

2017

Consolidated Disclosure of Non-Financial Information in accordance with Italian Legislative Decree no. 254/2016

Integrated Report

Contents

NAN AXACINAS

Letter to stakeholders	2
Methodological Note	4
1 The A2A Group and its business model 1.1 The A2A Group	9 10
1.2 A2A's value chain	10
1.3 Our business model	16
2 Governance	19
2.1 Sustainability governance	20
2.2 Corporate governance guidelines	22
2.3 Analysis and management of risks and opportunities	24
3 Sustainability strategy	27
3.1 Background information	28
3.2 The Sustainability Policy	32
3.3 The Sustainability Plan	34
4 Stakeholder engagement and materiality analysis	43
4.1 The forumAscolto programme	45
4.2 Materiality matrix and analysis	48
	10

5 Financial capital 51 5.1 Value added produced and distributed 52 5.2 Relations with shareholders 53 5.3 Relaunch of investments 55 6 Manufacturing capital 57 6.1 The manufacturing capital in the Environment Business Unit 59 6.2 The manufacturing capital in the Generation and Trading Business Unit 62 6.3 The manufacturing capital in the Networks and Heat Business Unit 65 7 Natural capital 71 7.1 Group environmental management 73 7.2 The natural capital in the Environment Business Unit 78 7.3 The natural capital in the Generation and Trading Business Unit 82 7.4 The natural capital in the Networks and Heat Business Unit 85 8 Human capital 89 8.1 Responsible management of human capital 91 8.2 Health and safety at work 93 8.3 Employees development 96 8.4 Internal communication and listening 99 8.5 Welfare and diversity 100 8.6 Remuneration 101 9 Intellectual capital 103 9.1 Smart Grid projects 104 9.2 Research and development for the circular economy 106 9.3 A2A for the Smart Cities of tomorrow 107 9.4 Knowledge spillover 110 10 Relational capital 113 10.1 Customers 113 10.2 Community 135 10.3 Suppliers 147 Independent Auditor's Report 152 **GRI** Content Index 156

The A2A Group 2017 Integrated Report is completed by a specific supplement which is available for consultation on the Group website, both in Italian and in English. www.a2a.eu

156

158

General Standard Disclosure

Specific Standard Disclosure

Letter to stakeholders

This year, A2A turns ten years old.

It is an important event. And it is significant that its great success, originating from the merger of companies that made the history of public services in Italy, has been told right from the start, including through the sustainability report. Our thoughts and actions always move in a threedimensional space: environment, social and economy.

For the first time, this document also represents the Group's Consolidated Non-Financial Disclosure in accordance with Italian Legislative Decree no. 254/16. We are aware of the historic nature of this change, yet we do not wish our annual appointment with the ESG report to become a mere fulfilment of regulatory requirements. We want it to remain a privileged opportunity to dialogue, measure our progress and look to the future, starting out from a clear vision of today. This is another reason why, in preparing the document, we have confirmed the methodological choice to refer to refer to the Integrated Reporting Framework as well as to the GRI Standard of the Global Reporting Initiative.

This year's Report also includes, for the first time, the performance of the LGH Group, which in addition to always been close to logics of sustainable development, already boasted ten years of experience in non-financial reporting.

Our sustainability route through to 2030

If European governments have realised the importance of social and environmental reporting, it is because sustainability has become a major part of political agenda. And under this scope, the UN 2030 Agenda is playing a formidable role, with its 17 Sustainable Development Goals. Italy has also taken action, at the end of last year adopting a National Sustainable Development Strategy, which will represent the reference framework of future sector and territorial policies. We are proud to say that A2A was one of the first companies, in April 2016, to redesign its sustainability strategy in light of the UN Agenda priorities, defining a Sustainability Policy through to 2030, hinged on four cornerstones: circular economy, decarbonisation, smartness in networks and services and people innovation. Two years down the road, the A2A Board of Directors, supported by the investigations of the Sustainability and Territory Committee, has chosen to repeat its commitments made through to 2030 and approve a new five-year sustainability plan, with a set of operative objectives, connected and integrated with and into the business, referring to a time frame and perimeter that are in line with the new Business Plan. For the first time ever, the sustainability indicators are an integral, qualified part of the Business Plan. The 2018-2022 Sustainability Plan is presented in full in the document, together with the monitoring of the targets of the previous Plan.

We are increasingly pursuing a sustainable business model that, in line with the mission and key values, allows us to ensure the integrated management of all social, economic and environmental aspects, through a governance system, risk assessment tools and an operative strategy. Moreover, starting 2017, we have also included sustainability in the MbO (Management by Objectives) systems.

Continuing to create and distribute value

In 2017, we generated and distributed to stakeholders gross global added value of 1,655 million euros (+4% compared to 2016). We also distributed wealth through 1,003 million euros (+20%) spent on goods and services, 95% of which for the benefit of Italian companies. 78 million euros were investments in activities with environmental implications (17% of total investments), aiming to ensure energy efficiency, innovation, renewable sources and a reduction of emissions.

Developing human capital

In 2017, we hired 906 people, out of a total of 11,416 employees (+17% on 2016). 95% of those working in A2A are on permanent contracts. This year, training increased (19 hours per capita) and the frequency and severity indexes of injuries improved (-11%). Since 2016, we have focused attention on managing the sites entrusted to external companies for works on the networks. In 2017, we made more than 700 control visits.

We aim to develop a new, shared managerial role, rooted in innovation, responsibility and entrepreneurship, through the ABC project, which has involved all the Group's middle management. We foster participation in projects that are transversal to the Group, as a growth factor of those involved.

We continue to experiment with smart working, monitoring results with a view to shortly extending the model. We are rethinking the A2A welfare strategy with the creation of a joint commission that will take into account the results of the listening activities. We promote the use of electric vehicles by A2A people, both at work and privately, with integrated car and charging packages.

Strengthening our assets

For A2A's industrial assets, the manufacturing capital plays a key role and must be preserved and developed over time. In 2017, also thanks to the new aggregations, the length of our electricity, gas, district heating and water networks grew by 4,600 km, taking them to a total of 32,600 km.

In Milan, we developed the largest hub for charging new electric vehicles of Unareti fifty of which are already up and running.

As for the generation activity, we have worked hard to increase the competitiveness of our combined cycle plants, making their operation more flexible, starting from the electric power stations of Chivasso and Sermide. We have integrated our production plants with new photovoltaic plants for 35 megawatts.

Having circular economy as a driver, we have increased our waste material recovery and treatment plants by 80% on 2016. We have launched sites to develop two new plants for the recovery of plastic and designed two plants for the recovery of the humid fraction of waste.

Innovating for the city's future

We invest in innovation, aware that this not only makes us more competitive on the market, but can also yield great benefits to the community. In 2017, we multiplied innovation projects, particularly in three areas: smart grid, circular economy and smart city. In this latter sector, we develop solutions based on the new IoT (Internet of Things) technology, enabling, for sustainable mobility, environmental quality, energy efficiency, safety and good territorial governance. We take part in urban area requalification projects, such as "Sharing Cities" in Milan and "Oltre la strada" in Brescia, which, under the scope of public-private partnerships, seek to develop the smart cities of tomorrow: inclusive, efficient, safe and resilient.

Our most successful experiments run over the years include the development of the network for charging electric vehicles in Brescia and Milan, recently enhanced with 13 fast charging stations. In 2017, more than 6 million kilometres were travelled with zero emissions thanks to charges used on our networks.

Preserving natural capital

The logics of the circular economy want disposal in landfills to be virtually zeroed out and opportunities to reuse and recycle goods, maximised. In 2017 too, 99% of municipal waste collected by the Group's environmental companies was sent for recovery as a material (67.5%) or energy (31.5%).

Separate waste collection in the municipalities served has made another step forward (+7 percentage points), reaching an average of 63.2%, whilst the quantity of secondary raw materials produced in our plants, has doubled.

The National Energy Strategy has outlined Italy's route towards a low carbon economy, privileging a generation mix based on renewable sources and natural gas. In 2017, we produced 76% of electricity from these two sources. Moreover, in our electric power stations, thanks to advanced technologies and careful environmental management, we have reduced specific emissions per kilowatt of powders, SO, and NO.

In terms of the fight against climate change, in 2017, renewable sources, cogeneration and waste-to-energy allowed us to avoid releasing 2.5 million tonnes of CO_2 into the atmosphere.

Standing close to customers and communities

Once again, 2017 has seen A2A Energia confirm its excellent standing in terms of customer satisfaction, remaining in the top three of all market segments, in the Monitor Energia Cerved survey. The environmental companies, AMSA and Aprica have also recorded a very positive perception of the quality of their services in the reference territories, with average scores ranging between 7 and 8 (on a scale of 1 to 10).

In customer relations, we seek to constantly enrich the supply of contact channels with innovative proposals, increasingly based on digital technologies. In 2017, 90% of A2A Energia customers used the on-line services offered by the company, including the latest innovations: the chat box, call centre and customer social care. AMSA too, again with a view to staying close to its customers, has offered citizens a new channel for encounters: the mobile information office.

As regards relations with the communities in the more general sense, we have expanded upon the offer of educational activities, with excellent feedback from schools and citizens: in 2017, more than 34 thousand (+19%) students and teachers took part in our initiatives (classroom lessons, meetings, exhibitions, educational tests), whilst 31 thousand (+49%) people visited the Group plants.

The listening programme continued on the territories with two multi-stakeholder forums in Milan and Udine, whilst 11 projects were developed starting from the ideas that emerged from the forums held in 2015 and 2016, including the Banco dell'Energia. This latter, in 2017 promoted, in collaboration with the Cariplo Foundation, a contest to allocate 2 million euros to 15 initiatives chosen and aiming to support situations of social and economic vulnerability throughout Lombardy.

We invested 5.8 million euros (+41%) in contributions to communities for sponsorships, donations and support to Foundations, such as, for example, support to the Musil Foundation of Brescia, to the restoration of the Sala delle Asse of Sforza Castle of Milan and the Donizzetti Theatre of Bergamo.

The A2A sustainability strategy is also concentrated in the participation in networks and associations, starting with the Global Compact, involved nationwide and internationally in the major global sustainable development challenges.

In light of the thresholds reached, we look back over the past ten years with great satisfaction. And this success is owed first and foremost to the people who make up our Group, the men and women with their different personal and professional experiences, who have managed to give rise to something new and original on the Italian scene, adjusting, fearless, to the rapid evolution of scenarios and markets, developing new skills and attitudes.

We trust that our effort has also been acknowledged and appreciated by our interlocutors - our customers, suppliers, the institutions, associations and local communities - and, in general, by all those with whom we may share new challenges in sustainable development over the next few years.

The Chief Executive Officer

Luca Valerio Camerano

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Letter to stakeholders

Methodological Note

1 The A2A Group and its Business Model

Governance

3 Sustainability strategy

Stakeholder engagement and materiality analysis

5 Financial capital 6

Manufacturing capital 7 Natural

8 Human capital 9 Intellectual capital

capital

Independent Auditor's Report

Methodological Note

In compliance with Italian Legislative Decree no. 254/2016, this document represents the A2A Group 2017 Consolidated Disclosure of Non Financial Information (NFD). In support of the relevance that matters of sustainability are gaining worldwide, in December 2016, the Italian government issued Italian Legislative Decree

no. 254 with the aim of monitoring the non-financial performance of major Italian companies of public interest, aknowledging Directive 2014/95/EU.

ITALIAN LEGISLATIVE DECREE 254/2016

To whom does it apply?

Entities of public interest (listed companies, banks, insurance and reinsurance firms) with more than 500 employees and which have exceeded at least one of the two following dimension limits: total balance sheet greater than 20 million euros or total net income from sales and services greater than 40 million euros.

What does it require?

The Disclosure of Non-Financial Information must regard the environmental matters (use of energy resources and emissions, as well as environmental and health risks), social and employee-related matters, respect for human rights, anti-corruption and bribery matters as considered relevant to the business and characteristics of the company. With reference

This NFD is A2A's tenth Sustainability Performance Report and was prepared with reference to the **Integrated Reporting Framework** (IR Framework) drawn up by the International Integrated Reporting Council (IIRC).

This document (including the Supplement) provides an account of the performances of the companies within the scope of consolidation for the year ended on December 31, 2017 from both a financial and a social and environmental standpoint. The document has been prapared in accordance with the **Global Reporting Initiative (GRI) Standards** and, for some indicators, it complies with **GRI-G4 Electric Utilities Sector Supplement**.

Adopting the principles of the Integrated Report entails the objective of presenting the way in which an organisation creates value over time. We therefore decided to adopt a structure for our report based on the to the matters specified, the report must at least provide information about: (a) the company management and business organisation model, (b) the main risks generated or suffered in connection with said matters and which derive from the business carried out, its products, services or commercial relations, including supply chains and subcontracting and (c) policies applied by the company, the results achieved thanks to these and the related non-financial KPI.

Who controls?

Consob is responsible for the sanction procedure in the event of failure to fulfil the obligation or making false declarations. In the event of incomplete or non-compliant declarations, Consob can ask the company concerned for the necessary integrations, avoiding sanctions.

various types of capital, which constitute the variables that determine how value is created:

- Financial Capital: set of economic resources involved in the production processes;
- Manufacturing Capital: real estate, infrastructure and physical means (plant, machinery, etc.) used for the production of the services offered by the company;
 Natural Capital: all processes and environmental resources contributing towards the production of services offered by the company;
- Human Capital: all the expertise, skills and experience of the people that work at the company;
- Intellectual Capital: intangible resources represented by organisational knowledge and intellectual property of the Group;
 Relational Capital: the company's ability to create
- relations with external stakeholders and share values in order to increase individual and collective wellbeing.



6 Manufacturing capital

Natural capital 8 Human capital 9 Intellectual capital 10

Relational capital

Independent Auditor's Report

> GRI Content Index

Through the analysis of the types of capital that influence, and are in turn influenced by, the Group's activities, A2A aims to provide a clear account of the existing and necessary integration between economic and social and environmental aspects in company decision-making processes, but also in the definition of the Group's strategy, governance and business model.

The initial chapters of the document describe the Group's **Business Model** and the **management tools applied**, through which the various capitals are used to create value over time. A structured process of **materiality assessment**, to which reference is made in section 4.2, supported the definition of the content to be reported as relevant to both the Group and its stakeholders. On the basis of the issues identified as material, the GRI standards were selected along with the pertinent qualitative and quantitative disclosures to be presented in the NFD and Supplement. The **description of the material aspects**, the

with an overview of the input/output/outcome model of the business model, highlighting inputs and outcomes of the specific capital. This representation is mainly intended for communication purposes, insofar as the Group outputs, i.e. the public utility services and support processes, with which it supplies the communities, can only be obtained through the combination of the various capitals. Within each chapter, the

associated risks and the management methods,

are reported at the start of each capital, together

processes, with which it supplies the communities can only be obtained through the combination of the various capitals. Within each chapter, the **actions** and **KPIs (Key Performance Indicators)** relative to the specific capital, are therefore described. Letter to stakeholders

> Methodological Note

1 The A2A Group and its Business Model

2 Governance

∃ Sustainability strategy

4 Stakeholder engagement

and materiality analysis

5 Financial capital According to the cover of the GRI Standards and Specific Standard Disclosure indicators associated with the material aspects and summarised in the GRI Content Index, the NFD was prepared **"in accordance with the GRI Standards: Core option"**.

In order to comply with the requirements of Italian Legislative Decree no. 254/2016, in 2017, the A2A Group equipped itself with an internal procedure aimed at drafting the NFD - **Procedure 201.0128 "Non-Financial Information Reporting Flow"** - which defines the organisational structures involved and the methods used to collect, process and control the non-financial data included in this document.

The **data collection, processing and control process** was handled through the implementation of a specific **software** purchased in 2017 and managed by the CSR structure, which allows for the definition, for each section of the NFD, of the data owner and various approval levels, through to the company's senior management. Data on financial capital is in line with the schedules of the Consolidate Financial Statements, whilst that for manufacturing capital derives from the A2A management control systems. The data represented in natural capital was handled by the Environment structure and collected via the EMS (Environmental Management System) software.

In this document and its supplement, where necessary a specific note has been included to indicate changes in the 2015 and 2016 performance data with respect to that reported in the 2016 Integrated Report.

This document, **approved by the Board of Directors of A2A S.p.A. on March 20, 2018**, was then subjected to a limited audit, with regard to aspects relating to GRI reporting, by an external company, in accordance with the criteria laid down by the "International Standard on Assurance Engagements 3000" (ISAE 3000), which, at the end of the work carried out, issued the report attached to this document.

Scope

The NFD includes all subsidiaries fully consolidated on a line-by-line basis into the **Consolidated Financial Statements**, to which, however, **a concept of relevance and significance** is applied. Indeed, companies with business that is not relevant or companies purchased/ sold/liquidated during the year can be excluded from the social and environmental performance data.

Consequently, with the exception of "Financial Capital" and the chapter entitled "The A2A Group", for which the scope coincides with that of the Consolidated Financial Statements, the following companies are excluded from the list of consolidated companies in the remaining Capitals:

- Patavina Technologies, start up company of Padua University, operative in the design of software and telecommunications systems and acquired on June 1, 2017, for irrelevant impacts on social and environmental aspects;

 LumEnergia, of which, by deed dated July 31, 2017, a further 57% of units was acquired, thereby ending up with 90% of the company; the company was excluded because it was acquired in the second half of 2017 and the omission of information relating to it does not affect a correct, balanced understanding of the performance of the A2A Group (supply points are less than 1% of the total points managed by the Group's commercial companies).

Moreover, with respect to the tables of the Report on Operations, the data of the NFD does not include the EPCG Group, following the exercise of the put option notified on July 03, 2017 to the Government of Montenegro, which effectively cancelled the control of A2A over the Montenegrin company.

The plants (owned or leased) are consolidated 100% if they are included in the assets of the consolidated companies. In this sense, the data on the activity of the Acerra Waste-to-energy plant and the Thermoelectric plant of Scandale, is not considered. The Group's jointly owned material plants, managed by A2A, are consolidated proportionally. According to this principle, for environmental data, the Mincio Thermoelectric plant was 45% consolidated. As part of the process of integration between subsidiaries and in line with the Group's goal of simplification of its corporate structure, the following companies were formed:

- A2A Rinnovabili, established in July 2017 to monitor these new opportunities in the field of renewable energy;
- A2A Energy Solutions, established on January 1, 2018 with the aim of supplying solutions for customers in terms of energy efficiency, heat management, electric mobility and IoT (Internet of Things).

With respect to the scope of companies consolidated in the 2016 Integrated Report, we highlight the inclusion in the 2017 NFD of the LGH Group, the Rieco-Resmal Group and the companies La Bi.CO Due, ASVT and Consul System.

> The A2A Group and its business model

Letter to

Meth

Note

stakeholders

z Governance

3 Sustainability strategy

4 Stakeholder engagement and materiality analysis

5 Financial capital

Manufacturing capital

6

/ Natural capital 8 Human capital

9 Intellectual capital

10 Relational

capital

Independent Auditor's Report



The A2A Group is one of Italy's most important multiutility companies, at the top of the production, sale and distribution of gas and electricity, district heating, environmental services and the integrated water cycle.

Its business areas are attributable to the Business Units (BU) illustrated below.

Generation and Trading

Thermoelectric and hydroelectric plants
Energy management

Commercial¹

 Sale of electricity and natural gas

Environment

• Waste collection and street sweeping

- Treatment
- Disposal and energy recovery

Foreign

A2A Smart City

Electricity generation
 and sales

• Electricity networks

 Telecommunication services

Networks

and Heat

• Gas networks

• Electricity networks

• Integrated water cycle

• Public lighting and

• Heat management

other services

District heating

Corporate

Corporate services

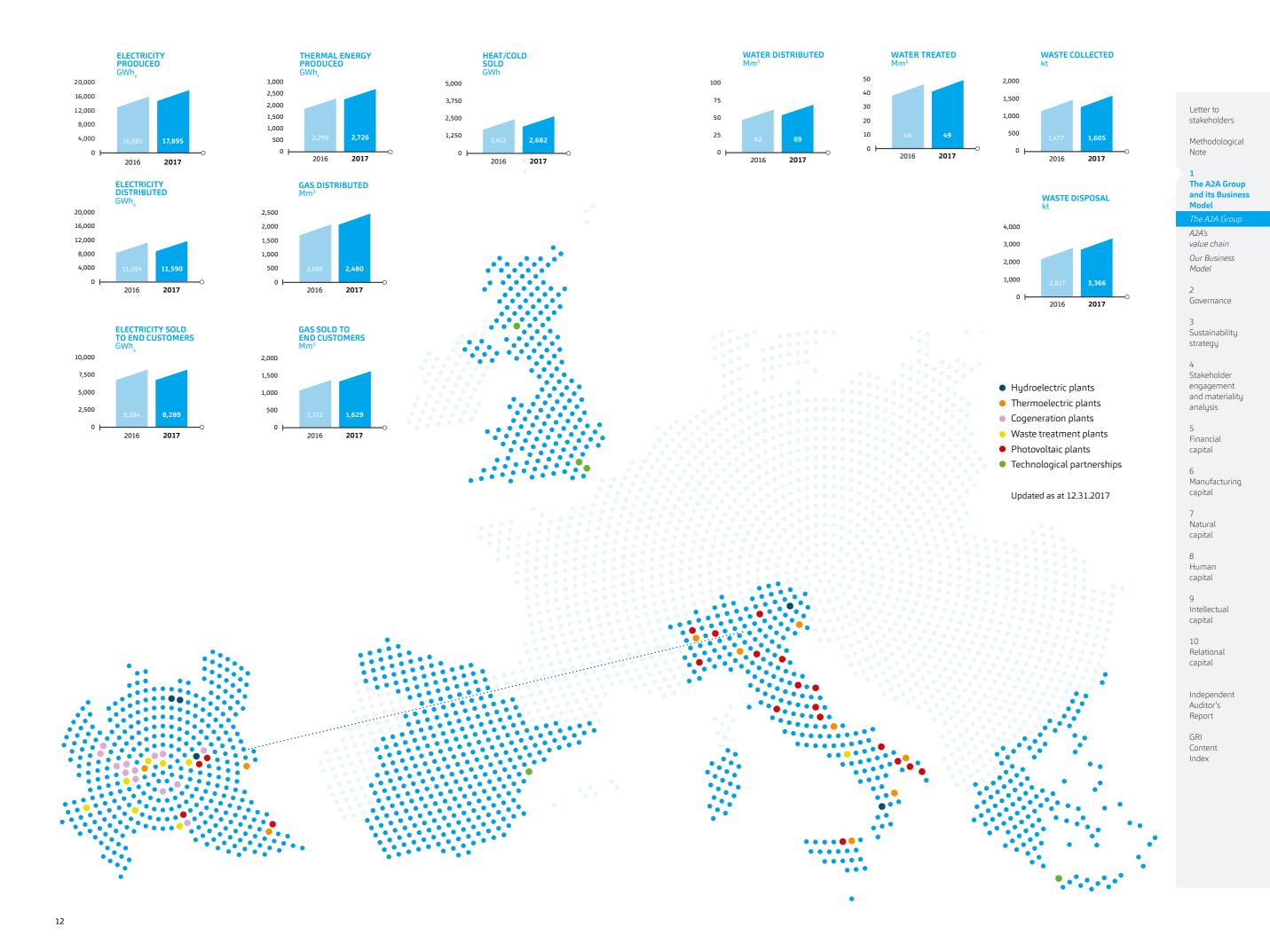
services

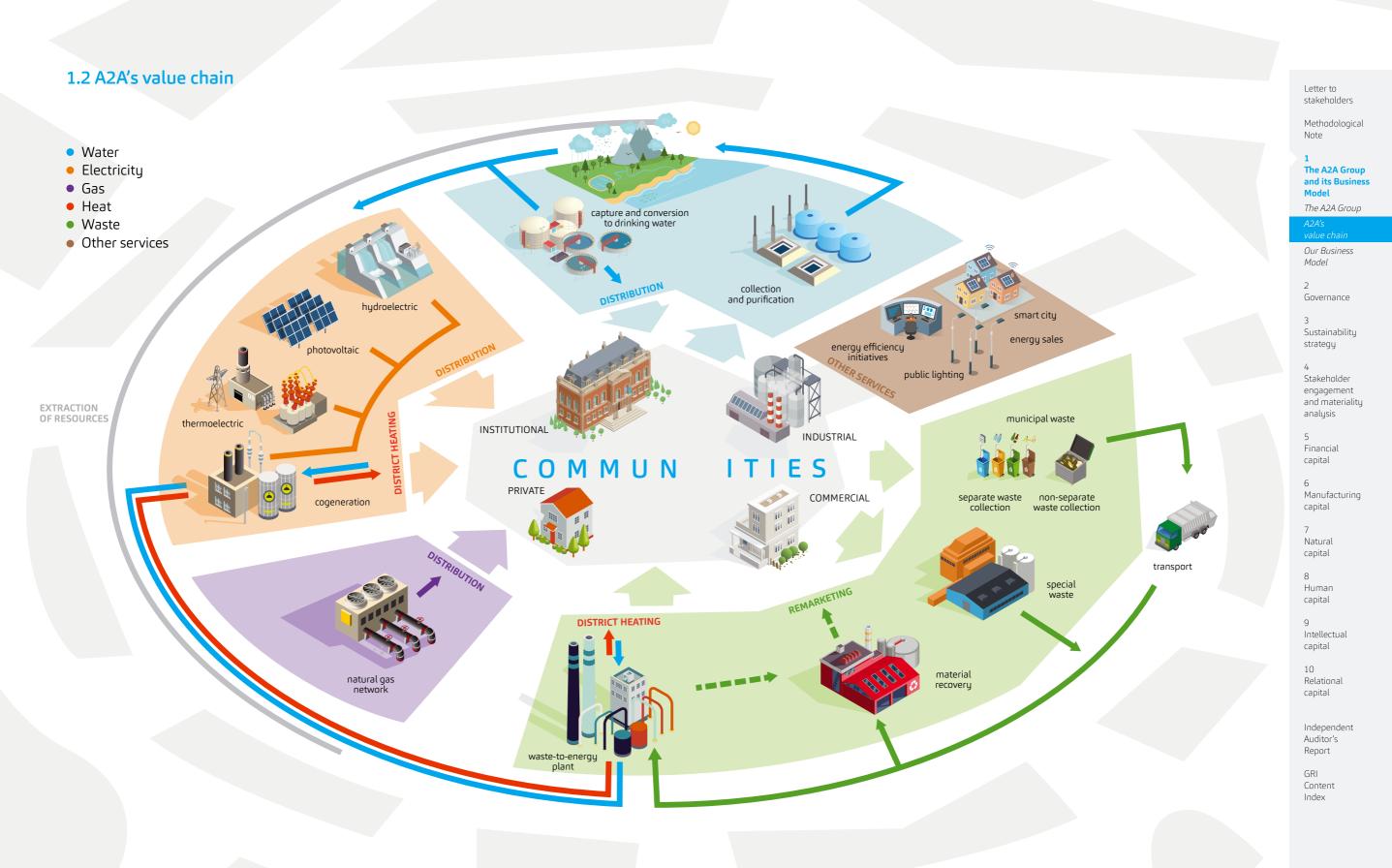
services

A description of the BUs and the related economic data may be found in the 2017 Report on Operations published at www.a2a.eu

 In September 2017, the Commercial BU has become the Market BU in charge of managing and developing Group sales in relation to all customer segments for commodities and electricity, gas, energy efficiency, district heating and heat management, public lighting, e-mobility and telecommunication and smart city services.







1.3 Our Business Model

The A2A Business Model seeks to create shared sustainable value for the company over time and for its reference community. In actual fact, the services offered by the Group look to the future and are focussed on improving the quality of life of local residents and businesses operating in the reference territories, by offering essential services, guaranteed by the highest quality and efficiency standards: waste collection, sale of electricity and natural gas, water treatment, distribution networks, public lighting and IoT (Internet of Things) technologies for smart cities. The solidity of A2A's presence meets with the change of sectors that evolve constantly, giving rise to a constant path of sustainable growth.

The six capitals (Financial, Manufacturing, Natural, Human, Intellectual and Relational) are behind the

Figure 01_The A2A Group Business Model

business model, on which the organisation depends in order to guarantee its services. Aware that maintening these capitals can be the only key for sustainable growth and a solid presence in the long-term, A2A has defined a system of values, organisational instruments, policies and operating systems that, as a whole, support the Group's various business units in sustainable management.

Part of the capitals is consumed in the generation of the services offered by A2A to the community; this is why A2A has defined a strategy that integrates business objectives with sustainability objectives, defining an Industrial Plan through to 2022 and a Sustainability Policy through to 2030, aimed at returning value to each capital, to keep their capacity unaltered, with a view to sustainable development.

The A2A Group's values represent the cultural identity that inspires all of A2A's people and the rules of conduct that guide employees in their daily activities. Along with its mission, the Group's values underlie its business model, which consolidates and encourages increasingly deep integration with local communities and their members due to a business plan that allows development opportunities to be identified for the business and its stakeholders.

model integrated into the local community, suited to the people who live there, capable of creating and distributing progressive, long-lasting social value to all of its stakeholders.

The Group's ambition is to establish a **multi-utility**

The A2A Group mission

We aim to be a Group capable of providing cities with essential services that meet the highest standards of quality and efficiency due to their **sustainability**, development of the local community and openness to change.

Our strategy aims to develop a repositioning process that in 2020 will result in more modern multi-utility, leader in the environment, smart grids and

new energy models, with a more balanced and profitable position, able to seize the opportunities that will be presented by the green economy and smart cities.

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capital

Letter to

Note

stakeholders

Methodological

The A2A Group

The A2A Group

and its bus

A2A's value

Governance

Sustainability

strategy

Stakeholder engagement

analysis

Financial

capital

6

and materiality

Manufacturing

model

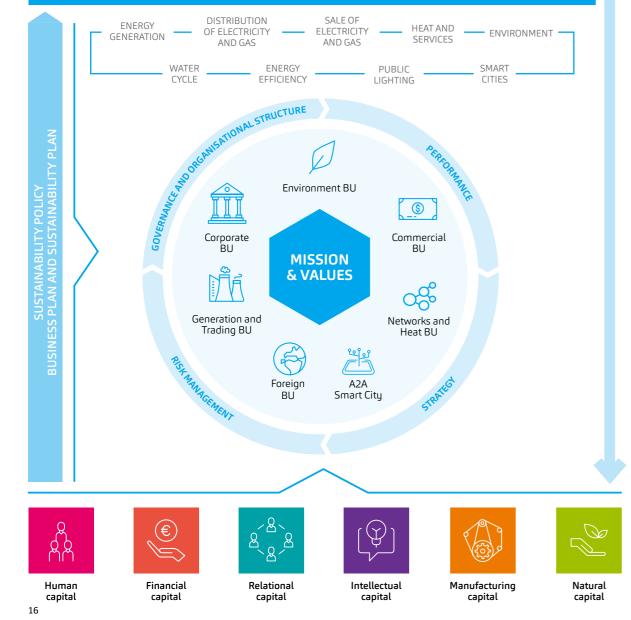
chain

q Intellectual capital

10 Relational capital

> Independent Auditor's Report

GRI Content Index



CREATION OF SUSTAINABLE VALUE

The A2A Group's values

Sustainability: we are striving to reduce the

Participation: we put people first, focusing

Responsibilities: we are committed to

Excellence: we are investing our skills with dedication and determination in order to



On May 15, 2017, the Shareholders' Meeting appointed for three years, with the mechanism of the list vote, the Board of Directors (BoD) consisting of 12 members, as indicated in the table below.

POSITION	NAME	YEAR OF BIRTH	EXECUTIVE (E) - NON EXECUTIVE (NE)	INDEPENDENCE - CODE	INDEPENDENCE - CFA	CONTROL AND RISKS COMMITTEE	REMUNERATION AND APPOINTMENTS COMMITTEE	SUSTAINABILITY AND TERRITORY COMMITTEE
Chairman G	Giovanni Valotti	1962	E	-	-	-	-	С
Deputy Chairman A	Alessandra Perrazzelli	1961	NE	Х	Х	-	С	-
Managing Director / L General Director	Luca Valerio Camerano	1963	E	-	-	-	-	-
Director G	Giambattista Brivio	1946	NE	Х	Х	-	-	М
Director G	Giovanni Comboni	1957	NE	-	Х	М	-	-
Director E	Enrico Corali	1964	NE	Х	Х	М	-	-
Director L	Luigi De Paoli	1949	NE	Х	Х	С	-	-
Director A	Alessandro Fracassi	1969	NE	Х	Х	-	-	М
	Maria Chiara Franceschetti	1969	NE	Х	Х	-	-	М
Director G	Gaudiana Giusti	1962	NE	Х	Х	М	-	-
Director S	Secondina Ravera	1966	NE	Х	Х	-	М	-
Director N	Norberto Rosini	1959	NE	Х	Х	-	М	-

Note: C: Chairman - M: Member

In compliance with the provisions of the Code of Corporate Governance for Listed Companies, the Board of Directors conducted its assessment for the year 2017, on the size, composition and functioning of the Board and its Committees. The results of the Board Review were presented and discussed during the session of the Board of Directors of March 01, 2018.

All the information relative to the A2A governance model is given in the Report on Corporate Governance and Ownership Structures published together with this document and available on the website www.a2a.eu.

The information given on the fees of the Board of Directors is available in the **Report on Remuneration** available on the website www.a2a.eu.

2.1 Sustainability governance

Responsibility for sustainability issues is left to the Sustainability and Territory Committee, tasked with playing an evaluative, advisory and propositional role in assisting the BoD, Chairman and Chief Executive Officer of the Group in defining guidelines, orientations and initiatives relating to the promotion of a strategy and tools that integrate sustainability into business processes, so as to ensure the creation of value over time for the shareholders and all other stakeholders.

The Committee must be composed of no fewer than three directors and at least one member must have adequate experience in the field of the environment, sustainability and corporate social responsibility, to be assessed by the BoD upon appointment.

The Committee reports to the BoD on the activity performed with quarterly frequency. In 2017, the Sustainability and Territory Committee met 11 times.

In accordance with the programme for the development of Corporate Social Responsibility activities in 2017:

- 2 multistakeholder forums were held, one in Milan and one in the territory of Friuli Venezia Giulia (see page 46), and 6 Territorial Sustainability Reports have been prepared (Milan, Brescia, Bergamo, Varese, Valtellina and Valchiavenna and Friuli Venezia Giulia);
- the 2016 Integrated Report was approved by the Shareholders' meeting;
- the process for the 2018 preparation of the first Consolidated Disclosure of Non-Financial Information in accordance with Italian Legislative Decree no. 254/2016 has been defined;
- the update of the Sustainability Plan has been implemented (with horizon 2018-2022) and environmental and social sustainability objectives have been confirmed in the management incentive system; • internal training/raising awareness continued on sustainability matters.

at providing suitable knowledge of the sector, company dynamics and their evolution, in 2017 too, an induction session was held for the BoD on sustainability matters.

Under the scope of director training, aimed

7 Natural capital 8 Human

Manufacturing

Stakeholder

engagement and materiality analysis

5

6

Financial

capital

capital

capital 9 Intellectual

capital 10

Relational capital

Independent Auditor's Report

GRI Content

Index

l etter to stakeholders

2.2 Corporate governance guidelines

A2A has equipped itself with various instruments aimed at supporting the company in guaranteeing an effective, efficient and transparent management, namely:

- Group Code of Ethics
- Organisation, Management and Control Model
 pursuant to Italian Legislative Decree no. 231/2001
- Quality, Environment and Safety Policy
- A2A Group's Sustainability Policy
- Quality, Environment and Safety Management
 Systems

↗ All documents mentioned above are available at www.a2a.eu

All of the A2A Group's activities and relations, both internal and external, are inspired by observance of the principles, values and rules of conduct set out in the **Code of Ethics**, which is a fundamental component of the Organisation, Management and Control Model pursuant to Legislative Decree No. 231/2001. The Code identifies requirements aimed at ensuring that the enterprise's activities are inspired by the following principles:

- recognition and protection of the dignity, liberty and equality of human beings;
- protection of workers and freedom of union association:
- protection of health, safety, the environment and biodiversity;
- integrity, transparency, honesty and loyalty in action.

Main aspects of the A2A practised policy related to human rights are included in the Group Code of Ethics and, in 2017, there were no Code violations.

46 Group companies have adopted their own Organisation, Management and Control Model in accordance with Italian Legislative Decree No. 231/2001 (OMM), covering 99% of employees. On September 21, 2017, the OMM of A2A S.p.A. was updated. The Board of Directors of each of the above companies has appointed a Supervisory Body entrusted with the task of supervising the functioning and compliance of the Model and its constant updating.

All Group stakeholders can report through appropriate channels of confidential information, any violation or suspected violation of the Code, to the Supervisory Body or Internal Audit organisational structure. Reports can be made through the communication channels established (e.g. e-mail, ordinary mail) per the "Management of anonymous and other reports of the A2A Group" guideline published on the Group website.

The Group companies are systematically monitored with regards to risks connected with corruption. In line with that reported in the corporate Code of Ethics, the Group

bans all forms of corruption, unlawful favours, collusive conduct, requesting of advantages, conferral of material and immaterial benefits and other advantages aimed at influencing or remunerating representatives of institutions or their relatives, and Group employees. In 2017 there were no incidents of corruption and there were no pending cases relating to corruption incidents with the exception of a single proceeding, relating to a previous manager of AMSA, in which the company has filed an appearance as civil party. The first instance proceedings concluded with a conviction of the defendant, against which he subsequently lodged an appeal.

Moreover, in 2017, a total of **6,089 hours of training** were delivered on Italian Legislative Decree no. 231/2001 and on the Code of Ethics, both in the classroom and in e-learning mode, involving 29% of employees.

Quality, Environment and Safety Policy and Sustainability Policy

With reference to the policies adopted by the company in respect of sustainability matters, A2A has, over time, equipped itself with specific Group-wide policies, aimed at ensuring the homogeneous management of governance, environmental and social aspects.

More specifically, reference is made to the: - Group Quality, Environment and Safety (QES) Policy, updated and approved in July 2017, whereby A2A undertakes to guarantee, under the scope of its activities and in compliance with the OMM, the Code of Ethics and the company values, increasing stakeholder involvement, solid compliance with legislation regarding the company, a careful focus on the protection of worker health and safety (through advanced tools for the identification and assessment of risks), a constant eye on technological innovation and a tendency to develop its human capital;

- **Sustainability Policy**, drawn up in line with the priorities of the 2030 Agenda and the 17 Sustainability Development Goals (SDGs) defined by the UN (see page 32).

A2A has also prepared various internal procedures and guidelines on sustainability aspects, adopted on a Group level and replicated into the specifics by the Group companies, such as, for example: Guideline 001.0020 (Water discharge management), Guideline 001.0023 (Atmospheric emissions), Guideline 001.0028 (Environment, Health and Safety System management) and procedure 201.001 (Selections and recruitment in A2A). A Group anti-corruption procedure, formalizing the current policies already practiced by the Group, is currently being validated.

Quality, Environment and Safety Management Systems

These policies are partly implemented through **certified management systems according to the major voluntary standards** recognised at the international level, such as ISO 14001 for the environment, ISO 9001 for quality and OHSAS 18001 for health and safety at work, or within the European Community, such as EMAS Registration, which refers to Regulation (EC) No 1221/2009.

Figure 02_Group certifications

TOTAL NUMBER OF ACTIVE CERTIFICATES AND REGISTRATIONS	QUALITY ISO 9001	ENVIRONMENT ISO 14001	SAFETY OHSAS 18001	EMAS
2015	19	18	18	24
2016	20	18	16	24
2017	34	29	29	28

AWARENESS OF ASPECTS LINKED TO THE ENVIRONMENT, HEALTH AND SAFETY

In recent years, a great deal of attention has been paid to awareness of the operative world to HSE matters (Health and Safety and the Environment).

In 2017, a series of workshops were held, dedicated to the employer lines, with the aim of together reasoning about the elements qualifying the role of employer and safety and environment delegate and reassessing the tools available by which to effectively implement these roles.

A total of 9 days of meetings were held with the employer lines of all Group companies, including LGH, and 3 days were dedicated to the Group HSE structures, with which the points that had emerged from discussions with the delegates, were shared.

Moreover, the Leadership in Health and Safety (LHS) project continued with the Networks and Heat BU, involving safety supervisors, who were given the tools to handle any unsafe conduct in the company, in all working situations and at all levels of the hierarchical chain. Simultaneously, from September to November, the LHS project was also launched for the Environment BU and the Generation and Trading BU, involving, through 5 workshops, more than 120 top managers

Finally, the development of the application **ARIAL** was pursued on all modules.

- health: a reporting tools has been
- developed for the employer lines and HSE;
 safety: the experiment was launched in the use of Risk Assessment Documents able to bioblight the initial and cosidual risk laund.
- highlight the initial and residual risk level, consequent to the application of mitigation measures;
 environment: the functional detailed
- design has been completed and started the redefinition of the model used to identify and assess environmental risk and aspects;
 audit: the functional detailed design has been started and it will be completed early 2018.

1 The A2A Group and its Business Model

Letter to

Note

stakeholders

Methodological

2 Governance Sustainabilitu

governance

guidelines Analysis and management of risks and

opportunities 3 Sustainabilitu

4 Stakeholder engagement and materiality analysis

strategy

5 Financial capital

6 Manufacturing capital

/ Natural capital

8

9

Human capital

Intellectual capital

10 Relational capital

> Independent Auditor's Report

2.3 Analysis and management of risks and opportunities

The A2A Group has implemented a risk measurement and detection process on the basis of the Enterprise Risk Management (ERM) method, developed in order to make business risk management an integral and systematic part of the business management **processes**. Such activities are carried out in accordance with the "Guidelines for the Internal Control and Risk Management System"² approved by the Board of Directors and adopted by Group companies.

Through the involvement of all corporate structures, the risk measurement process is regularly activated, enabling the identification of the most significant critical issues, the measures to monitor them and the mitigation plans. The risk profiles of the Group and its companies, identified in the periodic assessment process, are analysed by the respective boards of directors and during the business review meetings. In 2017, a project has been developed to define and monitor risk factors through specific key risk indicators capable of providing the board with a prospective vision of possible changes, in the Group's risk profile.



ADAPTATION OF THE **RISK MANAGEMENT** PROCESS TO THE NEW ISO **STANDARDS**

Following the determination of the new standards ISO 14001 and ISO 9001, which envisage the risks and opportunities assessments as key elements of the respective management systems, a method has been developed by which to integrate ERM risk management with the Quality, Environment and Safety Management been launched dedicated to middle managers and those dealing with HSE, with the aim of supporting certifications, spreading the risk culture and starting an exchange of ideas for the further discussion of any relevant matters. In 2017, the Environment BU and Generation BU - thermoelectric area were involved and the remaining companies/plants should be involved in 2018.

The process takes into account all possible risks and assesses their impact on the company, as regards both the financial and reputational aspects. To this end, the main **risk factors** considered relate to the company's mission and relationship with the community, the nature and diversification of its business units, its growth plan, strategic objectives, competitive, legislative and regulatory environment, macroeconomic and social-environmental scenario and the expectations of interested parties, characterised by increasing awareness towards environmental, health and safety issues, and sustainability issues more generally.

In 2017, an analusis process was launched for the management of opportunities, integrated with both the ERM process and the QES management systems. This method will be applied to some "pilot areas" in 2018, in order to thereafter be progressively extended to the whole Group.

2. The ouidelines have been prepared in compliance with the recommendations given in the Corporate Governance Code of listed companies.

Management of risks related to sustainability issues

The risk management process adopted by Enterprise Risk Management seeks to create and maintain the business value. In these terms, it is important to stress that sustainability matters are integrated *ab origine* into the ERM process. This is proven by the fact that the risk model includes, for example, environmental risks, those relating to health and safety, climate change, human resource management and customer service levels and the fact that the risks are **assessed with** reference not only to the economic-financial impact but also to the impact on image.

In 2017, dialogue continued between the Corporate Social Responsibility and the Enterprise Risk Management functions to further explore risk issues related to sustainability objectives

and to discuss the possibility of synergistically managing risk management activities and the results of stakeholder engagement activity, even through the **monitoring of risk factors tied to** the theme of consent. The risks model has been updated with additional areas of analysis linked to sustainability aspects, adding the risk types "Social-environmental context", "Procurement" and "Compliance".

In addition, an analysis was conducted of the associated risks and safeguards in place for material issues, and the details are illustrated in the tables presented at the beginning of each capital, apart from those linked to governance matters, which are given in the table below.

MATERIAL ASPECTS	DESCRIPTION	RISK FACTORS FOR SUSTAINABILITY	MANAGEMENT METHOD	3 Sustainability strategy
ETHICAL PURSUIT OF BUSINESS	Ethical conduct in the pursuit of business (adoption of non- competitive behaviour, anti-corruption policies, compliance with laws and regulations, adhesion to the main national and international social and environmental agreements); promotion of specific mechanisms and procedures for reporting irregularities and lawful conduct, also in connection with the fight against corruption.	Possibility of unethical conduct, with specific reference to matters of corruption and relations with black list subjects under the scope of commercial activities and/or development in foreign countries. Non-compliance with regulation on sustainability matters, with specific reference to Italian Legislative Decree no. 254/2016 and reference legislation for Group activities.	Adoption of the Code of Ethics. Adoption of a policy to monitor risks through careful specialised monitoring and mitigation of risk through the preparation of organisational models in accordance with Italian Legislative Decree no. 231/2001 as subsequently amended and integrated. Monitoring of compliance with regulations structured according to subject matter and over several organisational levels. Preliminary analysis for the implementation of a anti- corruption management system. Adoption of a reporting procedure for the preparation of the Disclosure of Non-Financial Information. Continuous monitoring of the main environmental parameters subject to regulatory compliance.	4 Stakeholder engagement and materiality analysis 5 Financial capital 6 Manufacturing capital 7 Natural capital 8 Human capital 9 Intellectual capital
RESPECT FOR HUMAN RIGHTS IN THE GROUP VALUE CHAIN	Promotion of rights throughout the value chain (suppliers, employees, customers); facilitation of access to electricity, gas and water services by disadvantaged consumers.	Possibility of unethical conduct, in particular as regards suppliers, employees and customers. Failure to respect human rights by employees, suppliers, customers and partners.	Adoption of supplier qualification procedures that envisage the stipulation of the "legality protocol"; start up of supplier reputational analysis procedures and supplier audits, with specific reference to human rights. Compliance with rules governing human rights by Group employees. Maintenance of high quality and ethical standards in the supply of products and services. Creation of a non-profit organisation aiming to fight poverty and social vulnerability, including through the payment of urgent costs such as energy.	10 Relational capital Independent Auditor's Report GRI Content Index

7 For more information about risks and how they are managed, please refer to the 2017 Report on Operations and the Investors section of the A2A website: www.a2a.eu/it/investitori/strategia/gestione-rischi

l etter to stakeholders

Methodological Note

The A2A Group and its Business Model

Governance

Sustainabilitu aovernance Corporate governance guidelines

3

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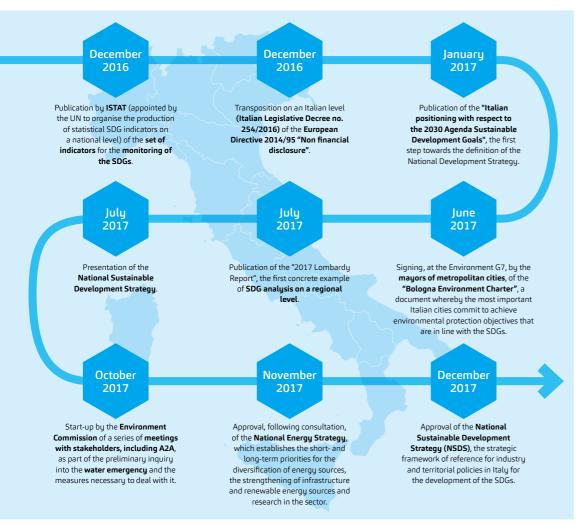
3.1 Background information

For more than twenty years now, matters relating to sustainability are a focus point in the political agendas of countries, also in view of the common and increasing awareness of the need to take concrete action to guarantee sustainable development.

In this sense, the definition of the **2030 Agenda** by the UN, which includes the **17 Sustainable Development Goals** (SDGs) for the period 2015-2030, has played a key role, determining a significant increase in the effort made by countries, businesses and civil society to pursue and achieve a more sustainable world. In order to monitor the achievement of the Sustainable Development Goals for each individual country, the UN Statistics Commission has identified a set of 240 statistical indicators (IAEG-SDGs). The monitoring of the 2030 Agenda and the SDGs is envisaged as part of the High Level Political Forum (HLPF), which brings together all Ministers once a year and seeks to assess the progress made, results achieved and challenges recorded in all countries.

In line with the commitments being made by many countries, in this last year also Italy has put in place numerous initiatives, on different institutional levels, aiming to make an active contribution towards achieving the SDGs.

Figure 03_Sustainable development initiatives implemented by Italy



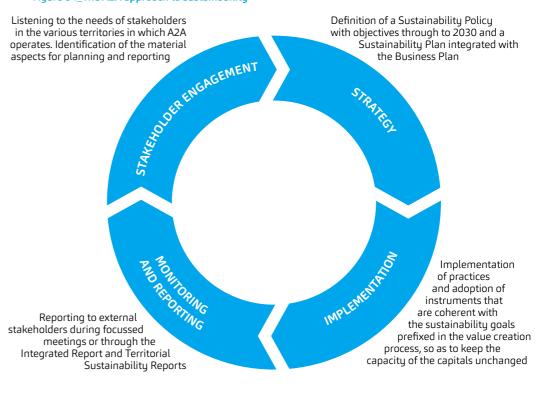
In addition to the initiatives taken by governments, the definition of the SDGs has also stimulated the development of multiple initiatives by companies and civil society, aimed at making a more concrete contribution towards achieving the sustainable development goals³.

 Some are given here by way of example: World Benchmarking Alliance, Business and Sustainable Development Commission (BSDC), SDG Knowledge Hub, SDG Watch Europe, Business Alliance for Water and Climate (BAFWAC), ASVIS - Italian Alliance for Sustainable Development.

The A2A approach to sustainability

Sustainability is one of the key values on which A2A bases its mission; consequently, matters relating to sustainable development are very much integrated with the A2A strategy and its Business Plan. In 2016, A2A redesigned its sustainability strategy through the definition of a Sustainability Plan and Policy. As part of this integration project, sustainability is configured with a holistic, circular approach, with a view to creating shared sustainable value, as described in the chart below.

Figure 04_The A2A approach to sustainability



The A2A Group sustainability strategy also takes concrete form in the active participation in national and international associations and networks on matters of sustainable development, as well as in the voluntary submission to assessment of ESG parameters by ethical ratings agencies (see page 54).

Letter to stakeholders

Methodological

Note 1

The A2A Group and its Business Model

2 Governance

3 Sustainability strategy

Background information The Sustainability Policy

The Sustainability Plan

4 Stakeholder engagement and materiality analysis

5 Financial capital

6 Manufacturing capital

7 Natural

8 Human capital

capital

9 Intellectual capital

10 Relational

capital

Independent Auditor's

Auditor's Report



Since 2013, A2A has been a member of the United Nations Global Compact, subscribing to the 10 founding principles relating to human rights, working conditions, the environment and the fight against corruption. As part of the network, every year A2A publishes its own Communication on Progress (CoP), which coincides with this document. In 2017, A2A once again took part in the working parties launched by the Italian Global Compact network and the Italian Business & SDGs Annual Forum.



In 2017, A2A adhered to We Mean Business, a global non-profit association that fights climate change. As part of this association, A2A is committed on two fronts: responsible environmental policies and improved access to and quality of water.





In 2017, A2A subscribed to the Business Alliance for Water and Climate, undertaking to analyse, measure and report on the risks connected with the consumption of water as a resource, and changes to such as a result of climate change.



The Climate and Clean Air Coalition (CCAC) aims to construct, share and foster the implementation of policies and practices aimed at reducing climate-altering gases over the next ten years. More specifically, the Coalition supports action in the field through 11 initiatives. Since 2017, A2A has been one of the players involved in the initiatives aiming to mitigate climate-altering gases in the municipal solid waste sector.



A2A is an active member of the CSR and Sustainability Working Party of Utilitalia. In this group, A2A has taken part in consultations run by the Ministry for the Economy and Finance and Consob on Italian Legislative Decree no. 254/2016 and the Asvis working parties.



In 2016, the A2A Group AEM Foundation adhered to the Italian Alliance for Sustainable Development and has since played an active part in its activities and working parties.

A2A received the Corporate Social Responsibility

Prize during the V edition of the 2017 Top Legal Corporate Counsel Awards. The prize, which was instituted in 2015, rewards businesses that effectively manage the social and ethical impact issues within them and in the territorial areas in which they operate. The prize has been assigned to the Group because *"in 2015, A2A began, first in Italy, publishing sustainability reports with reference to the specific territories in which it operates, undertaking a path toward the community and extending its stakeholder engagement model".* Moreover, again in 2017, A2A took part, and was one of the finalists, in the **ABIS Sustainability Award**, an international prize rewarding initiatives and projects aiming to help achieve the SDGs. A2A put itself forward with the process finalised for the construction of its sustainability strategy, focussing on the definition of the Sustainability Plan and Policy, in line with the UN 2030 Agenda and their integration with the Business Plan and business objectives.

2 Governance

Letter to

Note

Model

stakeholders

Methodological

The A2A Group

and its Business

Sustainability strategy Background

> The Sustainability Policy The Sustainability Plan

4 Stakeholder engagement and materiality analysis

5 Financial capital

6 Manufacturing capital

Natural capital 8 Human

capital

7

9 Intellectual capital

10 Relational capital

Independent Auditor's Report

Content Index

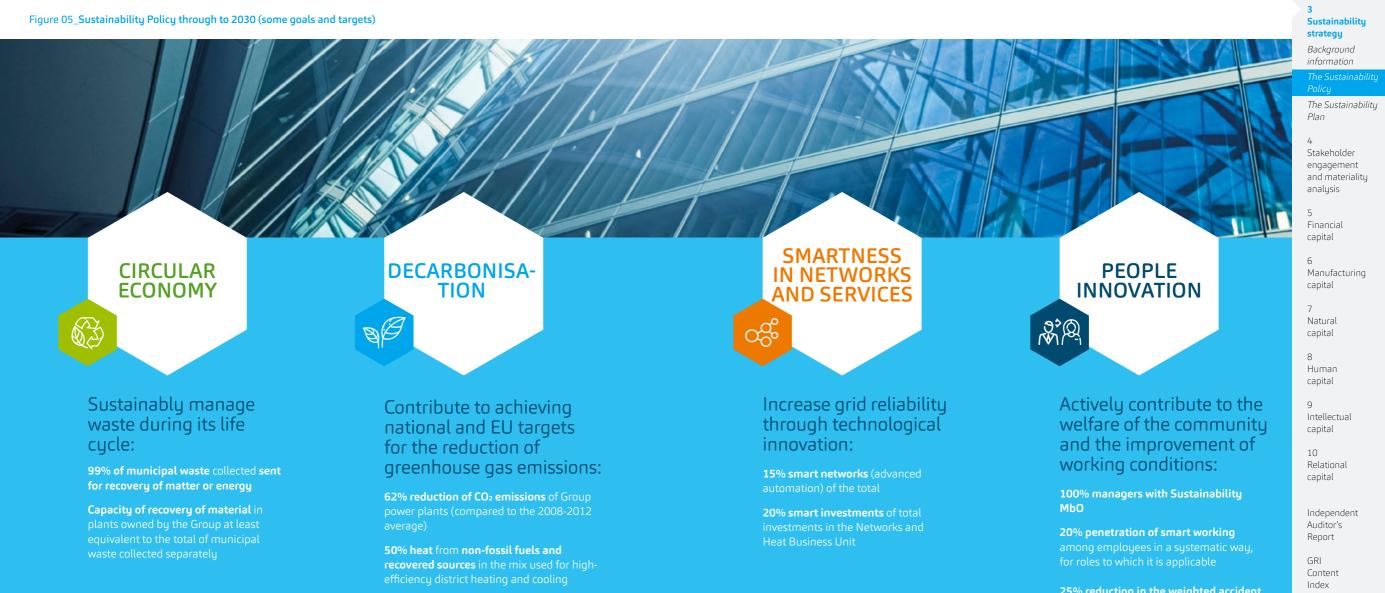


3.2 The Sustainability Policy

With the Sustainability Policy, A2A has set itself the aim of helping the communities in which it operates to be more sustainable, through the responsible management of its activities.

In actual fact, the Policy is based on 4 pillars that are crucial to A2A's business and consistent with the international approach given by the UN through the SDGs: Circular economy, Decarbonisation, Smartness in networks and services and People Innovation.

For each of these pillars, A2A has defined not only the approach but also the objectives through to 2030, with a view to making a concrete commitment towards achieving the SDGs.



Letter to stakeholders

Methodological Note

The A2A Group and its Business Model

2 Governance

25% reduction in the weighted accident rate with respect to the 2013-2015

3.3 The Sustainability Plan

The Sustainability Plan is a tool that allows for the continuous quantification and verification of the progress made on the identified sustainability goals, in line with the priorities and timing set out in the Business Plan.

In 2017, the first monitoring took place of the

set for both 2020 and 2030.

Sustainability Plan, revealing that the Group is working

in the right direction to achieve the challenging goals

In line with the definition of the new Business Plan,

also for the Sustainability Plan has been launched a

time frame of 2018-2022. The review of the planning

process, seeking to update the goals with the new

The goals, divided up into the 4 Sustainability Policy pillars, contain timely actions and specific indicators, monitored once every six months or once a year.

Figure 06_Sustainability Plan

CIRCULAR ECONOMY

NEW 2022 OBJECTIVE KPIs 2020 OBJECTIVE ACTION 4 Percentage of municipal waste collected sent for recovery of 99% 99% 99% 99% 99% material or energy Percentage of separate waste collection in the municipalities served (apart from Milan) 58% 60% 70% 71% 67% 5 Percentage of separate waste collection in the city of Milan 53% 52% 54% 60% **RECOVERY AND TREATMENT** capital Material recovery capacity at the Group's plants out of total To improve the recovery process of waste collected 31% 84% 82% 80% 100% municipal waste subject to sorted collection (including through their transformation into energy) and 6 promote separate waste collection to help reduce the Waste treatment capacity (municipal + special waste) aimed at 354 658 888 888 1,239 environmental impact of cities recovering material at the Group's plants (kt) capital 86% 151% 151% 250% Δ compared to 2015 -7 Waste treatment capacity aimed at energy recovery at the Group's 1,385 1,405 1,676 1,565 1,939 plants (kt) 40% Δ compared to 2015 1% 21% 13% 8 Percentage of territories reached with waste recovery, reduction 90% 98% 100% 100% and reuse activated projects **REDUCTION POLICIES** capital To reduce the production of waste through a prevention, Investments allocated to the development of technologies and reduction and reuse policy services linked to the circular economy (M€) - cumulative figures 49 NEW 450 9 2018-2022 **RISK MANAGEMENT** To verify that the system used to identify, manage and 10 prevent business risks adequately covers sustainability Specific risk intelligence system for sustainability risks launched start-up finalise integration risks (and, in particular, social-environmental risks), also in organisational terms Linear water losses (m³/km/days) - Group average 24.75 NEW 20.52 --17% Δ compared to 2017 WATER To implement actions aimed at reducing water 60% (with respect Percentage of equivalent inhabitants served by the purification consumption in the collection and distribution processes, so as to improve water quality and reduce water 1% to those not served in 2015) 65% service with respect to total equivalent inhabitants not served in 2016 (142,904 E.I.) GRI dispersion Reduction in the rate of exceeding of limits in the samples of -NEW -15%/year waste water discharged with respect to 2017 (%) Index BIODIVERSITY To adhere to projects aiming to protect the soil and Plants monitored with respect to the protection of biodiversity 0% 100% 100% protected species, monitoring and protecting biodiversity in the territories of competence

document had become necessary also following the change to the scope of consolidation, due to the acquisitions made by A2A in 2016/2017. In reviewing the planning document, the objectives that had been achieved were eliminated, those confirmed were updated to 2022 and some new targets were added.

The new Plan was approved together with this document during the A2A meeting of the Board of Directors held on March 20, 2018.

The table below shows the result of the update, comparing, where possible, the objective of the 2016-2020 Plan with the new 2018-2022 Plan.

Letter to stakeholders Methodological

Note

The A2A Group and its Business Model

Governance

3

Sustainabilit strategy

Background information The Sustainabilitu Policy

Stakeholder engagement and materiality analysis

Financial

Manufacturing

Natural capital

Human

Intellectual capital

Relational capital

Independent Auditor's Report

Content

BE DECARBONISATION

ACTION	KPIs	2015	2016	2017	2020 OBJECTIVE	NEW 2022 OBJECTIVE
	Volumes served by district heating and district cooling (Mm ³)	96	98	111	109	118
	Δ compared to 2015	-	3%	16%	14%	23%
DISTRICT HEATING To help reduce the environmental impact of the cities,	NOx avoided thanks to the extension of district heating (t/year)	- 103	- 125	- 138	- 194	- 180
paying close attention to air quality, implementing district heating and district cooling	CO_2 avoided thanks to the extension of district heating (t/year)	- 164,022	- 161,498	- 181,136	- 234,000	- 220,000
	Development of a new district heating system structure in Brescia, which eliminates carbon (CO $_2$ reduction from 110 g/kWh to 80 g/ kWh)	-	-	-	NEW	fulfilment
	Number of new heaters installed to end customers with VAS commercial offers - cumulative value	0	69	220	500	1,500
EFFICIENCY IN END USE To develop energy efficiency interventions on the public and private real estate assets	CO ₂ avoided thanks to interventions to promote energy efficiency in end uses: LED activities (SME+Industrial revamping+Domestic uses+LED bulb kit) - installation of high-efficiency heaters - industrial ESCO	-	- 28,000	- 702,000	- 36,200	- 750,000
SUSTAINABLE MOBILITY To develop sustainable mobility solutions (low-emission	Number of new low environmental impact waste collection vehicles (Euro 6 vehicles, methane gas, electric) - cumulative value	-	417	996	NEW	1,800
waste collection vehicles and vehicle fleet, replacement of obsolete vehicles with new ones)	Percentage of Unareti vehicles with low environmental impact (methane gas and electric powered) - (% of total)	-	-	36%	NEW	60%
	CO_2 emissions of electric power generation plants (kt CO_2)	5,603	5,047	6,299	6,270	6,270
	Δ on average levels for 2008-2012 (9,500 kt CO ₂)	-41%	-47%	-33%	-34%	-34%
EMISSIONS To develop actions aiming to reduce the environmental footprint, like direct and indirect emissions of greenhouse	Emissions factor for power production plants (gCO ₂ /kWh)	445	420	419	394	394
gases	Δ on average levels for 2008-2012 (438 gCO_z/kWh)	2%	-4%	-4%	-10%	-10%
	Total emissions avoided due to methane leaks from distribution networks - cumulative values with respect to 2015 (tCO $_{\rm 2eq}$)	-	-6,216	-17,145	NEW	-112,000
RENEWABLES To increase (keep high) the proportion of energy	Percentage of thermal energy produced from renewable sources and process recovery with respect to total thermal energy collected into the district heating network (Networks and Heat BU)	48%	50%	50%	49%	49%
produced from renewable sources	Thermal energy recovered from third party production processes (GWh)	-	-	45	NEW	60
GREEN MARKETING	Green energy sold to the mass market segment (GWh)	404	545	909	808	1,818
To raise customer awareness and to implement communication campaign	Δ compared to 2017	-	-	-	100% (∆ compared to 2015)	100%

Letter to stakeholders ogical

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capital

Independent Auditor's Report

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SMARTNESS IN NETWORKS

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ACTION	KPIs	2015	2016	2017	2020 OBJECTIVE	NEW 2022 OBJECTIVE
QUALITY To maintain high quality standards of the services supplied by keeping high customer satisfaction levels	Total CSI of "Reference multi-client customer satisfaction" of CERVED - Databank for customers of A2A Energia	-	92.4 (national average 90.3)	Domestic gas 90.1 (national average 89.4) Domestic electricity 91.2 (national average 89.7)	> 2% vs national average and never < 90%	> national average and never < 90%
	CSI for call centres of A2A Energia	96.5 (national average 92.5)	97.1 (national average 91.0)	95.7 (national average 93.2)	> sector national average	> sector national average
	Number of energy customers registered with the on-line service	227,028	268,818	356,155	400,000	550,000
IGITAL o develop innovative channels and services (web, obile, gamification) to increase customer loyalty	Number of energy customers registered with the bollet@mail service	248,638	289,613	350,580	400,000	600,000
	Number of interventions on Group sites for evolved interactivity	-	-	-	NEW	10
	Users with smart gas meters (G4-G6) - Unareti perimeter	10%	28%	46%	100%	98%
MART NETWORKS	Annual average number of outages per LV user in high concentration environment due to long outages without notice	1.31	1.54	1.36	NEW	0.78
) develop solutions to offer a better information access frastructure (Smart Grid) and improve the network	Δ compared to 2017	-	-	-	-	-43%
ilience	Number of new generation water meters installed	-	-	-	NEW	46,000 (to 2020)
	Investments in Smart Grids (M€) - cumulative value 2018-2022	-	3	13	62 (cumulative 2016-2020)	45
	Smart City services activated	-	-	-	5	30
	Municipalities with Smart City services activated	-	-	-	3	10
	Number of parking places managed as smart parking	-	-	-	NEW	500
MART CITIES o support the development of the smart city in the	Number of businesses served with new smart land services	-	-	1	NEW	2
rritory in which the Group operates, including through w business models that exploit the technological mponent (Smart Grids and big data)	Number of smart environmental bins	-	0	300	2,000	20,000
imponent (Sillar Grius and bly Data)	Number of new LED light points installed on PL - cumulative value	150,035	196,431	213,817	250,000	350,000
	Number of electric vehicle charging stations installed	-	-	-	NEW	500
	LED traffic lights installed - cumulative value	-	12,069	12,069	11,000 (to 2018)	22,000 (to 2018)
ISADVANTAGED GROUPS o promote beneficial tariffs or other solutions for users n difficulty (e.g. "Banco dell'Energia")	Funds collected by means of the Banco dell'Energia - 2nd phase (M€)	-	-	-	NEW	1 (to 2019)

tter to akeholders

lity

10 Relational

capital

Independent Auditor's

Report

ACTION	KPIs		2015	2016	2017	2020 OBJECTIVE	NEW 2022 OBJECTIVE
ISIBLE PROCUREMENT	Value of orders assigned to certified suppliers (% of the total)		76%	77%	80%	75%	75%
develop initiatives aiming to spread the culture of alth and safety at work amongst contractors and other	Activated suppliers with sustainability requirements (% of the total)	ſ	-	23%	42%	50% (qualified)	50% (activated)
; to develop green procurement policies	Number of inspections carried out on road worksites		-	1,406/year	727/year	4,000 (cumulative)	1,000/year
ND SAFETY date the training and prevention plan to reduce d develop new initiatives for workers health	Weighted accident index (frequency index*severity index)		23.2	30.7	26.1	19.27	18.20
	Executives with Sustainability MbO (% of the total)		0%	33%	85%	100%	100%
ustainability objectives to the MbO sheets ion between Management remuneration and	Percentage weight of sustainability MbO of total variable		-	-	5%	NEW	10%
bility KPIs)	Employees assessed according to CSR parameters (% of the total)		0%	0%	0%	100%	100%
G ment training routes aimed at optimising and	Employees involved in sustainability awareness/training (% of the total)		0%	0%	100%	100%	100%
ying competences and professional development	Employees involved in training on the Code of Ethics (% of the total)		-	-	61%	100%	100%
on and human rights)	Average level of approval of training (scale 1-7)		-	6	6	> 5	> 5
MANAGEMENT	Employees involved in at least one change management project per year (% of total office employees)		-	-	100%	NEW	100%
op change management projects to improve the itional culture	Employees subjected to induction (% of total graduates aged under 35)		-	-	32%	NEW	100%
IAL ENGAGEMENT lop a systematic listening system to employees, ng dialogue and collaboration	Employees involved in feedback surveys (% of the total)		0%	100%	100%	100%	100%
IELFARE o develop innovative welfare policies, also in connection	Employees involved in the smart working project (% of total office employees)		-	5%	5%	20%	20%
promotion of gender equality, and optimise ences through a generational bridge that allows	Employees involved in welfare and diversity initiatives (% of total)		-	21%	38%	100%	100%
ansfer of knowledge and experience between and senior populations	Number of projects activated on the Skills Laboratory		-	-	1	NEW	2/year
TION AND R&D op investments in research and development, g the number of partnerships with international centres and universities, to develop new gies and technological innovation patents	Number of research projects activated and partnerships with primary research institutes and universities		-	9	10	5/year	5/year
D PERCEPTION olement a system for measuring and monitoring the 's notoriety and perception, also on a territorial level	Multistakeholder measurement model of the perception of the Group		-	-	activated	to activate a tool to assess the Group sentiment in the media	to activate
SPARENCY velop integrated reporting and a suitable nation system for planning and control	Territories with territorial sustainability reports prepared (number)		1	3	6	8	8
EHOLDER ENGAGEMENT relop external stakeholder engagement activities,	Number of structured engagement workshops held		1	2	2	15 (cumulative 2015-2020)	10 (cumulative 2018-2022)
o strengthen the relationship with the territory and o construct permanent methods for multistakeholder wolvement	Number of actions ensuing from structured engagement workshops		5	6	5	30 (cumulative 2015-2020)	20 (cumulative 2018-2022)
	Number of visitors to plants		17,690	21,000	31,300	21,200	37,560
FION Didate and, where possible, improve the	Δ compared to 2017		-	-	-	-	20%
mental education and promote the awareness of sociated with climate change in the public opinion	Participants involved in the A2A school project		na	29,000	34,600	NEW	41,500
	Δ compared to 2017		-	_	-		20%

41

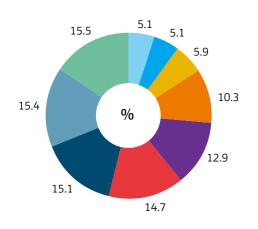
4 Stakeholder engagement and materiality analysis The A2A Group hinges its strategy on understanding the needs of its stakeholders, through continuous dialogue and the implementation of focussed listening initiatives. The stakeholder listening process stems from the need to generate value in a harmonic, long-term manner and results in a conciliation of the Group's interests with those of its interlocutors.

In 2013, A2A introduced a stakeholder engagement reporting system based on the input of data, by the main corporate functions, into a database that maps significant stakeholders once every six months, as well as involvement activities implemented and matters broached.

In 2017, more than **270 engagement initiatives** were developed. The groups of stakeholders most involved were national and local institutions, investors, the local community, schools and consumer and environmentalist associations.

All the matters arising from the listening activities were grouped into macro categories of themes that thereafter enter the process of defining the A2A materiality matrix. More details on the initiatives developed are given in the Supplement to this document.

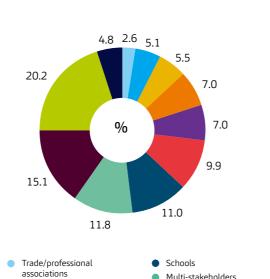
Figure 07_Issues considered in stakeholder engagement activities



- Ethical pursuit of business
- Development of human capital
- Circular economy and responsible use of resources
 Responsibility, safety, quality and innovation in the provision of services and products
- Active local and environmental education
- Relationship with the local community
- Creation of sustainable economic value
- Lobbying and public policy
- Other



Figure 08_Main categories of stakeholders involved in engagement initiatives



Shareholders/Investors

Institutions

Other

Customers

Employees

Environmental associations

Consumer Associations

• Local community/citizens

4.1 The forumAscolto programme

2017 saw the continuation of the **forumAscolto** programme launched in 2015, in a bid to strengthen the Group's connection with the communities in which it operates. The forumAscolto are opportunities for stakeholder sharing in the generation of ideas to be developed in the territory. After each forum, the proposals are assessed by the Territory and Sustainability Committee and by the Group's Business Units, according to defined criteria. Thanks to the forumAscolto held in 2016 in Valtellina-Valchiavenna and Bergamo, 6 projects were developed.

Figure 09_Projects stemming from forumAscolto developed in 2016

AREA OF REFERENCE	PROJECTS CREATED
	 "Energy" school > the school designated as having the best energy efficiency promotion project in schools was rewarded in May;
Valtellina and Valchiavenna	 Energy cycle path > opened in May at the Grosio plant, a panoramic cycle path that runs through the A2A hydroelectric plants;
	 Alternation of school-work > the three-year pilot project has been launched for the Sondrio ITIS Mattei, which involves 25 students in 22 hours of lessons on matters relating to hydroelectric production.
	 Transparent communication > a totem was opened in October to supply information on the operation of the Via Goltara waste-to-energy plant (heat, energy produced and atmospheric emissions);
Bergamo	 Action 2 Art > the school teaching path was launched in September, aimed at developing seating for public areas, inspired by concepts of ecodesign with recycling materials;
	• Reuse centre > opened in November in the ecological platform in Goltara street, it is a dedicated, equipped covered structure, where citizens can freely confer objects they no longer want, to prolong their life cycle.

After the positive experience of Brescia, Valtellina-Valchiavenna and Bergamo, in 2017, the Group gave the cities of **Milan** and **Varese** the chance to speak out, along with the communities of the provinces of **Udine and Gorizia**.



Letter to stakeholders

Methodological Note

The A2A Group and its Business Model

2 Governance

3 Sustainability strategy

Stakeholder engagement and materiality analysis The forumAscolto

Materiality matrix and analysis

5 Financial capital

6 Manufacturing capital 7

Natural capital

Human capital

9 Intellectual capital

10 Relational capital

Independent Auditor's Report

Figure 10_forumAscolto meetings held in 2017

AREA OF REFERENCE	WHEN	NUMBER OF STAKEHOLDERS INVOLVED	ISSUES DISCUSSED	IDEAS CHOSEN
		50 + on-line	4 work groups on:	4 ideas chosen: Smart Mobility > action plan to contribute towards a smart, sustainable mobility system, including an app to monitor the progress made on the Group's road sites, the development of a company fleet of 100 electric cars and an innovative charging infrastructure; Public lighting > artistic LED lighting project on buildings
Milan	January 30, 2017	communities through the	 Smart city and energy efficiency Circular economy Environmental culture Urban regeneration 	chosen by citizens; Urban decoration > programme of communication actions to sensitise dog owners to the issue of dog excrements;
				Reduction in food waste > actions to foster the dissemination of good practices for the fight against food waste - recovery of food not sold at open air markets, in large-scale retail and collective catering establishments, sharing the initiatives with the territory's most important players.
				Stipulation of a "Letter of commitments" for the development of:
Varese	October 2016 - March 2017	4 Sessions with: - condominium administrators; - residents and commercial activities of the city centre; - associations of foreigners; - schools.	Separate waste collection - under the scope of the "Varese manca poco" communication campaign aiming to achieve 65% separate waste collection.	 vademecum specific to the user target on separate waste collection; update of the app "PULIamo" to include information on the collection days and information on how to correctly handle waste; ad hoc information and training about separate waste collection for foreign citizens; supply, on free loan for use, of additional containers for separate waste collection in commercial businesses and schools; information campaign in schools (meetings and distribution of dedicated informative materials).
Udine and Gorizia	December 18, 2017	31	3 macro-themes: • Environment and energy • Culture and tourism • Economic development	March 2018 launch of the call CreiAMO FVG to choose two entrepreneurial ideas intended to foster sustainable tourism in Friuli Venezia Giulia, through an economic contribution and a light incubation process.

The ideas chosen are communicated to stakeholders and the community in dedicated press conferences, in which the Territorial Sustainability Reports are also presented. To date, the **Territorial Sustainability Reports** prepared are those of Brescia (third edition), Valtellina-Valchiavenna (second edition), Bergamo (second edition), Milan (first edition), Varese (first edition),

Friuli Venezia Giulia, with a special focus on the provinces of Udine and Gorizia (first edition).

Both the reports and the information on the progress made on projects stemming from the forums are available on-line at the dedicated website www.forumascoltoa2a.eu.

1 The A2A Group and its Business Model

Methodological

Letter to stakeholders

Note

2 Governance

3 Sustainability strategy

Stakeholder engagement and materiality analysis The forumAscolto

Materiality matrix and analysis

5 Financial capital

6 Manufacturing capital

7 Natural capital

8 Human capital 9 Intellectual

capital 10

Relational capital

Independent Auditor's Report GRI

GRI Content Index



4.2 Materiality matrix and analysis

In 2017, the A2A Group materiality matrix was updated. The themes were assessed on a scale of 1 to 5 (where 1 identifies a theme as irrelevant and 5 as strategic), aligning the assessment scale with that adopted to measure the level of risk or opportunities of these same aspects, in a logic of close correlation between the two analyses.

To measure the **importance for stakeholders**, the assessments were considered as emerging from: - an investigation promoted in January 2018 by means of an on-line questionnaire administered to the main Group stakeholders (approximately 450 people); - a survey carried out during the annual kick-off meeting for the 2017 Report that involved around a hundred

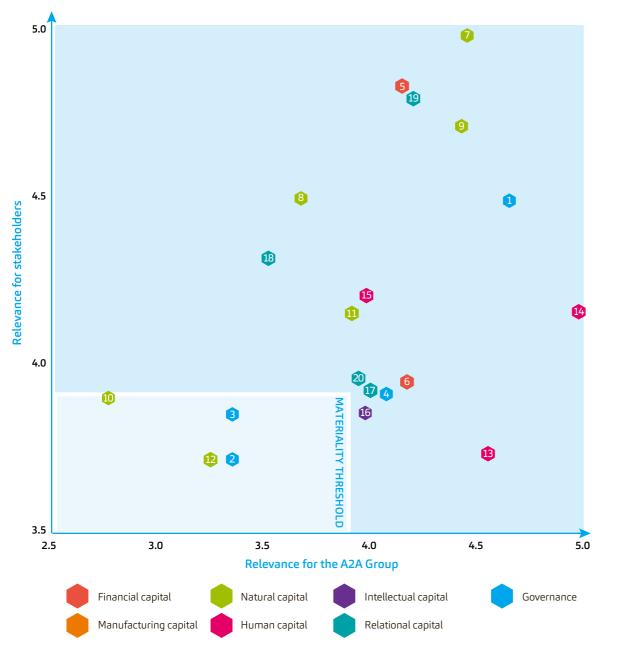
Figure 11_Materiality matrix

people from the different Group companies/departments; - the evidence that emerged from the forums of the various territories; - the analysis of the database of the engagement

initiatives carried out during the year.

In order to measure the **relevance to A2A**, the various matters have been assessed by the company's front lines, with one-to-one interviews and consideration was given to whether or not the theme was included in the Group Sustainability or Business Plan.

The themes were therefore presented in the Sustainability Committee and Territory and are shown in the following materiality matrix.



CAPITAL	NO.	тнеме	
Governance	1	Ethical pursuit of business	L
Governance	2	ESG (Environmental, Social, Governance) elements in governance	N
Governance	3	Risk management and sustainability opportunities	
Governance	4	Respect for human rights in the Group value chain	T
Financial capital	5	Creation of sustainable economic value	N
Manufacturing capital	6	Efficient management of Group infrastructures	6
Natural capital	7	Circular economy	3 S
Natural capital	8	Efficient water use	st
Natural capital	9	Fight against climate change and atmospheric emissions	S S
Natural capital	10	Protection of biodiversity	a
Natural capital	11	Quality of distributed water	Τ ρ
Natural capital	12	Sustainable mobility	e Maria
Human capital	13	Protection of health and safety at work	5
Human capital	14	Development of human capital	Ca
Human capital	15	Diversity and company welfare	6 M
Intellectual capital	16	Technological innovation and smart cities	Ca
Relational capital	17	Responsibility, safety, quality and innovation in the provision of services	N
Relational capital	18	Active local and environmental education	8
Relational capital		Relationship with Group stakeholders	
Relational capital	20	Responsible management of the supply chain	9 Ir

Compared to previous years, the list of issues to be assessed was updated to keep pace with changes in general trends in the industry described on page 28.

The theme "Relationship with Group stakeholders" also includes the themes that last year were divided up into "Lobbying and public policy" and "Relationship with the local community". The final analysis identified **20 issues** that embrace the six types of capital and the Group's governance system. A materiality threshold has been defined, for which 4 aspects assessed are considered as

relevant, but not material, i.e. the protection of biodiversity, sustainable mobility, integration of ESG elements in corporate governance and risk management and sustainability opportunities.

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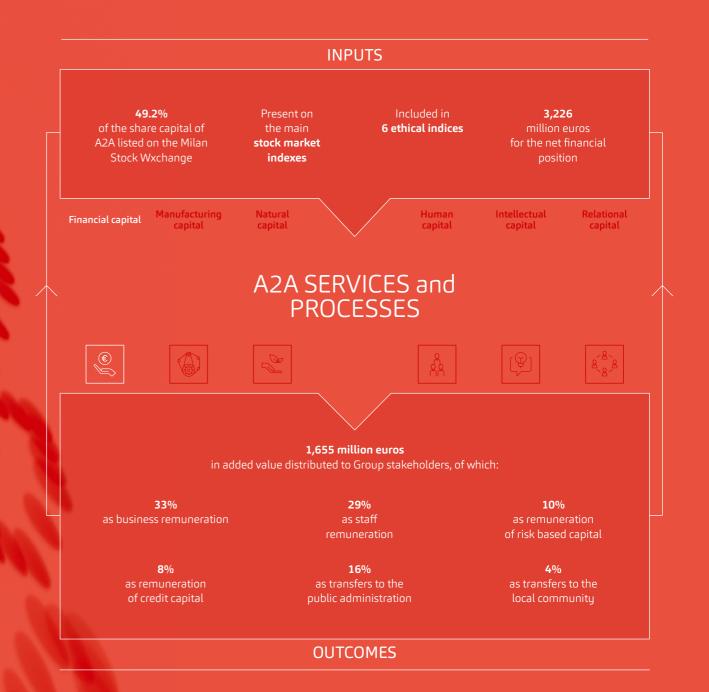
Jring

capital

10 Relational capital

Independent Auditor's Report





MATERIAL ASPECTS	DESCRIPTION	RISK FACTORS FOR SUSTAINABILITY	MANAGEMENT METHOD	2017 ACTIONS	SUSTAINABILITY PLAN ACTION
CREATION OF SUSTAINABLE ECONOMIC VALUE	Promotion of sustainable economic performance that helps to assure the redistribution of the economic value generated to the Group stakeholders; optimisation of the social and environmental aspects, so as to develop solid relations with the financial community and stimulate the appeal of new investors sensitive to sustainability matters.	Reduction of the economic value produced and distributed to stakeholders. Negative assessments of ESG (Environmental, Social and Governance) components by ratings agencies. Ineffective communication of the Group's social and environmental performance. Change in market conditions and failure to identify potential business opportunities deriving from sustainability.	Implementation of structured financial management programmes and processes to guarantee suitable levels of profitability to the invested capital. Monitoring and mapping of ESG themes aimed at limiting/ managing impacts on economic performance generated by the performance of market prices of the main commodities. Integration of ESG aspects in investment decisions and company conduct. Involvement of ESG investors and transparent, effective communication of sustainability performance. Integration of the identification and management of opportunities within the ERM (Enterprise Risk Management) process.	Presence of ethical investors amongst the shareholders, such as Norges Bank and Etica Sgr. Inclusion in 6 ethical indices. Multiple communication tools with financial stakeholders. Developed and structured engagement with the main Proxy Agencies. 17% of investments were for environmental aspects.	CIRCULAR ECONOMY - Reduction policies - Risk management SMARTNESS - Smart grid

Please note that the Group has restated the data as at December 31, 2016, following completion of the purchase price allocation ("PPA") consequent to the acquisition of 51% of the LGH Group and reclassification for IFRS 5 of the economic items of the EPCG Group following the exercise of the put option over the entire share package held by A2A S.p.A., the effectiveness of which was completed on July 3, 2017.

It is specified that the economic data as at December 31, 2017 includes the full consolidation of the entire uear of the LGH Group, the RI.ECO-RESMAL Group and the company Consul System S.p.A. that in fiscal year 2016 were consolidated in the second half of the uear. The scope of consolidation as at December 31, 2017 has also changed from the previous year, mainly following the establishment in July 2017 of the company A2A Rinnovabili S.p.A., which has progressively acquired a portfolio of 13 SPVs (special purpose vehicles) owning photovoltaic plants, as well as following the change in the consolidation method, from equity to line-by-line, of the companies Azienda Servizi Valtrompia S.p.A and LumEnergia S.p.A., as a result of the acquisitions of additional investment shares.

For more details, please refer to the Consolidated Financial Statements as at December 31, 2017.

5.1 Value added produced and distributed

Value added is the wealth that the Group generates in the year. It is the difference between revenues on the one hand and the intermediate costs and accessory and extraordinary items on the other. This parameter measures the **financial effect of the business of the** A2A Group on its main stakeholders and therefore the Group's capacity to create value for its stakeholders. To determine the formation of value added, A2A uses the methodology defined Social Accounts Group (Gruppo per il Bilancio Sociale - GBS).

In 2017, the gross global value added distributed by the Group was 1,655 million euros (+4% on 2016). Most of this was allocated to company remuneration (550 million euros, +8% on 2016), staff compensation (475 million euros) and transfers to the Public Administration (268 million euros). Transfers to the local community have increased (+3% on 2016). Remuneration of the risk based capital has also increased (+27% on 2016).

5.2 Relations with shareholders

The parent company, A2A S.p.A., is listed on the Milan Stock Exchange. The A2A share is traded on the electronic stock market and belongs to the FTSE-MIB segment and falls within the "Public Utilities - Electricity" sector. Under article 9 of the company's By-laws, no single shareholder other than the Municipalities of Brescia and Milan may hold more than 5% of share capital. Shares held in excess of the 5% limit have no voting rights.

A2A has about 77 thousand shareholders,

Figure 13_Share indicators

Dividend Yield (DPS/P)**

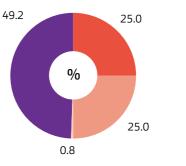
Number of shares (million)

Dividend per share (DPS)* (euros)

divided between institutional investors and retail investors

Institutional investors hold approximately 36.2% of the share capital (33.8% in 2016). 25.5% of the free float in the hands of institutional investors is held by US investors, 20.9% by British investors, 14% by investors based in Luxembourg and 12.1% by Italian investors. There are also French (7.2%) and German (4.1%) institutional investors. Please note that there are also ethical investors amongst the shareholders, such as **Norges Bank** and Etica Sgr.

Figure 12_A2A's shareholding structure (at December 31, 2017)



🔴 Municipality of Brescia 🥚 Municipality of Milan Treasury shares Market

Retail investors total approximately 75 thousand and together hold 11.1% of share capital (12.9% of 2016). 99.6% of the retail shareholding is resident in Italy and in particular, 58.5% in Lombardy. Investors residing in the provinces of Milan and Brescia hold 26.8% and 13.3%, respectively, of the total retail⁴.

• the exercise of the put option over the equity

• the completion of various acquisitions in the

A2A forms part of the following indices: FTSE

MIB, STOXX Europe, EURO STOXX, WisdomTree

International, MSCI Europe Small Cap and S&P

developments in terms of sector consolidation of

Dividend proposed by the Board of Directors

** Calculated on average share price

7 Natural capital

capital

6

Intellectual capital 10

Relational capital

Independent Auditor's Report

GRI

Content

Index

A2A in the Stock Market indices

In 2017, the average share price was 1.422 euros, an increase of 21% compared to 2016. Among the factors affecting share performance in 2017 were those arising from macro-economic and government policy trends, as well as capital flows on the international financial markets.

On the other hand, the company-specific factors include:

- the presentation of the 2017-2021 Strategic Plan; • the growth of the dividend distributed;
- the progressive improvement of indications of senior management on the 2017 results;

4. The figures relating to institutional and retail investors have been prepared on the basis of the shareholders' register

0.0492

4.2%

3,133

0.0578

4.1%

3,133

investment held in EPCG;

local utilities;

photovoltaic sector.

Global Mid Small Cap.

0.041

3.8%

3,133

updated as of the distribution of the dividend on May 24, 2017.

l etter to stakeholders

Methodological Note

The A2A Group and its Business Model

2 Governance

3 Sustainabilitu strategy

Stakeholder engagement and materiality analysis

5 Financial

produced and distributed

Relaunch of

investments

Manufacturing

capital

A2A in the sustainability ratings

One of the ways in which sustainability applies to finance is the practice of **socially responsible investing** (SRI), according to environmental, social and/or governance considerations integrate the financial assessments carried out at the time the choice is made to buy or sell a security. SRI is implemented with the inclusion of listed companies on **ethical indices**.

In recent years, the number of initiatives promoting the upholding of ESG (Environmental, Social and Governance) criteria in different ways, in the assessment of financial investments, has increased exponentially. Sustainable finance should therefore be implemented with the inclusion on the ethical indexes of listed companies meeting the main criteria of environmental, social and economic responsibility.

The Group is currently listed in the following ethical indices:

• ECPI Euro ESG Equity

- Ethibel Sustainability Index Excellence Europe
- EURO STOXX Sustainability Index
- Euronext Vigeo Europe 120
- Solactive Climate Change Index
- Standard Ethics Italian Index

Since May 2013, A2A has also been included in the ETHIBEL EXCELLENCE Investments Register and in the Ethibel Pioneer Investment Register.

A2A also takes part in the annual assessments of the CDP (Carbon Disclosure Project) Climate change and Water questionnaire, of Vigeo-Eiris, RobecoSAM, ETICA SGR and the "Top 100 Green Utilities" (of the Energy Intelligence Group).

In 2017, at its first year of participation, A2A was included in the **LEADERSHIP section of the CDP Water questionnaire** assessment relative to the matter of water as a resource, whilst it obtained a B rating on the climate change questionnaire.

Relations with shareholders and investors

A2A is constantly committed to providing answers as precise and exhaustive as possible to the needs and specific requests of financial stakeholders. To this end, various communication tools and channels are used: • company documents (Financial Statements, interim Reports, corporate Presentations);

documentation ad hoc (Investor Guidebook, Investor Databook, documents of the Library for the investor);
press releases;

- "A2A Business Plan News" newsletter (on-line);
- meetings with analysts and investors on the main international financial scenes (road shows, one-toone meetings, group meetings, conference calls, presentations at events, seminars on specific business issues, etc.). The financial community has met with both the company's senior management and some business managers and staff;
- industry conference, including the first Italian Sustainability Day organised by Borsa Italiana.

As for the coverage of the analysts, at the end of 2017, A2A was followed by 11 different brokers.

Internet communication is particularly important (website and mailing). In 2017, the Investors section of the website has been expanded:

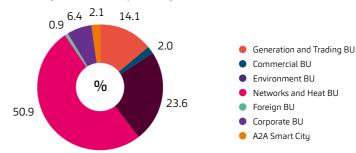
- the subsection "Library for the investor" was enriched with further contents, with the publication of specific studies regarding the markets, the businesses in which the Group operates and the regulatory context;
 new information was added to the Investor
- **Guidebook**, a document that provides a comprehensive overview of A2A through the use of the main public information available;
- the set of economic/financial data of the Investor
 Databook has been expanded upon and now includes both the historic data since 2008 (with quarterly details for the last 4 years) and a series of prospective data useful to analyst model-making.

The web also provides an effective **communication channel with retail investors**: the A2A website publishes the answers to the most frequently asked questions (FAQs). The Investor Relations unit also provides timely responses to specific questions raised by small investors and savers (especially by e-mail). Finally, the **engagement with the main proxy agencies** has been extended and structured, which supply the institutional investors with voting recommendations on the items of the agenda of the Shareholders' Meeting.

5.3 Relaunch of investments

In 2017, the total amount of capital expenditure in the A2A Group was 454 million euros (+17.6% vs. 2016).

Figure 14_Investments by business unit (percentage)



17% of investments related to environmental aspects, such as: actions to reduce emissions, increase

Networks and

Heat Business

Unit

4.6

4.1

5.3

-

14.0

Investments mainly regarded energy efficiency interventions connected with plant improvements on

For the development of renewable sources, in 2017 investments were made in hydroelectric plants and

Innovation at the plants mainly regarded investments for the start-up of the plastic treatment plant in

To reduce emissions, 2017 saw investments made to purchase new low-emission AMSA vehicles and

Corporate Business Unit

-

-

-

0.4

04

TOTAL

13.1

30.3

26.1

8.6

78.1

Environment Business Unit

6.4

25.8

7.6

7.7

47.5

energy efficiency, development of renewable sources and innovation.

Generation

and Trading Business Uni

21

0.4

13.2

0.5

16.2

Cavaglià and maintenance work on the glass section plant of Asti.

a woody biomass cogeneration plant was purchased from and strengthened by LGH.

Figure 15_Environmental investments (millions of euro)

Investment classification

Emissions reduction

Energy efficiency

Renewable sources

the main Group waste-to-energy plants.

install catalysts in the Gissi Plant.

Innovation

Total

Letter to stakeholders

Methodological Note

1 The A2A Group and its Business Model

2 Governance

3 Sustainability strategy

4 Stakeholder engagement and materiality analysis

5 Financial capital Value added produced and distributed

Relations with shareholders

investments

Manufacturing capital

Natural capital 8

Human capital 9

Intellectual capital

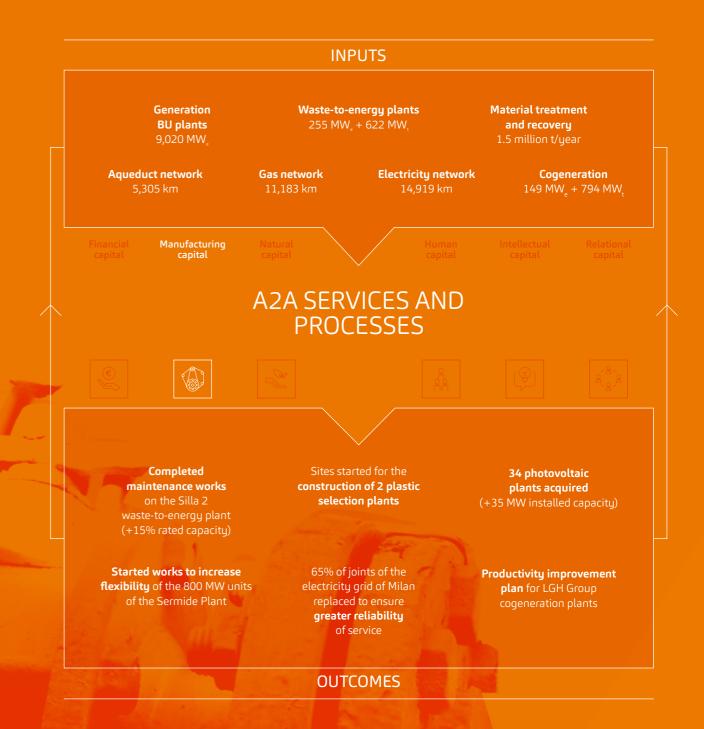
10 Relational capital

Independent Auditor's Report

GRI Content Index



6 Manufacturing capital



MATERIAL ASPECTS	DESCRIPTION	RISK FACTORS FOR SUSTAINABILITY	MANAGEMENT METHOD	2017 ACTIONS	SUSTAINABILITY PLAN ACTION
EFFICIENT MANAGEMENT OF GROUP INFRASTRUCTURES	Efficient management of Group infrastructures, promoting technological innovation, improved performance, continuity and reliability of service; development of waste processing plant capacity, investments in renewable energy and renewable technology, including through the acquisition of new companies strategic to the Group; guarantee of high safety standards in infrastructure management.	Failure to achieve objectives relating to energy efficiency, waste recovery and processing and generation of energy from renewable sources. Malfunctions and interruptions in plant activities and network infrastructures. Possible vulnerabilities of ICT infrastructures and applications for IT, logical and viral attacks and/ or system failures.	Preparation of organisational devices structured into corporate functions focussed on the development of energy efficiency initiatives; construction and commissioning of plants for waste recovery and processing and the acquisition of energy generation assets from renewable sources. Efficient management of plants and networks so as to prevent any disservices or failures and guarantee the reliability and performance in operation, also thanks to preventive maintenance and a careful management of emergency intervention teams to cope with emergency situations. Adoption of mechanisms to defend and protect against logical and viral attacks and/ or possible system failures; projects to improve the infrastructures of the DPCs (Data Processing Centres) and segregation of accesses to information, thanks to the definition of a multi-year master plan of initiatives linked to cybersecurity in Group infrastructures.	Launched the construction of 2 plastic selection plants. Designed 2 plants to recover organic fraction (FORSU). Optimisation of biomass plant of Cremona. Established A2A Rinnovabili and acquired 34 photovoltaic plants. Continued improvements to the CCGT. Expanded upon the joint replacement plan to improve the resilience of the city of Milan. Implementation of a network of sensors and control units that generates synergy between the supplies of the Networks remote control rooms of the two district heating sites of Brescia and Milan.	CIRCULAR ECONOMY - Recovery and treatment - Water DECARBONISATION - District heating - Renewable SMARTNESS - Smart grid - Smart city

6.1 The manufacturing capital in the Environment Business Unit

Letter to stakeholders Methodological

Note

2 Governance

3

5 Financial

capital

The plants managed by the Environment Business Unit cover all phases of the integrated waste cycle: from recycling management, ecological platforms and landfills through to energy and material recovery and processing plants.

Figure 16_Plant types and geographic location of the Environment BU

TYPE OF PLANTS	NUMBER OF PLANTS	CAPACITY
Material treatment and recovery	20	1,519,000 t/y
ITS	6	570,000 t/y
Waste-to-energy plants	7	255 MW 622 MW
Landfills	9	7,326,000 m ³
Biogas production	16	25 MW _e

Waste-to-energy plantMaterial recovery plants

Waste collection area

Under management

6 Manufacturing capital

The manufacturing capital in the Environment Business Unit The manufacturing

capital in the Generation and Trading Business Unit

The manufacturing capital in the Networks and Heat Business Unit

7 Natural capital

8 Human capital

9 Intellectual capital

10 Relational capital

Independent Auditor's Report

GRI Content Index

Already starting 2016, the Group has consolidated its presence throughout the integrated waste cycle, with acquisitions of businesses already operating in waste processing and recovery (the Rieco-Resmal Group and the LGH Group).

The **Rieco-Resmal Group** manages 5 waste recovery plants in Cernusco, Buccinasco, Liscate and Novate Milanese (Mi).

Sustainability strategy 4 Stakeholder engagement and materiality analysis

The A2A Group

The LGH Group owns:

- 2 waste-to-energy plants in Cremona and Parona (Pv), for a total of 50 MW, and 14 MW, installed;
- 3 waste processing plants in Fombio (Lo), Coccaglio (Bs) and Crema (Cr), with a capacity of 209 thousand t/y;
- 2 biomass plants in Cremona and Rodengo Saiano
- (Bs), for a total of 2 MW, and 9.3 MW, installed;
- 1 operating landfill in Grottaglie (Ta);
- 6 biogas production plants, of which 4 in the province of Brescia, 1 in Augusta (Sr) and 1 in Ragusa, for a total of 9.5 MW_ installed.

With a view to increasing the Group's material recovery capacity, **two new plastic selection plants** are currently under construction in Cavaglià (Bi) and Muggiano (Mi), sites for which started in May and December 2017.

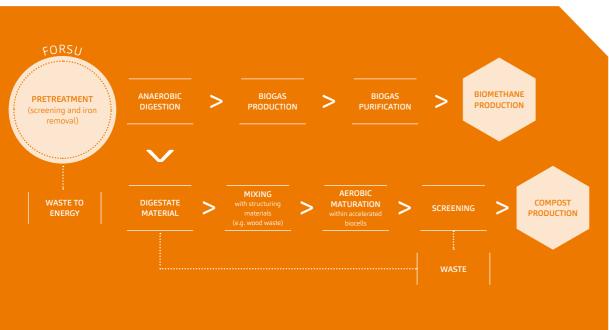
As compared with 2016, the Group has strengthened its monitoring along the chain, increasing the material recovery and treatment capacity of the BU (+80% on 2016). In all, waste treated in Group plants totalled **3.6 million tonnes (+41% on 2016)**. BU production of thermal energy remained constant, coming in at **1,362 GWh**.

Plants for the optimisation of the organic fraction of solid municipal waste (FORSU)

The Group has **envisaged the construction of 4 FORSU recovery treatment plants**, the process of which can yield two products:

- compost, soil improvers and natural fertiliser used in agriculture or in the plant nursery sector, also certified for use in organic farming;
- biomethane, obtained following purification of the biogas by means of the removal of carbon dioxide; biomethane is entirely similar to natural gas and can therefore be used for motor vehicles (automobiles or buses) or released to the natural gas network for standard domestic use (heating, hot sanitary water and kitchens).

The process:



One plant will be in **Bedizzole** (Bs) and will have a treatment capacity of 75 thousand t/year, able to produce approximately 5 million m³/year of biomethane and approximately 14 thousand t/year compost. A request was submitted to the Province of Brescia in June 2017; following obtaining of the authorisation, the site will be started and will run in about two years.

Another plant is designed within the existing Integrated Centre of Cascina Maggiore, between the municipalities of Giussago (Pv)

and Lacchiarella (Mi); this will have a capacity of 100 thousand tonnes of waste per year, with a potential biomethane production expected of around 7 million m³/year and compost of approximately 20 thousand t/year. The request to obtain authorisation was submitted to the Province of Pavia in October 2017. In this case too, site duration is estimated as approximately two years.

The Plan also includes the development of two more plants, with a capacity of 55 thousand t/year each, which use the same technology.



Following an analysis of the performance of the Cremona biomass plant, various aspects have been identified that, thanks to a **redesigning of** the heater section, have successfully increased the plant's operative efficiency. This intervention has enabled a reduction in the blockages caused by ash, which resulted in a reduction in load (to reduce the temperature of the fumes entering the convection section) and an increase in the tail ventilator operating regime to overcome these obstructions, as well as frequent down time to quickly clean the plant. Moreover, the inclusion of new refractory sections will entail a reduction in corrosion of the stainless steel hopper walls and casing of the convection section, with consequent lesser undue air intake.

Letter to stakeholders

Note 1 The A2A Group and its Business Model

Methodological

Governance

3 Sustainability strategy

Stakeholder engagement and materiality analysis

> 5 Financial capital

Manufacturing capital

capital in the Environment Business Unit

> The manufacturing capital in the Generation and Trading Business Unit

The manufacturing capital in the Networks and Heat Business Unit

Natural capital 8

Human capital

9 Intellectual capital

10 Relational capital

Independent Auditor's Report

6.2 The manufacturing capital in the Generation and Trading Business Unit

The Generation and Trading Business Unit manages the Group's electricity and heat production, through:

- **hydroelectric plants** using various different technologies, with a major component of storage and regulation capacity, thanks to the significant size of the reservoirs and the power of the plants;
- thermoelectric plants, mainly comprising plants based on high-performance combined cycle gas (CCGT) technology and two coal-powered plants (of

which one was decommissioned in 2012) and one that uses heavy fuel oil;

 photovoltaic plants, installed at the sites of some Group thermoelectric plants or in areas close to them, plus 35 MW new plants acquired in 2017.

The LGH Group manages hydroelectric plants in the province of Brescia, for a total power installed of 74.6 MW_{a} .

Figure 17_Plant types and geographic location of the BU

TYPE OF PLANTS	NUMBER OF PLANTS	CAPACITY		
Hydroelectric plants	5	2,086 MW _e		
Thermoelectric plants*	9	6,895 MW _e		
Photovoltaic plants	40	39 MW _e		

* Does not include Scandale Plant (participated at 50% by Ergosud S.p.A.)



At the start of 2017, the **Generation Business Unit restructuring** project was completed, which envisaged the corporate unification of the homogeneous generation assets, by means of infra-group operations. More specifically, as from January 1, 2017, the hydroelectric plants of Edipower (Mese Plants and Friuli Plants) have been flowed, by means of merger by acquisition, into A2A S.p.A.

Moreover, in line with the A2A Group strategic plan and the sustainability goals, in 2017, A2A decided to invest in renewable sources, both through the implementation of innovative tests and by seizing the most of market opportunities for focussed investments and the development of new plants.

In July 2017, **A2A Rinnovabili** was established, and in the last four months of the year acquired **34 photovoltaic plants** organised into 13 different corporate vehicles, for a total installed capacity of 34.8 MW and with an estimated annual production of approximately 46 GWh/ year. 80% of these are ground-based plants; the remaining 20% are plants installed on the roofs of industrial clients in Apulia, Tuscany, Emilia Romagna, Piedmont and Trentino Alto Adige. Letter to stakeholders

Note

1 The A2A Group and its Business Model

Methodological

2 Governance

3 Sustainability strategy

> Stakeholder engagement and materiality analysis

5 Financial capital

6 Manufacturing capital

The manufacturing capital in the Environment Business Unit The manufacturing capital in the Generation and Trading Business Unit

Moreover, the development programme for the

from negligible. In December 2017, in fact, the

photovoltaic plants within the Group sites is far

first photovoltaic plant was developed (300 kWp)

at the A2A Ambiente plastic recovery plant being

production (+28.6% on 2016) due to the greater

In 2017, the BU significantly **increased**

use of thermoelectric plants that, given the

greater demand from the system, recorded an

increase in production of 3,570 GWh. Although

GWh) as a result of a year characterised by dry

seasons, for renewable production, we highlight

the net increase in photovoltaic energy linked to

Below are some important renewal or maintenance

projects that involved some plants of the BU in 2017.

the recent acquisitions described above.

hydroelectric production has dropped (3,572

developed in Cavaglià.

The manufacturing capital in the Networks and Heat Business Unit

> , Natural capital

> 8 Human capital

9 Intellectual capital

10 Relational capital

Independent Auditor's Report GRI

Content Index

Hydroelectric plants: safety for the plants and surrounding environment

In addition to the priority seismic checks on the structures of the dams already performed in accordance with 2014 legislation, since 2016, A2A hydroelectric plants have also been subject to the **seismic checking** of the accessory works of the dams, with the aim of verifying any need to adjust such. Various different types are involved by the analysis (bulkheads of hydraulic works, walkways on crests at the spill lights, electricity cabinets, manoeuvring chambers, technical rooms and buildings) for a total of more than 100 accessory works on the 4 hydroelectric plants involved. At end 2017, approximately 70% of the accessory works scheduled had been inspected and assessed.

In August 2017, exceptional major landslides involved the dam of Villa di Chiavenna, which bars the Mera river near the Italian-Swiss border. In order to guarantee the dam' safety and that of the territory downstream, the envisaged emptying of the reservoir took place promptly and, consequently, liaising with the competent Authorities, the solid materials that had accumulated inside, were removed. In performing complex restoration operations, in just one month, the dam and plant of Chiavenna were returned to regular operation, also thanks to the implementation of a dam

Thermoelectric plants: energy efficiency and plant reclamations

In 2017, the plants of Cassano d'Adda, Chivasso and Sermide were included in the **plan of interventions to** optimise road lighting in the plants.

In 2017, the technical specifications were prepared for the purchase of lighting bodies at the Cassano Plant, whilst the intervention will be carried out in 2018. As regards the hydroelectric plants, LED lighting of the plants and dams in Calabria was completed.

At end 2017, moreover, works were started relative to the remediation plan of the coating of floors containing vinul asbestos at the Cassano Plant. All activities are expected to be completed within the first few months of 2018. Moreover, the controls, regular checks and, where necessary, the disposal of materials containing asbestos fibres, still present on some equipment and components, continued on sites - in particular at the plants of Piacenza, Cassano and Sermide.

management protocol shared with the Authorities, aimed at guaranteeing the complete operation of the basin and simultaneous safety of the central territory below.

At the Friuli plants, in 2017 major extraordinary maintenance work was carried out on the supply pipe of the Ampezzo Plant. Also thanks to the innovative technologies used, the works were successfully completed and with a substantial reduction in the plant downtime.

As regards the plants of Calabria, in 2017, the by-pass pipe of the **Calusia Plant** was developed so as to guarantee, including during interruptions to the plant's activity, the release downstream of the capacity necessary for plant watering and drinking, in accordance with current legislation.

Extraordinary maintenance works are envisaged at the hydroelectric Plant of Mazzunno (Bs) with the installation and commissioning of two new conducts with a nominal diameter of 1,400 mm. On August 21, 2017, the Region of Lombardy issued the authorisation for the intervention, which will be developed in approximately 4 years, by spring 2018.

IMPROVEMENTS IN THE PERFORMANCE OF COMBINED CYCLES

In 2017, flexibility was increased of the combined cycle termed Unit 1 of the Chivasso **Plant**, with the carrying out of interventions on the thermal cycle and plant auxiliaries, the 800 MW production unit, with consequent further savings on fuel.

increase the flexibility of 2 turbogases of the 800 MW unit of the Sermide Plant, with the installation of similar hardware and software packages to those installed in Chivasso in order to improve plant performance, reducing flue emissions and improving production unit

6.3 The manufacturing capital in the Networks and Heat **Business Unit**

The Networks and Heat Business Unit is responsible for coordinating, implementing and maintaining the electricity, gas, heat and water cycle network distribution infrastructure as well as for managing plants used to produce thermal energy and electricity. The maintenance and evolution of these infrastructures are amongst the key factor necessary to achieve the national and European energy policy goals.

Gas and electricity distribution networks

The **electricity distribution network** extends for over 14,900 km in high, medium and low voltage (of which 85.5% underground), with 31 primary stations and sub-stations and more than 9,300 secondary stations.

The length of the gas distribution infrastructure is more than 11 thousand km, in medium and high pressure, with 189 primary stations (REMI) and

more than 2,400 secondary stations.

Moreover, through the subsidiary A2A Illuminazione Pubblica, the Group manages more than 213,800 lighting points in the municipalities of Milan, Bergamo and Brescia and another 4 municipalities of Lombardy (Stradella, Cassano d'Adda, Pieve Emanuele and San Giuliano Milanese).

> 5 Financial capital

analysis

Manufacturing capital The manufacturing

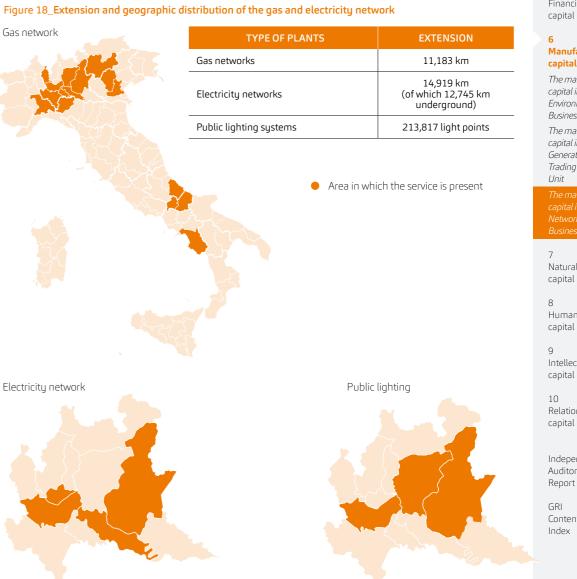
capital in the **Environment** Business Unit The manufacturing capital in the Generation and Trading Business Unit

Natural capital 8 Human

9 Intellectual capital

> 10 Relational capital

Independent Auditor's Report GRI Content



Letter to stakeholders Methodological

Note The A2A Group

and its Business Model

2 Governance

Sustainabilitu

Stakeholder

engagement

and materiality

strategy

5,305 km

2,551 km

73

46,411,627 m³

In addition to the distribution areas of Unareti, the LGH Group distributes electricity in Cremona, for more than 45 thousand customers and 1,000 km of network, and gas to 99 municipalities in the provinces of Bergamo, Brescia, Cremona, Lodi, Padua, Parma, Pavia and Vicenza; ASVT, on the other hand, manages gas distribution services in the municipalities of Gardone Valtrompia, Lumezzane, Sarezzo and Villa Carcina in the province of Brescia.

In 2017, electricity distributed came to 11,590 GWh. Gas distributed has increased to 2,480 million cubic metres, thanks to the acquisition of the service in the municipalities managed by the LGH Group and by ASVT.

In December 2015, Milan City Council and A2A announced an **extraordinary four-year plan to improve the resilience of the electricity grid** in the most critical parts of the city, thereby making it able to support any exceptional electrical loads, with a total investment of 13 million euros. The initial plan value envisaged the replacement of more than 11,500 joints, with the aim of carrying out around 3 thousand interventions per year. In 2017, the plan was extended to envisage the replacement of a total of 14,500 joints by 2020.

At end 2017, 9,288 joints had been replaced. Although complex and articulated, almost 65% of the work has therefore already been completed, making for a network that is already more reliable. The cathode protection system is an integral part of the gas distribution infrastructure in preventing corrosion of metal materials, that safeguard the integrity of the pipes, increasing network safety. Unareti has completed, a year ahead of time with respect to the commitments of AEEGSI resolution 574/13, the plan for the application of cathode protection to its steel pipes. Through the subsidiary Retragas S.r.l., the Group also manages the regional transmission of natural gas in Lombardy, Trentino Alto Adige and Piedmont, with more than 395 km network and moving more than 369 million cubic metres of natural gas each year.

UNARETI: HUB AND ELECTRIC FLEET

An important renewal project has been launched by Unareti on its vehicle fleet. In July 2017, the office of Via Ponte Nuovo in Milan opened the largest, most technologically advanced electric car charging hub in Italy. Thanks to an inter-functional working team and together with important partners like Renault and Nissan, the new e-hub numbers 74 charging stations that can deliver up to 7.2 kW (single-phase) or 22 kW (three-phase). Another 58 charging stations have already been prepared and the channels for the integration of photovoltaic roofing in the car park. The hub at the south receiver station of viale Giovanni da Cermenate in Milan is still being completed, where, in the first few months of 2018, 30 charging stations should be developed.

The definitive project will see the **replacement of 106 vehicles of the Unareti fleet that goes from being petrol and diesel to 100% electric**. Ine new model Hub, which will consist of a live laboratory to test new charging products and services in a public and private environment, has been designed to successfully minimise the power used without renouncing the effectiveness of the charging: the model in fact envisages the preparation of stations that can be used during peak times in slow mode, able to charge vehicles, optimising power and exploiting the hours available by night, whilst during off-peak times, the fast charging at 22 kW can be used, thereby reducing the time necessary to the operation. The A2A system is also based on the concept of Smart Grids and makes it possible to modulate the power that can be obtained, in total from the network, according to the network needs. Finally, in terms of improving efficiency, the hub will allow for the automatic acquisition of the main vehicle data and uses to monitor and manage the main elements of mobilitu management.

Integrated water service

Through the acquisition of ASVT, the A2A Group, which is already present in the integrated water cycle service by means of the subsidiaries A2A Ciclo Idrico and Aspem, has expanded on its scope of competence to include all municipalities of Valtrompia (Bs).

ASVT distributes drinking water to 15 municipalities of Valtrompia, for 412 km of

Figure 19_Extension and geographic distribution of the integrated water cycle

aqueduct network and also manages the drains systems, comprising 374 km of network.

In all, in 2017 the Group distributed 69 million cubic metres of water. In the municipalities overseen for the sewage and purification service too, approximately 49 million cubic metres of waste water were treated.

Governance

Model

2

Letter to

Note

stakeholders

Methodological

The A2A Group

and its Business

3 Sustainability strategy

> 4 Stakeholder engagement and materiality analysis

5 Financial capital

6 Manufacturing capital

The manufacturing capital in the Environment Business Unit The manufacturing capital in the Generation and Trading Business Unit

The manufacturin capital in the Networks and Hea Business Unit

/
Natural
capital
8
Human
capital
9
Intellectual

10 Relational capital

capital

Independent Auditor's Report GRI Content Index

Under the scope of programmes to improve the water service and in consideration of the ARERA indications for the dissemination of water smart metering, A2A Ciclo Idrico intends to speed up renewal of the fleet of meters installed in the municipalities served, with the aim of improving the quality of consumption data and increasing its monitoring and control. The 2018 A2A Ciclo Idrico smart metering plan, in accordance with the 2018-2020 replacement plan and in compliance with Ministerial Decree 93/2017, envisages the **mass changing of approximately 32,500 meters in the municipality of Brescia**, which will have a periodic communication module of the reading data. Already in 2017, an experiment was launched in the district of Folzano, Brescia, where in all approximately 690 smart meters were installed.

TYPE OF PLANTS

Aqueduct network

Treatment capacity

Sewers network

Purifiers

For users, the main benefits of smart metering are: the elimination of estimated bills and the nuisance of the meter reader having to visit; the immediate reporting of probable plant losses; and the optimisation of the water balance between the volume released to the network and that billed.

Plan to reduce water losses

The A2A Ciclo Idrico water loss reduction policy, in accordance with the objectives defined by the recent AEEGSI Resolution 917/2017, includes actions aiming to reduce all components, both real and apparent (measurement errors) that define the volumes of losses on the aqueduct system.

For 2018, **approximately 34 km of network are to be replaced** for a value of **4 million euros**, as well as **a reduction in operative pressure of networks to be achieved** by means of the installation of both pressure reducing systems with differential calibration and controlled pumping systems at critical points, in order to obtain the minimum pressure necessary for operation on the network. More specifically, in 2018, 8 new pumping systems should be installed and at least 5 reduced pressure areas developed (Brescia zona Prealpino, Violino and Folzano, Vobarno, Odolo).

As regards the reduction in measurement errors of user meters (apparent losses) due to obsolescence, in 2018, in line with that indicated by Ministerial Decree 93/2017, **approximately 65 thousand user meters will be replaced**.

The plan also envisages the strengthening of the loss monitoring and analysis structures by means of the installation of new capacity meters on the network for a better definition of the water balance and the implementation of dedicated computer tools that can improve manager response time to consumption anomalies seen on the network.

In organisational terms, in January 2018, a new structure was established aimed to implement the the plan to reduce water losses.

Cogeneration plants and district heating networks

The Group has 13 cogeneration plants producing heat released to the district heating network managed. Of these, 5 are owned by the LGH Group, for an increase of 190 MW, and 29 MW, installed capacity.

The BU's heat production came to 1,324 GWh (+42% on 2016).

Figure 20_Plant types, geographic location and extension of the cogeneration and district heating network



٠	Cogeneration plant	

- Thermal solar
- District heating network

TYPE OF PLANTS	NUMBER OF PLANTS	INSTALLED CAPACITY		
Cogeneration plants	13	149.0 MW 793.8 MW		
Thermal solar plant	1	0.7 MW _t		
Thermal plants	20	645.3 MW _t		
Heat exchange	6	224.0 MW _t		
Heat pump	2	30 MW _t		

As compared with the 2016 scope, the district heating network has extended with the inclusion of the district heating network of the LGH Group. The service is developed and managed in the cities of Milan, Sesto San Giovanni (MI), Novate (MI), Cassano d'Adda (MI), Brescia, Bovezzo (BS), Concesio (BS), Bergamo and Varese, Cream (Cr), Cremona, Lodi and Rho (Mi).

In 2017, heating and cooling energy distributed increased by 34%, reaching 3,133 GWh.

	2015					2016			2017			
DISTRICT HEATING NETWORK	BUILDINGS CONNECTED* (USERS) (NO.)	VOLUMES SERVED (Mm ³)	NETWORK DEVELOP- MENT** (DOUBLE PIPE) km	APARTMENT EQUIVALENTS	USERS* (NO.)	VOLUMES SERVED (Mm ³)	NETWORK DEVELOP- MENT** (DOUBLE PIPE) km	APARTMENT EQUIVALENTS	USERS* (NO.)	VOLUMES SERVED (Mm ³)	NETWORK DEVELOP- MENT** (DOUBLE PIPE) km	APARTMENT EQUIVALENTS
Province of Bergamo	545	6.2	69.1	25,800	585	6.5	71.2	27,100	614	6.8	74.7	28,100
Province of Brescia	20,726	41.9	665.4	174,600	20,392	42.1	669.2	175,400	20,487	42.2	671.0	175,800
Province of Milan***	3,109	44.9	280.6	187,100	3,181	47.0	298.8	195,800	3,389	49.7	330.9	202,300
Province of Varese	146	2.7	16.0	11,150	145	2.7	16.0	11,150	147	2.7	16.0	11,150
Province of Cremona	-	-	-	-	-	-	-	-	721	6.4	76	26,700
Province of Lodi	-	-	-	-	-	-	-	-	206	2.9	26.0	12,100
TOTAL	24,526	95.7	1,031.1	398,650	24,303	98.3	1,055.2	409,450	25,564	110.7	1,195	456,150

May not coincide with a single housing unit.

** The network is intended as the sum of heat transmission, distribution and supply pipes.

*** Province of Milan, including, in 2017, the district heating service of Rho Nord and Rho Sud.

From a systems viewpoint, the Group has a system technical simplifications, the speeding up of that maximises the environmental and energy efficiency of the heat generation process. In actual fact, thanks to the main use of renewable sources of energy (deriving from the waste-toenergy process) and recovery, the remaining plants, which are also managed with operating priorities, supply supplementary thermal energy, making the district heating service highly efficient and environmentally friendly. Some of these plants also have a heat pump with ground water section (renewable source) that enables a further reduction in fuel consumption.

In 2017, an important innovation project of two important district heating sites, Brescia and Milan, was completed. The Brescia "Lamarmora" remote management and control room has been completelu renewed thanks to digitisation and modernisation interventions (25 km optic fibre laid and 2,700 processing points between signals, commands and measurements) that guarantee

processes and the improvement of monitoring and performance. The second regualification intervention involved the Canavese Plant (Mi), inside which a **new remote control room** has been developed from which production can be monitored of all district heating plants of the Milan area, thereby ensuring the correct release of hot water to the network. This intervention has also been characterised by the digitisation of the equipment and the installation of a new high-speed optic fibre network (42 km), which will allow for the inter-connection of all district heating systems of Milan. Again at the Canavese Plant a second heat pump is to be installed, which will enable the full recovery of the portion of energy, today dissipated, making it useful to the city district heating network, improving the total performance of the cogeneration section by almost seven percentage points (from approximately 82% to approximately 89%).

l etter to stakeholders

> Methodological Note The A2A Group and its Business Model

Governance

3 Sustainability strategy

Stakeholder engagement and materiality analysis

5 Financial capital

Manufacturing

6

capital The manufacturing

LGH cogeneration plant optimisation plan

In 2017, a plan was implemented to improve the performance of some cogeneration plants, belonging to the LGH Group, regarding their production performance and the reduction of electricity consumption. The initiative involved all the Group's cogeneration plants.

PLANT	SCHEDULED ACTIONS	STATUS AS AT 12/31/2017		
CTEC CREMONA	Achievement of turbine cogeneration yield of 75%	82.1%		
CREMA	Achievement of total cogenerator yield of 80%	84.0%		
LODI AND RHO	Reduce electricity consumption with respect to plant production (kWh _e /MWh _t < 27)	23.2% Rho 26.4% Lodi		

capital in the **Environment** Business Unit The manufacturing capital in the Generation and Trading Business Unit

Natural capital 8 Human capital

7

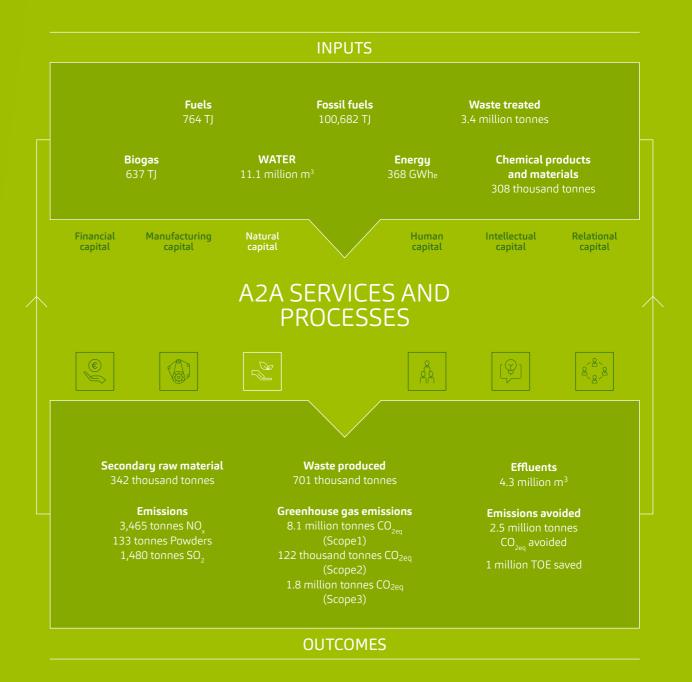
9 Intellectual

capital

10 Relational capital

Independent Auditor's Report







to certified systems, is to create shareable and

shared competences for people operating in an

programme investigated the following aspects:

atmospheric emissions, fluorinated greenhouse

gases that harm the ozone layer and civil thermal

management of potential contamination events

and environmental aspects in tenders, were also

Finally, in 2017, a project was launched for the

sensitisation of the whole of the employer line on

the management of HSE risks (see page 23 for

2017 saw the adoption by the whole of the

A2A Group of the Arial-Simpledo software,

which contains a specific section for recording

and analysing incidents. Analysing incidents

and identifying their causes in fact allows for

the identification of corrective factors that can

reduce the probability of such events recurring.

When classifying incidents, a distinction is drawn

between incidents and near-misses. An "incident"

is classified as an event that, in connection with

the substances at hand and the conditions in

which it took place, caused consequences on

the environment; instead an "environmental

near miss" is an event that did not have any

it occurred in different circumstances, could

consequences on the environment but that, had

have potentially caused such. In 2017, a total of

3 minor environmental incidents occurred and

9 near-misses; the analysis of events recorded

on the environment.

showed that none of these had negative impacts

waste management, waste water discharges,

plants. The Group's guidelines relating to the

In 2017, the **environmental training**

environmental area.

presented.

more details).

MATERIAL ASPECTS	DESCRIPTION	RISK FACTORS FOR SUSTAINABILITY	MANAGEMENT METHOD	2017 ACTIONS	SUSTAINABILITY PLAN ACTION
CIRCULAR ECONOMY	Use of waste as a resource, from collection to disposal, through management that, where applicable, favours the recovery of materials, the minimisation of waste sent to landfills, including through waste- to-energy processes; the development of separate waste collection, the efficient management of landfills, sludge and waste water, including through the development of biogas production technologies.	Failure to achieve the objectives set forth in the Sustainability Plan linked to the recovery and treatment of waste and separate waste collection. Failure to consider the relevance, in terms of market scenarios, of the impact of business activities linked to the circular economy. Failure to identify business opportunities linked to the development of the circular economy. Failure to oversee, on an institutional level, in the definition of circular economy policies and on a community level, in the incorporation of expectations and emerging needs.	Annual review of the Sustainability Plan in line with the Business Plan; adoption of the best waste management and treatment techniques so as to guarantee achievement of the goals set. Careful planning of business growth and development strategies linked to the circular economy, which considers possible variations in the market scenario. Development of the capacity to listen and dialogue with local and institutional interlocutors on matters relating to the circular economy. Start-up and participation in technical round tables and organisation of opportunities for a comparison of ideas, able to incorporate the requests and expectations of the communities.	Growth of separate waste collection in all municipalities served. 99% of municipal waste collected sent for recovery of matter or energy. Doubled the value of secondary raw materials recovered from Group plants, thanks to the acquisition of the LGH Group and Rieco-Resmal. Increased the portion of waste produced by the Group's BUs sent for recovery.	CIRCULAR ECONOMY - Recovery and treatment
EFFICIENT USE OF WATER	Efficient management of the water resource, reduction of water losses throughout the distribution network and adoption of policies and good practices able to stimulate a responsible use of water, promoting careful, sustainable consumption.	Failure to achieve the goals set in the Sustainability Plan. Possibility of an interruption to the drinking water distribution service in the municipalities served. Little attention paid to the optimisation of water consumption, failure to invest and develop innovative programmes on the matter.	Annual review of the Sustainability Plan in line with the Business Plan and adoption of more cutting-edge electronic systems for detecting losses. Development of projects and initiatives aimed at optimising procurement and the efficient management of the water resource. Limitation of network losses through specific electronic systems to detect and institute dedicated coordination and working parties. Promotion of initiatives on the awareness and importance of saving water, amongst customers and citizens.	Feasibility study developed, with the aim of reducing the need for water both from the well and from the river, of the Group's CCGT plants. Started a plan to reduce water losses on the aqueduct service.	CIRCULAR ECONOMY - Water
FIGHT AGAINST CLIMATE CHANGE AND ATMOSPHERIC EMISSIONS	Promotion of strategies to reduce atmospheric emissions and develop renewable energies; promotion of energy efficiency initiatives in the Group plants and sites and in final uses, such as: district heating, LED lighting and commercial offers linked to the sale of renewable energy and value added services.	Failure to achieve the goals set in the Sustainability Plan. Little attention paid to the internationally-relevant matter of decarbonisation and energy efficiency. Failure to achieve the decarbonisation objectives set out by the National Energy Strategy.	Annual review of the Sustainability Plan with decarbonisation objectives that are in line with the Group's Business Plan. Preparation of an offer that includes innovative energy services with a reduced impact on climate (e.g. energy efficiency services in final uses). Planning of appropriate Investment plans linked to the development of renewable energies. Definition of a strategy on GHG emissions in line with the provisions of the National Energy Strategy.	2.5 million tonnes of CO ₂ avoided thanks to the technologies used to produce energy. Daily emissions of the waste-to-energy plants and thermoelectric plants published on the Group's websites. Increased production from photovoltaic sources with 34 new plants acquired. New interventions to enhance the flexibility of CCGT plants. Plan to replace 106 vehicles of the Unareti fleet with 100% electric cars.	DECARBONISATION - District heating - Emissions - Renewable
QUALITY OF DISTRIBUTED WATER	Efficient management and consumption of water resources with specific reference to the biological, chemical and physical quality of the water distributed in the various municipalities served by the Group.	Failure to comply with regulations governing consumption, water drains and the quality of the water distributed. Failure to oversee the incorporation of expectations and emerging needs of the communities served.	Systematic monitoring of the quality of water collected and distributed. Cutting-edge treatment of water before distribution. Strengthening of purification plants, where appropriate, and continuous improvement of purification processes in the water cycle.	4,200 controls carried out per million m ³ water supplied, for a total of 16,500 samples taken and 297,800 parameters analysed.	CIRCULAR ECONOMY - Water

7.1 Group environmental management

All the Group's activities are closely interconnected and interdependent with the ecosystem in which it operates. The Group uses countless natural resources from the environment, which it transforms and returns in the form of assets and services useful to the local communities.

In this context, in 2017 A2A continued in its integrated approach to **environmental governance**, thanks to its Quality, Environment and Safety Policy, in the Sustainability Policy and the Sustainability Plan (see page n. 22), enabling the development of a reference model that is valid for all Group employees and collaborators.

The principle of the protection and sustainable use of the "natural capital" explained in the Group policies seeks to guarantee the effectiveness of the environmental protection from any potential irreversibility of damages that can be caused to the environment. The following objectives and strategies are implemented:

- environmental protection through the systematic identification of the potential risks, the assessment of possible effects, the prevention of negative effects and the adoption of measures to limit pollution phenomena, including through the use of the best techniques available;
- limitation of atmospheric emissions helping, with the decarbonisation process and energy efficiency launched, achieve the national and European Community greenhouse gas emissions reductions objectives, thereby reducing the impacts on climate change;
- the sustainable use of resources, optimising the use of natural and non-renewable resources;
 waste management aimed at helping fully develop a circular economy;
- protection of biodiversity and ecosystems.

Under the scope of environmental management, 29 Group companies are UNI EN ISO 14001 certified and 28 sites are EMAS registered. One essential element in the management of environmental aspects, in addition to adhesion Note

> 1 The A2A Group and its Business Model

Letter to

Governance

3 Sustainability strategy

4 Stakeholder engagement and materiality analysis

5

Financial

capital

capital 6 Manufacturing

7 Natural capital

environmental management The natural capital

in the Environment Business Unit The natural capital in the Generation and Trading Business Unit The natural capital in the Networks

and Heat Business

8 Human capital

l Init

9 Intellectual capital

10 Relational capital

Independent Auditor's Report

Climate change and the management of atmospheric emissions⁵

2017 saw a general increase in CO₂ emissions, mainly due to an increase in electricity production (+27.7% on 2016) following the increase in demand by the national electric system. The Group's direct emissions (Scope 1) in 2017 in fact grew by 25% and came to approximately **8.1 million tonnes**. 98% of Scope 1 emissions are in fact due to combustion processes. The remaining 2% is due to the methane that leaks collection in the landfills and the use of fuels for vehicles. The methane leakages have increased by 92% due to the inclusion in the scope of the landfills managed by the LGH Group, which account for approximately 50% of these emissions. Moreover, in 2017 the calculation method also changed for the emissions due to the dispersion of methane from the gas distribution networks. The new method considers the natural gas dispersed from road leaks, following a detailed analysis that showed how these represent the greater volumes of gas dispersed (two sizes larger than other possible dispersions). In previous years, total gas not booked was considered, but as this figure is mainly due to errors in measurement or theft, the decision was made to only consider effective leaks.

The Group's **average CO**₂ **emissions factor**, calculated by adding all emissions due to energy production and comparing this with the total quantity of electricity and thermal energy released to the network, came to **420 g/ kWh**, 4% more than 2016, due to the inclusion of new non-cogeneration plants in the consolidation perimeter.

No major changes were noted in **indirect emissions** (Scope 2) due to the purchase of energy, the physiological increase of which (2%) is connected with the increase in business.

In 2017, **Scope 3 emissions** are reported to be **1.8 million tonnes**. This value includes both emissions from plants managed for third parties (boilers for heating buildings, the waste-to-energy plant in Acerra and STIR in Caivano), which are just under 800 thousand tonnes, and also the greenhouse gas emissions produced during refining and extraction of the fuels used by the Group, equal to more approximately 1 million tonnes of CO₂, which this year increased in connection with said increased production from fossil sources.

Figure 21_Greenhouse gas emissions declaration - tonnes of CO_{2en}

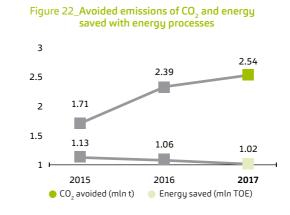
	2015	2016	2017
Total greenhouse gas emissions - Scope 1*	7,043,084	6,455,679	8,057,008
Indirect greenhouse gas emissions - Scope 2	126,723	119,937	122,286
Other indirect greenhouse gas emissions - Scope 3	1,781,924	1,638,017	1,780,755

* Scope 1 emissions for the years 2015 and 2016 have been updated with respect to a review of the method used to calculate emissions dispersed from methane on the distribution networks.

5. Direct emissions were calculated using the direct measurements of the quantity of fuel consumed by plants and sites and the quantity of fuel used in motor vehicles. The quantities of fluorinated gases topped up in equipment due to losses, were also considered. The emission factors used are obtained from analyses or national and international literature. As regards the emissions deriving from gas transmission networks and landfills, estimates were prepared. Indirect emissions were processed with reference to national factors (calculated bu ISPRA).

Thanks to the use of the best technologies available, such as the combined production of electricity and thermal energy and the creation of integrated energy and environment systems, the Group can guarantee savings in CO₂ emissions with respect to the same production with the average of the national plants. A method was therefore finalised for the **calculation of emissions avoided of CO₂ and the energy savings applicable** to all Group energy processes and plants. This method is updated once a year on the basis of the national thermoelectric emission factors and parameters, published by Terna and ISPRA.

In 2017, a total of **2.5 million tonnes of emissions were avoided**, making for energy savings of **1** million TOE.



A2A AND THE ENVIRONMENTAL MARKETS

A2A is very much involved in the environmental markets incorporating EU Directors and national legislation by means of mechanisms such as "Cap and Trade" (based on the setting of an emissions threshold and a trading mechanism), which make it possible to achieve environmental targets at a lower total economic cost for sustem.

Group plants are subject to the Emissions ding Scheme with a portion of emissions horised of 152,576 tonnes of CO_{2en}.

A2A Energy Solutions and its subsidiary, Consul System, develop energy efficiency projects as accredited ESCO, for the purchase of TEEs (Energy Efficiency Certificates). In 2017, the white certificates issued to the Group corresponded to emissions savings of 818,793 tonnes of CO₂₀₀. Letter to stakeholders

Note 1 The A2A Group

Methodological

and its Business Model

Governance

Sustainability strategy

> 4 Stakeholder engagement and materiality analysis

5

Financial

capital 6 Manufacturing capital

7 Natural capital

environmental management The natural capital

in the Environment Business Unit The natural capital in the Generation and Trading Business Unit The natural capital in the Networks

and Heat Business Unit

Human capital

9 Intellectual capital

10 Relational capital

Independent Auditor's Report

The water resource

One of the most important "natural capitals" for the A2A Group is, without doubt, water. Optimisation of this capital takes different forms as raw material for the production of energy and distribution to users for human consumption and as an element necessary to industrial processes.

Water is, in fact, used to cool plants and combustion slag, for the regeneration of water treatment plants, the production of steam, cleaning roads, washing ground after clearing and vehicles used for city services; it is also the fluid with which heat is conveyed to users by means of district heating and district cooling.

2017 was characterised by a long period of drought that resulted in a major water crisis. In recent years, the phenomenon of the water crisis had already started to rear its head, highlighting the weaknesses of the hydrogeological system of the Italian territory, also fostered by the scarcity of systematic structural interventions.

Under the scope of the hearing requested by the Chamber Environment Commission, as a preliminary inquiry into the **water emergency** and the measures necessary to deal with it, A2A pointed out the factors that would allow, over the medium/long-term, to improve the water system as a whole, as well as a series of essential interventions to be performed, using advanced recording technologies envisaged in the 2018 plan to reduce water losses (see also page 68).

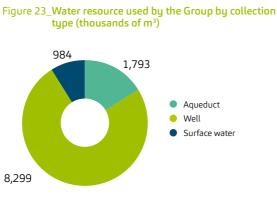
The scarcity of the water resource and growing competition for its use may partly be coped with by means of a greater reuse of treated waste water; the Group has already started doing this, including through the recovery of rainwater for watering green areas, filling the fire-fighting reservoirs and recycling washing water.

The other methods for making responsible use of the water resource adopted on a plant level and in management, include:

- procurement by means withdrawal from dedicated wells for the plants;
- reduced consumption of drinking water and, as far as possible, limited to sanitary uses;
- use of reduced water consumption washing technologies;
- return to the source of water used for cooling or
- hydroelectric production without adding any polluting substances.

In 2017, a first feasibility study was also developed aiming to reduce the need for water, both from wells and the river, of the Group's CCGT plants. The study envisages an analysis of the internal recirculation system of both waste water and rainwater on the individual production site, so as to eliminate the discharge of waste water apart form the portion that cannot be stored as a result of significantly high rainfall.

In 2017, the Group as a whole consumed 11 million m³ water, 75% of which came from wells.



Attention to biodiversity and the landscape

The A2A Group operates in harmony with regional, natural and cultural features, and is aware of the extraordinary wealth of biodiversity present. Some Group plants are located in or near sites characterised by high natural value, parks or protected areas: for example in the Parco Regionale Adda Nord, in the Parco regionale del Mincio, in the Parco Nazionale dello Stelvio and in the Parco Nazionale della Sila. These parks record the presence of more than 40 species included on the Red List of the International Union for the conservation of Nature (IUCN).

In order to minimise the environmental impacts, the A2A Group takes specific action to protect and safeguard the environment, also carruing out interventions to improve the territory and assessing the impact on the landscape context. In line with the National Sustainable Development Strategy, made official in 2017, A2A sets itself the aim of optimising the natural component, carrying out interventions that foster the knowledge and, therefore, the conservation of the local natural heritage.

PARCO AGRICOLO SUD MILANO -FAUNA MONITORING

first step towards the construction of a

In 2017, forestry interventions were also carried out at the Piccaluga fountain near the Silla2 waste-to-energy plant of Milan, with the aim of requalifying the area, introducing trees and shrubs of types typical of the locations.

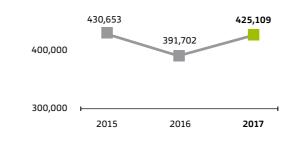
To reduce the deterioration of the natural environments, improve the quality of the soil and subsoil and, in some cases, return them to the local communities, A2A also carries out reclamation works using specific structures. In 2017, an area in Milan was reclaimed with various interventions involving the demolition of the unauthorized sheds built on the site, the disposal of the waste, the removal of flooring present and a surface layer of earth. The area will be involved by a project of compensation interventions aiming to improve the forest. The company Linea Energia, of the LGH Group, also carried out reclamation works near Darfo Boario Terme (Brescia).

> 5 Financial capital

Protection of the river habitats: the minimum vital flows

For hydroelectric production plants, it is essential to guarantee respect for the Minimum Vital Flow (MVF), in compliance with European, national and regional regulations aimed at protecting the river habitats in the water courses involved by withdrawals made for the production of hydroelectric energy. These regulations in fact establish that a minimum water flow shall be guaranteed in the river. At present, the MVF values are defined and agreed with the competent authorities.

Figure 24_Water released for MVF (thousands of m³) 500,000



The total value of water released for the minimum vital flow has risen on 2016, entirely due to the inclusion of the LGH hydroelectric plants in the reporting scope (the MVF pertaining to LGH is in fact 35 million m³).

REMOTE MONITORING OF HYDROELECTRIC PLANT MVF

Letter to stakeholders Methodological

Note

The A2A Group and its Business Model

Governance

3 Sustainabilitu strategy Stakeholder

engagement and materiality analysis

6

Manufacturino capital

Natural capital

The natural capital in the Environment Business Unit

The natural capital in the Generation and Trading Business Unit The natural capital

in the Networks and Heat Business l Init

8 Human capital

9

Intellectual capital 10 Relational capital

Independent Auditor's Report

7.2 Natural capital in the Environment Business Unit

In the Environment Business Unit, waste is the main raw material input into the process, together with conventional resources such as fossil fuels, vehicle fuels, water and chemical products.

Efficiency in collection and the optimisation of waste through its recovery and transformation into secondary raw materials, waste-to-energy systems and district heating for the recovery of the energy content, are all elements characterising the A2A Group processes, which are a proper part of the sustainable route called Circular Economy and included in the National Sustainable Development Strategy.

Waste comes from collection and, in particular, for municipal waste, from the separate collection of all fractions of waste paper, glass, plastic, metal, kitchen and canteen waste, harvest and garden pruning, etc., targeting both private individuals and businesses municipal waste (comparable to municipal waste). Separate waste collection has been confirmed as an essential public service, which, however, requires strong motivation and citizen participation and is carried out in different ways, designed according to the needs of the municipalities served.

The special waste collection, transport and treatment services are instead mainly intended for artisan and industrial businesses and professionals.

In 2017, generally, **in all municipalities served, there was still a positive trend for differentiated collection** due to the campaigns of citizenship awareness and above all to improvements and new measures introduced in the service (see also page 133). This is particularly evident for Brescia, which gains more than twenty percentage points, going from 44.5% to 67.7%. Collection in the municipalities for which the LGH Group is competent (provinces of Cremona and Lodi) also make a positive contribution, leading the Group average to 63.2%.

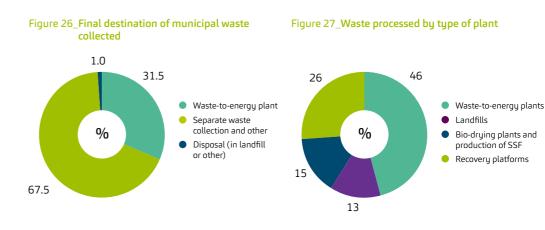
Of the 1.6 million tonnes of municipal waste collected (+21.5% on 2016) the separated fractions totalled more than 990 thousand tonnes.

	2015		20	2016		2017	
	QUANTITY COLLECTED (t)	INDEX %	QUANTITY COLLECTED (t)	INDEX %	QUANTITY COLLECTED (t)	INDEX %	
Bergamo	41,351	65.7	42,112	66.3	44,689	71.2	
Brescia	50,395	37.5	59,075	44.5	77,043	67.7	
Сото	23,997	61.7	25,200	62.9	28,523	72.1	
Milan	352,291	52.7	352,042	52.4	361,868	53.8	
Varese	23,842	60.7	25,228	62.2	26,590	66.2	
Cremona	N/A	N/A	N/A	N/A	27,109	73.4	
Lodi	N/A	N/A	N/A	N/A	13,857	73.0	
Province of Bg	4,205	59.3	4,347	59.7	5,789	70.8	
Province of Bs	100 510		110.007	60.1	188,945	72.8	
Province of Mn	109,512	67.3	119,207	69.1	27,182	88.0	
Province of Mi	69,296	58.5	75,783	58.4	83,523	60.5	
Province of Va	11,134	68.7	21,247	70.1	25,079	74.7	
Province of Cr	N/A	N/A	N/A	N/A	52,787	73.6	
Province of Lo	N/A	N/A	N/A	N/A	29,210	69.7	
Total/average	686,022	59.1	724,239	56.2	992,195	63.2	

Figure 25_Differentiated collection in the Municipalities where Group companies operate*

* The data refers to only the municipalities where A2A is the sole party assigned the service and for the entire year; a further 10,435 t of separated fractions was collected in the other municipalities. The quantity collected and differentiated collection rate have been calculated on the basis of the indications of the Res. by the Reg. Council (Lombardy) no. X/6511 of April 21, 2017.

99% of municipal waste collected is used to recover materials or energy; the dry residue is sent entirely for energy recovery by means of waste-to-energy plants. 1% of municipal waste collected cannot be recovered and is sent to landfills or disposal plants; this consists of a portion of cumbersome waste and liquid residues that cannot be otherwise recovered.



In 2017, a total of **3.6 million tonnes** of waste were **processed by the plants**.

The plants aim to recover materials and energy and are differentiated so as to be able to cope with various types of waste, ranging from municipal to special.

Recovery and storage include:

- the recovery of glass, paper and cardboard, plastic, wood, unusable tires, ferrous materials, etc. (mainly by selecting waste obtained through differentiated collection, bulky waste and any other fractions);
- recovery of sludge from the biological purification of waste water and that intended for agriculture, with the production of biogas from anaerobic fermentation;
- recovery of inert materials, sand and gravel, certified in accordance with standards UNI for use in construction (by means of the treatment and washing of the street sweeping grounds); these materials can be reused directly as raw materials, e.g. to prepare cement or bituminous conglomerates and to prepare road beds;
- the production of solid secondary fuel (SSF) to be used in waste-to-energy plants (through mechanical selection processes and the biodrying of non-differentiated urban waste);
- the treatment of solid residues from waste incineration and fly ash from waste-to-energy plants through recovery and inerting operations;
- interim storage of waste to be sent for subsequent recovery or to a lesser extent to disposal at the Group's plants or external plants.

Letter to stakeholders Methodological Note

> 1 The A2A Group and its Business Model

> > Governance

3 Sustainability strategy

4 Stakeholder engagement and materiality analysis

5 Financial capital

Manufacturing

6

capital

Natural

capital

Group

environmental

management

The natural capital in the Generation

The natural capital

and Heat Business

in the Networks

and Trading

Business Unit

The non-recoverable waste as a raw material is sent for energy recovery and used as fuel in the processes of **waste-to-energy** to supply the district heating networks as well as to generate electricity, thereby saving fossil fuels and avoiding the related CO_2 emissions.

The recovery platforms, comprising both

recovery plants.

recovery and simple storage plants, allowed for

the 2017 recovery of **more than 342 thousand**

These values have almost doubled on 2016 due

to the extension of the scope to include the LGH

tonnes of secondary raw materials/end of waste.

Electricity produced from waste in 2017 was 7.2% of the total electricity produced by the Group, while thermal energy from waste accounted for 51.8% of total thermal energy produced and allocated to the district heating networks, in line with last year's values.

An average of 778 kWh of electricity and 816 kWh of thermal energy was produced from every tonne of waste. These values are indicative of the use of the waste resource in energy production, but do not directly represent an energy production value, which is instead linked to the structure of each waste-to-energy plant.

8 Human capital

l Init

9 Intellectual capital

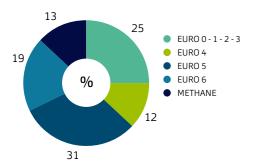
Relational capital

Independent Auditor's Report

The energy resources: transport fuels, fuels and electricity

The collection and transport of waste take significant quantities of **fuel**. In 2017, these total approximately 659 terajoules (TJ) (mainly diesel and methane), with an increase of 31% due to the inclusion in the perimeter of the LGH Group companies, which also deal with collection.

Figure 28_Composition of the waste collection vehicle fleet



In 2017, consumption of **fossil fuels** (724 TJ), mainly natural gas used as a combustion support in the transit phases of the waste-to-energy plants grew by 48%, both due to inclusion in the perimeter of the LGH Group plants and some downtime involving the Silla 2 wasteto-energy plant, which required the start-up of the auxiliary heater to make up for the associated district heating network demands for heat. Again in 2017 and again in Silla 2, the extraordinary maintenance works were completed on lines 1 and 2 (bringing about a 15% increase in the plant's rated power) and their start-up required a greater consumption of methane.

The consumption of **electricity**, which was not particularly significant for the Environment BU, remained virtually unchanged in 2017 (approximately 53 GWh).

Water, chemical products and materials

90% of **water** used in the treatment processes and obtained from industrial wells is used in waste-toenergy plants. In 2017, civil consumption dropped by a total of 11%, whilst use for processes (water for heaters, evaporation towers, vehicle cleaning, etc.) rose by 20%, essentially connected with the inclusion of new plants and new areas served for waste collection in the scope, consumption of which accounted for 72% of the total increase.

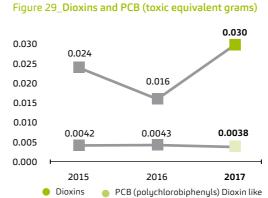
Specific plant consumption has not changed, coming in at 1.6 m³ process water per tonne of waste treated or sent for waste-to-energy processes, both in 2016 and 2017.

As regards **chemical products and materials**, the greatest consumption is due to the use of inert materials (sand, clay, cement) and solid neutralisers (sodium bicarbonate, lime, etc.). In all, 2017 recorded a considerable increase in the use of inert products as compared with 2016, due to the inclusion of LGH Group landfills in the reporting scope as from 2017.

Atmospheric emissions

The significant emissions of the Environment BU plants mainly come from the waste-to-energy plants. Emissions are monitored and kept under control both by means of **continuous monitoring systems** (CMS) and by means of **regular samples and analyses**, as in the case of micro pollutants such as dioxins, polychlorobiphenyls (PCB) and benzofurans. More specifically, emissions of these micro pollutants, which are a particular focus of public opinion for this type of plant, are extremely limited and, on an annual basis, far less than a gram.

The increases in the absolute quantities emitted, given in the Supplement tables, are due generally to the expansion of the reporting perimeter with the inclusion of the Cremona and Parona waste-to-energy plants, which account for approximately 20% of total emissions.



Average daily emissions of the waste-to-energy plants are updated continuously and available for consultation on the A2A websites.

Discharges and emissions into surface water bodies

The Environment BU plants do not generally have significant discharges. Almost all discharges into surface water are due to the Gerenzano plant and derive from the remediation in progress at the site, which entails the processing and subsequent discharge of considerable quantities of table water (around 1 million m³ per year). The quantity of water discharged in 2017 at the site has in any case reduced by 31% on the previous year.

Another contribution, albeit far smaller, comes from the Parona waste-to-energy plant (120 thousand m³).

In all, the organic load of the water discharged from the BU has remained virtually constant (27 t COD - Chemical Oxygen Demand).

Waste produced

The processes of the Environment BU in turn generate both solid waste (mainly slag, ash and powders from fume treatment in the waste-toenergy plant) and liquid waste (percolate and waste water-based solutions from discharges and other plants). In 2017, an increase was recorded with respect to 2016 of non-hazardous waste (+16%) and hazardous waste (+24%) due to the extension of the perimeter to include the LGH plants (mainly the landfills). **52% of the waste produced is sent for recovery**.

in the Generation and Trading Business Unit The natural capital in the Networks and Heat Business Unit

Letter to

Note

Model

3

Governance

Sustainabilitu

Stakeholder

engagement

analysis

capital

capital

Natural

capital

Group

environmental

management

The natural capital

5 Financial

6

and materiality

Manufacturing

strategy

stakeholders

Methodological

The A2A Group

and its Business

Human capital

9 Intellectual capital

10 Relational capital

Independent Auditor's Report

GRI Content Index

80

7.3 Natural capital in the Generation and Trading Business Unit

Several sources, such as water, sun and fossil fuels are used to generate electricity in the Generation and Trading Business Unit. In addition to these essential "natural capitals", substances and chemical reactors are added, as well as electricity itself.

The fuels and resources used

Electricity is produced using various sources. These include a predominant role played in the A2A Group by **natural gas**, which is used in the combined cycle plants, followed by **water**, which powers the hydroelectric plants. In 2017, **net hydroelectric energy production accounted for 24% of total BU production**. The remaining 76% is produced using fuels, as shown in the table.

Figure 30_Use of fuels in the Generation and Trading BU (TJ)

	2015	2016	2017
Natural gas	27,786	31,689	56,472
Coal	22,100	23,315	20,999
Petroleum derivatives (heavy fuel oil, diesel)	26,935	15,410	16,415

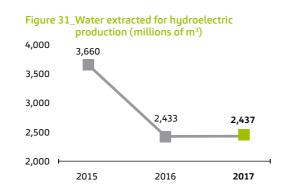
In 2017, the quantity of natural gas used by the business unit plants almost doubled, as market conditions allowed for a **greater use of combined cycle plants**. The baseload production from carbon is confirmed, considering the more than two months of downtime as a result of the general revision of a Monfalcone plant. Production from heavy fuel oil, despite the start-up of the Sorgente-Rizziconi cable in May 2016, has risen on 2016 due to the greater production of the San Filippo del Mela plant.

Water resource

The water in the Generation and Trading BU is mainly used for hydroelectric production and to cool the thermoelectric plants. In both cases, the resource is returned to the water body with the same qualitative characteristics, apart from a slight increase in temperature in water used for cooling.

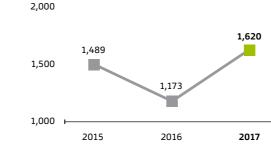
REDUCTION OF HEAVY FUEL OIL (HFO) DEPOSITS

The A2A Group has decided to start procedures and operations to reduce or eliminate the quantity of HFO present in the tanks of some of its thermoelectric plants, so as to reduce the environmental risk connected with their management and thereby allow these sites to exit the classification of "Plants at Risk of Major Accidents" (RMA) and the application of the "Seveso Directive". In 2017, activities began to remove the base residues from 2 tanks, each 50 thousand m³ of the **Brindisi thermoelectric plant**, in order to also obtain their certification as "gas free". Work is expected to be completed by June 2018. The same procedure state-ofthe-art then be launched in 6 HFO tanks each 50 thousand m³ at the **Sermide thermoelectric plant**, which in 2016 completed the procedure for leaving the application of the "Seveso Directive". In 2017, the technical specifications were processed and the tender launched for residue removal. The site is expected to start up in April 2018.



The water derived for hydroelectric use has remained virtually unchanged, despite the lesser production, for the volumes derived from the LGH hydroelectric plants, which account for 19% of the total.





The increased used of cooling water is proportional to the increased thermoelectric production.

Additional water is collected mainly for process uses and is partly recovered in the production cycle; in 2017, **the percentage recovery was 34%**.

Atmospheric emissions

In order to manage and reduce atmospheric emissions at the thermoelectric plants, various systems are used, including: the use of low sulphur fuels, the adoption of low NO_x fuel systems and the installation of plants to lower emissions. Moreover, all plants are equipped with continuous monitoring systems of the main pollutants. The results of the atmospheric emissions management are shown in the graph below.

Figure 33_Emissions produced by the Generation and Trading BU



NO_x emissions have increased as a result of the greater production of combined cycles; total SO₂ emissions remain unchanged, whilst powders have increased by 10% in connection with the increased production from heavy fuel oil. As can be seen from the chart, **emission factors have in any case improved**.

Letter to stakeholders

Note

Model

3

Governance

Sustainabilitu

Stakeholder

engagement

analysis

5 Financial

and materiality

strategy

Methodological

The A2A Group and its Business

electricity are used to eliminate pollutants and condition process water; the quantity used depends on production levels. In 2017, 94% of all products and materials used consists of **neutralising substances** (lime, calcium carbonate, etc.).

The reduction in the consumption of these substances, mainly used in heavy fuel oil (HFO) powered plants and carbon plants, is related to the reduction in total energy production from these types of plants.

The chemical products used

The main chemical products used to produce

The consumption of **ammoniacal solution** used to remove the nitrogen from fumes (DeNO_x) has reduced, both in connection with the lesser production of the Monfalcone Plant and the optimisation of the function of the DeNO_x system. The increase in thermoelectric production has

resulted in an increased consumption of sodium hydroxide to produce the demineralised water necessary to the production cycle.

6 Manufacturing capital

capital

7 Natural capital

Group environmental management The natural capital in the Environment Business Unit

in the Generation and Trading Business Unit

The natural capital

in the Networks

d Lloot Due

5	and Heat Busines: Unit
0	8
5	Human
0	capital
5	9 Intellectual
0	capital
5	10
0	Relational capital
	Independent Auditor's Report
	GRI

Emissions into the water

Process waters are discharged into surface water after treatment in purification plants. The concentration of substances contained in waste water is regulated by authorisations. The values of BOD (Biochemical Oxygen Demand) and COD (Chemical Oxygen Demand) are reported, which represent the load of organic substances present in the water released, which, although fluctuating, remains at low values of little significance.

Figure 34_Emissions into the water (t)

	2015	2016	2017
BOD	10.4	14.0	22.9
COD	38.4	47.6	58.8

Waste produced

The main waste generated from electricity production consists of light ash from fumes treatment, heavy ash and slag, residues from the desulphurisation process of fumes and sludge from water treatment. Most of this waste is recovered.

In 2017, the quantity of waste produced was 45,386 t, to a large extent deriving from desulphurisation residues of the Thermoelectric Plant of San Filippo del Mela. **The percentage recovery** has grown on 2016, **up to 91%**. Gypsum produced by the Thermoelectric Plant of Monfalcone is not included in the total; this meets the requirements for classification as a by-product and is therefore managed as such.



7.4 Natural capital in the Networks and Heat Business Unit

The Networks and Heat Business Unit deals with the operation and maintenance of the cogeneration plants and the distribution on the territory of network services.
The main resources used to provide the services are:
- fossil fuels (including natural gas, both as raw material delivered to the user for civil and industrial uses
and as a fuel to run the cogeneration and thermal plants);
- fuel for powering the company service vehicles;
- water both as a "product" distributed to users for human consumption and as a "carrier" to bring heat
into homes and/or public and private offices and for plant function;

- chemical substances for the plant operation and maintenance and to improve the quality of water for human use or purification;

- the soil and subsoil for laying distribution networks;
- electricity and heat.

Fuel use

The fuel most used in the Networks and Heat BU is **natural gas**, which powers the cogeneration and heat production plants. The Lamarmora Plant of Brescia also uses coal, consumption of which has not changed on that recorded in previous years.

As can be seen from the table below, in 2017, a 50.3% **increase** was recorded in the use of natural gas, of which more than 92% of the total **is due** to the contributions resulting **from the inclusion of the LGH Group in the perimeter**.

Figure 35_Fuels used in the Networks and Heat BU (TJ)

SOURCE	2015	2016	2017
Natural gas	3,356	2,804	4,215
Coal	1,812	1,846	1,828
Petroleum derivatives (heavy fuel oil, diesel)	0.3	0.5	0.3
Biogas (from the Group's treatment facilities)	8	7	7

As concerns the use of fuels to run the networks, consumption is almost entirely due to the use of fuel for vehicles needed to carry staff in charge of emergency interventions and maintenance work on the infrastructures. For 2017, no significant differences in value were recorded with respect to previous years' consumption.

The water resource

In the Networks and Heat BU, water is an important element, both because it is used in the distribution of heat by means of the district heating network and because the business unit's activities include the integrated water service.

In 2017, the **Integrated Water Service** recorded a rise of 11% in the quantities of water withdrawn, for a total of almost 124 million m³ and a 16% increase in network losses (including water not booked), which come to almost 44 million m³.

In order to guarantee the quality of the water distributed, **almost 4,300 controls are run per million m³** water supplied, for a total of close to 16,500 samples taken and 297,800 parameters analysed.

Letter to stakeholders

Methodological Note

1 The A2A Group and its Business Model

2 Governance

3 Sustainability strategy

4 Stakeholder engagement and materiality analysis

5 Financial capital 6

Manufacturing capital

7 Natural capital

Group environmental management Natural capital in the Environment Business Unit Natural capital in the Generation and Trading Business Unit Natural capital in the Networks and

8 Human capital

9 Intellectual capital

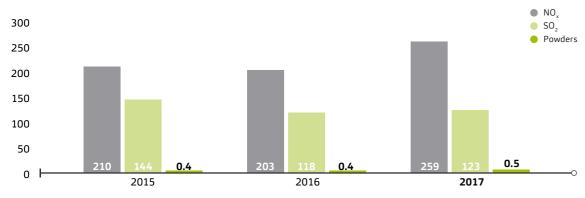
10 Relational capital

Independent Auditor's Report GRI Content Index

Atmospheric emissions

The atmospheric emissions of the BU are mainly due to the production of thermal energy and electricity. In 2017, no significant changes in the production of powders were recorded. Instead, a variation of 27.6% is recorded in the NO_v , correlated to the increased production.

Figure 36_Emissioni produced by the Networks and Heat BU (t)



The CO_2 emitted, deriving from combustion processes, has increased by 24% on last year, both due to an increase in heat production and the inclusion of new plants in the reporting perimeter (to which 72% of the increase is connected). The CO_2 emitted by vehicles has not changed significantly.

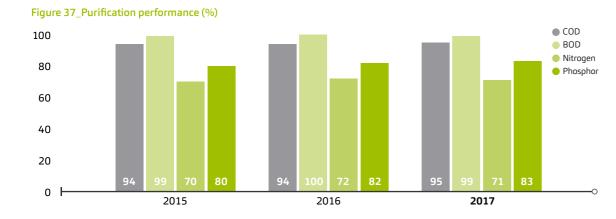
The trend relative to methane losses, due to leaks on the gas distribution network, has dropped by 12% on the value relative to 2016. As explained on page 76, in 2017, a new calculation methodology was applied for this contribution, hence values have been updated with respect to that declared in the previous Report.

Emissions into the water

In 2017 75% of discharges of the Networks and Heat BU were into the drains, whilst 25% of discharges went into surface water bodies. During the year of calculation, **2,300** m³ of water was recovered within the production cycles.

With respect to 2016, the values of **pollutant loads of discharges** into surface water deriving from the business unit activities **dropped by more than 50%** as a result of the reduction of discharges into surface water, obtained **by means of the separation of rainwater from industrial waste water of the Cogeneration Plant of Lamarmora**.

As part of the integrated water service, the BU manages the waste water collection and treatment processes of the province of Brescia. The performance of the removal of polluting loads (COD, BOD, Nitrogen and Phosphor) are in line with the figures recorded in previous years, as shown in the graph below.



Waste produced

Waste produced by the activity of the Networks and Heat BU mainly derives from combustion processes and the maintenance of networks, plants and infrastructures, under the scope of the distribution of gas and electricity. Activities managed by A2A Ciclo Idrico instead generate waste consisting of sludge deriving from the purification processes and used granular active carbon used in the drinking water processes. In addition to these, there is also waste deriving from the maintenance of networks and plants. 2017 waste production was in line with that of 2016. 99% of waste produced is special, nonhazardous, deriving above all from cogeneration processes and the production of sludge in the purification plants. The remaining 1% instead consists of hazardous waste. The percentage of (hazardous and nonhazardous) **waste sent for recovery** is **92%** and has therefore remained unchanged on last year. Letter to stakeholders

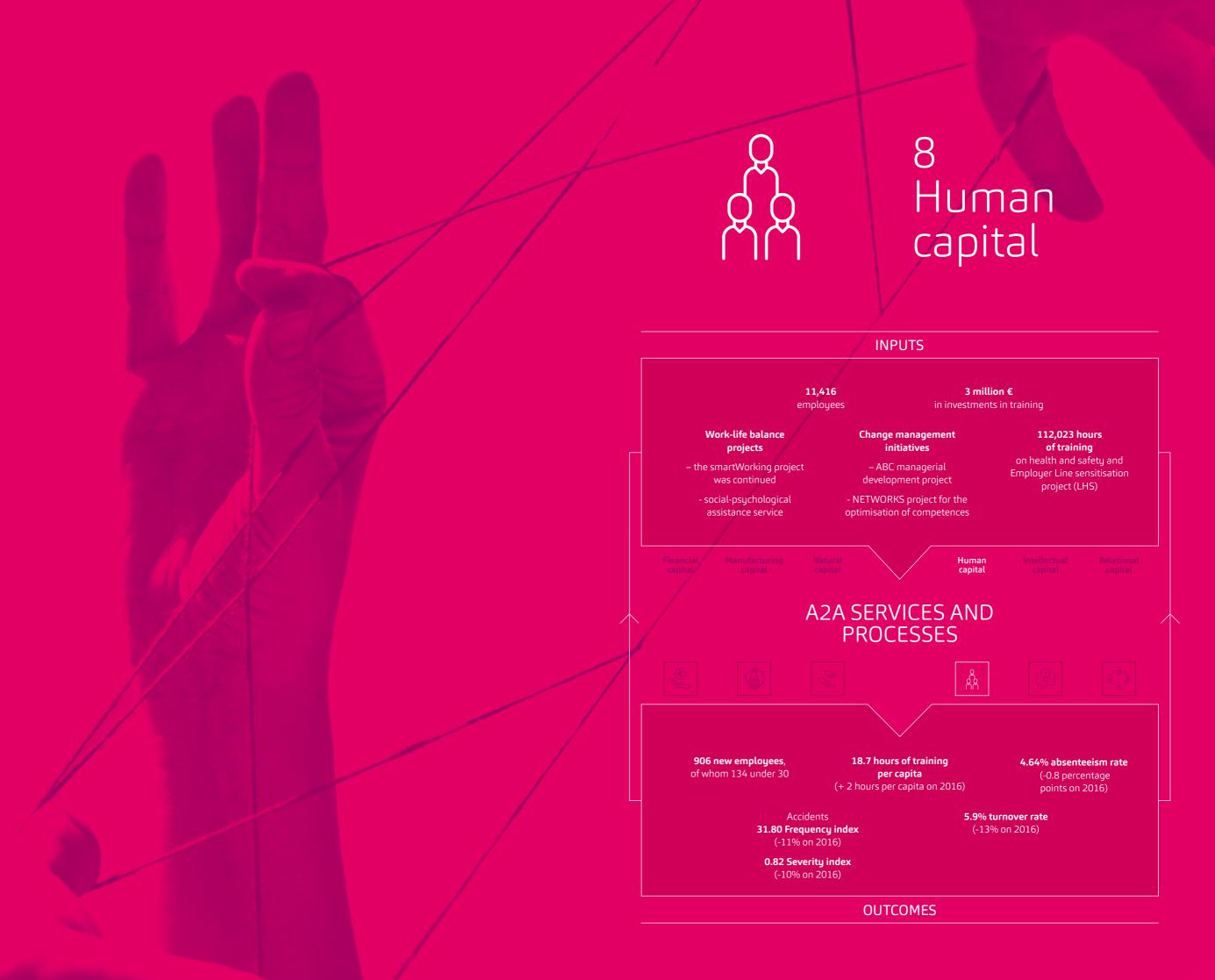
> Methodological Note

The A2A Group and its Business Model

Governance

3 Sustainabilitu





MATERIALASPECTS	DESCRIPTION	RISK FACTORS FOR SUSTAINABILITY	MANAGEMENT METHOD	2017 ACTIONS	SUSTAINABILITY PLAN ACTION
PROTECTION OF HEALTH AND SAFETY AT WORK	Promotion of practices and systems for the management of health and safety at work, the monitoring of incidents and prevention measures, also through training in health and safety, for both employees and contractors.	Failure to achieve the goals set in the Sustainability Plan. Risks to workers health and safety. Non-compliance with applicable regulations.	Continuous monitoring of the matter thanks to the presence of the dedicated EHS (Environmental, Health & Safety) Structure. Delivery of dedicated training on Health and Safety. Activation of dedicated programmes and procedures in line with that required by current regulations.	LGH has also decided to adhere to the WHP (Workplace Health Promotion) network, Lombardy. The LHS (Leadership in Health & Safety) sensitisation process has been expanded upon. Various different projects have been activated to promote healthy eating, non- smoking and physical exercise.	PEOPLE INNOVATION - Health and safety
DEVELOPMENT OF HUMAN CAPITAL	Promotion of professional development and attraction and retention of talents; creation of development and training opportunities aiming to strengthen technical, managerial and organisational skills of employees; activation of systematic systems for listening to employees, promoting dialogue and collaboration initiatives.	Possibility of significant middle management and technical staff leaving. Loss and poor optimisation of managerial skills. Lack of Group level policies and procedures for HR selection, management and development. Non-compliance with employment law. Failure to integrate the human resources management systems (e.g. management and employee assessments) and matters relating to sustainability.	Mapping of roles and profiles, identifying the resources of greatest value on the basis of specific indicators and specific management plans. Introduction of job rotations, training and initiation plans of resources with competence/ professionalism not present in the company. Development of initiatives aiming to increase the visibility of middle/top management in corporate processes. Adoption of suitable compensation systems with respect to the market benchmarks. Continuous monitoring of the main news and/or changes in employment law and related communication with employees. Implementation of performance assessment and dedicated employee training. Adoption of policies for the assessment and remuneration of employees with respect to sustainability performance. Continuous integration of sustainability elements in the corporate MbOs (Management by Objectives).	81 research projects activated by means of job posting. The School-Work alternation project has been launched. Trade union agreement on equal treatment regarding working hours and permits. ABC managerial development project. Skills laboratory in the Networks and Heat BU. 2 training masters courses activated. Welfare listening survey activated. The AD Incontra project continues	PEOPLE INNOVATION - Change Management - Training - MbO
DIVERSITY AND COMPANY WELFARE	Development of working conditions and practices able to ensure equal opportunities to all employees, including through a generational bridge that enables the transfer of knowledge and experience between junior and senior populations; promoting the well-being of employees through welfare policies aiming to guarantee a good working environment and a conciliation of private and professional life.	Possibility of discrimination and lack of respect for a work-life balance. Little attention to employee well- being. High employee turnover. Failure to oversee the incorporation of employee expectations and needs, with consequent staff dissatisfaction.	Development of actions able to favour diversity, a conciliation of private and working life and employee well-being. Activation of specific projects to increase awareness and knowledge of diversity matters in the company. Optimisation of matters of respect and social inclusion.	Agreement to offer incentives for electric mobility. Activated 974 subscriptions to public transport. Smart working project continues. Social-psychological assistance service developed further.	PEOPLE INNOVATION - Internal engagement - Welfare

8.1 Responsible management of human capital

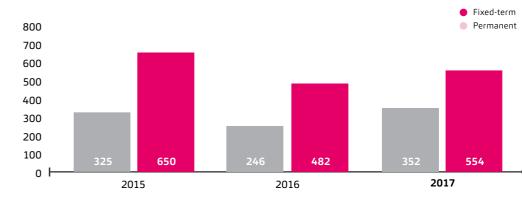
The A2A Group acknowledges that its human resources are a focal, distinctive point of all the business strategy and has defined a development plan on this basis, aiming to optimise their quality and skills, on the basis of a selection, training and management process and remuneration systems. As at December 31, 2017, the **Group's total workforce numbered 11,416**. As compared with the 2016 figure, the number of employees has grown by 17% as a result of both new employees hired and the inclusion into the perimeter of companies acquired in 2016 (LGH Group, Rieco-Resmal Group, LA BI.CO

In 2017, 906 new employees were hired and 676 left. The total number of new employees hired with respect to last year has increased significantly (+24.5%), whilst the number of employees that left has remained basically constant (+2%).

DUE Srl and Consul System SpA), consolidated in the non-financial reports as from fiscal year 2017.

Work stability remains a Group prerogative. **95% of Group employees are hired on permanent** contracts; just 5% are on fixed-term contracts.

Figure 38_Hiring by type of contract



SCHOOL-WORK

Launched in December 2016, the project

School) throughout national territory.

involves approximately 350 students and 12

Schools (11 Technical Institutes and 1 High

The project envisages a series of meetings,

at each school involved, with testimonials

the A2A Group Civil Protection volunteers

Association, project work and tours of the

can apply for a traineeship at the Group in

order to have a direct experience with the

by industry experts of A2A, interventions by

company plants. Approximately 100 students

competences required of the working context.

In short, a few figures relative to the project

• 274 hours of training delivered at schools;

• 96 traineeships activated at the various

in 2017:

• 20 plant tours;

• 22 "sector experts" involved;

Group establishments.

ALTERNATION

The turnover rate was 5.9%, down 1 percentage point with respect to the previous year and by approximately 4 percentage points in the three-year period.

The staff recruitment process is supported by **Employer Branding** activities, aimed at constantly consolidating the image and appeal of A2A on the employment market. As regards the activities carried out with the University, in 2017 a total of 28 events were organised, including 12 Career Days and 16 round tables, testimonials and guidance activities. Moreover, as for the previous years, the listening activity continued with an on-line questionnaire aiming to gain a better awareness of the positioning of the A2A Group on the employment market.

Thanks also to the collaboration of Universities, Schools and research Entities, in 2017, **47 internships and 81 apprenticeships were activated**.

To increase the opportunities for development and internal mobility, during the year **81 searches** were performed using the job posting tool (13% more than in 2016), of which 36% were successful, as well as 15 searches still in progress as at December 31, 2017. Letter to stakeholders

Methodological Note

The A2A Group and its Business Model

2 Governance

3 Sustainability strategy

4 Stakeholder engagement and materiality analysis

5 Financial capital

6 Manufacturing capital 7

Natural capital

8 Human capital Responsible

human capital Health and safety at work Employees development Internal communication and listening Welfare and diversity Remuneration

9 Intellectual capital

10 Relational capital

Independent Auditor's Report GRI Content Index

.,2017.

Trade union agreements

Relations of all A2A Group employees are regulated by National Collective Bargaining Agreements.

In 2017 too, multiple trade union agreements were stipulated, including those of a transversal nature to Group companies in connection with the following matters:

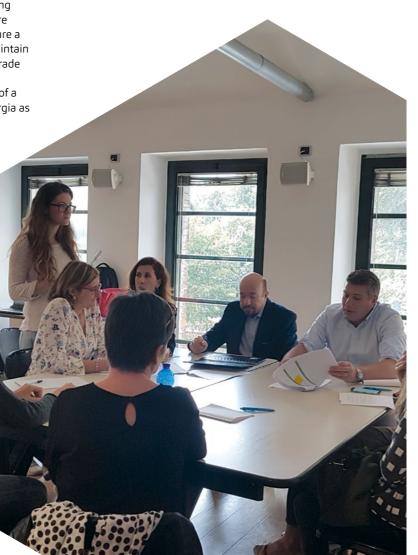
• equal treatment of all employees with the "energy area" harmonisation agreement: A2A has introduced family protection and welfare solutions that are cutting-edge in Italy. The Group has, in fact, harmonised the various corporate contracts of Group staff to guarantee equal treatment of all employees in terms of working hours, fiduciary timetable and permits, paying careful attention to the protection of maternity and paternity. A2A working mothers are entitled to an extra month, over and above the compulsory leave remunerated 100%, which therefore rises to 6 months as compared with the legal requirement of 5 months;

special conditions for the purchase of the energy **component** for employees with an electricity contract: following the Enel-Sen decision to no longer manage operations connected with the recognition of the benefit to employees, former employees/surviving spouses (more than 5 thousand people) who were entitled to such, it had become necessary to assure a corporate definition of new ways by which to maintain said contractual right. A2A negotiated with the Trade Unions on a corporate level to obtain a right to a benefit in the delivery at very special conditions of a certain quantity of electricity, choosing A2A Energia as supplier;

• bonus based on Group Productivity and simultaneous creation of a **new "corporate** welfare" governance model with the establishment of a "bilateral joint welfare committee" that is to define a single company health fund, a single "Recreational Circle" and new products and services for employee welfare.

F.A.S.I. PROJECT

In September 2017, A2A adhered to the Project F.A.S.I. (Training - Assistance - Sensitisation -Inclusion) promoted by AFOL Milan (Training, Guidance and Employment Agency), also partnering Assolombarda. The project aims to support companies, within the related working contexts, in the capacity to manage a process of improvement and the search for solutions with respect to situations of "ill-being/disability" observed by the company or reported by the workers and also through the introduction and training of the "key" figure of the Disability Manager, as the party assigned to facilitate the relationship between the company organisation and the disabled person.



8.2 Health and safety at work

98% of employees work according to the Health and Safety at Work Management System OHSAS 18001. All companies of the A2A Group organise, during the year, regular meetings with the Employer, Appointed Physician, the Prevention and Protection Service Manager and the Workers' Safety Representative in representation of all workers, during which the following matters are discussed:

- risk assessment document;
- trend of injuries, occupational diseases and

health surveillance;

- criteria for the choice, technical characteristics and effectiveness of the personal protection equipment;
- information and training programmes of managers, safety officers and workers for safety and the protection of their health:
- codes of conduct and good practice to prevent risks of injuries and occupational diseases;
- objectives for the improvement of health and safety at work.

Stakeholder engagement and materiality

LGH INCLUDED AMONGST WORKPLACES **PROMOTING HEALTH**

LGH has also decided to adhere to the WHP (Workplace Health Promotion) Network, Lombardy, as an action in the favour of corporate well-being and sustainable development.

On February 10, 2017, the congress was held on "Workplaces promoting health", after which the companies of the 2016 WHP Network that had taken significant health promotion initiatives in the favour of their employees, were rewarded, including LGH.

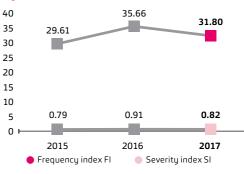
LGH presented a focus on the area of "Safe, sustainable mobilitu" for the prevention of road accidents and safe driving of company vehicles, as well as other initiatives that will be implemented over the next few months.

As described on page 23, in 2017 various safety projects were pursued with a view to speeding up the cultural change that affects worker conduct, not only in order to generate greater awareness and responsibility, but also to create real, proper safety leaders.

The results of the **injury indices report**, in 2017, an improvement on the previous year, with an injury frequency index that drops by 11% and a severity index that drops by 10% despite the 16% increase in hours worked, as a result of the inclusion of the LGH Group, LA BI. CO DUE and the Rieco-Resmal Group (approximately 14%).

More than 79% of injuries are recorded in the Environment Business Unit (in line with previous years), mainly due to environmental hygiene activities involving greater operations.

Figure 39_Accident indices*



* Figures for 2015 and 2016 have been updated. Further information on page 27 of the Supplement.

stakeholders Methodological

l etter to

Note

The A2A Group and its Business

Governance

Model

3 Sustainabilitu

strategy

analysis 5 Financial capital

6 Manufacturing capital

Natural capital

8 Humar capital Responsible Health and safetu at work Employees

Remuneration

10 Relational capital

Independent Auditor's Report



INSPECTOR DERRICK: THE EMPLOYEE SAFETY DRONE

With a view to reducing the health and safety risks of operators called to carry out critical inspections in pipes that are difficult to access, in October 2017, the innovation function and Generation and Trading BU completed an **experiment on the use of drones to replace critical operations**.

The experiment involved a circular section intake pipe, approximately 400 m long with 30 cm of sludge on the base and characterised by 2 sharp curves and a significant change in height. In order to visually inspect for the presence of surface anomalies on the pipe walls and at the joints between the various modules comprising the pipe, a probe carried out a piloted inspection, allowing operators to wait outside and supervise operations on a monitor. The rover, renamed Derrick in honour of the famous and ingenious inspector, performed a highly satisfactory inspection, noting discrepancies that in conditions of poor light may have escaped man.

These inspections and, in the future, a great many other similar operations, may be carried out by robots or drones with the important result of minimising human intervention in all operations entailing high risks to health and safety.

Contractor workers

In 2017, 15 injuries were recorded to **workers of contractors**, with a prognosis of more than three days to recover, for a total of 354 working days lost. This results in a frequency index of 6.38, in line with that recorded in 2016 and a severity index of 0.15 down 44% with respect to that recorded last year.

Constant attention has been paid to the promotion of safety, also amongst external contractors working at the Group plants: in 2017, more than **4,506 hours of specific training** were delivered to approximately **2,353 people**.

Worker health surveillance

The Group constantly monitors the workplace through health monitoring, assessing the specific risks involved in the various tasks. The Group activities that have a significant biological risk are those that operate in the sector of environmental sanitation and those that deal with civil water purification. Thanks to targeted activities of prevention and protection, in the last three years there have been no cases of illness caused by contact with work-related pathogens.

The health surveillance service is offered mainly in the approximately 41 medical units distributed throughout national territory, and with authorised external facilities. In 2017, 8,787 medical check-ups and 13,772 clinical assessments in compliance with the health protocol were held. The change in visits and assessments with respect to 2016 is due to the two-yearly expiry dates and recoveries of the previous year, as well as to the inclusion of Rieco Resmal, LA BI. CO DUE and the LGH Group. 357 clinical examinations were carried out over and above those envisaged by the health plan; these were voluntary and not related to occupational diseases. 282 specific visits were also carried out, mainly to establish the need to assign customised personal protection equipment (PPE). The appointed physicians carried out 100 site inspections at the workplaces.

In 2017, 8 occupational disease procedures were opened by appointed physicians or signalled by INAIL.

Letter to stakeholders

Note

Model

3

Methodological

The A2A Group

and its Business

Governance

Sustainabilitu

Stakeholder

engagement

analysis

Financial

capital

capital

Natural

capital

Human

capital

Responsible

8

5

6

and materiality

Manufacturing

strategy

seeking to promote health in the workplace, continuing to adhere to the WHP programme promoted by the region of Lombardy. The LGH Group also envisaged initiatives aiming to promote safety in the workplaces in 2017: • promotion of a protective diet through the review of contents of the company vending machines, eliminating snacks and fizzy drinks. Information has also been added near the vending machines, about protective eating; no smoking campaign by creating a "smoke free" zone at the new LGH Cremona office, promoting, together with the local ATS and appointed physician, an initiative aiming to reduce exposure of all workers to passive smoking and proposing a specific table for those intending to stop smoking;

In 2017, the A2A Group took part in initiatives

 promotion of physical exercise through the preparation of a specific bicycle stand at company offices. A bike sharing area is envisaged at the new LGH office, to be used to travel in and out of Cremona centre.

The LGH Group has adopted a **heart protection programme through the installation of defibrillators** in easily accessible areas of 8 Group sites. At end 2017, A2A also completed its definition of a heart protection plan that will result in the purchase and installation of a first set of 30 defibrillators in 2018.

> management of human capital

at work Employees development Internal communication and listening Welfare and diversity Remuneration

9 Intellectual capital

10 Relational capital

Independent Auditor's Report

8.3 Employees development

A2A has always paid careful attention to the development of human resources, as it acknowledges that people are right at the heart of the processes necessary to achieve the business objectives and create shared value. In this sense, over the years, an articulated assessment system (performance management) has been implemented, which has become the basis for the definition of development routes for individuals or professional groups. The cornerstone of the new "**people strategy**" is the dissemination of a more entrepreneurial managerial culture, with the aim of attracting, developing and keeping its human capital.

Continuing on from the action taken in 2016, 2017 saw A2A pursue and implement change management and personal development initiatives.

ABC project

The **ABC managerial development project** was conceived with the aim of involving all employees in the following areas: **experience of change in the company, relations with the management, relations with co-workers and climate**. Thanks to the three phases of the project (listening, return of results and change phase) developed in 2016 and 2017, a great many actions were taken, which will take concrete form in 2018. Some examples of initiatives launched are: the "e-learning pills" dedicated to all employees on common themes such as meeting management and writing effective e-mails; the launch of the management training course structured into classrooms dedicated to the various themes emerging during the ABC course; the induction course dedicated to newly-hired graduates aged under 35, structured into 3 classroom meetings, during which the managers are actively involved, as facilitators and first owners of the development of their co-workers.

"The power of water" laboratory

"The power of water" is an important project for A2A employees operating in hydroelectric generation, aimed at maintaining know-how through the optimisation of the knowledge and competences of each member. Through a series of interviews with managers, it was possible to redefine the tasks and responsibilities required of each role and each employee was called to self-assess their own competences. At the end of this phase and for the whole of 2018, on the basis of the results and evidence that has emerged, a diversified plan of action has been launched, which allows the colleagues involved to improve their professionalism through training, flanking in the field and experience in different activities.

Networks project

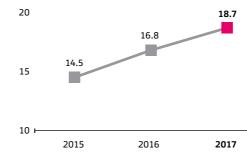
As part of the project to review and model Group talent, a pilot phase has been launched for the Networks and Heat BU, with the aim of **investigating the method used to construct transversal development paths** within specific Bus, optimising on skills and professional experience. These paths aim to prepare people to hold key roles in the organisational structure. Following the experiment and on the basis of the feasibility evidence, the model will also be extended to the other Group BUs in 2018, defining specific paths for the various areas.

Training programmes

Through **training**, the A2A Group aims to stimulate and expand upon its employees' professional skills. In 2017, a total of **212,956 hours** of training were delivered, for an average of 18.7 hours per person, up 11.3% on 2016. The significant increase mainly involves middle management and managers and is connected with the managerial development project and the increase of participants in language training. **92% of Group employees received training during the year**: the percentage has grown by approximately 17 percentage points in the three years.

Differently to previous years, the investment made in training (approximately 3 million euros), includes the costs incurred by other Group companies. In 2017, 29% of training costs were covered by interprofessional funds.

Figure 40_Average training hours per person



Some of the main training courses launched in 2017:

- technical training plan for Unareti staff, aimed at strengthening skills to cope with the challenges of the future; completing the knowledge of staff who have gone from a singleservice position (electricity or gas) to a multiservice position (electricity and gas); improving the service level offered. Approximately 660 employees were involved for a total of 15,600 training hours, structured into 300 training sessions;
- marketing project: aimed at the Group Marketing function and seeking to investigate

Letter to stakeholders

Note

Model

3

Governance

Sustainabilitu

Stakeholder

engagement

analysis

Financial

capital

capital

Natural

capital

Human

capital

at work

Internal

Responsible

management of

Health and safetu

human capital

developmen

communication

and listening

Welfare and

Remuneration

Intellectual

diversity

q

8

5

6

and materiality

Manufacturing

strategy

Methodological

The A2A Group

and its Business

technical skills, explore sector evolutions, reference trends and the customer centric approach;

 "SicurA2A" masters: security management course aimed at security professionals within the Group, so as to protect the companies from risks threatening the security of company property and people, as well as intangible assets (data);

• Environment masters for Sales Staff: as part of the project "Retail Sales Skills Value Added" project aiming to develop and redefine the mission of the commercial structure and increase the customer focus, a training course has been designed aiming to strengthen environmental knowledge.

The Master, which is open to the 23 employees operating in the Sales area of the companies of the Environment BU, is structured into 6 training sessions for a total of approximately 330 hours of training;

• "Contract management in A2A" course: aimed at explaining the "expenditure cycle" process to all interlocutors involved, so as to enhance efficiency. Launched in 2017, it will conclude in the early months of 2018 and envisages the involvement of approximately 1,150 employees throughout the territory, for a total of approximately 2,300 hours of training;

 "Category Leader": training on category management and strategic sourcing envisaged within the "Polaris" project. This course, dedicated to a first group of buyers and managers from the Purchases area, aimed to create a group of category leaders dedicated to the development of purchasing strategies for goods transversal to the various BUs. The project involved 27 employees, for a total of approximately 1,000 hours of training;

• "Hunting risk": a "live" route in the workplaces of the A2A Group with the **aim of identifying potential risks and dangers, creating a greater awareness and responsibility** in the employee with respect to the risks connected with his duties.

10 Relational capital

capital

Independent Auditor's Report

TEAM BUILDING AND SOCIAL COMMITMENT

As has now been consolidated practice for several years, in 2017 too, a team building event was organised for certain employees of the A2A Group. The event focussed on a social matter: the "Together to Conserve" Project aiming to help towards the restructuring of Cascina Nascosta di Parco Sempione (Milan), managed by Legambiente. With the help of the association volunteers, the 38 employees of the legal area carried out carpentry works and painting both inside and outside the structure.





8.4 Internal communication and listening

For the Group, implementing listening initiatives, both formal and informal, on all levels with various tools and methods, is essential to understanding the needs of employees and to launching projects that can create shared value. In 2017, the communication campaigns of the most important Group projects continued, through news, magazine articles, videos in shared spaces, leaflets, dedicated blogs, questionnaires, live meetings and webinars. Below are the most important activities.

In July, A2A Energia launched the "Digital Champion" project, an initiative aimed at launching

Of the more than 300 ideas put forward, 4 were selected as having the greatest benefit for the

The redesign of the digital experience of customers using the chat service is already at an advanced stage: the team has found solutions that can significantly increase the number of chats handled,

interfunctional working tables involved in making relations and interactions with customers ever more digital and effective. Participants included a selected team of 12 resources who showed the

AD Incontra

The initiative that enables the CEO to meet and get to know the employees of A2A, finding out more about projects currently in progress and sharing with them the Group themes and strategies continued in 2017; the CEO met with colleagues of the operational plant and waste-toenergy plant of Brescia, the sites of Primaticcio, Zama and Ricevitrice Nord di Milano, the wasteto-energy plant of Acerra and the plant of Monfalcone.

WelfareA2A survey

April saw the launch of the **welfare listening** project in A2A, aiming to assess current welfare services and express the needs so as to develop a tailor-made plan. The absolute majority of respondents was fairly satisfied with the current welfare services offered, of which the main benefits expected are connected with the conciliation of private life and work and the provision of services relating to medical costs and children's education. In all, there is very high interest ("very" or "fairly" interested was reported by approximately 80% of the sample) in the activation of an on-line area in which to share information.

DIGITAL CHAMPION

company and quickest to make feasible.

response times and customer satisfaction.

best quality, investigation and motivation in the route.

Mistral

The Mistral project started in July, the new A2A Group Operative Excellence programme that, with the collaboration of all employees, will enable an improvement in A2A's day-to-day activities and the company processes. A great deal of internal communication activities to disseminate this throughout the Group: specific video interviews (for the intranet and company walls), dedicated community on yammer, leaflets, storytelling and satisfaction surveys. Moreover, to facilitate the exchange of information and knowledge about the project, breakfast meetings were organised at the Milan Mistral Factoru. dedicated to Group management.

The project works on the redesigning of the main Group processes, applying agile methodology and exploiting the levers of innovation and digitisation. The more than 250 colleagues involved are accompanied along a route that involves classroom and field training, an alignment of the strategic vision and operative objectives and a sharing of best practices with companies and experts both on a national and international level.

Letter to stakeholders

Methodological Note

The A2A Group and its Business Model

2 Governance

3 Sustainabilitu strategy

> Stakeholder engagement and materiality analysis

5

Financial

capital 6 Manufacturino capital

Natural capital 8 Human capital Responsible management of

human capital Health and safety at work

and listening Welfare and diversity Remuneration

> q Intellectual capital

10 Relational capital

Independent Auditor's Report

GRI Content Index

99

8.5 Welfare and diversity

The Group believes in optimising diversity by identifying and overcoming all stereotypes linked to gender, age, disability, ethnic origin, religious beliefs and sexual orientation. A2A ensures working rights for people with disabilities, as required by current legislation. 506 persons with disabilities were employed by the Group in 2017, of whom 24% women.

Also as regards the work-life balance, the Group meets the needs of employees, in 2017 granting 324 part-time solutions (3% of all employees), of whom 88% are women. A total of 335 parental leaves have been agreed, 33% more than 2016. 91% of the people granted parental leave in 2017 returned to work in the same year.

The offer in terms of company welfare comprises numerous services offered to employees:

	A2A SOCIAL POLICIES	
Work-life balance services	Mobility Services: again in 2017, beneficial tariffs were applied for the purchase by employees of subscriptions with public local transport services; 974 subscriptions were taken out. Moreover, thanks to the agreement reached by A2A with the company circles of Craem Milano, Cral ASm Bergamo, Crasm, Fidas and the vehicle manufacturer Nissan, for all employees so requesting, a 100% electric car is available on a long-term rental, paying a special-rate monthly charge, as well as a free card with unlimited top-ups for 12 months, to be used at the Group's e-moving circuit stations.	
	Smart Working: the smartWorking project has continued, an innovative working method that involves, for one day a week, working from home or from a place other than the office, using the company's equipment to perform work activities. 2 surveys have been run to assess the quality and quantity impact of the initiative on 3 different targets: the smart workers, their colleagues and their managers. The favourable opinion expressed on the initiative by all targets and the positive results highlighted have strengthened the company's desire to work on a future extension of the project.	
	Company Daycare at the Lamarmora office in Brescia: in 2017, 22 children of employees were registered.	
Health and well-being services	Social-Psychological Assistance Services: present in 14 sites of the A2A Group. In 2017, the service involved 3,037 employees. In 2017, the service was also assessed. In actual fact, AMSA employees were asked to fill out a short satisfaction questionnaire, with the possibility of making suggestions for its further improvement. The numerous questionnaires collected to date suggest an extremely high level of satisfaction.	



8.6 Remuneration

A2A guarantees that new graduates will be paid the minimum wage established by the applicable National Collective Employment Agreement for the category into which they fall. For gualified, experienced figures, remuneration is assured in line with market standards and internal remuneration practices, so as to guarantee both a suitable level of external competitiveness and internal fairness. In defining the type of contract and salary, A2A complies scrupulously with Italian legislation, which excludes any distinction of gender in remuneration. As in previous years, the differences in average remuneration within the different qualifications are minor. The differences with respect to 2016 are due to the expansion of the scope of companies consolidated in the 2017 Integrated Report.

Figure 41_Average salary of men/women by category (%)

CATEGORY	2015 MEN/WOMEN	2016 MEN/WOMEN	2017 MEN/WOMEN
Managers	101.0%	102.3%	103.7%
Supervisors	97.0%	95.7%	96.0%
White-collar workers	89.1%	89.6%	89.4%
Blue-collar workers	91.1%	92.7%	95.3%

The Group's remuneration policy is mainly conceived to acknowledge and optimise the commitment, competences and behaviour of employees and to guarantee the correct remuneration positioning of people in connection with their duties.

For all employees, remuneration is structured into fixed and variable monetary components and provides for a package of benefits in support of income or similar such additions (medical and social security insurance, projects and initiatives for employees and their families, promotions and benefits of various types). The variable monetaru component is based on sustems of a direct connection between company performance and individual performance ("Management by Objectives") or on discretionary mechanisms for the recognition of working performance and conduct in terms of "one-off" bonuses. In 2017, in line with the objectives of the A2A Group Business Plan, extraordinary incentive plans continued for the sale of energy efficiency services and incentive plans were launched in line with the objectives of optimising smart city technologies.

In 2017, new tools were also tested for rewarding the participation of certain employees in extraordinary projects, using non-monetary awards and prizes, such as, for example, vouchers to be spent on-line to purchase everyday goods, chosen directly by the employee.

The variable remuneration system is also supplemented by a collective incentive tool (a "**Results Bonus**"), which is based on Group productivity and profitability goals, aimed at guaranteeing the involvement of all staff, including those not assigned MbOs, in company performance. The phase of investigation and comparison of ideas also continued, to allow employees meeting the income limits envisaged by current legislation, to choose, as from 2018, whether to convert a part of the "2017 results bonus" into services.

To involve employees more closely in the Group's objectives and increase their participation in the achievement of company results, the MbO system has been further extended to include more and more people, in 2017 reaching around 100% of managers, 28% of middle managers and 2% of employees. More specifically, a significant increase is noted with respect to 2016 for the population of middle managers, also in view of the extension of the scope of companies considered.

Finally, in order to facilitate the implementation of the Sustainability Plan initiatives defined by the A2A Group, a structured model of sustainability objectives has been integrated into the management incentive systems, which envisaged the inclusion of at least one sustainability objective into all 2017 management MbOs (excluding LGH Group and new consolidated companies managers).

Letter to stakeholders

Note The A2A Group and its Business

Methodological

Governance

Model

3 Sustainabilitu

strategy

Stakeholder engagement and materiality analysis

Financial capital 6 Manufacturing

5

capital Natural

capital

8 Human capital Responsible

management of human capital Health and safety at work Employees development Internal communication and listening Welfare and diversitu

Intellectual

g

capital 10 Relational

Independent Auditor's Report

capital

GRI Content Index

101





INPUTS



MATERIAL ASPECTS	DESCRIPTION	RISK FACTOR FOR SUSTAINABILITY	MANAGEMENT METHOD	2017 ACTIONS	SUSTAINABILITY PLAN ACTION
TECHNOLOGICAL INNOVATION AND SMART CITIES	Optimisation of the Group competences and know-how through research and development activities that stimulate a contribuous evolution of services and infrastructures, contributing towards the development and creation of the Smart City of the future, which integrates all energy, environment, water, heat, networks and optic fibre services in a single centre.	Failure to achieve the goals set in the Sustainability Plan. Failure to identify potential business opportunities deriving from research, development and innovation activities. Failure to protect intellectual property.	Support to research and innovation initiatives linked to the development of Smart Cities, through cooperation with Universities and excellent networks. Involvement of the community and entrepreneurial fabric in research and innovation projects involving production processes. Identification of business opportunities linked to the matter of clean technologies and the development of new solutions in the matter. Continuous monitoring of intellectual property.	Start-up of projects on: - integration and connectivity of the distribution network; - development of the circular economy; - new application of technologies (Internet of Things); Promotion of the e-moving project. Development of internal simplification projects.	PEOPLE INNOVATION - Innovation SMARTNESS IN NETWORKS AND SERVICES - Smart city - Smart grid

9.1 Smart Grid projects

In 2017, A2A activities continued for the search for new smart solutions as a qualifying tool in the development of a "smarter" product/service.

New projects are currently being studied to identify any integrated planning opportunities between gas, district heating and electricity carriers, in order to optimise the mutual sizing of infrastructures, reducing energy peaks in production or distribution.

European "Magnitude" Project

The EU "MAGNITUDE" project comes under the scope of the European Commission "Horizon 2020" programme for research and innovation. In October 2017, A2A Calore & Servizi, together with other 15 partners, launched the "Magnitude" project for the study of possible advantages offered by the **integration of various different energy carriers**, the relative business mechanisms and the tools for coordinating the flexibility of the European electricity system, strengthening synergies between electricity, heating/ cooling systems and gas.

For Italy one **"case study" will be the Canavese plant of A2A Calore & Servizi**, in which various different energy systems already today contribute towards assuring a greater efficiency in heat production, through cogeneration technologies, geothermal heat pumps, heat storage and plants under construction such as: an electrode boiler and a system for recovering heat from low temperature engine waste.

European "Tempo" Project

The district heating system of Brescia has been chosen as a demonstration site of the EU "TEMPO" project (TEMPerature Optimization for Low Temperature District Heating across Europe). The aim is to **lower the network operating temperatures** with the following advantages:

 reduction in network heat losses (effectively increasing the efficiency of the transmission and distribution system);

extension of the useful life of the system (at high temperatures, the pipes are most stressed);
possibility of receiving recovery heat from low temperature sources (e.g. purification plants, waste heat from industrial processes).

NETWORK SENSOR DEVELOPMENT

The S.U.N. project (Smart Utility Network) envisages the **implementation of a network of sensors and control units that generate synergy between the supplies of the Networks and Heat Business Unit** (distribution of electricity, gas, water and heat) with the aim of optimising the resources through the sharing of the network and platforms. Through the S.U.N. project, all the connectivity needs will emerge of distribution and the most appropriate solutions identified to connect

the points through fibre, power lines/wireless broadband technology or other wireless networks (LoRa or 169MHz WM-Bus). This will enable the **integrated**, **BU centralised management** of signals, alarms and anomalies on the network.

The projects currently launched to optimise the network envisage the use and **installation** of sensors (on the water network) for the Letter to stakeholders

Methodological Note

The A2A Group

and its Business

Model

3

5

6

Financial

capital

capital

Natural

capital

Governance

Sustainabilitu

Stakeholder

engagement

and materiality analysis

Manufacturing

strategy

detection of water parameters at critical times of the day and for the sampling, control of parameters necessary to the water balance and detecting network pressure.

Moreover, the **installation of anti break-in sensors** will allow for a control of accesses to plants for which authentication will be required, thereby guaranteeing greater security. Through the use of magnetic or infrared commercial sensors, the possibility of

Other projects envisage the **introduction** of thermostats for the detection of **environmental parameters in the cabinet**, detectors for the opening of closures and an "electronic nose" to detect the decree of odorising substances released into the network.

monitoring the more isolated cabinets, will be

extended.

8 Human capital 9 Intellectual

<mark>capital</mark> Smart

Research and development for the circular

for the circular economy A2A for the smart cities of tomorrow Knowledge

spillover

Relational capital

Independent Auditor's Report

9.2 Research and development for the circular economy

In collaboration with Brescia University (UNIBS), the Group has pursued multiple projects directly involving the A2A Ambiente plants, such as:

- a study on recovering energy from purification sludge and the reuse of combustion residues to produce "green compost" in order to develop recovery, recycling and waste treatment technologies that are not included in the categories already served in chain consortia;
- a preliminary analysis of the civil use (as aggregates in the production of bituminous and cement conglomerates) of the inert products produced by the Brescia clearing earth treatment plant. On the basis of the analyses of the scientific experiences available and the recovery activities already carried out in situ, recovery solutions will be identified aimed

at guaranteeing suitable technical and environmental performance, at the same time also promoting the recovery products market;

A2A Ambiente also partners Brescia University, together with other entities, in developing a European project called "LIFE", the aim of which is to optimise the mixture of solid municipal waste and purification sludge (reaching up to 20% of total incoming waste) to be used in co-combustion, assessing both energy aspects (plant yield) and emissions and above all improving the quality of light ash. Optimisation will be assured on a model plant that is at the university of Haute Halsace (UHA). The better quality of ash released will successfully stabilise it by means of innovative, inexpensive technology that has been patented by UNIBS and developed in collaboration with A2A Ambiente.

Depolymerisation of polyethylene

A2A Ambiente is a member of the Industrial Advisory Board of the European DEMETO project (financing of 10 million euros against the Horizon 2020 fund) aimed at succeeding in the **construction of a pilot** plant on a semi-industrial scale for the recovery of the basic constituents of PET production through the treatment of coloured PET and polyester, through the depolymerisation by basic hydrolysis with microwave heating. The innovative nature of the project lies precisely in the exploitation of microwaves as a catalyst of the depolymerisation reaction. The process has been extensively tested on a laboratory scale and prototype scale, whilst the pilot plant will be finalised mid-2018 and completed by end 2019, with all auxiliary sections, enabling the definition of performance and detailed characteristics of the future development on an industrial scale.

Differently to transparent PET, coloured PET is difficult to recycle in any other way and is widely used both in the packaging and textile industries. At present, worldwide more than 70% PET continues to be disposed of by means of waste-to-energy, landfill or dispersion into the environment. In terms of the circular economy, the project is particularly interesting because the materials recovered (terephthalate acid and glycol) have an extremely high economic and environmental value, because they replace the same materials produced in a refinery from non-renewable sources.

9.3 A2A for the Smart Cities of tomorrow

Through its company **A2A Smart City**, A2A seeks to lead the offer of smart, digital services for the city of the future, through innovative IoT (Internet of Things) digital technologies to be applied to the management of dedicated territorial services, such as: security, energy savings, environmental sustainability, mobility, etc.

The A2A Smart City offer of smart services is expanded on constantly: from **smart water** for the smart management of water meters and losses on the network through to the manholes reporting that they are full, to **smart mobility** for smart parking and traffic lights, **smart building** for buildings the dialogue in the network, enabling optimal consumption management, **smart green** to manage crops, farms and greenhouses, **smart roads**, a tool for the infrastructural management of the road network and an advanced concept of **smart security**.

In addition to the smart city services run for cities, A2A Smart City has also developed proposed **IoT technologies applied to private areas**, to offer services such as outdoor/indoor environmental monitoring, smart heating, monitoring and control of electricity loads and anti break-in systems. For these services, A2A Smart City has used its know-how in the field of IoT telecommunications and, in particular, the LoRa network, optimised for these types of applications. The data collected from these devices relative to one's own home/condominium can be controlled by users in real time, who can therefore interact with them anywhere.

NEW TECHNOLOGY FOR SMART SECURITY

The installation of a traffic control and road safety video camera is often an expensive operation. This is why A2A Smart City has developed a **stand-alone video camera** that can be easily carried and positioned on a pole or other supports, with wireless transmission of the video flows (wi-fi or 4G), a battery that can guarantee autonomous function for 16 hours and a specific photovoltaic panel to charge it. Video analysis algorithms can then be installed on the video camera to control traffic or perform other types of monitoring, depending on the use required.

Video analysis tools also drastically simplify video surveillance. These applications can, in fact, automatically detect all types

In June 2017, with the acquisition of **Patavina Technologies**, a spin-off of Padua University, A2A Smart City brought competences into the Group and a software platform enabling the LoRaWAN (Long Range Wide Area Network) protocol to enable IoT.

of movements considered as suspicious (presence of people or vehicles within a specific area, crossing of a predefined line, etc.), notifying the operator of this. Video analysis can be applied both to optical video cameras and thermal ones.

A2A Smart City supports **security in museums**, installing protection systems that can guarantee an extremely high level of reliability. The result is a system that can detect any attempt to tamper with works, by means of movement, pressure, laser curtain sensors and other technologies, guaranteeing the use of systems that are not invasive, so as to avoid affecting the aesthetic value of the works to be monitored. Model 2 Governance

3 Sustainability strategy 4

Letter to stakeholders

Note

Methodological

The A2A Group

and its Business

Stakeholder engagement and materiality analysis

5 Financial capital

6

Manufacturing capital 7

Natural capital 8

Human capital

Intellectual capital Smart Grid projects

> Research and development for the circular economy

A2A for the smart cities of tomorrow

Knowledge spillover

10 Relational capital

Independent Auditor's Report

DATA SHARING -AWANT PROJECT

In 2017, A2A and Qwant, the search engine created in France in 2013 and which has just reached Italy, stipulated a partnership agreement to make the wealth of information available from the qualifying platform of A2A Smart City available to citizens.

Thanks to this agreement, Qwant users can consult various different items of useful information detected by the numerous sensors installed by and to be installed by A2A Smart City in the territories of Milan, Brescia, Bergamo, Cremona and Pavia, and conveyed by means of the innovative technology LoRaWan. Indications as to how the data on air quality and transmission can be found by users, simply by querying Qwant, which, in remaining true to its mission, will guarantee the protection of personal privacy and sensitive data.

This partnership with Qwant will allow A2A to offer its territories new services and new ways of exploiting the cities, bringing the Group even closer to citizens on a daily basis.

Linea Com, a company of the LGH Group, has been operating for some time in technological projects in support of agriculture. At the **Astino botanical vegetable garden** (Bg), Linea Com has installed weather data and fine dust monitoring sensors. The data collected allows anyone assuring plant growth and development to prevent the proliferation of disease, constantly verify conditions and understand the benefits of a green area on air quality and, therefore on the life of local citizens.

"Oltre la strada" project, the smart rebirth of the suburbs

With five councillors and 14 partners, the City Council of Brescia has implemented a project, financed by the Council Chair, called "Oltre la strada" to **re-launch the district of Porta Milano through smart services, increasing the social aspects, culture and assuring better quality housing**. A2A Smart City will be developing the optic fibre network, the wi-fi network and the RF network, with the aim of restoring value to the district, allowing residents to benefit from a series of useful, innovative services, subsequently able to be exported to existing and new-creation urban realities. More specifically, the installation is envisaged of a set of sensors designed to collect data: from environmental data to mobility and safety data.

Smart Green: the application for smart vineyards

Linea Com has also developed an **innovative technological solution for monitoring the microclimatic and physical-pathological conditions of vineyards**. The "Smart Vineyards" project was developed at the wine-growing company VitiOviTec of Fregona (Tv); it consists of the positioning of a weather station, two air humidity and temperature sensors and two volumetric humidity sensors in the soil. This technology can reduce the number of treatments to be administered to the vineyard, consequently increasing the quality of the grapes.

Connected schools

After a European tender, A2A Smart City has launched development of an **infrastructure for the supply of connectivity services to schools** for which the municipality of Brescia is competent, in line with the Urban Digital Agenda developed by the city. In total, 106 schools have been reached by the new optic fibre connectivity infrastructure and related services. The initiative seeks to eliminate the isolation of the schools (reducing the digital divide) and to improve both safety and security, as well as living conditions and teaching quality in the schools.

The **project will continue with the development of a prototype "smart school"** in which various technologies will be used, to make building management more efficient, improve services and the well-being of those using it (teachers, staff, students) and increase the capacity to use the technological infrastructure for teaching purposes. The interventions envisaged include total cover with wi-fi both inside and outside the school; the installation of safety detection systems (emergency lighting, anti break-in systems and video cameras), teaching devices and detectors of environmental parameters and energy efficiency (consumption).

E-moving

In the field of electric mobility, A2A is already a case of excellent, in Milan managing the most capillary network in an urban environment in Italy, the most diversified in terms of uptakes and powers available, with more than 500 charging points able to supply up to 22 kW in alternating current and the main urban public charging network in Italy offered by quick charging stations at 50 kW in direct current, comprising 13 fast chargers installed as part of a partnership with Nissan and Milan Municipality.

To date, e-moving service customers in not only Milan, but also Brescia and the province of Sondrio, number approximately 600, of whom approximately 400 are private and the remainder are company vehicles flanked by the main electric car-sharing solutions operative in Lombardy.



In 2017, more than 100 thousand charges were performed by means of the A2A network, which disbursed in total more than 1,000 MWh, or 6 million km travelled at zero emissions⁶.

Moreover, only a year after the installation of the 13 fast charging stations - installed for the 2016 Champions League final - **10 thousand charges have been recorded, with a withdrawal of 140 MWh, equal to 850 thousand km travelled at zero emissions**. All the electricity supplied by the charging points is certified 100% renewable energy supplied by A2A Energia, thereby making a further contribution towards the elimination of pollution.

Starting October 2017, a new consumption tariff has been launched for Business customers (companies offering the transport of goods and people, deliveries, vehicle hire with or without drivers, taxi services, car sharing and similar, trade of vehicles and light vehicles), recording the adhesion of approximately 100 subjects.

In December 2017, A2A Energia launched an integrated electric mobility solution for its customers, which envisages the hire of an electric car at special conditions, the installation of a domestic charging point, a card giving free access for one year to public charging stations and a contract for the supply of electricity produced 100% from renewable sources. Letter to stakeholders

Methodological

Note 1 The A2A Group and its Business Model

2 Governance

3

Sustainability strategy 4 Stakeholder

engagement and materiality analysis 5 Financial

capital 6 Manufacturing

capital

Natural capital 8

Human capital

9 Intellectual capital Smart

Grid projects Research and development for the circular economu

A2A for the smart cities of tomorrow

Knowledge spillover

10 Relational capital

Independent Auditor's Report

GRI Content Index

 Calculated with a consumption of 6 km/kWh, with the procurement of 100% renewable energy, certified by A2A Energia (source: https://www.spritmonitor.de/en/).

9.4 Knowledge spillover

The value of a business depends not only on its capacity to innovate in the quality of services offered, but also on its capacity to generate and spread awareness internally of new distinctive competences, better management and organisational processes.

Below are some organisational projects implemented by A2A in 2017, which aim to improve the Group's internal processes.

Organisational compass

SELEZION

SISTEMA HCM CLOUD

A new governance tool has been designed and developed, called the "**Organisational Compass**"; this is a sort of "pact" between customers (business) and internal suppliers (staff), able to regulate the relationship and modulate their mutual expectations, in a logic of continuous collaboration. The Compass defines, for each of the 24 staff processes identified, the mission, nature and responsibilities assigned to customers and internal suppliers. For each area of activities, qualitativequantitative measurement parameters have also been identified and service levels fixed that, upon completion of the current test phase, will be made public, becoming an integral part of this agreement, with a spirit of continuous improvement and also in line with future additional evolutions of the tool to be carried out in 2018 and which are currently being studied.

Initiatives for the simplification of internal procedures

As part of the ABC programme, the Steering Committee (CODIR) has examined the main matters that emerged during the listening and feedback phases, so as to deal with these and assign monitoring to certain working parties ("Steering Cabinets") established by said members of the CODIR. One of the matters identified regards the need to **simplify business processes and the related procedures**, at the same time improving their USE.



In the last few months of 2017, the Steering Cabinet on the simplification of procedures launched their own activities, in particular: • the first 3 processes for which revision will be started, have been identified; • the connection between the procedural body and processes will be made public, so as to provide the process owners and all organisational structures with evidence of the competent procedures; methods will be identified and implemented by which to improve use of the documents in terms of structure, layout and contents.

Design of a process management platform

In 2017, an application platform aimed at the understanding, communication and governance of corporate processes was designed and developed. More specifically, the platform will enable a sharing of the architecture of company processes (what they are called, what they consist of and how they are inter-related); the strengthening of its governance (who the owners and organisational structures involved are); increasing people's awareness of their role within the processes; progressively enriching the information heritage connected with business processes in a participatory manner; sharing process and organisational changes in a more streamlined, modern fashion and offering a virtual space where everyone can share ideas and points for improvement.

Lean methodology

The two years 2016-17 of the Lean Programme with approximately 40 sites open in both staff areas and the 4 business units, have allowed us to develop important change management initiatives, generate economic savings and assure a series of qualitative advantages, such as resource engagement or the transformation of the way of working. The programme has now reached a point of maturity that has allowed it, already in 2017, to play a key role in making the changes concrete on an operative level, working synergically with the other transformation programmes. Synergy that has been strengthened by the additional expansion phase launched end 2017, with new coordination mechanisms, new ways of activating sites and a renewed follow-up method. More specifically, the Lean Paths have been activated: clusters of activities that are transversal to all BUs (e.g. logistics) where Lean has shown its potential and can be replicated with a greater level of standardisation and more quickly. The sites have enabled the active involvement and training of approximately 300 people, more operative resources with respect to other projects active in the Group, less frequently impacted by transformation programmes.

CYBERSECURITY

In order to implement the security processes and infrastructures within the Group, an organisational unit has been created dedicated to **cybersecurity**. The activities carried out mainly consist of: • defining the policies, processes and standards of IT security to be applied within the Group and the security measures to be adopted during the design and supply of the ICT services (Security Operation Centre for the analysis and identification of security threats); • assessing IT risks, identifying and

implementing the suitable mitigating actions (Vulnerability Assessment and Penetration Tests on critical applications and infrastructures);

 defining the governance model and service access profiles in compliance with corporate policies and processes;

- designing and implementing the
- infrastructures for the protection of corporate information security, like anti-
- malware systems on workstations and networks;
- monitoring and training on security matters.

In 2017, an incident management and safety monitoring service was prepared. There is no evidence of information on customer data and no claims have been received from private individuals or institutions regarding any violations.

capital Smart Grid projects Research and development for the circular economy

l etter to

Note

Model

3

Governance

Sustainabilitu

Stakeholder

engagement

analysis

Financial

capital

capital

Natural

capital

Human

capital

Intellectual

8

5

6

and materiality

Manufacturino

strategy

stakeholders

Methodological

The A2A Group

and its Business

A2A for the smart cities of tomorrow Knowledge

spillover

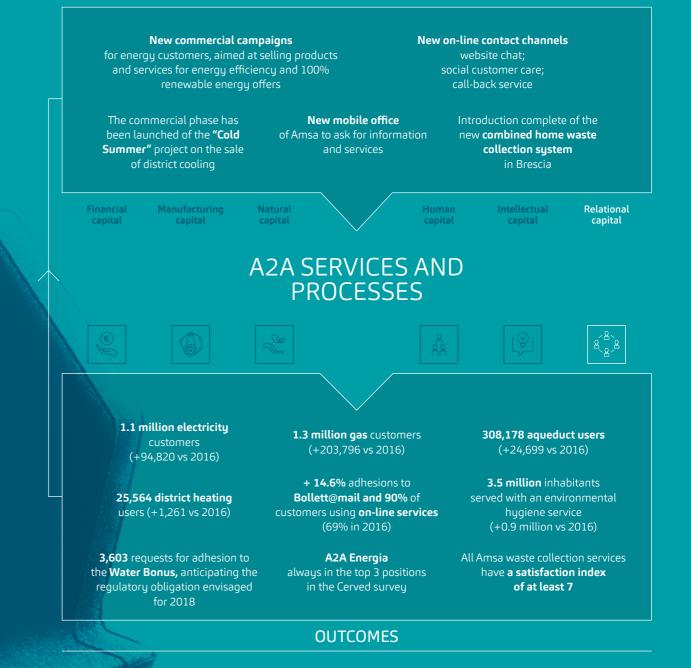
10 Relational capital

Independent Auditor's Report



10 Relational capital *Customers*

INPUTS



MATERIAL ISSUES	DESCRIPTION	RISK FACTORS FOR SUSTAINABILITY	MANAGEMENT METHOD	2017 ACTIONS	SUSTAINABILITY PLAN ACTION
RESPONSIBILITY, SAFETY, QUALITY AND INNOVATION IN THE PROVISION OF SERVICES	Safety and reliability in the delivery of services and development of emergency management plans, aiming to prevent and/or mitigate potential external factors that could compromise the continuity of services; promotion of high quality services and capacity to meet customer expectations, through correct communication and marketing practices (including personal data protection) and by means of new digital services.	Possible interruptions to public services. Failure and/ or incorrect management of customer/user relations. Poor quality of services provided. Possibility of unfair commercial practices, implemented directly by the Group or by third parties. Failure to protect customers' personal data.	Development of specific monitoring of service provision processes. Adoption of specific update plans and improvements to the information systems in support of customer relations (CRM). Adoption of contractual instruments and regular controls aimed at guaranteeing the correctness of commercial practices. Observance of industry standards and continuous development of services thanks to specific customer satisfaction initiatives. Involvement and comparison of notes with consumer associations, aimed at preventing and reporting fraud and damages to consumers. Development and continuous update of information systems and archiving of sensitive data, through the adoption of defence mechanism and the protection of ICT infrastructures.	Promotion of green energy commercial offers and services with added value to sensitise citizens to energy saving. New chatbot service for the A2A Energia call centre. Customer satisfaction surveys carried out for both customers of energy sales and citizens provided with the municipal hygiene service. Toll-free number for fraud prevention activated. 82 conciliation procedures started (see page 142 - Community).	SMARTNESS IN NETWORKS AND SERVICES - Quality - Digital

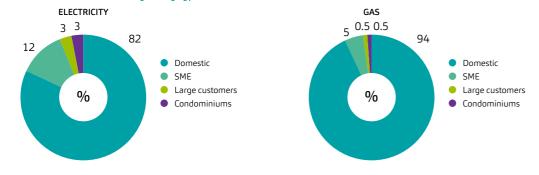
10.1.1 Relations with customers of the gas and electricity sales service

A2A Energia and Linea Più are the commercial companies of the A2A Group focused on the sale of gas and electricity and value added services (VAS) to large industrial customers, SMEs, condominiums and domestic customers.

In 2017, the total number of customers of gas and electricity services remained basically in line with last year's results, as shown in the tables on pages 31-32 of the Supplement, apart from the portions for which Linea Più is competent, included in the 2017 figure, which is approximately 80 thousand electricity customers and 214 thousand gas customers.

As compared with last year, an increase has been recorded in the large gas and electricity customers segment, respectively of 10% and 35% and a decline in condominium customers for the gas service.

Figure 42_Number of customers analysed by type



As compared with 2016, there has been a reduction in the protected market in the favour of the free market, for both commodities. The change is due to the commercial actions taken with a view to promoting free market offers, also in relation to the expected variations by the ARERA for the protected market.

Figure 43_Number of customers by type of market (%)

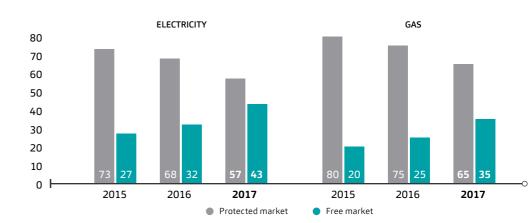
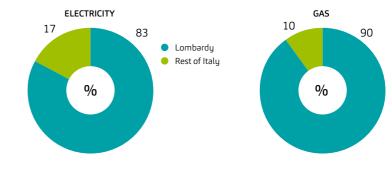


Figure 44_Geographic breakdown of sales volumes

and 97% of volumes of electricity sold).



Despite the Commercial BU effort to extend its business in the whole Italian territory, in 2017 major

volumes sold in both commodities are mainly in this region (respectively 96% of volumes of gas sold

Customers of A2A Energia segment and the inclusion of the performance of Linea Più; indeed, Linea Più

sales are still in Lombardy (as shown in the charts above), due to the increased share in the Large

Letter to stakeholders

> Methodological Note

1 The A2A Group and its Business Model

2 Governance

3 Sustainability strategy

4 Stakeholder engagement and materiality analysis

5 Financial capital

6 Manufacturing capital

7 Natural capital 8

Human capital 9

capital 10 Relational

Intellectual

capital Relations

ith Customer

Relations with the Community Relations with Suppliers

Independent Auditor's Report

GRI Content Index

114

115

Promote responsible energy consumption

The campaigns run during the the year, aimed to promote and support commercial initiatives seeking to sell new products and services for energy efficiency (VAS), at the same time pursuing the proposed gas and electricity commodity offers, including through the use of 100% renewable green energy. In 2017, **1,273 GWh of green energy** was sold, thereby making for an increase for A2A Energia of 36% on 2016 and a contribution made by Linea Più of 228 GWh. The offers that promote **green energy** are identified by the **"ENERGIA A2A Rinnovabile 100%**[®]" brand, which ensures respect for the environment.

Figure 45_Green energy sold and breakdown by market segment

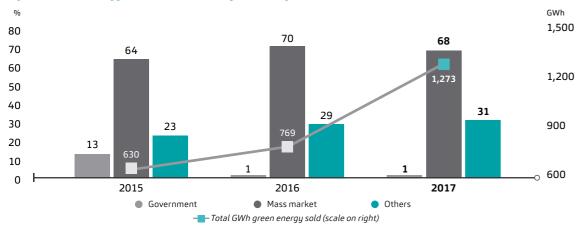


Figure 46_Distribution of mass market green energy by segment - A2A Energia (2017)



As confirmation of the company's commitment to matters of sustainability, the aim for 2018 will be to propose a portfolio of offers for the residential segment, comprising entirely green energy products.

The 100% renewable green energy offers proposed in 2017 will include Bonusa2a, Sicura2a, Prezzo Chiaro A2A and Prezzo Sicuro Verde, the latter in continuity with previous years.

More specifically, for the definition of the **Prezzo Chiaro A2A** and **Bonusa2a** offers, the needs and preferences expressed by customers when listening and during discussions organised by the company, were duly considered.

SICURA2A OFFER

Within the idea generation project, Futura2a, which in 2016 involved the younger members of the A2A Group, the suggestions was made to propose an offer dedicated to senior customers, which should be simple and clear, with favourable economic components and dedicated services. Thus the **Sicura2a** offer was born, reserved to domestic users aged over 65, which offers: - free injury insurance cover; - a dedicated toll-free number to speak to A2A Energia operators, with privileged access; - electricity produced 100% from renewable sources In line with the new commercial strategy that also identifies it as a **value added service consultant**, in a partnership with market leaders, in 2017 A2A Energia has proposed new products and services to sensitise customers towards low energy consumption sustainable solutions. Among these:

- LED kit, offered to residential customers through all available sales channels, with a prize-giving operation "Win supply vouchers with the LED KIT", promoting its more widespread use. As from March 2017, it has also been offered to small business customers through the agency channel. Moreover, an APP has been developed dedicated to the sales channels (agencies, KAN and direct sales) for the proposal of LED relamping offers aimed at ensuring the massive replacement of traditional bulbs in offices and businesses (8 relamping projects sold);

 - Caldaia2a, an offer that envisages the sale of energy efficient heaters for domestic customers on the free market, integrated into a large package of services (free site inspection, installation and testing, 5-year warranty and services thanks to a select network of technicians). During the year, 195 heaters were sold and the sales process optimised, also according to customer feedback with contact made through dedicated surveys. The offer has also been offered by Linea Più with the same methods (CaldaiaPiù);

For more information: http://caldaia.a2aenergia.eu/

 - Clima2a, with the offer of smart air conditioning units in a partnership with Whirlpool and Samsung. The solution always envisages a "turnkey" formula with free initial site inspection to identify the product and intervention that best meets with the customer's needs. During the year, a total of 434 sales were made for 669 splits;

For more information: http://clima2a.a2aenergia.eu/

- Più Fotovoltaico (More photovoltaic), the

offer activated by Linea Più that includes the possibility of installing, at one's own home and with a customised project, a high technical quality plant, guaranteeing the customer not only after-sales assistance but also complete management of administrative practices towards all entities proposed;

For more information: http://www.linea-piu.it/offerte/fotovoltaico/piu'fotovoltaico

- **E-moving campaign** for the promotion of electric mobility solutions for residential customers. The solution, which involves various partners including ALD Automotive Italia and e-move. me, envisages the rental of an electric car at special conditions; the installation of a domestic wallbox for charging; a card giving free access for one year to public charging stations; a contract for the supply of electricity produced 100% from renewable sources, in the event of first stipulation or renewal. The initiative was launched with a dedicated communication campaign: the invitation of A2A Energia is to "Leave your green footprint!" to promote the use of electric cars, which are quiet and fast, zeroing CO₂ emissions and helping reduce pollution in our cities.

For more information: http://e-moving.a2aenergia.eu



Letter to stakeholders

Methodological Note

1 The A2A Group and its Business Model

Governance

3 Sustainability strategy 4

Stakeholder engagement and materiality analysis

5 Financial capital

6 Manufacturing capital

/ Natural capital

8 Human capital

9

Intellectual capital

Relational capital

with Customer Relations with

the Community Relations with Suppliers

Independent Auditor's Report

COMMERCIAL PARTNERSHIPS WITH A2A CALORE & SERVIZI

2017 saw the continuation of the commercial partnership between A2A Energia and A2A Calore & Servizi to help promote and sell services involving the adjustment, transformation, efficiencyenhancing, requalification and management of heat systems and heat allocation systems in Lombardy.

More specifically, with the campaign **"We have 3** plans for your condominium", solutions have been proposed to administrators and condominiums, such as:

- the transformation of diesel-powered thermal units to methane plants, which are more efficient and less polluting;

- the requalification of methane powered thermal plants with more modern, efficient units; - the installation of video surveillance systems in the common areas:

- the allocation and recording of heat by means of thermostat valves, read using wireless systems that can limit the temperature in premises that are not as used and limit consumptions.

For more information: http://condomini.a2aenergia.eu/



Linea Più, in its reference territory and in collaboration with Linea Reti e Impianti, has promoted and implemented energy efficiency projects with energy management services for various welfare structures (e.g. the agreement with ARSAC Cremona) and the development of projects/plants aimed at ensuring energy savings (consultancy and analysis of abnormal consumption for large, energivorous customers).

Contact channels

A2A Energia satisfies all its customers' needs, offering a complete, multi-channel listening service. In addition to traditional call centre and branch services, customers also have new digital channels available, namely:

- the website chat service, handled by A2A Energia operators, which during the year recorded more than 4 thousand requests, always assuring excellent service levels and customer satisfaction, as shown by the results of the post-chat survey, in which approximately 90% of customer opinions are positive;
- the **social customer care** service by means of the A2A Energia Facebook page, to be increasingly closer to customers and offer an ever better service with minimum response times; - the call-back service on the website, which, in 2017, received more than 6 thousand call-back requests form customers to receive information

or stipulate a new contract.

In 2017, optimisation and continuous improvement of the digital experience of the A2A Energia website and Customer Area, continued. More specifically, a project was launched for the complete redesign and simplification of the user experience in stipulating contracts for the supply of gas and electricity, so as to allow customers to complete the process of adhering to an offer as quickly as possible in just a few simple steps. The customer can also upload payment receipts and plans for payments by instalment signed following agreements reached with A2A Energia, directly to the Customer Area. Starting February 2017, when a request is made for a sales contract, the customer can choose whether to receive contract documentation by e-mail, thereby dematerialising the sending of the sales contract, which will otherwise be sent in the traditional manner.

As from January 2017, moreover, A2A Energia has made available a **portal of services dedicated to** condominium administrators in the Customer Area, within which, in just a few clicks, the administrator can consult the supply data of the condominiums he administers, download and pay all gas and electricity bills and activate numerous other services. The portal has proved very popular: since it was first launched, more than 200 administrators have started using it to great satisfaction, saving time.

Customer satisfaction and attention to customer needs are the drivers behind all the activities seeking to improve and expand upon the functions of the A2A Energia website and

stakeholders Methodological

Note CHATBOT FOR THE A2A **ENERGIA CALL CENTRE**

The chatbot is an item of software that aims automatically providing structured, sensible answers that are pertinent to the questions asked of it. Under the scope of its call centre, A2A Energia has decided to introduce this new communication channel with its customers. In 2017, a trial was organised in this sense, which will be concluded in the early months of 2018 and will lead to the implementation of the Group's first chatbot

customer area, on which there has been an 14% increase in registrations with respect to last year.

In July and August, A2A Energia carried out a survey investigating the level of satisfaction with on-line services offered via its website and the private customer area. The survey was carried out over the internet and proposed to 4,462 domestic customers and 263 business customers registered, revealing that: almost 90% of those interviewed had used the on-line services in the last six months (with respect to 69% in 2016); of those registered for more than a year (80%), more than half (62%) had noticed changes and considered them to be a good thing (7.2 out of a scale of 1-10). The website compared well with that of other energy operators and, of the services that may be interesting to improve or develop, customers mentioned real time monitoring of consumption, searching for the most appropriate tariff and on-line chat services with an operator for requests for information.

Linea Più has also updated its web channel, releasing a **new website** in November 2017, with a simpler, clearer, more user-friendly interface for customers (both current and potential), including commercial offers divided up according to user segment in the forefront and optimising searches and adhesions on-line. There is also the possibility of viewing wait times at customer branches on the website, distinguishing between the service supplied.

For supplies of electricity and gas, in 2017, A2A Energia issued around 11.7 million bills, of which approximately 16% in electronic format.

l etter to

The A2A Group and its Business Model

Governance

3 Sustainabilitu strategy

Stakeholder engagement and materiality analysis

5

6

capital

Financial capital

Manufacturing

Natural capital 8 Human capital 9 Intellectual capital 10

Relational capital

Relations with

the Community Relations with Suppliers

Independent Auditor's Report

GRI

Content Index

In 2017, all-digital customer communication processes were once again promoted:

- the Bollett@mail service (in addition to the Bolletta Express service offered by Linea Più, operative since September 2017), which has now reached 332 thousand adhesions, up approximately 15% on last uear:

 the Bollet@free service, which enables customers on the free market to browse and consult the bill from any device (PC, tablet and smartphone), at any time. The service is free of charge and available by accessing the website customer area and/or for those who have already activated the Bollett@mail service:

- use of **certified e-mail for business customers**, thanks to which a communication digitisation project has been able to be launched for payment reminders; this has optimised the time and efficiency of contact with customers. In 2017, the service generated a volume of approximately 80,200 outgoing electronic communications, thereby eliminating the costs connected with the production/printing/posting of similar requests made as hard copies; this benefit has been transferred to the customer, with the elimination of the reminder costs generally envisaged; - pilot project **Registered mail delivery with digital deposit**, launched in October 2017. The new product enables addressees to download recorded deliveries over the internet. A quick, sustainable manner by which to make communication to customers more effective, giving them the chance to choose how to collect correspondence.

Customers have various different methods available by which to pay the bills: SEPA direct debit, which is still the most widespread choice for more than 58% of all payments, followed by pre-filled postal bulletins, bank transfers, Sisal and Lottomatica lottery outlets, commercial branches, credit card and some supermarkets.

Figure 47_Number of Bollett@mail service activations

	2015	2016	2017
A2A Energia*	248,638	289,613	325,580
Linea Più	-	-	6,405
Total	248,638	289,613	331,985
Increase (percentage)	9.7%	16.5%	14.6%

* Since April 2017, Aspem Energia has been fully integrated into the A2A Energia computer systems. The AEN figure , therefore also includes bolett@mail activations by Aspem clients.

In 2017, the **commercial branches** of A2A Energia and Linea Più welcomed more than 286 thousand visitors with an average wait time of approximately 7 minutes for A2A Energia and 12 minutes for Linea Più.

In compliance with unbundling legislation, as from January 1, 2017, the commercial spaces and interfacing channels have been separated for customers on the free market and protected market. A2A Energia has therefore opened the new fittings of the Milan and Brescia branches, with the simultaneous aim of improving quality of service and customer satisfaction and experience. Again in terms of customer experience, A2A Energia has unified the queue management system in the Milan, Brescia and Bergamo offices to offer the same high level of service to all its customers. A2A Energia has chosen to be ever closer to its customers, also preparing numerous **mobile contact points** to explain the advantages of certain commercial offers proposed and answer all requests.

Fairness and transparency in customer relations

A2A is particularly committed to ensuring customers with a service based on maximum transparency and fairness and over time, also in collaboration with the Consumer Associations, it has adopted various tools by which to simplify the information supplied to customers and regulate conduct clearly: from activation of the service through to **joint settlement**, in 2009, to the stipulation of the institute agreement of the Observatory on unfair commercial practices with the application of the Code of Commercial Conduct, the activation of the toll-free "antifraud" number and the Self-regulation protocol between 2011 and 2013. These actions have always gone hand-in-hand with constant training of sales staff and service staff in direct contact with customers.

Under the scope of consumer protection, the **tollfree "anti-fraud" number received 2,841 calls**. Of these, 1,121 relate to unfair commercial practices implemented by other operators (of which 1,090 unknown companies). In a parallel fashion, A2A Energia recorded a further 30 notifications of unfair commercial practice through its own contact channels.

In 2017, the Group did not receive any sanctions for situations of non-conformity with laws or regulations relating to the supply and related services, for marketing, sponsorship and communication activities. In October, however, the Antitrust Authority (AGCM) applied a sanction for failure by A2A Energia to promptly adjust the on-line bill payment channel using credit cards to comply with the new features of the Consumer Code in force as from June 2014. The company has appealed to the Lazio regional administrative court against this fine.

August saw the conclusion of two proceedings brought by the AGCM in November 2016 against A2A Energia and Linea Più, concerning the methods used to stipulate remote contracts, with the archiving of the position of the companies following assessment that the procedures adopted were indeed correct and fulfilment of the request to remove any possible non-conformities.



Letter to stakeholders

Methodological Note

The A2A Group and its Business Model

– Governance

3 Sustainability strategy 4 Stakeholder

engagement and materiality analysis 5

Financial capital

6 Manufacturing capital

7 Natural capital 8

Human capital

Intellectual capital

Relational capital

with Customer Relations with

the Community Relations with Suppliers

Independent Auditor's Report

GRI Content Index

120

Service accessibility

The Group has always been close to citizens to improve and maintain access to electricity by more disadvantaged populations through various solutions.

A2A disburses the **social bonus**, as per provisions of the ARERA, allowing family units in particular financial difficulties or in which one of the members suffers from severe physical difficulties, to save on the energy bill. The **physical bonus** is only recognised on supplies of electricity and the amount varies according to the meter power and consumption bracket established by the ASL (local health authority).

70% of A2A Energia customers entitled resides in the lower bracket of 173 euros/year, whilst the remaining 30% is split up between the other 5 brackets with an average of approximately 450 euros/year.

Figure 48_A2A customers who have used the social bonus

	2015	2016	2017	ECONOMIC VALUE OF THE BONUS
Gas bonus	18,580	16,459	16,649	From 31 to 207 euros per year
Electricity bonus	17,023	16,658	18,532*	From 112 to 165 euros per year for family units and from 173 to 620 euros for the customers with physical difficulties

* Of which, 1,129 physical bonuses.

A2A Energia has also continued to **support the Banco dell'Energia project** (see page n. 140), offering its customers the possibility of supporting the initiative, by means of recurring donations through its bill and conveying communication towards private customers, business customers and towards its suppliers.

Attention to the more vulnerable groups has also become concrete, also with other initiatives aiming to meet the needs of:

• sight-impaired customers - the bill that has been overprinted "black and Braille" for several years, to allow for easy reading by seeing and sight-impaired customers alike, has also been adjusted to the new layout of the Bill 2.0;

• foreign customers - multilingual information brochures are available in the main offices and the "Guide to reading

the bill" in 7 languages: Italian, English, French, Spanish, Arabic, Chinese and Rumanian, revised with Bill 2.0;
customers with motor difficulties - at the main public branches, facilitated, priority access is available for customers with physical difficulties, including: disabled, pregnant women and the elderly.

▶ For more information, see the Info Point section of the website www.a2aenergia.eu



Customer satisfaction

A2A monitors its customers' satisfaction in order to gain awareness of the perception of its services to identify areas for intervention with view to ensuring the continuous improvement of the quality of services supplied.

Cerved survey

The **"2017 Cerved Energy Monitor"** survey, which has now reached its X edition, acknowledged A2A Energia, for the sixth year running, as playing a role of **excellence in its customer satisfaction levels**. A2A Energia therefore confirms its positive performance, maintaining its podium position and, in particular, coming in with an absolute first in the gas business segment.

Figure 49_"Cerved Energy Monitor" survey on customer satisfaction

		2015		2015 2016		2017				
SERVICE SUPPLIED	BUSINESS SEGMENT	CSI	MARKET STANDARD	POSITION*	CSI	MARKET STANDARD	POSITION*	CSI	MARKET STANDARD	POSITION*
	Domestic	90.7	88.1	1 of 7	91.6	91.2	2 of 7	90.1	89.4	3 of 7
Gas	VAT reg. & SME	90.9	86	1 of 6	93.3	89.7	1 of 6	92.4	92	1 of 6
	Domestic	92.3	89.4	1 of 8	93	90.4	2 of 8	91.1	89.7	3 of 8
Electricity	VAT reg. & SME	89.9	85.5	2 of 10	92	87.4	1 of 10	90.7	89.5	2 of 10

* The position in the rankings derives from the comparison of the performance of A2A Energia with that of the main market players, apart from the macro category of "Other suppliers", which combines several operators and whose results cannot be read individually due to the number of associated interviews.

Free market customer survey

In 2017, a quantitative survey was run, in collaboration with the Doxa institute, with the aim of detecting the level of **free market customer satisfaction**. The survey involved a sample of customers, gathering a total of 2,906 interviews, of which 1,663 residential and 1,243 business, through telephone and web-based interviews (mixed CATI/CAWI system).

The survey recorded a good position of A2A Energia, an improvement on last year both in absolute values and with respect to the sector benchmark and confirmed the excellent satisfaction levels both amongst residential and business customers, respectively with satisfaction indexes of 73.7 and 72.8 (average score on a scale of 0-100).

A2A Energia stands out above all for the deep roots in the territory, its reliability and its attention to the environment; moreover, the Contact Centre is appreciated above all for its competence and capacity to solve queries, with the results also coming in positively in respect to the likelihood of recommending the brand to acquaintances.

Linea Più also performs an annual customer satisfaction survey. The survey carried out in 2017 involved a sample of 1,150 customers (domestic and small businesses) distributed in a weighted fashion in the territories of supply. The study revealed a good level of satisfaction, with a CSI (Customer Satisfaction Index) of 72/100 (in line with the 2016 results). The contact channels are particularly popular with customers.

Facebook survey

As for last year, a **survey** was conducted on the **fan page of the social network, Facebook, run by A2A Energia** to verify the value contributed by the relational marketing initiatives in terms of belonging to the brand, image, experience and loyalty. The results show an increase in "longstanding" fans (31% more than six months), which showed a closer relationship with the fan page. The percentage of those who had carried out at least one activity with the fan page has gone from 28% to 45% of the sample, whilst the lack of knowledge of the fan page amongst non-fans has dropped by 10%. Appreciation of the page contents and brand is growing.

Finally, in 2017, a qualitative survey was conducted on the **brand awareness** of A2A Energia, in a similar fashion to that carried out at end 2016, with the aim of measuring the impact of the communication campaign and penetration of brand awareness on the territories added recently. The on-line survey involved 802 panellists, resident in the main regions of the north (excluding Lombardy), of whom 300 exposed to the national press and/or television communication campaign and 502 not exposed. The results show a brand awareness that is in line with that noted last year, remaining stable with a result of 33% (35% in 2016). Letter to stakeholders

Note

Model

1 The A2A Group

and its Business

Methodological

2 Governance

3 Sustainability strategy

4 Stakeholder engagement and materiality analysis

capital 6 Manufacturing

5 Financial

capital 7 Natural capital

8 Human capital

> 9 Intellectual capital

Relations with Customer Relations with

the Community Relations with Suppliers

Independent Auditor's Report

Content Index

GRI

Call centre survey

In 2017, A2A Energia received a total of almost 2 million calls to the call centre.

ARERA carries out surveys every six months on the quality of national telephone services received by end customers. Even in the first half of 2017, customers of A2A Energia confirmed the appreciation for the call centre service of the company, measured by a Customer Satisfaction Index (CSI) of 95.7% (2.5 percentage points more than the national average), similar to the last figure recorded in 2016.

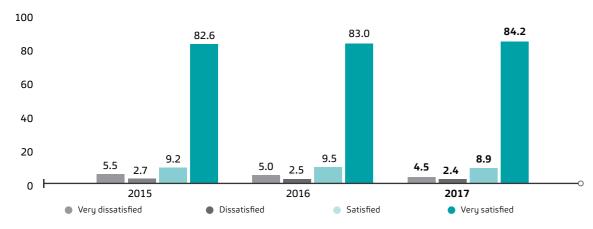
Figure 50_Customer satisfaction on call centre operations

	1 st HALF 2015	2 nd HALF 2015	1 st HALF 2016	2 nd HALF 2016	1 st HALF 2017
A2A Energia	96.5%	94.4%	97.1%	95.7%	95.7%
Linea Più	-	-	-	94.5%	93.2%
National average	92.5%	89.8%	91.0%	92.4%	93.2%

After call survey

The "after call" survey records the level of satisfaction of users with the call centre services after completing a telephone call. Also for 2017 survey results were again very positive for A2A Energia with 93.1% of customers satisfied and very satisfied.





Quality of branches

In 2017 too, a survey was run to analyse the level of satisfaction with the service at the branches of Bergamo, Brescia, Milan and Varese. Approximately 97% of users gave a positive opinion approximately 1 percentage point higher than last year, which already recorded excellent results.

Figure 52_Customer satisfaction on the services provided at the counter

	2015	2016	2017
Positive	92.00%	95.90%	96.84%
Negative	8.00%	4.10%	3.16%

THE LOYALTY PROGRAM

March 31, 2017 marked the conclusion of the Chiara2a loyalty programme. Customers registered were able to redeem the points collected with the programme until April 30. Throughout the programme duration, approximately 44 thousand requests were made for prizes, above all energy vouchers and other physical rewards available from a catalogue. The programme played a key role in supporting charity initiatives such as "A meal for life" in collaboration with Cesvi in 2015 and the Banco dell'Energia in 2017, for which, in the last phase of the programme, customers registered were given the opportunity of redeeming their points to donate energy to those most in need. The initiative proved to be a great success with customers and resulted in the collection of more than 200 thousand euros.

As part of the Programme, during the last year the new initiative **"La Casa dell'Efficienza"** was launched, with the aim of sensitising and educating customers to optimise the energy consumption of their home in a simple, fun manner. The most virtuous participants were





オ For more information: https://energylink.a2aenergia.eu

Letter to stakeholders

Note

Model

3

Governance

Sustainabilitu

Stakeholder

engagement

analysis

Financial

capital

capital

Natural

capital

8 Human capital

9

5

6

and materiality

Manufacturing

strategy

Methodological

The A2A Group and its Business

rewarded for the excellent results achieved in terms of sustainable, efficient behaviour.

In autumn 2017, the competition was launched **"Tu sei energia"**, which gave the possibility of winning a series of prizes, including an electric bicycle, promoting its use through information pills included in the gaming phase.

Again in educational terms, in December 2017, **"Energylink"** was launched, the new A2A Energia advantage programme defined in a synergy with Linea Più. The initiative targets free market domestic customers and all natural persons who are not A2A Energia customers. In a first phase, they were asked to register for the programme with the possibility of winning one of the exclusive catalogue prizes offered in the competition **"Iscriviti e Vinci"**. Thereafter, from 2018 the engagement phase will start with gaming aspects and contents, aimed at stimulating virtuous customer behaviour and sensitising them to matters of energy efficiency and sustainability.

> capital 10 Relational capital

Intellectual

Relations with Customer Relations with

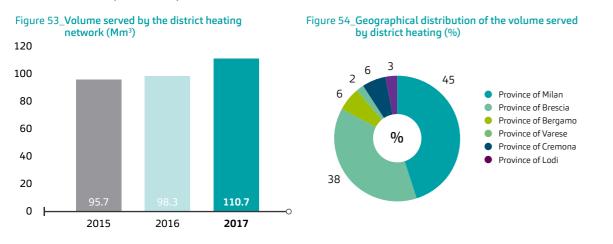
the Community Relations with Suppliers

Independent Auditor's Report

10.1.2 Relations with customers of the district heating service

The Group operates in the production, distribution and sale of heat in the cities of Milan, Sesto San Giovanni (Mi), Novate (Mi), Cassano d'Adda (Mi), Brescia, Bovezzo (Bs), Concesio (Bs) and Bergamo, through the company A2A Calore & Servizi; in the area of Varese by means of the company Varese Risorse; and in the cities of Lodi, Cremona, Crema (Cr) and Rho (Mi) by means of the company Linea Reti e Impianti.

This service is currently delivered to over 25,600 users (individual residential units in the case of independent heating or whole buildings in the case of centralised heating), for a total served volume of approximately 111 million cubic meters (+13% vs. 2016). The change in users is mainly connected with the inclusion of the LGH Group in the consolidation perimeter, equal to 1,031 users.



Another service managed by the Group companies relates to the rationalisation of energy management of properties through interventions to improve efficiency, such as the conversion to methane of thermal power stations powered by liquid fuels, heat management in condominiums and energy management for large property complexes and public administrations.

In 2017, through the specialised companies, the Group carried out 40 plant conversions for a total of 16,918 kW in installed power, respectively 8,148 kW for A2A Calore & Servizi and 8,770 kW Linea Reti e Impianti, an LGH Group company.

"COLD SUMMER" PROJECT: SUSTAINABILITY AND CUTTING-EDGE

The "Cold Summer" project is the new frontier in district heating. After years of study, tests and further investigations, today district heating in Brescia not only supplies hot water to heat homes but can also, thanks to the technology used of absorption machines, cool them during the summer. In 2017, the "commercial phase" was launched, which in addition to the plant developed at the users selected for the pilot project (A2A office block in via Lamarmora), saw the installation of another 4

plants in the city: the Santa Giulia museum, the ATS of Viale deoli Abruzzi, the council of via Marchetti and the Tosio Martinengo art gallery. Other projects have already been planned, thereby being able to confirm that the "Cold Summer" project opens a new era in the sector of climate control systems able to exploit sustainable sources and recovery that would otherwise be dispersed into the atmosphere, adding value to the quality of our cities and creating conditions for an ever "greener" energy future.

Quality of services provided and attention to customers



To promote the district heating service and facilitate access to information, A2A offers multiple communication channels.

The Group has equipped itself with a Quality Charter establishing the principles and criteria for the management of the district heating service, so as to guarantee customer satisfaction.

Moreover, citizens are provided with communication on the development of the district heating network in their district, through the capillary distribution of leaflets.

Additionally, with the twofold aim of informing potential customers of the environmental and safety benefits of district heating and encouraging network connections, in 2017, A2A implemented a promotional campaign involving approximately 200 administrators and 30 thousand citizens with flyers distributed in the district markets and door-to-door.

Letter to stakeholders

Methodological Note

The A2A Group and its Business Model

Governance

Sustainabiliti strategy

3

Stakeholder engagement and materiality analysis

5 Financial capital 6 Manufacturing

Natural

capital

capital

Intellectual

capital

8 Human

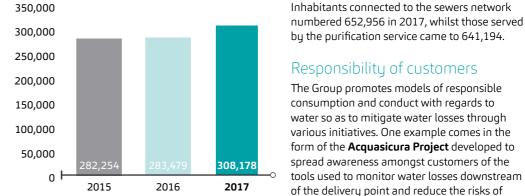
9

capital Through the companies A2A Ciclo Idrico, ASVT and Aspem the Group operates in integrated water cycle services in the territories of Brescia, Varese and their respective provinces.

In 2017, 886 thousand inhabitants were covered by the aqueduct service, with a 9% increase due to the consolidation of ASVT.

10.1.3 Relations with customers of the integrated water service

Figure 55_Aqueduct service users



economic damages. The promotion envisages a contribution for the expenses incurred for moving the water meter to the edge between private property and public property and a contribution for the purchase of a manometer. An insurance policy can be stipulated (reserved to domestic users) against water leaks, at beneficial conditions.

During the year, 1,528 requests were submitted for relief due to water loss downstream of the delivery point, of which 931 have already been dispatched, for an equivalent of reimbursements to users of approximately 1.5 million euros. Moreover, requests for new subscriptions of the insurance policy numbered 748 and 53 users benefited from the service.

Inhabitants connected to the sewers network numbered 652,956 in 2017, whilst those served by the purification service came to 641,194.

10 Relational capital

Relations with

the Community Relations with Suppliers

Independent Auditor's Report

Quality of services provided and attention to customers

The integrated water service is regulated by the ARERA which monitors certain parameters, like grid connection time or response to estimates requested.

Figure 56_Service quality parameters

DATA IN DAYS		2017				
	A2A CICLO IDRICO	ASPEM	ASVT			
Response time to requests for estimate for connection to the aqueduct	5.16	5.1	2.30			
Response time to requests for estimate for connection to the sewers	3.21	-	1.67			
Aqueduct connection times	5.78	2.92	2.61			
Supply activation time	2.47	1.77	1.65			
Sewer connection times	15.74	-	6.60			

The drinking water distribution service **was not interrupted** in 2017, except for some segments that were disconnected to allow for the repair of accidental failures.

The water undergoes **special tests** and disinfecting treatments, and chemical-physical or biological purification treatments where necessary before it is fed into the network. The primary objective is, in fact, to supply quality water and this is why, in compliance with regulations, qualitative checks are performed on the entire production chain (see also page n. 85). All the water supplied by the aqueducts of A2A Ciclo Idrico is compliant with the limits established by the law and, therefore, no orders of water being unfit for drinking have been issued.

7 For more information on water quality and data related to concentrations of the parameters characteristic of the water distributed, refer to the supplement to this Report or visit the Water Quality section at **www.a2acicloidrico.eu**; and the Activities section of the site **www.aspem.it**.

The Group provides various channels, as well as informative materials, to communicate with citizens. In 2017, the **A2A Ciclo Idrico call centre** processed **118,231 calls**, 49% more than last year, maintaining excellent service quality levels with an average wait time of 78 seconds, showing a slight rise with respect to the increased call volumes. The ASPEM call centre service also obtained a clear improvement in terms of successful calls (96.2% in 2017), despite the increased number of calls (by 37%).

In 2017, the **A2A Ciclo Idrico branches served 30,778 customers** (an increase of 73% on 2016), who were served in an average of 15 minutes. Although there was a considerable increase in the number of visitors in 2017, user satisfaction at branches remains very high, with 85% of users having expressed opinions of being "satisfied" or "very satisfied" using the emoticons.

BONUS IDRICO

In December 2016, A2A Ciclo Idrico launched the initiative termed the "Bonus Idrico" in support of economically disadvantaged families. The initiative is intended for citizens of Brescia and another 73 municipalities across the province, served by A2A Ciclo Idrico. Activation of the bonus is on a voluntary basis, decided independently by the company, which stresses the Group's attention to the territory and the economically weaker groups of the population. The discount on the water bill was applied by A2A Ciclo Idrico, assigning each person entitled a bonus 55 litres of water per day, making for an annual consumption of 20 cubic metres. In 2017, 3,603 requests were received via the portal to adhere to the bonus.

By resolution 897/2017/R/idr of December 21, 2017 and with the approval of the integrated text of the application methods of the social water bonus for the supply of water to domestic users in financial difficulty (TIBSI), ARERA implements the system of compensating expenses incurred for the

↗ for more information, see the Customer section of: www.a2acicloidrico.eu

water supplies of domestic users residing in conditions of social-economic difficulty, in the same way as it does for the gas and electricity sector. The TIBSI establishes that the amount of the benefit shall be calculated according to the number of members in the registered family, applying the special-rate tariff applied by the same manager to the other resident domestic users, to the essential quantity of water necessary to satisfy the needs to be protected (identified on a national level as 18.25 m³/inhabitant/year, equivalent to 50 litres/inhabitant/day, established by the legislator). Implementation of the provisions on the social water bonus over the entire national territory is envisaged as from January 1, 2018. Requests can, therefore, be submitted only as from July 1, 2018, to allow the conclusion of some application investigations and make the information sustems operative. Onlu for 2018. for the period running from January 1 to the date on which compensation is allowed a oneoff compensation component will be supplied.

Letter to stakeholders

> Methodological Note

1 The A2A Group and its Business Model

Governance

3 Sustainability strategy

Stakeholder engagement and materiality analysis

5

Financial

capital

capital 6 Manufacturing

7 Natural capital

8 Human capital 9

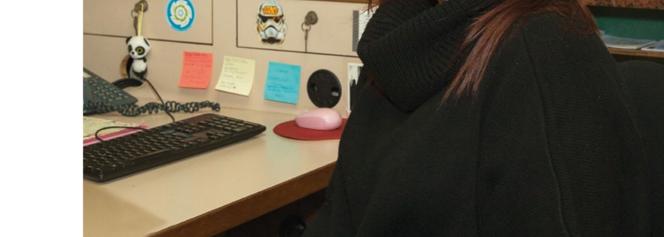
Intellectual capital

Relational capital

with Custome

Relations with the Community Relations with Suppliers

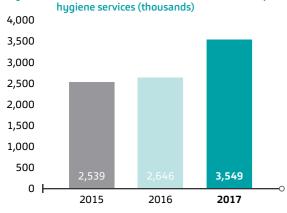
Independent Auditor's Report



10.1.4 Relations with customers of the urban hygiene service

Through the companies Amsa, Aspem, Aprica, Linea Gestioni and Rieco, the Group manages the municipal hygiene services of 258 municipalities of Lombardy, for a total of more than 3.5 million citizens served, in the provinces of Milan, Brescia, Bergamo, Varese, Como, Lodi, Lecco, Monza and Brianza, Mantua and Cremona.

Figure 57_Total number of citizens served with municipal



In 2017, Aprica acquired the environmental hygiene service in some new municipalities: 10 of the province of Mantua (Borgo Virgilio, Curtatone, Ostiglia, Villimpenta, Piubega, Gazoldo degli Ippoliti, Sustinente, Serravalle a Po, Commessaggio and Dosolo), 8 of Val Trompia in the province of Brescia (Bovegno, Collio, Irma, Lodrino, Marcheno, Marmentino, Pezzaze and Polaveno), 1 in the province of Como (Montano Lucino) and 1 in the province of Bergamo (Gorle).

COLLECTION OF ORGANIC WASTE FROM OUTDOOR MARKETS

After the trial run on the collection of the organic fraction in 15 open air markets of the city of Milan, as from October 2017 collection has been activated in the 24 open air markets in the north-west of the city and by end 2018, the new service will be extended to all markets of Milan. The main aim is to recover the considerable quantities of organic waste produced by the weekly markets. To this end, Amsa has distributed both the materials necessary to the separate conferral of organic waste (perches, bag rings and biodegradable bags) and informative materials giving instructions on how to correctly confer the waste, to all sellers.

Amsa and Novamont have been rewarded with the

Sodalitas Social Award 2017, in the category of "Sustainable lifestyles and consumption", an award that rewards the most effective initiatives in terms of contributing towards achievement of the challenges at the heart of the United Nations Sustainable Development Goals (SDGs).

The initiative stood out for its innovative nature. The project in fact envisaged the active involvement of all players in the environmental sector, the creation of a multistakeholder partnership (Milan City Council, trade associations and municipal police force), training of travelling salesmen and the environmental life cycle assessment of the entire trial.

Responsibility of customers

Over the years, the Group companies have increased their commitment in the promotion of responsible conduct in the management of resources and waste, in respect of the environment and people.

Below are the main communication campaigns developed in 2017 in order to inform and sensitise citizens.

On September 20, 2017, with the start-up of the service in the red zone (historic centre of Brescia), Aprica completed the new system of **combined home waste collection**, which began in April 2016. The territory, involved by the new collection system was immediately and has been constantly monitored by ecological inspectors who are devoted to controlling and informing citizens and tradesmen so as to ensure the correct conferral of waste and the maintenance of the city's décor. The positive effect of the new waste collection method was seen in the total percentage of separate waste collection that was 67.7% in 2017 (new calculation methods envisaged by Ministerial Decree of May 26, 2016).

With reference to the work of **Amsa**, a gradual extension is underway of the joint collection of **paper** and **cardboard** throughout Milan, already tried out in 2016. The extension started in October 2017 and has involved the department of Silla. As from April 1, 2018, the project will be extended to the department of Primaticcio and, thereafter, to that of Zama. This extension should assure a 1.8% increase in the total separate waste collected.

Moreover, Amsa, Ecodom and Coop Lombardia have decided to start a trial collection of **small electric and electronic equipment**k that is no longer in use, in Milan. From June to December 2017, thanks to the **CRM Recovery Project**, in fact, at two Coop Lombardia sales outlets, it was possible to confer small electrical appliances no longer functioning, thereby helping ensure the recovery of critical materials like gold, silver, cobalt, graphite and platinum, without having to go to the ecology island. In this way, it was possible to collect approximately 2,700 kg of WEEE (Waste Electric and Electronic Equipment). Thereafter, specific smart mobile containers were positioned (WEEE parking) that allowed for the autonomous conferral of WEEE, using the Regional Service Charter.

Amsa has instituted a new customer service, the **Mobile Office**, which has been functioning since September 2017. Thanks to this new initiative, on a specific day of the week, citizens can find an extra information point in the city, where they can obtain answers to their questions, book the collection service of cumbersome waste and receive information about the new services. In 2017, 12 days were planned at the district markets of the north-west of Milan. As from 2018, the service will travel in various different points of the city. Citizens can view the calendar with the stations, days and service hours of the mobile office at: www.amsa.it.

Crema City Council, Linea Gestioni (LGH) and Coop Lombardia have launched a project aimed at providing information about the correct method of conferring food oil and facilitating its collection. In actual fact, informative flyers have been given out to all families and 4 specific containers have been installed in the Gran Rondò Shopping Centre, where used vegetable oil can be conferred. Aprica, by agreement with Bergamo City Council and with the operative support of Cooperativa Ruah, has also started collecting used food oils produced by domestic users, positioning 31 specific containers throughout the city. Containers have been installed at senior social centres, schools, offices, public parks and the supermarkets of the chains Coop, Auchan, Carrefour, NaturaSì, Il Gigante and Alco/Despar.

Letter to stakeholders

Methodological Note

The A2A Group and its Business Model

Governance

3 Sustainability strategy

+ Stakeholder engagement and materiality analysis

5 Financial capital 6

Manufacturing capital 7 Natural capital

8 Human capital

9

10

Intellectual capital

Relational capital

Relations

Relations with the Community

Relations with Suppliers

Independent Auditor's Report

GRI Content Index

2017 COMIECO PRIZE

Linea Gestioni and the city of Crema have been awarded the **2017 Comieco prize** for the best collection of paper and cardboard in northern Italy, exceeding 71 kg/inhabitant/year of per capita collection. Another four centres served - Ripalta Arpina (Cr), Longhena (Bs), Torbole Casaglia (Bs) and Villachiara (Bs) - received the special **Comuni Rifiuti Free** prize, assigned to the administrations that not only exceeded a percentage of 65%, but also limited per capita production of dry waste to less than 75 kg/year, per inhabitant.

Quality of services provided and attention to customers

Amsa, Aprica and Aspem maintain a direct relationship with the citizen and customer through different channels. As regards the call centre service, the levels of customer satisfaction are extremely high.

Figure 58_Quality levels of the call centre

	AMSA	APRICA	ASPEM
Accessibility of lines and services (time when line is free vs operator presence time)	100%	100%	100%
Average waiting time on the telephone (seconds)	76	52	87
Percentage of successful calls	94%	72%	65%

The services offered by Amsa, Aprica, Linea Gestioni (LGH Group) and Rieco are regulated by a specific **Service Charter**, which describes the terms, methods and quality of services offered to citizens in the municipalities served. The Service Charters can be consulted on the various companies' websites.

Moreover, by way of support service and to increase customer accountability, all Group companies dealing with environmental hygiene have made an application available to citizens, all about separate waste collection. The application is called **"PULIamo"** and is dedicated to separate waste collection and environmental services offered by Amsa, Aprica and Aspem; it provides users with indications as to the days on which waste is collected from their homes and all the information necessary to ensure correct separation. Moreover, where available, it allows for a request to be made to collect cumbersome waste, abnormal situations to be reported and information to be provided on the location of the ecological platforms. The two companies dealing with environmental hygiene that were recently acquired by the A2A Group also have their own application: Linea Gestioni, through the app **"rifiutiAMO"**, makes it possible to discover how to confer all waste types, to control calendars of "door-to-door" collection in the municipality and to find the nearest collection sites; Rieco has instead created its app **"Junker"**, which on the one hand enables an improvement of the effectiveness of separate waste collection, indicating, after having scanned the product barcode, into which the waste should be disposed of and, on the other, to find out, through geolocation, the calendar of "door-to-door" collection and the location of the nearest collection points.

Finally, **Aprica** has activated a new **software**, **integrated** with the operative units for the traceability and monitoring of reports, claims and requests for information received from the various communication channels (telephone, web, e-mail, social networks and apps).





AMSA CUSTOMER SATISFACTION SURVEY IN MILAN AND SURROUNDING MUNICIPALITIES

Just like every year, a customer satisfaction survey has been run on the services offered by Amsa to citizens of Milan, with the aim of verifying the satisfaction levels of residents of the city with regards to the services supplied and to identify the relevant strengths and any areas for intervention. The questionnaire prepared has been administered to more than 5 thousand citizens residing in Milan, of whom 694 are foreign. All waste collection services achieved **a satisfaction index of at least 7**, with peaks of 8.2 and 8.3 respectively for the service of the **home collection of cumbersome waste and recycling** (included in the questionnaire for the first time).

The on-line booking service for the collection of cumbersome waste was the most popular

contact channel with users (scoring 7.9), followed by the toll-free number (7.6) and the website (7.6).

AMSA surveyed the satisfaction level (global, reasoned) of citizens also in **12 surrounding municipalities** (Bresso, Buccinasco, Cesate, Cormano, Corsico, Novate Milanese, Pero, San Donato Milanese, Segrate, Settimo Milanese, Trezzano Sul Naviglio, Pioltello) in which the company goes about its business.

The 1,500 interviews revealed that, in general, local satisfaction has increased on 2016, going from an overall satisfaction with the services of 7.8 to **8.1**.

APRICA CUSTOMER SATISFACTION SURVEY IN THE MUNICIPALITIES OF FLERO AND GARDONE VALTROMPIA

In October 2017, Aprica carried out its own customer satisfaction surveys, both for domestic users and commercial users in the municipalities of Gardone Valtrompia and Flero.

With reference to domestic users, the overall satisfaction index with the service came to **8.01**

in Flero and 8.00 in Gardone Valtrompia. With reference to commercial users, this index was 7.54 in Flero and 6.88 in Gardone Valtrompia.

Satisfaction is also good for some specific aspects of the service, both for domestic and commercial users, as shown in the table below.

Figure 59_Assessment of certain aspects of the service in the Aprica Customer Satisfaction survey

	FLE	ERO	GARDONE	ALTROMPIA
	DOMESTIC USERS	COMMERCIAL USES	DOMESTIC USERS	COMMERCIAL USES
Municipal waste collection service	8.41	8.15	8.25	6.89
Collection times	8.66	8.28	8.50	7.64
Frequency of collection of the various waste fractions	8.28	7.89	8.20	6.89
Information on how to separate waste	8.62	8.09	8.64	7.85
Cleaning of areas after collection	7.91	7.26	7.76	6.70
Road and pavement cleaning	7.22	7.02	7.24	6.70
Freephone contact number	8.00	8.33	7.93	6.63

Relations with the Community Relations with Suppliers

Relation

Letter to

Note

stakeholders

Methodological

The A2A Group

and its Business Model

Governance

Sustainabilitu

Stakeholder

engagement

analysis

Financial

capital

capital

Natural

capital

Human

capital

Intellectual capital 10 Relational capital

8

9

5

6

and materiality

Manufacturing

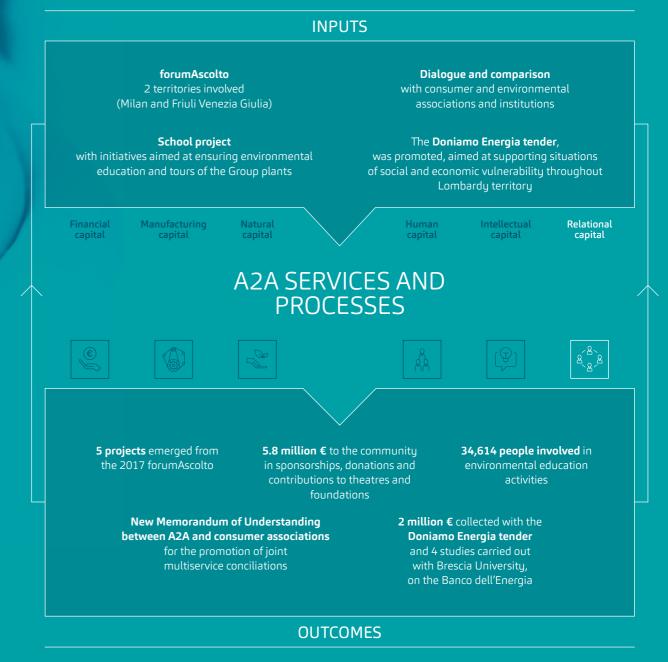
strategy

3

Independent Auditor's Report



10 Relational capital *Community*



MATERIAL ISSUES	DESCRIPTION	RISK FACTORS FOR SUSTAINABILITY	MANAGEMENT METHOD	2017 ACTIONS	SUSTAINABILITY PLAN ACTION
RELATIONSHIP WITH GROUP STAKEHOLDERS	Development of business activities in complete respect of stakeholders, promoting transparent communication and collaboration; participation in round tables with entities and institutions able to influence national and international strategies; promotion of projects for the creation of shared value in the territory and local communities (e.g. urban regeneration activities); identification of the needs of stakeholders through project activities that can effectively meet their expectations (e.g. social needs).	Incorrect perception of the activities and business carried out by the Group. Failure to meet stakeholders' expectations with respect to social and environmental themes. Lack of transparency in relations and communication. Failure to adjust the business to fit with the continuously- evolving regulatory scenarios.	Dissemination of a correct perception of the Group's business, with specific reference to the social and environmental impacts in the territory. Development of communication and listening plans dedicated to the specificity of the territories in which the Group operates. Stakeholder engagement initiatives. Development of continuous dialogue with the national and supranational institutions linked to matters of the energy and environment. Active, transparent collaboration in the definition of safe, sustainable scenarios for the development of the sector and regulated business activities.	Establishment of an internal Regulatory and Institutional Committee. Participation in the main consultations set in 2017 (See pages 30, 78). Numerous research and engagement projects have been activated with the universities of Milan and Brescia. Relational activities and involvement of the main consumer and environmental associations. The Doniamo Energia tender was promoted, aimed at supporting situations of social and economic vulnerability throughout Lombardy territory. Territorial initiatives sponsored for 1.3 million euros. LED public lighting plan aimed at optimising the artistic and cultural heritage of the territory of Brescia.	PEOPLE INNOVATION - Stakeholder engagement - Transparency - Brand perception
ACTIVE LOCAL AND ENVIRONMENTAL EDUCATION	Sensitisation of the local community to a responsible use of resources, energy and the importance of reusing materials so as to minimise waste; promotion of environmental education initiatives (e.g. schools), of active citizenship and knowledge of Group activities, including through the organisation of tours to plants.	Lack and/ or superficial knowledge, by public opinion, of sustainability matters.	Promotion of sensitisation initiatives of sustainability matters amongst citizens. Organisation of environmental education activities with school students. Organisation of tours of Group plants.	with 25 thousand students at Group plants, of whom 7 thousand at Casa dell'Energia e dell'Ambiente (House of Energy and the Environment). "La nostra energia per l'ambiente" (Our energy for the environment) – TV quiz show on energy "Il gioco delle 4R" (The game of the 4 Rs) - interactive- teaching exhibition on the waste cycle. Workshop for teachers and school heads.	PEOPLE INNOVATION - Education

10.2.1 Relations with entities and institutions

The role and nature of the A2A business require constant dialogue and a comparison of notes with the national institutions, regional authorities and local entities. The instrument that defines and regulates relations with the entities and institutions is the Code of Ethics of A2A, within which it is explained that the Group does not make any contributions directly or indirectly to any political party, movement, political and trade union organisation and committee, nor to their representatives or candidates, in Italy and abroad, apart from contributions due in accordance with specific regulations.

- In 2017, the following matters were discussed during the national meetings:
- regulations on the establishment of an independent waste authority;
- regulations on the renewal of hydroelectric concessions in Italy;
- regulations on the exceeding of the greater protection on the electricity and gas market;
- support measures and incentives for district heating;
- incentives for biomass plants;
- measures envisaged by the National Energy Strategy;
- the Regional waste plans of the regions of Sicily and Apulia, to support the reconversion projects of the A2A plants of S. Filippo del Mela (Me) and Brindisi.

TRADE ASSOCIATIONS

- A2A adheres to various different trade associations, including:
- Utilitalia, the Federation of companies operating in the public services of water, the environment, electricity and gas. The association is currently chaired by the Chairman of A2A;
- **Confindustria** and, in particular, **Elettricità Futura**, **Assolombarda** and the **Green Economy Network (GEN)**. GEN is the "network" promoted to create opportunities for the exchange of information and commercial agreements between companies offering products, technologies and services for environmental and energy sustainability;
- **AIRU** (Italian municipal heating association), which aims to promote and disseminate the application and innovation of territorial energy plants, in the sector of district heating and district cooling.

10.2.2 Relations with universities and research centres

A2A considers collaboration with the world of universities and research an activity of strategic relevance, optimising it in particular in the territories where the Group operates. This allows it to have innovative and cutting-edge competences, to offer its areas of activity as spaces within which to trial innovation projects and, at the same time, to contribute, through activities of involvement and testimonials, towards a university training that is better focussed on the world of work.

In 2017 too, in fact, interactions and exchanges between the world of university and that of business are essential in facilitating reciprocal learning and, in general, the dissemination of good practices within the communities. With the aim of promoting the development of a diffused culture on matters of energy - environmental sustainability amongst citizens in Brescia, a round table has been established on the **"Circular economy"**. The table stems from the collaboration framework agreement, signed in 2016 with the **University of Brescia** and the **Cattolica University** (Brescia site), which undertook to guarantee the development of video materials and the construction of a format to be used on the Facebook platform. The page will be enhanced with multimedia documentation that can be used and consulted by users.

Letter to stakeholders

Methodological Note

1 The A2A Group and its Business Model

2 Governance

3 Sustainability strategy 4

Stakeholder engagement and materiality analysis

5 Financial capital

6 Manufacturing capital

7 Natural capital

8 Human capital

9

Intellectual capital **10**

Relational capital Relations with Customer

Relations with

Relations with Suppliers

Independent Auditor's Report

Content Index Moreover, in connection with the agreement reached with the two universities of Brescia, the work of the **"Banco dell'Energia" working party** continued and was completed successfully, with the preparation of four studies in support of the project:

- "Identification of vulnerable families. The phenomenon of energy poverty in Lombardy: measurement and possible actions to fight it";
- "Definition of suitable consumption levels. Preparation of a model to identify family energy consumption levels":
- "Experimental nudging on donations";
- "Interaction with the third sector".

With reference to the sensitisation of students to the matter of separate waste collection, a communication campaign was run at the Milan sites of the **Cattolica University** entitled **"Separate waste collection? top marks"** aiming to inform students and teaching staff of the rules for the correct separation of waste, to as to optimise the fraction of the separate waste collection that can be recycled. This activity was also supported by a reorganisation of containers in the common areas and food areas. Given the excellent results obtained, the future aim is to replicate this system for the other universities too.

Moreover, in order to have university students better understand their activities and at the same time collect innovative ideas in strategic areas, at the request of **Bocconi University**, A2A has created the **A2A** Group Project Award, a contest for students working towards a degree in "Economics and Management of Government and International Organizations" from Bocconi University of Milan. Divided into groups, the students challenged each other in the search for innovative ideas focussed on specific areas of intervention reported by the company (e.g. local community services, CSR, sustainable innovation, etc.). The winning project proposed a new commercial approach for A2A Energia on the free energy market, hinged on a rich, customisable offer. The winning team was invited to Valtellina where it was able to expand upon its knowledge of the electrical sector, visiting the A2A production plants.

10.2.3 A2A and the regulation stakeholders

The A2A Group operates in highly regulated sectors whether they are managed under natural monopoly (such as infrastructure for the distribution and transport of electricity and gas, the integrated water cycle and district heating) or under free market regime (such as generation and the sale of energy carriers and other services to customers). The 2018 Budget Law, moreover, has extended the regulatory and control competences of the Authority for Electricity, Gas and Water System (AEEGSI, which changes its name to ARERA - Regulatory Authority for Energy, Networks and the Environment) to include the separate and combined municipal and equivalent waste collection cycle.

The Group adopts a policy for **monitoring and** managing legislative and regulatory risk, in order to mitigate the negative effects as far as possible. The monitoring consists of an oversight system, structured into several levels, which involves first and foremost collaborative dialogue with the institutions (ARERA, the Antitrust Authority, the Authority for Communications Guarantees and the Ministry of Economic Development) and with local sector technicians (Energy Services Manager, Energy Markets Manager, Terna) and thereafter the active participation in trade associations and working parties established by these entities. Monitoring and control instruments have been implemented (such as the quarterly regulatory review or the regulatory agenda prepared during the budget/ planning); these are constantly monitored and updated to consider the potential impacts of the regulation on Group companies and envisage constant dialogue with Business Units, not only to simulate impacts on current business but also to assess new initiatives.

Also the view to European regulations, following the work of Brussels through participation in the tables of Eurelectric and Cedec, allows seeing "in advance" the subject of transposition into Italian law.

The **Institutional and Regulatory Committee** was also set up, composed of the Chairman and CEO, as well as the managers of the structures "National and International Institutional Relations" and "Regulatory and Market Affairs". This Committee meets periodically involving from time to time the Managers of the BUs/ staff areas concerned, in order to transfer to them the new legislation and regulations, take a corporate position on evolving standards and collect the requests of the business to convey them to the stakeholders of reference. Since January 2017, the Regulatory and Market Affairs structure also oversees the regulatory risk for Linea Group Holding, in order to monitor and manage impacts in a coordinated manner.

10.2.4 A2A and relations with territorial committees and associations

Relations and dialogue with the reference territory underlie the very identity of the Group and have a major impact on the degree of acceptance of the business activities. This dialogue is also based on constant relations with the national and territorial associations (approximately 20 consumer and environmental associations) and the numerous local territorial committees.

Continuing on from the previous years, in 2017 various activities were carried out with the associations and committees, including:

- organisation of meetings in the main reference cities and plants, reserved to representatives of the consumer and environmentalist associations and committees, for the presentation and investigation of initiatives and projects about all Group companies;
- consolidation of **dialogue** already begun, analysis and extension of the areas of activity involved through specific meetings and participation in conventions on environmental matters;

• preparation, with the territorial consumer associations and local administrations, of the quality charters



of the environmental services in the municipalities managed by Aprica;

 promotion of the A2A
 "Mission: Earth" project in the territory of Campania and other environmental education initiatives, including "The game of the 4 Rs" carried out at a school of the Neapolitan district of Scampia, in collaboration with the associations Acssa, Adiconsum, Amici della Terra and Lega Consumatori (see also page 146).

> 9 Intellectual capital

Letter to

Note

Model

3

Governance

Sustainabilitu

Stakeholder

engagement

analysis

Financial

capital

capital

Natural

capital

Human

capital

8

5

6

and materiality

Manufacturing

strategy

stakeholders

Methodological

The A2A Group

and its Business

10 Relational capital

Relations with Customer

the Community

Relations with Suppliers

Independent Auditor's Report

GRI Content Index

138

Sports initiatives

Cultural initiatives

Environmental

initiatives

initiatives

Social and institutional

Figure 60_Sponsorships by area of activity

14

25

7

%

With reference to **conciliation** activities, 2017 was the year in which the new **Memorandum of Understanding was started between A2A and the national consumer associations for the promotion of joint multiservice conciliation, aimed at ensuring an amicable settlement of any disputes** that may arise between consumers and A2A in respect of the supply and distribution of gas, electricity, water and district heating. Following the adoption of the new consumer protection tool, a considerable increase has been recorded in the amount of conciliations with respect to the previous year. A significant increase has also been seen in the number of conciliations received by means of the service managed by the Sole Buyer.

As regards the **Conciliation Service managed by the Sole Buyer**, in 2017, 62 requests were received: 33 by A2A Energia, 21 by LineaPiù and 8 by Unareti. Unareti also received **51 (compulsory) summonses** as technical aide insofar as necessary and essential to the correct, effective processing of the disputes for conciliations started by customers of other sales companies. As concerns **joint conciliations**, the conciliation secretariat of the ADR A2A-Consumer Associations body has received 41 requests from gas and electricity customers mainly relating to aspects connected with the measurement of consumptions and billing.

According to that introduced by the Integrated Conciliation Act (TICO) approved by ARERA, as from January 2017, electricity and gas customers, domestic and otherwise, must apply for conciliation to settle any disputes the settled through complaints made to operators. The compulsory conciliation attempt can be made through the organisations envisaged by the TICO, including ADR A2A - Consumer Associations, as well as the Chambers of Commerce and other recognised organisations. The obligation to seek conciliation will also apply progressively to other regulated sectors. In the event of failure, an attempt at conciliation is an essential condition in order to be able to proceed with a lawsuit, whilst the minutes of the agreement constitutes executive deed between the parties.

BANCO DELL'ENERGIA ONLUS

In 2017, the initiative entered its most important phase, through the **Doniamo Energia tender**, promoted in collaboration with the Cariplo Foundation, choosing the projects to receive contributions for a total of 2 million euros. More specifically, the 15 initiatives, promoted by partnerships of 68 entities, aiming to support situations of social and economic vulnerability throughout the territory of Lombardy, were selected and published on-line. The final addressees (approximately 6 thousand people) will be intercepted by the entities and involved in a path that will flank payment of urgent expenses (such as bills of any energy operator) with a more global support action to fight the risk of a slipping down into poverty. programmes by contacting the lead partners directly, according to their territory.

To take part in the fund-raising, in addition to using the bill, a free donation can be made on their postal bill, bank transfer or credit card.

A2A has made a contribution by doubling donations made by domestic customers of A2A Energia with the **aim, which was reached, of rising to 1 million euros by December 31, 2017**.

Banco dell'energia Onlus, with the support of A2A and the AEM and ASM Foundations, has already activated the new fund-raising session, together with a round table with the Cariplo Foundation, for the definition and support of another edition of the tender.

10.2.5 Responsible investments in the community

The Group has always offered its support to multiple social activities and initiatives, which have allowed it to collaborate closely with the reference community.

In 2017, the Group's **total investment** in the community came to approximately 5.8 million euros including contributions made in sponsorships, donations and support of the Group Foundations.

Sponsorships of sports, social, environmental and cultural activities in favour of the territory come to approximately 1.3 million euros.

The main sponsorships include:

 the IX National Conference on Energy Efficiency and the Forum "Quale Energia?" 2017, two of the most important national events dedicated to energy matters, with a focus on climate policies and sustainability issues;

54

- the "Light Festival" for the LED lighting project of Brescia castle;
- the contribution made to the young sports associations of Acerra;
- sponsorship of the XV edition of Bergamoscienza;
- the 46th edition of Stramilano;
- the international wheelchair tennis tournament of the city of Cremona.

This year, once again A2A stays close to communities most in difficulty with the valuable contribution of the 8 volunteers from **the Group's Civil Protection Association**, which have reached some areas of Abruzzo struck by the earthquake, to help remove the thick layer of snow that has settled on the house roofs and avoid further collapses.

Letter to stakeholders

Methodological Note

I The A2A Group and its Business Model

2 Governance

3 Sustainability strategy

4 Stakeholder engagement and materiality analysis

5 Financial capital

6 Manufacturing capital

7 Natural capital 8

Human capital

9

Intellectual capital

10 Relational capital

Relations with Customers

Community

Relations with Suppliers

Independent Auditor's Report

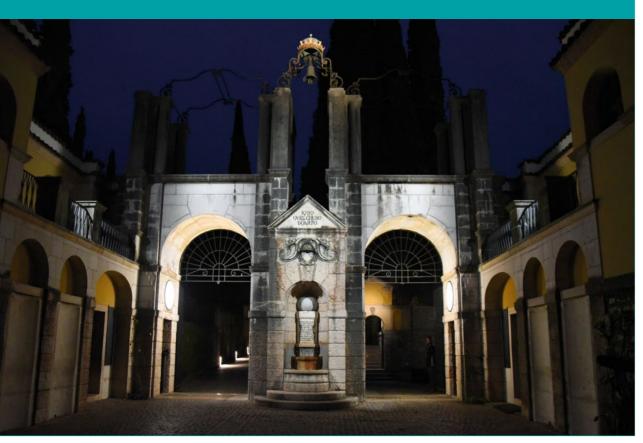


A2A AND OPTIMISATION OF THE ARTISTIC AND CULTURAL HERITAGE OF THE TERRITORIES

In line with the aim of spreading the culture of energy savings, A2A has pursued an important LED public lighting plan aimed at optimising the artistic and cultural heritage of the territory of Brescia. Thanks to the collaboration between A2A and Brescia City Council, the artistic and monumental LED lighting plan of 37 sites, including monuments, buildings, churches and town squares, has been completed.

On June 1, 2017, an important new technical lighting event was also opened to optimise the Vittoriale degli Italiani. Thanks to A2A, more than 200 LED appliances have been installed, including projectors, built-in solutions, wall-mounted lights, bars and relamping solutions.

Art, music and technology take a starring role in Cremona, in the installation "L'anima della città". The work of art, designed by architect Palù and made interactive by Linea Com (LGH) is built from highlyecological stainless steel and reproduces a violin that stands eight metres tall. The instrument represents the symbol of the city. Well-defined in the lower part, it gradually changes colour until its semblances are lost and it becomes an abstract figure in the upper part. It is the first example of interactive sculpture in the citu; thanks to the presence of sensors, in approaching the installation, a pleasant melody is diffused, recorded using musical instruments on display in the Violin Museum. A QR code gives access to the dedicated website for more information about the work and its author.



10.2.6 Education and training

For A2A, environmental education is the main way by which the younger generation can get to know the complex interactions of the natural world and humans. The Group therefore implements numerous activities aiming to sensitise the general public in this respect. The main aim is to foster the growth of an environmental conscience and an aware conduct aiming to improve the quality of our territories.

As part of the **School Project**, the Group offers guided tours of its sites and plants, all year round. In 2017, participation grew strongly (+48%), with more than **31 thousand visitors**, of whom 25 thousand students from more than 3 thousand schools.

Casa dell'Energia e dell'Ambiente in Milan remains the most visited site, with 7 thousand entries recorded. This structure, the operational

premises of the AEM Foundation, is a museum open to schools and to the public, where it is possible to learn about and explore the issues relating to the world of energy and sustainability. The **AEM Foundation** has always been committed to supporting scientific research, training and the development of innovative knowledge and skills in the field of energy and environmental sustainability throughout Lombardy and in particular in the areas of Milan and Valtellina. In a parallel fashion, the **ASM Foundation**, with activities dedicated to social aspects, the promotion of art and culture, as well as support for training and environmental protection, operates in the territories of Brescia and Bergamo.

The table below shows the main **environmental** education projects, on both a national and territorial level, that involved primary and secondary schools in 2017.

INITIATIVE	DESCRIPTION	REFERENCE AREA	6 M
Message from space - Energy from the universe	Educational test intended for schools on national territory, which required young boys and girls to create "efficient" digital planets, examples of sustainable life for the earth. 1,237 teaching kits were given out in 1,045 schools, involving more than 620 thousand teachers, students and families.	National	Ca 7 N Ca
Il Gioco delle 4R (The Game of the 4Rs)	Interactive teaching exhibition focussed on the waste cycle (reduction, reuse, recycling and recovery), intended for primary and middle schools (for more information, see the box on page 144).	National	8 H
Ogni cosa al suo posto (Everything in its place)	The second edition of the theatrical installation, developed thanks to the support of the ASM Foundation at the Natural Science Museum, with the participation of more than 2 thousand students, who learnt about the methods and advantages of the new separate waste collection system run in the city.	Brescia	ca 9 Ir ca
La nostra energia per l'ambiente (Our energy for the environment)	Seventh edition of the traditional television quiz that involved the students of 6 primary schools and 6 secondary schools.	Brescia	1 R ca
Natur.acqua	Scientific-cultural route developed in collaboration with AmbienteParco, which involved more than 2 thousand children from primary and middle schools.	Brescia	Ri W Ri
Brescia in Circolo	Sunday event dedicated to families and schools, based on theatrical installations and performances on environmental sustainability, organised for the first time in collaboration with Brescia Mobilità.	Brescia	th Re Su
Action 2 Art	Teaching project on recycling and the circular economy, which involves 10 classes of the secondary schools visiting plants, teaching laboratories and a final educational test involving the design and development of seating for public spaces, using recovered materials/objects. This initiative stems from the A2A forumAscolto programme.	Bergamo	In Au Ré
Scuola Energetica (Energy school)	The project involved 280 students from the local secondary schools, supported by experts, in informative meetings, energy diagnoses and the development of proposed interventions, with a final prize for the most environmentally-sustainable school. This initiative stems from the A2A forumAscolto programme.	Valtellina	Gi Ca In
Varese manca poco (Varese isn't far off)	Campaign to promote awareness towards separate waste collection, which involved 1,880 students from the citu's secondary schools, through training meetings, the free distribution of informative materials and ecological islands for the collection of paper and cardboard, plastic and metals. This initiative stems from the A2A forumAscolto programme.	Varese	
La scuola in bolletta (The school on the bill)	The project stems from the scientific collaboration of the world of services (LGH), research (RSE) and the school, aimed at promoting energy efficiency and energy saving interventions in schools. Students from forty or so secondary schools were involved in the energy audits and the construction of an energy database of school buildings.	Crema, Cremona, Lodi, Rovato	

Letter to stakeholders

Methodological Note

The A2A Group and its Business Model

Governance

3

Sustainability strategy Stakeholder engagement and materiality

analysis

5

Financial capital

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Relations with uppliers

dependent uditor's Report

Apart from the visits and territorial initiatives, public meetings were proposed and lessons in the classroom on matters relating to environmental education and sustainability that involved 1,200 people of the Milan province and almost 13 thousand in Brescia, Como and Mantua.

Moreover, events and initiatives dedicated to school teachers and heads were organised, including some workshops, like that in Brescia, with more than 70 participants, and the event in Milan, hinged on food wastage discussed at a round table.

IL GIOCO DELLE 4R (THE GAME OF THE 4RS)

In 2017, Amsa and A2A Ambiente, in collaboration with the AEM Foundation, have proposed "The game of the 4Rs", an interactive teaching exhibition focussed on the waste cycle and intended for primary and middle schools. The game is a fun route that helps reflect on four keywords: reduction, reuse, recycling and recovery. Through interactive teaching paths, hinged on quizzes and games, sustainable, responsible conduct is stipulated towards the





environment that surrounds us, thereby managing to adopt behaviour that helps foster recycling and reuse practices. As an "edutainment" tool that is both involving and interactive, the exhibition was proposed in Naples, Brescia and Milan and involved approximately 2,300 visitors. In particular, in Naples, in just 3 months, <u>39 classes were hosted (975</u> students), in Brescia, at the Ambiente Parco, more than 700 children took part and in Milan, at Casa dell'Energia e dell'Ambiente, more than 500 children were involved.

10.2.7 External communication

In 2017, the Press Office produced a total of 344 media communications. 76% of the communications were given out as Press releases with the remaining 24% taking the form of letters. In 2017, there were more than 300 opportunities to meet with journalists, amongst interviews and one-to-one dialogues, press conferences and press visits.

The A2A Group is present on the following social channels: Facebook, LinkedIn and Twitter. Social communication allows for a more direct contact with citizens, sensitising them to key matters for the Group, such as, for example, separate waste collection and energy saving. It is also possible to start up social media caring flows to promptly intercept critical issues and reports to be conveyed to customer care channels and, finally, to get to know and collect the main issues discussed on the internet, as opportunities for development to be implemented in new services and products.

In 2017, a three-year path was launched aimed at ensuring the creation of a "digital ecosystem" for the Group, with the aim of creating value for

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stakeholders as well as improving the Group's digital positioning. The route entails the passage from a logic of pure information to one of communication, which envisages the involvement of users also from a value viewpoint. This entails a new editorial approach focussed on the valuation of services offered and projects, with particular attention paid to integrated and transversal services; the offer of new on-line services, which aim to improve the quality of life in the cities and territories and to facilitate contact with Group companies; further investigation of matters of innovation; the launch of on-line communication campaigns that stimulate the involvement of internal and external stakeholders.

To best present the Group, the corporate news and business activities, in 2017 the new corporate website www.a2a.eu was therefore designed. The website dedicated to sustainability reporting (www.valoresostenibilea2a.eu) and the website of the new company A2A Illuminazione Pubblica (www.a2ailluminazionepubblica.eu) were also developed.

6 Manufacturing capital

Natural capital 8

Human capital

capital 10

Relationa capital Relations

with Customer

Relations with Suppliers

Independent Auditor's Report

GRI Content Index



Letter to stakeholders

> Methodological Note

The A2A Group and its Business Model

Governance

3 Sustainabilitu strategy

Stakeholder engagement and materiality analysis

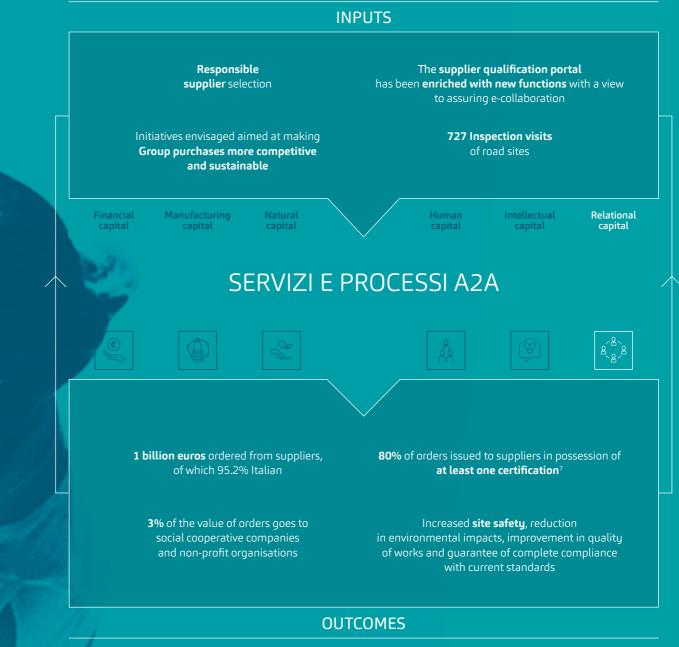
5 Financial capital

> 9 Intellectual

145



10 Relational capital *Suppliers*



7. Does not include new consolidated companies in the 2017 NFD scope.

MATERIAL ISSUES	DESCRIPTION	RISK FACTORS FOR SUSTAINABILITY	MANAGEMENT METHOD	2017 ACTIONS	SUSTAINABILITY PLAN ACTION
RESPONSIBLE MANAGEMENT OF THE SUPPLY CHAIN	Adoption of supplier, collaborator and commercial partner selection policies to ensure that they apply fair, transparent processes integrating sustainability criteria; the promotion of social responsibility practices amongst suppliers, stimulating the improvement to reliability and safety in supplying services.	Risks to the health and safety of workers of third party companies. Possibility of unethical conduct. Non- compliance with environmental law.	Continuous involvement of suppliers with the aim of spreading awareness of sustainability issues. Adoption of controls to verify the requirements of supplier suitability, QAS certifications and any other specific certifications for the type of goods. Adaptation of company procedures to envisage the stipulation by a supplier of an ethical clause and a declaration of compliance with the legality protocol. Progressive development of a process for the qualification and choice of suppliers, commercial partners and collaborators integrating sustainability.	New functions in terms of e-collaboration on the A2A Suppliers Portal. Launched a Supplier Chain Management transformation plan to make purchases more competitive and sustainable. Site controls and engagement activities continued.	PEOPLE INNOVATION - Responsible procurement

43-44.

For more detailed information, which allows for a better

available for consultation in the Supplement, on pages

17

Generation and Trading

Commercial

Networks and Heat

Environment

Other

comparison of data of different years, see the tables

10

Figure 61_Order value by business unit

%

44

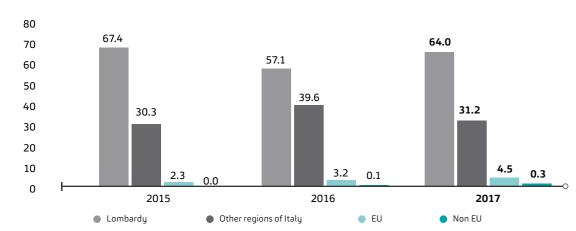
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In order to create value in the long-term, the A2A Group aims to establish a responsible relationship with its supply chain, through which to consolidate fair, transparent relations.

During the year, **21,549 orders** were issued by Group companies for supplies, services or works, making for a total value of more than **1 billion euros**. **95%** of orders are placed with **Italian suppliers**.

The 2017 figures refer to a different consolidation perimeter than 2016. The total number of orders and value ordered in 2017 in fact consider the purchase volumes of the LGH Group companies, as well as the companies LA Bi.CO DUE and Rieco-Resmal, which in 2016 had not been included in the perimeter.

Figure 62_Geographic breakdown of orders [GRI 204-1] - (%)



In addition to the amount spent on supplies, works and services, approximately **1.2 billion euros** were spent on the **purchase of fuels** used in Group plants or conveyed as carrier to end customers, of which 83% for natural gas. Carbon purchases were made 16% from Russia, 65% from Colombia and 19% from Kazakhstan.

Letter to stakeholders

Methodological Note

The A2A Group and its Business Model

Governance

Sustainability

Stakeholder

engagement

and materiality analysis

Manufacturing

strategy

3

5

6

Financial

capital

capital

Natural

capital

SUPPLIER PORTAL

The A2A Suppliers Portal is an on-line platform through which the businesses wishing to collaborate with Group companies can request inclusion on the list, start/renew the qualification process for their category of products, take part in on-line tenders and request authorisation to subcontract, using an entirely digital process.

For suppliers registered with the A2A list, the portal is a sort of "showcase" towards all Group companies, to be supplemented with information and documents that are always up-to-date. Next year, a specific qualification process will be started for start-ups offering the A2A Group innovation projects.

In 2017, the Portal was enriched with new functions, with a view to assuring e-collaboration, also in order to make the purchase order generation process more sustainable (elimination of paper, reduction of use of printers, etc.). More specifically, a new section has been added, called "Contract Management", through which the purchase contract is issued, completed and activated, thereby significantly reducing the time necessary to prepare contracts, eliminating all hard copy stages, both internally and externally, assuring greater traceability of the process phases and the collection and exchange of documents with suppliers when activating the contract. The whole process is entirely digital.

The dematerialisation process will continue in 2018 and mainly regards the European Qualification Systems in compliance with Italian Legislative Decree no. 50/2016. The introduction of a new vendor rating system is also being studied, through the real time monitoring of supplier performance.

Human capital 9 Intellectual capital

8

Relational capital Relations

with Customers Relations with the Community

Suppliers

Independent Auditor's Report

GRI Content Index

Control visits were therefore carried out on a

sample of road sites (considering the census of

to assess compliance with provisions on health

and safety at work (Italian Legislative Decree

no. 81/2008) and environmental ones (Italian

sites open and the various types of intervention),

Legislative Decree no. 152/2006), with the help of

specific check-lists and photographs, thereafter

sharing the results of the inspections in periodic

analytical reports sent to the company structures

10.3.1 Sustainable management of the value chain

The Group operates with suppliers that apply high standards in terms of staff health and safety and environmental protection. To this end, A2A has adopted a specific system by which to assess the suitability of companies, so as to ensure the technical and economic-financial capacity in line with the legal requirements and the provisions of the Group Code of Ethics (in respect of the Organisational Model pursuant to Italian Legislative Decree no. 231/2001).

In the selection and validation of suppliers, A2A is open to all companies interested in participating in tenders called by the Group, ensuring the maintenance of a Qualified Vendor List by product category, which buyers must refer to for the definition of "vendor list" of a tender.

Qualification remains valid for 36 months but may be revoked early if risk factors should arise or there should be negative changes in performance assessments.

Each supplier is assigned a global score, calculated as the average of the preventive assessment, made on the

Figure 63_Qualified A2A Group suppliers by certification held*

	2015	2016	2017
ISO9001	2,741	2,800	1,981
IS014001	920	915	566
OHSAS18001	620	662	610
SA8000	-	22	62
Respondents to the TenP (Global Compact) questionnaire	-	22	71
With at least one certification	2,768	2,843	2,215

* Does not include new consolidated companies according to the 2017 scope.

basis of the information collected during qualification (incident indexes, certificates obtained, financial rating, etc.) and the assessment of performance, given by the supplier's conduct during contract performance. If the global scoring assigned to a supplier is insufficient, A2A reserves the right to take steps such as suspending, revoking qualification or starting an audit.

The qualification process needed for subscription or renewal to the Supplier Register also requires information, according to the risk class assigned to the goods category, to further investigate specific aspects relevant to sustainability (such as, for example, impacts deriving from waste management, the carbon footprint, the impacts on safety at work, etc.).

In 2017, the Supply Chain Management launched a **transformation plan** that envisages the introduction of a series of initiatives (including purchase planning, lean procurement, design to cost and strategic sourcing) aimed at making Group purchases more competitive and sustainable.

10.3.2 Site management

In recent years, the Group has paid increasing attention to employee safety throughout the supply chain, assigning responsibility and sensitising above all contracting companies. In particular, 2016 saw the Networks and Heat BU carry out strict controls over site management for works assigned to external companies.

Checks particularly regard: effective implementation of the commissioned works, respect for timing, use of established materials, performing the tests requested, environmental and social impact and the provisions of the tender specifications.

Figure 64_Site inspections - summary

	2016	2017		
Sites visited	1,406	727		
Companies concerned	Unareti, A2A Ciclo Idrico, A2A Calore & Servizi, A2A Illuminazione Pubblica	Unareti, A2A Ciclo Idrico, A2A Calore & Servizi, A2A Illuminazione Pubblica		
Areas concerned	Province: Milan, Bergamo and Brescia	Province: Milan, Bergamo and Brescia		
Action taken	Training and information action planned that, during the early months of 2017, will involve both internal operators and contractors.	Completion of training planned in 2016. Introduction of the tablet for line controls. Constant information on the results of inspections to all parties concerned.		
Results expected	Minimise anomalies with a consequent improvement to safety, reduction in environmental impacts, improvement in quality of works and guarantee of complete compliance with current standards.			

involved.

Letter to stakeholders

Methodological Note

1 The A2A Group and its Business Model

Governance

3 Sustainability strategy

4 Stakeholder engagement and materiality analysis

5

Financial capital 6

Manufacturing capital

/ Natural capital

8 Human capital

9 Intellectual capital

10 Relational capital

Relations with Customers

Relations with the Communitu

> Relations with Suppliers

Independent Auditor's Report

GRI Content Index

EY Building a better	EY S.p.A. Via Po, 32 00198 Roma	Te\ +39 06 324751 Fax: +39 06 32475: ey.com			Letter to stakeholder Methodolog Note
working world					1 The A2A Gr and its Bus Model
information in a and with article	accordance with	article 3, par. 10, o egulation adopted w	disclosure of non-fina of Legislative Decree vith Resolution 20263	254/2016	2 Governance 3 Sustainabil strategy
To the Board of Di A2A S.p.A.	irectors of				4 Stakeholde
Legislative Decree	e 30 December, 201	6, n. 254 (hereinafter "	it to article 3, paragraph 1 Decree") and article 5 of 1 ted disclosure of non-finar	Consob	engagemer and materia analysis
information of A2. December 31, 201	A S.p.A. and its subs	sidiaries (hereinafter the th article 4 of the Decre	e "Group") for the year er e and approved by the Bo	nded on	5 Financial capital
Responsibilitie	s of Directors ar	nd Board of Statuto	ry Auditors for the D)NF	6 Manufactur
articles 3 and 4 of	the Decree and the y GRI - Global Repor	"Global Reporting Initia	in accordance with the rea ative Sustainability Report ndards"), identified by the	ting Standards"	capital 7 Natural capital
that they consider	necessary in order		by law, for that part of in n of the DNF that is free fr or events.		8 Human capital
mentioned in artic Group and to the e	le 3, par. 1, of the D	ecree, considering the ssary to ensure the und	s of the DNF within the ma business and the characte lerstanding of the Group's	eristics of the	9 Intellectual capital 10
model, as well as v	with reference to the	e matters identified and	anagement and organizati reported in the DNF, for t iks generated or incurred	the policies	Relational capital
	utory Auditors is res th the requirements		ms provided by the law, fo	or overseeing	Independe Auditor's Report
Auditors' indep	pendence and qu	ality control			GRI Content
for Professional A based on fundame confidentiality and Control 1 (ISQC Ita	ccountants issued b ental principles of int d professional behav alia 1) and, as a resu dures regarding con	y the International Ethic tegrity, objectivity, prof rior. Our audit firm appli ult, maintains a quality o	ndence principles of the C cs Standards Board for Ac essional competence and ies the International Stand control system that includ quirements, professional s	ccountants, diligence, dard on Quality les documented	Index
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stakeholders Methodological Vote

The A2A Group and its Business Model

Governance

Sustainability strategy

> Stakeholder engagement and materiality analysis

Manufacturing capital

Independent Auditor's Report



Auditors' responsibility

It is our responsibility to express, on the basis of the procedures performed, a conclusion about the compliance of the DNF with the requirements of the Decree and of the GRI Standards. Our work has been performed in accordance with the principle of "International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information" (hereinafter "ISAE 3000 Revised"), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. This standard requires the planning and execution of work in order to obtain a limited assurance that the DNF is free from material misstatements. Therefore, the extent of work performed in our examination was lower than that required for a full examination according to the ISAE 3000 Revised ("reasonable assurance engagement") and, hence, it does not provide assurance that we have become aware of all significant matters and events that would be identified during a reasonable assurance engagement.

The procedures performed on the DNF were based on our professional judgment and included inquiries, primarily with company's personnel responsible for the preparation of the information included in the DNF, documents analysis, recalculations and other procedures in order to obtain evidences considered appropriate.

In particular, we have performed the following procedures:

- analysis of the relevant topics in relation to the activities and characteristics of the Group reported in the DNF, in order to assess the reasonableness of the selection process applied in accordance with the provisions of article 3 of the Decree and considering the reporting standard applied;
- analysis and evaluation of the criteria for identifying the consolidation area, in order to evaluate its compliance with the provisions of the Decree;
- comparison of the economic and financial data and information included in the DNF with those included in the A2A Group's consolidated financial statements;
- 4. understanding of the following aspects:
 - group's management and organization business model, with reference to the management of the topics indicated in article 3 of the Decree;
 - policies adopted by the Group related to the matters indicated in art. 3 of the Decree, results achieved and related key performance indicators;
 - main risks, generated or suffered related to the matters indicated in the article 3 of the Decree.

With regards to these aspects, we obtained the documentation supporting the information contained in the DNF and performed the procedures described in item 5. a) below.

5. understanding of the processes that lead to the generation, detection and management of significant qualitative and quantitative information included in the DNF.

In particular, we have conducted interviews and discussions with the management of A2A S.p.A. and with the personnel of A2A S.p.A., Linea Group Holding S.p.A., A2A Energiefuture S.p.A., A2A Ambiente S.p.A., Linea Reti e Impianti S.r.I. and we have performed limited documentary evidence procedures, in order to collect information about the processes and procedures that support the collection, aggregation, processing and transmission of non-financial data and information to the management responsible for the preparation of the DNF.



Furthermore, for significant information, considering the Group activities and characteristics:

at Group level

- a) with reference to the qualitative information included in the DNF, and in particular to the business model, policies implemented and main risks, we carried out inquiries and acquired supporting documentation to verify its consistency with the available evidence;
- b) with reference to quantitative information, we have performed both analytical procedures and limited assurance procedures to ascertain on a sample basis the correct aggregation of data.
- for A2A Energiefuture S.p.A. (San Filippo del Mela thermoelectric plant), A2A Ambiente S.p.A. (Brescia waste-to-energy plant) and Linea Reti e Impianti S.r.I. (Cremona cogeneration plant), that we have selected based on their activities, relevance to the consolidated performance indicators and locations, we have carried out site visits during which we have had discussions with management and have obtained evidence about the appropriate application of the procedures and the calculation methods used to determine the indicators.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the DNF of the A2A Group for the year ended on December 31, 2017 has not been prepared, in all material aspects, in accordance with the requirements of articles 3 and 4 of the Decree and the GRI Standards.

Other Information

The Group has prepared the document "Integrated Report" for the years ended December 31, 2015 and 2016; such data are presented for comparative purposes in the DNF. This document has been subject to voluntary limited assurance procedures in accordance with ISAE 3000 by EY for year ended December 31, 2016 and by PricewaterhouseCoopers S.p.A. for year ended December 31, 2015, that have expressed an unqualified conclusion.

Milan, March 27, 2018

3

EY S.p.A. Signed by: Massimo Antonelli, Partner

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

Letter to stakeholders

> Methodological Note

1 The A2A Group and its Business Model

∠ Governance

3 Sustainability strategy

Stakeholder engagement and materiality analysis

Financial capital

Manufacturing capital

5

7 Natural capital 8

Human

capital 9

Intellectual capital

Relational capital

Independen Auditor's Report

GRI Content Index

GRI Content Index

General Standard Disclosure

	INDICATORS	MAIN DOCUMENT	SUPPLEMENT
Organiza	tional profile		
D 102-1	Name of the organization	10	
D 102-2	Activities, brands, products, and services	10 - 15	
D 102-3	Location of headquarters	Colophon	
D 102-4	Location of operations	12, 13, 59, 62, 65, 67, 68	
D 102-5	Ownership and legal form	53	
D 102-6	Markets served	10-17, 115, 126, 127, 130	
D 102-7	Scale of the organization	12, 13	
D 102-8	Information on employees and other workers	89 - 91	21, 22
D 102-9	Supply chain	14, 15, 147-151	
D 102-10	Significant changes to the organization and its supply chain	4 - 7	
D 102-11	Precautionary principle or approach	24, 25, 52, 58, 72, 90, 104, 114, 136, 148	
D 102-12	External initiatives	30	
D 102-13	Membership of associations	30, 137	
EU 1	Installed capacity, broken down by primary energy source and by regulatory regime	59, 62, 68	
EU 2	Net energy output broken down by primary energy source and by regulatory regime	12	9, 13
EU 3	Number of residential, industrial, institutional and commercial customer accounts	114, 115	31
EU 4	Length of above and underground transmission and distribution lines by regulatory regime	65	10
EU 5	Allocations of CO_{2e} emissions allowances or equivalent, broken down by carbon trading framework	75	
Strategy			
D102-14	Statement from senior decision-maker	2,3	
D102-15	Key impacts, risks and opportunities	16, 17, 22-25, 32-41, 52, 58, 72, 90, 104, 114, 136, 148	
Ethical as	pects		
D102-16	Values, principles, standards, and norms of behavior	16, 17, 22, 23	
D102-17	Mechanisms for advice and concerns about ethics	22	

	INDICATORS	MAIN DOCUMENT	SUPPLEMENT
Governar	ice		
D102-18	Governance structure	20, 21	
D102-20	Executive-level responsibility for economic, environmental, and social topics	20, 21	
D102-21	Consulting stakeholders on economic, environmental, and social topics	20	
D102-22	Composition of the highest governance body and its committees	20, 21	
D102-23	Chair of the highest governance body	20, 21	
D102-27	Collective knowledge of highest governance body	20, 21	
D102-32	Highest governance body's role in sustainability reporting	4-7, 20-21	
Stakehol	der engagement		
D102-40	List of stakeholder groups	44	2-4
D102-41	Collective bargaining agreements	92	
D102-42	Identifying and selecting stakeholders	44	
D102-43	Approach to stakeholder engagement	44 - 47	2-4
D102-44	Key topics and concerns raised	48, 49	2-4
Reporting	g practice		
D102-45	Entities included in the consolidated financial statements	6, 7 + CFS*	
D102-46	Defining report content and topic Boundaries	4 - 7, 48 - 49	
D102-47	List of material topics	48, 49	
D102-48	Restatements of information	4 - 7	
D102-49	Changes in reporting	49	
D102-50	Reporting period	4-7	
D102-51	Date of most recent report	4-7	
D102-52	Reporting cycle	4-7	
D102-53	Contact point for questions regarding the report	Colophon	
D102-54	Claims of reporting in accordance with the GRI Standards	4-7	
D102-55	GRI Content Index	156 - 160	
D102-56	External assurance	152 - 155	

* Consolidated Financial Statements 2017 - Annex 3 - List of companies included in the CFS.

Letter to stakeholders

Methodological Note

1 The A2A Group and its Business Model

2 Governance

3 Sustainability strategy

4 Stakeholder engagement and materiality

analysis

5 Financial capital

6 Manufacturing capital

7 Natural capital 8 Human capital 9 Intellectual

capital

Relational capital

Independent Auditor's Report

GRI Content Index

> ieneral Standard Disclosure

Specific Standard Disclosure

Specific Standard Disclosure

		REFERENCES A	ND OMISSIONS
	INDICATORS	MAIN DOCUMENT	SUPPLEMENT
Economi	c performance (GRI 201)		
D 103-1	Explanation of the material topic and its Boundary	52	4, 5
D 103-2	The management approach and its components	52	
D 103-3	Evaluation of the management approach	52	
D 201-1	Direct economic value generated and distributed	52	6-8
D 201-4	Financial assistance received from government		6
Indirect	economic impacts (GRI 203)		
D 103-1	Explanation of the material topic and its Boundary	52	4, 5
D 103-2	The management approach and its components	52	
D 103-3	Evaluation of the management approach	52	
D 203-1	Infrastructure investments and services supported	55, 60, 61, 64, 66, 67, 69	
D 203-2	Significant indirect economic impacts	129, 136, 140, 147	
Procurer	nent practices (GRI 204)		
D 103-1	Explanation of the material topic and its Boundary	148	4, 5
D 103-2	The management approach and its components	148	
D 103-3	Evaluation of the management approach	148	
D 204-1	Proportion of spending on local suppliers	147, 148	43
Anti-cor	uption (GRI 205)		
D 103-1	Explanation of the material topic and its Boundary	25	4, 5
D 103-2	The management approach and its components	25	
D 103-3	Evaluation of the management approach	25	
D 205-1	Operations assessed for risks related to corruption	22	
D 205-3	Confirmed incidents of corruption and actions taken	22	
Anti-con	petitive conduct (GRI 206)		
D 103-1	Explanation of the material topic and its Boundary	25, 114	4, 5
D 103-2	The management approach and its components	25, 114	
D 103-3	Evaluation of the management approach	25, 114	
D 206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices		45 + CFS* + RO**
Material	s (GRI 301)		
D 103-1	Explanation of the material topic and its Boundary	72	4, 5
D 103-2	The management approach and its components	72	
D 103-3	Evaluation of the management approach	72	
D 301-1	Materials used by weight or volume	71, 76, 79, 80, 82, 83, 85	14, 16, 18, 20

* Consolidated Financial Statements 2017 - Paragraph 3 - Notes - Other information - 7) Update of the main legal and tax disputes still pending. ** Report on Operations as at December 31, 2017 - Paragraph 3 - Evolution of the regulation and impacts on the Business Units of the A2A Group.

				stakeholder
		REFERENCES A	ND OMISSIONS	Methodolog
	INDICATORS	MAIN DOCUMENT	SUPPLEMENT	Note 1
Energy ((GRI 302)			The A2A Gr and its Busi
D 103-1	Explanation of the material topic and its Boundary	72	4, 5	Model
D 103-2	The management approach and its components	72		2 Governance
0 103-3	Evaluation of the management approach	72		3
0 302-1	Energy consumption within the organization	71, 80, 82, 85	14, 16, 18, 20	Sustainabil
0 302-3	Energy intensity	79	13	strategy
0 302-4	Reduction of energy consumption	64, 66-69, 74		4 Stakeholde
Vater (G	RI 303)			engagemer and materia
0 103-1	Explanation of the material topic and its Boundary	72	4, 5	analysis
103-2	The management approach and its components	72		5 Financial
0 103-3	Evaluation of the management approach	72		capital
0 303-1	Water withdrawal by source	76, 80, 82, 83, 85	14, 16, 18, 20	6 Manufactu
mission	s (GRI 305)			capital
0 103-1	Explanation of the material topic and its Boundary	72	4, 5	7 Natural
0 103-2	The management approach and its components	72		capital
D 103-3	Evaluation of the management approach	72		8
0 305-1	Direct (Scope 1) GHG emissions	71, 74	15, 17, 19, 20	Human capital
D 305-2	Energy indirect (Scope 2) GHG emissions	71, 74	15, 17, 19, 20	9
D 305-3	Other indirect (Scope 3) GHG emissions	71, 74	13	Intellectual capital
0 305-4	GHG emission intensity	74		10
0 305-5	Reduction of GHG emissions	36, 37, 63		Relational capital
0 305-7	Nitrogen oxides (NO _x), sulfur oxides (SO _x), and other significant air emissions	71, 81, 83, 86	13, 15, 17, 19, 20	Independer
ffluents	and waste (GRI 306)			Auditor's Report
0 103-1	Explanation of the material topic and its Boundary	72	4, 5	· ·
0 103-2	The management approach and its components	72		GRI Content
D 103-3	Evaluation of the management approach	72		Index General
0 306-1	Water discharge by quality and destination	71, 81, 84, 86	14, 16, 18	Standard Disclosure
0 306-2	Waste by type and disposal method	81, 84, 87	15, 17, 19, 20	Specific
nvironn	nental compliance (GRI 307)			Standard Disclosure
0 103-1	Explanation of the material topic and its Boundary	25	4, 5	
0 103-2	The management approach and its components	25		
0 103-3	Evaluation of the management approach	25		
0 307-1	Non-compliance with environmental law and regulations		13, 46	

Letter to stakeholders

GRI Content Index

158

		REFERENCES A	ND OMISSIONS
	INDICATORS	MAIN DOCUMENT	SUPPLEMENT
Supplier	environmental assessment (GRI 308)		
D 103-1	Explanation of the material topic and its Boundary	148	4, 5
D 103-2	The management approach and its components	148	
D 103-3	Evaluation of the management approach	148	
D 308-1	New suppliers that were screened using environmental criteria	40, 41, 149, 150	
Employn	ent (GRI 401)		
D 103-1	Explanation of the material topic and its Boundary	90	4, 5
D 103-2	The management approach and its components	90	
D 103-3	Evaluation of the management approach	90	
D 401-1	New employee hires and employee turnover	89, 91	22, 23
EU 17	Days worked by third-party employees involved in construction, operation and maintenance		27
EU 18	Percentage of third-party employees that have undergone relevant health and safety training	94	27
Occupati	onal health and safety (GRI 403)		
D 103-1	Explanation of the material topic and its Boundary	90	4, 5
D 103-2	The management approach and its components	90	
D 103-3	Evaluation of the management approach	90	
D 403-1	Workers representation in formal joint management - worker health and safety committees		28
		89, 93	27-29
D 403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	rate, by gender, is not o Group undertakes to mal	to calculate the lost day currently available. The ke this indicator available kt few years.
Training	and education (GRI 404)		
D 103-1	Explanation of the material topic and its Boundary	90	4, 5
D 103-2	The management approach and its components	90	
D 103-3	Evaluation of the management approach	90	
D 404-1	Average hours of training per year per employee	89, 97	26
Diversity	and equal opportunity (GRI 405)	·	·
D 103-1	Explanation of the material topic and its Boundary	90	4, 5
D 103-2	The management approach and its components	90	
D 103-3	Evaluation of the management approach	90	
D 405-1	Diversity of governance bodies and employees	20, 21	21, 24, 25
D 405-2	Ratio of basic salary and remuneration of women to men	101	

		REFERENCES A	ND OMISSIONS	Letter to
	INDICATORS	MAIN DOCUMENT	SUPPLEMENT	stakehol
Non disc	rimination (GRI 406)			Methodo Note
D 103-1	Explanation of the material topic and its Boundary	25	4, 5	1
D 103-2	The management approach and its components	25		The A2A and its B
D 103-3	Evaluation of the management approach	25		Model
D 406-1	Incidents of discrimination and corrective actions taken	22	44, 45	2 Governai
Freedom	of association and collective bargaining (GRI 407)			3
D 103-1	Explanation of the material topic and its Boundary	90	4, 5	Sustainal
D 103-2	The management approach and its components	90		strategy
D 103-3	Evaluation of the management approach	90		4 Stakehol
D 407-1	Freedom of association and collective bargaining	92		engagem and mate
Human ri	ights assessment (GRI 412)	<u> </u>	1	analysis
D 103-1	Explanation of the material topic and its Boundary	25	4, 5	5 Financial
D 103-2	The management approach and its components	25		capital
D 103-3	Evaluation of the management approach	25		6 Manufact
D 412-2	Employee training on human rights policies or procedures	22		capital
Local con	I nmunities (GRI 413)			7 Nistural
D 103-1	Explanation of the material topic and its Boundary	136	4, 5	Natural capital
D 103-2	The management approach and its components	136		8
D 103-3	Evaluation of the management approach	136		Human capital
D 413-1	Operations with local community engagement, impact assessments, and development programs	45-47, 139-144		9 Intellectu
Supplier	social assessment (GRI 414)	1		capital
D 103-1	Explanation of the material topic and its Boundary	148	4, 5	10 Relationa
D 103-2	The management approach and its components	148		capital
D 103-3	Evaluation of the management approach	148		ladaaaad
D 414-1	New suppliers that were screened using social criteria	40-41, 149-150		Independ Auditor's
Public po	licy (GRI 415)			Report
D 103-1	Explanation of the material topic and its Boundary	136	4, 5	GRI Content
D 103-2	The management approach and its components	136		Index General
D 103-3	Evaluation of the management approach	136		Standard Disclosure
D 415-1	Political contributions	137		Specific
Consume	r health and safety (GRI 416)			Standard Disclosur
D 103-1	Explanation of the material topic and its Boundary	114	4, 5	
D 103-2	The management approach and its components	114		
D 103-3	Evaluation of the management approach	114		
D 416-2	Incidents of non-compliance concerning the health and safety impacts of products and services		45, 46	
EU 25	Number of injuries and fatalities to the public involving company assets, including legal judgments, settlements and pending legal cases of diseases		46	

		REFERENCES A	ND OMISSIONS		
	INDICATORS	MAIN DOCUMENT	SUPPLEMENT		
Marketin	g and labelling (GRI 417)				
D 103-1	Explanation of the material topic and its Boundary	114	4, 5		
D 103-2	The management approach and its components	114			
D 103-3	Evaluation of the management approach	114			
D 417-2	Incidents of non-compliance concerning product and service information and labeling	121	45, 46		
D 417-3	Incidents of non-compliance concerning marketing communications	121			
Consume	r privacy (GRI 418)				
D 103-1	Explanation of the material topic and its Boundary	114	4, 5		
D 103-2	The management approach and its components	114			
D 103-3	Evaluation of the management approach	114			
D 418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	111			
Socioeconomic compliance (GRI 419)					
D 103-1	Explanation of the material topic and its Boundary	25	4, 5		
D 103-2	The management approach and its components	25			
D 103-3	Evaluation of the management approach	25			
D 419-1	Non-compliance with regulations in the social-economic area		44-46		

		REFERENCES	AND OMISSIONS
	INDICATORS	MAIN DOCUMENT	SUPPLEMENT
Electric l	Itility Sector Supplement		
Demand	side management		
D 103-1	Explanation of the material topic and its Boundary	104	4, 5
0 103-2	The management approach and its components	104	
D 103-3	Evaluation of the management approach	104	
Research	and Development		·
D 103-1	Explanation of the material topic and its Boundary	104	4, 5
D 103-2	The management approach and its components	104	
D 103-3	Evaluation of the management approach	104	
fficient	management		•
0 103-1	Explanation of the material topic and its Boundary	58	4, 5
0 103-2	The management approach and its components	58	
0 103-3	Evaluation of the management approach	58	
U 11	Average generation efficiency of thermal plants by energy source and by regulatory regime		13
U 12	Transmission and distribution losses as a percentage of total energy		19
Accessib	lity of the service		·
D 103-1	Explanation of the material topic and its Boundary	114	4, 5
0 103-2	The management approach and its components	114	
0 103-3	Evaluation of the management approach	114	
U 28	Power outage frequency		35, 36
U 29	Average power outage duration		35
EU 30	Average plant availability factor by energy source and by regulatory regime		9

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2A Group 8 Business

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Independent Auditor's Report

GRI Content Index

General Standard Disclosure

Specific Standard Disclosure

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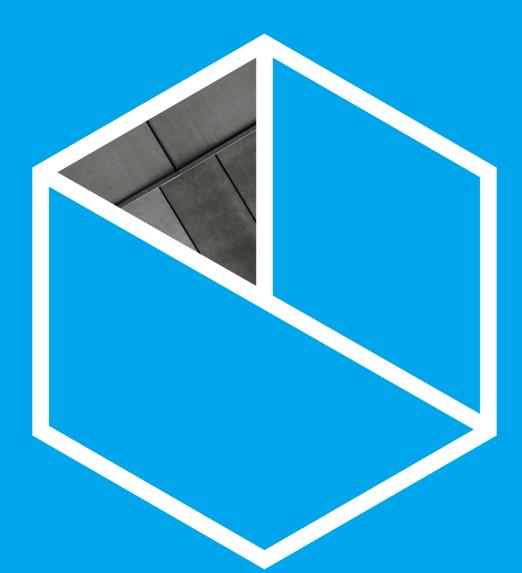


Milan, March 2018



www.a2a.eu





2017

Consolidated Non-Financial Disclosure in accordance with Italian Legislative Decree no. 254/2016

Supplement to the Integrated Report

Contents

Stakeholder engagement and materiality analysis	2
Financial capital	6
Manufacturing capital	9
Natural capital	13
Human capital	21
Relational capital	31

Stakeholder engagement and materiality analysis

Figure 1_Stakeholder engagement initiatives taken in 2017 [GRI 102 - 40_43_44]

STAKEHOLDERS INVOLVED	MODE OF COMMUNICATION AND INVOLVEMENT	ISSUES ADDRESSED DURING ENGAGEMENT ACTIVITIES, IDENTIFIED BY BU
		Networks and Heat BU
		Previous items of the Integrated Water Service (Milan)
	Maatiaaa (akusiaal	Commercial BU
	Meetings (physical, telephone and Web)	Market and competition practices (Milan)
Consumer	Convention/press	Corporate BU
Associations	conferences/events	Update on Group activities (Lombardy)
	• Work groups/	Joint conciliation methods and presentation of new ADR platform (Milan)
	committee	Environment BU
		WEEE (Milan)
		Customer satisfaction survey Aprica (Bergamo)
		Networks and Heat BU
		Heater replacement promotion campaign (Milan)
Environmentalist	Meetings (physical, telephone and Web)	Corporate BU
Association	Plant tours	Circular economy with a focus on the plants of Sicily and Puglia (Rome)
		Generation and Trading BU
		Project for the reconversion of the San Filippo del Mela plant
		Networks and Heat BU
		Energy regulation and telecommunications regulation (Milan)
		Vittoriale lighting project (Brescia)
		Corporate BU
		ADR system for the water cycle too (Milan)
		A2A School-Work Alternation (Milan)
		Technical round table for reports of nuisance fumes in the Municipality of Pero (Milan)
		Memorandum of Understanding for civil protection activities (Brescia)
		Collaboration on "COMMUNITY" Project with the Metropolitan City of Milan (Milan)
Institutions, Regulatory	Meetings	"Energy Cycle Path" (Bormio, So)
Entities and control	Conferences (oburical telephone	Environment BU
Authorities	(physical, telephone and Web)	Technical round table on the Memorandum of Understanding Silla2 (Milan)
		Development of biomethane in transport (Rome)
		Expansion of the Integrated Centre of Cascina Maggiore (Corteolona, Pv)
		Brescia environmental hygiene Quality of Service Charter (Brescia)
		Participation in the 3rd "Waste and Life Cycle Thinking" Workshop presentation of PET project (Como)
		Generation and Trading BU
		Hydroelectric plant concessions (Milan)
		Carnia Bike Project (Monfalcone)
		Requalification of the Ponti sul Mincio Plant Flue - Preparation of call for tenders of ideas
-	1	1

STAKEHOLDERS INVOLVED	MODE OF COMMUNICATION AND INVOLVEMENT	ISSUES ADDRESSED DURING ENGAGEMENT ACTIVITIES, IDENTIFIED BY BU		
		Corporate BU		
		Plenary ADR organisation meeting (Rome)		
		Melograno Project (Milan)		
		forumAscolto Milan, Varese		
	Convention/press	Environment BU		
	conferences/events	Introduction of separate waste collection in Bollate Prison (Milan)		
Multi- stakeholders	• Meetings (physical, telephone and Web)	Support to the production of biomass plants (Brussels)		
Stakenotoers	• Work groups/	Engagement activities with foreign communities in the favour of correct separate waste collection in the municipality of Pioltello (Pioltello)		
	committee	Brescia environmental hygiene Quality Council of service Charter (Brescia)	Stakehold	
		Generation and Trading BU	engageme	
		forumAscolto (Udine)	and mater analysis	
		Reconversion of the Brindisi plant (Brindisi)		
		Corporate BU		
Shareholders	 Meeting (physical, telephone and Web) 	Presentation of results for 2016, 2017 - 2021 Strategic Plan and announcement of 2017 quarterly results (Milan, London and Lugano)	Financial capital	
Investors		Update on strategic options within the European Utilities Conference and the Italian Equity Roadshow (London)		
		Sustainability meeting in A2A - Focus on the Circular Economy as part of the Italian Sustainability Day of Borsa Italiana (Milan)		
		Commercial BU	Manufactu capital	
		Surveys aimed at verifying the value contributed by the relational marketing initiatives		
Customers	• Studies/surveys	Qualitative survey into A2A Energia brand awareness on the impact of the communication campaign	Natural	
		Quantitative customer satisfaction surveys on the main communities served	capital	
		Large customer retention programmes (Milan)		
		Commercial BU		
		e-moving presentation in piazza della Vittoria (Brescia)	Human capital	
		Environment BU		
	telephone and Web)	Project for the collection of used food oil at large-scale retail (Milan)		
Local Community/		Circular economy and social inclusion as part of the project "Quartieri Ricicloni" (Milan)	Relational	
Citizens	Convention/press conferences/events	"Blue bag" separate waste collection trial (Segrate)	capital	
	Studies/surveys	Corporate BU		
		Collaboration with Brescia Mobilità for environmental education (Brescia)		
		A2A reputation survey and satisfaction with services offered		
		"Energy cycle path" launch event (Grosio, So)		
		Environment BU		
Madia	Convention/press	Launch of separate Waste Collection red zone in Brescia		
Media	conferences/events	Generation and Trading BU		
		Requalification of Ponti sul Mincio Flue		

STAKEHOLDERS INVOLVED	MODE OF COMMUNICATION AND INVOLVEMENT	ISSUES ADDRESSED DURING ENGAGEMENT ACTIVITIES, IDENTIFIED BY BU
		Environment BU
		Team-building initiatives (Milan)
		Commercial BU
		Team-building initiatives (Milan)
	 Meeting (physical, 	Corporate BU
	• Events	Induction initiatives "virtual buddy" and "A2A new employee induction" (Milan)
Employees		"AD Meetings" initiatives (Italy)
	Focus Groups	ABC managerial development project (Milan)
	 Studies/Surveys 	Generation and Trading BU
		Self-census of competences as part of the "Power of water" project (Italy)
		Networks and Heat BU
		Interviews with junior managers as part of the resource optimisation project (Italy)
		Generation and Trading BU
Trade associations/	Meetings (physical, telephone and Web)	Evolution of national and European legislation regarding tariff reforms and energy communities (Milan)
professional Orders/Civic and		Clean Energy Package (Milan)
spontaneous Committees	 Work groups/ committee 	Networks and Heat BU
committees		Evolutions of regulations and market regarding White Certificates (Milan)
		Corporate BU
	Maatiana (ahusian)	Separate waste collection
	 Meetings (physical, telephone and Web) 	School-Work Alternation Projects (Milan)
Schools	 Convention/press 	Generation and Trading BU
	conferences/events	University scholarships
	 Studies/Surveys 	Networks and Heat BU
		Connectivity and culture of innovation projects in the schools of Brescia (connected schools)

Figure 2_Material aspects and related scope of application [GRI 103 - 1]

MATERIAL ASPECTS FOR A2A	CORRESPONDING GRI ASPECTS	SCOPE/ INTERNAL BOUNDARY	SCOPE/ EXTERNAL BOUNDARY
Ethical pursuit of business	 Anti-competitive behavior (GRI 206) Anti-corruption (GRI 205) Environmental compliance (GRI 307) Social compliance (GRI 419) 	Group	-
Respect for human rights in the Group value chain• Non discrimination (GRI 406) • Freedom of association and collective bargaining (GRI 407) • Human rights assessment (GRI 412)		Group	Suppliers*
Creation of sustainable economic value	 Economic performance (GRI 201) Indirect economic impacts (GRI 203) 	Group	Shareholders/ institutions
Efficient management of Group infrastructures	• Energy (GRI 302) • Efficient management (<i>EU Supplement</i>)	Group	-
Circular economy	 Materials (GRI 301) Effluents and waste (GRI 306) 	Environment BU Networks and Heat BU	Community

MATERIAL ASPECTS FOR A2A	CORRESPONDING GRI ASPECTS	SCOPE/ INTERNAL BOUNDARY	SCOPE/ EXTERNAL BOUNDARY
Efficient water use	• Water (GRI 303) • Effluents and waste (GRI 306)	Group	Suppliers*
Fight against climate change and atmospheric emissions • Energy (GRI 302) • Emissions (GRI 305)		Group	Suppliers* Customers
Quality of distributed water	• Consumer health and safety (GRI 416)	Group	Institutions
Protection of health and safety at work	Occupational health and safety (GRI 403)	Group	Contractors
Development of human capital	• Employment (GRI 401) • Training and education (GRI 404)	Group	-
Diversity and company welfare	• Diversity and equal opportunities (GRI 405)	Group	-
Technological innovation and smart cities	 Research and development (EU Supplement) Demand side management (EU Supplement) 	Group	Institutions
Responsibility, Safety and Quality in the provision of services and products	 Consumer health and safety (GRI 416) Marketing and labelling of products and services (GRI 417) Consumer privacy (GRI 418) Service accessibility (EU Supplement) 	Commercial BU Networks and Heat BU	Institutions
Active local and environmental education	• Local community (GRI 413)	Group	-
Relationship with Group stakeholders	• Local community (GRI 413) • Public policy (GRI 415)	Group	-
Responsible management of the supply chain	 Procurement practices (GRI 204) Environmental assessment of suppliers (GRI 308) Social impact assessment of suppliers (GRI 414) 	Group	Suppliers*

* Boundary limitation: reporting relates solely to direct suppliers and not to level-two suppliers.

Natural capital

Stakeholder engagement and materiality analysis

Financial capital

Manufacturing capital

Human capital

Relational capital

4

Financial capital

The figures as at December 31, 2016 have been restated insofar as they incorporate the economic effects deriving from the PPA (Purchase Price Allocation) of the LGH Group and the reclassification for IFRS 5 of the economic items of the EPCG Group.

Figure 3_Statement for calculating the global added value - millions of euro [GRI 201 - 1_4]

		2015	2016*	2017
+A)	Production value	4,921	4,860	5,796
	Revenue from sales and services (- revenue adjustments)	4,715	4,576	5,590
	Change in inventory of products in progress, semi-finished products and finished products	0	0	0
	Change in contract work in progress	17	5	0
	Other revenue and income	189	279	206
	Government grants	0	0	0
- B)	Intermediate production costs	3,623	3,382	4,000
	Raw materials and consumables consumption	169	176	296
	Energy and fuel consumption	2,135	1,938	2,554
	Costs for services	704	758	849
	Other operating costs	78	108	106
	Bad debt provision for current receivables	22	21	35
	Provisions for risks	57	50	10
	Other write-downs of fixed assets	359	245	34
	Sundry operating expenses	117	100	135
	Material own work capitalised	-18	-14	-19
	GROSS CORE VALUE ADDED	1,298	1,478	1,796
- C)	Financial balance	-12	-2	4
	Financial income	9	16	19
	Financial expenses other than interest on loans	-17	-15	-20
	Unrealised gains and losses on equity investments in associates	-4	-3	5
-D)	Auxiliary and extraordinary components	-23	116	-145
	+/- auxiliary balance	-22	64	-145
	+/- extraordinary balance	-1	52	0
	GROSS GLOBAL VALUE ADDED	1,263	1,592	1,655
	- Depreciation and amortisation	395	403	410
	NET GLOBAL VALUE ADDED	868	1,189	1,245

* restated.

Figure 4_Statement for distributing the gross global added value - millions of euro [GRI 201-1]

	2015	2016*	2017
REMUNERATION OF PERSONNEL	466	450	475
Wages and salaries	414	389	420
Employees' leaving entitlement (TFR)	25	26	29
Other costs	27	35	26
REMUNERATION OF EQUITY CAPITAL	-17	125	159
Profits distributed	113	126	153
Minority net profit for the year	-130	-1	6
REMUNERATION OF DEBT CAPITAL	125	159	138
TRANSFERS TO THE GOVERNMENT	261	286	268
Direct taxes for the Treasury	97	139	106
Other taxes and duties for the Treasury	1	1	2
Social security charges	163	146	160
TRANSFERS TO THE LOCAL COMMUNITY	73	63	65
Direct taxes for local authorities	14	28	26
Local taxes and duties	54	31	33
Sponsorships	2	1	1
Contributions to AEM and ASM foundations, aid, donations and charity	3	3	5
COMPANY REMUNERATION	355	509	550
Reserves	-40	106	140
Amortization	395	403	410
GROSS GLOBAL VALUE ADDED	1,263	1,592	1,655

* restated.

Figure 5_Gross operating income by business unit - millions of euro

	2015	2016	2017
Generation and Trading	348	404	356
Commercial	102	144	159
Environment	210	240	261
Networks and Heat	353	397	448
EPCG	53	69	12
Smart City	0	6	7
Corporate	-18	-29	-32
Total	1,048	1,231	1,211

Stakeholder engagement and materiality analysis

Financial capital

Manufacturing capital

Natural capital

Human capital

Figure 6_Balance Sheet - millions of euro

	20	15	2016*	2017
Net fixed capital	5,8	329	6,136	5,780
Working capital	1	80	278	235
Assets/liabilities held for sale	1	47	1	224
Net capital employed	6,3	56	6,415	6,239
Shareholders' equity	3,2	259	3,279	3,013
- Attributable to the Group	2,6	646	2,726	2,878
- Attributable to minorities	6	13	553	135
Net debt	2,8	397	3,136	3,226
Total sources	6,3	56	6,415	6,239
Gross debt	3,8	815	3,817	3,961

 * restated due to the sole conclusion of the PPP of the LGH Group.

Figure 7_Main balance sheet indicators

	2015	2016*	2017
Turnover by permanent worker (millions of euro)	0.40	0.44	0.51
EBITDA per permanent worker (millions of euro)	0.09	0.10	0.11
Average number of permanent workers	12,338	11,086	11,280

* restated.

Figure 8_CAPEX (capital expenses) - millions of euro [GRI 201_1]

	2015*	2016	2017
Generation and Trading	65	36	64
Commercial	4	8	9
Environment	59	79	107
Networks and Heat	181	213	231
Smart City	0	6	10
EPCG	27	27	4
Corporate	9	17	29
Total	345	386	454

* Figures for 2015 have been updated, in line with the data communicated in the Report on Operations at 31 December 2016.

Figure 9_Share performance

	2015	2016	2017
Average capitalisation (millions of euro)	3,405	3,685	4,455
Capitalisation at December 31 (millions of euro)	3,929	3,853	4,831
Average volumes	17,204,368	11,140,269	9,729,351
Average share price*	1.087	1.176	1.422
Maximum share price*	1.352	1.287	1.635
Minimum share price*	0.792	0.956	1.232

* Euro per share (Source: Bloomberg)

Manufacturing capital

Figure 10_Average plant availability factor [EU30]

A2A AVERAGE AVAILABILITY FACTOR (%)	2015	2016	2017
Traditional coal-powered	81%	89%	81%
Traditional heavy fuel oil	73%	80%	75%
Combined cycle natural gas	68%	79%	82%
Run-of-the river hydroelectric*	82%	86%	86%
Basin hydroelectric	86%	88%	89%
Storage hydroelectric	78%	88%	85%

LGH AVERAGE AVAILABILITY FACTOR (%)	2015	2016	2017
Run-of-the river hydroelectric	-	-	90%

* Figures have been updated following a recalculation

Relational capital

9

analysis

Stakeholder engagement and materiality

Financial capital

Figure 11_Net electricity produced divided up according to plant type and source - GWh [EU2]

		2015	2016	2017
	Thermoelectric plants*	8,129	7,872	11,442
eneration and	Hydroelectric plants	4,451	4,218	3,464
Trading Business Unit	Photovoltaic plants (including energy consumed)	3	3	12
letworks and Heat Business Unit	Cogeneration plants	229	187	277
nvironment Business nit	Waste-to-energy plants (including biogas) and natural gas boilers	979	1,002	1,772
Total		13,792	13,282	16,967

* Does not include the production of the Scandale Plant, in line with the input and outcome data of the natural capital and Sustainability Plan.

Figure 12_Net thermal energy produced divided up according to plant type and source - GWh

		2015	2016	2017
Environment Business Unit	Waste-to-energy plants (including biogas) and natural gas boilers	1,238	1,348	1,362
Networks and Heat Business Unit	Cogeneration plants, natural gas thermal, heat pumps, biogas, solar panels	1,010	931	1,324
Generation and Trading Business Unit	Heat recovery	23	20	40
Total	1	2,271	2,299	2,726

8

Energy distribution

Figure 13_Extension of electricity distribution service [EU4]

	2015	2016	2017
Km of electricity network	13,952	14,039	14,919
of which underground cable	11,922	12,013	12,745

Figure 14_Extension of the gas distribution service

	2015	2016	2017
Km of natural gas network	8,055	8,057	11,183

Figure 15_Electricity and gas released to the network

	2015	2016	2017
Electricity distributed (GWh)	10,227	11,204	11,590
Natural gas distributed* (Mm³)	1,832	2,096	2,480
Natural gas transported* (Mm³)	358	324	370

* The 2015 and 2016 data have been updated with respect to the 2016 Integrated Report, in line with the data communicated in the Report on Operations.

Figure 16_Public lighting

	2015	2016	2017
Light points (no.)	206,587	210,805	213,817

Figure 17_Security systems in Milan - number

	2015	2016	2017
Video cameras	1,716	1,902	1,999
Traffic monitoring	-	-	-
SoS stations	174	196	250
Monitoring stations	45	48	51
Digital islands	29	29	29
Wi-Fi aerials	900	1,140	1,140
Remote natural gas reading concentrators	-	170	540
Environmental sensors installed	-	50	100
Museum sites:			
Sites	-	-	27
Video cameras	-	-	1,023
Break-in sensors	-	-	3,299
Fire sensors	-	-	2,622
A2A offices:			
Offices	-	-	159
Break-in sensors	-	-	1,908
Video cameras	-	-	1,376
Presence readers	-	-	789

Integrated water cycle

Figure 18_Procurement and distribution

TECHNICAL DATA	2015	2016	2017
Wells (no.)	261	262	276
Sources (no.)	243	243	331
Drinking water conversion plants (no.)	63	65	94
Total network length (km)	4,814	4,878	5,305
Water supplied to users and booked (Mm ³)	63	62	69
Water withdrawn (Mm³)	120	112	124
Network losses and water not booked (Mm ³)	39	38	44

Figure 19_Collection and purification

TECHNICAL DATA	2015	2016	2017
Sewers - network length (km)	2,186	2,203	2,551
Waste water treated (Mm ³)	49	46	49
Purifiers (no.)	57	54	73

Waste management

Figure 20_Waste collected

	2015	2016	2017
Tonnes	1,282,786	1,320,938	1,605,000

Figure 21_Waste intermediated

	2015	2016	2017
Tonnes	159,261	109,790	133,082

Financial capital

Natural capital

Human capital

Figure 22_Waste processed by type of plant* - kt

	2015	2016	2017
Waste-to-energy plants	1,386	1,411	1,676
Landfills	397	192	481
Bio-drying plants and production of RDF	468	481	541
Recovery of materials and processing	471	503	938
Total	2,722	2,587	3,636

* All incoming waste to the Group's plants is considered. The 2017 portion of waste disposal, net of intermediation (418 kt) and elisions (-688kt), is 3,366 kt.

District heating and cooling

Figure 23_Heating and cooling energy distributed

	2015	2016	2017
GWh	2,675	2,885	3,133

Natural capital

Figure 24_Percentages of electricity produced by type of source [EU2]

	2015	2016	2017
Renewable sources (hydraulic, renewable fraction of waste*, biogas, solar)	36%	36%	25%
Coal	16%	17%	13%
Natural gas	28.5%	34%	51%
Petroleum products	16%	9%	8%
Non-renewable fraction of waste	3.5%	4%	3%

* For non-hazardous waste, a renewable fraction of 51% was assumed (ref. Decree of the Ministry of Economic Development of December 18, 2008). Consequently, the non-renewable fraction was assumed to be 49%.

Figure 25_Energy performance [GRI 302-3; EU11]

	2015	2016	2017
Average yield of thermoelectric plants	39.0%	41.1%	44.0%
Yield of high-performance natural gas combined cycles	49.0%	49.9%	51.0%
Yield of multi-fuel plants	33.2%	33.6%	33.0%
Average yield of fossil fuel cogeneration plants	80.3%	78.0%	77.0%
Average electricity produced from 1 t waste (kwh/t)	773	803	778
Average thermal energy produced from 1 t waste (kwh/t)	899	918	816

Figure 26_Global impact indicators

	2015	2016	2017
Total emissions of gases harmful to the ozone layer (KgR11eq)	0	4.7	0.08
Total acidifying emissions (tSO _{2eq})	3,865	3,372	4,192

Figure 27_Indicators of impact due to the purchase and use of fossil fuels [305-3]

	2015	2016	2017
Carbon footprint (tCO _{2eq} /year)	1,015,031	863,223	1,031,979
Water footprint (thousands of m ³ water)	35,215	24,048	28,583

Figure 28_Environmental sanctions [GRI 307-1]

	2017
Number	8
Value (euro)	30,516

The most significant sanctions relate to the biodrying plants of Villafalletto and the plant complex of Corteolona (13,000 euros each). All sanctions relate to infractions of authorisation measures or administrative imprecisions that did not result in any damages or concrete temporary or permanent danger to the environment.

Stakeholder engagement and materiality analysis

Financial capital

Manufacturing capital

Natural capital

Human capital

Natural capital in the Environment BU

Resources and materials used

Figure 29_Resources used - ENVIRONMENT BU [GRI 301-1; GRI 302-1_2; GRI 303-1]

	2015	2016	2017
Fuel (TJ)			
Natural gas	463	464	656
Petroleum derivatives (heavy fuel oil, diesel)	27	24	67
Waste, biomass and CSS	15,572	15,889	19,317
Biogas (from landfills and treatment facilities)	683	624	631
Automotive fuels (TJ)			
Petrol	6	6	9
Diesel	379	398	552
Methane	99	96	98
Electricity (GWh)	61	52	53
Water resource consumed (thousands of m ³)			
From aqueducts	898	871	735
From wells	2,649	2,495	3,004
Chemical products and materials (t)			
Mineral acids	1,748	1,771	1,305
Water additives/conditioners	291	310	263
Ammonia (solution)	4,739	5,223	5,722
Lime and solid neutralisers	22,768	26,068	32,124
Active carbon	1,064	1,052	1,293
Cement, sand an inert materials	161,030	136,605	216,722
Sodium chloride	2,434	98	1,704
Technical gases (nitrogen, CO ₂ , hydrogen, oxygen)	851	848	1,118
Sodium hydroxide (solution)	2,286	3,131	1,917
Methanol, solvents and other products	1,074	1,486	1,923
Oils and lubricants	76	58	141
Urea (solution)	1,714	1,139	2,032
Total chemical products	200,075	177,821	266,265

Water discharges

14

Figure 30_Industrial waste water - ENVIRONMENT BU [GRI 306-1]

		2015	2016	2017
	Discharged into sewers*	402	404	491
Volumes (thousands of m³)	Discharged into surface water	1,405	1,402	1,115
	Recovered in the production cycle	384	363	387
	Used for cooling	792	709	703
Pollutant discharges into	BOD	26.4	26.5	27
surface water (t)	COD	82.9	114.4	69

* 2016 figure updated with respect to the 2016 Integrated Report due to a data entry error.

Waste

Figure 31_Special waste produced - ENVIRONMENT BU [GRI 306-2]

	2015	2016	2017
Special non-hazardous (t)	492,071	443,791	515,353
Special hazardous (t)	79,970	84,306	104,612
Total special (t)	572,041	528,097	619,965
Sent for recovery (% of total)	46%	47%	52%

Emissions

Figure 32_Total emissions - ENVIRONMENT BU [GRI 305-1_2_7]

	2015	2016	2017
CO ₂ from combustion processes (t)	930,520	904,171	1,147,142
CO ₂ from motor vehicles (t)	33,893	35,060	46,430
CO_2 indirect from energy acquisition (t)	20,576	16,982	17,558
Fluorinated gases (t CO _{2eq})	80	409	448
NO _x (t)	611	621	893
SO ₂ (t)	11	16	17
Powders (t)	3.2	2.8	5.7
Methane (CH ₄) - biogas losses released in landfills (t CO _{2eq})	47,128	49,092	94,452
Polycyclic aromatic hydrocarbons (kg)	0.06	0.04	0.37
Mercury (kg)	20	15	14
Other metals (Sb + As + Pb + Cr + Cu + Mn + Ni + V + Sn+Cd+Tl) (kg)	206	166	321
Dioxins (grams - toxic equivalency)	0.024	0.016	0.030
Dioxin-like PCBs (polychlorinated biphenyls) (grams - toxic equivalency)	0.0042	0.0043	0.0038

Figure 33_Energy produced from waste-to-energy process - ENVIRONMENT BU

	2015	2016	2017
Thermal energy from waste-to-energy and biogas process (% on total)	52%	56%	52%
Electricity from waste-to-energy and biogas process (% on total)	7%	8%	7%

Stakeholder engagement and materiality analysis

Financial capital

Natural capital

Human capital

aprior

Natural capital in the Generation and Trading BU

Resources and materials used

Figure 34_Resources used - GENERATION AND TRADING BU [GRI 301-1; GRI 302-1_2; GRI 303-1]

	2015	2016	2017
Fuel (Tj)			
Natural gas	27,758	31,661	56,472
Coal	22,100	23,315	20,999
Petroleum derivatives (heavy fuel oil, diesel)	25,856	14,771	16,415
Automotive fuels (TJ)			
Petrol	0.76	1.46	1.12
Diesel	7.86	5.09	3.99
Methane	0.02	0.04	0.02
Electricity (GWh)	160	172	154
Water resource consumed (thousands of m ³)			
From aqueducts	106	87	82.34
From wells	3,122	3,239	3,531
From surface water	1,064	660	984
Chemical products and materials (t)			
Mineral acids	288	307	280.27
Water additives/conditioners	95	77	98.31
Ammonia (solution)	906	1,191	998
Lime and solid neutralisers	36,884	30,399	27,088
Sodium chloride	-	5	6
Technical gases (nitrogen, CO ₂ , hydrogen, oxygen)	32	39	66
Sodium hydroxide (solution)	267	227	243
Methanol, solvents and other products	8	8	29
Oils and lubricants	7,149	98	82
Total chemical products	45,628	32,350	28,890

Water discharges

Figure 35_Industrial waste water - GENERATION AND TRADING BU [GRI 306-1]

		2015	2016	2017
Volumes (thousands of m ³)	Discharged into sewers*	236	204	207
	Discharged into surface water*	1,944	1,927	1,924
	Recovered in the production cycle	1,364	1,088	1,084
	Used for cooling	1,488,828	1,172,849	1,443,376
	Water extracted for hydroelectric generation	3,659,612	2,432,901	2,436,679
Pollutant discharges into	BOD	10.4	14.0	22.9
surface water (t)	COD	38.4	47.6	58.8

* 2015 and 2016 data updated with respect to the 2016 Integrated Report due to a different classification of the discharge of the Thermoelectric Plant of Piacenza.

Waste

Figure 36_Special waste produced - GENERATION AND TRADING BU [GRI 306-2]

	2015	2016	2017
Special non-hazardous (t)	53,848	36,040	42,322
Special hazardous (t)	4,522	4,903	3,064
Total special (t)	58,370	40,943	45,386
Sent for recovery (% of total)	66%	72%	91%

Emissions

Figure 37_Total emissions - GENERATION AND TRADING BU [GRI 305-1_2_7]

	2015	2016	2017
CO ₂ from combustion processes (t)	5,603,561	5,047,153	6,299,134
CO ₂ from motor vehicles (t)	635	483	376
CO ₂ indirect from energy acquisition (t)	54,074	55,647	51,261
Fluorinated gases (t CO _{2 eq})	2,330	2,906	1,576
$NO_{x}(t)$	2,757	1,881	2,313
SO ₂ (t)	1,206	1,348	1,340
Powders (t)	107	114	126
Polycyclic aromatic hydrocarbons (kg)	0.04	0.02	0.02
Mercury (kg)	5	3	4
Other metals (Sb + As + Pb + Cr + Cu + Mn + Ni + V + Sn+Cd+Tl) (kg)	299	328	293
Dioxins (grams - toxic equivalency)	0.005	0.001	0.003

Stakeholder engagement and materiality analysis

Financial capital

Manufacturing capital

Natural capital

Human capital

Natural capital in the Networks and Heat BU

Resources and materials used

Figure38_Resources used - NETWORKS AND HEAT BU [GRI 301-1; GRI 302-1_2; GRI 303-1]

	2015	2016	2017
Fuel (TJ)			
Natural gas	3,356	2,804	4,215
Coal	1,812	1,846	1,828
Petroleum derivatives (heavy fuel oil, diesel)	0.3	0.5	0.3
Biogas (from group purification plants)	8	7	7
Automotive fuels (TJ)			
Petrol	12	12	12
Diesel	18	18	18
Methane	10	10	7
Electricity (GWh)	136	128	145
Heat energy (GWh - purchased from external sources)	338	385	446
Water resource consumed (thousands of m ³)			
From aqueducts	722	673	806
From wells	1,990	1,857	1,764
Chemical products and materials (t)			
Mineral acids	505	554	547
Water additives/conditioners	8,098	8,581	8,457
Lime and solid neutralisers	1,391	1,420	1,812
Active carbon	60	50	53
Sodium chloride	8	1	23.65
Technical gases (nitrogen, CO ₂ , hydrogen, oxygen)	153	162	174
Sodium hydroxide (solution)	159	176	159
Methanol, solvents and other products	633	738	678
Odorants	50	48	52
Oils and lubricants	11	22	43
Urea (solution)	474	439	520
Total chemical products	11,542	12,191	12,519

Water discharges

Figure 39_Industrial waste water - NETWORKS AND HEAT BU [GRI 306-1]

		2015	2016	2017
	Discharged into sewers	296	372	418
Valumas (theusands of m ³)	Discharged into surface water	151	170	143
-	Recovered in the production cycle	1.5	3.8	2.3
	Used for cooling	14	18	15
	BOD	0.9	0.9	0.4
surface water (t)	COD	2.6	3.3	1.7

Waste

Figure 40_Special waste produced - NETWORKS AND HEAT BU [GRI 306-2]

	2015	2016	2017
Special non-hazardous (t)	32,737	32,333	35,878
Special hazardous (t)	262	275	299
Total special (t)	32,999	32,608	36,177
Sent for recovery (% of total)	90%	92%	92%

Emissions

Figure 41_Total emissions - NETWORKS AND HEAT BU [GRI 305-1_2_7]

	2015	2016	2017
CO ₂ from combustion processes (t)	365,706	338,675	419,238
CO ₂ from motor vehicles (t)	2,734	2,721	2,608
CO ₂ indirect from energy acquisition (t)	46,106	41,854	48,100
Fluorinated gases (t CO _{2eq})	2,636	2,154	292
Methane (CH $_{\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!\!}$) - losses from natural gas distribution networks* (t CO $_{\!$	50,665	43,931	38,824
$NO_{x}(t)$	210	203	259
SO ₂ (t)	144	118	123
Powders (t)	0.4	0.4	0.5

* Data updated with respect to the 2016 Integrated Report for a variation in the calculation method (see page 74 of the NFD).

Figure 42_Network losses - NETWORKS AND HEAT BU [EU12]

	2015	2016	2017	Hum capit
Network electricity losses (GWh)	383	323	389	cah

Relational capital

Stakeholder

Financial capital

Manufacturing capital

Natural capital

engagement and materiality analysis

18

Natural capital in the Corporate BU

Resources and materials used

Figure 43_Resources used – CORPORATE BU [GRI 301-1; GRI 302-1_2 GRI 303-1]

	2015	2016	2017
Water (thousands of m³)	165	184	169
Electricity (GWh)	18	17	16
Fuel (TJ)			
Methane	35	35	29
Fuels (TJ)			
Petrol	2	2	4
Diesel	12	12	56
Methane	2	2	3

Waste

Figure 44_Special waste produced – CORPORATE BU [GRI 306-2]

	2015	2016	2017
Special non-hazardous (t)	48	48	111
Special hazardous (t)	51	26	93
Total special (t)	99	74	204
Sent for recovery (% of total)	100%	90%	90%

Emissions

Figure 45_Total emissions - CORPORATE BU [GRI 305-1_2_7]

	2015	2016	2017
CO ₂ from combustion processes (t)	1,938	1,940	1,613
CO ₂ from motor vehicles (t)	1,120	1,070	4,601
CO ₂ indirect from energy acquisition (t)	5,967	5,454	5,368
Fluorinated gases (tCO _{2eq})	137	536	276

Human capital

Composition of personnel

Figure 46_Personnel by category and type of contract [GRI 102-8; 405-1]

		2015			2016			2017	
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Managers	121	24	145	121	24	145	147	27	174
Supervisors	368	112	480	381	112	493	458	135	593
White-collar workers	2,879	1,137	4,016	2,844	1,141	3,985	3,185	1,416	4,601
Blue-collar workers	4,600	193	4,793	4,527	193	4,720	5,241	205	5,446
Permanent workers	7,968	1,466	9,434	7,873	1,470	9,343	9,031	1,783	10,814
of which, on-the-job training and first job contracts	10	3	13	5	-	5	11	-	11
Fixed-term workers	183	22	205	406	28	434	551	51	602
TOTAL	8,161	1,491	9,652	8,279	1,498	9,777	9,582	1,834	11,41
Workers with part-time contracts	34	242	276	51	244	295	38	286	324
Workers with full-time contracts	8,127	1,249	9,376	8,228	1,254	9,482	9,544	1,548	11,09
Workers with non-standard contracts* (temporary/interns)	37	11	48	26	9	35	84	44	128

Stakeholder engagement and materiality analysis

Financial capital

Manufacturing capital

* Workers under non-standard contracts do not include consultants.

Figure 47_Personnel by type of contract applied

	2015	2016	2017
Executive contracts	146	146	174
Electrical contracts	3,251	3,160	3,387
Single natural gas and water contracts	1,275	1,250	1,781
Commercial contracts	328	341	389
Urban hygiene contracts	4,068	4,246	4,756
FISE contracts	429	456	661
Chemical contracts	155	178	178
Other contracts	-	-	90
Total	9,652	9,777	11,416

capital

Natural

Human capital

Figure 48_Personnel by workplace [GRI 102-8]

		2015			2016			2017	
REGION	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Abruzzo	51	5	56	51	5	56	51	5	56
Calabria	77	1	78	79	1	80	78	1	79
Campania	192	15	207	192	15	207	192	16	208
Emilia Romagna	45	6	51	47	6	53	46	6	52
Friuli Venezia Giulia	188	5	193	156	5	161	151	5	156
Lazio	2	2	4	2	1	3	2	1	3
Lombardy	7,290	1,427	8,717	7,491	1,440	8,931	8,757	1,769	10,526
Marches	-	-	-	-	-	-	7	4	11
Piedmont	99	24	123	78	21	99	88	21	109
Puglia	54	2	56	28	-	28	48	2	50
Sicily	158	4	162	151	4	155	160	4	164
Foreign	5	-	5	4	-	4	2	-	2
TOTAL	8,161	1,491	9,652	8,279	1,498	9,777	9,582	1,834	11,416

Figure 49_Number of new employees by age and gender [GRI 401-1]

		2015			2016			2017	
AGE BRACKETS	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Permanent workers									
Up to age 30	132	54	186	83	12	95	108	26	134
From 31 to 40	71	12	83	67	8	75	90	16	106
From 41 to 50	35	3	38	36	6	42	84	4	88
Over 50	17	1	18	34	-	34	24	-	24
Fixed-term workers									
Up to age 30	319	65	384	224	24	248	221	24	245
From 31 to 40	135	29	164	144	8	152	157	6	163
From 41 to 50	69	5	74	58	2	60	108	1	109
Over 50	27	1	28	22	-	22	35	2	37
Total	805	170	975	668	60	728	827	79	906
Percentage of new employees out of total workforce	9.90%	11.40%	10.10%	8.10%	4.00%	7.40%	8.63%	4.31%	7.94%

Figure 50_Number of workers leaving and turnover rate during the year, by gender [GRI 401-1]

		2015			2016			2017	
	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL	MEN	WOMEN	TOTAL
Retirement	177	11	188	133	7	140	168	10	178
Voluntary resignation	101	45	146	88	22	110	118	27	145
Decease	13	2	15	9	1	10	14	-	14
Dismissal	81	16	97	132	13	145	35	3	38
Other (e.g., end of fixed-term contract)	426	71	497	239	20	259	292	9	301
Total	798	145	943	601	63	664	627	49	676
Turnover rate*	9.78%	9.73%	9.77%	7.30%	4.20%	6.80%	6.54%	2.67%	5.92%

* The turnover rate was calculated according to the following formula: (departures) / (employees) at December 31.

Figure 51_Number of workers leaving and turnover rate during the year, by age bracket [GRI 401-1]

			2015					2016					2017		
	UP TO 30	31-40	41-50	OVER 50	TOTAL	UP TO 30	31-40	41-50	OVER 50	TOTAL	UP TO 30	31-40	41-50	OVER 50	TOTAL
Retirement	-	-	-	188	188	-	-	-	140	140	-	-	-	178	178
Voluntary resignation	73	32	16	25	146	23	27	16	44	110	27	43	32	43	145
Decease	-	2	1	12	15	-	1	3	6	10	1	1	5	7	14
Dismissal	13	7	14	63	97	-	8	11	126	145	8	9	12	9	38
Other (e.g., end of fixed-term contract)	272	130	73	22	497	113	74	39	33	259	116	92	63	30	301
Total	358	171	104	310	943	136	110	69	349	664	152	145	112	267	676
Turnover rate*	48.44%	9.78%	3.05%	8.25%	9.77%	16.77%	6.08%	2.16%	8.81%	6.80%	15.80%	6.50%	3.14%	5.69%	5.92%

* The turnover rate was calculated according to the following formula: (departures) / (employees) at December 31.

Human capital

Stakeholder

engagement and materiality analysis

Welfare and diversity

Figure 52_Personnel by age bracket [GRI 405-1]

		2015 2016														
AGE BRACKETS	MANAG- ERS	SUPERVI- SORS	WHITE- COLLAR WORKERS	BLUE- COLLAR WORKERS	TOTAL	MANAG- ERS	SUPERVI- SORS	WHITE- COLLAR WORKERS	BLUE- COLLAR WORKERS	TOTAL	MANAGE	ERS	SUPERVISORS	WHITE-COLLAR WORKERS	BLUE-COLLAR WORKERS	TOTAL
Up to age 30	-	-	303	436	739	-	1	302	508	811	-		1	398	563	962
From 31 to 40	6	80	676	986	1,748	5	75	698	1,031	1,809	6		105	890	1,199	2,200
From 41 to 50	59	189	1,384	1,777	3,409	56	171	1,260	1,710	3,197	62		192	1,353	1,957	3,564
Over 50	81	212	1,691	1,772	3,756	85	247	1,766	1,862	3,960	107	,	297	2,041	2,245	4,690
Total	146	481	4,054	4,971	9,652	146	494	4,026	5,111	9,777	175	,	595	4,682	5,964	11,416

Figure 53_Personnel by protected categories [GRI 405-1]

PROTECTED		2015			2016			2017	
CATEGORIES	MEN	WOMEN	TOTAL MEN		WOMEN	TOTAL	MEN	WOMEN	TOTAL
Cat. Pro. (Art.18 para.2 Law 68/99)	33	16	49	34	16	50	36	18	54
People with disabilities	344	94	456	329	88	417	348	104	452
Vulnerable groups (Mobility-C. Int.)	5	-	5	5	-	5	-	-	-
Total	382	110	510	368	104	472	384	122	506

Figure 54_Personnel by office and company seniority

			20	015					20	16					2017				
COMPANY SENIORITY	Y MANAG- SUPERVI- WHITE- BLUE- ERS SORS COLLAR COLLAR TOTAL % MANAG- SUPERVI- WHITE- ERS SORS WORKERS WORKERS WORKERS WORKERS W	BLUE- COLLAR WORKERS	TOTAL	%	MANAGERS	AGERS SUPERVISORS	WHITE-COLLAR WORKERS	BLUE-COLLAR WORKERS	TOTAL	%									
Up to age 10	56	138	1,066	2,018	3,278	34.0%	58	145	1,066	2,142	3,411	34.9%	60	50 192	1,383	2,548	4,183	36.6%	
From 11 to 20	44	100	671	1,107	1,922	19.9%	42	102	631	1,125	1,900	19.4%	59	59 141	845	1,433	2,478	21.7%	
From 21 to 30	36	167	1,500	1,378	3,081	31.9%	35	160	1,495	1,403	3,093	31.6%	41	41 156	1,531	1,522	3,250	28.5%	
Over 30	10	76	817	468	1,371	14.2%	11	87	834	441	1,373	14.1%	15	15 106	920	464	1,505	13.2%	
Total	146	481	4,054	4,971	9,652	100.0%	146	494	4,026	5,111	9,777	100.0%	175	75 595	4,679	5,967	11,416	100.0%	

Figure 55_Personnel by educational qualification

	2015					2016			2017			
	MEN	WOMEN	TOTAL	%	MEN	WOMEN	TOTAL	%	MEN	WOMEN	TOTAL	%
Undergraduate degree	653	390	1,043	10.8%	703	408	1,111	11.4%	927	533	1,460	12.8%
Secondary school diploma	3,153	763	3,916	40.6%	3,195	760	3,955	40.5%	3,548	917	4,465	39.1%
Vocational degree	611	83	694	7.2%	606	78	684	7.0%	796	93	889	7.8%
Compulsory schooling	3,744	255	3,999	41.4%	3,775	252	4,027	41.2%	4,311	291	4,602	40.3%
Total	8,161	1,491	9,652	100.0%	8,279	1,498	9,777	100.0%	9,582	1,834	11,416	100.0%

Stakeholder
engagement
and materialit
analysis

Financial capital

Manufacturing capital

Natural capital

Human capital

Personnel training and development

Figure 56_Training delivered by role [GRI 404-1]

	2015		2016		2017	
	NUMBER OF HOURS	AVERAGE HOURS PER EMPLOYEE	NUMBER OF HOURS	AVERAGE HOURS PER EMPLOYEE	NUMBER OF HOURS	AVERAGE HOURS PER EMPLOYEE
Managers	2,805	19.2	4,322	29.6	6,691	38.2
Supervisors	11,700	24.3	15,935	32.3	22,542	37.9
White-collar workers	61,629	15.2	78,124	19.4	96,744	20.7
Blue-collar workers	63,425	12.8	65,443	12.8	86,979	14.6
Total	139,559	14.5	163,824	16.8	212,956	18.7

Figure 57_Training delivered by gender [GRI 404-1]

	2015		2016		2017	
	NUMBER OF HOURS	AVERAGE HOURS PER EMPLOYEE	NUMBER OF HOURS	AVERAGE HOURS PER EMPLOYEE	NUMBER OF HOURS	AVERAGE HOURS PER EMPLOYEE
Men	121,322	14.9	144,317	17.4	185,338	19.3
Women	18,237	12.2	19,507	13.0	27,617	15.1
Total	139,559	14.5	163,824	16.8	212,956	18.7

Figure 58_Health and safety training

	2015	2016	2017
Training hours	84,689	86,492	112,023

Figure 59_Cost of training

	2015	2016	2017
€	2,036,198	1,800,223	3,013,190
Percentage of training costs covered by inter-professional funds	18%	30%	29%

Figure 60_Employees trained during the year

	2015	2016	2017
Percentage of total employees	75%	87%	92%

Figure 61_Attendance of training courses

	2015	2016	2017
Number of attendees of training courses	31,504	37,634	55,830

Figure 62_Employees receiving regular performance assessments

	2015	2016	2017
Percentage of total employees	48%	47%	47 %

Figure 63_Third-party employees that have undergone relevant health and safety training [EU18]

	2015	2016	2017
Number of employees involved	-	1,691	2,353
Training hours provided	-	6,011	4,506

Health and safety at work

Figure 64_Data on injuries* [GRI 403-2]

	2015	2016	2017
Number of deaths	-	-	-
No. of incidents (excl. commuting)	471	555	577
No. of days of absence	12,638	14,109	14,861
Average duration	26.83	25.42	25.76
Frequency index FI	29.61	35.66	31.80
Severity index SI	0.79	0.91	0.82
Incidence index II	10.46	11.52	10.00
Commuting accidents	103	112	113

* When calculating indices, only professional accidents, that result in at least one day of absence, not including the day of the event, are considered. Medications and unrecognised accidents are therefore excluded. Professional accidents also include those that occur in transit, with or without a vehicle. The table counts all injuries involving employees.

FI = frequency index (no. accidents x 1,000,000: hours worked). SI = severity index (no days of absence x 1,000: hours worked).

II = incident index (no. commuting accidents x 1,000 : workforce).

Commuting accidents: accidents suffered by workers while commuting from home to work and vice-versa (but not while in service). The figures for 2015 and 2016 differ from those reported in the 2016 Integrated Report as they take into account updates in the recognition of accidents after the publication of the document.

Figure 65_Incident indices of contractors and subcontractors for construction and maintenance works [GRI 403-2; EU17]

	2015	2016	2017
No. of hours worked by contractors	1,776,465	1,720,753	2,350,008
Number of incidents	15	11	15
Days lost	467	464	354
Frequency index	8.44	6.39	6.38
Severity index	0.26	0.27	0.15

Stakeholder engagement and materiality analysis

Financial capital

Natural capital

Human capital

Figure 66_Number of professional injuries by gender [GRI 403-2]

	20	15	20	16	20	17
	WOMAN	MAN	WOMAN	MAN	WOMAN	MAN
Number of injuries	38	437	50	506	51	526

Figure 67_Data on health by business unit - number

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	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017	2016	2017
Visits	722	825	152	171	4,119	6,112	1,513	1,259	454	420	6,960	8,787
Assessments	1,414	1,715	95	174	7,604	8,789	1,793	2,633	366	461	11,272	13,772
Vaccinations	40	80	-	29	541	943	67	509	-	114	648	1,675
Site inspections	-	17	-	8	-	29	-	35	-	11	83	100
Clinical examinations	-	106	-	-	-	241	-	10	-	-	602	357
Specific visits	-	7	-	-	-	272	-	3	-	-	191	282

Figure 68_Workers represented in formal health and safety committees [GRI 403-1]

	2015	2016	2017
Percentage of total employees	100%	100%	100%

Absenteeism

Figure 69_Working days lost - Absentee Rate [GRI 403-2]

		2015			2016			2017	
	NO. DAYS	ABSENTEE RATE	WORKING DAYS PER STAFF MEMBER	NO. DAYS	ABSENTEE RATE	WORKING DAYS PER STAFF MEMBER	NO. DAYS	ABSENTEE RATE	WORKING DAYS PER STAFF MEMBER
Illness	109,510	4.33%	11.1	111,989	4.68%	11.5	116,333	3.84%	10
Unpaid leave/absence	8,301	0.33%	0.8	7,442	0.31%	0.8	7,934	0.26%	1
Company strikes	398	0.02%	-	3,135	0.13%	0.3	-	0.00%	-
National strikes	68	0.00%	-	439	0.02%	-	581	0.02%	-
Accidents*	14,113	0.56%	1.4	14,867	0.62%	1.5	15,864	0.52%	1
Total	132,390	5.23%	13.5	137,871	5.76%	14.1	140,712	4.64%	12

* It should be noted that the figures presented in this table refer solely to working days lost due to accidents and not to calendar days lost, which are used to calculate the severity index.

	2015	2016	2017
Average number of employees in service	9,829	9,748	11,268
Total working days	2,398,493	2,253,718	2,890,624
Total hours worked	15,888,689	15,622,092	18,144,130

Figure 70_Number of working days lost by gender [GRI 403-2]

	20	2015		16	2017		
	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN	
Illness	92,800	16,710	94,360	17,629	97,453	18,880	
Unpaid leave/ absence	6,569	1,732	5,761	1,681	6,461	1,473	
Company strikes	316	82	2,926	209	-	-	
National strikes	65	2	410	29	497	84	
Accidents	12,959	1,154	12,884	1,983	14,082	1,782	
Total	112,709	19,680	116,340	21,531	118,493	22,219	

Stakeholder engagement and materiality analysis

Financial capital

Manufacturing capital

Natural capital

Figure 71_Rate of days lost* (total number of days lost through injury or illness out of total working hours by the workforce in the reporting period) [GRI 403-2]

	2017
Days lost due to injury or occupational disease	15,864
Lost day rate	0.08%

* "Lost days" are days that cannot be worked due to an accident or occupational illness. They are not counted if there is a partial return to working activity. "Occupational illness" is defined as an illness caused by the working environment or professional activity (e.g., stress or regular exposure to harmful chemical substances) or resulting from an accident.

Figure 72_Return to work and retention rates after parental leave*

	20)15	20)16	2017	
	MEN	WOMEN	MEN	WOMEN	MEN	WOMEN
Employees who took parental leave	102	128	119	133	160	175
of whom, employees who returned to work in 2015	80	87	x	x	x	x
of whom, employees who returned to work in 2016	19	38	103	103	x	x
of whom, employees who returned to work in 2017	-	-	13	25	157	148

* Employees who did not return to work relative to 2017 have not necessarily resigned, but are continuing their leave.

Human capital

Figure 73_Registrations with trade union

	20	15	20	16	2017		
	N°	%	N°	%	N°	%	
Italy - members of union federations	3,716	38.5%	3,424	35.0%	3,662	32.1%	
Italy - members of other unions	1,105	11.4%	1,062	10.9%	1,137	10.0%	
Employees not enrolled in unions	4,826	50.0%	5,287	54.1%	6,617	58.0%	
Abroad - Employees not enrolled in unions	5	0.1%	4	0.0%	-	0.0%	
Total	9,652	100.0%	9,777	100.0%	11,416	100.0%	

Figure 74_Hours spent on strike

20	2015)16	2017		
TOTAL STRIKE HOURS	STRIKE HOURS PER CAPITA*	TOTAL STRIKE HOURS			STRIKE HOURS PER CAPITA*	
3,526	0.4	22,700	2.3	4,402	0.4	

* Per capita hours are calculated on the average headcount.

Benefits and remuneration

Figure 75_Contributions to Recreational and Welfare Circles

	2015	2016	2017
Total (€)	4,591,981	4,631,251	5,000,668

Relational capital

Relations with customers

Electricity and natural gas sales service

Figure 76_Electricity supply contracts by type of market

	2015	2016	2017
Protected market	717,353	674,551	619,114
Free market	267,717	321,746	472,003
Total	985,070	996,297	1,091,117

Figure 77_Electricity supply contracts by type of customer [EU3]

	2015	2016	2017
Domestic	804,341	820,420	895,041
SME	119,864	111,179	128,704
Large customers	27,021	30,954	34,292
Condominiums	33,844	33,744	33,080
Total	985,070	996,297	1,091,117

Figure 78_Gas supply contracts by type of market

	2015	2016	2017
Protected market	881,530	813,729	841,282
Free market	215,950	276,898	453,141
Total	1,097,480	1,090,627	1,294,423

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Natural capital

Human

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Figure 79_Gas supply contracts by type of client

	2015	2016	2017
Domestic	1,026,914	1,022,433	1,212,980
SME	55,446	53,859	64,933
Large customers	5,454	4,997	6,748
Condominiums	9,666	9,338	9,762
Total	1,097,480	1,090,627	1,294,423

Figure 80_Geographic breakdown of electricity sales volumes

	2015	2016	2017
Lombardy	84%	78%	83%
Rest of Italy	16%	22%	17%

Figure 81_Geographic breakdown of gas sales volumes

	2015	2016	2017
Lombardy	91%	88%	90%
Rest of Italy	9%	12%	10%

Figure 82_Number of Chiara2a programme adhesions

	2015	2016	2017
A2A Energia	196,843	257,075	286,834
Increase (%)	34%	31%	12%

* The figure is calculated as at 03/31/2017, the date on which the programme closed in accordance with the regulation.

Figure 83_"Cerved Energy Monitor" survey on A2A Energia customer satisfaction

SERVICE	BUSINESS	2015		2016			2017			
SUPPLIED	SEGMENT	CSI	MARKET STANDARD	POSITION*	CSI	MARKET STANDARD	POSITION*	CSI	MARKET STANDARD	POSITION*
6	Domestic	90.7	88.1	1 of 7	91.6	91.2	2 of 7	90.1	89.4	3 of 7
Gas	VAT no. & PMI	90.9	86	1 of 6	93.3	89.7	1 of 6	92.4	92	1 of 6
Floctsisity	Domestic	92.3	89.4	1 of 8	93	90.4	2 of 8	91.1	89.7	3 of 8
Electricity	VAT no. & PMI	89.9	85.5	2 of 10	92	87.4	1 of 10	90.7	89.5	2 of 10

* The position in the rankings derives from the comparison of the performance of A2A Energia with that of the main market players, apart from the macro category of "Other suppliers", which combines several operators and whose results cannot be read individually due to the number of associated interviews.

Figure 84_Call center quality

	ARERA	ARERA A2A ENERGIA			LINEA PIÙ		
	TARGET	2015	2016	2017	2015	2016	2017
Percentage of successful calls	≥80%	99.4%	95.5%	94.2%	92.8%	92.3%	97.4%
Accessibility of lines and services (time when line is free vs operator presence time)	≥80%	99.9%	98.8%	99.3%	100.0%	100.0%	100.0%
Average waiting time on the telephone (seconds)	≤240"	77"	131"	140"	128"	147"	84"

Figure 85_Gas and electricity complaint trend

	2015	2016	2017
A2A ENERGIA - number of complaints	2,672	2,823	3,447
LINEA PIÙ - number of complaints	-	-	2,399
A2A ENERGIA - percentage "simple" complaints out of average no. of customers*	0.14%	0.14%	0.17%
LINEA PIÙ - percentage "simple" complaints out of average no. of customers*	-	-	0.82%

Stakeholder engagement and materiality analysis

Financial capital

* ARERA defines complaints as "simple" when they refer exclusively to the seller and do not require any data pertaining to the distribution company in order to prepare the answer. Percentages are based on the number of customers at 31/12/2016. Data at 31/12/2017 were not available yet.

Figure 86_Electricity bill cost trends (in euro) for a typical household*

		A2A ENERGIA			LINEA PIÙ			
	2015	2016	2017	2015	2016	2017		
Sales services	226.53	216.05	245.16	248.14	266.51	264.52		
Network services	219.78	215.35	206.04	217.56	213.84	206.35		
Tax	21.77	21.79	21.82	21.79	21.79	21.79		
VAT	46.81	45.32	47.30	48.75	50.21	49.27		
Total	514.89	498.51	520.32	536.24	552.35	541.93		

Natural capital

Manufacturing

capital

Human capital

* For electricity, the Authority took as an example a resident domestic use contract, with 3 kW of available power and an average annual use of 2,700 kWh.

Figure 87_Gas bill cost trends (in euro) for a typical household*

		A2A ENERGIA			LINEA PIÙ			
	2015	2016	2017	2015	2016	2017		
Sales services	477.82	401.88	411.56	559.44	488.88	421.68		
Network services	224.98	209.62	214.75	213.11	212.75	212.16		
Tax	242.46	224.68	224.68	224.68	224.68	224.68		
VAT	169.03	170.55	173.20	178.36	165.68	153.55		
Total	1,114	1,007	1,024.19	1,175.59	1,091.99	1,012.08		

* For gas, domestic use with independent heating in the north-east and an annual use of 1,400 m³ was taken as the example by the Authority.

Figure 88_Affluence at branches

	2015	2016	2017
Total number of customers served	275,288	300,814	285,550
A2A Energia*	275,288	300,814	200,140
Linea Più	-	-	85,410
Average office waiting time (minutes)			
A2A Energia	05:03	13:48	07:30
Linea Più	-	-	12:13

* The 2015 figure refers to the offices in Milan, Brescia and Bergamo; as from 2016, it also includes Varese.

Figure 89_Number of Bollett@mail service activations

	2015	2016	2017
A2A Energia	248,638	289,613	325,580
Linea Più	-	-	6,405
Total	248,638	289,613	331,985
Increase (%)	9.7%	16.5%	14.6%

* Since April 2017, Aspem Energia has been fully integrated into the A2A Energia computer systems. The AEN figure therefore also includes bolett@mail activations by Aspem clients.

Figure 90_Number of visits to the commercial websites

	2015	2016	2017
Total number of visits	1,956,964	2,686,178	4,144,495

Figure 91_Green energy sold by market segment - GWh

	2015	2016	2017
Government	13%	1%	0.5%
Mass market	64%	71%	68.4%
Others	23%	29%	31.2%
Total GWh	630.2	768.7	1,273

Electricity and natural gas distribution service

Figure 92_Extension of electricity distribution service

	2015	2016	2017
Customers connected	1,120,197	1,135,038	1,176,799

Figure 93_Extension of the gas distribution service

	2015	2016	2017
Customers connected	1,260,233	1,259,287	1,469,330

Figure 94_Technical quality of electricity [EU28_EU29]

	MILAN											
SERVICE CONTINUITY INDICATOR	HIGH DENSITY AREA			MEDIUM DENSITY AREA				LOW DENSITY AREA				
	2015	2016	2017	ARERA 2017 OBJECTIVE	2015	2016	2017	ARERA 2017 OBJECTIVE	2015	2016	2017	ARERA 2017 OBJECTIVE
Average annual minutes of outage per LV user due to long outages without notice	23.77	26.63	24.83	25	41.75	36.67	13.43	40	N/A	N/A	N/A	1
Average annual number of outages per LV user due to long outages without notice	1.31	1.54	1.36	1.12	2.11	1.71	0.88	2.04	N/A	N/A	N/A	1

Stakeholder engagement and materiality analysis

Financial capital

Manufacturing capital

		BRESCIA										
SERVICE CONTINUITY INDICATOR	HIGH DENSITY AREA			N	MEDIUM DENSITY AREA				LOW DENSITY AREA			
	2015	2016	2017	ARERA 2017 OBJECTIVE	2015	2016	2017	ARERA 2017 OBJECTIVE	2015	2016	2017	ARERA 2017 OBJECTIVE
Average annual minutes of outage per LV user due to long outages without notice	5.80	5.24	4.92	25	14.06	9.92	8.03	40	24.96	21.77	26.46	60
Average annual number of outages per LV user due to long outages without notice	0.81	0.69	0.58	1.12	1.5	1.33	1.18	2.04	2.18	2.46	2.88	4

Natural capital

Human capital

SERVICE CONTINUITY INDICATOR —	CREMONA								
	HIGH DE	NSITY AREA	MEDIUM DE	ENSITY AREA	LOW DENSITY AREA				
	2017	ARERA 2017 OBJECTIVE	2017	ARERA 2017 OBJECTIVE	2017	ARERA 2017 OBJECTIVE			
Average annual minutes of outage per LV user due to long outages without notice	2.50	25	N/A	/	7.00	60			
Average annual number of outages per LV user due to long outages without notice	0.50	1.12	N/A	/	0.80	4			

Figure 95_Electricity emergency intervention [EU28]

	MILAN				BRESCIA			CREMONA			
	2015	2016	2017	2015	2016	2017	2015	2016	2017		
No. MV customers with more than 6 interruptions per year for high density areas	8*	35*	14	-	-	-	-	-	-		
No. MV customers with more than 9 interruptions per year for low density areas	-	-	-	-	18*	12	-	-	-		

In the event of an electricity shortfall, Terna - National Electrical Network requests that distributors implement a scheduled rotating outage plan in order to avoid a general blackout. There are five levels of severity of electricity shortfall used to determine the number of users involved and the frequency of outages. The disconnections, which will last up to 90 minutes, are notified by Terna 30 minutes in advance and can take place at any time during the specified time frames and not necessarily at their start. The scheduled outage plan prepared by Unareti and LD Reti, divided by day and time slot, is available from the companies' websites.

* Data updated with respect to the 2016 Integrated Report.

Figure 96_Electricity commercial quality: specific indicators for the Milan-Brescia area

	LEVEL ARERA RES. 198/11	ARERA LEVEL RES. 646/15 OF	ON T	CES PRO HE INDIC 1ETABLE	ATED	EX	RAGE TIM ECUTE T RVICE (DA	HE
		01/01/2016	2015	2016	2017	2015	2016*	2017
Time to prepare estimate for work on the network	20 working days for LV 40 working days for MV	10 working days for LV 30 working days for MV	99.26%	99.61%	98.66%	6.76	6.38	6.61
Execution time for simple work	15 working days for LV 30 working days for MV	10 working days for LV 20 working days for MV	99.56%	99.71%	99.32%	5.75	5.06	4.71
Execution time for complex work	N/A	50 working days	N/A	100.00%	99.86%	N/A	9.19	10.14
Activation time for LV/MV supply	5 working days	5 working days	99.81%	99.89%	99.84%	0.91	0.73	0.63
Supply de-activation time	5 working days for LV 7 working days for MV	5 working days	99.73%	99.81%	99.86%	0.7	0.64	0.59
Reactivation time following suspension due to non-payment	1 working day	1 working day	99.70%	99.87%	99.90%	0.11	0.10	0.08
Observance of time bracket for appointments	Two hours	Two hours	99.82%	99.85%	99.84%	N/A	N/A	N/A
Time to restore service following failure of meter equipment during working days from 8 AM to 6 PM on the LV network	Three hours	Three hours	87.82%	90.42%	88.01%	2.30	1.77	2.01
Time to restore service following failure of meter equipment during non- working days from 6 PM to 8 AM on the LV network	Four hours	Four hours	92.22%	98.28%	97.02%	2.19	1.40	1.52
Time to report results of testing of LV/ MV meter equipment	15 working days	15 working days	94.98%	97.16%	92.70%	9.65	9.20	11.40
Time for notifying the result of the verification of voltage	20 working days	20 working days	92.31%	96.55%	95.45%	15.50	15.76	15.28

* Data updated with respect to the 2016 Integrated Report, in line with the communication to ARERA after the publication of the document.

Figure 97_Electricity commercial quality: specific indicators for the Cremona area

	ARERA LEVEL RES. 646/15 OF 01/01/2016	SERVICES PROVIDED ON THE INDICATED TIMETABLE (%)	AVERAGE TIME TO EXECUTE THE SERVICE (DAYS)
		2017	2017
Time to prepare estimate for work on the network	10 working days for LV 30 working days for MV	100% 100%	3.34 8.88
Execution time for simple work	10 working days for LV 20 working days for MV	98% 100%	2.98 3.00
Execution time for complex work	50 working days for LV 50 working days for MV	100% 100%	14.45 10.50
Activation time for LV/MV supply	5 working days	100%	0.58
Supply de-activation time	5 working days for LV 7 working days for MV	100% 100%	0.5 4.00
Reactivation time following suspension due to non-payment	1 working day on zeroed 1 working day reduced 15%	100% 100%	0.11 0.6
Observance of time bracket for appointments	Two hours	100%	N/A
Time to restore service following failure of meter equipment during working days from 8 AM to 6 PM on the LV network	Three hours	100%	1.10
Time to restore service following failure of meter equipment during non-working days from 6 PM to 8 AM on the LV network	Four hours	100%	1.10
Time to report results of testing of LV/MV meter equipment	15 working days	100%	13
Time for notifying the result of the verification of voltage	20 working days	na	na

Figure 98_Electricity commercial quality: general indicators

		SEF	VICES PROV	IDED ON TH	E INDICATED	TIMETABLE	(%)		
	ARERA LEVEL					LD RETI			
		2015	2016	2017	2015	2016	2017		
Minimum percentage of detailed responses to written complaints or requests for information, provided within maximum period of 30 calendar days	95% (LV)	99.20%	99.41%	93.93%	-	-	100%		
	95% (MV)	98.10%	99.72%	98.93%	-	-	100%		

Stakeholder engagement and materiality analysis

Financial capital

Natural capital

Human capital

Figure 99_Gas commercial quality: general indicators

SERVICES PROVIDED ON THE	ARERA	UNARETI		ASPEM			LD RETI			ASVT			
INDICATED TIMETABLE (%)	LEVEL	2015	2016	2017	2015	2016	2017	2015	2016	2017	2015	2016	2017
Percentage of requests to execute complex work completed within the maximum period of 60 working days	90	99.54	99.70	98.83	100.00	100.00	100.00	-	-	100.00	-	-	-
Percentage of detailed responses to written complaints or requests for information provided within the maximum period of 30 working days	95	99.50	99.21	94.56	100.00	100.00	100.00	-	-	100.00	-	-	100.00

Figure 100_Gas technical quality

	BASE	BASE	BASE EFFECTIVE 2015							BASE	EFFECTIVE	2016					BASE	EFFECTIVE	2017				
	LEVEL	REFERENCE	MILAN	BRESCIA	BERGAMO	VARESE	CREMONA	LODI	PAVIA	MILAN	BRESCIA	BERGAMO	VARESE	CREMONA	LODI	PAVIA	MILAN	BRESCIA	BERGAMO	VARESE	CREMONA	LODI	PAVIA
Annual percentage of the high and medium pressure network inspected	30%	90%	58%	86%	100%	68%	-	-	-	73%	100%	100%	65%	-	-	-	72%	78%	-	85%	100%	100%	100%
Annual percentage of the low pressure network inspected	20%	70%	59%	58%	100%	92%	-	-	-	62%	63%	100%	77%	-	-	-	56%	56%	-	97%	100%	100%	100%
Annual number of leaks located per km of network inspected	0.8	0.1	0.13	0.09	0.04	0.17	-	-	-	0.09	0.08	0.01	0.23	-	-	-	0.13	0.07	-	0.00	0.01	0.02	0.05
Annual number of leaks located in response to reports from third parties per km of network	0.8	0.1	0.26	0.09	0.04	0.07	-	-	-	0.23	0.08	0.03	0.06	-	-	-	0.20	0.07	0.03	0.08	-	0.01	0.02
Conventional number of measurements of degree of natural gas odorant per thousand end customers	0.19	0.5	0.95	1.82	3.66	1.39	-	-	-	0.94	1.73	4.80	1.39	-	-	-	0.63	1.70	4.48	1.39	1.70	1.80	1.10

Figure 101_Gas emergency intervention

ANNUAL NUMBER OF CALLS TO THE SWITCHBOARD WITH A TIME TO ARRIVAL OF THE TEAM AT DESTINATION ≤ 60 MINUTES BASE LEVEL 90% BASE REFERENCE 95%	2015	2016	2017
Milan	98.78%	98.85%	99.00%
Brescia	99.85%	99.72%	99.81%
Bergamo	100.00%	100.00%	100.00%
Varese	99.74%	100.00%	100.00%
Cremona	-	-	99.80%
Lodi	-	-	100.00%
Pavia	-	-	100.00%

Figure 102_Gas commercial quality - specific indicators: Milan, Brescia, Bergamo and Chieti Area*

TYPE OF SERVICE	ARERA LEVELS RES. 574/13 OF		S PROVIDE		AVERAGE TIME TO EXECUTE THE SERVICE (DAYS)			
	01/01/2014	2015	2016	2017	2015	2016	2017	
Estimating time (simple work)	15 working days	99.46%	96.34%	85.86%	7.09	9.03	10.58	
Execution time (simple work)	10 working days	98.03%	92.79%	80.97%	7.14	7.13	8.5	
Estimating time (complex works)	30 working days	97.71%	94.24%	96.08%	11.55	15.09	13.92	
Supply activation time	10 working days	99.93%	99.93%	99.86%	2.85	3.72	3.31	
Supply de-activation time	5 working days	99.87%	99.49%	99.51%	3	3.09	3.05	
Reactivation time following suspension due to non-payment	2 working days	96.42%	97.59%	97.07%	1.15	1.24	1.18	
Observance of time bracket for appointments	Two hours	99.82%	99.79%	99.83%	-	-	-	
Time to notify results of testing of meter equipment	20 working days	67.57%	62.86%	96.39%	22.92	20.11	18.01	

* Data updated with respect to the 2016 Integrated Report, in line with the communication to ARERA after the publication of the document.

Stakeholder engagement and materiality analysis

Financial capital

Manufacturing capital

Natural capital

Human capital

Figure 103_Gas commercial quality - specific indicators Varese

TYPE OF SERVICE	ARERA LEVELS RES. 574/13 OF		S PROVIDED TED TIMETA		AVERAGE TIME TO EXECUTE THE SERVICE (DAYS)				
	01/01/2014	2015	2016	2017	2015	2016	2017		
Estimating time (simple work)	15 working days	100.00%	100.00%	100.00%	4.20	6.16	5.20		
Execution time (simple work)	10 working days	100.00%	100.00%	100.00%	3.20	1.90	3.40		
Estimating time (complex works)	30 working days	100.00%	100.00%	100.00%	4.20	6.00	5.50		
Supply activation time	10 working days	100.00%	100.00%	100.00%	1.80	3.40	3.30		
Supply de-activation time	5 working days	100.00%	100.00%	100.00%	2.10	2.10	3.20		
Reactivation time following suspension due to non-payment	2 working days	99.09%	100.00%	100.00%	1.10	1.40	2.00		
Observance of time bracket for appointments	Two hours	99.99%	100.00%	100.00%	-	-	-		
Time to notify results of testing of meter equipment	20 working days	-	-	-	-	-	-		

Figure 104_Gas commercial quality - specific indicators ASVT

TYPE OF SERVICE	ARERA LEVELS RES. 574/13 OF 01/01/2014	SERVICES PROVIDED ON THE INDICATED TIMETABLE (%)	AVERAGE TIME TO EXECUTE THE SERVICE (DAYS)
		2017	2017
Estimating time (simple work)	15 working days	96.64%	4.96
Execution time (simple work)	10 working days	98.96%	1.96
Estimating time (complex works)	30 working days	100.00%	3.00
Supply activation time	10 working days	100.00%	1.72
Supply de-activation time	5 working days	100.00%	1.70
Reactivation time following suspension due to non-payment	2 working days	100.00%	0.65
Observance of time bracket for appointments	Two hours	100.00%	-
Time to notify results of testing of meter equipment	20 working days	100.00%	16.20

Figure 105_Gas commercial quality - specific indicators LGH

TYPE OF SERVICE	ARERA LEVELS RES. 574/13 OF 01/01/2014	SERVICES PROVIDED ON THE INDICATED TIMETABLE (%)	AVERAGE TIME TO EXECUTE THE SERVICE (DAYS)
		2017	2017
Estimating time (simple work)	15 working days	100.00%	3.95
Execution time (simple work)	10 working days	99.81%	3.16
Estimating time (complex works)	30 working days	100.00%	5.33
Supply activation time	10 working days	99.58%	3.05
Supply de-activation time	5 working days	96.06%	2.65
Reactivation time following suspension due to non-payment	2 working days	97.33%	1.23
Observance of time bracket for appointments	Two hours	98.89%	-
Time to notify results of testing of meter equipment	20 working days	67.35%	18.31

Integrated water service

Figure 106_Integrated water service users

	2015	2016	2017
Municipalities served by aqueduct	108	108	120
Users served by aqueduct	282,254	283,479	308,178
Inhabitants served by aqueduct	812,948	812,654	886,195
Inhabitants served by sewers	563,887	563,516	652,956
Inhabitants served by purification	549,636	549,311	641,194

Figure 107_Quality of the call centre

	A2	A CICLO IDRI	СО	ASPEM				
	2015	2016	2017	2015	2016	2017		
Service accessibility rate (free lines with respect to operator presence time)	100.00%	100.00%	100.00%	-	100.00%	100.00%		
Number of calls to the call centre	81,761	79,277	118,231	-	9,494	12,966		
Average telephone waiting time for calls from end customers (seconds)	84	73	78	-	-	87		
Percentage of successful calls	88.10%	87.70%	64.67%	-	47.50%	96.20%		

Stakeholder engagement and materiality analysis

Financial capital

Manufacturing capital

Figure 108_Quality of the integrated water service

Data in days	A2A CICLO IDRICO				ASPEM		ASVT			
Data in days	2015	2016	2017	2015	2016	2017	2015	2016	2017	
Response time to requests for estimate for connection to the aqueduct	3.98	7.37	5.16	-	-	5.10	-	-	2.30	
Response time to requests for estimate for connection to the sewers	3.30	4.60	3.21	-	-	-	-	-	1.67	
Aqueduct connection times	12.10	13.70	5.78	-	-	2.92	-	-	2.61	
Supply activation time	2.40	2.70	2.47	-	-	1.77	-	-	1.65	
Sewer connection times	12.30	19.30	15.74	-	-	-	-	-	6.60	

Pelationa

District heating and heat management

Figure 109_Transformations made by the heat management service*

	2015	2016	2017
Transformations (no.)	18	13	40
Capacity installed (kW)	9,394	16,950	16,918

* These refer to replacement of methane with methane with a condensing boiler, of methane with district heating, of diesel with methane with a condensing boiler and of diesel with district heating.

Human capital

Natural capital

Integrated waste cycle

Figure 110_Population served by the urban sanitation service

	2015	2016	2017
Municipalities served	101	117	258
Population served (thousands)	2,539	2,646	3,549

Figure 111_Services in exchange for payment (waste disposal and other services specifically for private customers)

CUSTOMERS SERVED	2015	2016	2017
Amsa	8,167	9,206	9,091
Aprica	1,270	1,357	1,397
La.Bi.Co. Due	-	-	259

Figure 112_Waste disposal service

	2015	2016	2017
Municipalities served	952	962	988
Companies served	1,844	1,860	3,160

Figure 113_Call centre services

	AMSA				APRICA			ASPEM		
	2015	2016	2017	2015	2016	2017	2015	2016	2017	
Number of calls to the call centre	375,210	321,778	376,027	22,535	45,901	80,962	-	-	-	
Accessibility of lines and services (time when line is free vs operator presence time)	100%	100%	100%	100%	100%	100%	100%	100%	100%	
Average waiting time on the telephone (seconds)	97	70	76	62	60	52	139	23	87	
Percentage of successful calls	93%	94%	94%	69%	82%	72%	53%	47%	65%	

Conciliation management

Figure 114_ADR A2A-Consumer associations conciliation procedures* - 2017

DISPUTES RECEIVED	GAS	%	ELECTRICITY	%	WATER	%	TOTAL REQUESTS	%
BILLING	3	15%	4	20%	-	-	7	17%
LATE PAYMENT AND SUSPENSION	2	10%	-	-	-	-	2	5%
METERING	14	70%	13	65%	-	-	27	66%
CONTRACTS	1	5%	3	15%	-	-	4	10%
MARKET	-	-	-	-	-	-	-	-
CONNECTIONS, WORKS AND TECHNICAL QUALITY	-	-	-	-	-	-	-	-
LOSSES CONCEALED	-	-	-	-	1	100%	1	2%
OTHER (NOT INCLUDED IN PROTOCOL)	-	-	-	-	-	-	-	-
General total	20	49%	20	49%	1	2%	41	100%

 * The table does not include LGH Group conciliations, which numbered 21 in 2017.

Relations with suppliers

Figure 115_Number and value of orders by supply type

		2015	2016			2017
ТҮРЕ	NO. ORDERS	AMOUNT (€)	NO. ORDERS	AMOUNT (€)	NO. ORDERS	AMOUNT (€)
Supplies	2,865	220,661,934	2,649	220,281,621	7,158	304,069,078
Works	1,538	238,039,579	1,842	340,739,182	2,723	324,169,902
Services	2,300	231,330,697	2,088	273,847,724	7,127	250,124,004
A2A Group orders	6,703	690,032,210	6,579	834,868,527	17,008	878,362,983
LGH orders	-	-	-	-	4,541	124,628,004
Total	6,703	690,032,210	6,579	834,868,527	21,549	1,002,990,987

Figure 116_Fuel suppliers - millions of euro

2017	COAL	HEAVY FUEL OIL	DIESEL	NATURAL GAS	TOTAL
Value of orders issued towards European suppliers	83	109	2	979	1,173

Figure 117_Geographic breakdown of orders [GRI 204-1] - (%)

	2015	2016	2017	
Lombardy	67.4%	57.1%	64.0%	
Other regions of Italy	30.3%	39.6%	31.2%	
EU	2.3%	3.2%	4.5%	
Non EU	0.0%	0.1%	0.3%	

Figure 118_Suppliers with at least one A2A Group certification* - number

	2015	2016	2017
Total	2,768	2,843	2,215

* Does not include new consolidated companies according to the 2017 scope.

Figure 119_Value of orders issued by the A2A Group to suppliers in possession of at least one certification*

	2015	2016	2017
Percentage	76%	77%	80%

* Does not include new consolidated companies according to the 2017 scope.

Stakeholder engagement and materiality analysis

Financial capital

Natural capital

Human capital

Figure 120_Validated suppliers, by type

A2A GROUP QUALIFIED SUPPLIERS	2015	2016	2017
Large business (more than 250 employees)	395	307	276
Medium business (50-250 employees)	763	804	687
Small business (10-50 employees)	1,482	1,745	1,459
Micro business (1-10 employees)	1,845	1,854	1,456
na	255	198	567
Total	4,740	4,908	4,445

LGH GROUP QUALIFIED SUPPLIERS	2017
Micro business (1-5 employees)	11
Small business (6-15 employees)	22
Small-medium business (16 - 50 employees)	21
Medium business (51-100 employees)	8
Large business (more than 100 employees)	11
na	12
Total	74

Dispute management

EMPLOYEES

The total amount of Labour disputes in progress or concluded in 2017 brought by employees of A2A Group companies (including the LGH Group and excluding AMSA S.p.A.) is 42, 2 of wich concerned a challenge against lawful dismissal for misconduct, 2 challenged dismissal for having exceeded the conduct period and 3 challenged dismissal on objectively justified grounds. Moreover, 1 plaintiff requested the conversion of his contract of employment into a permanent one, 6 plaintiffs sought a higher-level classification and 2 plaintiffs complained of demotion. Additionally, in 2017, there were 7 cases pending for alleged occupational diseases or injuries at work (of which 2 settled during that same year). The remaining disputes related to various claims, such as remuneration differences other than higher level classification and appeals of disciplinary measures not involving termination.

As regards AMSA, labour disputes in progress or concluded in 2017 numbered a total of 156, of which 13 concerned challenges of dismissals, 6 requested the establishment of permanent subordinate contracts of employment, 15 requested a higher classification, 64 assessment of the existence *ab origine* of a contract of employment with AMSA due to alleged fictitious inclusion of labour and the right to have the related salary differences paid and 12 regarding the assessment of the unlawful nature of the business unit transfer. The remaining disputes related to various claims, such as challenges of interim disciplinary measures, remuneration differences other than higher level classification and damage compensation claims.

SUPPLIERS

There were 29 labour disputes in progress or concluded in 2017 initiated by workers of contracting firms that worked on contracts awarded by A2A Group companies (including the LGH Group). There were 4 proceedings for compensation for damages resulting from occupational diseases or injuries allegedly contracted during the contract work. 3 plaintiffs claimed the establishment of a subordinate contract of employment with the client company and 15 plaintiffs summonsed the contractor, their employer, to court as well as the A2A Group company as client, so as to obtain, by virtue of the joint liability pursuant to Art. 29 of Italian Legislative Decree no. 276/2003 and Art. 1676 of the Italian Civil Code, their sentencing to pay the salary differences claimed. Finally, 7 of the claimants sought a judgment ordering the contractors and principal, jointly and severally, to compensate them for damages deriving from failure to grant them employment at the enterprise that they alleged intermediated in the cleaning contract ordered by the A2A Group company.

In 2017, as a result of breach of contribution obligations due to employees by a supplier, as ascertained during inspections performed by the Territorial Employment Inspectorate, in fulfilment of the related reports notified by the inspection entity, two Group companies had to pay the amounts relating to the failure to make contribution payments as assessed and in the capacity of clients jointly liable pursuant to Art. 29 of Italian Legislative Decree no. 276/2003 and Art. 1676 of the Italian Civil Code.

CUSTOMERS

At end 2017, there were 20 (of which 3 relating to the LGH Group) lawsuits in progress relating to challenges connected with billing, as a result of tax issues with the application of excise duties to gas supplies, incorrect recording of consumption due to a meter malfunction, incorrect configuration of power available for the supply of electricity, incorrect transfer and supplies and, more general, failure and/or incorrect noting of electricity and/or gas consumption. There were 3 ongoing cases involving damages claimed due to delays in the activation of supply. One client, whose supply had been suspended for late payment, also submitted a claim for interruption of a public service; the asked prosecutor appointed, asked the case to be archived. In 2016,

the Metrics Office of Milan Chamber of Commerce had charged Unareti (formerly A2A Reti Elettriche) with alleged administrative violations in connection with 63 electricity meters, assigning an administrative fine of 500 euros per meter. A fine was also levied against A2A Energia as the "intermediary" in the supply arrangement through the distributor's meters for 47 of the meters in question. All of the notices of violations and related penalties have been appealed by the two companies. As regards the sanctions charged by the Metrics Office of Milan Chamber of Commerce and as challenged, in 2017, the competent authority had not yet ruled. During 2017, two lawsuits were brought against the gas distribution company LD Reti, relative to gas metering: one was brought by the sales company Enercom, to obtain compensation for the damages equating to imbalance expenses and the penalty for having exceeded transmission capacity, for which the authority is regulating the reopening of the terms for recalculating material errors of metering; the other brought by a consumer for the malfunction of the gas meter, where the distributor has been summonsed to the case under the scope of the preventive technical assessment procedure brought by the customer against the sales company. In 2017, Linea Piu S.p.A. challenged 2016's ARERA resolutions 333 and 342, relative to the adoption to the adoption of prescription and sanction measures against conduct allegedly adopted by the company to the detriment of the TSO and indirectly of end users; in July 2017, the Lombardy Regional administrative court upheld the protective measure and suspended effect of the measures challenged. In 2017, a dispute continued brought by a customer of AMSA, A2A Ambiente and Aprica,

Stakeholder

engagement

analysis

Financial

Manufacturing

capital

capital

Natural

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Human

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who is claiming termination of contract due to it having become excessively expensive; moreover, A2A Ciclo Idrico has been notified of a petition brought pursuant to Art. 702 bis of the Italian Code of Criminal Procedure by a credit institute, which has brought a suit opposing the transfer of credit, which has subsequently been joined by a parallel request for payment (for invoices issued in respect of works partially carried out) by the receiver of the contractor (which has, in the meantime, been declared bankrupt). August saw the conclusion of the proceedings brought by the Antitrust Authority in November 2016, with the archiving of the position of Linea Più S.p.A. following assessment that the procedures adopted were indeed correct and fulfilment of the request to remove any possible non-conformities.

COMMUNITY

Number of injuries and fatalities to the public, including legal proceedings [EU25]

At end 2017, the cases in which citizens requested compensation, for the most part of fairly small value, for financial damages or damages to property, were 71, while the cases seeking compensation for physical damages in respect of personal injuries were 40; these include 1 relating to a fatal road accident involving a Group company (an operative vehicle cleaning a cycle path).

There were also 2 cases pending relating to alleged violations of property rights (rights of way), 1 brought in 2006 by two citizens neighbouring a Group company plant, for physical damages deriving from an alleged exceeding of emissions limits, 3 cases relating to alleged damages to neighbouring crops, dating to previous years and a preventive technical assessment to ascertain the actual state of maintenance of a thermal plant, so as to note any fumes and/or noise affecting third party property.

ENVIRONMENT

Non-compliance with environmental regulations [GRI 307-1]

As at December 31, 2017, 21 environmental procedures were underway or completed (of which 3 relative to the LGH Group), of which 7 were closed, 7 were new and 12 were already in progress, related to miscellaneous complaints of Integrated Environmental Authorisations (IEAs) issued to Group companies, other alleged irregularities in waste management and alleged non-compliance with other requirements of the law or regulations.

- Moreover, in 2017:
- a criminal decree has been notified demanding payment of a fine for violation of IEA provisions by a manager of A2A Ambiente. The decree has been challenged and an out-of-court settlement admitted;
- an employee of A2A Ambiente has been investigated as part of an investigation into alleged unlawful waste management also involving, as party liable in accordance with Italian Legislative Decree no. 231/2001, the company. With regards to this latter, the prosecution has requested protective measures, which the examining judge has rejected on the basis of lack of grounds;

- an employee of SED S.r.l. has been notified of a criminal decree sentencing him to pay a fine for violation of IEA provisions. Following opposition and admission of out-of-court settlement, the decree was revoked and the examining judge ruled that there was "no need to proceed":
- a notice of guarantee for the crime of environmental pollution has been notified to three employees of A2A Energie Future at the CTE of Monfalcone. The proceedings are at the preliminary investigation stage;
 a notice of guarantee has been notified to the head of the A2A Gencogas Chivasso plant for the crime of dangerous throwing of objects (Art. 674 of the Italian Criminal Code). The proceedings are at the preliminary investigation stage;

 in connection with a report made to the prosecution for possible damages to the health of residents in the area around the waste-to-energy plant of Ecolombardia4, in rejecting the opposition brought against the archiving measure requested by the prosecution, the examining judge has ordered that the proceedings be definitively archived;

 for three criminal decrees ordering pecuniary fines notified previously to A2A Ambiente for violation of IEA provisions and challenged, in 2 cases a ruling of "no need to proceed" has been issued due to the extinguishing of the crime following an out-of-court settlement and in 1 case, a sentence of absolution "because the events are no longer considered by the law as a crime";

• in 2017, two former employees and one employee of Linea Ambiente S.r.l. were investigated as part of an investigation into the disposal of waste produced by the company SAPNA S.p.A., which also involved, as party liable in accordance with Italian Legislative Decree no. 231/2001, the company;

- the administrative proceedings relating to the IEA provisions on the Cremona waste-to-energy plant have been successfully closed, with the company having incorporated all provisions laid down by the Region of Lombardy;
- a criminal decree has been notified demanding payment of a fine for violation of authorisation provisions relating to emissions control of the Lodi cogeneration plant, thereafter admitted for out-of-court settlement and extinguished;

 the prosecution investigation, upon receipt of a report by the Regional Environmental Protection Agency of an exceeding of emissions limits by the waste-to-energy plant in Cremona, started in 2014, is still in progress and no specific liability has been claimed.

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