thermoelectric power plants	%	91%	90%	90%	
Availability factor for the hydroelectric power plants	%	90%	94%	93%	
Availability factor for the wind farms*	%	96%	95%	96%	
Average availability factor	%	92%	93%	93%	EU 30

* For wind farms subject to dispatching orders by Terna, for availability purposes, any mandated turbine shutdowns were not considered.

Environment (data as at 31 December)

	Unit	2011	2012	2013	GRI
Energy used to produce electric power					EN3
Natural gas	millions of Sm ³	4,047.30	4,088.60	2,919.6	
Coke-oven gas	millions of Nm ³	505.5	86.1	74.4	
Blast-furnace gas	millions of Nm ³	4,299.80	756.10	722.5	
Steel-mill gas	millions of Nm ³	46	-	-	
Blast-furnace and steel-mill gas mixture	millions of Nm ³	2,409.00	-	-	
Fuel oil	thousands of t	3.3	0.1	0.6	
Diesel oil	thousands of t	4.1	-	-	
Coal	thousands of t	-	-	-	
Bark	thousands of t	51.9	71.1	62.5	
Mud	thousands of t	26.1	24.5	19.5	
Wood chips	thousands of t	72.1	66.1	55.5	
Total energy used	thousands of GJ	175,775	146,875	106,001	
<i>2012: The gaps are due to the closure of the Taranto plant at the end of 2011</i>					
Energy used for ancillary services					
Natural gas	thousands of Sm ³	54,172.6	4,915.9	3,379.3	
Diesel oil	t	5,707.9	3,393.1	6,885.5	
Fuel oil	t	6,255.0	4,211.2	1,395.0	
Purchased electric power	MWh	126,396.9	139,916.0	142,821.5	EN 4
<i>2012: The reduction in energy consumption for ancillary services mainly relates to the period when the tanker from the Rospo platform was replaced</i>					
Materials used					EN1
Total process chemicals	t	12,870	58,558	47,820	
Dielectric oil used as lubricant and coolant	t	214	85	64	
Water resources used					EN 8
Sea water	thousands of m ³	1,013,150	309,206	209,956	
Brackish water	thousands of m ³	377,664	378,026	390,376	
Water from rivers or canals	thousands of m ³	30,440	77,362	58,314	

	Unit	2011	2012	2013	GRI
Water drawn from subsoil	thousands of m ³	3,216	4,574	4,478	
Purchased demineralised water	thousands of m ³	1,323	152	90	
Other water resources used	thousands of m ³	341	291	233	
Recycled water from thermoelectric operations	thousands of m ³	6,167	5,912	4,507	EN 10
- of which recycled industrial water	thousands of m ³	5,389	4,566	3,183	
- of which water from condensation and purchased steam	thousands of m ³	778	1,346	1,324	
Total water resources used	thousands of m³	1,432,301	775,523	667,954	
Recycled water – thermoelectric operations	%	0.4%	0.8%	0.7%	
Flow-through water and biodiversity – hydroelectric operations					EN 12
Turbine powering water	thousands of m ³	14,739,759	13,611,981	14,093,302	
Minimum vital water flow (MVW)	thousands of m ³	1,366,297	1,396,888	1,287,713	
MVW releases	%	9.3%	10.3%	9.1%	
Effluents					EN 21
Industrial effluents generated	thousands of m ³	24,585	25,657	24,343	
Reinjected water (hydrocarbon sector)	thousands of m ³	15	-	-	
Cooling water	thousands of m ³	1,386,733	738,678	627,281	
Residential waste water	thousands of m ³	189	119	139	
Total effluents discharged	thousands of m³	1,411,522	764,454	651,763	
into the sewers	thousands of m ³	2,678	4,737	4,184	
into surface water bodies (rivers, canals and the sea)	thousands of m ³	1,406,993	759,666	647,500	
into ground water bodies (aquifer etc.)	thousands of m ³	74	51	79	
Greenhouse gas emissions					
Electric power sector					
Gross thermoelectric energy produced	GWh	24,287	20,062	15,295	
Total gross electric power produced	GWh	29,245	24,904	20,576	
Gross thermoelectric and thermal energy produced	GWh	27,345	23,166	18,461	
Gross electric power and thermal energy produced	GWh	32,303	28,008	23,742	
CO ₂ from the production of electric power and thermal energy	t	15,551,342	9,075,472	7,204,595	EN 16 EN 18
Specific CO ₂ emissions - thermoelectric and thermal energy	gross g/Kwh	568.7	391.8	390.3	

	Unit	2011	2012	2013	GRI
Specific CO ₂ emissions – electric power and thermal energy	gross g/Kwh	481.4	324	303.5	
Emissions avoided with renewables	t	2,749,489	1,882,900	2,034,915	
SF6	t of CO ₂ eq.	342	466	410	
Emission Trading Scheme (ETS)					EU 5
Rights allocated under the Emission Trading Scheme *	t	12,764,057	10,210,622	204,379	
CO ₂ produced from 'below allocation' plants	t	14,653,182	8,979,472	7,116,731	
Kyoto Protocol compliance level (rights allocated/emissions generated 'below allocation')	%	87%	114%	n.a.*	
<i>* in 2013, these data are not significant as only a minimal amount of the rights were allocated gratis (cogeneration plants)</i>					
Hydrocarbon sector					
Hydrocarbon sector CO ₂	t	146,296	51,911	153,453	
- of which flaring/venting	t	n.a.	n.a.	18,576	OG6
Gas distribution					
CO ₂ emissions from pipeline leaks	t of CO ₂ eq.	22,373	2,636	1734.3	EN 16 EN18
Indirect emissions					
CO ₂ from business travel	t of CO ₂ eq.	n.a.	n.a.	322,195	EN 17
Emissions attributable to consumption of purchased electric power *	t	49,685	54,017	55,139	EN 16 EN18
<i>* values recalculated compared to the previous ratio on the basis of updated emission factors</i>					
Emissions of gases harmful to the ozone layer					EN 19
CFC-11 equivalents	t	-	-	0,18	
Emission into the atmosphere					EN 20
Electric power sector					
NOx	t	4,881	3,584	2,776	
SOx	t	1,656	345	737	
Particulate	t	118	18	30	
CO	t	803	1,415	1,534	
Hydrocarbon sector					
NOx	t	306	202	220	

	Unit	2011	2012	2013	GRI
SOx	t	168	99	71	
Particulate	t	2	2	2	
CO	t	104	72	117	
Total emissions					
NOx	t	5,187	3,786	2,996	
SOx	t	1,824	444	808	
Particulate	t	120	20	32	
CO	t	907	1,486	1,651	
Waste generated					EN 22
Non-hazardous waste	t	56,675	72,692	45,921	
Hazardous waste	t	2,032	2,271	5,178	
Total waste generated	t	58,707	74,963	51,099	
- of which recycled	%	34.7%	43.6%	57.4%	
- of which sent to landfill	%	65.3%	56.4%	42.6%	
Inspections to locate natural gas leaks					PR 1
Pipelines inspected	Km	1,520	2,066	2,200	
Pipelines existing at the beginning of the year	Km	2,026	2,603	2,624	
Network inspected	%	75%	79%	84%	
Total number of leaks located	n.	1,351	1,213	991	
Total volume of leaks	thousands of Sm³	954	159	105	
HSE management systems					
Sites covered by ISO 14001 management systems					
Electric power sector	%	100%	100%	100%	
Hydrocarbon sector	%	100%	100%	100%	
Sites covered by EMAS management systems					
Electric power sector	%	67%	67%	67%	
Hydrocarbon sector	%	14%	14%	25%	
Sites covered by OHSAS 18001 management systems					
Electric power sector	%	100%	100%	100%	

	Unit	2011	2012	2013	GRI
Hydrocarbon sector	%	100%	100%	100%	
<i>In 2013, the Comiso 2 site achieved EMAS registration</i>					
Audit process					
Internal audits	No	115	103	86	
External audits (by a third party)	No	12	15	11	
Total audits	No	127	118	97	
Inspections - Italy					
Performed by ASL, ARPA, communes, provinces, regions	No	24	17	39	
Other inspections	No	12	8	10	
Total inspections	No	36	25	49	
Environmental accounting					EN 30
Protection of air and climate	€/000	32,947	2,548	6,444	
Water management	€/000	2,054	18,574	31,082	
Waste management	€/000	2,791	2,563	2,461	
Protection of soil, subsoil and aquifers	€/000	2,794	4,215	2,710	
Protection of habitats and landscape and remediation projects	€/000	392	4,153	2,416	
Exploration and development	€/000	125	74	21	
Other environmental protection activities	€/000	4,429	68,039	4,922	
Noise, vibrations, CEM reduction	€/000	448	515	100	
Total outlays	€/000	45,980	100,681	50,156	
- of which investments	€/000	36,265	72,365	9,581	
- of which operating expenses	€/000	9,717	28,316	40,575	
Material environmental events					
Spills	No	-	-	-	EN 23
Environmental penalties					EN 28
Fines paid in the year	€	3,351	1,570	540	
Other non-cash penalties	No	-	-	-	

Personnel (data as at 31 December)

Note: the consolidation of Group companies that are not wholly owned, for the years 2011-2012-2013, has necessitated rounding to make decimals add up to one and avoid differences when reconciling the data (e.g. differences between the sum of partial amounts and totals)

	Unit	2011	2012	2013	GRI
Consistency of personnel					
Employees at 1/1	No	3,384	3,236	3,248	
Joiners	No	130	127	84	
- of which market hires	No	104	122	84	
Leavers	No	278	115	92	
Employees at 31/12	No	3,236	3,248	3,240	
Personnel breakdown					
By gender					
Men	No	2,587	2,590	2,586	
Women	No	649	658	654	
By geography					
Italy	No	2,289	2,297	2,324	
Other countries	No	947	951	916	
- of which Egypt	No	-	-	828	
- of which Norway	No	-	-	18	
- of which Greece	No	-	-	44	
- of which other countries/areas	No	-	-	26	
By grade					
Executives	No	181	193	195	
- of which women	No	17	20	20	
Middle managers	No	597	639	695	
- of which women	No	161	163	167	
Office staff	No	1,995	1,958	1,702	
- of which women	No	468	470	464	
Production staff	No	463	458	648	
- of which women	No	3	5	3	

	Unit	2011	2012	2013	GRI
Temporary staff					LA 1
Temporary staff	No	29	20	39	
- of which women	No	14	9	23	
Female employee percentages					LA 13
Executives	%	9.0%	10.0%	10.3%	
Middle managers	%	27.0%	26.0%	24.0%	
Office staff	%	23.0%	24.0%	27.3%	
Production staff	%	1.0%	1.0%	0.5%	
Total	%	21.5%	20.3%	20.2%	
Temporary staff	%	48.0%	45.0%	59.0%	
Employees breakdown by type of contract					LA 1
Permanent	No	3,156	3,181	3,167	
- of which women	No	631	644	644	
Fixed-term contract	No	80	67	73	
- of which women	No	18	14	10	
Job training					LA 1
Apprentices	No	24	16	34	
Internships/Short-term entry assignments	No	14	16	14	
Total	No	38	32	48	
Interns and apprentices as a percentage of total staff	%	1.0%	1.0%	1.5%	
Part-time staff					LA 1
Employees with part-time contracts	No	75	80	82	
- of which women	No	70	73	77	
Percentage of employees with part-time contracts	%	2.3%	2.5%	2.5%	
- of which women	%	10.8%	11.1%	11.8%	
Hires					LA 2
Breakdown by age					
Younger than 35	No	94	89	68	
Between 36 and 45	No	26	23	11	

	Unit	2011	2012	2013	GRI
Older than 45	No	10	15	5	
By gender					
Women	No	28	36	16	
Men	No	102	91	68	
By geography					
Italy	No	73	81	45	
Other countries	No	57	46	39	
By classification					
Executives	No	0	4	3	
Middle managers	No	10	14	8	
Office staff	No	67	81	43	
Production staff	No	53	28	30	
Leavers					LA 2
Breakdown by reason					
Resignation	No	69	51	33	
Retirement	No	65	45	31	
Death	No	2	1	2	
Termination/Divestment of business operations	No	125	7	2	
Other	No	17	10	24	
Breakdown by age					
Younger than 35	No	61	38	26	
Between 35 and 45	No	106	15	18	
Older than 45	No	111	61	48	
By gender					
Women	No	29	28	19	
Men	No	249	86	73	
By geography					
Italy	No	227	73	53	
Other countries	No	51	41	39	

	Unit	2011	2012	2013	GRI
Changes to a higher classification*					
Promotion from middle manager to executive	No	7	20	7	
Promotion from office staff to middle manager	No	29	83	78	
Promotion from production staff to office staff	No	19	31	51	
Total	No	55	134	136	
<i>* the difference between 2012 and 2011 is entirely attributable to the inclusion of foreign companies in the reporting framework.</i>					
Employees who received training					
Employees who attended at least one training course	No	2,400	2,962	2,882	
Employees who received training	%	74%	91%	89%	
Training					LA 10
Total hours	No	90,068	131,410	121,940	
- of which women		19,694	27,054	25,179	
Average hours per trained employee	No	38	44	42	
Average hours per employee	No	28	40	38	
Average hours per women employee	No	30	41	38	
By grade					
Executives	No	7,943	5,384	6,674	
Middle managers	No	19,560	25,846	24,922	
Office staff	No	53,400	84,092	74,180	
Production staff	No	9,165	16,088	16,164	
Per type					
Quality, environment and safety	No	21,536	40,594	35,697	
Technical training	No	12,549	27,912	22,924	
Institutional training – internal	No	29,948	20,710	19,207	
Specialized training – external	No	5,973	14,507	14,081	
Foreign language courses	No	15,372	24,536	24,407	
Computer courses	No	1,926	1,346	3,824	
Conventions	No	2,764	1,805	1,800	

	Unit	2011	2012	2013	GRI
Training costs*					LA 8
Internal and external training costs (including taxes and mandatory social security contributions)	k€	2,002	2,647	3,031	
Labour cost of employees receiving training	k€	2,969	3,254	3,405	
Funded training	k€	448	403	479	
Total costs	k€	5,419	6,424	6,915	
<i>The figure does not include a value for internal office staff time, amounting to € 388,000 in 2013</i>					
Employees subject to annual performance review					LA 12
Executives	%	100%	96%	98%	
Middle managers	%	82%	78%	89%	
Office staff	%	30%	23%	26%	
Production staff	%	-	-	-	
Total	%	42%	35%	39%	
Total number of women employees	%	51%	52%	45%	
Employees in protected categories*					LA 13
Disabled employees	No	78	105	104	
Other (e.g. orphans)	No	24	24	24	
Total	No	102	129	128	
effect of disabled employees on the total	%	3%	3%	3%	
<i>the figure for 2011 does not include the local employees of foreign Group companies or those of Italian companies not on the centralised payroll</i>					
Employees returning to work and workforce re-entry rates after parental leave, by gender*					LA 15
Employees entitled to parental leave	n.	2.258	2.266	2.267	
- of which women	n.	527	536	537	
Employees who took parental leave	n.	73	63	62	
- of which women	n.	66	57	54	
Employees whose parental leave ended during the year	n.	n.a.	n.a.	19	
- of which women	n.	n.a.	n.a.	18	
Employees whose parental leave ended during the year and who returned to work	n.	n.a.	n.a.	19	

	Unit	2011	2012	2013	GRI
- of which women	n.	n.a.	n.a.	18	
Total rate of returns to work	%	n.a.	n.a.	31%	
Total rate of women returning to work	%	n.a.	n.a.	33%	
* The figure does not include local employees from foreign headquarters and refers to mandatory maternity leave.					
Missed hours of work					LA 7
Illness	No	98,315	100,434	118,481	
Accident	No	1,874	2,852	3,341	
Maternity	No	55,520	34,425	37,187	
Strike	No	973	138	418	
Employee assembly	No	-	-	-	
Paid leave	No	40,354	35,652	41,070	
Unpaid leave	No	7,032	6,658	9,636	
Other	No	-	-	47,584	
Total	No	204,068	180,159	257,717	
Average productivity bonuses per capita*					
Middle managers	€	1,873	2,154	2,065	
Office staff	€	1,520	1,776	1,701	
Production staff	€	1,223	1,484	1,448	
Average paid per capita	€	1,549	1,805	1,751	
* The figure does not include the local employees of foreign headquarters or those of Italian companies not on the centralised payroll					
Incentivising bonuses*					
Employees who received an incentivising bonus other than the productivity bonus (MBO)	No	415	434	447	
Employees who received a non-cash incentivising bonus (Award)	No	-	-	-	
*The figure does not include the local employees of foreign headquarters.					
Collective bargaining and union membership					LA 4
Employees covered by a national collective bargaining agreement	No	3,236	3,248	3,240	
Employees who are members of a trade union	No	1,530	1,498	1,518	
Employees covered by a national collective bargaining agreement	%	100%	100%	100%	
Rate of union membership	%	47%	46%	47%	

	Unit	2011	2012	2013	GRI
Disputes with employees					
Outstanding at 31 December	No	4	5	4	
Started during the year	No	1	1	-	
Closed during the year	No	1	-	1	
Women/Men base compensation ratio					LA14
Top Management					
Women/Men % compensation ratio	%	n.a.	n.a.	n.a.	
Women/Men age ratio (average year differential)	No	n.a.	n.a.	n.a.	
Management					
Women/Men % compensation ratio	%	106.7%	106.2%	106.70%	
Women/Men age ratio (average year differential)	No	< 2,4	< 1,5	< 1,1	
Professionals					
Women/Men % compensation ratio	%	94.7%	94.9%	94.73%	
Women/Men age ratio (average year differential)	No	< 3,9	< 3,5	< 3,2	
Office staff					
Women/Men % compensation ratio	%	90.5%	92.9%	92.76%	
Women/Men age ratio (average year differential)	No	< 2,3	< 0,9	< 0,8	
Production staff					
Women/Men % compensation ratio	%	n.a.	n.a.	n.a.	
Women/Men age ratio (average year differential)	No	n.a.	n.a.	n.a.	
<i>The 'production staff' category is not meaningful due to the small number of women in this category.</i>					
<i>The figure does not include the local employees of foreign headquarters or those of Italian companies not on the centralised payroll.</i>					
Employees breakdown by age groups					LA 13
Younger than 25	%	1%	1%	1%	
- of which executives	%	-	-	-	
Between 25 and 35	%	29%	28%	26%	
- of which executives	%	-	-	-	
Between 36 and 45	%	32%	31%	31%	
- of which executives	%	23%	22%	19%	

	Unit	2011	2012	2013	GRI
Between 46 and 55	%	27%	28%	28%	
- of which executives	%	52%	52%	44%	
Older than 55	%	11%	12%	13%	
- of which executives	%	24%	25%	37%	
Employees breakdown by education level					
Elementary school	%	1%	1%	1%	
Middle school	%	17%	17%	16%	
High school diploma	%	39%	41%	42%	
College degree	%	42%	40%	40%	
Other (Masters, PhD etc.)	%	1%	1%	1%	
Total	%	100%	100%	100%	
Average length of service at the Company*					
Executives	No of years	14.1	15.6	16.1	
Middle managers	No of years	10.9	12.3	13.1	
Office staff	No of years	10.5	12.8	13.3	
Production staff	No of years	13.9	14.6	15.3	
Total	No of years	12.4	13.0	13.7	
* The data for foreign companies are not available.					
Employee turnover (resignations)					
by age group					
Younger than 30	%	1%	35%	18%	
Between 30 and 45	%	80%	51%	68%	
Older than 45	%	19%	14%	14%	
by gender					
Women	%	14%	33%	26%	
Men	%	86%	67%	74%	
by geography					
Italy	%	74%	82%	77%	
Other countries	%	26%	18%	23%	

	Unit	2011	2012	2013	GRI
by classification					
Executives	%	7%	6%	3%	
Middle managers	%	33%	25%	32%	
Office staff	%	46%	61%	49%	
Production staff	%	13%	8%	16%	
by length of service					
Less than 3 years of service	%	41%	27%	15%	
Between 3 and 10 years of service	%	55%	61%	72%	
More than 10 years of service	%	4%	12%	13%	
Industrial injuries					
Accidents to Group employees (>1 workday lost, excluding in-transit accidents)	No	8	11	7	LA 7
days lost per accident (excluding in-transit accidents)	No	220	328	165	
Fatal accidents	No	-	1	-	
Instances of occupational illnesses	No	n.a.	n.a.	-	
Hours worked	No	6,093,021	6,027,768	5,891,953	
Group injury incidence rate (for one million working hours)*	No	1.31	1.82	1.19	
Group serious accident incidence rate (per thousand working hours)*	No	0.04	0.05	0.03	
Average of workdays lost (for each accident)	No	27.5	28.3	23.6	
<i>* The accident rates and severity are calculated based on references provided in UNI 7249.</i>					
Health care benefits*					
Medical examinations provided	n.	1,474	1,475	1,707	
<i>* The data for foreign companies are not available.</i>					
Occupational safety expenditures					
Operating expenses	k€	7,230	7,753	7,014	
Capital expenditure	k€	4,575	2,994	3,329	
Total	k€	11,805	10,747	10,343	
Employees of contractors					
Average Full-Time Equivalents (FTE)	No	2,021	1,857	1,501	LA 1 EUSS

	Unit	2011	2012	2013	GRI
Days worked by employees of contractors					EU 17
Construction activities	No	99,273	92,674	49,869	
Maintenance activities	No	305,024	278,645	250,279	
Total	No	404,297	371,319	300,147	
Industrial accidents for contractors					LA 7 EUSS
Employees of contractors who attended health and safety courses (on average number of FTE)*	%	44%	84%	42%	
Accidents to employees of contractors (>1 workday lost)	No	18	9	13	
hours worked	No	3,234,374	2,970,546	2,401,180	
workdays lost due to accidents	No	376	276	871	
Fatal accidents to employees of contractors	No	-	-	1	
Injury incidence rate for contractors	No	5.57	3.03	5.41	
Lost workday incidence rate for contractors	No	0.12	0.09	0.36	
* The data do not include employees of foreign contractors					

Customers (data as at 31 December)

	Unit	2011	2012	2013	GRI
Total Customers	No	1,300,494	1,408,861	1,411,190	
Electric power customers					EN3
Totals	No	781,618	830,220	814,938	
	GWh	22,962	18,102	19,149	
<i>Residential</i>	<i>No</i>	<i>612,191</i>	<i>670,691</i>	<i>654,399</i>	
	<i>GWh</i>	<i>1,694</i>	<i>2,057</i>	<i>1,991</i>	
<i>Business</i>	<i>No</i>	<i>7,788</i>	<i>4,009</i>	<i>4,895</i>	
	<i>GWh</i>	<i>17,980</i>	<i>13,113</i>	<i>14,591</i>	
<i>Small business (SOHO)</i>	<i>No</i>	<i>161,639</i>	<i>155,520</i>	<i>155,644</i>	
	<i>GWh</i>	<i>3,288</i>	<i>2,932</i>	<i>2,567</i>	

	Unit	2011	2012	2013	GRI
Gas customers					EU 3
Totals	n.	518,876	578,641	596,252	
	mil Sm³	3,652	4,071	5,444	
<i>Edison Energia residential gas customers</i>	<i>n.</i>	<i>382,418</i>	<i>442,392</i>	<i>459,510</i>	
	<i>mil Sm³</i>	<i>427</i>	<i>514</i>	<i>562</i>	
<i>Other Edison Energia gas customers (industrial customers and non-industrial wholesalers)</i>	<i>n.</i>	<i>487</i>	<i>563</i>	<i>1100</i>	
	<i>mil Sm³</i>	<i>3,151</i>	<i>3,481</i>	<i>4,807</i>	
Total Edison Energia gas customers	n.	382,905	442,955	460,610	
	mil Sm³	3,578	3,995	5,369	
<i>AMG Gas Palermo residential customers</i>	<i>n.</i>	<i>132,063</i>	<i>131,800</i>	<i>131,903</i>	
	<i>mil Sm³</i>	<i>49</i>	<i>50</i>	<i>52</i>	
<i>AMG Gas Palermo industrial customers</i>	<i>n.</i>	<i>3,846</i>	<i>3,820</i>	<i>3,739</i>	
	<i>mil Sm³</i>	<i>25</i>	<i>26</i>	<i>23</i>	
Total AMG Palermo gas customers	n.	135,909	135,620	135,642	
	mil Sm³	74	76	75	
Green energy sold					EN 6
RECS certified energy	GWh	720	590	531	
* The data refer to the contract value declared at 31/12/2013					
Interruptions of electric power service					EU 27
'Interrupted' customers	No	3,766	26,752	83,858	
Broken down by length of time between disconnection and payment					
< 48h	No	890	4,579	9,435	
48h-1 week	No	1,071	7,543	27,974	
1 week - 1 month	No	1,240	8,753	23,331	
1 month - 1 year	No	565	5,877	23,119	
> 1 year	No	-	-	-	
Broken down by length of time between payment and reconnection					

	Unit	2011	2012	2013	GRI
< 48h	No	3,684	25,513	77,736	
48h-1 week	No	51	193	2,660	
> 1 week	No	31	1,046	3,462	
Failure to comply with codes and regulations on advertising and product marketing					PR7
Electric power sector	No	-	-	-	
Natural gas sector	No	-	-	-	
Contact centre service					
Total number of inbound calls	No	2.090.516	2.893.205	2.927.380	
% of inbound calls answered within 30 seconds*	%	54,7%	41,2%	42,7%	
<i>(*) the figure refers to the call data from residential customers</i>					
Number of complaints					PR8
Total number of complaints for the electric power service	No	34,494	39,671	34,608	
Complaints as a percentage of the total number of electric power customers	%	4.4%	4.8%	4.2%	
Total number of complaints for the gas service	No	10,267	16,203	22,121	
Complaints as a percentage of the total number of gas customers	%	2.0%	2.8%	3.7%	

Suppliers (data as at 31 December)

	Unit	2011	2012	2013	GRI
Value and localisation of supplies					
Total value of supplies	€/000	544,780	434,579	404,956	
- of which suppliers in Italy	%	84.4%	88.7%	94.1%	
- of which foreign suppliers	%	15.6%	11.3%	5.9%	
% of local suppliers in the total	%	n.a.	n.a.	5.9%	
Selection and qualification of suppliers					
Suppliers managed on the Portal	No	n.a.	n.a.	4,383	
- of which qualified suppliers	No	n.a.	2,275	3,022	

	Unit	2011	2012	2013	GRI
- of which suppliers qualified in the year	No	n.a.	383	891	
Average approval time (Register of Suppliers and Vendor List)	days	n.a.	61	61	
Total value of purchases from qualified suppliers	€/000	470,886	381,847	365,837	
as a % of total purchases	%	86%	88%	90%	
Critical strategic suppliers*	n.	n.a.	n.a.	55	
supplies from critical strategic suppliers as a % of total value of supplies	%	n.a.	n.a.	22%	
Suppliers with at least one HSEQ-certified management system	n.	n.a.	n.a.	2,254	
- of which those with ISO 9001 certification	%	n.a.	n.a.	99%	
- of which those with ISO 14001 certification	%	n.a.	n.a.	24%	
- of which those with OHSAS 18001 certification	%	n.a.	n.a.	13%	
supplies from HSEQ-certified suppliers as a % of total value of supplies	%	n.a.	n.a.	52%	
* suppliers mapped in the enterprise risk management system					
Supply					
Total active suppliers*	No	3,109	3,189	2,845	
- of which qualified suppliers	%	n.a.	46%	43%	
Average length of contractual payment terms	days	72	70	75	
* suppliers having received at least one order in the year					
Monitoring and rating					
Suppliers evaluated during the year	No	n.d.	545	593	
Precautions taken against negative evaluations	No	n.d.	30	35	
Disputed					
Outstanding at 31 December	No	1	2	3	
Started during the year	No	1	2	1	
Closed during the year	No	-	-	1	

Note on methodology

Guidelines employed and materiality

The Edison Sustainability Report was prepared in accordance with the reporting guidelines defined by the Global Reporting Initiative – GRI.

In particular, the information included in the 2013 report has been aligned with standard G3.1 (published in 2011) and includes the indicators from the Oil & Gas sector supplement as well as those envisaged in the Electric Utilities sector supplement. This was done in order specifically to highlight reporting relat-

ing to the hydrocarbon sector.

With this latest edition of the Sustainability Report, Edison has again achieved the A+ level in the implementation of the Guidelines. The precise references concerning coverage and alignment of the contents with regard to all the reporting elements specified by the standard are shown in the attached table

The extent and quality of the reporting of the various topics dealt with in the Report reflect the materiality principle in particular. To this effect, in 2013 Edison updated the analysis

and evaluation of the impact of its own operations in order to focus on the topics of greater relevance and significance for the Company and all key stakeholders. This represents the first step in the transition phase to the new GRI G4 standard, with respect to which Edison has also begun to receive a request for greater disclosure concerning the supply chain, and has for the first time published new data and quantitative performance indicators.

The process and results of the materiality analysis are disclosed in the report.

REPORT APPLICATION LEVEL	C	C+	B	B+	A	A+
G3 Profile Disclosures	Report on: 1.1 2.1 - 2.10 3.1 - 3.8, 3, 10 - 3.12 4.1 - 4.4, 4, 14 - 4.15	REPORT EXTERNALLY ASSURED	Report on all criteria listed for Level C plus: 1.2 3.9, 3.13 4.5 - 4.13, 4.16 - 4.17	REPORT EXTERNALLY ASSURED	Same as requirement for Level B.	REPORT EXTERNALLY ASSURED
G3 Management Approach Disclosures	Not required.		Management Approach Disclosures for each Indicator Category.		Management Approach disclosed for each Indicator Category.	
G3 Performance Indicators & Sector Supplement Performance Indicators	Report fully on a minimum of any 10 Performance Indicators, including at least one from each of: social, economic, and environment.		Report fully on a minimum of any 20 Performance Indicators, at least one from each of: economic, environment, human rights, labor, society, product responsibility.		Respond on each core and Sector Supplement indicator with due regard to the materiality Principle by either: a) reporting on the indicator or b) explaining the reason for its omission.	

Reporting process and parameters

The data and the information contained in the document refer to the performance of the Group in the financial year ended 31 December 2013 (with the exception of certain information considered significant and relating to the first months of 2014) and were collected and consolidated by the responsible Edison managers using extracts from the corporate information technology, invoicing and internal and external reporting systems.

The reporting principles and parameters are those used in the consolidated financial statements, except where indicated otherwise. The

principal differences in parameters concern, in particular, certain data and indicators included in this Report and which do not include activities carried out in Egypt by AbuQir Petroleum. In contrast, it should be noted that the safety indices described in the Management Report take only Italy into account, unlike this Report, which includes the entire Edison group.

To allow comparison of the Group's performance over time, all data and indicators are reported for a three-year period.

Assurance

As was the case in previous years, the 2013

Sustainability Report was audited by independent auditors to provide our stakeholders with the assurance that the information it contains is accurate and reliable.

The audit was carried out in sample site visits and by interviews with the managers responsible for collecting and consolidating the data, and was concluded by the issue of an unqualified audit report, reproduced at the end of this Report.

Finally it should be noted that this Report was approved and made available during the Shareholders' meeting held on 28 March 2014.



GRI Index

The column '**Coverage**' shows the level of compliance with the GRI standard according to the following legend:

Total: Reported in full (the data/ information wholly satisfy the standard's requirements)

Partial: Reported in part (the data/ information only partially satisfy the standard's requirements)

- Not reported (the data/information were not collected or are not sufficiently representative)

n.a. Not applicable (the data/information specified by the standard are not significant or are not material)

The **References** column indicates the pages of the financial statements where the contents referring to the requirement of the standard are reported (the pages in italics refer to the detailed sector analysis)

The **Notes/Comments** column contains information additional to that in the sustainability statement or which provides further clarification of what is reported in the statement.

	Profile	Coverage	Reference (page)	Notes / Comments
1	Strategy and analysis			
1:1	Statement of the Chairman and of the Chief Executive Officer	Total	CEO message	
1:2	Main impacts, risks opportunities	Total	28-30	
2	Organisation profile			
2:1	Name of the organisation	Total	Cover	
2:2	Main brands, products and/or services	Total	13, 14	See also www.edison.it
2:3	Operational structure	Total	11	
2:4	Main headquarters	Total	128	
2:5	Countries in which operations are carried out	Total	15-18	
2:6	Ownership structure and legal form	Total	Management Report	
2:7	Customer markets	Total		
2:8	Size of the organisation	Total	4, 6	
2:9	Material changes	Total	Note	No material changes to the company size or ownership have taken place
2:10	Awards/prizes received	Total		See also www.edison.it
EU1	Installed capacity	Total	13	
EU2	Net power produced	Total	13	
EU3	Number of customers, divided according to type	Total	13	
EU4	Length of transmission and distribution networks	n.a.		Edison does not provide electric power distribution and transmission services
EU5	Allocation of emissions rights and Kyoto Protocol compliance	Total	101	

3	Financial statement parameters			
3:1	Reporting period	Total	Note	
3:2	Date of publication of previous financial statements	Total	Note	
3:3	Reporting frequency	Total	Note	This document is drawn up and updated annually
3:4	Contacts and addresses for information regarding the financial statements	Total	128	
3:5	Contents definition process	Total	Methodology note	
3:6	Scope of financial statements	Total	Methodology note	
3:7	Limitations on the objective or scope of the financial statements	Total	Methodology note	
3:8	Information regarding the other affiliated companies	Total	Methodology note	
3:9	Data measurement techniques and bases of calculation	Total		See notes in tables and indicators
3:10	Amendments to information included in previous reports and the reasons therefor	Total		See notes in tables and indicators
3:11	Significant changes to targets, scope and methods of measurements used	Total	Methodology note	
3:12	GRI reference table	Total	119-125	
3:13	Policies and practice relating to external accreditation	Total	Note	
4	Governance, commitments, stakeholder involvement			
4:1	Governance structure	Total	22, 24	See also CG Report
4:2	Indicate whether the Chairman also covers an executive role	Total	CG Rep.	
4:3	Independent and non-executive directors	Total	CG Rep.	
4:4	Systems available to shareholders for presenting recommendations	Total	CG Rep.	
4:5	Link between payments to directors and top management and performance	Total	CG Rep.	
4:6	Conflicts of interest	Total	CG Rep.	
4:7	Directors' qualifications	Total	CG Rep.	
4:8	Mission, values, codes of conduct and principles	Total	23, 25	
4:9	Procedures for the identification and management of economic, environmental and social performance	Total	28-30	
4:10	Process for the evaluation of the performance of the BoD	Total	CG Rep.	
4:11	Methods of application of the principle of prudence or precautionary approach	Total	25-27	
4:12	Adoption of external codes and principles in economic, social and environmental areas	Total	39, 40	
4:13	Participation in trade associations	Total	39, 56, 57	
4:14	List of stakeholders involved	Total	37	
4:15	Principles for the identification of stakeholders to involve	Total	36, 37	
4:16	Stakeholder involvement activities	Total	36-38	
4:17	Key issues and problems resulting from stakeholder involvement and related actions	Total	28-30, 88-96	
	ECONOMIC INDICATORS (EC)			
DMA EC	Information regarding management methods	Total	32, 33	
EU6	Management approach aimed at ensuring energy availability in the medium/long-term	Total	40	

EU7	DSM (demand-side management) programmes	Total	60-63	
EU8	Activities carried out and investments made in the exploration and development field	Total	64	
EU9	Decommissioning of nuclear plants	n.a.		Edison is not involved in the management of nuclear plants
EC1	Economic value generated and distributed directly	Total	34	
EC2	Risks and opportunities arising due to climate change	Total	42, 43	
EC3	Coverage of pension obligations	Total	Cons. Financial Statements	
EC4	Substantial funding received from Public Authorities	Total	Cons. Financial Statements	
EC5	<i>Relationship between the minimum envisaged subsidy and the local subsidy</i>	-		
EC6	Policies, practices and percentage of expenditure relating to local suppliers	Total	65	
EC7	Employment of persons residing in areas where operations are mainly carried out	Total	69	
EC8	Development of investments provided mainly for 'public interest'	Total	82-86	
EC9	<i>Analysis and description of the principal economic impacts considering externalities generated</i>	-		
EU10	Planned capacity with regard to energy demand expected over the long term	Total	10, 11	
EU11	Average yield of the thermoelectric power plants	Total	98	
EU12	Energy losses during transmission and distribution phase	n.a.		see EU4
OG1	Ascertained reserves and production	Total	14, 98	
	ENVIRONMENTAL INDICATORS (EN)			
DMA EN	Information regarding management methods	Total	36-39	
EN1	Raw materials used	Total	99	
EN2	Recycled or reused materials	n.a.		
EN3	Direct energy consumption by source	Total	99	
OG2	Investments in renewable energy sources	Total	59, 60	
OG3	Power generated from renewable energy sources	Total	98	
EN4	Indirect energy consumption	Total	99	
EN5	<i>Energy conservation</i>	Partial	63	
EN6	<i>Energy efficiency products and services or renewable energy-based products and services</i>	Total	61-63	
EN7	<i>Initiatives for reducing indirect energy consumption and results obtained</i>	-		
EN8	Water extraction by source	Total	99	
EN9	<i>Water sources significantly affected by water extraction</i>	-		
EN10	<i>Total volume of recycled and reused water and as a percentage</i>	-		
EN11	Localisation of sites located in protected areas or in high biodiversity areas	Total	49, 50	
EN12	Description of main impacts on biodiversity	Total	49, 50, 100	
EU13	Biodiversity of offset habitats compared to damaged habitats	Total	49, 50	
EN13	<i>Protected or restored habitats</i>	Total	49, 50	
EN14	<i>Future strategies and plans for the management of impacts on biodiversity</i>	Total	49, 50	

OG4	Number and percentage of sites operational in which the risks for biodiversity are analysed and monitored	Total	49	
EN15	<i>Protected species with their habitats in areas where the organisation operates</i>	Partial	49	
EN16	Direct greenhouse gas emissions	Total	101	
EN17	Indirect greenhouse gas emissions	Total	101	
EN18	<i>Activities for the reduction of greenhouse gas emissions</i>	Total	42	
EN19	Emissions of substances harmful to the ozone layer	Total	101	
EN20	Other emissions into the atmosphere	Total	101	
EN21	Effluents	Total	100	
OG5	Volume and disposal of water arising from the extraction process	Total	100	
EN22	Waste generation and methods of disposal	Total	102	
EN23	Total number and volume of polluting spills	Total	39	
OG6	Volume of hydrocarbons flared off or released into the atmosphere	Total	101	
OG7	Volume and disposal of perforation waste	Total		1,477 m³ of water with smaltite layer as waste
EN24	<i>Hazardous waste managed under the terms of the Basel Convention</i>	-		
EN25	<i>Bodies of water and associated protected habitats affected by the organisation's discharges</i>	-		
EN26	Initiatives for mitigating the impacts of products and services on the environment	Total	54-56	
OG8	Benzene, lead and sulphur content of fuels	n.a.		Edison does not carry out hydrocarbon refining operations
EN27	Percentage of products sold and related recycled or reused packaging material	n.a.		
EN28	Penalties for failure to comply with environmental laws and regulations	Total	103	
EN29	<i>Significant environmental impacts of transport of goods/materials used for the organisation's activities and for the relocation of personnel</i>	Total	101	
EN30	<i>Expenditure and investments related to environmental protection</i>	Total	103	
WORK INDICATORS (LA)				
DMA LA	Information regarding management methods	Total	69-82	
EU14	Programmes aimed at ensuring availability of specialised employees	Total	72, 73	
EU15	Employees that could potentially be leaving the organisation within the next 5 to 10 years	Partial	111	Edison agrees to provide a detailed account by professional category starting from the next edition of this Report
EU16	Policies related to the health and safety of employees and of contractors	Total	77-79	
LA1	Distribution of employees by type, contract and region	Total	104, 105	
LA2	Turnover by age, gender and region	Total	106	
LA3	<i>Benefits provided for full-time employees</i>	Partial	73, 74	
LA4	Percentage of employees covered by collective bargaining agreements	Total	110	
EU17	Days worked by contractors	Total	113	
EU18	Employees of contractors involved in health and safety training	Total	113	

LA5	Minimum advance notice period for operational changes	Total		Covered by current regulation Legislative Decree 18/2001 and Law 223/91
LA6	<i>Percentage of workers represented on health and safety committees</i>	-		
LA7	Accidents at work, industrial illnesses, absenteeism	Total	109, 112	
LA8	Training programmes related to risk prevention and control in support of employees with regard to serious disorders or illnesses	Total	77-79	
LA9	<i>Legal aspects of health and safety included in agreements with trade unions</i>	Total	71	
LA10	Employee training	Total	72, 73, 107	
LA11	<i>Programmes for skills management</i>	Total	66	
LA12	<i>Percentage of employees assessed on performance and career development</i>	Total	109	
LA13	Distribution of employees by gender and other diversity indicators (e.g. disability)	Total	105, 108, 110	
LA14	Comparison between basic salary of men and that of women in the context of equal categories	Total	110	
LA15	Workforce reentry rates after parental leave, by gender	Total	115	
	HUMAN RIGHTS INDICATORS (HR)			
DMA HR	Information regarding management methods	Total	25	
HR1	Operations involving evaluation of respect of human rights	Total	25-27	
HR2	Suppliers and contractors that underwent checks with regard to human rights	Total	116	
HR4	Episodes of discrimination and actions put into effect	Total		No case registered in the period in question
HR5	Activities in 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 use of child labour	Total		No operations involving a high risk of use of child labour have been identified
HR7	Operations involving a high risk of use of forced labour	Total		No activities that might involve risks of forced labour have been identified
HR8	<i>Percentage of personnel responsible for safety who have received training on human rights policies and procedures</i>	-		
HR9	<i>Violation of local communities' rights and actions undertaken</i>	-		
OG9	Operations where the indigenous population are present or affected by activities for which specific engagement actions are stipulated	Total	38, 86	
HR10	Operations analysed for their impact on human rights	Total	25	
HR11	Composition of disputes concerning respect for human rights	Total		No dispute recorded concerning respect for human rights in the period in question
	INFORMATION REGARDING MANAGEMENT METHODS			
DMA SO	Information regarding management methods	Total	29, 37, 76	
EU19	Participation of stakeholders in the decision-making process for the development of energy plants	Total	35, 82	
EU20	Approach used for the management of impacts on local communities caused by construction/expansion of plants	Total	45, 46, 82	

EU21	Emergency management plans	Total		Leg. Decree 334/1999
SO1	Operations for which plans for engagement and development with local communities are in force	Total	38, 86	
SO9	Operations with potential or actual negative impacts on local communities	Total	48, 86	
SO10	Preventive or mitigating measures for negative impacts on local communities	Total	48, 86	
EU22	Members of the community that have been physically displaced or who have received financial compensation due to construction/expansion of plants	Total		No case registered in the period in question
SO2	Monitoring of risk of corruption	Total	25, 26	
SO3	Employees trained with regard to the prevention of bribery acts	Total		No specific training provided in the reporting period
SO4	Actions put into effect in response to cases of corruption	Total		No case registered in the period in question
SO5	Positions regarding public policy and lobbying	Total	55-57	
SO6	Contributions and donations to political parties and associated institutions	-		
SO7	Legal proceedings for violation of anti-trust legislation	-		
SO8	Monetary penalties and non-monetary penalties for non-compliance with laws and regulations	Total	Cons. Financial Statements	
OG10	Number and description of significant disputes with local communities and indigenous peoples.	Total		No case registered in the period in question
OG11	Number of sites that have been decommissioned and sites that are in the process of being decommissioned	Total		No case registered in the period in question
OG12	Operations involving voluntary relocation	Total		No case registered in the period in question
OG13	Events with potential risks to operational safety	Total	80, 81	
	PRODUCT RESPONSIBILITY INDICATORS (PR)			
DMA PR	Information regarding management methods	Total	52-54	
EU23	Programmes aimed at improving or maintaining access to electricity	Total	40	
EU24	Information provided to customers regarding safe use of energy and regarding support services	Total	52, 54, 39, 40	
PR1	Service life-cycle phases whose impacts on health and safety are assessed	Total	102	
PR2	<i>Cases of non-compliance with regulations and voluntary codes concerning health and safety impacts</i>	-		
EU25	Number of accidents involving the community, including legal proceedings	Total	Cons. Financial Statements	
PR3	Information requested by the procedures and services subjected to similar information requirements	Total		
PR4	<i>Cases of non-compliance with regulations and voluntary codes concerning product and service information</i>	-		
PR5	<i>Practice related to customer satisfaction</i>	Partial	55	
PR6	Programmes regarding compliance with voluntary laws and codes related to marketing activities	Total	52, 53	
PR7	<i>Cases of non-compliance with regulations or voluntary codes related to marketing activities</i>	Total	115	

PR8	Complaints regarding breach of privacy	Partial	115	
PR9	Penalties for non-compliance with laws or regulations regarding the supply or use of products or services	Total		No sanctions for non-compliance with laws or regulations relating to the supply and use of services were given in 2013
EU26	Population without service in the distribution area	n.a.		see EU4
EU27	Disconnection from grid due to failure to pay	Total	114	
EU28	Grid interruption incidence rate	n.a.		see EU4
EU29	Grid interruption duration incidence rate	n.a.		see EU4
EU30	Average power plant availability factor	Total	98	
OG14	Volume of biofuels produced or purchased according to sustainability criteria	n.a.		

Report of the Independent Auditors

Deloitte

INDEPENDENT AUDITORS' REPORT ON THE LIMITED ASSURANCE ENGAGEMENT SUSTAINABILITY REPORT AS OF DECEMBER 31, 2013

To the Shareholders
of EDISON S.p.A.

1. We have reviewed the Sustainability Report of Edison Group as of December 31, 2013. The Directors of Edison S.p.A. are responsible for the preparation of the Sustainability Report in accordance with "Sustainability Reporting Guidelines", issued "Sustainability Reporting Guidelines A (Energy) Edison Group Supplement (2012)" and "Sustainability Reporting Guidelines A (Energy) Edison Group Supplement" issued in 2009 and 2012 by IRI - Italian Reporting Initiative, as stated in the paragraph "A note on methodology". The Directors are also responsible for the definition of the Edison Group objectives regarding the sustainability performance and the reporting of the achieved results. The Directors are also responsible for the identification of stakeholders and of significant aspects to report as well as for the implementation and maintenance of appropriate management and internal control procedures with reference to data and information presented in the Sustainability Report. Our responsibility is to issue this report based on our review.
2. We conducted our work in accordance with the criteria for limited engagements established by the "International Standards Engagement 3000 - Assurance Engagement other than audits or reviews of historical financial information" (ISAE 3000), issued by the International Auditing and Assurance Standards Board. This standard ensures the compliance with ethical principles "Code of Ethics of Professional Accountants" issued by the International Federation of Accountants ("IFAC"), including independence requirements, and that we plan and perform the engagement to obtain limited assurance about whether the report is free from material misstatement. A limited assurance engagement on the Sustainability Report consists of making inquiries, primarily with company personnel responsible for the preparation of the information included in the Sustainability Report analyzing the Sustainability Report and applying other evidence gathering procedures, as appropriate. The performed procedures are summarized as follows:
 - inspecting the documents and internal information and data included in the paragraph "The value of our energy" of the Sustainability Report with those included in the Group Consolidated Financial Statements as of December 31, 2013, on which we based the auditor's report (presented in articles 14 and 16 of Regulation Decreto no. 38 of January 11, 2013) dated February 13, 2014;
 - assessing how the processes underlying the generation, recording and management of appropriate data systems in the Sustainability Report operate, in particular, we have performed the following procedures:

Interviews and discussion with Deloitte of Edison S.p.A., to gain information on the information generating and recording systems used in preparing the Sustainability Report, as well as on the internal control systems supporting the gathering, management, processing and transmission of data and information in the documents responsible for the preparation of the Sustainability Report;

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

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

For the data and information relating to the Sustainability Report of the prior year presented for comparative purposes, reference should be made to reports issued by another auditor dated March 13, 2013.

Based on the procedures performed, nothing has come to our attention that causes us to believe that the Sustainability Report of the Edison Group as of December 31, 2013 is not prepared in all material respects, in accordance with the "Sustainability Reporting Guidelines of Edison - Edison Group Supplement (2012)" and "Sustainability Reporting Guidelines of Edison - Edison Group Supplement" issued in 2009 and 2012 by IRI - Global Reporting Initiative, as set out in paragraph "A note on methodology".

IRI (IRI) of TSCCIE S.p.A.

Signed by
Teresa Maria
Fiorini

Milan, Italy
March 10, 2014

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 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, is a community devoted to social responsibility issues and provides information and updates about Edison's Corporate Responsibility projects.



www.edison.it



www.edisongeneration.it



www.130.edison.it



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



www.edisonchangethemusic.it



www.edisonstart.it



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Milan, March 2014

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