



SUSTAINABILITY REPORT

2014

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SUSTAINABILITY REPORT

2014

LETTER TO OUR STAKEHOLDERS

In 2014, Edison celebrated 130 years of being in business. Since it was founded, our Company has demonstrated a forward-thinking approach. We have done this in the past, when there was the expectation to build a new world. When doing innovative business meant introducing new modern ideas in Italy and opening up opportunities. We are doing it right now, in a different way but with the same tenacity, in an attempt to change the world in which we live for the better, through the use of energy. We have the same values, the same objectives, different skills adapted to different times, the same desire to make best use of the pioneering and innovative mindset for which the Company is noted.

In 2014, Edison succeeded in responding to structural changes that affected the markets in which we operate. It did so by leveraging from its distinctive skills and a flexible and diversified business model. 2014 was a particularly complex year. The electric power sector encountered various difficulties in the thermoelectric generation segment, a downturn in consumption and increasingly squeezed margins. The hydrocarbon sector was again put under prolonged strain in the gas market - caused by the geo-political crises that have affected the global scenario - a marked drop in the price of oil and a net reduction in the national demand for gas. Nevertheless, Edison

has been able to affirm its economic and financial performance that was already apparent in the previous year, by managing its business in both sectors in a flexible and effective way and tapping value from its assets.

These results have been gained by firmly maintaining our commitment to adhering to the core features of our sustainable development policy and the principles of the UN Global Compact, which from this year became an integral part of the Code of Ethics, a code of conduct for all persons working at and on behalf of Edison.

We have made significant progress in protecting the environment and fighting climate change in particular, as Edison prioritises 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. In 2014, our management systems and staff training also enabled us to ensure the highest level of protection for the environment in which we work. We have focused our efforts on streamlining Edison's Energy Solutions, the Edison enterprise which aims to provide services to help reduce consumption and achieve overall energy efficiency, by using a variety of solutions ranging from the optimisation of self-generation

energy production processes with low or null environmental impact systems, as well as other energy consultancy services.

We have stepped up our responsibility to safeguard the health and safety of our employees and the local communities in which we work, extending our sphere of influence to our suppliers, through an ongoing process of raising awareness, thus achieving significant results which have led to a constant improvement in industrial injury rates which reached levels of excellence in 2014. We have kept our employment levels steady, in spite of the difficulties that are pervading the thermoelectric industry in Italy, managing in the best possible way the recession which led to six production sites employing our workers being shut down, sharing practical solutions with the employees involved and the trade union organisations to enable them to retrain and find alternative employment, predominantly within the Group. We have maintained firm relationships with local and national communities in countries in which we operate, embracing a relationship model with territories in order to reinforce further the concept of "citizenship" of our plants.

We perceive sustainability in terms of a shared value. Edison is in a position to create development opportunities for itself and for its stakeholders, which will increase

competitiveness and the pace of processes of innovation. Precisely in order to move towards shared value and innovation, Edison Start was launched and is an award that aims to help individuals, start-ups and organisations to implement innovative ideas connected to social, environmental and energy topics and is being relaunched with a 2015 edition, under the name of Edison Pulse. We believe that sustainability and innovation are the keys to overcoming these testing times. And for this reason, we continue to invest in research, by further increasing the resources earmarked and starting new partnerships with international universities and research centres. Our approach has enabled us, for example, to launch Energy Control, a device which allows both residential and commercial users to monitor electricity consumption, so that they can track consumption and electricity costs in real time and reduce consumption based on personalised recommendations thus allowing them to consume energy more efficiently.

The relationship with our majority shareholder EDF also enables us to leverage the skills and the international perspectives of a structured business, which tackles complex areas of sustainability on a daily basis and proposes shared solutions in order to create stakeholder value. We are indeed part of a Group which offers us the opportunity for a constructive

debate, marked by an approach favouring exchange and assimilation, which is essential for deriving the most from our different skills, our talent for interpreting the context and the particular characteristics of our relationship with stakeholders.

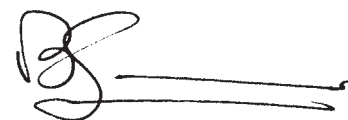
Involvement with institutions, consumer associations and international networks is an essential part of our way of doing business. In particular, we have undertaken a close working partnership with "IPIECA - the global oil and gas industry association for environmental and social issues", in order to contribute to strategic thinking on the sustainability of the entire oil and gas system, we are continuing our commitment with the Global Compact Network Italia, and we are taking part in "WAME - World Access to Modern Energy & Expo2015", an association involving the eight leading Italian and European energy companies which promotes broad access to competitive and sustainable energy.

This Sustainability Report, which sees Edison as one of the first Italian companies to embrace the new Global Reporting Initiative G4 Sustainability Reporting Guidelines reference standard, outlines the 2014 results and our position as one of the leading Italian businesses in the electric power and gas industry. We are doing this in a new way, by focusing on the themes of sustainability that

are relevant to stakeholders as well as the Company, to encourage better integration of sustainability within the business. The journey will include adopting an innovative approach to sustainability, which aims to combine our competitiveness with our presence in the territories, to reconcile the two levels on which Edison operates: the "macro" role of actor within the national and international market with the demand to implement and manage local infrastructure.

This approach will accompany our change over the coming years. The responsibility is and will be the driving force as we define our strategic and business choices and is an effective lever to achieve long-term sustainable growth, ensuring at the same time that the value generated is also shared with our stakeholders.

This year, as in 1883, the men and women working at Edison have never stopped believing in progress.



Bruno Lescoeur
CEO Edison

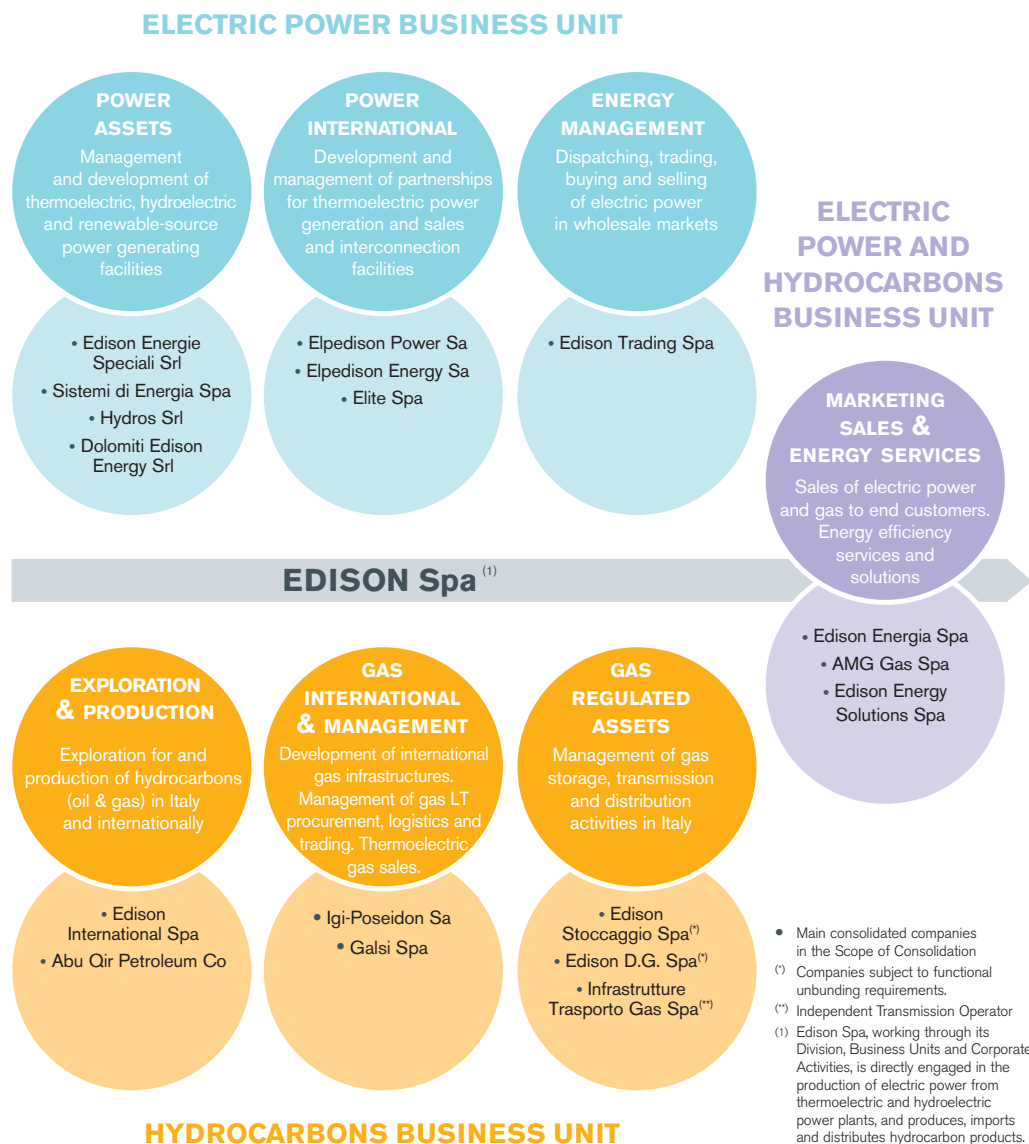
01 EDISON'S PROFILE



Creating sustainable value by providing our stakeholders with quality energy using the most efficient, environmentally friendly technologies, to the advantage of the areas where we operate.

COMPANY STRUCTURE

- Edison is one of Italy's leading operators in the electric power and gas sector and is part of the Electricité de France (EDF) Group.
- It supplies, produces and sells electric power, gas and crude oil.
- It sells energy efficiency services and solutions and trades electric power on the markets.
- Its electric power generation capacity is highly efficient and diversified and includes combined-cycle gas, hydroelectric, wind, solar and biomass plants. In conjunction with EDF and F2i, it is developing a national centre in the renewable energy sector.
- The Company is involved in the exploration and production of hydrocarbons in Italy, northern Europe, the Middle East and Africa.
- The Company is committed to the construction of international gas pipelines to increase the security and diversification of gas resources for Europe.
- Its operations include regulated natural gas activities, in particular, management of the three gas storage concessions for the Cellino, Collalto and San Potito e Cotignola fields and management of the Cavarzere - Minerbio gas pipeline which connects to the Rovigo regasification terminal.
- It has operations and offices in more than 10 countries across the world with over 3,100 employees.
- It is quoted on the Milan Stock Exchange, with reference only to savings shares.





2014 HIGHLIGHTS



JANUARY - FEBRUARY

Edison was awarded three new licences for hydrocarbon exploration in Norway and two new licences for hydrocarbon exploration in Egypt.



MARCH

Edison and another seven major Italian and European energy companies, together with Expo2015, presented the "World Access to Modern Energy & Expo2015" association which promotes universal access to energy.



APRIL

Edison acquired a 30% share in the "Rak" onshore exploration permit in Ras Al Khaima, an Arab emirate, one of the most hydrocarbon-rich areas in the world.



MAY

Edison strengthened its joint conciliation protocol to include "former customers", in accordance with the consumer associations represented by CNCU (Italian Council of Consumers and Users).



JUNE

The Izabela field started production with 280 million cubic metres of gas expected per year, and estimated reserves of 1.4 billion cubic metres: Croatia became the fourth largest country for Edison in terms of production.



JULY

Edison, EDF Energies Nouvelles and F2i signed an agreement to channel their experience and skills into the renewable energy sector in order to establish the third largest operator in the sector in Italy with capacity of 600 MW.



AUGUST

Edison won the arbitration case for the price review of the long-term contract for the purchase of Russian gas.



OCTOBER

Edison's "New energy-monitoring technologies" laboratory was inaugurated in l'Aquila.



NOVEMBER

Edison gave awards to the three winners of Edison Start, the competition for the most innovative and sustainable projects in the fields of energy, social and cultural development and smart communities.

Edison signed two memoranda with QALAA and EGPC for the construction of a combined-cycle facility in Abu Qir, Egypt, which will produce sustainable energy for local consumers.



DECEMBER

Following the resignation of Henri Proglio, Edison's Board of Directors co-opted Jean-Bernard Lévy, new CEO of EDF, as a director, and appointed him Chairman.

BUSINESS AREAS AND FINANCIAL RESULTS

Electric power sector

Edison is active in the production and sale of electric power in Italy and Greece, and is among the leading operators in both of these countries. Its installed generating capacity, with a total power of 7.3 GW, is currently composed of 44 hydroelectric power plants, 21 thermoelectric power plants, 35 wind farms, 9 photovoltaic power plants, 1 biomass power plant and 3 mini hydro plants.

Edison has a consolidated presence in Greece in the form of Elpedison, a joint venture with Hellenic Petroleum. Elpedison has a 390 MW combined-cycle plant in Thessaloniki and a second 410 MW plant in Thessaloniki.

Since 2008, Edison has also returned to the Italian residential market with an offering for the supply of electric power to families, which was also extended to gas the following year, currently consisting of:

- 788,000 sites served by electric power;
- 557,000 sites served by gas.

With regard to trading, Edison carries out energy management activities in order to:

- maximise the value of the Group's merchant facilities by optimising power plant production;
- negotiate the purchase and sale of electric power and environmental securities on wholesale markets and the main European stock markets.

Edison also has branches dedicated to trading in Hungary, Bulgaria and Romania and intends to further develop its operations in other countries in the future, assisted by the gradual liberalisation of central and south-eastern European markets.

The Group's net electric power production in Italy amounts to 17,616 GWh, down 4.3% compared with 2013; in particular, thermoelectric power production fell by 12.9%, which is also in line with the trend in Italy and stems from a reduction in demand for electric power and the simultaneous sharp increase in production from renewable energy sources. Regarding the latter, in 2014 there was a considerable increase in

hydroelectric production (+23%), due to the exceptional availability of water in Italy in 2014, and a slight increase in production from wind and other renewable energy sources (+3.4%).

Sales to end customers were up 6.6% thanks to the acquisition of new customers in the business segment.

In 2014, capital expenditure totalled 46 million euros, 10 million euros of which were used for the construction of a wind farm in Baselice (production began in December 2014), with the remainder used for minor operations and incremental maintenance to consolidate the hydroelectric and thermoelectric sector.

ITALIAN MARKET 2014

309	TWh Total gross demand Italy
267.6	TWh Net electric power production in Italy
165.7	TWh Thermoelectric
101.9	TWh Renewable energy sources
96.2	TWh Total uses Edison Italy
20.4	TWh End consumers
75.8	TWh Other sales (Wholesalers, IPEX)

Sources: Terna full-year forecasts and Edison estimates.

FACILITIES AND PRODUCTION CAPACITY 2014

113	Production plants
7.3	GW Edison available power
17.6	TWh Edison group net electric power production in Italy
11.8	TWh Thermoelectric
5	TWh Hydroelectric
0.9	TWh Wind and other renewables
6.6	% Total production share in Italy
78.6	TWh Other purchases (Wholesalers, IPEX)



Hydrocarbon sector

Edison has an integrated presence in the hydrocarbon sector, from production to importation, distribution, storage and sales of natural gas and crude oil. Thanks to its experience, its particular competitive positioning and its favourable geographic location in terms of energy flows, it is being called on to develop the natural gas business for the EDF Group.

Exploration and production activities currently include 60 concessions and exploration permits in Italy and 67 in other countries (Egypt, Norway, Algeria, United Kingdom, Croatia and Israel), for a total of 238 gas wells and 61 oil wells in production. Storage activity involves 3 fields and 44 wells. The national authorities

of all these countries recognise Edison as operator of their oilfields, based on detailed analysis of its financial stability, respect for the environment and advanced technical skills. The Company has hydrocarbon reserves amounting to 46.2 billion cubic metres and 4 long-term contracts for the importing of natural gas from production areas (Qatar, Libya, Algeria and Russia) which ensure the diversification of supply sources.

Edison is involved in the design of three key infrastructures for the diversification and security of European gas supplies: the Galsi gas pipeline, that could connect Italy to Algeria, bringing 8 billion cubic metres of gas per year, the ITGI (Interconnector TurkeyGreeceItaly) pipeline that could connect Italy to the areas of the Caspian

Sea, guaranteeing up to 10 billion cubic metres of gas per year, and the IGB (Greece - Bulgaria) pipeline, which is now close to a decision on the investment.

In 2014, the production of gas in Italy and in other countries passed from 2,209 million cubic metres to 2,151 million cubic metres, a fall of 2.6%. The production sold in Italy showed a 1.7% increase thanks to the launch of the Izabela field in Croatia, whose imported production more than made up for the decline in production curves in certain Italian fields. Production in other countries fell slightly (-3.6%) owing to the physiological decline in Egyptian concessions, partly offset by the contribution from fields in Great Britain, acquired in October 2013.

The production of crude oil totalled 4,161 thousand barrels compared with 3,580 in 2013, with an increase in production in Italy, mainly attributable to production at the Tresauero field following the development operations carried out in the previous year, which more than make up for the reduction in production outside Italy.

Gas imports totalled approximately 9.9 billion cubic metres, a fall of around 20.8% on the previous year, as a result of lower usage for civil use and thermoelectric production.

The quantities sold on the Italian domestic market in 2014 totalled 13,243 million cubic metres, a fall of 15.4% compared with 2013.

ITALIAN MARKET AND EDISON SALES 2014

61.4 Bn. cubic metres Total requirement in Italy

13.2 Bn. cubic metres Edison Sales Italy

3.58 000/km Gas network (low- and medium-pressure gas pipelines)

0.08 000/km Gas network (high-pressure gas pipelines)

*Sources: full-year forecasts from the Ministry of Economic Development and Snam Rete Gas, and Edison estimates.
* Includes the production of the Izabela concession in Croatia which is imported into Italy.*

FACILITIES AND PRODUCTION CAPACITY 2014

0.4 Bn. cubic metres Gas production - Edison (Italy)*

1.7 Bn. cubic metres Gas production - Edison (other countries)

2.6 MBoe Oil sources - Edison Italy

1.5 MBoe Oil sources - Edison in other countries

60 Concessions and permits in Italy

67 Concessions, licences and permits in other countries

In particular, sales for civil use were down 15.5% owing to the thermal dynamics of the year; sales for thermoelectric use were down by 33% due to the reduced consumption of gas by the thermoelectric power plants owned by the Group and by third parties which, as already specified, saw lower domestic demand and an increased contribution from renewable energy production; sales for industrial use were up approximately 706 million cubic metres (+26.1%) thanks to the acquisition of new customers.

Capital expenditure in 2014 totalled 270 million euros. In Italy, the main investments concerned development of the Fauzia field amounting to 51 million euros, development of the Clara North-West field amounting to 11 million euros as well as side-track operations in the Clara East field amounting to 16 million euros, development of the Regina field amounting to 12 million euros and the Calipso field amounting to 11 million euros, and the buyout of the storage vessel Leonis for the Vega oilfield concession amounting to 13 million euros. In other countries, investments concerned the Egyptian Abu Qir concession for asset upgrades and the workover of 2 wells (30.5 million euros), the Norwegian Zidane concession (10 million euros) and construction of the Polarled pipeline which will connect Zidane to the mainland (19 million euros) and development of the Reggane concession in Algeria (24.5 million euros).





ASSETS IN ITALY AND ACROSS THE WORLD

- Head office
- Operating office
- Thermoelectric power plant
- Thermoelectric mothballed plant
- Biomass system
- Hydroelectric power plant
- Wind farm
- Photovoltaic system
- R&D center
- Gas field
- Oil field
- Storage concession
- LNG terminal
- Pipeline in project
- Operational pipeline
- Merchant line ELI.TE.



- Edison headquarters and offices
- Hydrocarbon concession/permit
- Power generation facility
- Trading branch
- Hydrocarbon branch



 Falkland Islands



Presence across the world

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) located off the Nile Delta in waters between 14 and 35 metres deep. In 2014, it reinforced its presence in the country by signing two memoranda with QALAA, a major investor in the area, and EGPC (Egyptian General Petroleum Corporation), for the construction of a gas combined-cycle facility in Abu Qir which will contribute to the modernisation of the sustainable electric power generation system for the whole country.

In the Abu Qir fields, which represent Edison's most important asset in terms of exploratory and production activity, there are currently 7 platforms (of which 5 are production and 2 compression), 24 wells and a network of sealines extending 120 Km. Gas extraction operations are managed by Abu Qir Petroleum, an equal joint venture between Edison and the Egyptian General Petroleum Corporation. Edison's other activities in the country consist of a 60% stake in the West Wadi El Rayan licence in the Western Desert and a 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. Towards the end of 2014 in Egypt, Edison was awarded five new areas for oil and gas exploration in the western part of the Egyptian desert.

Approximately 800 people are involved in operations in Egypt.

Norway

Edison has been active in Norway since 2007, with its presence growing further in 2014 with the acquisition of 5 new licences: it currently has a portfolio of a total of 25 licences, seven of which are managed as operator, a title it obtained from the local authorities in 2009.

Edison's exploration on Norwegian territory identified eight wells which led to three very important commercial discoveries: Zidane East, Zidane West and Skarfjell. In addition, Edison is participating in the construction of the Polarled gas pipeline which will connect the Aasta Hansteen field to the Nyhamna terminal, and which will transport gas, including that produced at the Zidane field, to European markets.

24 people are involved in operations in Norway.

Greece

Edison has been present in Greece with industrial and commercial activities for more than ten years. Since 2009 it has operated as an equal joint venture with Hellenic Petroleum

in ElpEdison Power, one of the leading private producers of electric power in the country with two combined-cycle facilities (Thessaloniki - with a capacity of 390 MW - and Thisvi - 410 MW) and in ElpEdison Energy, the main private electric power supplier in Greece, which is also active in the trading sector.

Edison is the leading foreign investor in the Greek electric power sector. Since 2014 it has also participated in development opportunities in the hydrocarbon sector, having obtained an exploratory licence for West Patraikos in the Gulf of Patras in partnership with Hellenic Petroleum and Petroceltic.

United Kingdom and the Falkland Islands

In the UK, Edison participates in two operating licences for the Markham gas field through its subsidiary Euroil. The gas produced since 1992 has been sent to the Dutch terminal of Den Helder. In October 2013, Edison acquired EDF Production UK Ltd, a company involved with the exploration, development and production of hydrocarbons. In January 2015, it signed a put and call option to buy shares from Apache Beryl I (a subsidiary of Apache Corporation) in the Scott and Telford oilfields in the British North Sea.

In the Falkland Islands, Edison operates in an especially large area of 49,000 square km with 13 licences.

Croatia

Edison holds 70% of the concession for the Izabela field located in the northern Adriatic, off Pola, at a depth of approximately 38 m.

The field is operated by EDINA, an equal joint venture with INA, and comprises two platforms (Izabela South and North) with 5 drilled wells. Gas production began in July 2014 with a daily output of around 21 MSm³; to export the gas produced, the transportation infrastructure already in place between Italy and Croatia was used.

Algeria

Edison's presence in Algeria dates back to the late '90s, and was consolidated in 2002 with minority participation 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. Field operations began in the second half of 2014 and completion of the construction stage for the start of production is scheduled for 2017.

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.



Financial results and distribution of added value

Despite the particularly challenging reference scenario, Edison closed 2014 with steady sales proceeds of 12,325 million euros (12,304 million euros in 2013).

The positive trend in the electric power sector (+9.7% to 7,859 million euros),

Financial highlights

In millions of euros	Financial year 2014	Financial year 2013	% difference
Sale proceeds	12,325	12,304	0.2
Gross operating margin	814	970	(16.1)
Operating profit	292	321	(9.0)
Profit before tax	214	217	(1.4)
Group net result	40	96	(58.3)

MARKET SCENARIO

Edison, together with the other energy companies operating on the market, contributes to Italy's energy supply, meeting its evolving needs and taking into account the influence of countless different factors changing the reference framework, including those of a structural nature.

The scenario still reflects the continuing effects of the economic crisis, in particular the lengthy, widespread reduction in consumption. During 2014, Italian electric power consumption fell by 3% in absolute terms, and by 2.9% on a seasonally adjusted basis (i.e. removing effects resulting from variations in the average temperature and the number of working days from the figure).

In 2014, demand was met predominantly by domestic production (86%), slightly down (-1%) on 2013, and the remainder was met by the balance of energy traded with other countries, up 3.7% on 2013.

In 2014, domestic thermoelectric production fell further (-9.7% compared with 2013) owing to the threefold effect of the fall in demand, the increase in hydroelectric production (+7.4%) and the further increase in renewable energy production (+5.9%).

The trends described above, combined with the progressive evolution of the regulatory framework towards an increasingly efficient free market, led to a considerable reduction in prices

on the Italian market, to a larger extent than on other European markets.

With regard to the gas market, gas consumption in Italy fell by 11.6%, attributable predominantly to the civil sector (-16.0% compared with 2013), owing to particularly mild weather during the winter months.

Consumption in the thermoelectric segment saw a marked reduction too (-14.3% on the previous year), due both to the increase in production from renewable energy sources and to the reduced demand for electric power spread evenly throughout the year.

Consumption in the industrial sector remained steady (-0.1% compared with 2013).

with an increase in volumes sold, partly offset the reduction in the hydrocarbon sector (-13.8% to 5,168 million euros).

The Gross Operating Margin (EBITDA) was 814 million euros compared with 970 million euros in 2013. The results of both years reflect the impact of the review of the long-term contracts for the supply of gas from

Algeria, Qatar (both signed in 2013) and Russia (signed in 2014). Net of this effect, in 2014 the Gross Operating Margin was down more than 150 million euros compared with the previous year.

The Operating Profit (EBIT) was 292 million euros (321 million euros in 2013) as a result of the reduction in the gross operating margin

and the market conditions which saw a fall in the price of energy and Brent prices. Edison closed 2014 with a net result of 40 million euros (96 million euros in the previous year).

Edison Spa savings shares closed at 0.85 euros on 31 December 2014, down on the value of 0.95 euros at the corresponding close of 2013.

Added Value				
	2013		2014	
	MEuros	%	MEuros	%
Economic Value Generated by the Group	13,057	100.00	12,838	100.00
Total proceeds	12,834	98.29	12,580	97.99
Financial income	223	1.71	258	2.01
Economic Value Distributed by the Group	12,312	94.29	11,964	93.19
Operating expenses	11,481	87.93	11,122	86.63
Compensation of employees	223	1.71	221	1.72
Compensation of lenders and shareholders	390	2.99	336	2.62
Compensation of the public administration	215	1.65	282	2.20
Charitable contributions and sponsorships	3	0.02	3	0.02
Economic Value Retained by the Group	745	5.71	874	6.81
Depreciation, amortisation and writedowns	636	4.87	761	5.93
Provisions and reserves	109	0.83	113	0.88

DISTRIBUTION OF ADDED VALUE

(MEuros)

11,122

Operating expenses

3

Charitable contributions and sponsorships

336

Remuneration of lenders and shareholders

282

Remuneration of the public administration

221

Remuneration of employees



RELATIONS WITH EDF AND THE DEVELOPMENT STRATEGY

Since May 2012, Edison has been a full member of the Electricité de France Group, Europe's leading company in the electric power sector, which holds 97.40% of Edison's share capital.

This historic move provided the Company with the opportunity to become a cornerstone of the global strategy of an international group.

Forming part of the EDF Group does not only mean business integration, but also 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.

In 2014, there were changes to the management of EDF, with Jean Bernard Lévy being installed to head the Company. Lévy was also appointed Chairman of Edison in December 2014. In this context, Edison is contributing to the discussion on the Group's strategies, continuing to play its important role as EDF's "hydrocarbon hub" in the Mediterranean by making additional investments in the exploration and development of oil and gas in Italy and other countries, and by developing the supply of gas for Italy and for the entire Group.

At the same time, Edison intends to consolidate its position on the Italian electricity

market, managing its assets effectively and providing its commitment to a free, efficient market to the advantage of end consumers and businesses.

Furthermore, Edison is continuing to expand its business in the Mediterranean basin and the Balkans in line with three complementary development priorities: gas supply routes, the development of hydrocarbon assets and the parallel synergic expansion of electric power activities (leading private operator in Greece and projects being considered in Turkey and Egypt).

EDF IDENTITY CARD

- A leader in the European energy market, active in all business sectors: production, transportation, distribution and sales.
- Europe's leading producer of electricity: its production systems in France, with a power of 140 GW, are mainly nuclear (it is the leading global operator in this area) and hydroelectric. They supply electricity, 85% of which is produced with no CO₂ emissions.
- It manages over 1,000,000 km of overhead and underground medium and low voltage power lines and approximately 100,000 km of high and very high voltage lines.
- With over 158,000 employees, it supplies energy and services to more than 39 million customers across the world.
- Listed on the Paris Stock Exchange, it is a component of the CAC 40 index.



EDISON'S ENHANCED COMMITMENT TO RENEWABLE ENERGY SOURCES

EDF's full support of Edison's development, particularly in Italy, is evidenced by the continuation of a significant investment programme in the country. In this regard, in 2014 Edison, EDF Energies Nouvelles and F2i signed an agreement on renewable energy sources which enabled the creation of the third largest operator in the sector in Italy.

The new entity has an approximate capacity of 600 MW, predominantly from wind, following the pooling of the production

facilities of Edison Energie Speciali (EDENS) with some of the facilities of EDF EN Italia. The operation created a new company whose shareholders will be F2i, with a share of 70%, and a holding composed of Edison and EDF Energies Nouvelles for the remaining 30%. Edison holds 83.3% of the holding, EDF Energies Nouvelles 16.7%. At the same time, EDF set up a new management company, providing the new energy centre with Operation & Maintenance services. Edison will collect, at a fixed rate, all of the

energy produced by the new renewable energy centre, optimising it with its own production portfolio, while EDF's management company will carry out O&M activities for the production facilities, guaranteeing technical efficiency and availability.

This operation will benefit from existing industrial and operational skills and will reduce the new company's market and operational risks.



02 OUR CHALLENGE: CREATING SHARED VALUE



Integrating the key topics of sustainability with business decisions, increasing competitiveness on the market and strengthening relations with stakeholders and production facility citizenship.

SOCIAL RESPONSIBILITY AS LEVERAGE FOR THE CREATION OF SHARED VALUE



The principle underlying Edison's strategic approach to sustainability is based on its belief that an energy company's role in society is not limited to supplying services and products to create economic value. Edison aims to be a node in a broader network composed of various parties with which it interacts, promoting an ecosystem open to the setting in which it operates through dialogue with its stakeholders in order to create value that goes beyond simple economic value: social value.

In this regard, over the last two years Edison has relaunched its approach to sustainability, redesigning its role to be increasingly integrated with business, embracing the topic of shared value, namely initiating discussions and processes to create economic value while at the same time meeting social needs. To this end, in 2014 Edison consolidated two preparatory processes for the creation of shared value: materiality analysis, which defines the relevant topics on which to base value-creating actions, and dialogue with stakeholders, to provide increasingly relevant responses to the needs of (local and national) areas, where production facilities are present.

The shared value approach views sustainability as a business instrument, encouraging companies to assess and define, in all of their decisions, integrated actions capable of

developing value not only for the business, but also for numerous stakeholders operating in the reference setting.

For Edison, this interpretation offers an opportunity for revitalisation, consistent with the needs peculiar to the business, with the new impetus provided by the recent changes to the ownership structure and with the competitive scenario. It aims to design a structured process to identify activities intrinsic to the business capable of producing positive social impacts. This is in order to reinforce the Group's overall strategy, integrating sustainability issues with the response to calls for social innovation which can provide new opportunities for the Company and stakeholders, in the context of a changing scenario, in order to maximise the positive benefits of Edison's presence in Italy and in local areas.

In accordance with the principles of the Global Compact signed by Edison, 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 and 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 organisation.



In short, the theme of “shared value” aims to capitalise on positive external effects, integrating them into Edison’s long-held

commitment to risk mitigation, protection of its reputation and the reduction of negative external effects.

The Shared Value action plan

To this end, an action plan was drawn up in 2014 focusing on leveraging key tangible assets, such as places and technologies, and intangible assets, consisting of resources, company skills and relational capital. Its purpose is to grasp opportunities in priority areas identified by the management, in accordance with the following lines of action capable of strengthening the sustainability strategy:

- initiate new business opportunities able to satisfy social needs, while optimising existing company resources;
- strengthen the citizenship model of production facilities and infrastructure;
- strengthen the “macro” role of market leader and the requirement to construct and manage infrastructure in the country (at national and local level), with the relative impacts on development, people, the environment and cohesion.

The actions centre on the material topics which characterise Edison’s activity. Among these topics, particular importance is attached to access to energy, combating climate change and relations with local communities, regarding which the Company has already launched specific activities. Further initiatives envisaged by the plan are undergoing feasibility studies and will be implemented over the next two years.

EDISON CAN CREATE SHARED VALUE...

...BY RETHINKING PRODUCTS AND MARKETS

- Plan products and services to meet social needs that have not been met;
- Open up new markets to meet the needs of communities not adequately served, supporting access to energy.

...BY REDEFINING PRODUCTIVITY THROUGHOUT THE VALUE CHAIN

- Facilitate the professional development of local supply chains, support suppliers in a process to strengthen all aspects of their business, reducing the environmental and social impact and increasing efficiency;
- Create net savings through the better use of natural resources, greater process efficiency and the consequent improvement of quality.

...BY FACILITATING LOCAL DEVELOPMENT

- Work on issues related to cohesion and social dialogue to increase relational capital for the benefit of all parties;
- Enhance dialogue with stakeholders and identify social innovation consistent with business in a process of collaborative assimilation with the outside environment.

FACILITATE ENERGY ACCESS

Energy access is a key agent for development of the economic and social system of our planet and its territories. 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 international community is committed to resolving the problem and sets a clear goal: to ensure universal access to modern energy services by 2030, also through close

cooperation between research institutes and the public and private sectors.

Edison plans to take on this challenge and, as far as is possible, make a contribution to the issue.

Over the course of the year, Edison announced the signing of two memoranda with QALAA, a key African investment company committed to keeping pace with economic growth and

the region's energy needs, and the Egyptian General Petroleum Corporation, for the construction of a 180 MW thermoelectric plant (gas combined-cycle).

The new plant, which will increase the level of available electric power in the country, will produce efficient and sustainable electric energy for Egyptian customers, using part of the gas produced by the Abu Qir concession in the Nile Delta. ►





In this context, Edison has also developed a partnership with the American University of Cairo and Milan Polytechnic to support continuous research into sustainable energy and development. Among other initiatives, the “Capacity Building” project will support a research doctorate in the energy field that will investigate the current Egyptian energy situation and identify possible strategies with which to improve the electric power sector in terms of environmental efficiency and impact.

With these agreements - signed at the end of a seminar on energy efficiency organised by the Italian Embassy in Egypt and Edison, during the period of Italian presidency over the European Union Council - the Company confirms its commitment in the country and its intention to remain a long-term operator, bringing economic and social development to the entire region.

In 2013, Edison and another seven important Italian and European energy companies, together with Expo2015, created the “World Access to Modern Energy & Expo2015” association which promotes universal access to modern energy.



WAME & Expo2015 aims to raise global awareness regarding the lack of access to modern forms of energy: promoting initiatives of scientific, technological, economic and social research designed to remove or overcome the barriers that prevent modern energy from being accessible; promoting knowledge and the sharing of good practice as well as key cases and projects already in place across the world. Increasing the chances of access to modern energy forms can contribute to facilitating the availability of food resources and drinking water and significantly reducing the levels of extreme poverty in the world, thus representing a real development factor for humanity. WAME has begun negotiations and participation in the global project of the NGOs, government and international agencies and all those parties involved in the development of these themes. The activities of WAME & Expo2015 have been established according to a three-step

programme. In the first, beginning with the launch and consolidation of the association, activities of communication and institutional relations were initiated. In the second phase, which took place during the second half of the year, an action plan was initiated, with the appointment of the Scientific Committee and Advisory Board, and the “call for case studies” on energy access was launched, to select and reward the most innovative solutions to the problem, able to identify the barriers to energy access and the tools needed to overcome them, opening the door to new outlooks and initiatives, with the aim of highlighting some of the best practices in place globally.

Phase 3 will be developed during the six months of the Expo, from May to October 2015. The aim will be to promote the message and the documentation collated by the Association, reaching the greatest number of people among visitors to the Expo, the Milan area, connected events and the Expo website. WAME is defining how it should cement its presence during the show's six-month period and is working on developing a pathway for energy access, organising various events that will form part of the initiative.

MATERIALITY AND DIALOGUE WITH THE STAKEHOLDERS

Maintaining a high level of focus on material themes, or rather those themes considered key by both the Company and stakeholders, is a way of strengthening Edison's sustainability strategy. In this regard, during the course of 2014, an updating activity was launched with respect to 2013, to analyse and evaluate those themes that traditionally make

up sustainability fields, in order to gather the changes with respect to the context and focus on those that are most relevant.

Company management was involved in the materiality analysis which also considered the stakeholders' point of view: based on these results, Edison will develop future engagement activities.

MATERIALITY ANALYSIS: THE METHODOLOGICAL APPROACH

The 2014 update of the materiality analysis, already established by Edison in a G4 logic initiated with the previous edition of the Sustainability Report, was carried out, in an initial phase, in "desk" mode before benefitting from the direct contribution of the various company departments and stakeholders. Analysis began with the identification of topics recommended by the main sustainability guidelines (ISO 26000, GRI-G4 and the related additions of the "Electric Utilities" and "Oil and Gas" sectors, Global Compact principles). These themes are generally considered to be representative of the Company's external perspective inasmuch as they are identified in the context of discussions and meetings with multi-stakeholders on an international level. These themes were then contrasted

with those considered relevant to the sector in question in the "Sustainability Topics for Sector" document published by the GRI, then contextualised with the identification of topics emerging from EDF materiality analysis and benchmarking conducted on the 2013 sustainability reporting of some of the main competitors in terms of perimeter and size (Enel, ENI, E.ON).

This initial phase identified a series of relevant themes (23, then aggregated into 18), on which the subsequent 4 analyses were based, as detailed here below:

- Detailed analysis of the sector scenario that allows, on the one hand, for evaluation of the possible development of political, economic and social phenomena that could impact, in the short and long term, on Edison's

strategies (though sector studies) and, on the other hand, for the strengthening of already identified themes through analysis of press reviews, media, internet.

- Interviews with external stakeholders regarding the level of perception of those themes selected as relevant, integrating the current process of stakeholder engagement in a coherent way.
- Analysis of the Ethical Code and Policies adopted by Edison, in order to highlight the commitment shown by the Company with regard to the most important themes.
- Analysis of the themes from an internal point of view at Edison with the interviewing of directors and managers across different departments in order to integrate, as far as is possible, the material themes within the strategic directions.



Combined consideration of external and internal significance has resulted in the identification of the areas of priority and greatest materiality for Edison.

In short, the material themes on which Edison will reinforce its sustainability strategy and its reporting processes can be summarised as follows:

- Sustainable energy, protection of the environment and "climate change", with the promotion of energy efficiency, innovation in production and distribution, sustainable use

of resources (environmental protection and promotion of biodiversity) and, externally, with "energy access".

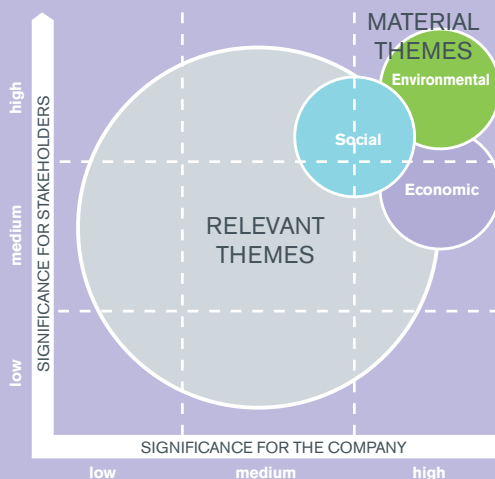
- "Local content" and responsibility towards people and regions ensuring the valorisation of people on a national and local scale, guaranteeing health, safety, professional development and shared skills and involving stakeholders across the regions.
- Commercial correctness, innovation and quality of customer service.

Dialogue with the stakeholders

Establishing trusted long-term relationships with all stakeholders, with room for listening and debate, has always been of fundamental importance to Edison, which intends to act in the interests of all stakeholders openly and transparently, with the aim of maintaining and developing constructive dialogue both inside and outside the Company.

Listening to and involving the stakeholders is of the utmost important to Edison, which has

MATERIALITY MATRIX



SOCIAL

- Social responsibility and stakeholder engagement
- Employment and employment relationship
- Health and safety at work
- Strengthening of local content
- Promoting social/(environmental) responsibility in the value chain
- Energy access
- Community involvement
- Diversity and equal opportunity
- Indigenous rights and human rights risk situation (O&G)

ECONOMIC

- Innovation and efficiency in production and distribution
- Anti-corruption responsible political involvement (O&G)
- Fair marketing e comms, consumer service and dispute resolution
- Safety and operations reliability, business continuity and risk management
- Business development

ENVIRONMENTAL

- Climate change mitigation and adaptation
- Protection of biodiversity
- Sustainable resource use
- Energy efficiency and fossil fuel substitute

been monitoring the state of relations with the stakeholders for almost ten years. The methods of listening and talking to the stakeholders have evolved during these ten years, with the involvement of both internal and external stakeholders.

Particularly since 2011, Edison has launched a new programme of stakeholder engagement with the aim of getting top management more involved in these themes, in order to integrate them effectively within company operations. The involvement of company management has

allowed for the mapping of engagement activities carried out with regard to all stakeholders, also at local level, and the identification of some of the main stakeholders' needs in terms of IT, communication and involvement.

As a result of this activity, an involvement plan was implemented in 2014, involving a significant number of external stakeholders (based on the most widely shared guideline regarding stakeholder engagement, the AA1000 SES - AA1000 Stakeholder Engagement Standard) for an exchange

of opinion on subjects of common interest regarding sustainability and to verify that involvement initiatives put into practice in the Company respond effectively to the needs of the stakeholders themselves.

Listening to the expectations of the local area and the stakeholders allows Edison to reflect on new ways to generate shared value, to consolidate relations with interlocutors with whom it has a positive relationship, and to manage any criticism from stakeholders with whom relationships are less positive.

OPENING FACILITIES TO THE LOCAL AREA: IN DISCOVERY OF ENERGY

While celebrating its 130 year anniversary, Edison launched the roadshow, "At the heart of energy. Discovering the facilities", to give citizens the chance to discover electric energy close up, to better understand the subject and the technological changes that have taken place over time.

Fourteen Edison facilities were opened to the public: the hydroelectric power facilities in Valcamonica, Meduno, Valtellina and Adda, the thermoelectric facilities of Torviscosa, the gas storage centres of San Potito, Cotignola and Collalto and for the first time it was also possible

to visit the Vega off-shore crude oil extraction platform in the Strait of Sicily. The initiative proved very successful with more than 7000 people visiting the facilities, accompanied by company technicians on a tour dedicated to energy discovery.

At the end of the guided tour, the "Pioneers" photographic exhibition recounted the history of Edison since its foundation in 1884, with images of past and present. For younger visitors, educational workshops on energy conservation and the correct use of energy resources were organised.





SUSTAINABILITY NETWORKS

The construction of a national and international network is one of Edison's characteristic approaches to sustainability governance: to be present in multi-stakeholder contexts where debate is born and developed is fundamental in order to be constantly updated as to how stakeholder requests evolve over time and to keep a high level of focus on new initiatives.

To contribute to the debate, share experiences, make comparisons with other organisations: all of this allows us to reinforce protection and the ethical management of the business.

Global Compact: launched in 2000 under the aegis of the United Nations, it brings together approximately 10,000 organisations



from across the world with the aim of promoting sustainable development. Edison has been part of the Italian network since 2009.

IPIECA: the International Petroleum Industry Environmental Conservation Association is a global association for the oil and gas industries with regard to environmental and social issues.

Politeia: since 2012, Edison has been part of the Committee to promote the Forum on Business Ethics and CSR in a Global Economy which offers ethics and business experts the chance to meet and discuss ethical issues emerging from the global economic system.

CSR Manager Network: CSR Manager Network Italia is a national association of professionals from organisations of all kinds (companies, business foundations, professional firms, government bodies and non-profit organisations) dedicated, whether full or part time, to dealing with socio-environmental and sustainability issues associated with business activities.

Sodalitas: promotes corporate social responsibility in Italy. It also supports the management development of non-profit organisations and the development of young people. Over 90 leading companies on the Italian market are members.

Centre for Business Culture: founded by the Chamber of Commerce of Milan, it promotes the importance of companies' heritage and the establishment of regional economic archives to gather historical material of companies in the area. The Centre houses Edison's photographic archive, composed of approximately 230,000 photographs, some of which have been catalogued and digitalised. It is recognised by Lombardy's Archive Department as a resource of significant historical interest.

National Council for Consumers and Users: presided over by the Ministry of Economic Development, this national body represents consumer and user associations. Its task is to help improve and strengthen the position of consumers/users on the market.

National Corporate Film Archives: they house around 50,000 spools of films dating from the early 20th century onwards, made by the most important Italian companies. These include Edison's film collection, composed of over 300 titles on the history of the company between the 1920s and the 1980s.

MED Solutions: 'Sustainable Development Solutions for the Mediterranean Region' is a network coordinated by the University of Siena with the aim of identifying sustainable development solutions that can be immediately implemented in the Mediterranean.

RES4MED: an association which Edison helped to found in 2012 to encourage the creation and dissemination of initiatives promoting renewable energy sources in the Mediterranean region through the involvement not only of the largest players in the energy sector, but also the main actors in North Africa, the Balkans and the Middle East.

WAME: this association was founded in 2013 by the organisers of EXPO 2015 in

conjunction with Edison and Europe's leading energy companies to promote initiatives regarding access to electric power.

OME: Observatoire Méditerranéen de

l'Energie: a non-profit organisation founded in 1988 made up of approximately 30 of the Mediterranean's largest energy companies. Its main purpose is to foster dialogue and cooperation on energy issues and in addition, it is also regarded as the key think tank on energy in the Mediterranean.

EDISON ACTIVITY IN THE GLOBAL COMPACT

Since 2009 Edison has participated in the Italian Global Compact network, which is tasked with developing the initiatives of the country's network. 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. In 2014 the Italian network focused its attention on the sustainable management of the supply chain, on sharing its approach to materiality, on initiatives to reduce corruption, on biodiversity and on the respecting of human rights. Edison has participated in work groups on this subject and, as expected, has integrated into its strategic vision the ten principles regarding human resources, work, environment and the fight against corruption, committing itself to promoting awareness

and providing its stakeholders with evidence of the progress made during the implementation of said principles.

COLLABORATION WITH IPIECA

Edison is a member of the executive board of IPIECA, International Petroleum Industry Environmental Conservation Association, a society founded in 1974 with the aim of representing the oil and gas industry in both the upstream and downstream sectors, dealing with social and environmental issues. It acts as a forum for discussion and cooperation on environmental issues between the oil and gas industry and international organisations. Edison participates in active IPIECA work groups, in cooperation with EDF, on various issues: environment and safety, human rights, corporate responsibility and communication. In 2014 the Company reinforced its collaboration with IPIECA by participating in new work groups (e.g. "Climate Change COP 21", "Sustainable Development Goals").

ACTIVITIES WITH THE WORLD BANK

Edison has continued to support Action4Climate, the campaign for the fight against climate change promoted by the World Bank, an international contest aimed at young directors, designed to raise awareness regarding climate change, part of the Connect 4 Climate (C4C)

programme promoted by the Italian Ministry for the Environment.

EDISON'S CONTRIBUTION WTO POLITEIA ACTIVITIES

Edison was one of the promoting bodies of the Forum on Business Ethics and CSR in a Global Economy, organised in 2014 by Politeia in collaboration with the Department of Social and Political Sciences of the Università degli Studi di Milano and the IESEG School of Business of Lille-Paris, on the subject of "Back to Basics: What is the Purpose of the Corporation?". Among the speakers, R. Edward Freeman from the University of Virginia, the creator of the Stakeholder Theory and one of the main scholars of Business Ethics.

THE SODALITAS CHALLENGE FOR SUSTAINABLE BUSINESS IDEAS

In terms of its participation in Sodalitas activities, Edison supported the Sodalitas Challenge that rewarded sustainable business ideas presented by young people under 35, whether graduates or school leavers, unemployed or in temporary employment, characterised by the potential to create new employment. The 8 best ideas, from among the 179 presented by 279 youngsters, have become innovative start-ups, receiving a prize of coaching and training worth 200,000 euros.



FROM EDISON START TO EDISON PULSE, A BRIDGE TO SOCIAL INNOVATION

In order to incentivise the birth and development of innovative and sustainable ideas and projects, not only from an environmental point of view but also social and economic, Edison launched Edison Start in 2013, a national prize dedicated to innovative start-ups, small Italian companies, non-profit organisations and informal teams.

The initiative, developed during 2014, proved to be very successful. 841 ideas were presented, divided into three different categories:

- **Energy:** innovative solutions and technologies to conserve energy resources, consume less, and more effectively, but also to guarantee energy access to a growing number of people in a sustainable way;
- **Social and cultural development:** projects and initiatives, also of a cultural nature, designed to activate opportunities for business development, generating positive impact in terms of inclusion, participation and cooperation;
- **Smart Communities:** projects to improve the quality of domestic life and the communities that they belong to, with regard to waste management, mobility, sustainable architecture, safety and home automation.

The 30 finalists received support from a team composed of managers from Edison, the Università Bocconi, Milan Polytechnic, Assolombarda and other Bodies, who provided them with the tools required to realise their ideas, through training and the sharing of specific skills.

The three winning ideas that received a financial prize of €100,000 and Edison's support during the first year of the project are:

- **Green Rail**, a project for a railway sleeper in recycled plastic and tyres that produces energy with the passing of the trains;
- **Fiori di Campo**, a project for ethical tourism and awareness regarding legality and the fight against criminal organisations in a building confiscated from the mafia in Cinisi, in the province of Palermo;
- **Park Smart**, car park management software for the Smart City that can monitor the availability of available parking spaces and guide the user by harnessing the video surveillance systems already in existence in the city.

Edison Start has also generated a virtual community with the activation of the edisonstart.it platform. All of the projects uploaded to the site were shared, enriched and evaluated by web users, generating 4 million visits, 62 thousand

registrations, 60 thousand votes, 26 thousand shares and 104 uploaded videos.

Given the great success of the initiative, Edison has decided to continue to evaluate the most innovative ideas in 2015 with the second edition of the contest, now known as Edison Pulse and structured in accordance with the EDF Group's EDF Pulse international contest (www.pulse.edf.com) and closer to the business. Launched at the end of 2014, at the prize-giving for the winners of the first edition, Edison Pulse seeks projects of "shared value" that harness the Company's tangible and intangible resources while also generating value for the Company, relating



Edison's knowledge, skills and infrastructure to the needs that emerge, in an increasingly urgent and evident way, from local stakeholders.

The current edition covers two fields of intervention:

- **energy**, or rather design studies and solutions favouring access to and management of new forms of production, accumulation and consumption of energy and good practices in terms of sustainability for those areas and manufacturing districts which are still lacking
- **development of the local area**, or rather solutions to mitigate the impact of energy sector activity on the environmental and

social-cultural context and the promotion of opportunities that have been, or could be, generated for the local area via expert networks.

This involves start-ups, non-profit organisations and, for the first time, public and private research centres that are able to propose research projects.

To facilitate the development of business projects, Edison will, in this edition too, offer support and consultancy to the finalists and winners from a dedicated team of company managers, academic professionals and institutional representatives. The best research

projects will benefit from Edison's direct support in executing related research activities.

Edison will finance the best initiative in each category with one hundred thousand euros.

The platform will again act as a virtual shop window to attract potential partners such as bodies, companies and institutions that can freely consult the projects and initiatives. A geolocalisation function regarding local projects will also allow for the creation of an Italian innovation map, in order to widen the potential for development and the synergies between initiatives.





RESPONSIBLE GOVERNANCE OF THE BUSINESS

System of corporate governance

The corporate governance system details all those rules that govern and guide management and control of the Company. At Edison this is appropriate to the company model of sustainable development and is designed with the aim of contributing to achieving stable business results, in line with strategic guidelines, and maintaining the stakeholders' trust. 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 indications in the self-regulation code on subjects of corporate governance promoted by the Italian Stock Exchange, and is composed of the following governing bodies:

- Shareholders' meeting;
- Board of Directors (which operates with executive directors and directors who have representational powers and is supported by consultative committees for Control and Risks, Compensation and Independent directors);
- Board of statutory auditors;
- Independent auditor companies;
- 231 Security Body.

Governance is completed with 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 Corporate Social Responsibility department periodically updates Comex as to the main sustainability projects and the results achieved, and implements its guidelines; it also drafts the Sustainability Report, which is approved by the Board of Directors and distributed to shareholders during the Shareholders' Meeting and to all stakeholders with its publication on the company website. The Corporate Social Responsibility function also supports company Departments/Business Units in updating and maintaining company procedures for integrating sustainability into business plans, into which feed the projects and initiatives identified across the various company areas.

The Board of Directors is currently composed of ten members, three of which are independent. Nine members were elected by the Shareholders' Meeting on 22 March 2013 and will serve until the Meeting to approve the balance sheet on 31 December 2015. Following the resignation of Henri Proglio, on 3 December 2014, Jean Bernard Lévy was co-opted as a member and elected President of the Board of Directors on 12 December 2014, a

role he will fulfil until the next Shareholders' Meeting is held. The role of Chief Executive Officer is fulfilled by Bruno Lescoeur who has been CEO since 26 April 2011. There are three female members.

The Directors' fee is set by the shareholders' meeting, while compensation for the President and CEO, as well as the members of the various institutional Committees within the Board of Directors, is established by the Board of Directors, based on suggestions by the Compensation Committee and in agreement with the Board of Statutory Auditors. The Board of Directors sets the level of compensation for Directors with special assignments and those making up the Committees set up within the Board. The President alone will receive a fixed fee as well as a Director's salary. It was not deemed useful to link his level of compensation to company results, considering the nature of his responsibilities and functions not linked to current management. The CEO, as well as his salary for that role, will receive a fee composed of a fixed part and also a variable part based on the achievement of short-term goals, set by the Board of Directors on the recommendation of the Compensation Committee, in agreement with the Board of Statutory Auditors.

More detailed information about Edison's system of corporate governance is provided in the Report on Corporate Governance, published annually and available on the company website www.edison.it.

GOVERNANCE STRUCTURE





Internal control system and risk management

Edison's internal control and risk management system is composed of a structured and organic set of rules, procedures and organisational 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 consistency of activities with objectives, effectiveness and efficiency of activities, and the protection of the corporate assets), ensure their compliancy with applicable laws and regulations, and provide fair and transparent disclosures both internally and towards the market (reporting). Such a system permeates the entire Company and involves

different people with specific roles and responsibilities.

The Code of Ethics and Organisational Model pursuant to Leg. Dec. 231/01 (Model 231) form the basis of Edison's internal control and risk management systems. The Code of Ethics was approved in 2003 and has been transmitted to all controlled companies: in line with the most important international procedures, it defines the principles and values that guide ethical and sustainable management of the business, regulating the behaviour of all those who collaborate with Edison (directors, employees and anyone who acts in the Company's name by virtue of special proxies or powers of attorney) and 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.

During the course of 2013, the Code of Ethics was revised (approved by Edison's Board of Directors on 13 December) and in the first half of 2014 it was sent to all group employees and collaborators.

The new Code of Ethics, an integral and established part of the organisational and management model adopted pursuant to Legislative Decree 231/01, reinforces the principle of so-called "zero tolerance" towards

fraud and corruption and reference to the contents of the United Nations Global Compact that Edison strives to promote and support. In addition to the three already existing sections of the Code of Ethics, dedicated to Ethical Principles and Values, the Regulation of Behaviour, and Implementation Standards, in recent months a fourth section has been added, dedicated to the ten principles of the Global Compact relating to human rights and work, environmental protection and the fight against corruption: the principles cited in the Global Compact become an integral part of the organisational culture of the group and its daily operations. The Code of Ethics is applied to Edison Spa and all of its controlled companies, in Italy and abroad.

Following the update of the Code of Ethics, a training and information programme regarding the updated content was implemented in late 2014 for all employees. The course, offered via an e-learning platform, was structured in two parts: a theoretical educational part, and another more interactive part with videos of colleagues and 'cases' centred around ethics in business management and company activities, work ethics and the value of collaborators, the ethics of communication and external relations, the role of the compliance officer and the importance of warnings.

RELATIONSHIPS WITH INSTITUTIONS IN ACCORDANCE WITH THE CODE OF ETHICS

In coherence with its Code of Ethics, Edison engages in relationships with political organisations solely for the purposes of gaining insight into issues that are relevant to the Group and transparently promoting its position. The Group neither finances nor supports political parties or their representatives and adopts a strictly neutral position during election campaigns or events involving political parties.

Model 231 is a series of general principles, rules of conduct, control tools, administrative procedures, training and information programmes and disciplinary systems, designed to guarantee, as far as is possible, the prevention of illegal offences and the Company's subsequent administrative responsibility. Adopted by Edison in July 2004, it has been structured following detailed analysis of company activities to identify those that are potentially at risk.

During the course of 2014, and according to a logic of continual updating, Model 231 and the behavioural protocols contained within it were revised. Relevant initiatives were implemented with regard to customer relations, worker health and safety management, environmental risk management and prevention, and conduct protocols to prevent fraud and corruption.

In this regard, a specific assessment was carried out to identify those areas most exposed to the risk of fraud, with the availability of a fraud risk catalogue that details those to which the Company may be subjected; over the course of 2015, a model of Fraud Risk Assessment will be defined, in preparation for subsequent expansion on the themes of Fraud prevention and Fraud detection. This activity will complement the mapping of risks already identified and managed with existing models based on Legislative Decree 231/2001 and Law 262/2005.

INTERNAL CONTROL SYSTEM

Internal audit process	Unit of measurement	2012	2013	2014
Total number of audits carried out for each managerial area				
- of which Corporate & IT	No.	10	10	11
- of which Exploration & Production	No.	0	2	3
- of which Gas Midstream, Energy Management & Optimisation	No.	2	4	3
- of which Power Asset Management	No.	2	1	1
- of which Marketing, Sales & Energy Services	No.	3	3	4

In addition, a first draft of the international "Anticorruption guidelines" has been drafted, with the aim of providing a set of behavioural norms, conforming to the provisions of the Model 231 and its Protocols, that can contribute to preventing risk relating to acts of corruption within companies controlled by foreign law, where Model 231 is not adopted. Such guidelines will flank the Organisational and Management Models adopted by companies operating overseas, according to Italian law, in the form of branches (Edison International Spa and Edison Trading Spa) and cite behavioural norms that the foreign controlled companies will be obliged to adopt, with reference to those operational areas most at risk.

The Oversight Body (OB), elected by the Board of Directors, is responsible for ensuring that

Model 231 functions effectively and is kept up to date and for this reason 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 internal audits that cover all corporate areas and that also address social and environmental aspects.

In 2014 no warnings of any kind were issued by the OB. Internal audits are carried out as a way of contributing to the protection of company patrimony and stability, controlling operational regularity and conformity with laws and regulations, evaluating the efficiency and effectiveness of operational processes and supporting other company functions in identifying and evaluating risks.



Enterprise Risk Management

Edison's risk prevention and management plan is completed by an integrated management model, for which the Risk Office takes responsibility. This model is based on the main international standards of the Enterprise Risk Management (ERM) and particularly on the CoSO Framework (Committee of Sponsoring Organisations of the Treadway Commission) and EDF risk management system.

Specifically, with regard to continuing market evolutions, regulatory norms of reference and the operational and strategic aims of the Company, Edison's Enterprise Risk Management process

aims at a constant and systematic analysis, identification and monitoring of the risks to which the Company is exposed, in order to protect its sources of value and achieve its business objectives, while safeguarding social aspects. This process does not only provide Management with important information with which to anticipate and manage the risks to which the Company is exposed, but also enables it to seize new business opportunities and transmit greater risk awareness and culture within the Company.

Within the Enterprise Risk Management, the different company areas contribute to

identifying possible risks with a Bottom-Up Risk Self-Assessment process. These risks are then analysed and prioritised by the Risk Office, which at the same time guarantees alignment with the Plan's hypotheses and with the strategic vision of Top Management, in order to identify the most relevant and emerging risks to which the Group is exposed. The results of the ERM process are subjected to periodic structured reporting by Management, which evaluates the suitability of the risk profile adopted in relation to the predetermined business objectives and the effectiveness of the control and mitigation measures adopted.

Specifically, the main aspects of risk to which Edison is exposed are outlined in the 'Risks and uncertainties' chapter of the annual management report, where further information can be found.

Edison's Enterprise Risk Management process, and particularly its Corporate Risk Model, covering all types of risks inherent to its business, also offers an important contribution in terms of evaluating the risk profile associated with new initiatives, both in Italy and abroad. Aspects related to sustainable development, including environmental and health and safety themes, are analysed and negotiated when it comes to investment projects as they are important decision-making drivers.

SUSTAINABILITY ISSUES IN ENTERPRISE RISK MANAGEMENT

The Edison Risk Model is based on the following macro-families of risk.

Risks deriving from the external environment: include not only aspects linked to macroeconomic trends, competitive environments, new regulatory norms and the context of the country but also the risks linked to climate conditions, catastrophic events and public opinion.

Internal risks: include technical and operational risks linked to company activities across the entire power and gas sector, risks linked to the suitability of internal processes in support of both corporate and operational activities and their continuous updating and improvement, risks linked to human resource management and to the subject of health and safety and, finally, risks linked to the suitability, availability and safety of IT systems in support of business activities. Particularly significant are the aspects and themes of compliance, ethics, corporate responsibility, business conduct especially of third parties towards end customers, environmental protection and specialist know-how.

Strategic risks: ascribable to the company business model, new investment opportunities and activities of mergers & acquisitions.

03 SUSTAINABLE ENERGY, ENVIRONMENTAL PROTECTION AND CLIMATE CHANGE



To be recognised as an energy company par excellence means demonstrating continuous commitment to the development of innovative and sustainable solutions that combine efficiency and a reduction in environmental impact.



A SUSTAINABLE OFFER FOR ENERGY EFFICIENCY

The relationship that links Edison to its customers is designed to make energy consumption increasingly sustainable. A partnership with a common objective: to optimise resources and be more aware regarding consumption.

The solid partnership between Edison and its customers, characterised by close technical collaboration and the sharing of results obtained, represents a completely innovative approach on the energy market.

For this reason, Edison's offer, aimed at end customers (both private and business), is characterised by a series of services for the rational use of energy and, more generally,

energy efficiency. These activities, in progress at Edison since 2009, are today managed by Edison Energy Solutions, a pole created between 2013 and 2014 following the reorganisation of Edison's department of Energy Efficiency Services and that also incorporates the skills of Energy Service Company CSE, already acquired by Edison in 2012. The solutions made available to customers are diverse, and range from the energy optimisation of production processes to on-site energy production using systems with low or zero environmental impact (for example photovoltaic, other renewable energy sources, high-yield cogeneration, etc.) to which we add energy consultancy services to obtain Energy Efficiency Shares, the execution of energy

audits and the measuring of CO₂ emissions. Some of these services were developed in order to provide the customer with a useful solution, making available operational tools that the customer can exploit autonomously.

Edison Energy Solutions completed the process of ESCo certification in 2014, in conformity with technical norm UNI CEI 11352 and also ISO 9001, relating to the quality management system, to ensure increasing levels of skill and capacity in the supply of energy efficiency services.

During the course of the year, work with other Edison Departments, particularly the R&D Unit and the Institutional Affairs Unit,

ENERGY EFFICIENCY TRAINING FOR CUSTOMERS

Edison has made its know-how available to more than 200 customers with specific training initiatives: the sharing of technical skills is designed to increase awareness regarding energy consumption, while also creating added value through its customers.

The training supplied is designed to provide useful tools for navigating and understanding subjects linked to energy efficiency as well

as to promote best practices. Focusing on energy efficiency does not only mean reducing consumption and emissions but also acting in respect of regulations, contextually lowering production costs and thus relaunching business competitiveness, in a period of unfavourable economic circumstance.

The training sessions mainly focused on energy audits in light of recent regulation

updates introduced with Legislative Decree no. 102/2014. The audit actually represents a first important step for the diffusion and realisation of procedures linked to energy efficiency, with a systematic procedure designed to provide, as well as more detailed information about energy behaviour, the identification of concrete opportunities to implement efficiency.

has been reinforced with the aim of monitoring both the technological development of innovative solutions linked to energy efficiency, with particular focus on tertiary and residential segments, and the opportunities deriving from regulation updates.

Energy efficiency and innovation for industry

With the introduction of the "Performance Contract", Edison takes responsibility for its customers' objectives, financing and sharing the benefit derived from activities of energy efficiency and ensuring more advantageous economic conditions with respect to the network's best alternatives for energy supply. The areas of application for this innovative type of contract 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 with the energy audit and continues right up to the moment of intervention. Starting with implementation, Edison fosters communication with the customer regarding the activity completed and the environmental benefit achieved.

In 2014, thanks to intervention by Edison Energy Solutions, numerous activities of identification, development and contracting were implemented in order to optimise site consumption, with the installation of high-efficiency facilities with low environmental impact at industrial customers' sites.

For example, at the industrial site of customer Haupt Pharma various projects have been developed, particularly the construction of a 2 MW high-efficiency natural gas tri-generation plant, while a compressed air plant has been installed at the industrial site of Altair. During the course of the year, planning for the future construction of other on-site self-generation, high yield production facilities and other interventions has got underway, projects that should lead to a primary energy saving of 4500 TEP/year.

Over the course of 2014, training sessions were organised on the subject of energy audits for more than 200 customers, providing them with the Company's experience and competence as a way of supplying concrete tools for navigating and understanding the themes of energy efficiency and transmitting best practices in the field.

Services for the residential and tertiary segments

The subject of energy efficiency is not only relevant to industrial customers but

MONITORING OF SOHO CONSUMPTIONS – ENERGY CONTROL BUSINESS TEST

In terms of activities of experimentation and development of energy efficiency services, we integrate Energy Control Business: a service monitoring electrical consumption and dedicated to commercial activities that allow you to know electrical consumption and costs, in real time, and reduce consumption thanks to personalised suggestions for more efficient energy consumption.

As well as total consumption, it will be possible to find out the energy consumption and cost of single devices monitored with simple measuring equipment. With Energy Control Business it will also be possible to compare your company with similar businesses to evaluate energy performance, thus checking that consumption management in itself is as efficient as possible.



ENERGY EFFICIENCY IN THE HOTEL SECTOR

E-Manager is an energy efficiency service aimed particularly at the hotel sector and that represents a first step towards an integrated energy efficiency pathway. Seizing this opportunity, Edison has launched an initiative to support the management of activities linked to measuring energy consumption and load management, for the elimination of waste and a reduction in costs of up to 10%. The new Edison E-Manager offer represents a competitive opportunity for customers in the tourism and hotel sector, centred around intelligent management of electric absorption devices throughout buildings.

Specifically, the service illustrates the typical ways to use energy in hotel buildings and possible inefficiencies that can be identified through measurement: using actuators installed along with measuring systems, it will be possible to eliminate any waste revealed with the remote interruption of loads, depending on levels set with the specific timers.

is becoming increasingly important also for residential and tertiary customers. The latter sector in particular has, until now, lacked energy management protection and specific skills regarding energy efficiency, but at the same time has developed a growing need to reduce its consumption and spending. Energy consumption management is becoming a fundamental need also for many families who are struggling with a general reduction in income and difficulty in drastically cutting their consumption.

In the residential sector, Edison has introduced Energy Control, a device to monitor energy consumption, to the market. Energy Control, by analysing domestic energy habits, can help to reduce consumption, encouraging greater awareness and a more economical lifestyle. Thanks to simple installation, the tool allows you to view electric consumption directly on a PC, tablet or smartphone, with an online platform that records and represents the energy spending of the residential customer in real time. With graphs showing real-time consumption, advice on the efficient use of electrical appliances and comparisons with other Energy Control users in the new section of the site, it's possible to cut more than 10% from your bills. With this tool, Edison allows

its users to understand their energy spending and intervene if there are any unusual peaks in consumption, to stem waste and improve personal behaviour.

In addition, Energy Control allows private customers to establish savings goals: Edison will donate, to a non-profit organisation of the customer's choice, the cash equivalent of the energy saved thanks to the measures taken. The 2015 development plan foresees the consolidation and development of energy efficiency services that can guarantee an integrated approach to responding to the end customers' needs in terms of economic and environmental sustainability. Edison Energy Solutions will continue to develop scouting activities, contracting and establishing self-generation facilities at low environmental impact on industrial customers' sites, as well as to prepare new initiatives for energy efficiency and process optimisation. Energy consultancy services regarding energy audit activities will also be consolidated, in response to changes in national regulations.

For the tertiary sector an ad-hoc portfolio of offers will be developed and commercialised, while particular attention will be paid to families, reinforcing the Energy Control service and promoting new services to reduce energy spending.

DEVELOPMENT OF RENEWABLE ENERGY SOURCES

At a European and Italian level, renewable energy sources remain fundamental for industrial growth and the diversification of the energy mix. In 2014, with the aim of increasing the presence of renewable energy sources in the sector in Italy, Edison carried out a total reorganisation of Group activities focusing on this subject, leading to the creation of a new "aggregating" pole. F2i, Edison and EDF Energies Nouvelles have reached an agreement that will position them as the third operator in Italy's renewable energy sector and that will control approximately 600 MW of capacity (mainly wind) following the unification of the facilities of Edison Energie Speciali (EDENS) with some of the facilities of EDF EN Italia.

The new renewable energy pole will contribute to the growth and consolidation of the biggest operators in this sector, leveraging the industrial skills of Edison in the management and optimisation of electric power production with different technologies, together with those of EDF Energies Nouvelles, in its Operation & Maintenance (O&M) activities. Financial solidity and skills will be reinforced by the presence of strategic partner F2i, a long-term institutional investor with consolidated experience in the renewable energy sector. The Italian electric power market, though experiencing tough times, thus confirms its attractiveness for operators able to optimise complementarity between

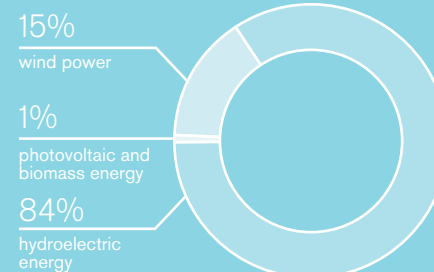
thermoelectric or hydroelectric energy assets and other renewable energy sources. Thanks to these skills, the new company will be able to become a pole of reinforcement for small and medium-sized operators in the renewable energy sector.

The operation foresees the creation of a new company whose shareholders will be F2i, with a share of 70%, and a holding composed of Edison and EDF Energies Nouvelles, for the remaining 30% (Edison will own 83.3% of the holding, EDF Energies Nouvelles 16.7%). A new company in the EDF group (management company) will be created at the same time, providing the new energy pole with Operation & Maintenance services.

Thanks to an innovative business model, the agreement tasks Edison with collecting, at a fixed rate, all of the energy produced by the new renewable energy pole and optimising it with its own production portfolio, while the management company will carry out O&M activities for the production facilities, guaranteeing technical performance and availability. This approach will provide benefits in terms of already existing industrial and operational skills and will reduce the new company's market and operational risks. In this reorganisation, Edens has acquired two wind production facilities belonging to EDF EN Italia for approximately 108 MW, adding them to its portfolio. Over the course of 2014, the Edison group has

nevertheless continued to develop its own projects, especially in the wind and mini hydroelectric sectors, obtaining important licences for the construction and use of new facilities (particularly the greenfield wind projects of San Giorgio La Molara, Montefalcone and Vaglio). Such projects, along with the complete reconstruction of two existing facilities, which would have allowed for the installation of more modern wind turbines by taking advantage of already equipped sites, did not receive subsidy with the conclusion of the 2014 auctions, arranged by the GSE, due to the high number of offers and limited quota. The Baselice (12 MW) wind project has meanwhile moved forward and was part of the ranking for the quota admitted to the 2013 auction; the plant was connected to the electric power network between November and December.

MIX OF RENEWABLE ENERGY PRODUCED BY EDISON





TACKLING CLIMATE CHANGE

In December 2014, the 20th Conference of the Parties (COP 20) regarding the United Nations Framework Convention on Climate Change came to a close. For 12 days Lima, the city hosting the event, became the epicentre for negotiations to define a new international agreement on the reduction of CO2 emissions that should be finalised in late 2015 in Paris, during COP 21.

The result of the negotiations was the adoption of the "Lima call for Climate Action": a document containing elements on which to build the future "Protocol" to replace that of Kyoto, which expired in 2012. Starting with these premises, 2015 represents the year in which three significant steps should be finalised.

The first is a confirmation of the collaboration between the Peruvian and French governments to detail directions set out in the document approved and created during COP 20. The second regards the commitments and contributions to tackling climate change that each country in the Convention should officially announce by the end of the first quarter of 2015 (Intended Nationally Determined Contributions or "INDICs"): an important step towards integrating the components of the plan unveiled in Lima and formulating the basis of a "Preliminary agreement", inspired by the principle of "common but differentiated responsibility". The third, and most highly anticipated by the international community,

regards the final phase of the "climate negotiation" that will take place in Paris from 30 November to 11 December 2015 and in which the involved Parties will work to translate the fight against climate change into a common strategy, transforming the directions identified in the preparatory document into concrete actions to transfer to the new international "Agreement", legally binding as of 2020.

Everyone is keeping a keen eye on the challenging path being taken, and the various production sectors, including the energy sector, hope for a positive conclusion to the negotiations, drawing a definitive veil over the Kyoto Protocol and its criticalities.



EDISON AND THE GREEN EMBASSY PROJECT

The French Embassy in Italy, one year ahead of the United National Conference "2015 Climate Paris", has launched the "Green Embassy" project.

Palazzo Farnese will be one of the first embassies to commit to this path, in line with France's desire to contribute in a concrete way to the objectives of COP21, also with the ambitious legal project on

energy transition which is being approved by Parliament.

The project will make energy consumption in the XVI century building, which welcomes roughly 30,000 visitors each year, more efficient: after an initial phase in which a complete energy audit will be carried out on the building, thanks to Edison's contribution, it will be possible to identify areas for energy efficiency intervention.

The new agreement should be long-term, inclusive and universal, transparent and unbiased in the identification of responsibilities.

Edison, like the whole energy sector, is following the lead up to COP 21 very closely. In this regard, it is activating, in collaboration with EF, some initiatives to promote the Paris Climate Conference, events aimed at highlighting the relationship between the energy world and climate change, with particular reference to sustainable use of natural resources, their correct management and the protection of the local area in terms of both the protection of biodiversity and the adaptation (the prevention and making safe) of areas particularly vulnerable to changes in climate and thus subject to risks of hydrogeological instability.

Again with regard to promoting COP 21 and its themes, Edison is making its skills available to the French Embassy, to allow the Embassy to carry out an energy efficient project in its own building ("Green Embassy") so as to optimise energy consumption and also reduce CO₂ emissions, contributing to aims to contain greenhouse gas emissions in line with the expectations of COP 21.



THE BIG NEGOTIATORS AND STRATEGIES TO LIMIT GREENHOUSE GASES

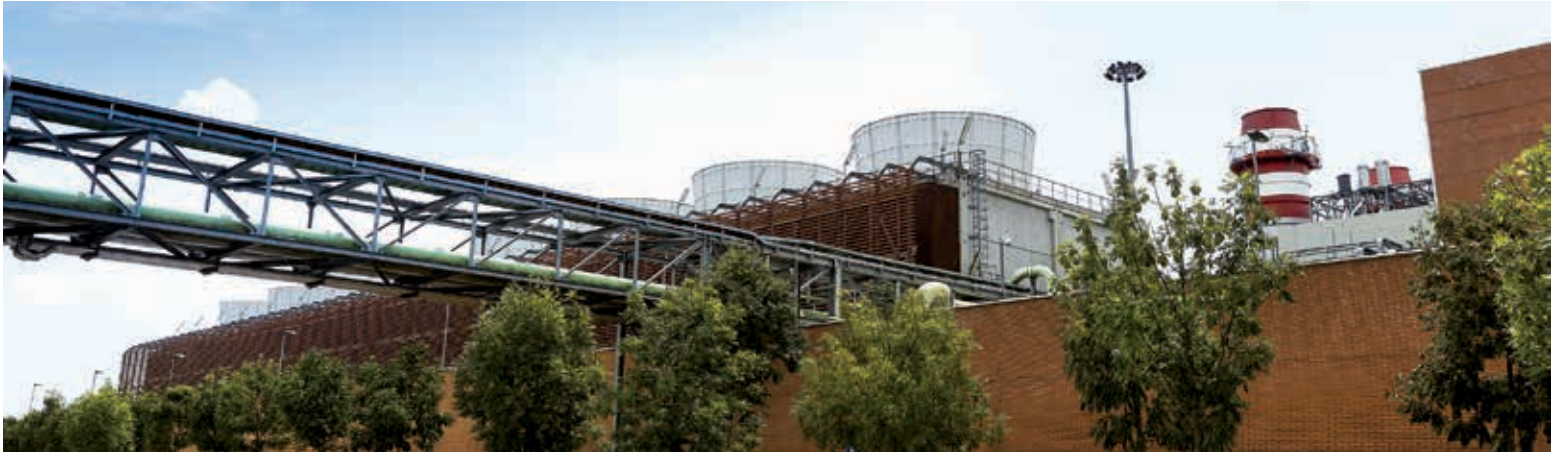
At the end of 2014, the USA and China presented a bilateral agreement that foresees reciprocal commitment to slow global warming and, thus, contain rising temperatures within 2°C, the ceiling recognised by the IPCC to stabilise the concentration of CO₂ in the atmosphere with values of 400 parts per million.

In particular, the Americans have decided to reduce, by 2025, CO₂ emissions by 26%-28% with respect to 2005 levels. China, for the first time, demonstrates its desire to fix

a ceiling for greenhouse gas emissions, in absolute terms, by 2030. At the same time, it has declared it wants to produce energy in an increasingly clean way, substituting 20% of energy coming from fossil fuels with energy deriving from alternative sources, again by 2030.

The pact between the USA and China is reinforced by a partnership that will essentially result in:

- the creation of a Work Group on climate change that will launch initiatives on



low carbon emission mobility, smart grids, carbon capture & storage, energy efficiency and reforestation;

- the elimination of hydrofluorocarbons, powerful greenhouse gases;
- the building of a Centre for clean technologies, to facilitate their development and usage.

Europe faces up to the issue of limiting greenhouse gases with its usual

determination and brings its strategy for 2030 to the negotiating table, a strategy approved by the European Council in late October and that comprises a "package" of initiatives aimed at reducing (in a binding way by 2030) CO₂ emissions by 40% with respect to 1990, also indicating, within the same timeframe, its aims for a 27% increase in renewable energy sources on final energy consumption (binding only at a community level) and energy efficiency objectives equating to at least 27% with respect to future energy consumption projections.

The rest of the world, comprising the developing Countries, hopes to see its need for economic and social development recognised and, particularly, the need to see financing promised by the industrialised countries released and directed to supporting actions for climate change adjustment: their hope is that the noted "Green Climate Fund" (GCF) exits the bureaucratic phase and finally enters the phase in which it releases economic resources and, therefore, produces the effects for which it was created.

ENVIRONMENTAL PROTECTION

Edison's commitment to environmental protection, outlined in a specific Group Policy, is designed to reinforce the union between competitiveness and environmental sustainability and sees the combining of financial and technical resources with the awareness and training of all those operating on behalf of the company. The aim is to manage and mitigate environmental impacts, contribute to the reduction of impacts on climate, creating a culture of energy conservation and specific services to customers, and develop an energy model in line with environmental needs.

Under the operational profile, environmental aspects are constantly monitored and managed with the rigorous application and updating of certified environmental management systems according to international standards (UNI EN ISO 9001 for quality, UNI EN ISO 14001 and Regulation CE 1221/2009 "EMAS" for the environment and BSI OHSAS 18001 for health and safety), focusing on the application of the best available technologies, continuous innovation and the empowerment of employees and third-party companies.

Development of management systems

During the course of 2014, work on management systems focused particularly on the hydrocarbon assets that led to successful

monitoring inspections of the Italian Production Department's integrated environmental and safety management system, including the extension of the field of application of the integrated environmental and safety management system to the FSO Alba Marina, part of the Rospo field, located in the Adriatic Sea. The ISO 14001 and OHSAS 18001 certifications for Edison Stoccaggio Spa and Edison D.G. Spa are also confirmed.

With regard to the electric asset, the integrated environmental and safety management system underwent an audit (in June 2014 for its hydroelectric facilities and in July 2014 for its thermoelectric facilities) on behalf of certification organisation CSQ-IMQ and an accredited auditor for the EMAS registration: the audits were successful and a three-year renewal of the EMAS regulation registration has been issued.

During the course of 2014, the Engineering Department and Trofarello R&D Centre successfully obtained ISO 14001 certification, extending already existing certification to standard OHSAS 18001.

A fundamental aspect of environmental management are the control activities carried out across all Edison sites in order to ensure the correct functioning of management systems. As well as third-party audits (11 in 2014),

internal audits are carried out periodically to maintain and improve the handling of operational practices (88). In addition there were 19 inspections carried out by public bodies and agencies, unscheduled visits designed to check that current legislation is being respected.

Authorisation processes and compliance with regulations

Compliance with the authorised obligations that Edison is subjected to is part of the environmental management framework and in 2014, following emission of Legislative Decree 46/2014, that in part modifies Legislative Decree 152/2006, a request for an Integrated Environmental Authorisation (IEA) was made for the C.E.B. plant in Castellavazzo as well as a request to re-examine the existing IEA for the GEVER plant in Verzuolo. In the modified text, a new category of facilities subject to IEA was created, specifically category 5.2 "Disposal or recovery of waste in waste incineration facilities or co-incineration facilities: for non-hazardous waste with a capacity greater than 3 Mg per hour". With regard to the application for an Integrated Environmental Ministerial Permit for the Rospo Mare B offshore platform at the Rospo field, filed in 2012, there have been no further updates and the administrative order is still awaited. The application procedure to request issue of the FPC (Fire Prevention Certificate) for almost all electrical stations has



been completed, as required by Leg. D. 151/11 point 48 1B for those electrical machines containing more than 1 m³ of oil. Finally, the plan for the dismantling of equipment containing PCB concluded in 2013 and, following controls during the course of 2014, the presence of a modest quantity of PCB was identified in the hydraulic circuit of sluices at a hydroelectric plant. The event was managed by replacing the oil and recovering the equipment while the monitoring process is currently in progress, confirming the positive outcome of the intervention.

Key plant interventions

Edison considers environmental protection to be an integral part of its work and its manufacturing growth process. The Company adopts standards of safety and environmental protection that are in line with international best practices. The following is a summary of the

main plant interventions carried out across sites during 2014:

- the installation of a compactor for urban waste on board the FSO Alba Marina;
- the installation and activation of an associated gas recovery plant at the Maria a Mare Plant that has allowed for the recovery of roughly 3.9 million Sm³/year of gas (data as of August 2014), previously dispatched to incineration units;
- the installation and activation of an air-conditioning system in the offices and laboratory (an area of roughly 250 m²) that uses a methane-fed heat absorption pump.

In general, environmental spending is seeing a downward trend following a general reduction in investment and, specifically, a reduced need to intervene in environmental issues.

Emergency management

Edison strives to prevent any sort of environmental pollution that might occur as a result of its activities, paying particular attention to the local communities and areas surrounding its sites. In this regard, management and operational procedures have been identified to effectively govern activities that are executed in order to prevent incidents and minimise environmental impact.

Emergency drills are periodically carried out, taking into consideration dangerous scenarios that might lead to situations of environmental pollution or risk to the health of the local population, simulating conditions of intervention.

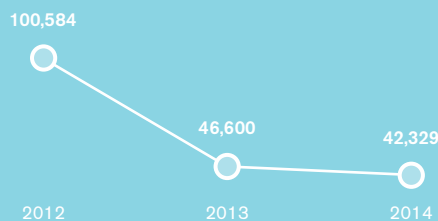
With regard to carrying out efficient intervention in critical conditions, an unscheduled energy drill was carried out in November 2014, activated by the Port Authority of Termoli and simulating a collision between a ship and the Rospo Mare Platform, with the subsequent spillage of oil into the sea. The exercise led to the activation of the emergency plan at the Edison site and the intervention of ships sent by the Port Authority. The exercise was deemed a success on all fronts.

During the course of 2014 no incidents or spillages significant enough to cause contamination of environmental matrices were reported at Edison sites.

It is noted however that, due to the malfunction of an oil control unit at the hydroelectric plant of Albano (CO), a moderate oil spillage occurred within the rain water collection system, part of the centre's water plant. Intervention by Edison staff was immediate and meant that the occurrence was handled within the boundaries of on-site competence.

TOTAL ENVIRONMENTAL INVESTMENT AND EXPENDITURE

(€/000)



Environmental remediation activities

For Edison safeguarding the environment in its activities means paying attention to the remediation of local areas. Edison's commitment in this field, in collaboration with the responsible authorities, is also aimed at adopting initiatives to guarantee that the remediation objectives are achieved while minimising the environmental impacts. In this regard innovative technologies have been identified and adopted, such as the use of systems of ISCO (in situ chemical oxidation) or bioremediation (a technique which makes use of the natural predisposition of bacterial communities to degrade polluting compounds), which have enabled the remediation work to be optimised from a technical and economic viewpoint.

In 2014 therefore work continued to monitor, remediate and make safe the industrial sites of Marghera Levante and Marghera Azotati at Porto Marghera (VE), Sesto San Giovanni (MI), Piombino (LI), Bussi sul Trino (PE), San Giuseppe di Cairo (SV) and Pieve Vergonte (VB), while the technical report issued following the activities carried out at the Pentima (TR) site is awaiting validation by ARPA.

2014 saw the continuation of projects involving the customisation, remediation and securing of sites that the Company is no longer using for business-related reasons: 12 sites are involved, of

which the most important are Dogaletto (VE), San Giuliano Milanese (MI), Correzzana (MB), Sinigo (BZ) and Massa (MS). In regard to the Sinigo (BZ) site the remediation work has been completed and the site has been returned to uses which are in the public interest. Finally, at the Muggia (TS) site operations have been completed and the Ministry of the Environment has now validated the conformity of the soil and water; the return of the site to legitimate use is awaited.

Protection of biodiversity

In its overall management of environmental performance, Edison places particular attention on the theme of biodiversity: in previous years information has been evaluated in regard to the use of the soil, protected areas and the distribution of vertebrate species. This information has made it possible to classify the sites on the basis of their sensitivity, above all by virtue of the fact that the authorisations for the realisation of new wind farms and photovoltaic plants always include biodiversity monitoring for birdlife, bats and flora generally (considered as a habitat).

As for the hydroelectric power plants, in 2013 a pilot project was launched to assess the flora and fauna in a section of the Silisia river in Val Meduna (PN) of around 3.3 km in length between the Ca' Selva dam and the Chievolis power plant, with the aim also of confirming

the correctness of the method used to analyse the sensitivity of the industrial sites in terms of biodiversity.

The study was carried out by analysing the biological components, with particular reference to more complex plant and animal species, dedicated to the lesser kestrel and analysis of the surrounding area. This made it possible to ascertain that the water quality in these two environments is high, and that overall the species found "downstream" at the Chievolis station are also present "upstream" at the Ca' Selva station, highlighting a similar environmental situation at both stations. As regards fish fauna, the populations found in both stations are appropriate for the sections investigated. In particular, the European Bullhead fish, a protected species, is quite 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 enjoy a high level of wildlife that is reflected in the state of preservation of the habitat and the fauna present in that habitat.

As regards the hydrocarbon sector, no sites were identified which present particular problems. At the Vega and Rospo Mare platforms, Edison decided to undertake projects specifically targeted at improving biodiversity, in collaboration with the bodies concerned.



THE MONITORING OF BIRDLIFE AND BATS ON WIND FARMS

The San Benedetto Val di Sambro wind farm

During 2014 the breeding season was under particular observation. The group of species which had been observed during 2013 were joined by 4 more (honey buzzard, short-toed eagle, short-toed treecreeper and rock bunting). In particular for the honey buzzard and the short-toed eagle, both species which are the subject of conservation, the trend in occupation of the local area will be seen better in coming years.

In June 2013, a number of bat boxes were installed in the villages around the wind farm. During a check made in September 2014 no bats were found occupying the bat boxes. However, in Pian del Voglio one of them was

certainly seen. The absence of bats in the boxes is considered normal since the boxes are commonly used by bats only 2 to 3 years after installation.

The Melissa and Melissa-Strongoli wind farms

In this case the first initiatives date back to 2009. The area in which the 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". Besides the monitoring of birds, a mobile channel house was set up in a specified area, to encourage birds of prey to nest at a distance from the wind farms. Besides the confirmed presence of the Egyptian vulture,

following notification of nesting of the lesser kestrel (*Falco naummanni*) in the province of Crotone, it was arranged to investigate the effective presence of the species in the area around the Melissa - Strongoli wind farm.

The investigation, which was carried out in August 2014 by visiting some sites (pylons, farmhouses, ruined buildings) which could potentially be used for nesting, enabled the localisation of some small colonies consisting of 4-5 breeding pairs near the 16 wind turbines and on the Terna pylons near the substation. From the observation of these sites, it was learnt that the pairs used nests abandoned by the hooded crow. With Edison's assistance, next spring it will be arranged to position nesting-boxes for the lesser kestrel.





The projects at the hydrocarbon power plants

The Vega field biodiversity laboratory

At the Vega field, in collaboration with the Protected Marine Area of the Islands of the Cyclops, a project was put in place which envisages a series of activities which will make Vega a biodiversity laboratory, including a survey of the species and algae on the jacket, the steel structure which supports the platform. This will involve scraping the substrate of the immersed part of the jacket at various depths to assess

the algae, crustaceans and micro-organisms present, and surveying the species that can be seen with the naked eye. The first stage of this project ended in 2014, showing that the main inhabitants of the jacket are molluscs, of which there are 17 species present. In particular the high number of *Neopycnodonte Cochlear* is such as to form a layer of around 20 cm which covers the pillars of the jacket almost entirely. In addition, the presence was found of various fish species *Chromis* (damselfish), *Spondyllosoma Cantharus* (black seabream), *Seriola Dumerili* (greater amberjack) and *Balistes Caprisus* (grey triggerfish).

At the end of this first stage of the project it can be said that the platform shows a high level of biodiversity and is also attractive to many species that would not normally be present in this type of environment: this situation makes it "a fish aggregating device" (FAD) for the species found. As the next stage of the project, consideration is being given to the installation of reef balls, which are large hemispheres made of cement or a similar material, to be installed on the secondary structures of the jacket and possibly also on the seabed, in order to create nesting and reproduction environments for marine fauna.



The 'Mosselmonitor' project at the Rospo Mare platform

This is a pilot project for the bio-monitoring of sea water undertaken with the Marine Biology and Fishing Division of Termoli at the Institute for Animal Health of Abruzzo and Molise (IZSAM). The project involves the installation of the Mosselmonitor system, which uses as bio-indicator organisms the *Mytilus galloprovincialis*, on a platform of the Rospo Mare offshore oil complex.

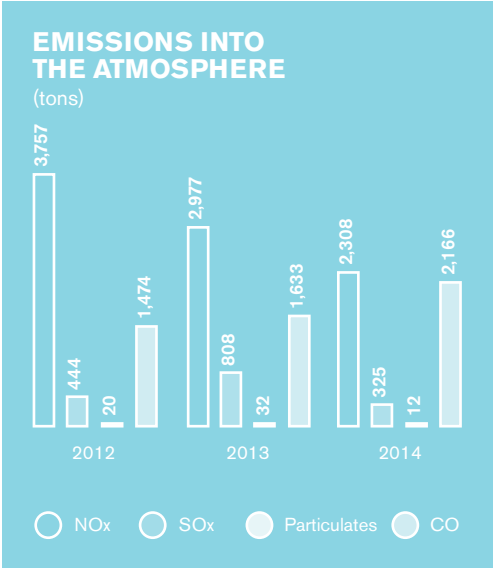
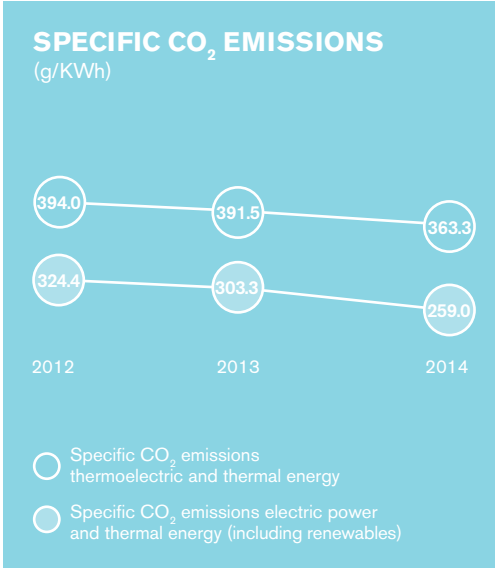
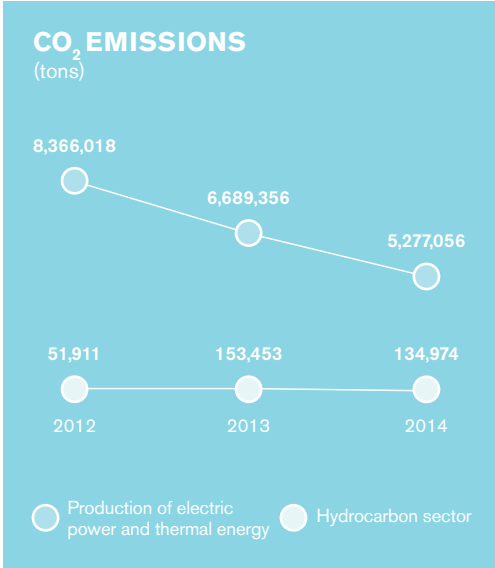
The biosensors, if duly integrated into a continuous seawater circuit, display different

responses in the presence of pollution, acting as control and monitoring elements for the water quality. The system proposed is a valid surveillance tool which can identify any environmental alternations in critical areas. The instrument was installed in a dedicated water captation 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 Animal Health Institute at Termoli.

The data collected during the study has increased the knowledge of the behaviour of

mussels in areas subject to human impact, such as oil drilling platforms. Considering the positive results obtained and the excellent prospects for development of the monitoring system to build up databases that can be used for integral management of coastal areas, Edison intends to go on with the experiment in order to continue the research work.

Therefore the project will continue in 2015 with the integration of the monitoring of the state of biodiversity of the underwater species, again in collaboration with the Animal Health Institute of Termoli, through the assistance of a specialist



biologist. The project envisages data collection through video recordings and surveying the underwater species in correspondence to the various installations at Campo Rospo.

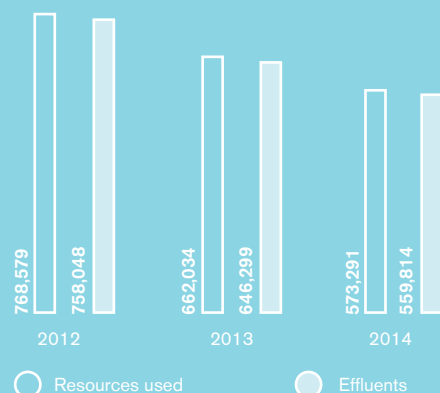
⁽¹⁾ In 2014, extraordinary maintenance was carried out on the Vega platform, producing approximately 158,000 tonnes of waste, 91% of which was sent for recycling. The waste, largely iron-based, was produced by substituting parts of structures which had deteriorated due to corrosion caused by the marine environment.

THE PARTNERSHIP WITH THE MUNICIPALITY OF FERMO TO DEFEND THE COASTLINE

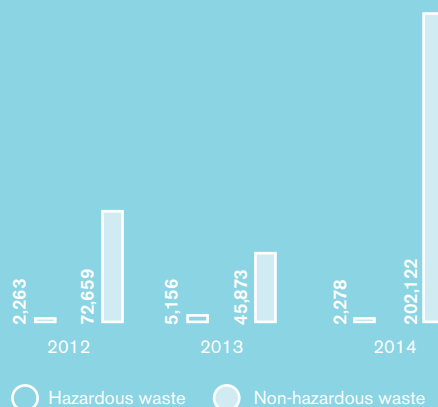
During 2014 Edison signed a public-private partnership agreement with the Municipality of Fermo to contribute to the reef extension work to defend the coastline at Lido Tre Archi - Casabianca di Fermo. The work is necessary due to the coastal erosion affecting the area. Edison decided to take part in the project due to the fact that near that stretch of coast there are some underwater pipes which connect the Sarago Mare 1 and Sarago Mare A platforms

to the Maria a Mare power plant. The realisation of the work will therefore help secure the Company's asset and at the same time defend, restore and safeguard the coast, as well as in a broad sense protect the environment and the quality of the local area. For Edison this represents a virtuous example of synergy and collaboration with the public authority, which has enabled a joint approach right from the planning stage of the work.

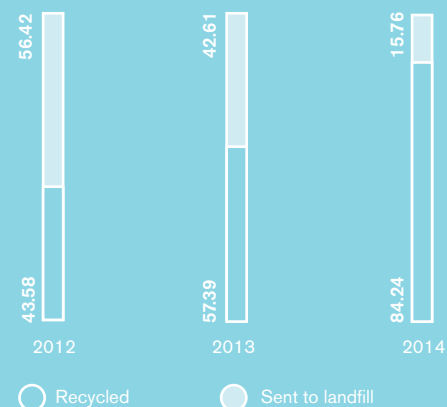
WATER USED AND EFFLUENTS GENERATED (thousands of m³)



WASTE GENERATED⁽¹⁾ (tons)



WASTE DESTINATION (%)



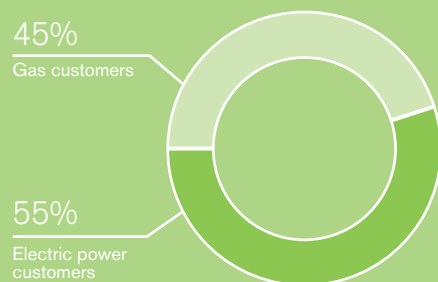
04 INNOVATION AND QUALITY IN CUSTOMER SERVICE



Competing on the market responsibly, strengthening relations and dialogue with customers and continuing to invest in research and development for energy conservation technologies.

FAIRNESS AND TRANSPARENCY OF COMMERCIAL PRACTICES

NUMBER OF CUSTOMERS, DIVIDED ACCORDING TO TYPE OF SERVICE

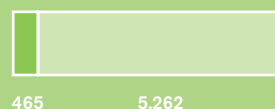


SUPPLIES BY TYPE OF CUSTOMER

Electric Power Service (GWh)



Gas provision service (mil Sm³)



○ Residential ○ Industrial/Business

The creation of the deregulated market has enhanced the need for greater transparency and fairness in commercial practices, a need which is shared both by consumers (and by the associations which protect their interests) and by the companies which operate on the free market and must guarantee a high quality level in the services they supply.

For this reason Edison has increased its direct dialogue with consumer associations, in particular with those which are recognised by the Ministry of Economic Development and which belong to the CNCU (National

Consumers and Users Council) with which there has been the opportunity to discuss issues, share needs and find common ground to resolve and overcome the problems of the deregulated market.

Key elements to ensure fairness on the free market are contractual documentation, the training of sales personnel and suppliers and providing all the information needed for customers to move to the free market, regulated by the Code of Commercial Conduct, as updated by the Electric Power, Gas and Water Authority (AEEGSI).



Self-regulation of conduct and practices

Edison, aware of its role as an important player on the deregulated market, as early as 2013 started to provide a series of tools which not only strengthen transparency, but seek to further simplify the information supplied and to clearly regulate conduct.

With this purpose in mind, 2013 saw the introduction of the *“Voluntary Self-Regulation Protocol to combat the phenomenon of unwanted electric power or natural gas contracts or activations”* following the AEEG’s Resolution “Adopting pre-emptive measures and restoration in case of unwanted electric power or natural gas contracts or activations”. The Protocol was signed by Edison and Sorgenia with all the consumer organisations belonging to the National Consumers and Users Council. It aims to strengthen the guarantees connected to stages involved in acquiring new customers and activating new supplies, going beyond what is already provided for by the law. A dedicated email service has been introduced for consumer associations to notify any unwanted contracts and activations, there has been an increase in “confirmation calls” on the activation of supply, the training of the sales force has been enhanced and penalties have been introduced

for improper sales; in the case of a complaint it is possible to ask for the invoicing to be blocked and, in the case of non-compliance, economic compensation is envisaged.

In addition, a joint Watchdog has been set up, involving the two companies and a delegation representing the signatory consumer associations: the Watchdog has been given the task of overseeing compliance with the provisions envisaged by the Protocol. During 2014 the Watchdog met three times to present the results on the monitoring of Deceptive Sales Practices, for which a specific platform has been created, and to analyse the impact on the Protocol of the new laws. The results show a positive trend in the reduction of the number of cases of deceptive sales practices.

Checks on the commercial network

Edison’s decision to always guarantee the utmost transparency and fairness in its commercial dealings has entailed the strengthening of a series of ex-ante and ex-post controls on the physical sales network and the telephone sales network, with the aim of verifying the quality parameters of sales partners, acceptance of the Edison Code of

Ethics, and, in the post-sales stage, the level of control applied by area managers, also through courtesy calls to verify the actual intent to activate a contract. The “Welcome Call” has therefore become a key step in activating new users: it enables Edison to welcome the new customer, to check the data supplied, but above all to check the intent to sign the contract.

In order to enhance awareness of the importance of fairness in sales practices with customers, over recent years Edison has focused on training. During 2014 the activities of the Edison Market Academy (EMA), which was created in 2011 with the aim of pursuing an innovative approach for the development of skills and corporate culture based on “focus on customer” and “service quality” concepts, continued unabated. The EMA is increasingly oriented towards offering training to improve and develop professional skills: six new courses were set up in 2014 and three and a half years from its launch, EMA has delivered just over 21,000 hours of training, recording an increase in the level of participant satisfaction, which has risen from 4.4 in 2013 to 4.5 (on a scale from 1 to 5). A total of 26 training programmes have been planned and completed, with a total of 134 sessions. In 2014 the EMA website, which was created for training/information for participants and e-learning solutions with the

aim of diversifying the teaching methodology, was expanded in terms of its functions and contents, with an improvement also in the layout

Joint Conciliation

Another important tool is joint conciliation which was introduced thanks to the agreement between Edison and all the consumer associations of the National Council of

Consumers and Users (CNCU). Joint Conciliation is an alternative to the judicial system to resolve disputes amicably, voluntarily and free of charge, contributing to the improvement of the services provided to the public and is less onerous and faster both for consumers and businesses. In 2014 a 6-month experiment was started to accept conciliation requests also from customers who are no longer with Edison.

A TABLE FOR DISCUSSIONS WITH CONSUMER ASSOCIATIONS

In 2014 the permanent table for discussions with all the consumer associations of the CNCU to enhance discussion and the exchange of information on the organisation of the retail market, continued its work and produced a document containing a detailed analysis of the issues which hinder the efficient working of the free market in the relationship between the seller and distributor and the examination of the main problems in the relationship between the seller and the end user.

In February Edison, together with other operators and a delegation of consumer associations of the CNCU, met the entire board of the Electric Power, Gas and Water Authority. It provided the opportunity to present the document and ask for some interventions in order to overcome the problems that emerged from the analysis and which still prevent the efficient operation and development of the final market.

During the year the issues addressed by the permanent discussion table were brought to the attention of the category associations of electric power and gas distributors and sellers



QUALITY AND RESPONSIBILITY IN MARKET DEALINGS

Edison has consolidated its control over the market through three departments which are responsible for profitability, costs, development and management of new tailored contractual solutions for business customers, for small and medium-sized enterprises (SMEs) and for residential customers.

The business segment, which is managed directly with a network of sales Account Managers, is controlled with dedicated monitoring of supply management: today business customers are increasingly well informed and aware of market trends as they seek the best opportunity to combine service quality and energy conservation.

In order to meet these needs and to be even more competitive on the wholesale market, Edison has arranged real-time quoting of its offers.

The Small and Medium-sized Enterprise (SME) segment has equipped itself with a much more complete and widespread control over the territory with an online presence and inbound/outbound phone operators.

The residential segment is mainly controlled by both inbound and outbound telesales channels and online, which in recent years has increased its share, rising to over 20%. Selling door-to-door

has been entrusted to a select and targeted number of agencies in order to improve the quality of the customers acquired.

By introducing the obligation to make payments via direct debit (starting from mid-2014) and thanks to encouraging the use of digital metering, the quality of the new business in the residential and SME segments has grown. Currently more than 50% of the customer base use direct debits for their payments.

Edison provides the social bonus, in line with the provisions of the Electric Power and Gas



Authority, to around 25,000 customers: the social bonus enables households in financial difficulties or in which one of the members is affected by a serious physical problem to save on their energy bills. Edison provides information on the right to access the bonus and the means to apply for it, through the various channels which it has available to communicate with its customers (from the website edisonenergia.it, to the Service Quality Charter, to Customer Service).

Edison, in addition to the tools guaranteed 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, without the risk of becoming insolvent.

In order to increase transparency in cases of insolvency and in handling any problems with its customers, Edison, consistent with the relevant regulation (AEEG No. 04/08), has established a procedure for payment reminders that equally protects the Company's interest and that of consumers. In the case of insolvency, three levels of reminder are envisaged and only with the third is a registered letter sent

demanding payment. After approximately 15 business days have passed from the delivery of this 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, if otherwise envisaged, reduces the power. The supply is reactivated only when evidence of payment is received or an instalment payment plan is requested and approved.

During the year, Edison consolidated its portfolio of commercial offers which suit all customer needs, and finalised new innovative offers for domestic customers.



TRANSPARENCY AND TRUST: EDISON BEST OFFER

In October Edison launched its own challenge for the residential market with Edison Best, the new offer for electric power supply which introduces an innovative service to guarantee its value for money: Edison agrees to advise customers should there be another fixed price offer, whether it is a new Edison solution or a proposal from another operator which is at least 1 €/per week cheaper. This is a true innovation which has never

been proposed by any other national operator for energy and gas services or in other sectors.

The initial feedback from the market has been very positive: Edison's commitment to its customers can help overcome the lack of trust in the free market and establish increasingly serious and transparent relations on the basis of mutual trust.



Customer satisfaction

Edison monitors the satisfaction of its customers in order to analyse the perception of its service and to identify the action areas with a view to continuous improvement of the quality of the services provided.

In 2014, the overall feedback recorded was markedly positive for all the markets involved:

- households which have chosen Edison have a positive image of their operator, are satisfied with their choice and describe Edison as a solid company, but at the same time dynamic

and attentive to its customers: the overall satisfaction rating (75/100) rose compared to the previous year, above all for the improved perception of the quality of the service supplied;

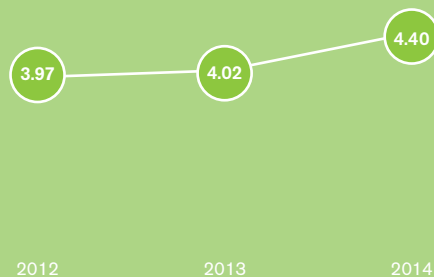
- small companies and the self-employed have expressed some particular needs which represent an opportunity for action in order to improve and enhance the relationship with this segment which, more than others, is currently suffering from the impact of the economic crisis: also in regard to this segment there was an increase in the satisfaction rating (66/100);

- large industrial customers, with which over the years a partnership has been built up due to the overriding need for greater customisation of commercial offers together with high quality service guaranteed by dedicated and expert personnel, have renewed their complete trust in Edison.

Besides the annual monitoring, monthly surveys are undertaken to check the level of customer satisfaction as regards the activities of call centre operators. In addition, during 2014, the issue of the new CRM (Customer Relationship Management) system was completed and will enable even more efficient management of processes.

NUMBER OF COMPLAINTS - ELECTRIC POWER AND GAS SERVICES

(%)



NOI EDISON, ENERGY THAT REWARDS YOU

Edison sees a tremendously valuable asset in its relationship with its customers: therefore it intends to deploy all the instruments that can generate increasing value and maintain an active relationship through direct and constant contact. The "Noi Edison" loyalty programme, which was launched at the end of 2013, lets customers who decide to join accumulate points easily and, on reaching particular levels, request a prize: hi-tech goods and items for the home, linked to

energy conservation and environmental sustainability, discount vouchers (for Edison electric power and gas, for subscriptions, for flights and for leisure time). Besides the classic prize catalogue, Noi Edison offers a network of selected partners who offer discounts on online purchases and a dedicated area to accumulate points more quickly. The promotions and activities dedicated to members are renewed month by month, also thanks to the ideas provided by customers.

INTERACTION WITH THE INSTITUTIONS AND ASSOCIATIONS

Edison is aware of the importance of dialogue not only with end users but also with institutions and associations which operate to make the market more efficient and transparent: essential dialogue to detect and interpret the signals and dynamics of the political, administrative and social system, and to anticipate and guide any resulting strategic choices by the Company.

The Institutional and Regulatory Affairs Department, which has offices in Rome, Milan and Brussels, not only deals with external institutional communication, but also handles relations with the bodies of Government, Parliament, the European Commission, the European Parliament and the Council of Europe, and handles relations with the independent authorities in Italy (Electric Power, Gas and Water Authority and the Antitrust Authority) and Europe, diplomatic representations and sector associations, making available the Company's specific know-how and guaranteeing all support that might help the process of drawing up provisions and contributing to the development of "corporate positions" which best represents the Group's interests.

As mentioned, Edison maintains good relations with the consumer associations belonging to the CNCU – National Consumers and Users Council, which are recognised by the Ministry

of Economic Development: also thanks to the collaboration with consumer associations, Edison listens to the needs of consumers and uses suitable instruments to collect information on these needs. Since July 2007 in fact, the Group began the long task of listening to and analyzing the requirements of Italian consumers and considered that creating a special and direct communication and collaboration channel with these consumers was crucial. Consumers have a leading position on the stakeholders map.

Equally active is Edison's collaboration with the Italian and European industry associations (Confindustria, Confindustria Energia, Assoelettrica, Assolombarda, Assomineraria, IGAS, Unindustria, Eurelectric, Eurogas, etc.) by taking part in work groups. Since 2013, the Company has also been a member of Unindustria, the Association of Industrialists and Businesses of Lazio, and has taken an active part in the Energy section.

Edison also takes part in the initiatives of environmentalist associations, consumer associations and of the trade unions to support widespread interests not necessarily connected to the energy sector.

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 think tanks in a more organic way, at both national and international level: in 2014 it enhanced its work with some of the main think tanks and opinion leaders to create a continuous and long-lasting dialogue through the creation of a structured network for the study and analysis of political scenarios.

On the basis of the provisions of the Code of Ethics, the relations between Edison and political forces are limited to looking into issues regarding relevant activities and promoting its positions transparently. 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. In this context, also the dialogue with the public administration, both nationally and locally, is essential in order to guarantee the transparency and control over authorisation processes, permits, concessions, contributions and public financing.

Edison is in Confindustria's association system through its adhesion to both the structures linked to the territories where it is based and to the category or production sector associations. The significant involvement with the business world enables the development of a positive



PARTICIPATION IN THE ENERGY DEBATE ON THE NATIONAL AND INTERNATIONAL LEVEL

Edison takes an active part in the national, European and international energy debate, also 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 also within the Gas Forum in Madrid, the Gas Coordination Group and the Citizens Energy Forum. Edison participates directly in the Governing Board, which is the body responsible for choosing the organisation's strategic plans.

Eurelectric

Edison is also a member of Eurelectric, the industry association created in 1989 by the companies specialised in electric power production and distribution in Europe that represents the interests of the

electric power industry in dialogue 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 present on the Board of EFET Italia.

Energy Community

Edison participates in the work of the Energy Community, the organisation 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.

World Energy Council

In the World Energy Council (WEC), an important international organisation that has brought together more than 90 countries since 1923 and which is accredited by

the United Nations, Edison, through the Vice-Presidency 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 organising of meetings and seminars, to the collaboration with institutions and international organisations 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 organisational peak every three years with the World Energy Congress, which is the most authoritative international event regarding the energy debate. The next World Energy Council will be held in Abu Dhabi in 2019.

Edison participates in the WEC Trilemma Study Group and 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.

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 IGAS 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.

Edison takes part in the working groups of Assomineraria, the Italian mining association for the mining and oil industry, an integral part of the Confindustria system. Its institutional purpose is to 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.

Among the most important projects: Suona Francese - Festival de la Fiction Française, Rendez-Vous – cinema, France Danse -, Piano - Franco-Italian platform for artistic exchange



RESEARCH AND DEVELOPMENT FOR THE FUTURE OF ENERGY

The issue of sustainability is always present in the research work undertaken by the Research, Development and Innovation Department.

Many of these activities are carried out at the Research Centre in Trofarello (Turin), whose focus on environmental issues in 2014 translated into obtaining environmental certification ISO 14001, thus supplementing the previous OHSAS 18001 certification on health and safety.

In the last two years the constant engagement of the Research, Development and Innovation

Department in environmental research has seen an important result in terms of real innovation with the realisation of the Energy Control device for real-time monitoring of domestic consumption: the research and development undertaken has therefore been turned into concrete innovation that can be used by the market, a device which can really be helpful to the end user.

Edison's research and development activities are implemented in partnership with the main national centres of excellence. In 2014, the Company collaborated in Italy with Milan

Polytechnic, Turin Polytechnic, the University of Pisa, the "Alessandro Volta" Scientific Culture Centre of Como, the University of L'Aquila, while internationally joint projects have been implemented with Stanford University and the University of Stavanger (Norway). In addition, collaboration continued with the various R&D structures at EDF as well as with EIFER - the European Institute for Energy Research in Karlsruhe, Germany.

In June Edison conferred the EPS Edison-Volta European Prize for Physics on Jean Michel Raimond, professor at the Pierre et Marie

THE EDISON RESEARCH LABORATORY HAS BEEN OPENED AT THE UNIVERSITY OF L'AQUILA

For Edison research, development and innovation activities are an essential and strategic tool to face the new energy challenges. In this light, collaboration with academic and research bodies is essential in order to enhance, deepen and expand technical and scientific know-how, above all to finalise new ideas and develop technologies that can increasingly combine efficiency and sustainability. The Edison "New technologies for monitoring

energy" laboratory which was inaugurated in October at the Department of Industrial Engineering and Information and Economics of the University of L'Aquila will initially house the research activities as part of the systems to measure energy efficiency, thus addressing the problems relating to the design and production of prototypes of systems to measure the energy produced and consumed. The objective is that of identifying solutions to increase energy

efficiency and saving. The Laboratory is one of the initiatives undertaken as part of the 5-year convention signed with the University in Abruzzo which also includes the establishment of 4 PhDs in issues relating to the energy sector, the recognition of 4 post-graduate grants for a year each and the possibility for 10 students in the final year of their specialist degree to take part in training courses in the oil and natural gas sectors organised by Edison

Curie University of Paris; the prize was given as recognition of the significant contribution made by Raimond to quantum physics studies and experiments which underpin established technologies, such as lasers and transistors, and radically innovative ideas such as quantum computers. Awarding the EPS Edison-Volta Prize is an opportunity for Edison for open discussion on the relationship between scientific research and its necessary translation into technological innovation. For 2015 a special edition of the Volta prize is planned, which will be presented in Milan during Expo.

in collaboration with the World Energy Council (WEC). Under the convention it is also envisaged to undertake joint research projects and degree theses, always on energy themes. The collaboration between Edison and the University of L'Aquila is an important opportunity to encourage the development of applied research and above all to stimulate the process of bringing students closer to the world of work.



05 RESPONSIBILITY TOWARDS PEOPLE AND LOCAL COMMUNITIES



Ensuring the development of our employees while guaranteeing their occupational health and at the same time creating value for the social and economic context of the local communities where we operate.

PROTECTION AND QUALITY OF EMPLOYMENT²

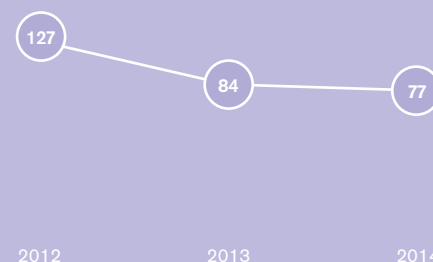
PERSONNEL BY GEOGRAPHICAL AREA



PERSONNEL BY GENDER



NEW HIRES



The positive energy of people at Edison and their constant commitment to help the Company grow are essential elements to create value: creating a pleasant environment that can attract young talent and experienced workers, that can make them feel part of a broadly based project and increasing their skills and know-how is absolutely essential for a company such as Edison.

Edison seeks to constantly create value from professional skills, turning to the labour market to

acquire the skills which it does not have in-house and to meet young talent to invest in, in order to help them grow and fulfil all their potential.

The recruitment and selection of personnel is transparent and objective: it guarantees all the candidates equal opportunities and respect of their privacy. Edison assesses candidates rigorously, on the basis of their correspondence to the requirements for the position which they should fill, the skills they have already acquired and the potential which they could fulfil at Edison.

For under-graduates and graduates, who are often approaching the world of work for the first time, Edison makes available training courses

and the chance of internships: a way to meet companies, trying out in the field what they have studied in class. The particular business undertaken by Edison requires operational continuity and high safety levels: to this end recruitment plans have been implemented which favour local residents or from areas near plants, both in Italy and abroad.

Specifically, employees who work at Edison entities outside Italy are selected in conformity with Edison's corporate principles and they are guaranteed compliance with local laws, with the managerial and professional culture of the country, with standard management practices and with the operating peculiarities of the foreign entities.

⁽²⁾ It should be noted that the human resources data set out in this chapter for 2014 have been reported in accordance with IAS IFRS 11. Regarding 2012 and 2013, the data have not been reclassified with respect to the new consolidation boundary since the resulting change would be of little significance.



The necessary integration with the Group's philosophy has led to the structuring of specific training programmes, to be provided locally, aimed at specific groups in the Company (such as young developing resources or professionals) and at individual local business functions, at the initiative of the respective central business functions. In this way Edison seeks to maintain the strategic and operational uniformity of the various entities, preserving their particular features.

Edison's commitment to those who are in its team is based on systematically listening to the needs and expectations of the individual worker, on developing opportunities for all, and on safeguarding health and safety in order to support their personal growth and their work-life balance.

Equal opportunities and giving value to diversity

The policies adopted by Edison are aimed at respecting equal opportunities and they maintain a sharp focus on diversity. The management of diversity in Edison is in line with the policies of the EDF Group: Edison is a permanent member of the EDF Diversity Community, the body in which all the entities of the Group are represented and which develops a strategy on more inclusive diversity.

In line with the Group's policies, Edison undertakes communication activities to raise awareness of the issue of diversity: 2014 Diversity Day, which was celebrated in conjunction with World Day for Cultural Diversity for Dialogue and Development promoted by UNESCO, addressed the issue of diversity as a source of innovation and progress. The day was filled with conferences open to all employees with the contribution of guest speakers and Edison employees who reviewed the Company's history of being pioneering and innovative over its 130 years of existence.

Professional development

Edison believes in the continuous training of its people, in acknowledging their performance and in valorising talent in all its forms: professional development at the Company is based on these three pillars. Edison supports all its workers in developing their professional skills. Skills assessment, which takes place both at the level of individual job families and roles, aims to identify the key skills to develop the business and to assess the adequacy of the individual worker's skills in order to plan training programmes in line with the person's needs and prospects. The Performance Management process supports employees in achieving results, making them participants in and aware of the Company's priorities in order to integrate them

into the professional development. The aim is to channel individual, team and company performance in a single direction, recognising the merit of each person and favouring their growth thanks to continuous feedback.

Edison's Performance Management system applies to managers, department heads and professionals who operate in the organisational context with a high level of professional skills and independence: in 2014 it involved 1,047 people.

To support professional development and growth, Edison has introduced annual feedback interviews with all employees, regardless of their position, seniority and work location, and it aims to enhance the dialogue between the worker and their manager through a "formal" meeting at the end of the working year.

Edison has equipped itself with a specific managerial model, to support the growth of its workers and prepare them to face a more managerial/operational role: in this way the Company assesses the operational skills held and directs and develops them to meet the needs of the Company's future managers. For all the managerial positions deemed to be essential and/or critical, the Company periodically updates special replacement charts and takes the most appropriate management

actions to protect and develop the corporate assets which employees represent.

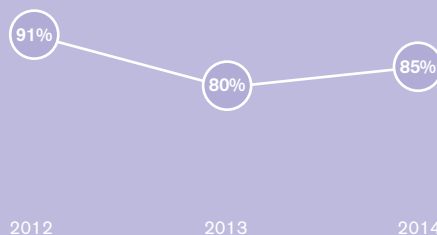
Thanks to the introduction of the Talent Policy, Edison has structured a programme which makes the most of the growth potential of the youngest talent in the Group. In particular graduates, who are part of Edison's Young Community, as well as being supported by a dedicated tutor-counsellor, are helped in their integration into the Company thanks to being supported by and systematic discussion with someone who has more experience in the Company. In 2014, the youngsters from Edison's Young Community were also the protagonists of a particular programme of educational and professional orientation aimed at the adolescent children of employees throughout the Company. To safeguard the young workers, a special development, training and compensation policy is envisaged during the first three to four years they work for the Company.

Employee training

The need for training is common to all the Group: the Human Resources and Organisation Department, in close cooperation with managers, draws up an annual training plan for all personnel.

The aim is to develop the skills of the various "job families" and those linked to managerial skills, as well as enhancing "cross-cutting" skills, such

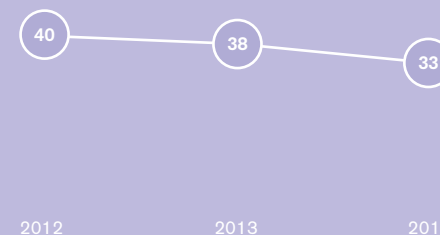
PERSONNEL TRAINED DURING THE YEAR



as for example those relating to the knowledge of the energy business and the economic and regulatory context in which Edison operates. Owing to the extreme changeability of the external context and the consequent developments within the Group, structured training programmes are necessary to guarantee the systematic alignment of the profile to the skills requested.

In 2014, Edison provided a total training programme of over 100,000 hours involving 2,623 people at a cost of around 6.5 million euro, of which 250 thousand was financed by using the training account of the interprofessional funds Fondimpresa and Fondirigenti. Compared to the previous year the training activities saw a reduction of around 15% in terms of hours owing

AVERAGE TRAINING HOURS PER EMPLOYEE



to the reduced perimeter following the plants which were mothballed and the changes relating to the consolidation.

The 2014 training programme was also notable owing to its broad and transverse coverage of the Company's population, both in terms of professional and technical training, and in terms of the customary emphasis on safety and the environment. In addition, note should be taken of the significant increase in language training, to support the international development activities of the business. Among the "continuous training" initiatives, it is important to mention the new teaching methods relating to the e-learning programme on "Work-related stress" and "Law 231", both



aimed at all employees. In December the online course was launched on "The Company's Code of Ethics", aimed at the innovative and dynamic dissemination of values, principles and rules of conduct as approved by the Edison Code of Ethics to benefit the Group and all employees.

As for the skills relating to the "job family", besides the longstanding work of the Market Academy, some specialist training programmes have been launched:

- a programme mainly with in-house teaching for project engineers in the Engineering Division;
- technical job training for the hydrocarbon districts of Edison Spa and Edison Stocaggio;
- "Media Training" programme for the Exploration and Production Division, developed by the External Relations Department to support management in order to facilitate dialogue with the media and local areas.

In addition, collaboration continues between Edison's Training division and EDF's Corporate University, which is active on all the leadership and management programmes; in particular there is the new programme Gas & Hydrocarbons Fundamentals developed by Edison and EDF in collaboration with SDA Bocconi. Finally, in April, Edison also played host to the Outlook Technology Seminar on technological trends in energy realised by the Group's R&D departments.

EDISON'S PARTNERSHIPS TO SUPPORT TRAINING

Edison maintains partnerships with the main Italian universities and business schools and with some of the technical institutes of the province of Milan where it has developed interesting alternating study-work projects.

Financially the Company supports specialist and post-graduate masters courses: the Master in Green Management, Energy and Corporate Social Responsibility of Bocconi University, the Master in the Economics of Competition and Regulation of Public Utilities of Tor Vergata University in Rome, the Master in Energy Resource Management by SAFE, the MEF (Advanced training course on Energy Finance) of MIP Polytechnic of Milan, as

well as colleges and institutions for the most deserving students, such as the College of Milan and the Collège des Ingénieurs of Turin.

Edison recognises excellence in scientific and engineering studies through degree prizes dedicated to Lodovico Priori, a leading figure in the electric power sector who collaborated on the development of the culture of energy both in Italy and in Europe.

A further agreement, which unites the Company's research and development with the support for under-graduates and doctoral researchers, is that which links Edison with the Engineering Department

of the environment, the local territory and infrastructure of Turin Polytechnic.

In 2014 Edison also wanted to focus on young people and, besides the usual appointments dedicated to the in-house Young Community, in the year of its 130th anniversary opened its premises to students from specialist classes from around 15 university partners as well to the children of employees. These are completely new events in the panorama of "study-business" initiatives, which have highlighted how much Edison believes in young people and in the promotion of programmes aimed at facilitating their orientation in their studies and in the world of work.

Industrial relations in Edison

Edison rigorously applies the legislation relating to national collective bargaining agreements (CCNL) and is open to dialogue and discussion with the trade unions: with these essential bases it intends to prevent individual and collective conflicts arising.

Through structuring a bilateral dialogue, in keeping with the corporate responsibility

which characterises Edison's operations, agreed solutions have been adopted which have managed to guarantee the well-being of workers and the success of the Company's business over time.

Through special agreements signed with the main trade unions, Edison has integrated measures on pensions and health benefits for all types of employees, going beyond what is established by the relevant legislation.

Edison ensures full compliance with national regulations with regard to pension contributions and abides by all applicable rules related to national collective bargaining agreements in relation to planned and existing pension funds in all business areas.

The most important events which characterised the dialogue with the trade unions during 2014 were:





- on 14 February 2014 the collective national bargaining agreement for the gas and water sector was renewed for the period 2013/2015, after expiring in 2012 and which covers around 120 employees in the Edison Group. The agreement included an increase in the contractual minimums and in the one-off amounts for economic cover of 2013, also establishing a “productivity” bonus dedicated, through corporate agreements, to increasing the level of competitiveness of companies. There was also regulation of fixed-term contracts, professional apprenticeships, fixed-term staff leasing, work hours and the regime of being on call.
- on 28 November 2014 an agreement was signed which regulates some issues deferred to it by the contractual renewal in 2013 of the collective national bargaining agreement for Energy - Oil (law on shifts, apprenticeships, fixed-term contracts and part-time contracts).
- activities continued related to implementing the Trade Union Agreement for the electric sector of 30 October 2012, intended to address employment problems caused by the crisis in the Italian thermoelectric

sector and which also affected the 6 Edison production facilities (Sulmona, Termoli, Jesi, Porto Viro, Sarmato, Cologno Monzese). For 97% of the 89 surplus workers concerned a positive solution was found (relocation in-house and on the local job market, early retirement, and going self employed), while for Jesi Energia S.p.A., with an agreement signed at the Ministry of Labour on 27 March 2014, the Extraordinary Redundancy Fund was extended for a further 12 months, up to 31 March 2015, in order to allow a broader timeframe for the relocation of personnel who are still employed. In addition, in order to address the problems arising from the steel plant within which the Piombino plants are located and the continuing difficulties affecting the whole sector, two specific agreements have been signed for all the personnel employed (44 employees). In particular, an agreement has been reached to activate a Solidarity Contract, starting on 19 May for the duration of one year and for the use of the Ordinary Redundancy Fund (CIGO) in addition to the solidarity contract, following the further contraction of activities.

- during the final quarter of the year, discussions were started with the trade unions of all the main sectors in which

Edison is present (electric, hydrocarbons, gas distribution) for the construction and determination of a new system to represent workers in line with the more general agreements signed by Confindustria and the trade unions at the start of 2014 on this issue. The aims are connected to the need to look for new and agreed ways through which to implement social dialogue which takes account of the growing integration among the various business areas as well as the Group's international dimension

- at the end of the year result and productivity bonuses were also renewed for all the companies ahead of establishing a single bonus which will be valid for all the Group linked to profitability and productivity objectives.

The strike hours recorded in 2014 – not in relation to collective corporate disputes - are related to the initiatives put in place by the trade unions, on the one hand to speed up renewal of the collective national bargaining agreement for Gas-Water which expired in December 2012 and was renewed at the start of 2014, and on the other, due to the strong opposition of some union movements to the new “Jobs Act” which has recently been approved.

INVOLVING PEOPLE

In 2014 Edison celebrated its 130th anniversary: an opportunity to relive and remember the past and all the moments which have marked the Company's growth, but also the opportunity to look to the future with an innovative spirit. The employees, the protagonists in this rich and complex history, have been at the centre of this long celebration.

Among the moments which have characterised the year there was the management convention "Power for Pioneers", an opportunity to share the activities and projects of different corporate areas, to look at the business's performance and to consider the results achieved and the future challenges.

Another initiative which involved employees was the Festival of Working Parents, now in its 8th edition: in collaboration with the Piccolo Teatro of Milan, the day was enlivened by laboratories and a special show through the metaphor of theatre. For children it was the opportunity also to see the places where their parents work and to meet the people they work with every day.

Among the initiatives which continue to win approval among employees is the annual company Five-a-Side Football Tournament which is now in its 17th edition, and the Summer Festival.

In December, to conclude the 130th anniversary celebrations, the "Futureisnow event" was held as an occasion for employees to meet and interact: the evening event was held at the Rotonda della Besana, the location of the Children's Museum – MUBA, with which Edison formed a partnership in 2014. During the evening it was possible to have a preview visit to the interactive exhibition-game "ENERGY!", realised by Edison in collaboration with the MUBA.

The participation of employees in company life in Edison also goes beyond work hours and their professional commitments, as in the case of the participation in and support for projects such as "Living sponsorships", to support cultural, musical and sporting partnerships backed by the Company, and Siticibo in collaboration with Banco Alimentare, through which some employees undertake voluntary work to recover the excess food from the company canteen which is then donated to soup kitchens in Milan.

THE PERCEPTION OF SUSTAINABILITY IN EDISON

Edison's Corporate Social Responsibility department conducted an in-house survey in 2014 in order to verify the perception of the issues of sustainability and corporate responsibility on the part of employees.

The overall judgment expressed by 363 interviewees was positive: Corporate Social Responsibility is perceived positively not only in relation to a better image or to more effective management of the Group's reputation, but above all as an instrument to prevent risk and to create economic and social value.

In fact, for Edison employees it is essential to start a dialogue with affected local communities, to leverage energy efficiency to combat climate change, and to adopt new rules for customer relations which are increasingly fair and transparent.

Edison therefore has the agreement of its employees regarding the choice of integrating sustainability principles into the Code of Ethics and the corporate strategy: Corporate Social Responsibility and business bind and create value for the Company, its employees and local areas.



THE SECOND AND THIRD EDITION OF THE MYEDF SURVEY

MyEDF is the structured listening instrument set up in the Company, which allows all the employees at Edison to express their opinions: through the survey the perceptions of the employees are investigated annually in regard to the integration with the EDF Group, Edison's strategies and activities, dealings with management and, more generally, to everything regarding their professional activity, working conditions and the means of managing day-to-day work in-house.

The moment of sharing the results and presenting the action plan for the problems identified has become an important appointment which every year facilitates the meeting between the people who are in the Company, in different ways and roles, contributing to their involvement and starting a widespread and constructive debate on opportunities for improvement.

In 2014, the main findings that emerged from the previous survey were disseminated: they were subject to a major communication campaign and were the trigger for the launch

of numerous improvement initiatives.

In particular, it was recorded that the level of trust in the future of the EDF Group (88%) as that for Edison (77%) is extremely solid, despite the difficult situation.

Over 80% of Edison's employees identify with the values and the culture of the Company and are proud to work there, to the extent that they would also recommend it to their friends. 83% were very satisfied with the services provided by the Edison Per Te programme, and their health, welfare and accident cover. The vast majority believed that Edison truly cares about its employees' well-being and that it takes its workers' health and safety very seriously. 77% of Edison employees stated that they were satisfied with their working conditions, compared to an average of 68% in international companies which operate in the energy sector and 60% as the average of the large Italian companies.

Some of the areas for improvement which emerged regard creating value from diversity and the need for greater organisational

effectiveness. These were the trigger for detailed reflection which led to the launch of initiatives and projects to overcome the problems notified: for example the communication of corporate strategies was enhanced, as was the promotion of innovation, and an annual interview was introduced for all employees who were not involved in the structured process of performance management.

As for the 2014 survey, the participation of colleagues, even if slightly lower than in the first editions, was close to 80%, with a significant adhesion level for the Group and notable compared to what normally happens in companies similar to Edison.

At the moment of printing this Report the Company is sorting the results of the survey which will be disseminated in coming months. As from March 2015, these results will be used as an instrument to monitor Edison's corporate performance, to mobilise the Company on important issues which emerged and to share and implement new improvement initiatives.

During 2014 it was possible to donate almost 6,500 portions of food (first courses, second courses and side dishes).

The Edison+ Intranet represents the constantly updated area where you can find news, information on the Company and colleagues, access instruments for your everyday work and learn about the services aimed at employees. Thanks to the posts on the blog and to the online forum, the Company intends to promote interaction and dialogue among colleagues.

As part of the collaboration with EDF, in May Edison hosted the EDF Rugby Tournament, the traditional rugby tournament which involves all

the Group's companies. A day to experience the positive energy of rugby together, the sport which best expresses the values of loyal competition, dynamism and team spirit. In October the 11th edition was held of the EDF Group Gas Workshop, the Group seminar on issues regarding the gas sector which was hosted by Edison in Milan.

In addition, the EDF Pulse competition, which aims to create value from the innovative initiatives undertaken by the employees of the EDF group, in the Customers and Stakeholders category for energy efficiency awarded a prize to the SMART LED project – the public lighting system with smart LEDs promoted by an Edison team.

Finally, Edison each year conducts a survey to listen to people and monitor the relative perception of the working environment. Through this instrument and thanks to the daily dialogue between management and workers, the problems which emerge in the company life are recorded and addressed and it is possible to support the development of agreed action plans to give targeted and effective responses.

Continuous listening to employees and the needs they express in the workplace, relating not only to their professional development but also to the growing need to reconcile life and work, led Edison in 2008 to launch the “Edison per te” programme.





EDISON PER TE: THE PROGRAMME TO RECONCILE LIFE AND WORK

The aim of Edison per te is to achieve a better balance between professional life and personal needs which can guarantee an overall level of well-being for employees, to benefit the individual and the performance of the Group.

Edison per te offers services in four areas:

Family, guaranteeing consultations with a paediatrician, residential and day summer camps in Italy and abroad, and study initiatives such as school loans and study holidays abroad (thanks to the long partnership with the AFS Intercultura Foundation, in 2014 two annual study grants were fully financed by the Company as well as 12 summer programmes lasting from 4 to 6 weeks for the children of Italian, Norwegian and Egyptian employees). In addition, the Help Desk for the Elderly was launched which aims to offer initial support for problems linked to managing elderly or disabled family members, through seminars and an information and consultancy service on bureaucratic practices, nursing facilities, home assistance services, with the possibility of booking services directly for family members through the Edison per te channels. In the offices in Milan and Rome, where

organising the family is often more costly, for some years a service has been active to find and make available professional babysitters: through the “Buoni Tata” (“nanny coupons”) employees have annually a certain number of free support hours for their children.

In 2014, in response to specific requests from colleagues, new possibilities were introduced for reimbursement of schooling costs and similar reimbursements were envisaged for youngsters attending non-residential camps for those who live outside Milan.

Health and Well-being, with services aimed at protecting the health of Edison employees. During 2014, for employees at offices, in conjunction with a network of clinics close to various sites, a prevention campaign was proposed with dermatological visits, dental check-ups and general prevention, employees at the Milan office underwent postural and or endocrinological check-ups. As part of prevention there is also the promotion of physical activity, through the Wellness Programme in Milan and thanks to agreements with gyms and swimming pools throughout Italy. For psychological well-being, an online consultancy service

has been launched through which it is possible to request support from an external professional, with an absolute guarantee that privacy will be respected. Also in 2014 Edison collaborated with AVIS in Milan and with some corporate specialists on the issues of Health and Safety at work, thanks to which various seminars and training sessions were provided on offering “first aid” in small and major emergencies at home or at work and on ways to improve posture during work hours.

Tempo per te (Time for you) is the area dedicated to employees to facilitate the management of particularly time-consuming everyday activities. Available to employees at all locations are online and phone-based consulting support for legal and tax issues and numerous programmes and discounts for leisure time and cultural events. In the offices in Milan a service is active for bureaucratic, postal and banking practices managed by dedicated personnel with a pick-up point in the Company. In addition, contributions are provided for home-work travel, thanks to the conventions signed with ATM and TRENORD.

Purchases, which thanks to a new interactive portal offers employees the opportunity

to purchase goods and services at special rates from a network of agreements which is increasingly wide and interesting. In order to guarantee a wide choice, Edison has joined the Business and People Network (leP) which brings together some of the biggest Italian companies which make available products and services on favourable terms. A function of the Business and People Network is to encourage and promote the use of employee fringe benefits as a competitive tool for businesses and a responsible contribution to the improvement of society by these businesses.

During the year, various online and two on-site Temporary Shops were launched, the latter linked to social initiatives: 5% of the proceeds were given to Bambinisenzasbarre, a non-profit association which deals with the construction of a "Yellow Space" (a welcome centre for children where parents and children can be together) at detention centres in Lombardy.

The Edison per Te services were considered useful by over 90% of colleagues and in 2014 were used by over half the employees (+2% compared to 2013) and on average every Edison employee and collaborator who used the programme did so more than once.





THE COMMITMENT IN HEALTH AND SAFETY

Edison promotes its commitment to protect the health and safety of workers in all its production processes and at contractors. Responsibility for health and safety is managed through a system of authorisations and powers of attorney which enable the definition of the responsibilities, tasks and powers given to the representatives in the field of Health and Safety. 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

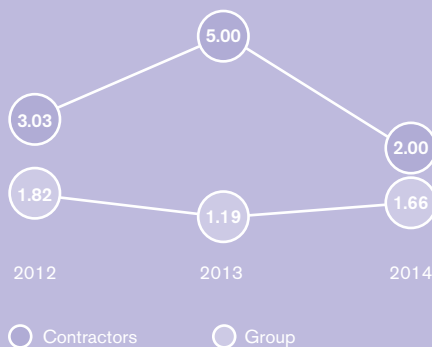
Work. The relationship between the WSRs and the Company is continuous and based on the common aim of further improving health and safety conditions in our workplaces.

During 2014 the calendar of cross-cutting training activities was completed, aimed at the Company's Prevention and Protection Service Managers (RSPP), which envisages a total of 28 hours dedicated to the issues of handling and checking equipment, effectiveness of the internal audit process, the role of the RSPP and the handling of chemical products. This training programme included in September also a Workshop undertaken at the Rospo

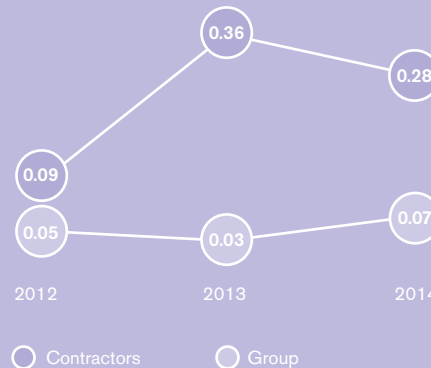
Mare B offshore platform and on the FSO Alba Marina ship. In parallel a meeting was held for the WSRs on the issue of work-related stress. Among the activities in safety week (OSHA Week) was a refresher on the e-learning programme on the issue of the risk from work related stress which over 50% of the Company's workforce took part in. During the year all the operational personnel from Edison Energie Speciali took a special safe driving course on driving on low adhesion surfaces.

With the application of health and safety management systems that comply with international benchmark standards (BS OHSAS

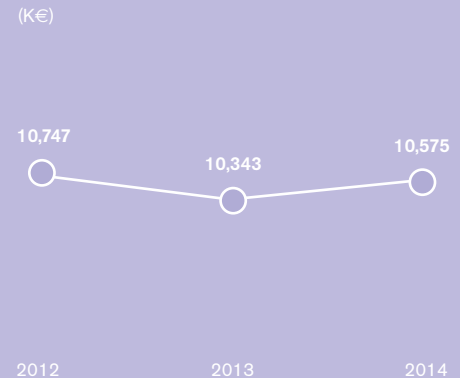
INJURY INCIDENCE RATE IN ITALY AND ABROAD



LOST WORKDAY INCIDENCE RATE IN ITALY AND ABROAD



INVESTMENT AND EXPENDITURE ON HEALTH AND SAFETY (K€)



18001), the Group goes beyond what is required by the legal provisions and aims to promote a policy of continuous improvement that fosters a culture of safety at all levels of the organisation. During 2014 the objective was achieved of certifying in accordance with BS OHSAS 18001 all the Group's industrial sites, obtaining also the certification for the head offices in Milan and Rome.

At the offices in Foro Bonaparte in Milan there was also an excellent level of participation in the "Back School at Work" project, a series of voluntary meetings aimed at employees on the issue of posture in the workplace. Ten training sessions were provided, divided into a theoretical part and a second part dedicated to the development of know-how and carrying out exercises to prevent and combat muscular-skeletal problems.

Given all the measures implemented and the programme on occupational health and safety, for 2014 the Company obtained better results than in previous years both as regards in-house personnel and as regards the personnel of contractors.

The total injury rate in 2014 for Edison personnel and personnel from contractors for activities in Italy was 1.6, markedly down compared to the figure for 2013 (3.1) as a result of the fall in the number of accidents (9 compared to 18 in 2013) and a reduction in the hours worked of

around 4%. This is the result of the significant improvement in the rate for contractors which, as a consequence of the 4 injuries which occurred in 2014 (compared to 11 in 2013), saw its rate at 2.4 compared to 5.5 in the previous year; there was also an improvement in the injury rate for company personnel, which went from 1.8 in 2013 to 1.3 in 2014, with a number of injuries which fell from 7 in the previous year to 5 this year.

Overall, summing the Italian and foreign activities, the injury rate for Edison personnel for 2014 stood at 1.66 slightly up compared to the figure for 2013 (1.19), while that relating to personnel outside of Italy improved markedly going from 5.0 in 2013 to 2.0 in 2014.

Enhancing contractors' commitment

Edison's commitment goes beyond the confines of the Company and impacts on the contractors which work alongside it day by day to achieve the business objectives. In this light it is essential to protect the health and safety also of their employees, in order to improve the Group's overall performance.

The contractor employees who regularly work on operational sites are actively involved in coordination meetings and training courses

on specific issues for the sites where they largely undertake their work as well as on more general safety themes, in order to enhance the health and safety culture.

In particular contractors and subcontractors are given training on their first access to Edison sites so that all the external workers are aware of the risks present in the workplace where they will work and during their work they are invited to take part in the training sessions envisaged for Edison employees, again with a view to the continuous improvement in safety both in-house and for contractors.

In particular training courses with contractors regard handling emergencies, handling the waste produced on operational sites, analysing dangers in the workplace, emergency plans, electricity risks and radio protection aspects (in relation to the undertaking of laboratory analysis).

56% of the contractor employees took part during 2014 in at least one training course organised by Edison, for a total of 629 people.

During the year Information meetings prior to the beginning of works were organised, also by using multimedia supports and information activities for companies that operate under general contracts and under Global Service contracts.



THE IMPERATIVE OF CONTINUOUS IMPROVEMENT

In order to strengthen the process of continuous improvement which, in the spirit of its operating systems, characterises Edison's approach to managing occupational health and safety, in the first few months of 2015 the update of Edison's HSE Policy will be issued which will incorporate the changes introduced by the new H&S policy of the EDF Group, which is inspired by international best practice. In addition, in accordance with this approach, during the year some initiatives were completed which concerned:

- the review and updating of the Risk Assessment Documents, the results of which were discussed at the periodic safety meetings envisaged by the law in force (art. 35 Leg. Decree 81/08), during which progress in training programmes was also presented as well as the macro results of the healthcare monitoring carried out on employees;
- the healthcare monitoring activities for the purposes of suitability for the

envisaged duties were carried out in accordance with the established periodic programme: the individual limitations which emerged were communicated to those concerned through the relevant managers;

- the positive conclusion of the project to certify the safety management system at the offices in Foro Bonaparte in Milan and Rome, in order to complete the goal of certifying the head office processes that support the Company's operational areas which are already certified;
- the safety meeting of the Power Asset Division which was attended by all the personnel involved: an opportunity to listen to and share more operational issues, in order to identify improvement actions which can be implemented and to note the provision of defibrillators at all the Division's operational sites, which also envisaged the consequent training of personnel for their use;

- meetings on specific issues and dedicated working groups within the Health & Safety Community of the EDF Group, which were held in preparation for OSHA Week 2014 on the issue of "Managing the risk of work-related stress" which took place in October. In addition, Edison filled the role of team leader in undertaking a site visit to EDF Polska following a fatal accident which occurred at the thermoelectric power plant at Cracow: the results of the site visit were presented to EDF as part of the process of sharing analyses of significant accidents;
- during 2014 the bases were laid for the creation of a Health, Safety and Environment Community for Edison's foreign business within the E&P Division which included the drafting of an action plan to be implemented during 2015. The plan envisages first of all the involvement of the HSE managers from the branches in Norway and Croatia in the Group Management Review which will take place in the first few months of 2015.

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. In this context, note should be taken of the experience developed over some years with the earthquake monitoring network of Collalto.

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 environmental impact assessment screening procedure to enhance the plant. In respect of the 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 which joined the project with the dual aim of: providing Edison with a reliable instrument to identify any external interaction arising from its activity; guaranteeing the control bodies, the local authorities and the population that lives near the plant the availability of accessible and reliable data to check the work of the operator of the storage plant. 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 three 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.



RELATIONS WITH SUPPLIERS

VALUE OF SUPPLIES BY GEOGRAPHICAL AREA



TOTAL PURCHASES REVIEWED FOR QUALIFICATION

(in thousands of Euros)



In Edison sustainability acts as an operational driver also as regards purchases made and relations with suppliers: optimising costs, making purchases more efficient, protecting local interests, providing adequate compensation to suppliers, complying with the agreed payment timeframes are the elements which characterise sustainable governance of the supply chain. Thanks to this approach, fair and clear relations have been built up over time with suppliers, based on trust, which look to the future with an investment to create value in the long term.

In 2014 Edison largely kept unchanged the value of orders compared to the previous year: the trends linked to spending and investment in electric power generation continue to be negative, spending in the E&P area is stable, while the activities linked to the commercial side and corporate initiatives contributed to the increase in spending, above all due to the organisational effort for the celebrations linked to the 130th anniversary of the Company's foundation.

The percentage of purchases supplied by qualified suppliers reached 89%, in line with the percentage obtained in the previous year thanks to a massive qualification campaign and despite the normal turnover in suppliers which was around 12% of all orders.

In 2014 the procedure called "Procurement

processes for goods, services and works" was issued thus implementing an overall and collaborative vision in the procurement process. The procedure reorganises and simplifies the detailed regulatory arrangements linked to procurement, in order to facilitate a more inter-functional and effective way of operating. It also includes the code on public tenders (Leg. Decree 163/2006 and subsequent implementing texts) setting out an incredibly useful reference tool for all those involved in the process: from buyers to in-house customers, without forgetting all the bodies for audit and risk mitigation.

Control over sustainability aspects in the supply chain

The fairness and transparency which inspire Edison's way of doing business characterise its whole value chain: for the procurement of goods and services, Edison operates with suppliers who apply the highest standards in terms of health and safety for their personnel and in terms of protecting the environment.

The qualification process which is structured through a dedicated information system, is open to the companies which deal with Edison: on seeking to qualify, they must read the 231/2001 Organisational Model, the Code of Ethics and the Human Rights Policy. Subsequently, signing

the aforesaid policy is a binding contractual requirement for the future awarding of an order. Also through the qualification process Edison keeps control over the aspects linked to the health and safety of people who work on behalf of the Company and over the environmental issues for cross-cutting and overall management of the risks with a view to creating value.

In 2014 the "Sustainable Supply Chain Self-Assessment Platform" was launched as part of the TENP project inspired by the 10 principles of the Global Compact, which was started in 2011 under the leadership of the Global Compact Network Italy involving numerous Italian companies from a variety of business sectors.

With the TENP project the aim is to raise the awareness of the supply chain of the various member partners, giving suppliers a self-assessment questionnaire which allows monitoring of their orientation on human rights, labour, the environment and combating corruption.

The launch of the TENP has been broken down into various stages:

- launching the website in conjunction with an intensive communication campaign managed by the Global Compact Network;

- inviting the suppliers selected by partner companies to participate in the self-assessment questionnaire;
- assessment by the partner companies of the integration of the results of the questionnaire into the supplier's qualification process.

Thanks to TENP it is possible to make the monitoring of this information more efficient: the potential supplier replies to a single questionnaire and the partner companies have available a broad database of information on which to base their choice of new potential suppliers. With the involvement of new companies and the related suppliers, the database available will expand further.

Thanks to the patronage of the Global Compact, TENP contributes to identifying common challenges and solutions to improve sustainability within supply chains: considering the high visibility of sustainability performance which is shared through the questionnaire, the risk of misleading declarations will be reduced to a minimum, while with the "award" system virtuous suppliers will increase the visibility of their good practices, with a potential domino effect on the other suppliers and on the companies themselves.

In addition, Edison's Procurement Department intends to invest 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 they personally contribute to the successful outcome of overall development projects and so develop awareness that they are an integral part of a system.

In this light it is essential to constantly update 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 in managing the supply chain.

The value of interaction with EDF

The approach to the qualification of a supplier also on the basis of aspects linked to social responsibility is broadly shared with EDF: in 2014 there was a further enhancement of the cooperation and exchange of information and means of operating with other entities in the Group.

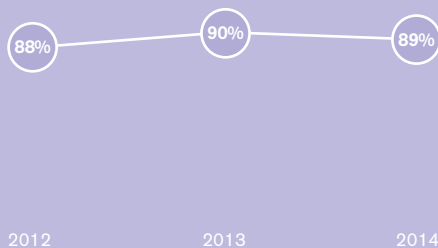
The sharing process which was started is destined to increase awareness and knowledge of existing practices and procedures above



SUPPLIERS MANAGED ON THE PORTAL



PURCHASES FROM QUALIFIED SUPPLIERS



all as regards workers' health and safety, environmental protection and more generally, the principles of sustainability and social responsibility.

Also in 2014 the "Local Footprint" project, which is promoted by EDF, continued and also

involves Edison people: the objective is that of estimating the employment impact caused by the EDF Group in the areas where it operates. In addition to the Procurement Department, specialist buyers of gas and oil, that is, the raw materials needed to operate production facilities, were also involved.

SAFETY WITH THE SUPPLIERS' PORTAL

In 2014 new features were added to the Suppliers' Portal which facilitate its use and increase the circulation of information. In particular, the new features concern DIMP, the system where safety documents can be shared (pursuant to Legislative Decree 81/2008).

For the first time access has been guaranteed for the personnel of Edison's contractors and subcontractors to the site, thanks to the introduction of badging. With this innovation the DIMP becomes the sole repository for the management of documents, such as employment contracts, identity documents, training certificates, qualifications and licences, and certification of medical fitness for the role. During 2014 contractual documentation was therefore

arranged on the basis of the predefined models to facilitate its compilation and presentation by contractors, thus favouring the creation of the database.

The purpose of this extension of the portal is that of increasing safety and improving working conditions on Edison sites by fulfilling a legal obligation in a more cost-effective and rational way. The management of access badges concludes a cycle of initiatives designed to equip the Suppliers' Portal with web-enabled services which make the relationship among all those, both in-house and external, who operate in relation to the procurement process, contractual management and execution of works immediate, transparent, reliable and above all integrated

STRATEGIES TO SUPPORT LOCAL COMMUNITIES

Edison's commitment to be an active and integral part of the local communities where it operates takes the form of its constant commitment to listen to, understand and address the needs and expectations of local communities by implementing projects with a strong social value which require the realisation of structured partnerships with local entities and non-profit organisations which are active in the relevant local area. Edison's success depends on the value it can create with and for its stakeholders. For this reason the Company has for many years used a relationship model with the local areas where it operates which is set up in accordance with an idea of openness and collaboration and supporting activities which, starting from business opportunities, can create social value.

In particular, Edison concentrates its efforts in two areas:

- energy conservation, renewable energy sources and the smart use of energy can become a driving element in relaunching the global economy. Even more important is the dissemination of a culture which is aware of and pays attention to these issues in a period of crisis such as at present, where economic considerations risk distracting the focus from environmental emergencies. For this reason Edison above all addresses



young people as its travel companions towards promoting the culture of sustainability. In this context, Edison launches initiatives designed to create a widespread culture about climate, energy efficiency and sustainable development, with projects in schools, the world of music and cinema. In particular, Edison considers sport as an instrument to generate positive energy and a catalyser of values that can activate virtuous processes of social development.

- As part of the community where it operates, Edison views partnerships with non-profit

associations as an integral part of its relationship strategy with local areas, because they constitute effective tools for dialogue and sharing experiences, values, and human development. The key projects developed for the community by the Company must meet three key requirements:

- connection with Edison's host communities;
- involvement of Edison employee through volunteering programmes;
- focus on the issues of the promotion of a culture of sustainability, energy efficiency, energy access, sport and culture.



A CUTTING EDGE TRAINING PROJECT: THE FIRST NAVAL SIMULATOR IN ITALY

The Istituto Montani in Fermo and Edison have signed an agreement to realise a training project for maritime navigation and environmental protection. The agreement, which was realised in collaboration with the maritime authority, envisages a naval simulation laboratory equipped with systems that enable, through a graphical interface, the creation, undertaking and analysis of navigation simulation exercises and naval manoeuvres in a range of scenarios.

The system includes a module aimed at managing initiatives for environmental

protection, safety and logistics of off-shore activities to produce hydrocarbons.

The aim of the project is that of training maritime students using sophisticated instrumentation which can simulate, among other things, the anti-pollution activities undertaken with naval units with specific equipment such as, for example, floating booms and aspiration equipment.

In order to guarantee, during the training, the practical application of the teaching received at the institute, Edison has agreed to allow the students from Montani to undertake

exercises at sea on board their own naval vessels and also at the Edison off-shore plants in the Adriatic. During the activities the students will be able to practise going out to sea, fire-fighting and anti-pollution exercises and manoeuvres for entering and leaving the port.

Finally, if necessary, the agreement envisages that the naval simulation system can be used both by Edison to implement its Anti-Pollution Plan as arranged for its mining concessions and by the maritime authority to train and prepare its maritime personnel.

During 2014, Edison launched a process to rationalise its sponsorships and concession of donations and contributions.

This activity aimed at creating a management model to promote the overall vision and alignment with the business priorities, to integrate with the planning and general budgeting process, to reduce complexities and inefficiencies and finally to start a system to monitor and measure costs and effectiveness, naturally in full conformity with the 231 Model.

This process includes a guideline to prioritise initiatives.



INVESTMENTS IN LOCAL COMMUNITIES

In 2014, Edison's investment in the community was over 3 million euro and mainly focused on culture and sport.

The choice of the social projects in which to invest is made on the basis of some fundamental criteria, which enable Edison to further enhance their impact, in other words to focus on issues linked to the promotion of the culture of sustainability, energy efficiency, energy access, creating value from sport and culture, the strong local bond with the communities where Edison operates and the direct involvement of Edison personnel through voluntary work.

Besides these investments in the community, every year Edison contributes to sector and

category associations: in 2014 this contribution was over one million euro.

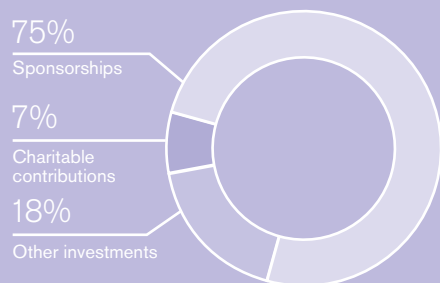
The valorisation of the culture of sustainability

For Edison the promotion of the culture of sustainability takes the form of support for initiatives to raise awareness and educate people about the issues of climate change, energy efficiency, sustainable development, aimed above all at young people.

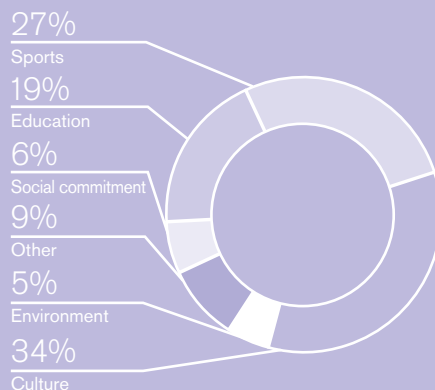
Italian schools were protagonists also in 2014 of the **Eco Generation 2.0** project, which for many years now, thanks to the collaboration with Legambiente, has been bringing education on

the efficient and sustainable use of resources into the classrooms involved. Over these years, it has been possible to create a stable network of 20 environmental excellence centres (one for each region) which drive knowledge and know-how on the issues of energy conservation, sustainable buildings, sustainable mobility, waste management and renewable energy sources involving not only students, teachers and school staff but also public administrations, local associations and citizens. With Eco Generation 2.0 schools, local administrations and local players have joined up to try out new processes tied to the environmental quality of school buildings, drawing up good sustainability practice which can be replicated throughout Italy. A domino effect which starting from those who

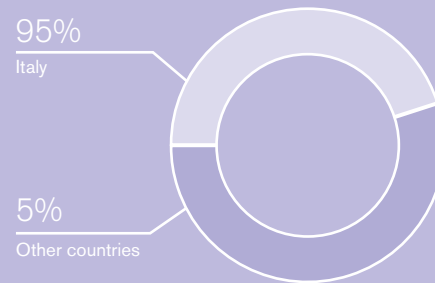
INVESTMENTS IN THE COMMUNITY



AREAS OF ACTIVITY



GEOGRAPHICAL AREA





experience the everyday reality of the school system aims to improve the quality of life of the whole local area and has involved over 5,000 youngsters and children, 180 teachers, 2,500 parents, 35 educators, 40 local associations and 35 public administrations.

Edison's commitment to the promotion of a "greener" culture also involves the cinema with **Edison Green Movie**, the first European Protocol for more sustainable cinema. The protocol, which was drawn up in 2011, is aimed at production companies to provide

incentives for the adoption of solutions to reduce the environmental impact of film production. Edison Green Movie is the first guideline for environmental sustainability for the cinema which, thanks to Edison's technical skills in the sector of energy and sustainable development, proposes a rethink of the entire film production cycle, adopting conduct that is more aware of energy saving, and the respect and smart use of resources. In 2013 the guideline was applied for the first time to an Italian production, "Il capitale umano" by Paolo Virzì, which produced total savings of over 37

thousand euro. Following this first application, improvements were made and redundant elements in the process were eliminated, with the aim of making the protocol a real "toolbox", with instructions which are effectively operational for producers and in particular for general organisers. In 2014, Ermanno Olmi and the production of the film "Torneranno i prati" applied the Edison Green Movie guidelines: the new film by Olmi, a Cinema Undici and Ipotesi Cinema production, has been entirely made in accordance with the guidelines for sustainable cinema. The protocol's adoption



from the planning stage has enabled the best use of energy consumption and materials for the whole production, contributing to reduce the film's environmental impact and achieving concrete energy savings. The CO2 emissions from "Torneranno i Prati" have been cut by around 75%, with a reduction in energy costs for filming of 77%. The measures from the energy viewpoint, together with those relating to the transportation of people, to the choice, use and final destination of materials, to catering, to coordination and to internal communication, have allowed the production to achieve an overall satisfaction level in terms of the Edison Green Movie parameters of 90%, placing it in the "A" range of the protocol.

Also the production of the latest film by Aldo, Giovanni and Giacomo "Il ricco, il povero e il maggiordomo" applied the Edison Green Movie guidelines with some innovative elements which make this production a real example of best practice from the sustainability viewpoint: for the first time a sustainability manager was appointed and was present on the set, the use of car-sharing was introduced, Fairtrade certified coffee was bought and plastic bottles were replaced by aluminium flasks.

Edison Green Movie's experience and the results achieved by the project have given rise to two developments:

EDISON GREEN MOVIE AT THE CANNES FILM FESTIVAL

Edison Green Movie was present at the last Cannes Festival supporting the Action4Climate initiative of the World Bank and the Italian Ministry of the Environment. Action4Climate is the international contest aimed at young directors which is part of the Connect4Climate (C4C) programme and aims to focus attention on the issues of climate change.

Aspiring directors who sent a film short on the issue of the environment and climate change were evaluated by a prestigious jury headed by Bernardo Bertolucci. The competition saw the participation of young filmmakers from around the world. At stake was a prize of 15 thousand dollars in cash or film equipment and the possibility of taking part in the most important cinema festivals.

- the launch of a working group with the Italian Film Commission and the association of film producers ANICA to share and disseminate good practice for the realisation of green films in Italy;
- the drive to launch a working group to study a protocol which replicates that made for the cinema, this time aimed at the music industry, in order to reduce the environmental impact of live concerts: Edison Green Music.

Again in the musical sphere, in order to provide incentives for more aware lifestyles, during 2014 Edison supported the new festival of contemporary music organised by **Sentieri Selvaggi** at the Teatro Elfo Puccini: a zero-emissions festival thanks to the renewable energy produced by the Company. In this

context Edison tried out an innovative campaign to promote sustainable mobility, favouring the use of the bicycle as an alternative means of transport to reach the theatre.

Edison was the main partner of the French Embassy in Rome and of the Institut Français Italia for the project "**Suona Francese**", which promotes high quality emerging French music in Italy. The project concluded with the concert of 27 June in Piazza Farnese in Rome: for the occasion the Company built a fully eco-sustainable stage thanks to a system of photovoltaic batteries which powered the acoustic and lighting systems. Edison, with the "Suona Francese - concerto a Piazza Farnese" project, won the "Best Event Award" in the best eco-sustainable event category which was



awarded to the event which had the lowest environmental impact.

The Best Event Awards (BEA) is one of the most important recognitions for events and live communication and includes various categories (including the best B2B event, the best musical event, the best public event, the best integrated event, and the best eco-sustainable event).

On the occasion of the celebrations for its 130th anniversary, Edison also relaunched its collaboration with the Municipality of Milan for the **Piano City initiative** which in 2014 gave citizens the chance to discover the history of the Company which first illuminated Milan

accompanied by music for piano. On 17 May, in the Edison Shareholders Meeting Room, a free concert was performed by the jazz maestro Renato Sellani. The idealised journey into Edison's history continued on board the "Piano Tram" with a series of roving concerts in the city centre accompanied by the tale of the origins of Milanese public transport. The Edison "Piano-Bici" went around the city making their music sing out in the locations that symbolise the Company's history.

Finally, thanks to Edison's support, **MITO**, the International Festival which brings together the cities of Milan and Turin, undertook

the process for international certification under ISO 20121, which is synonymous with environmental, socio-cultural and economic responsibility. Thanks to the *Play'n'Jazz project* - the cycle of green concerts at MITO powered thanks to the BES (Bike Energy System) in which the energy produced by pedalling was transformed into electricity - we focused attention on the environmental impact of music and the Festival.

Edison's history is closely entwined with that of Milan: for this reason Edison promoted "**The places of energy**" as part of the initiatives for La **Milanesiana**, to discover the places which



have written the history of lighting in the city. Citizens were involved in a series of guided tours - conducted by exceptional guides or “Ciceroni” such as Dario Vergassola and David Riondino - of the symbolical locations of Milan’s electrification such as La Scala, Caffè Cova, Piazza del Duomo, ending with Palazzo Edison in Foro Bonaparte.

La Scala is the start of this route. Just as Edison lit it up for the first time with electric lighting on the opening night on 26 December 1883, again in 2014 Edison illuminated the opening night at La Scala with energy produced from renewable sources from its

ENERGY! THE GAME-EXHIBITION FOR CHILDREN

ENERGY! It is the interactive game-exhibition dedicated to children aged 6 to 12 which opened on 18 December at MUBA - Milan’s museum for children, and which will stay open to the public until 31 March 2015. **ENERGY!** is an ad hoc route designed for children which aims to let them play with and learn scientific themes linked to the world of electric energy. MUBA in collaboration with Edison – which, besides being a partner of the Museum, provided scientific consultancy for the realisation of the exhibition - designed and created five fun, easy to understand and stimulating installations: the children were able to enjoy an innovative experience and learn about the world of electric energy by trying out at first hand the five installations designed for them: You are energy; Hydroelectric power plant; Electric circuit; Underground sources; Electricity.





hydroelectric power plants, reducing to zero the emissions of the opening evening of the 2014-2015 season and thus saving the emission of 64 tons of CO₂.

And it was Edison's energy once again to spread the emotion of the opening night throughout Milan with the initiative **"Fidelio in the city"**: forty appointments in collaboration with the Municipality of Milan and the La Scala Foundation, which brought opera to local audiences, in cinemas, in prisons, in schools, spreading the music of Beethoven in the centre of Milan and creating a game for children at MUBA, Milan's museum for children.

The strong link which unites Edison to La Scala will also continue at Expo 2015, when Edison will offer the city concerts by the Accademia del Teatro alla Scala at the offices which will become Edison's headquarter during Expo.

Edison's support for culture has also taken the form of sponsorship for two important exhibitions: "The birth of humanist devotional painting" which was held at the Pinacoteca di Brera during the restoration of the famous Pietà by Giovanni Bellini and "Living like Ponti - Experiments in domestic life and architecture for living and working" held at Edison's Rome offices as a tribute to the domestic design of Gio Ponti.

Edison supports the values of sport

Edison believes in the value of sport as a vehicle to teach values, ethics and respect of the rules: a belief which has taken the form of the commitment to collaborate with other partners to support them in activities to address youth unrest to create important opportunities to be together through supporting local initiatives.

Edison supports the sports project **"Sport at the Opera"**, with the Fondazione Cannavò and with the participation of Aspria Harbour Club and the

Downtown and Skorpion gymnasias. The project aims to train prisoners at the maximum-security prison Opera: after contributing in 2013 to restructuring the prison gym, in 2014 exercise courses were set up for groups of prisoners, stretching and pilates for warm-ups, cross-fit for gymnastic activity structured into codified programmes, fit-box for non-violent physical exercise on the basis of mechanisms developed by so-called "simulated boxing" and volleyball, a sport chosen by the prisoners themselves. This initiative enabled the prisoners to reconcile both sport and social programmes and to identify and create figures who could in their turn be

EDISON AND AS RUGBY MILANO: 7 YEARS FULL OF ENERGY

Edison and AS Rugby Milano have been collaborating since 2009 on a series of projects related to rugby, the community and education in Milan. AS Rugby Milano is an amateur rugby club founded in 1945 and affiliated to the Italian Rugby Federation and the Italian Olympic Committee (CONI). It has over 500 members, over 100 directors, coaches, assistants, doctors and trainers. To this we must add the families (around 450) of people directly involved in the club's activities. For an (estimated) total of around

2,000 people, all deeply engaged in supporting social projects dedicated to the most vulnerable youngsters and those who live in poverty.

In the 7 years of joint activity, noteworthy events have been organised, involving exceptional supporters from the world of sport and from that of entertainment, at the Beccaria Young Offenders Institute, at local schools, through the organisation of multi-sport summer camps dedicated to youngsters, or through setting up sports days at public parks in Milan.

trainers who could, at the end of the project, organise the activities independently.

Rugby is the sport which embodies the values of respect, teamwork, loyalty, generosity, sacrifice, and selflessness and is an excellent educational tool for the development of youngsters.

Edison contributes to the growth of rugby in Italy and for 7 years has been supporting the initiatives of AS Rugby Milano: in 2009 the collaboration started thanks to the project "The sense of a try", inside the Beccaria Young Offenders Institution in Milan with the aim of

involving young offenders in a team game which is also a contact sport based on managing aggression and on a system of technical and ethical rules.

Over the last two years, the educators at the Club have made themselves available to the children and youngsters of the city, in the places where they usually congregate (such as grassy corners, gardens, squares, some streets in Milan) to let them all know about the sport of rugby. An initiative to take back public space and breathe life back into it thanks to a new positive energy.

The strong value of sport as a means to transmit respect for rules and teammates is at the heart of the sixth year working inside the Beccaria Young Offenders Institute which sees Edison involved with AS Rugby Milano:

as from this year, besides the usual games with the project's volunteers, the youngsters from Beccaria have been able for the first time to measure up against their peers who are part of the club's under-20 team.

In 2014 rugby sevens training started, with the aim for the season of organising an informal tournament outside the institute.





EDISON CHOOSES THE “B-SIDE” OF ITALIAN RUGBY

In the 130th year since the Company was founded, Edison debuted at the 6 Nations tournament in 2014 as sponsor of the strip of the Italian team which it had previously supported. The Edison trademark was visible on the back of the playing strip (on the back of the shirt and

on the shorts), on the pre-match clothing and on the training kit. This is a “first” in Italian rugby, made possible by the change in international regulations. The Edison logo was also printed on the ball during Italy’s 6 Nations games at the Olympic Stadium in Rome.



The partnership between Edison and AS Rugby Milano enabled the taking forward of the project **“Rugby Barbari Bollate”**: which started in 2013, is now in its second year and is achieving the goals which were set, enabling prisoners to found a real team and play their first official match against the volunteers of AS Rugby Milano.

In November, at the Saini sports centre in Milan, the **XX Minirugby Festival** was organised in memory of Massimiliano Capuzzoni, a young athlete who died tragically. The tournament sees the participation of 17 clubs from throughout Italy involving more than 900 children aged 5 to 11.

Also Edison’s employees have been involved in a rugby tournament, which EDF has been organising since 2002: at the event there were around 300 people counting relatives and

players, divided into 6 teams and AS Rugby Milano, the event partner, handled not only the management of the teams and the tournament, but also the **“Father and Son event”** which saw the children of employees try rugby for the first time, in the company of Mauro Bergamasco, a player from the Italian national team.

The second sport of interest is cycling, especially from a social aspect: for the second year running, Edison contributed to the **Dynamo Bike Challenge**, being involved in fundraising for the only Italian facility for recreational therapy designed for children and which can offer games, sports, relaxation, fun, and socialising in a natural and protected environment.

The sports events are also the opportunity to rediscover and reassess the local area: the **Edison Wolf Bike Tour**, a completely new

format in Italy, is a “raid” only for experienced cyclists but without any competitive element. An opportunity to cycle and enjoy the countryside, nature, history and art of villages set amidst the mountains of Abruzzo, the greenest region in Europe, without worrying about coming first, but on the contrary rediscovering the joy of slowing down and taking things in.

Edison’s support for the event is the confirmation of the link which the energy company wants to maintain with local communities where it operates and the wish to remain in constant contact with the local area. Edison in fact believes in sport as an instrument to generate positive energy and a catalyser of values that can activate virtuous processes of social development. The bicycle, which has always been a symbol of sustainability, becomes the means to promote the culture of respecting the environment in everyday life.

Edison supports the communities where it operates

Through the partnerships with the non-profit associations that are active locally, Edison acts in the communities where it operates, establishing relationships which enable it to enhance dialogue with local communities and to share experiences, values and programmes, maintaining its focus on the local dimension, but without losing sight of the global context.

In 2014 too Edison's canteen at its Foro Buonaparte offices provided a daily contribution to collecting surplus meals to be given to the non-profit organisations identified thanks to the collaboration with Banco Alimentare Onlus: every day at the end of mealtime ten people on a rotation basis can take 45 minutes paid leave to prepare the leftovers and load them on a van equipped with a chiller which the Company and employees bought some years ago to facilitate local distribution.

Turning to the global picture, Edison continues to support the ANPIL Association and the "Together for Haiti" project: in 2014 Edison employees were involved in Sharing Days which enabled the collection of food, summer clothing, linen, personal hygiene products, toys, medicines, and accessories. The material collected was sent to the missions of Palmiste, Tendron and Hibiscus.

THE ROLE OF THE EDISON FOUNDATION

Edison's history is entwined with that of the local areas, of the industrial districts, of the small and medium-sized enterprises, of the research centres spread throughout Italy: in 1999 the Edison Foundation was created with the aim of stabilising, deepening and opening up dialogue with the world of academics, districts, and SMEs which characterise Italy in terms of its industry and progress. In 2014, six new companies joined the Edison Foundation, bringing total membership up to 30 members.

The Edison Foundation is active in scientific research and studies of economic, cultural and social issues concerning local manufacturing systems, focusing on relationships between small/medium-sized businesses and large enterprises, on the correlation between communities and local development, as well as dealing with issues relating to infrastructure, services offered to society and the phenomena of internationalisation.

The Foundation promotes studies, research, publications and events, also in cooperation with research entities and institutes, foundations, associations, businesses and individuals, and grants its patronage to initiatives that are consistent with the purposes stated in its By-laws.

During the year three important books were published:

- *"L'Economia reale nel Mezzogiorno"* edited by Alberto Quadrio Curzio and Marco Fortis - the institutional series of the Edison Foundation published by Il Mulino - brings together the documents of the convention of the same name which was held in Rome at the Accademia Nazionale dei Lincei on 23 October 2013;
- *"L'Europa tra ripresa e squilibri. Eurozona, Germania e Italia."* by Marco Fortis and Alberto Quadrio Curzio - the institutional series of the Edison Foundation published by Il Mulino - looks in detail at the economic and financial crisis which exploded in 2008, reconstructing its history and offering readers a precise analysis through the publication of articles from the end of 2012 to the first half of 2014;
- *"The Automatic Packaging Machinery Sector in Italy and Germany"* by Marco Fortis and Monica Carminati - published by Springer - analyses the economy of the Emilia region in particular the packaging machinery district, comparing the most recent trends with those of the German district of Baden-Württemberg, its main competitor. ►



Five conferences were organised during the year, some of which were in co-operation with organisations and associations. In May the volume "Le Key Enabling Technologies Un'occasione per la competitività del sistema industriale italiano" was presented in Milan, in collaboration with AIRI (Associazione Italiana per la Ricerca Industriale) which has always been engaged in supporting the strategic role of industrial research and which intends to create value from an innovative approach to technological growth, which is contained in the European Union's Horizon 2020 programme.

In September in Milan, the seminar "Dynamics and prospects for Italy's foreign trade" took place in collaboration with the partners Gea. Subsequently, there was the presentation at the offices of the Banco di Napoli in Naples of the volume "L'economia reale nel Mezzogiorno", while in Rome at the Accademia Nazionale dei Lincei there was the seminar "The role of the Italian mechanical engineering system. From metals to mechatronics". The aim of the event, the ninth organised by the Edison Foundation and by Accademia Nazionale dei Lincei, was that of encouraging an exchange of opinions between entrepreneurs and academics to understand how the mechanical engineering sector has contributed to the change in Italy's

manufacturing specialisation, directing it to the more innovative segments with higher added value, thus making a significant contribution to the trade surplus.

Finally, in November Milan saw the presentation of the documentary "€uro Capro Espiatorio?" by Alexander Kockerbeck dedicated to the European sovereign debt crisis. The film proposed a prudent analysis of the crisis in a global context. In addition, ten issues of *Approfondimenti Statistici* were published on economic themes and the development of the Fortis-Corradini index on Italian excellence in international trade continued. Co-operation also continued with the magazine "Political Economy. Journal of Analytical and Institutional Economics".

Among the collaborations with other foundations and institutions there continue those with Aspen Institute Italia, Ambrosetti European House, Anima, Symbola, with which the Edison Foundation prepared, together with Unioncamere, the document "10 Truths on Italian Competitiveness", with Novara Industrial Association, Novara Chamber of Commerce, Unindustria Bologna and Gea, which this year concerned the trends and prospects for Italy's foreign markets.

Among the other initiatives, we would note the support for **Comunità Nuova Onlus**, through the promotion of self-help programmes for young people aimed at ensuring their reintegration into society which enables them to develop and try out their own abilities.

The association is present in the most rundown areas in order to make available instruments and space which increasingly are not accessible for everyone: meeting points, people to talk to, entertainment, games, computers, music rooms, musical and sporting events, educational support, but also job and business training. Edison's contribution has been aimed at supporting the Cascina Sant'Alberto, a community dedicated to welcoming young people, above all from the young offenders' institute.

Finally, Edison, by supporting the Onlus **Missione Sogni**, also contributed last year to making their dreams come true for some youngsters affected by serious illness or disability, giving them moments of pure joy to take their mind off their everyday problems, stimulating optimism in them, their strength of will and the ability to react to their illness. In 2014 her dream came true for Maria, a 16-year-old girl affected by cystic fibrosis who wanted to meet the dancing star Roberto Bolle: Maria first attended a lesson given by Bolle and by other ballet dancers of La Scala, then she had the chance to meet him and visit the theatre with him, at the end attending his show.

06 COMMITMENTS AND ACTIONS



Edison's desire for continuous improvement drives it to draw up a yearly action plan with the aim of strengthening its sustainability profile, to demonstrate the progress that profile has made, and to set even tougher challenges for the creation of shared value.



REVIEW OF THE 2014 OBJECTIVES

SUSTAINABLE DEVELOPMENT POLICY

Edison's policy for Sustainable Development, in line with its mission and ethical values, is broken down into four areas:

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 dialogue and professional development;

community

reinforcing ties with the local community, respecting the aspirations of the local population and supporting local development by involving the community in its decision-making process;


environment

managing and mitigating environmental impacts, helping to reduce the effects on


the climate, guaranteeing energy supplies for all customers, creating a culture aimed at rational energy use and specific services for customers as well as developing an energy model in line with environmental equilibria;

market

market transparency and fairness in order to create loyal and long-term relationships with counterparties.

 completed during the course of 2014

 started up in 2014, will continue in 2015

 postponed to 2015

CORPORATE GOVERNANCE

	Commitments	Extent of achievement	Actions
Governance	Assessment of company procedures relating to the risk of fraud and ethical risks.		The project was completed in accordance with expectations, achieving a high level of participation and appreciation from the company management involved.
	Development of new models of compliance with international anti-bribery legislation in foreign countries in which Edison will be developing its core business.		The preliminary stage was completed which is essential to identify the key contents for the new compliance models on the issue of international anti-bribery .
Institutional dialogue	Consolidate Edison's standing in Confindustria.		Objective completed.
	Consolidation of activities undertaken in collaboration with think tanks and expansion to European think tanks.		The work is on-going with the think tanks and is constantly expanding as it identifies the themes and issues to be addressed in line with Edison's positioning.

ENVIRONMENT

Energy efficiency

Commitments

Extent
of achievement

Actions

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



Improvement made to the platform with new functions and the creation of a community. New sales channels opened.

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.



Commercial test started and first sales made.

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.



Structural process of corporate merger of CSE into Edison Energy Solutions completed, new projects presented for request of Energy Efficiency Credits, energy audits carried out at premises of industrial customers and new contracts signed, training days provided for customers on energy audits for over 200 customers.

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.



Agreements made with 3 industrial customers for realisation of 6.5 MW total high yield cogeneration plant for self-consumption.

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 regarding their own competences and capacity.



In July 2014 Edison Energy Solutions obtained ESCO certification in accordance with UNI CEI 11352.

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.



Compressed air plant built and entered into service and agreements reached to realise 2 lighting systems at premises of industrial customers which will bring total estimated savings of around 3 GWh/year.

Commissioning of a 2 MW high-efficiency tri-generation plant.



Built and put into service a high yield 2 MW tri-generation plant at the factory of Haupt Pharma in Latina.



ENVIRONMENT			
	Commitments	Extent of achievement	Actions
Renewable energy	Wind power development: introduction of 12 MW of new wind farms.		Construction of new plant at Baselice was completed between November and December 2014.
	Full deployment of Environmental Management and Safety System at Alba Marina FSO.		The management system was completed and fully deployed. The system was approved with a surveillance visit by the certification body RINA in October 2014
Integrated management systems	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.		The environmental management system for the Trofarello research centre was recognised as compliant with UNI EN ISO 14001:2004. The environmental management system for the Engineering Division was recognised as compliant with UNI EN ISO 14001:2004. The environmental management system was integrated with the health and safety management system in order to optimise operations and the use of resources.
	Completing the process of integrating Edison's environmental management system within the certification scope of the EDF Group pursuant to UNI EN ISO 14001.		In May 2014 Edison was integrated into the certificate of the EDF Group pursuant to UNI EN ISO 14001:2004, among the international branches.
	In the thermoelectric sector, digitalisation of the collection system for power plant operating parameters using the EPIC application.		The work was started and will be completed during 2015.
	Digitalisation of the management of waste (loading and unloading registers and lists) produced by thermoelectric plant.		The work was completed.
	In regard to thermoelectric power plants: implementation of the documentation system for the management of the integrated management system procedures		The work was started and will be completed during 2015.

ENVIRONMENT

Protection
of biodiversity

Commitments

Extent
of achievement

Actions

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



The project, which was implemented in 2014, has proven an effective system to assess the behaviour of mussels in highly anthropised areas, such as for example the extraction of oil through off-shore platforms. In consideration of the positive results obtained, the project will continue so as to create a database of information, again in collaboration with the Istituto Zooprofilattico Sperimentale dell'Abruzzo e del Molise.

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



The first stage of the project has ended, with very positive results. Around the platform there are various well-developed fish species and colonies of molluscs which live directly on the platform's support columns. The platform is also attractive to many species that would not normally be present in this type of environment: this situation makes it a fish aggregating device" (FAD) for the species found.

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



Monitoring continued in 2014 and will continue in a structured way in 2015 too.

With regard to the construction of the scheduled Baselice wind farm, 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.



An area was set up very near the plant with shrubs which can offer refuge to the small fauna thus stimulating the winning back of the space affected by the construction in a relatively short timeframe.

Protection
of the environment
and impact reduction

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



Work deferred to 2015.

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







The work continues in accordance with the limitations placed by the bodies.

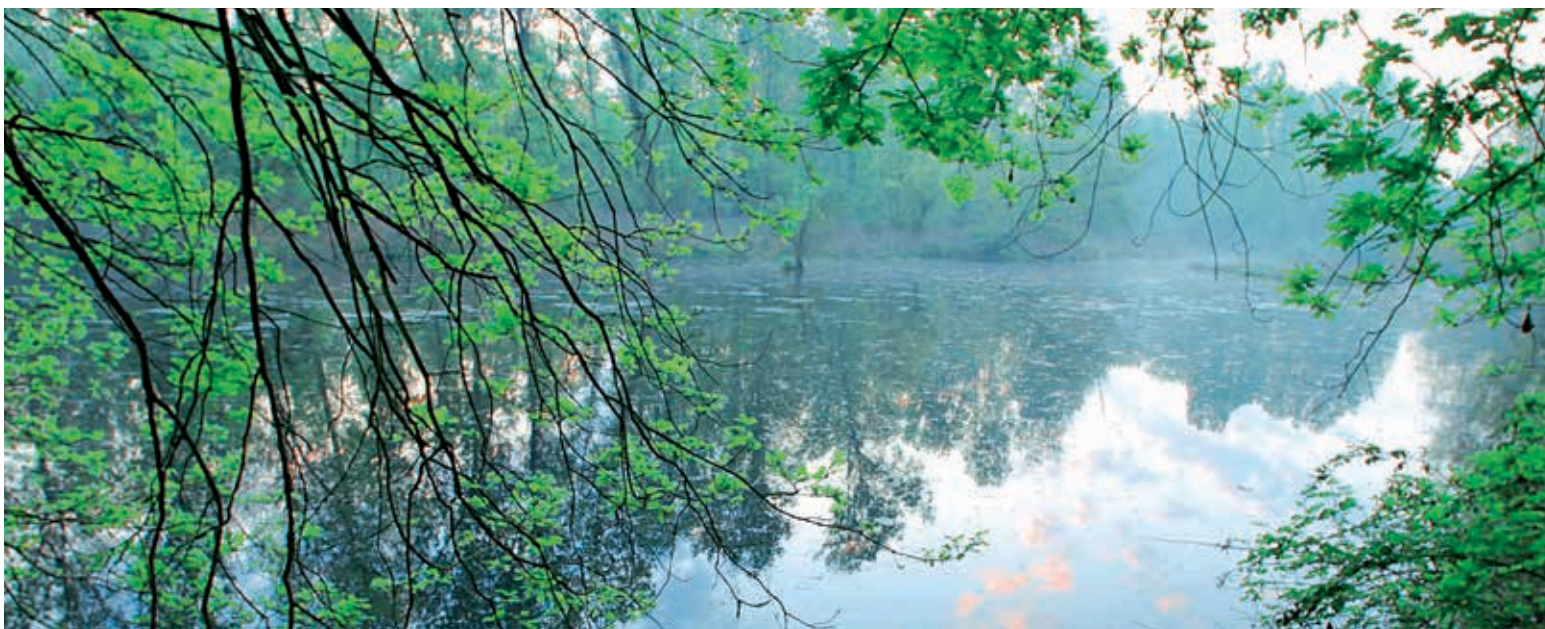


MARKETS

	Commitments	Extent of achievement	Actions
Quality of the offer	Reorganise the sales service with a greater focus on market areas.		Consolidation of the operational organisation by market areas.
	Optimise IT systems audit operations by means of the NICE project.		Issue of the new management system of the Customer Base in April 2014.
	International discussion groups with the EDF Group in order to share and spread best practice from individual group companies.		Launch of working groups with the companies in the EDF Group to share activities and results.
	Including value-added services in the existing offer portfolio.		Launch of Energy Control for residential customers and test stages for Energy Control dedicated to SOHO customers.
	Maintain the 'zero non-conformity' target in terms of running quality management systems.		No "non-conformity" occurred.
	Diversify training activities according to the needs of the trade.		Five new courses launched.
	Expand the range of e-learning solutions by making best use of the Edison Market Academy platform.		Five new courses for the Edison Market Academy : Webinar Train The Trainer, Cartoon Cash Is King, Quality Travels with Us, Effective Phone Communication for Call Centres, EMA-Informs Quarterly.
Dialogue with the market	A working group with consumer organisations was established in collaboration with other retailers.		The working group produced an initial document which was discussed with the AEEGSI in February and a second document sent to the AAEGSI in August. The positions were transposed by the AEEGSI in a consultation document (DCO 477/14) on which a resolution is awaited in coming months. The working group will still be operating in 2015 to discuss issues such as arrears and the reduction/elimination of price protection.
	A roadmap with consumer organisations on disclosure and information measures on the topic of conciliation.		Work has been done to prepare and plan the stage in Veneto which will be held at Rovigo in February 2015 and for the upcoming stages.
	A working group on conciliation with consumer organisations belonging to the National Consumers and Users Council.		The working group on conciliation continued in 2014 with a view to continuous development and improvement of the Protocol, of the regulation and of the monitoring of the service available to customers/consumers.

MARKETS

	Commitments	Extent of achievement	Actions
Management of suppliers	Launch of the website prepared as part of the project with Global Compact.		TenP website promoted by the Global Compact Network Italia launched in September 2014 at a public event.
	Inviting all suppliers to participate in the self-assessment questionnaire.		Questionnaire sent to some suppliers, will continue in 2015.
Recovery of loans	Audit of the reminder management process: analysis and evaluation of process improvement measures.		During 2014 initiatives to improve the process of handling reminders were analysed and evaluated.
	Evaluation of new solutions for integrating information systems for the management of credit.		The project was launched to implement the management of credit.









PEOPLE

	Commitments	Extent of achievement	Actions
Industrial relations	Further refinement of activities put in place for the employees of mothballed power plants (cushioning the effects of unemployment and redeployment of personnel).		Such cushioning was decidedly positive both for the relocation process for surplus staff according to the agreement of 30 October 2012 and for the identification of the instruments to be deployed in the complex case of the Piombino power plants.
	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.		On this important issue – the cornerstone of social dialogue – a specific schedule has been agreed with the aim of concluding the talks around mid-2015.
Meeting and involvement	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.		85% of employees state that they have been informed of the MyEDF results and 79% are satisfied by the way in which the results were presented and managed.
	MyEDF - 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.		Specific actions (communication, training, organisation) have been defined and implemented. Cross-cutting and common actions realised: new annual interview with employees, managerial convention, Christmas party, involvement of employees with initiatives for Edison 130 years. The cross-cutting actions were defined to support better information on company strategies, greater involvement, and management of individual professional expectations.
	Guarantee one interview a year between every employee and his or her manager for 100% of employees (launch from the 2013-2014 cycle).		In 2014, almost 80% of employees was achieved.
	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.		The number of employees in peripheral sites who used at least one service grew by 5%; the services supplied to benefit employees in peripheral sites rose by 87%.

PEOPLE

	Commitments	Extent of achievement	Actions
Health and safety	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.		The project was designed in 2014 and will be realised in 2015 at Edison Stoccaggio.
	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'.		More than 50% of Edison personnel were trained through e-learning and activities during OSHA week.
	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.		The work was completed during 2014.
	Passing the certification visit for BS OHSAS 18001 for the offices and managerial processes of Foro Buonaparte and Rome.		Passing of certification audit in December 2014 and obtaining certificate in January 2015.
	Reduce the integrated injury rate (company personnel and contractors' employees) compared to the average for the three-year period 2011-2013 (IF = 3.2) connected to the system of objectives assigned to management.		The total injury rate for Italian activities (social plus companies) stood at 1.6, from a total of 9 accidents.
Relations with local communities	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.		Specific project completed including some actions with high potential for generation of shared value.
	Preliminary study and design of a structured instrument for dialogue with stakeholders.		Concluded on-going stakeholder management work and definition of suitable instrument to relaunch the Company's commitment in this sector.
	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).		Specific procedure completed, shared with Comex.



NEW OBJECTIVES FOR 2015

CORPORATE GOVERNANCE

Scope	Objectives	Activities
Governance	Strengthen corporate governance processes with particular attention to risk of corruption.	<p>Formalisation and adoption of anti-corruption guidelines in companies abroad where the 231 organisational model does not apply.</p> <p>Continuation of Fraud Assessment project aimed at defining a Fraud Prevention and Fraud Detection model.</p> <p>Continuous update of Organisational Model.</p>
Institutional dialogue	Strengthen engagement with institutions.	<p>Publication of 3rd edition of the Service Quality Charter.</p> <p>Continue regional Roadmap with further stages in Italy.</p>

ENVIRONMENT

Scope	Objectives	Activities
Energy efficiency	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.	<p>Start authorisation process for further high yield cogeneration plants.</p> <p>Formalise contract for further high-efficiency self-generation plants at industrial customers' sites.</p>
	Consolidate and develop site and process energy-consumption optimisation projects with a number of industrial customers and customers operating in the services sector.	Consolidate and develop site and process energy-consumption optimisation projects with a number of industrial customers and customers operating in the services sector.
	Implementation of consultancy support for customers.	Implementation of consultancy support activities for customers in particular aimed at taking advantage of the demand for energy audits on the basis of the new regulatory provisions (Leg. Decree 102/214).
	Consolidation and development of energy efficiency offers in the services sector.	Creation and commercialisation of a portfolio of standard offers and services for energy efficiency for the SME sector with a particular focus on services.
	Consolidation and development of energy efficiency offers in the residential sector.	<p>Development of the Energy Control service with new functions.</p> <p>Development and promotion of new energy efficiency services to help families reduce their energy spending.</p>

ENVIRONMENT

Scope	Objectives	Activities
Integrated management systems	Revision of Edison's Environmental Policy.	Update of the current Environmental Policy, integrated with Health and Safety aspects to make it more coherent with the Group policies.
	Updating of Edison's environmental management systems, following the revision of ISO 14001:2015	Analysis and assessment of the impacts which the revision of ISO 14001 will have on Edison's environmental management systems, in order to update them.
	Research and Development Centre in Trofarello: improvements in management system.	Revision of operating method and implementation of an instrument to enable optimisation of the registration and reporting of loading/unloading of waste. Implementation of the SAP schedule in the management system in order to guarantee the deadline for the plant maintenance process and implementation of the integrated environment and safety management system at the new hydrocarbons laboratory.
Protection of biodiversity	Monitoring of biodiversity at Campo Rospo.	A project will be launched to monitor the state of biodiversity of the underwater species present in the offshore field "Rospo Mare", in collaboration with the Animal Health Institute of Termoli, through the assistance of a biologist. The project envisages data collection through video recordings and surveying the underwater species in correspondence to the various installations at Campo Rospo.
		The on-going projects of "Mossel Monitor" continue at the Rospo Mare platform and "Bio Vega" at the Vega platform with the installation of reef balls on the platform jacket.
Reducing environmental impacts	Implement energy diagnosis of Edison sites falling within application of Legislative Decree no. 102/2014.	By the end of 2015 energy diagnosis audits will have been completed at the sites of Edison and its subsidiaries to which the Legislative Decree applies, in order to assess the consumption of the existing plants and to identify any energy efficiency initiatives.
	Monitoring and implementation of an odour-reduction system at the hydrocarbon plant at Maria a Mare.	The project envisages a smart system to abate odours coming from the hydrocarbons at the site.
	Implementation of a system for continuous monitoring of the floating beams at the hydrocarbon plant at Maria a Mare.	The project will be developed for the purposes of increasing the level of safety of the tanks destined for the storage of hydrocarbons at the plant at Maria a Mare.



ENVIRONMENT

Scope	Objectives	Activities
Reducing environmental impacts	Environmental recovery at the plant at Maria a Mare.	Continuation of environmental recovery, including of areas of plant.
	Management of environmental events.	By the end of 2015 carry out an environmental emergency simulation as part of the Company's Crisis Management process.
	Reduction in the impact of civil use water discharging.	Installation of phytopurification plants for the residential effluents at the Simeri power plant.

MARKETS

Scope	Objectives	Activities
Quality in the offer and in relations with customers	Guarantee maximum transparency and quality in all the market segments involved.	Increase in use of electronic invoicing. Development and consolidation of the Noi Edison loyalty programme. Sharing and dissemination of results and best practice of the Group's companies.
	Keep high quality in the service supplied.	Design new training programmes linked to job skills (blended). Extend our courses outside the Marketing Sales & Energy Services division. Keep a sharp focus on the centrality of the customer. Analysis and evaluation of process improvement measures. Launch of "Management of credit" project for the choice and implementation of software to manage overdue accounts. Refinement and optimisation of the process for the suspensions/reduction in gas supply. Management of contractual renewals (termination of contracts for customers who are in arrears).

MARKETS

Scope	Objectives	Activities
Management of suppliers	Exploit the potential of TENP.	Introduce TENP in the structured approval process.
	Gradual extension of accounting for works.	Allow the main company BUs to provide indications relating to the accounting for works online.
Renewable energy	Start a new business model.	The complexity of the new business model will require a set-up period, imagining 2015 as the start-up year for all the activities involved (Edison, EDF EN Services, Edens). The full deployment of the model will enable more knowledgeable integration of wind-based renewables into the system, favouring future development in favour of the environment and the green economy.

PEOPLE

Scope	Objectives	Activities
Industrial relations	Strengthen industrial relations in order to protect jobs.	Agreement for a new worker representation system and its operational implementation.
		Introduction of a single performance bonus for the whole Group.
		Monitoring and management of plants in crisis.
		Opening of negotiations for renewal of the main collective bargaining agreements applied in the Group (Electricity - Oil, Gas-Water) in a situation of general economic crisis and deflation.
Employee involvement	Strengthen the process of listening to and involving employees.	MyEDF – Management of communication processes and sharing the results of the 2014 survey with all employees, through internal media and a system of specific meetings involving management and employees in all business areas.
		MyEDF - Follow up at cross-cutting level throughout the Company and/or in each of the various areas for the specific improvement plans that have been activated.
		Consolidate and further expand the cover of the annual interview between the manager and employee.



PEOPLE

Scope	Objectives	Activities
Employee involvement	Strengthen the process of listening to and involving employees.	<p>Edison per te - Maintain and/or improve the levels of geographic uniformity in the delivery of services for employees realised in 2014.</p> <p>Activation of a network of in-house managers who can act as a reference point for all the communication activities.</p>
Health and safety	Reduce the integrated injury rate (company personnel and contractors' employees) compared to the average for the three-year period 2012-2014 (IF = 2.6) connected to the system of objectives assigned to management.	<p>Introduce the project on risk perception at Edison Stocaggio.</p> <p>Maintain the level of sharing good practice in regard to business.</p> <p>Consolidate the entry of colleagues from the foreign divisions into the Company's HSE Community with the aim of sharing policy and best practices.</p>
	Maintain focus on health and safety of local communities.	<p>After the Collalto test, a network of seismic and micro seismic monitoring will also be implemented for the sites of S. Potito and Cellino. The system, which has been active for over two years at Collalto, has detected no links between local seismic activity and the facility's activities.</p> <p>Information/training of populations living in areas around the plants in relation to external emergency plans issued by the Prefectures, also in virtue of new risk scenarios.</p>
	Contribute to reducing the level of absenteeism at the EDF Group, as envisaged on the basis of the targets of the Group H&S Policy (usually under 8 days per person per year).	<p>Entry into operation of defibrillators at all the electric energy production sites where personnel are always present, as already happens at the hydrocarbon sites.</p> <p>Guarantee at least 50% of employees trained on the topic of the European Health and Safety Week 2015 "Muscular and skeletal problems".</p> <p>Complete the update of the assessment of work-related stress for all the Divisions/Departments in Edison.</p>
	Realisation of an IT instrument to train personnel at the most important hydrocarbon sites.	The instrument will be realised through audio-visual technology in a number of languages.

PEOPLE

Scope	Objectives	Activities
Relations with local communities	Study a structured model for dialogue with stakeholders in the local area.	Activation of a path to create a stakeholder panel and related pilot application.
	Support for social innovation.	Launch and development of Edison Pulse, a contest dedicated to the promotion of innovative ideas on issues such as energy and development of the local area.
	Internships for students in last year for navy officers.	Internships will be undertaken at the Edison port base at Ortona in relation to the specialisation on "machines and commands".



APPENDIX



DATA AND INDICATORS

Production	Unit of measurement	2012	2013	2014	GRI
Production and reserves of hydrocarbons					OG1
Natural gas produced	millions of m ³	2,518	2,209	2,151	
Crude oil extracted	thousands of barrels	3,546	3,580	4,161	
Hydrocarbon reserves	billions of m ³	50	50,4	46,2	
Net production of electric power*					EU 2
Edison production	Gwh	24,355	20,055	17,616	
Thermoelectric energy	Gwh	19,549	14,841	11,716	
- of which combined-cycle	Gwh	18,313	14,841	11,716	
Renewable energy source	Gwh	4,806	5,214	5,899	OG3
- of which hydroelectric energy	Gwh	3,881	4,338	4,954	
- of which wind power	Gwh	874	823	894	
- of which electric power from other renewable energy sources (photovoltaic and biomass)	Gwh	51	53	51	
Share of electric power produced from renewable energy sources	%	20	26	33	
Other sources	Gwh	28,626	37,625	78,564	
- of which Edipower**	Gwh	2,391	-	-	
- of which other purchases	Gwh	26,235	37,625	78,564	
<i>* It should be noted that the data relating to electric power production have been restated following the application of IFRS 11 solely for 2014</i> <i>** Edipower until 05/24/2012</i>					
Net production of thermal energy from steam sold					
Edison production	TJ	11,174	11,396	8,723	
Efficiency of the thermoelectric power plants					
Average yield of the thermoelectric power plants	%	58	57	59	EU11
Availability factor for the thermoelectric power plants	%	90	90	92	
Availability factor for the hydroelectric power plants	%	94	93	95	
Availability factor for the wind farms*	%	95	96	96	
Average availability factor	%	93	93	94	EU 30

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

Environment	Unit of measurement	2012	2013	2014	GRI
Energy used to produce electric power					EN3
Natural gas	millions of Sm ³	4,088.60	2,919.60	2,513.14	
Coke-oven gas	millions of Nm ³	86.1	74.4	39.028	
Blast-furnace gas	millions of Nm ³	756,1	722,5	268,026	
Steel-mill gas	millions of Nm ³	-	-	-	
Blast-furnace and steel-mill gas mixture	millions of Nm ³	-	-	-	
Fuel oil	thousands of t	0.1	0.6	-	
Diesel oil	thousands of t	-	-	-	
Coal	thousands of t	-	-	-	
Bark	thousands of t	71.1	62.5	59.4	
Mud	thousands of t	24.5	19.5	19.5	
Wood chips	thousands of t	66.1	55.5	76.476	
Total energy used	thousands of GJ	146,875	106,001	89,847	
Energy used for ancillary services					EN 3
Natural gas	thousands of Sm ³	4,915.90	3,379.30	5,240.91	
Diesel oil	t	3,393.10	6,885.50	3,563.36	
Fuel oil	t	4,211.20	1,395.00	2,239.00	
Purchased electric power	MWh	139,916.00	142,821.50	143,422.25	
Materials used					EN1
Total process chemicals	t	58,271	47,510	47,604	
Dielectric oil used as lubricant and coolant	t	80,9	64,01	71,01	
Water resources used					EN 8
Sea water	thousands of m ³	302,440	204,114	150,366	
Brackish water	thousands of m ³	378,026	390,376	379,345	
Water from rivers or canals	thousands of m ³	77,186	58,237	34,147	
Water drawn from subsoil	thousands of m ³	4,574	4,478	2,278	

Environment	Unit of measurement	2012	2013	2014	GRI
Purchased demineralised water	thousands of m ³	152	90	131	
Other water resources used	thousands of m ³	289,677	231,811	190	
Recycled water from thermoelectric operations	thousands of m ³	5,912	4,507	3,546	EN 10
- of which recycled industrial water	thousands of m ³	4,566	3,183	2,852	
- of which water from condensation and purchased steam	thousands of m ³	1,346	1,324	693	
Total water resources used	thousands of m³	768,579	662,034	570,004	
Recycled water – thermoelectric operations	%	0.80	0.67	0.62	
Flow-through water and biodiversity – hydroelectric operations					EN12
Turbine powering water	thousands of m ³	13,611,647	14,093,032	17,183,368	
Minimum vital water flow (MVW)	thousands of m ³	1,357,392	1,258,759	1,370,112	
MVW releases	%	10.30	9.14	7.97	
Effluents					EN 22
Industrial effluents generated	thousands of m ³	25,597	24,290	21,802	
Reinjected water (hydrocarbon sector)	thousands of m ³	-	-	0	
Cooling water	thousands of m ³	732,336	621,873	537,884	
Residential waste water	thousands of m ³	115.5	136.0	127.3	
Total effluents discharged	thousands of m³	758,048	646,299	559,814	
into the sewers	thousands of m ³	4,711	4,165	3,910	
into surface water bodies (rivers, canals and the sea)	thousands of m ³	753,287	642,055	555,846	
into ground water bodies (aquifer etc.)	thousands of m ³	51.0	79.0	58.4	
Greenhouse gas emissions					
Electric power sector					
Gross thermoelectric energy produced	GWh	18,127	13,922	11,934	
Total gross electric power produced	GWh	22,683	18,891	17,954	
Gross thermoelectric and thermal energy produced	GWh	21,231	17,088	14,525	
Gross electric power and thermal energy produced	GWh	25,787	22,057	20,377	

Environment	Unit of measurement	2012	2013	2014	GRI
CO ₂ from the production of electric power and thermal energy	t	8,366,018	6,689,356	5,277,056	EN 15
CO ₂ emissions from vehicles used	t of CO ₂ eq.	n.a.	1,657	825	
Specific CO ₂ emissions - thermoelectric and thermal energy	gross g/Kwh	394.0	391.5	363.3	
Specific CO ₂ emissions – electric power and thermal energy (includes renewables)	gross g/Kwh	324.4	303.3	259.0	
Emissions avoided with renewables	t	1,849,589	1,759,360	1,990,500	
SF6	t of CO ₂ eq.	466	410.4	479	
Emission Trading Scheme (ETS)					EU5
Rights allocated under the Emission Trading Scheme*	t	9,602,081	211,028	163,952	
CO ₂ produced from below allocation plants	t	8,241,721	6,585,275	5,199,124	
Kyoto Protocol compliance level (rights allocated/emissions generated below allocation)*	%	114	n.a.	n.a.	
Hydrocarbon sector					
Hydrocarbon sector CO ₂	t	51,911	153,453	135,047	
- of which flaring/venting	t	n.a.	18,576	8,536	OG6
Gas distribution operations					
CO ₂ emissions from pipeline leaks	t of CO ₂ eq.	2,636	1734.3	1636	EN 16 EN 19
Direct emissions from other activities (scope I)					EN 15
Natural gas	t of CO ₂ eq.	9,674	6,650	6,609	
Diesel oil	t of CO ₂ eq.	10,766	21,848	17,159	
Fuel oil	t of CO ₂ eq.	13,223	4,380	7,030	
Indirect emissions					
CO ₂ from business travel **	t of CO ₂ eq.	2,004	2,514	2,542	EN 17
Emissions attributable to consumption of purchased electric power(*)	t	54,017	55,139	55,371	EN 16 EN 19

* Conversion factors published by ISPRA.

** Data for 2012 and 2013 recalculated compared to the previous report on the basis of the updating of the conversion factors published by ISPRA

Environment	Unit of measurement	2012	2013	2014	GRI
Emissions of gases harmful to the ozone layer					EN 20
CFC-11 equivalents	t	-	0,18	0,12	
Emission into the atmosphere					EN 21
Electric power sector					
NOx	t	3,555	2,757	2,228	
SOx	t	345	737	283	
Particulate	t	18	30	11	
CO	t	1,402	1,516	2,043	
Hydrocarbon sector					
NOx	t	202	220	80	
SOx	t	99	71	42	
Particulate	t	2	2	1	
CO	t	72	117	123	
Total emissions					
NOx	t	3,757	2,977	2,308	
SOx	t	444	808	325	
Particulate	t	20	32,0	12	
CO	t	1,474	1,633	2,166	
Waste generated*					EN 23
Non-hazardous waste	t	72,659	45,873	202,122	
Hazardous waste	t	2,263	5,156	2,278	
Total waste generated	t	74,922	51,030	204,400	
- of which recycled	%	43.58	57.39	84.24	
- of which sent to landfill	%	56.42	42.61	15.76	

* Special maintenance was performed on the Vega platform in 2014, producing about 158.000 t of wastes, 91% of which was sent for recycling. Production of wastes, largely ferrous materials, was the result of replacement of parts of the metal structure which had deteriorated due to corrosion due

Environment	Unit of measurement	2012	2013	2014	GRI
Inspections to locate natural gas leaks					PR 1
Pipelines inspected	Km	2,066	2,200	2,445	
Pipelines existing at the beginning of the year	Km	2,603	2,624	2,640	
Network inspected	%	79	84	93	
Total number of leaks located	No	1,213	991	1079	
Total volume of leaks	thousands of Sm³	159	105	98.77	
HSE management systems					
Sites covered by ISO 14001 management systems					
Electric power sector	%	100	100	100	
Hydrocarbon sector	%	100	100	13	
Sites covered by EMAS management systems					
Electric power sector	%	67	67	100	
Hydrocarbon sector	%	14	25	13	
Sites covered by OHSAS 18001 management systems					
Electric power sector	%	100	100	100	
Hydrocarbon sector	%	100	100	100	
<i>In 2013, the Comiso 2 site achieved EMAS registration</i>					
Audit process					
Internal audits	No	103	86	88	
External audits (by a third party)	No	15	11	11	
Total audits	No	118	97	99	
Inspections - Italy					
Performed by ASL, ARPA, communes, provinces, regions	No	17	39	13	
Other inspections	No	8	10	6	
Total inspections	No	25	49	19	

Environment	Unit of measurement	2012	2013	2014	GRI
Environmental accounting					EN 31
Protection of air and climate	€/000	2,518	4,179	571	
Water management	€/000	18,538	29,874	30,646	
Waste management	€/000	2,563	2,399	2,383	
Protection of soil, subsoil and aquifers	€/000	4,208	2,703	3,589	
Protection of habitats and landscape and remediation projects	€/000	4,148	2,407	657	
Exploration and development	€/000	74	21	1,5	
Other environmental protection activities	€/000	68,022	4,918	4,373	
Noise, vibrations, CEM reduction	€/000	514.25	99.745	109	
Total outlays	€/000	100,584	46,600	42,329	
- of which investments	€/000	72,365	9,577	3,593	
- of which operating expenses	€/000	28,219	37,023	38,736	
Material environmental events					
Spills	No	-	-	-	EN 24
Environmental penalties					EN 29
Fines paid in the year	€	1,570	540	-	
Other non-cash penalties	No	-	-	-	

Employees	Unit of measurement	2012	2013	2014	GRI
<i>Note: the consolidation of 2012 and 2013 figures on Group companies that are not wholly owned 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). In particular, note that figures on personnel management have not been reclassified on the basis of the new accounting standard.</i>					
Consistency of personnel					
Employees at 1/1*	No	3,236	3,248	3,183	
Joiners	No	127	84	77	
Leavers**	No	115	92	159	
Employees at 31/12	No	3,248	3,240	3,101	

* The total headcount between 31.12.2013 and 01.01.2014 differs by 57 staff owing to the change in the consolidation boundary due to the application of IAS IFRS 11 (further specified in the Note on methodology).

** The high number of leavers in 2014 is due to sale of assets/transfer of a company branch

Employees	Unit of measurement	2012	2013	2014	GRI
Personnel breakdown					G4-10
By gender					
Men	No	2,590	2,586	2,467	
Women	No	658	654	634	
By geography					
Italy	No	2,297	2,324	2,243	
Other countries	No	951	916	858	
- of which Egypt	No	-	828	814	
- of which Norway	No	-	18	24	
- of which other countries/areas	No	-	70	20	
By grade					
Executives	No	193	195	198	
- of which women	No	20	20	19	
Middle managers	No	639	695	704	
- of which women	No	163	167	173	
Office staff	No	1,958	1,702	1,616	
- of which women	No	470	464	414	
Production staff	No	458	648	583	
- of which women	No	5	3	28	
Temporary staff					G4-10
Temporary staff	No	20	39	44	
- of which women	No	9	23	29	
Female employee percentages					LA 12
Executives	%	10.00	10.30	9.60	
Middle managers	%	26.00	24.00	24.57	
Office staff	%	24.00	27.30	25.62	

Employees	Unit of measurement	2012	2013	2014	GRI
Production staff	%	1.00	0.50	4.80	
Total	%	20.30	20.20	20.45	
Temporary staff	%	45.00	59.00	65.91	
Employees breakdown by type of contract					G4-10
Permanent	No	3,181	3,167	3,071	
- of which women	No	644	644	628	
Fixed-term contract	No	67	73	30	
- of which women	No	14	10	6	
Job training					G4-10
Apprentices	No	16	34	31	
Internships/Short-term entry assignments	No	16	14	18	
Total	No	32	48	49	
Interns and apprentices as a percentage of total staff	%	0.99	1.48	1.58	
Part-time staff					G4-10
Employees with part-time contracts	No	80	82	82	
- of which women	No	73	77	76	G4-10
Percentage of employees with part-time contracts	%	2.50	2.50	2.64	
- of which women	%	11.10	11.80	11.99	G4-10
Hires					LA 1
Breakdown by age					
Younger than 35	No	89	68	57	
Between 36 and 45	No	23	11	14	
Older than 45	No	15	5	6	
By gender					
Women	No	36	16	24	
Men	No	91	68	53	

Employees	Unit of measurement	2012	2013	2014	GRI
By geography					
Italy	No	81	45	58	
Other countries	No	46	39	19	
By classification					
Executives	No	4	3	3	
Middle managers	No	14	8	10	
Office staff	No	81	43	56	
Production staff	No	28	30	8	
Leavers					LA 1
Breakdown by reason					
Resignation	No	51	33	36	
Retirement	No	45	31	37	
Death	No	1	2	5	
Redundancy	No	7	2	0	
Other *	No	10	24	81	
<i>* in 2014, 67 personnel left due to the divestment of an asset/transfer of a company division</i>					
Breakdown by age					
Younger than 35	No	38	26	39	
Between 35 and 45	No	15	18	54	
Older than 45	No	61	48	66	
By gender					
Women	No	28	19	31	
Men	No	86	73	128	
By geography					
Italy	No	73	53	133	
Other countries	No	41	39	26	

Employees	Unit of measurement	2012	2013	2014	GRI
Changes to a higher classification					
Promotion from middle manager to executive	No	20	7	12	
Promotion from office staff to middle manager	No	83	78	80	
Promotion from production staff to office staff	No	31	51	41	
Total	No	134	136	133	
Employees who received training*					
Employees who attended at least one training course	No	2,962	2,591	2,623	
Employees who received training	%	91	80	85	
<i>* The figures for 2013 have been recalculated with respect to those appearing in the previous Sustainability Report, using the same measurement methods in order to make different years comparable</i>					
Training					LA 9
Total hours	No	131,410	121,940	101,734	
- of which women	No	27,054	25,179	24,064	
Average hours per trained employee	No	44	42	39	
Average hours per employee	No	40	38	33	
Average hours per female employee*	No	41	38	38	
<i>* Calculated as the ratio between the number of hours provided to female employees and the total number of female employees</i>					
By grade					
Executives	No	5,384	6,674	7,198	
Middle managers	No	25,846	24,922	26,194	
Office staff	No	84,092	74,180	58,906	
Production staff	No	16,088	16,164	9,436	
By type					
Quality, environment and safety	No	40,594	35,697	25,570	
Technical training	No	27,912	22,924	8,328	
Institutional training – internal	No	20,710	19,207	18,541	
Specialised training – external	No	14,507	14,081	21,734	

Employees	Unit of measurement	2012	2013	2014	GRI
Foreign language courses	No	24,536	24,407	23,012	
Computer courses	No	1,346	3,824	1,528	
Conventions	No	1,805	1,800	3,021	
Training costs*					
Internal and external training costs (including taxes and obligatory contributions)	k€	2,767	3,031	3,039	
- of which financed	k€	403	479	261	
Cost of the work of the beneficiaries of training	k€	3,254	3,405	3,153	
Cost of internal personnel employed	k€	402	388	378	
Total costs	k€	6,423	6,824	6,570	
* The figures for 2013 have been recalculated with respect to those appearing in the previous Sustainability Report, using the same measurement methods in order to make different years comparable.					
Employees subject to an annual feedback interview					LA 11
Executives	%	96	98	99	
Middle managers	%	78	89	88	
Office staff	%	23	26	56	
Production staff	%	-	-	39	
Total	%	35	39	63	
Total number of women employees	%	52	45	68	
Employees in protected categories					LA 12
Disabled employees	No	105	104	99	
Other (e.g. orphans)	No	24	24	23	
Total	No	129	128	122	
Effect of disabled employees on the total	%	3	3	4	
Employees returning to work and workforce re-entry rates after parental leave, by gender*					LA 3
Employees entitled to parental leave	No	2,266	2,267	2,151	
- of which women	No	536	537	521	
Employees who took parental leave	No	63	62	67	

Employees	Unit of measurement	2012	2013	2014	GRI
- of which women	No	57	54	59	
Employees whose parental leave ended during the year	No	n.a.	19	20	
- of which women	No	n.a.	18	20	
Employees whose parental leave ended during the year and who returned to work	No	n.a.	19	20	
- of which women	No	n.a.	18	20	
Total rate of returns to work	%	n.a.	31	30	
Total rate of women returning to work	%	n.a.	33	34	
Missed hours of work					LA 6
Illness	No	100,434	118,481	120,548	
- of which abroad	No	n.a.	n.a.	19,632	
Accident	No	2,852	3,341	4,890	
- of which abroad	No	n.a.	n.a.	3,416	
Maternity	No	34,425	37,187	45,984	
- of which abroad	No	n.a.	n.a.	8,303	
Strike	No	138	418	220	
- of which abroad	No	n.a.	n.a.	n.a.	
Employee assembly	No	-	-	17	
- of which abroad	No	n.a.	n.a.	n.a.	
Paid leave	No	35,652	41,070	40,916	
- of which abroad	No	n.a.	n.a.	1,369	
Unpaid leave	No	6,658	9,636	9,943	
- of which abroad	No	n.a.	n.a.	414	
Other	No	-	47,584	53,962	
- of which abroad	No	n.a.	n.a.	n.a.	
Total	No	180,159	257,717	276,480	
- of which abroad	No	n.a.	n.a.	33,134	

Employees	Unit of measurement	2012	2013	2014	GRI
Average productivity bonuses per capita*					
Middle managers	€	2,154	2,065	2,661	
Office staff	€	1,776	1,701	2,236	
Production staff	€	1,484	1,448	1,815	
Average paid per capita	€	1,805	1,751	2,283	
<i>* The figure does not include the local employees of foreign headquarters or those of Italian companies not on the centralised payroll</i>					
Incentivising bonuses*					
Employees who received an incentivising bonus other than the productivity bonus (MBO)	No	434	447	496	
Employees who received a non-cash incentivising bonus (Award)	No	-	-	-	
<i>*The figure does not include the local employees of foreign headquarters.</i>					
Collective bargaining and union membership					G4 - 11
Employees covered by a national collective bargaining agreement	No	3,248	3,240	3,101	
Employees who are members of a trade union	No	1,498	1,518	1,428	
Employees covered by a national collective bargaining agreement	%	100	100	100	
Rate of union membership	%	46	47	46	
Disputes with employees					
Outstanding at 31 December	No	5	4	6	
Started during the year	No	1	-	2	
Closed during the year	No	-	1	-	
Women/Men base compensation ratio					LA13
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	%	106.20	106.70	107.00	

Employees	Unit of measurement	2012	2013	2014	GRI
Women/Men age ratio (average year differential)	No	< 1,5	< 1,1	< 0,6	
Professionals					
Women/Men % compensation ratio	%	94.90	94.73	93.00	
Women/Men age ratio (average year differential)	No	< 3,5	< 3,2	< 3,6	
Office staff					
Women/Men % compensation ratio	%	92.90	92.76	93.00	
Women/Men age ratio (average year differential)	No	< 0,9	< 0,8	< 1,1	
Production staff					
Women/Men % compensation ratio	%	n.a.	n.a.	n.a.	
Women/Men age ratio (average year differential)	No	n.a.	n.a.	n.a.	

The "production staff" category is not significant due to the small number of women in this category. The figure does not include the local employees of the foreign headquarters or those of Italian companies not on the centralised payroll.

Employees breakdown by age groups

LA 12

Younger than 25	%	1	1	1	
Between 25 and 35	%	28	26	25	
Between 36 and 45	%	31	31	29	
Between 46 and 55	%	28	28	30	
Older than 55	%	12	13	15	

Employees breakdown by education level

Elementary school	%	1%	1	1	
Middle school	%	17%	16	16	
High school diploma	%	41%	42	41	
College degree	%	40%	40	41	
Other (Masters, PhD etc.)	%	1%	1	1	

Average length of service at the Company*

Executives	No of years	15.6	16.1	17.0	
Middle managers	No of years	12.3	13.1	14.0	

Employees	Unit of measurement	2012	2013	2014	GRI
Office staff	No of years	12.8	13.3	14.3	
Production staff	No of years	14.6	15.3	18.3	
Total	No of years	13	13.7	14.9	

* The data for foreign companies are not available.

Employee turnover (resignations)

LA 1

by age group

Younger than 35	%	35	58	56	
Between 35 and 45	%	51	28	25	
Older than 45	%	14	14	19	

by gender

Women	%	33	26	22	
Men	%	67	74	78	

by geography

Italy	%	82	77	75	
Other countries	%	18	23	25	

by classification

Executives	%	6	3	3	
Middle managers	%	25	32	17	
Office staff	%	61	49	69	
Production staff	%	8	16	11	

by years of service

Less than 3 years of service	%	27	15	33	
Between 3 and 10 years of service	%	61	72	53	
More than 10 years of service	%	12	13	14	

Employees	Unit of measurement	2012	2013	2014	GRI
Industrial injuries					LA 6
Accidents to Group employees (>1 workday lost, excluding in-transit accidents)	No	11	7	9	
- including abroad	No	2	0	4	
days lost per accident (excluding in-transit accidents)	No	328	165	398	
- including abroad	No	66	0	314	
Fatal accidents	No	1	-	-	
Instances of occupational illnesses	No	n.a.	-	-	
Hours worked	No	6,027,768	5,891,953	5,407,165	
- including abroad	No.	1,987,155	2,054,754	1,648,386	
Group injury incidence rate (for one million working hours)	No	1,82	1,19	1,66	
Group serious accident incidence rate (per thousand working hours)	No	0,05	0,03	0,07	
Average of workdays lost (for each accident)	No	28,3	23,6	44,2	
Health care benefits*					
Medical examinations provided	No	1,475	1,707	1,308	
* The data for foreign companies are not available.					
Occupational safety expenditures					
Operating expenses	k€	7,753	7,014	6,701	
Capital expenditure	k€	2,994	3,329	3,874	
Total	k€	10,747	10,343	10,575	
Contractor employees					G4 - 10 EU
Average Full-Time Equivalents (FTE)	No	1,857	1,501	1,248	
Days worked by contractor employees					EU 17
Construction activities	No	92,674	49,869	26,321	
Maintenance activities	No	278,645	250,279	223,268	
Total	No	371,319	300,147	249,590	

Employees	Unit of measurement	2012	2013	2014	GRI
Industrial accidents for contractors					LA 6 EU
Contractor employee who attended health and safety courses (on average number of FTE)*	%	84%	42%	56%	EU 18
Accidents to contractor employees (>1 workday lost)	No	9	13	4	
Hours worked	No	2,970,546	2,401,180	1,996,717	
workdays lost due to accidents	No	276	871	569	
Fatal accidents to contractor employees	No	-	1	0	
Injury incidence rate for contractors	No	3.03	5.00	2.00	
Lost workday incidence rate for contractors	No	0.09	0.36	0.29	

* The figure does not include employees of foreign contractors

Customers	Unit of measurement	2012	2013	2014	GRI
Total Customers	No	1,408,861	1,411,190	1,224,709	
Electric power customers					EU 3
Totals	No	830,220	814,938	671,466	
	Gwh	18,102	19,149	20,409	
Residential	No	670,691	654,399	549,492	
	Gwh	2,057	1,991	1,703	
Business	No	4,009	4,895	4,939	
	Gwh	13,113	14,591	16,833	
Small business (SOHO)	No	155,520	155,644	117,035	
	Gwh	2,932	2,567	1,873	
Gas customers					EU 3
Totals	No	578,641	596,252	553,243	
	mil Sm³	4,071	5,444	5,727	
Edison Energia residential gas customers	No	442,392	459,510	413,089	
	mil Sm³	514	562	415	

Customers	Unit of measurement	2012	2013	2014	GRI
Other Edison Energia gas customers (industrial customers and non-industrial wholesalers)	No	563	1100	3804	
	mil Sm ³	3,481	4,807	5,243	
Total Edison Energia gas customers	No	442,955	460,610	416,893	
	mil Sm³	3,995	5,369	5,658	
AMG Gas Palermo residential customers	No	131,800	131,903	132,495	
	mil Sm ³	50	52	50	
AMG Gas Palermo industrial customers	No	3,820	3,739	3,855	
	mil Sm ³	26	23	19	
Total AMG Palermo gas customers	No	135,620	135,642	136,350	
	mil Sm³	76	75	69	
Green energy sold					
RECS certified energy	Gwh	590	531	596	
Interruptions of electric power service					EU 27
'Interrupted' customers	No	26,752	83,858	65,403	
Broken down by length of time between disconnection and payment					
< 48h	No	4,579	9,435	7,589	
48h-1 week	No	7,543	27,974	23,160	
1 week - 1 month	No	8,753	23,331	20,036	
1 month - 1 year	No	5,877	23,119	14,618	
> 1 year	No	-	-	0	
Broken down by length of time between payment and reconnection					
< 48h	No	25,513	77,736	61,595	
48h-1 week	No	193	2,660	2,492	
> 1 week	No	1,046	3,462	1,316	

Customers	Unit of measurement	2012	2013	2014	GRI
Failure to comply with codes and regulations on advertising and product marketing			PR7		PR7
Electric power sector	No	-	-	-	
Natural gas sector	No	-	-	-	
Monetary value of penalties for non-compliance with laws or regulations regarding the supply or use of services					
Monetary value of penalties in the electric power sector	Euros	-	-	-	
Monetary value of penalties in the gas sector	Euros	-	-	-	
Total	Euros	-	-	-	
Contact centre service					
Total number of inbound calls	No	2,893,205	2,927,380	2,762,544	
% of inbound calls answered within 30 seconds*	%	41.20%	42.70%	65.02%	
(*) The figures refer to the call data from residential customers					
Number of complaints					PR8
Total number of complaints for the electric power service	No	39,671	34,608	28,113	
Complaints as a percentage of the total number of electric power customers	%	4.8	4.2	4.2	
Total number of complaints for the gas service	No	16,203	22,121	25,769	
Complaints as a percentage of the total number of gas customers	%	2.8	3.7	4.7%	
Suppliers	Unit of measurement	2012	2013	2014	GRI
Value and localisation of supplies		2012	2013		
Total value of supplies	€/000	434,579	404,956	401,265	
- of which suppliers in Italy	%	88.70	94.10	91.53	
- of which foreign suppliers	%	11.30	5.90	8.47	
% ordered from local businesses	%	n.a.	5.90	5.82	
Selection and qualification of suppliers		2012	2013		
Suppliers managed on the portal	No	n.a.	4.383	5.087	
- of which qualified suppliers	No	2,275	3,022	3,237	

Suppliers	Unit of measurement	2012	2013	2014	GRI
- of which suppliers qualified in the year	No	383	891	367	
Average approval time (Register of Suppliers and Vendor List)	days	61	61	83	
Total value of purchases from qualified suppliers	€/000	381,847	365,837	357,757	
as a % of total purchases	%	88	90	89	
Critical strategic suppliers *	No	n.a.	55	43	
Supplies from critical strategic suppliers as a % of total supplies	%	n.a.	22%	11	
Suppliers with at least one HSEQ-certified management system	No	n.a.	2,254	2,645	
- of which those with ISO 9001 certification	%	n.a.	99	99	
- of which those with ISO 14001 certification	%	n.a.	24	26	
- of which those with OHSAS 18001 certification	%	n.a.	13	15	
Supplies from HSEQ-certified suppliers as a % of total supplies**	%	n.a.	74	67	

(*) suppliers mapped in the enterprise risk management system

(**) 2013 figure recalculated to assign a value to the amount ordered from qualified suppliers

Supply

Total active suppliers *	No	3,189	2,845	2,791	
- of which qualified suppliers	%	46	43	47	
Average length of contractual payment terms	days	70	75	70	

* suppliers having received at least one order during the year

Monitoring and rating

Suppliers evaluated during the year	No	545	593	477	
Precautions taken against negative evaluations	No	30	35	24	

Disputed

Outstanding at 31 December	No	2	3	3	
Started during the year	No	2	1	2	
Closed during the year	No	-	1	1	

A NOTE ON METHODOLOGY

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 2014 report has been aligned, for the first time, with the G4 standard (published in May 2013) and includes the indicators specified in the Electric Utilities sector supplement and the Oil & Gas sector supplement. The perimeter and degree of detail of reporting of the topics

dealt with reflect the results of the materiality analysis carried out in accordance with the methodological approach described on page 23. In order to apply the GRI G4 standard, Edison's material topics were associated with the "Specific Standard Disclosure" list of aspects set out in G4, and those that best represent the results emerging from the analysis were selected. An analysis was then conducted to identify the perimeter of various significant

aspects, that is, the perimeter within which impacts may take place both within and outside Edison. The next phase involved assignment of priorities, taking into account both the significance of the economic, environmental and social impact of various business activities within the organisation and their substantial effect on the opinions and decisions of external stakeholders. The results of this activity are summarised in the following table.

Material Aspects	Aspect boundary		Boundary limitations	
	Significance within the organisation	Significance outside the organisation	Significance within the organisation	Significance outside the organisation
System efficiency	Edison S.p.A.	-	-	-
Employment	Edison S.p.A.	-	-	-
Occupational Health and Safety	Edison S.p.A.	-	-	-
Indirect economics impact	Edison S.p.A.	-	-	-
Economic performance	Edison S.p.A.	EDF, Regulatory Authority, Customers	-	-
Emissions	E.A.	-	-	-
Biodiversity	E.A., H.A.	-	-	-
Materials	E.A., H.A.	-	-	-
Water	E.A., H.A.	-	-	-
Environmental Protection (overall)	E.A., H.A.	Suppliers	-	Reporting partially extended to cover suppliers
Energy	E.A.	Customers	-	Reporting partially extended to cover customers
Procurement practices	Edison S.p.A.	-	-	-
Anti-corruption	Edison S.p.A.	Suppliers	-	Reporting not extended to subcontractors

	Perimetro dell'aspetto		Limitazioni riguardo al perimetro	
Material Aspects	Significance within the organisation	Significance outside the organisation	Significance within the organisation	Significance outside the organisation
Marketing Communication	M.E.S.	Agencies and commercial intermediaries	-	Reporting not extended to agencies and commercial intermediaries
Compliance	Edison S.p.A.	-	-	-
Access	E.A., H.A.	-	-	-
Local community	Edison S.p.A.	-	-	-

Legenda

Edison S.p.A.

Energy Asset (E.A.)

Power Asset

Power International

Energy Management

Hydrocarbon Asset (H.A.)

Exploration e Production

Gas International e Management

Gas regulated asset

Marketing Sales & Energy Services (M.E.S.)

With regard to the material aspects for which reporting has not yet been extended to the boundary outside the organisation (G4-omissions), Edison undertakes to implement specific actions over coming years which will enable reporting to be extended gradually. Based on the current coverage of the Specific Standard Disclosure indicators associated with the material aspects, Edison declares its

adherence to the GRI-G4 standard to be at "In accordance" – "Core" level.

Reporting process and boundary

The data and the information contained in the document refer to the performance of the Group in the financial year ended 31 December 2014 (with the exception of certain information considered significant and relating

to the first months of 2015) and were collected and consolidated by the responsible Edison managers, by extracting information from the company IT systems, the billing system and internal and external reports.

The reporting standards and boundary are those used in the consolidated financial statements, except where indicated otherwise. It should be noted that as of 1 January 2014,

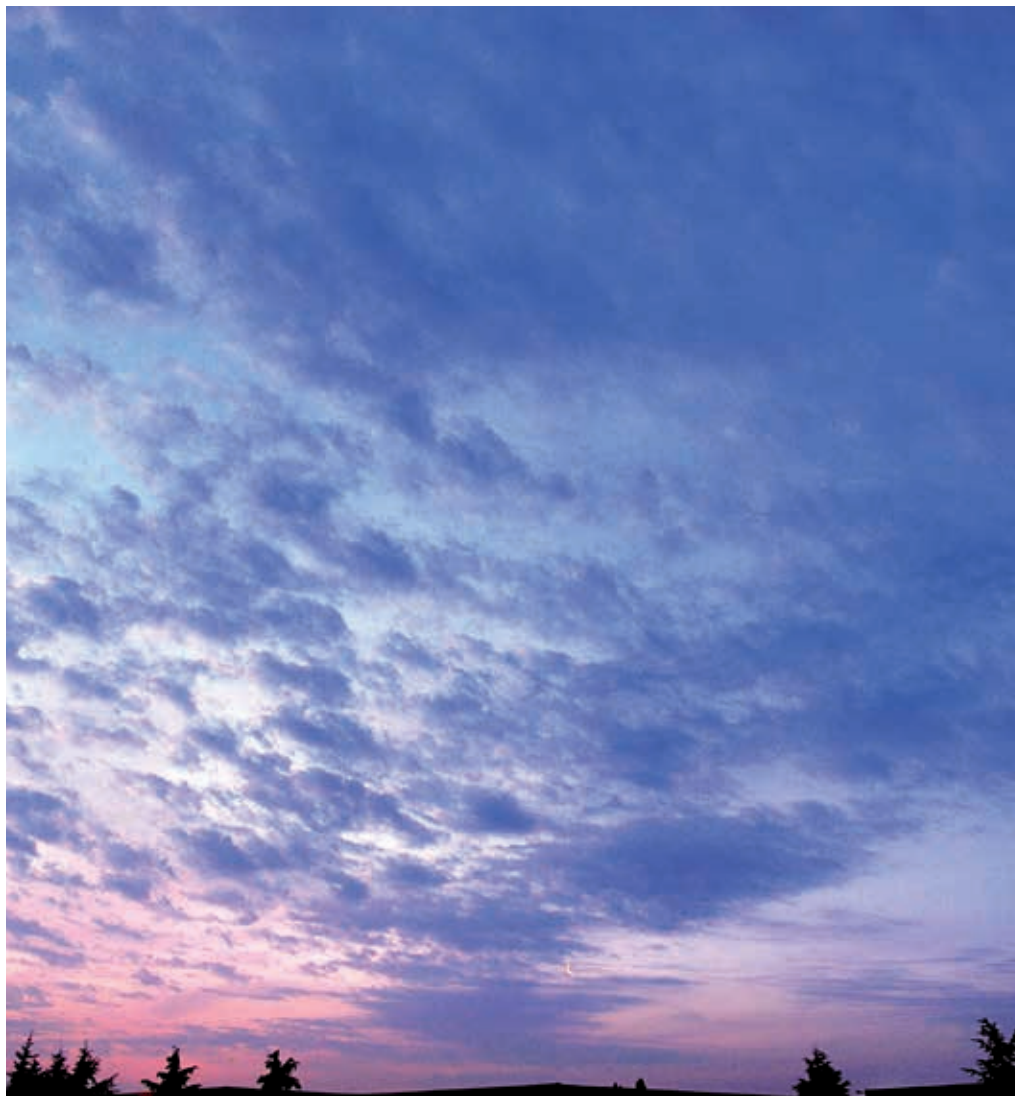
Edison has implemented the consolidation rules introduced by IAS IFRS 11. Since this reporting standard has a retroactive effect, where possible, the 2012 and 2013 data have been reclassified in accordance with this approach. Any exceptions have been mentioned in the Report, as appropriate.

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

Assurance

As was the case in previous years, the Sustainability Report 2014 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 during sample site visits and in 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 26 March 2015.



GRI CORRELATION TABLE

General standard Disclosures		Reference Pages	External Assurance
Strategy and Analysis			
G4 - 1	Sustainability Strategy	2-3;18-22	✓
Organisation profile			
G4 - 3	Name of the organisation	Cover	✓
G4 - 4	Brands, products and services	5	✓
G4 - 5	Location of offices	Back cover	✓
G4 - 6	Operational countries, including significant impacts linked to products, activities, services and relationships	12-13	✓
G4 - 7	Ownership structure	16	✓
G4 - 8	Customer markets	10-11	✓
G4 - 9	Size of the organisation	7-8	✓
G4 - 10	Employees by type of contract, sex, geographic area, level	115-117	✓
G4 - 11	Employees covered by collective bargaining agreements	122	✓
G4 - 12	Description of supply chain (no. suppliers, volumes and procurement markets)	78-80	✓
G4 - 13	Changes in scope of activities including location of suppliers	130-132	✓
G4 - 14	Application of the principle of prudence	34	
G4 - 15	List of charters or principles to which the organisation adheres or other initiatives supported	26-27	✓
G4 - 16	List of category associations to which the organisation adheres	57-59	✓
EU1	Installed capacity	7-8	✓
EU2	Net power produced	7-8	✓
EU3	Number of residential, industrial, institutional and commercial customers	7-8	✓
EU4	Length of transmission and distribution networks	8-16	
EU5	Allocation of CO ₂	112	
Materiality and scope of report			
G4 - 17	List of consolidated entities in the consolidated financial statements and those not included in the sustainability report	130	✓
G4 - 18	Explanation of the process to define the contents of the report and the way in which the organisation has implemented the related reporting principles	23-24	

General standard Disclosures		Reference Pages	External Assurance
G4 - 19	List of material aspects identified	24	✓
G4-20	For each material aspect report the related perimeter outside the organisation	131	
G4-21	For each material aspect report the related perimeter inside the organisation	131	
G4-22	Explanations of the effects of any change in information included in previous reports and the reasons therefor	130, 109-129	✓
G4-23	Significant changes to targets or scope	130	✓
Stakeholder engagement			
G4-24	List of stakeholders engaged by the organisation	24-25	✓
G4-25	Identification process	24-25	
G4-26	Approach to engagement, including frequency and types of activity	23-25	
G4-27	Themes emerged from the engagement, means of management also through reporting	23-25	✓
Report profile			
G4-28	Period to which the report refers	130	✓
G4-29	Last report published	Last report was published in 2013	✓
G4-30	Frequency of reporting	Each year	✓
G4-31	Contacts	Back cover	✓
G4-32	Choice of "in accordance" option and GRI table - see details	130	✓
G4-33	Assurance policies and practices	141-143	✓
Governance			
G4-34	Governance structure including the committees which report to the top governance body	30-31	✓
Ethics and integrity			
G4-56	Principles, values, and rules of conduct	32-33, 94	✓

Specific Standard Disclosures

Material aspects		Page reference	Omissions	External assurance
Category: Economic				
Economic performance				
DMA		14-15		
EC1	Economic value generated and distributed directly	14-15		✓
EC2	Economic and financial implications linked to climate change	34		
EC3	Cover of obligations entered into in defining the pension plan (benefit plan obligations)	67-68		
Indirect economic impact				
DMA		81-97:102		
EC7	Impact of investments in infrastructure to benefit local communities, through commercial commitments, donations of products/services or pro bono work	83-88; 91-92		✓
Procurement practices				
DMA		78-80		✓
EC9	Policies, practices and percentage of expenditure relating to local suppliers	78		✓
System Efficiency				
DMA		35-38		✓
EU11	Average yield of the thermoelectric power plants	109		✓
Category: Enviromental				
Materials				
DMA		43 - 46		
EN1	Material used by weight and volume	110		
Water		Reduction in energy requirement for products and services		
DMA		43-46		
EN8	Total water draw-off divided by source	110		
EN10	Percentage and total volume of recycled and reused water	111		

Material aspects		Page reference	Omissions	External assurance
Category: Enviromental				
Energy				
DMA		7; 36-39; 43-44; 95-96; 102; 105		✓
EN3	Energy consumption in the organisation divided by primary energy source	110		✓
EN7	Reduction in energy requirement for products and services	36-38	To this date it's no possible to calculate the reduction in consumption obtained from energy efficiency measures for other parts. Edison is committed to report this aspect from the next edition	
OG3	Power generated from renewable energy sources	7		✓
Biodiversity				
DMA		45-48		
EN12	Description of the main impact of activities, products and services on biodiversity of protected areas or areas with a high level of diversity outside the protected areas	46-48		
Emissions				
DMA		43-44; 95-96; 102; 105		✓
EN15	Total direct emissions of greenhouse gasses by weight (scope I)	112		✓
EN16	Indirect emissions of greenhouse gasses by weight (scope II)	112		✓
EN17	Other indirect emissions of greenhouse gasses by weight (scope III)	112		✓
EN19	Activities for the reduction of greenhouse gas emissions and results achieved	36-40		
EN20	Emissions of substances harmful to the ozone layer by weight	48;113		✓
EN21	NOx, SOx and other significant emissions into the atmosphere divided by type and weight	48;113		✓

Material aspects		Page reference	Omissions	External assurance
Compliance				
DMA		32-33		✓
EN29	Monetary value of significant fines and number of non-monetary sanctions for failure to comply with environmental laws and regulations	No fines or sanctions		
Overall				
DMA		43-44;102-104		
EN31	Expenditure and investments related to environmental protection divided by type	44		
Category: Labor practices and appropriate work				
Employment				
DMA		63-66; 105-106		
LA3	Workforce re-entry rates after parental leave, by gender	120-121		
EU17	Days worked by contractors	125		
EU18	Contractor employees involved in health and safety training	75-76;101		
Occupational Health and Safety				
DMA		74-76		✓
LA6	Workplace injury rate, illness, work days lost, absenteeism and total number of deaths, divided by geographic area and by gender	74	Does not report on breakdown by gender. Edison will report on this aspect in the next edition	✓
Category: Society				
Local communities				
DMA		34		
EU22	Members of the community physically displaced or who received financial compensation due to construction/expansion of plants	No cases		

Category: Product responsibility		
Anti-corruption		
DMA		32-33
SO3	Percentage of business units analysed by risk of corruption and risks identified	32
SO4	Communication of policies and training of employees on anti-corruption	32-33
Compliance		
DMA		32-34
SO8	Monetary value of significant fines and total number of non-monetary sanctions for failure to comply with laws and regulations	No fines or sanctions
Marketing communications		
DMA		51-56
PR7	Total cases of non-compliance with regulations or voluntary codes related to marketing activities	127
Access		
DMA		21-22
EU27	Disconnection from grid due to failure to pay	127
EU30	Average power plant availability factor	109

GLOBAL COMPACT RECONCILIATION TABLE

Global Compact Advanced Criteria		Description	Ref. G4	Pag.
19	CEO Commitment and Leadership	Edison has maintained a constant commitment to adhering to the core elements put in place by its sustainable development policy and to the principles of the UN Global Compact, which from this year became an integral part of the Code of Ethics.	G4-1	2
20	Board Adoption and Oversight	Edison's governance system is aligned with legal requirements, and to which is added an Executive Committee (Comex) led by the CEO and composed of Divisional Directors representing the main areas of business. The Comex is constantly updated by the Corporate Responsibility division about the major sustainability projects and the results achieved.	G4-34	30-34
1	Mainstreaming into Corporate Functions and Business Units			
21	Stakeholder Engagement	With its stakeholders Edison discusses issues concerning its business and sustainability aspects linked to its work and to the impact on the local areas and communities where it operates: through open and constant dialogue Edison proposes shared solutions to create value for all the stakeholders.	G4-24/G4-27	23-27
15-18	UN Goals	Edison's sustainable development policy is in line with its ethical values and sets out the company's responsibility in four sectors (people, community, environment and market) by signing commitments to promote sustainable development and the systematic measurement of the related performance.	DMA	19-22, 94, 95
3-5	Human Rights: <ul style="list-style-type: none"> - Commitments, strategies, policies - Management systems - Monitoring and evaluation mechanisms 	<p>Edison's fundamental ethical principles are enshrined in the Group's Code of Ethics, which incorporates the principles of the Global Compact: the Code of Ethics applies to all of Edison S.p.A.'s subsidiaries, in Italy and in other countries, and it is therefore binding on all employees, regardless of the kind of contractual relationship.</p> <p>Edison has developed a human rights policy and a guideline to analyse the impact of company activities on human rights.</p> <p>During the qualification process, suppliers must read the 231/2001 Organisational Model, the Code of Ethics and the Human Rights Policy. Subsequently, signing the aforesaid policy is a binding contractual requirement for the award of an order.</p> <p>Edison seeks to reinforce the engagement of suppliers on human rights issues through the TENP project.</p> <p>Edison respects people's fundamental rights by protecting their moral integrity and ensuring equal opportunities.</p> <p>Edison endeavours to ensure that, within the sphere of its activities, the rights enshrined in the Universal Declaration of Human Rights are upheld in the various countries in which it operates.</p>	DMA	30-34, 63-77, 78-80
6-8	Labour: <ul style="list-style-type: none"> - Commitments, strategies, policies - Management systems - Monitoring and evaluation mechanisms 	<p>Edison's commitment to its employees is based on listening to their needs and expectations, on developing opportunities for all and on safeguarding health and safety in order to support the personal growth of every employee and their work-life balance.</p> <p>Edison's employees in Italy are covered by a national collective bargaining agreement. With regard to workers operating at non-Italian sites, Edison complies with local regulations and the management and professional culture of the country.</p> <p>Edison is a permanent member of the EDF Diversity Community and organises a Diversity Day each year. MyEDF: annual surveys, the results of which guide the implementation of ad hoc actions in order to meet the needs that emerged.</p> <p>Employees participate in numerous initiatives, including through the Edison per te programme.</p> <p>Edison has strengthened its commitment to greater safety for contractor employees and the communities in which they work.</p>	DMA	62-77

Global Compact Advanced Criteria		Description	Ref. G4	Pag.
9-11	Environment: <ul style="list-style-type: none"> - Commitments, strategies, policies - Management systems - Monitoring and evaluation mechanisms 	<p>Edison considers the protection of the environment to be a fundamental value, and is convinced that corporate development is compatible with respect for, and development of, the environment and the community.</p> <p>In conjunction with EDF, it has launched activities to promote the climate change conference in Paris. Edison shared its know-how with customers through energy efficiency training. It helped create the third largest operator in the renewable energy sector in Italy. It introduced Energy Control to monitor domestic consumption in real time.</p>	DMA	35-47
12-14	Anti-corruption: <ul style="list-style-type: none"> - Commitments, strategies, policies - Management systems - Monitoring and evaluation mechanisms 	<p>The new Code of Ethics reinforces the principle of "zero tolerance" towards fraud and corruption. The first draft of the international "Anti-corruption guidelines" was prepared in order to combat the risk of corruption offences being committed by subsidiaries governed by the law of other countries.</p>	G4-56/DMA	30-34
2	Value chain	In Edison the relationship with suppliers has an essential role in creating long-term value: a relationship based on trust in which Edison promotes aspects of sustainability to its suppliers, including by adopting correct and transparent management of its supply chain.	G4-12/G4-13/ G4-EC9/G4-EN17/G4-EN32/G4-EN33/G4-LA6/G4-LA14/G4-LA15/DMA	78-80
	High standards of transparency and disclosure	Edison acts openly and transparently with all its stakeholders, aiming to maintain and develop constructive dialogue both inside and outside the company, which is essential in order to form long-term relationships based on trust.	G4-3/G4-13	23-27
	External COP Assessment	Edison's Sustainability Report is subject to external assurance by a third party.	G4-33	141

LETTER OF ASSURANCE



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INDEPENDENT AUDITORS' REPORT ON THE SUSTAINABILITY REPORT

To the Shareholders to EDISON S.p.A.

We have carried out a limited assurance engagement on the Sustainability Report of the Edison Group (the "Group") as of 31st December 2014.

Directors' responsibility on the Report

The Directors are responsible for the preparation of the Report in accordance with "*G4 Sustainability Reporting Guidelines*" and the Sector Disclosures "*Electric Utilities*" and "*Oil and Gas*", issued in 2013 by GRI – *Global Reporting Initiative*, as stated in the paragraph "A note on methodology" of the Report. The Directors are responsible for the part of the internal control that they consider necessary for the preparation of a Report free from material misstatement, also due to frauds or unintentional behaviours or events. The Directors are responsible for the definition of the Group objectives regarding the sustainability performance and the reporting of the achieved results. The Directors of Edison S.p.A. are also responsible for the identification of stakeholders and of significant aspects to report.

Auditors' responsibility

Our responsibility is to issue this report based on the procedures carried out. We conducted our work in accordance with the criteria established by the standard "*International Standards on Assurance Engagement 3000 – Assurance Engagements other than Audits or Reviews of Historical Financial Information*" ("*ISAE 3000*"), issued by the *International Auditing and Assurance Standards Board* for limited assurance engagement. That standard requires the compliance with ethical principles, including independence requirements, and that we plan and perform the engagement to obtain limited assurance about whether the report is free from material misstatement.

These procedures have included inquiries, primary with company personnel responsible for the preparation of the information included in the Report, document analysis, recalculations and other evidence gathering procedures, as appropriate.

The procedures performed on the Report consisted of the compliance with the principles for the definition of the content and for the definition of the quality of the Report, in which *G4 Sustainability Reporting Guidelines* are articulated, and are summarized as follows:

Ancona Bari Bergamo Bologna Brescia Cagliari Firenze Genova Milano Napoli Padova
Palermo Parma Roma Torino Treviso Verona

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Codice Fiscale/Registro delle Imprese Milano n. 03049560166 - R.E.A. Milano n. 1720239
Partita IVA: IT 03049560166

Member of Deloitte Touche Tohmatsu Limited

- comparing the economic and financial information and data included in the paragraph “Business areas and financial results” of the Report with those included in the Group Consolidated Financial Statements as of 31st December 2014, on which we issued our auditors’ report (pursuant to articles 14 and 16 of Legislative Decree no. 39 of 27th January 2010), dated 12th February 2015;
- analysing, through interviews, the governance and the management of aspects related to sustainable development inherent in the strategy and operations of the Group;
- analysing the process relating to the definition of material aspects included in the Report, with reference to the procedures applied for the identification and prioritization of material aspects for stakeholders and for internal validation of the process results;
- analysing how the processes underlying the generation, recording and management of quantitative data included in the Report operate. In particular, we have performed the following procedures:
 - interviews and discussions with delegates of Edison S.p.A., to gather information on the information, accounting and reporting systems used in preparing the Report, as well as on the internal control procedures supporting the gathering, aggregation, processing and transmittal of data and information to the department responsible for the preparation of the Report;
 - analysis, on a sample basis, of the documentation supporting the preparation of the Report, in order to gather the evidence of processes in place, their adequacy, and that the internal control system correctly manages data and information in connection with the objectives described in the Sustainability Report;
- analysing the compliance and the overall consistency of the qualitative information included in the Report in relation to the guidelines referred to in this report;
- analysing the stakeholder engagement process, in terms of methods used, through the analysis of the minutes of the meetings or any other available documentation about the main topics emerged in the discussion with them;
- obtaining the representation letter signed by the legal representative of Edison S.p.A. on the compliance of the Report with the guidelines referred to in the paragraph “Directors’ responsibility on the Report”, as well as on the reliability and completeness of the information and data included therein.

Data and information submitted to limited assurance are reported, as required by the *G4 Sustainability Reporting Guidelines*, in the “GRI correlation table” of the Report.

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

For the data and information related to the Sustainability Report of the prior year, presented for comparative purposes, reference should be made to our assurance report issued on 20th March 2014.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the Sustainability Report of the Edison Group as of 31st December 2014 is not prepared, in all material respects, in accordance with “G4 Sustainability Reporting Guidelines” and the Sector Disclosures “Electric Utilities” and “Oil and Gas”, issued in 2013 by GRI – Global Reporting Initiative, as stated in the paragraph “A note on methodology” of the Report.

DELOITTE & TOUCHE S.p.A.

Signed by
Piergiulio Bizioli
Partner

Milan, Italy,
March 20, 2015

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

Edison Spa

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