

2018 CONSOLIDATED NON-FINANCIAL DISCLOSURE

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2018 Consolidated Non-Financial Disclosure

(Pursuant to art. 3 and art. 4 of Legislative Decree No. 254 of 2016)



Consolidated Non-Financial Disclosure



EDISON PROFILE AND MAIN ACTIVITIES

COMPANY PROFILE

Edison is one of the **leading energy operators in Italy and in Europe**: it commenced business more than 130 years ago and is today one of the top Italian operators.

Its mission is to meet **customers' needs by providing intelligent, competitive and sustainable solutions and producing energy in an increasingly more sustainable manner**, thanks to the production from gas and renewable sources, contributing to the ongoing process of energy transition.

Edison is controlled by EDF, the major French energy production and distribution group, which holds 97.45% of total capital and assumed control over it in 2012.

The only listed shares of Edison are savings shares, traded on the market managed by Borsa Italiana: therefore, the Company is included among "public interest entities" and, as such, is subject to the obligation to disclose non-financial information as set out in Legislative Decree No. 254/2016.

DESCRIPTION OF THE CORE BUSINESS

Edison's activities are concentrated in the following business areas:

- **production and sale of electricity** with a highly efficient and diversified set of power plants, comprising thermoelectric, hydroelectric, wind, solar and biomass plants;
- **procurement, exploration, production and sale of natural gas and crude oil (hydrocarbons)**, with a presence in Italy, Europe and in the Mediterranean basin with natural gas and crude oil exploration and production concessions and permits;
- **provision of energy and environmental services** on a large scale, for the different markets: retail, business and public administration.

Today, the markets in which Edison operates are undergoing processes of gradual and growing competition and technological development. This calls for a significant transformation of the business models in order to tackle, on the one hand, the fight against climate change, protection of the environment and the definition of a new energy mix and, on the other, the presence of new competitors, such as, for example, the large US technology groups. In this scenario, the ability to react and flexibility of adjustment of the business models are critical success factors for industry operators.

Faced with this innovative drive, it is now essential for Edison to design a **resilient business model**, capable of rapidly adapting to the evolving scenario and guided by the digitalisation of processes, products and service.

To this end, Edison started yet from the revision of its business model and its organizational structure, initiatives aimed at supporting the company's internal operational transformation; these initiatives were carried out by a Transformation Team, an inter-functional and transversal working group supported by the Executive Committee. More recently, in 2018, to further strengthen the impulse and a systemic approach to innovation, the Strategy, Corporate Development & Innovation Division was established. In particular, the objective of the Division is to **focus on and reinforce the process of creating and developing strategic options** in support of the company top management and the managers of the various business areas, and to promote a more integrated approach to technological innovation and digital factors.

The Division is oriented towards defining medium and long-term growth objectives, through constant strategic revision of the portfolio and the launch of activities to explore new businesses,

with a greater push towards diversification, technological innovation, digital transformation and regional integration.

In 2018, Edison also launched the **digital transformation project DAFNE (Digital Arena For the Next Edison)**, responding to the need to launch effective digital transformation, through a technological and IT project which involves the entire Company, from the organisation to strategy, incorporating processes and staff training. DAFNE adopts an innovative, integrated and continuous approach, which places the central focus on culture, processes, organisation, expertise and technology. The project proposes to enhance the efficiency of existing processes and activities and help the Company to introduce new businesses which can only be achieved through large-scale use of digital media, thus laying the foundations for effective development of activities which are central to the future of the Company.

Edison also **acquired a share in the Smart City fund managed by Idinvest** focused on investing in start-ups in smart energy, smart building & industry, new mobility and enabling technologies in Europe, North America, Israel and Asia. The agreement affords Edison the opportunity to co-invest in attractive start-ups and involves a commitment on the part of Idinvest to promote the Italian innovation ecosystem, by investing in one or more innovative Italian companies and/or start-ups.

Electric power generation

Edison generates electric power using combined cycle (CCGT) thermoelectric plants, hydroelectric, wind, solar and biomass plants.

Edison produces the bulk of its energy from **plants powered by natural gas** which, thanks to reduced emissions, allow the Company to be a key operator in energy transition and to contribute to the Italian project for the phasing out of coal-powered plants, guaranteeing the stability of the system. Augmenting these, **a significant portion of electricity is produced using renewable sources**, primarily by hydroelectric plants (both large plants and mini-hydro plants) and wind farms.

Edison is committed to expansion of the **hydroelectric sector** through internal growth (green-field plants or revamping) and acquisitions of existing plants, especially in the mini-hydro plants segment.

Edison also continues to carry out the **optimisation of its production plants**, in order to improve their overall performances through efficiency drives and constant performance improvement, including environmental.

Sustainability Policy Target:

promoting at least 30 digital transformation projects by 2021.

	Unit of measurement	2016	2017	2018	GRI
Net electricity production (GRI Standard EU2 - OG3)					EU2
Edison production	GWh	21,156	20,788	19,700	OG3
Thermoelectric energy	GWh	17,521	17,484	15,618	
- of which combined-cycle*	GWh	16,731	16,708	15,036	
Renewable energy	GWh	3,635	3,303	4,082	
- hydroelectric energy	GWh	2,494	2,215	3,085	
- wind power	GWh	1,090	1,051	943	
- electricity from other renewable sources (solar and biomass)	GWh	50	38	54	
Share of energy produced from renewable sources	%	17	16	21	
Other purchases	GWh	70,836	54,002	24,021	

* Scope: the data include the production of Fenice S.p.A. and Sersys ambiente from their entry to the Group in 2016, with the exception of the production of combined cycle thermoelectric energy which refers to the entire scope only in 2017 and 2018.

** Scope: data do not include Fenice and its subsidiaries

Procurement, exploration and production of hydrocarbons

Edison operates throughout the **oil&gas business segment**, starting from exploration and production activities that are distributed mainly in Italy, Egypt, Mediterranean Basin and North Sea. In all Countries where it operates, Edison is recognised by the national authorities as a **qualified operator**.

Edison also has **hydrocarbon reserves** amounting to 34.1 billion cubic metres equivalents and holds **four long-term contracts** to import natural gas from production areas (Qatar, Libya, Algeria and Russia) ensuring that supply sources are diversified.

In 2018, consistent with the new strategic guidelines, the company **Edison Exploration & Production Spa** was incorporated (Edison E&P Spa) to which the business unit comprised of plants, activities, mining titles, contracts and human resources previously assigned to Edison Spa's E&P Division was then transferred.

The new company is wholly-owned and subject to management and coordination by Edison Spa.

	Unit of measurement	2016	2017	2018
Production and reserves of hydrocarbons (GRI Standard OG1)				
Natural gas produced	millions of m ³	1,924	2,073	2,263
Crude oil extracted	thousands of barrels	4,143	4,001	4,013
Hydrocarbon reserves	billions of m ³	40.4	36.5	34.1

Sale of electric power and gas

Edison is active in the **sale of electric power, gas and value-added services** to all market segments, from large industry to domestic customers.

The commercial activity and customer relations take place through different channels, including sales agencies, branches, call centres, with a special focus on the development of the digital channel.

As regards this aspect, during the year the Company strengthened the **Edison World platform** for the residential market, which today offers services with which Edison meets all home needs: energy efficiency assistance, photovoltaic production, smart home and services for electric cars.

In fact, the Edison World platform was enriched in 2018 by additional new services such as PLUG&Go for electric mobility, My Comfort for air conditioners and Prontissimo Casa which offers emergency response telephone assistance 24 hours a day.

Edison's customers can therefore access unlimited assistance services for unforeseen events, installation and maintenance of efficient products for heating and cooling the home, installation of photovoltaic power, batteries and wall boxes for recharging electric cars. In addition, through the Smart Living service, customers can make their home smart, by also connecting new load monitoring and control systems.

Since September 2018, SME customers have been able to take advantage of a new offer (Edison Sun&Go), which combines photovoltaic, batteries and the use of an electric car to allow their employees to travel around emission-free.

Customers (at Dec. 31)

	Unit of measurement	2016	2017	2018
Total Customers *	no.	1,041,115	1,059,316	1,592,427
Electricity customers *				
Total	no.	537,603	572,858	656,221
	GWh	11,582	10,928	13,785
Residential	no.	446,919	433,218	484,702
	GWh	1,218	1,180	1,219
Business	no.	4,098	67,322	93,094
	GWh	9,325	8,855	11,560
Small business (SOHO)	no.	86,586	72,318	78,425
	GWh	1,039	893	1,005
Natural gas customers*				
Total	no.	503,512	486,458	936,206
	mil Sm³	6,531	6,911	7,372
Edison Energia residential natural gas customers	no.	366,288	343,348	758,104
	mil Sm ³	354	349	535
Edison Energia other natural gas customers (industrial companies and non-industrial wholesalers)	no.	981	6,667	12,657
	mil Sm ³	6,112	6,497	6,759
Total Edison Energia natural gas sector	no.	367,269	350,015	770,761
	mil Sm³	6,466	6,846	7,294
AMG gas	no.	136,243	136,443	135,529
	mil Sm ³	65	65	69
Attiva	no.	0	0	29,916
	mil Sm ³	0	0	10
Total AMG Palermo gas customers	no.	136,243	136,443	165,445
	mil Sm³	65	65	79

* The method of calculation of end customers was modified with respect to 2016, and, from 2017, the number of sites is considered. From 2018, the residential and industrial items of AMG Gas were merged and the row relating to Attiva was inserted, a company acquired in 2018. Data do not include Fenice customers (398 electricity customers and 21 gas customers).

Energy and environmental services

As part of the provision of energy services, Edison adopts a shared value model, which creates advantages for all stakeholders. In partnership with its customers (residential, business, cities and regions), the Company offers customised services, aimed at enhancing the efficiency of the activities carried out and shares their economic results obtained.

The Company further strengthened its presence on the **Public Administration services market** in 2018, through the acquisition of the company Zephyro, specialised in the provision of integrated energy management solutions for complex structures.

The offer of services dedicated to large companies and SMEs saw, in 2018, the creation of new ad hoc market areas (in particular, one dedicated to a key customer, FCA (Fiat Chrysler Automobiles), and another devoted to services for the "Private Building & district heating market"), with the goal of further specialisation of activities

The **services portfolio** includes:

- energy optimisation to reduce consumption for equal output of the production processes while improving service quality;
- on-site energy production, with low or no environmental impact systems, such as photovoltaic, biomass, high yield co-generation, etc.;
- energy consulting in the field of energy management systems (ISO 50001), in the management of energy efficiency and environmental certificates and in in-house and external training for customers and partners;
- construction of projects on the territory, starting from the analysis of the opportunities to boost the efficiency of resources and ending with the construction of projects with stakeholders;
- coverage along the entire value chain of the environmental services of consulting, studies and designs, clean-ups, monitoring, sampling and analysis of environmental matrices, waste management, waste water treatment.

Furthermore, in 2018, the **offer of services for the energy redevelopment of buildings** belonging to public and private customers was introduced. In relation to this point, Edison is experimenting with increasingly more frequent use of **BIM (Building Information Modelling)**, managed as part of a single process which incorporates the entire life cycle of the building, and the architectural, structural and installations design, in order to optimise construction, verification and control activities.

Sustainable mobility

In this scenario of transformation, also connected with the fight against climate change and energy transition, Edison has invested in **sustainable mobility**, launching the **first small-scale LNG integrated logistics chain** in 2018. Therefore, the new company Depositi Italiani GNL was formed with partner company PIR (Petroliera Italo Rumena) for the construction in Ravenna of the first coastal LNG depot with an annual handling capacity of more than 1 million cubic metres of liquefied gas for an investment of 100 million euros.

The Ravenna depot, the first in a system of coastal depots, which will start to operate in 2021, will have a storage capacity of 20,000 cubic metres of LNG and will make LNG available in Italy to fuel at least 12,000 trucks and up to 48 ferries a year.

In addition, Edison announced an agreement with Knutsen for the construction of a 30,000m³ ship that will transport the LNG to the coastal depots. The LNG carrier will be able to procure LNG thanks to the extensive portfolio of long-term LNG contracts held by Edison. In fact, Edison has a unique position in Italy in the LNG value chain. Currently, it is, in fact, the only long-term importer of LNG in Italy and can therefore guarantee the continuous and long-lasting availability of LNG throughout the country thanks to a diversified portfolio and the opening of a new supply channel from the United States.

The ship will be equipped with a dual fuel high efficiency engine, powered by LNG and marine diesel, which will make it possible to respect the most restrictive limits of maritime emissions set forth by the IMO (International Maritime Organisation), and will be equipped with a liquefaction unit which will enable greater operating flexibility and environmental sustainability.

As regards electric vehicles, the Plug&Go offer was launched, to facilitate the circulation of electric vehicles in Italy and promote sustainable and ecological life styles, especially in big cities. Plug&Go provides customers with different electric car models based on long-term rental agreements, and also makes provision for the installation of a wall box in the garages of private homes for vehicle recharging.

RELATIONS WITH SUPPLIERS

Edison currently has a vast and well-structured **network of suppliers**: over time, Edison has built up **transparent relations** with them, able to create not just short-term value but in the long-term too.

Edison works with suppliers that guarantee the highest health and safety standards, respect for human rights, the fight against corruption and respect for the environment.

All suppliers have to go through a **qualification process**: suppliers and subcontractors, when they apply, must undertake to comply with Edison's fundamental principles and values, read and accept the 231 Model and the Code of Ethics.

This system is essential for protecting Edison from risks relating to the worker health and safety of the contracting companies and from the social, environmental and reputational risks connected with irresponsible management of the supply chain.

Edison has participated in the creation of the **Sustainable Supply Chain Self-Assessment Platform** launched in 2014 as part of the project "TenP" (Ten Principles) promoted by the Global Compact Network Italia (GCNI) Foundation. In 2018, supported the Foundation in the collective action "Scatena la Catena" (Break the chain), with the objective of promoting the principles of the TenP platform and building training packages on Human Rights and Labour and Anti-Corruption.

Suppliers

	Unit of measurement	2016	2017	2018
Value and location of supplies*				
Total value of supplies	(thousands of euros)	360,305	649,671	456,463
- suppliers in Italy	%	80.4	90.9	91.6
- foreign suppliers	%	19.6	9.1	8.4
% ordered from local businesses	%	6.7	3.1	5.0

* The scope of data does not include Edison Energie (former Gas Natural Vendita Italia) which will be reported from next year.

Supplier vetting and screening*

Qualified suppliers	no.	3,798	4,781	5,143
Total value of purchases from approved suppliers	(thousands of euros)	323,544	576,708	414,281
as a % of total purchases	%	90.0	89.0	90.8
Strategic suppliers (*)	no.	71.0	10.0	10.0
supplies from strategic suppliers as a % of total supplies	%	7.0	34.0	17.1

* The 2016 data relate exclusively to Edison S.p.A. By contrast, from 2017, they refer to the entire Group. As regards 2018, the scope of the data is extended to the entire group but does not include Edison Energie (former Gas Natural Vendita Italia) which will be reported from next year.

EDISON SUSTAINABILITY POLICY

Edison aims to direct its business activities towards meeting the 17 targets formalised by the **Sustainable Development Goals (SDG)** of the United Nations, which it also undertakes to support as part of its partnership with the Global Compact Network Italia Foundation.

Edison's business model is aimed at creating long-term value for all stakeholder categories by achieving objectives related to profitability and growth, efficiency, operating excellence and business risk prevention, protecting the environment and developing the communities where Edison operates, safeguarding people's health and safety, respecting human rights and upholding ethical principles and transparency. As a key operator in the energy sector, Edison carefully considers the impacts it generates, aware of its role in supporting the country's energy economy and sustainable development. Edison has developed, over several years, a proactive process of strengthening its commitment in terms of social responsibility, also viewed as a competitiveness tool: a sizeable part of the sustainability initiatives are effective if they reinforce the competitive advantage.

Through its practices and its business approach, Edison intends to address the risks and business opportunities that stem from the national and international context, promote the integration of sustainable development in business and improve dialogue with local communities and plant acceptability.

Through a process of design with the internal sustainability network and subsequent sharing with the Company's external stakeholders, Edison has recently fine-tuned the new **Sustainability Policy**, which outlines the Company's intention to be a positive force, offering proposals with respect to the ecosystem in which it operates, capable of bolstering and creating new relations, collaborations, partnerships with all stakeholders at international, national and local level.

Therefore, Edison is committed to adopting an integrated and structural approach, which views sustainability as a business and value creation tool, and to following a challenging path with the goal of identifying important sustainability objectives, approved and adopted by the Board of Directors in 2018.

Edison's policy has been drawn up on the basis of a **prerequisite** (the sustainability of corporate processes), **four key pillars** (combatting climate change, personnel and expertise as a platform for growth, closeness to customers and to the market, sustainable production and protection of biodiversity) and an **enabling factor** (interaction with stakeholders and shared design).

In 2018, during two meetings with the **Stakeholder Panel SDGs@Edison**, first in Milan in February then in Venice (at the same time as the 'Biennale Internazionale di Architettura' - International Architecture Exhibition) in October, the Sustainability Policy was shared with the stakeholders present and new catalysts were discussed for developing the strategic sustainability guidelines. In fact, SDGs@Edison is a stimulating panel the Company listens to in order to bolster dialogue on the challenges that lie ahead and the themes of sustainable development.

The first meeting of the SDGs@Edison sustainability panel was one of the key moments in Edison's process of change: 35 qualified stakeholders, including representatives of institutions, the economic world, the third sector, the world of culture and "millennial" students, were involved in a valuable direct debate with the Company to offer their external point of view on the prospects of the energy sector and on Edison's future path.

The second meeting was instead an opportunity for a joint discussion on the significance of inhabiting spaces responsibly and on Edison's role in that regard, in an environment which is evolving rapidly thanks to the digitalisation of services. Private spaces, individual, public and community, work places that are changing in terms of their look and functions and allow new methods of interaction and fresh business opportunities, based purely on sharing.

SDGs@Edison is a stimulating panel the Company listens to in order to bolster dialogue on the challenges that lie ahead and the themes of sustainable development.

In 2018, in order to actually implement the Sustainability Policy, the **objectives and actions** that will give substance to the commitments undertaken by Edison in the next three-year period, were defined in a shared manner with all functions. These objectives have been formalised into targets (reported below) that the Company intends to achieve. The Edison Board of 7th December 2018 approved the articulation of the contents of the targets, whose quantification was defined along with the NFD approval. Lastly, in order to assess the progress status, a **monitoring system based on significant KPIs** has been defined, which will provide the management not only with details of the progress status of each individual action, but also the degree of actual operating coverage of each target contained in the policy, to turn the stated aims into actions.

The main objective of the structuring of the monitoring system is actually to promptly identify any critical elements and how far Edison is from the objectives it intends to pursue, by implementing the necessary corrective actions to achieve these.

THE SUSTAINABILITY POLICY TARGETS

Sustainability of company processes

- DIGITAL: at least 30 digital transformation projects by 2021.

Close to customers and to markets

- SMART BUILDING: at least 30 smart building initiatives through the innovative BIM system by 2021.
- CUSTOMERS: customer satisfaction high over time* and establishment of a network of 400 regional contact points by 2021 to promote customer relationship.

Dialogue with stakeholders and shared design

- At least two meetings of the SDGs@Edison stakeholder panel per year, of which at least one in the areas of interest.

* NPS value > 6

Fight climate change

- RENEWABLE SOURCES: 40% of production by 2030.
- CO₂: specific emissions of the electric generation plants at 0.26 kg/kWh by 2030, participating in the Italian coal phasing out plan.

People and skills as a platform for growth

- INCLUSION: at least 2,000 employees participating in inclusion projects by 2021.
- COLLABORATION: 70% of employees using social collaboration tools, by 2021.
- DIVERSITY: balanced pipeline of candidacies for promotion to managerial categories.

Sustainable production and biodiversity preservation

THE MATERIAL THEMES

MATERIALITY ANALYSIS

In 2018, Edison launched the **update of its materiality analysis**, with the objective of **focusing the report on its activities**, within its Non-Financial Statement, on the **burning issues** for the Company and its stakeholders.

The analysis started with the outcomes of the process carried out last year (material themes of 2017) and was appropriately developed and updated by taking into consideration:

- the outcomes of the benchmark activities which involved Edison's principal **peers**;
- the analysis of the web press review targeted at identifying the main critical themes subject to **public opinion**;
- the analysis of the main **future "megatrends"** for the energy sector through an in-depth theme-based examination;
- the analysis of the perception of the issues from an internal Edison point of view, which was carried out through the involvement of both the **Sustainability Network** (through individual questionnaires) and one-to-one interviews with **top management**;
- the outcomes of the consultation, through targeted questionnaires, of members of **SGDs@Edison** to assess external stakeholders' perception of the relevant issues for the Group.

Edison's material themes

The material themes stemming from the analysis were reorganised and merged in order to obtain a more effective representation consistent with the regulatory provisions.

Material themes	Description
Responsible, transparent management and business integrity	Transparent business management is a priority for Edison, focused, in particular, on preventing active and passive corruption and aimed at ensuring an increasingly greater capacity for inclusion and participation, allowing all interested parties to have a voice in the decision-making processes.
Business resilience and digitalisation	In response to this innovative market drive, it is essential for Edison to design a resilient business model, capable of rapidly adapting to the evolving scenario, also integrating elements of digitalisation.
Service quality	In order to reinforce and expand the customer base and its market positioning, it is crucial for Edison to maintain the highest standards in terms of service provision.
Fair marketing, communication and dispute resolution practices	The B2C electricity and gas market is cyclically the central focus of discussions on communication and marketing practices: Edison is also committed to ensuring transparency and correctness on this front.
Renewable sources and energy efficiency	Edison's path towards decarbonisation is increasingly becoming central to the business strategies: on the one hand, increasing the amount of renewable sources in the energy mix, and on the other, implementing services and solutions targeted at increasing the energy efficiency for end users.
Climate change	Edison is committed to tackling climate change, by implementing initiatives targeted at reducing CO2 emissions connected with all phases of its value chain. At the same time, issues connected to extreme weather events, capable of influencing not only production flows but also the physical safety of assets, are taking on ever-greater significance.
Responsible use of water resources and biodiversity protection	The potential impacts of Edison's activities are mitigated through responsible, efficient and rational use of water resources and biodiversity protection actions.
Health and safety at work	Ensuring a healthy and safe workplace to all who work in the workplace and on the company sites is a priority for Edison.
Digital skills and talent development	Investing in skills and involvement of its people, also by training courses focused on learning and using new digital skills, appears to be a crucial issue for strengthening the company's competitiveness and, at the same time, ensuring the employability of its people.
Diversity and inclusion	The theme of inclusion and development of diversity is of huge interest to Edison, as a factor of competitiveness.
Relations with stakeholders and area development	Edison aims to stand out as an integrated entity active in the local communities in which it operates. The development of dialogue and sharing of experiences, knowledge, values and processes, makes it possible to strengthen the social value generated.
Respect for human rights	For Edison, human rights are a cross-cutting theme, linked to health and safety in the workplaces in which the Company operates, combating corruption, respecting and enhancing diversities of all kinds.

CORPORATE MODEL FOR THE MANAGEMENT AND ORGANISATION OF BUSINESS ACTIVITIES

EDISON'S GOVERNANCE

Edison is one of the main Italian energy companies and also operates through subsidiaries, joint ventures and associates.

Edison subsidiaries are subject to its direction and coordination, or, for the subsidiaries operating in the energy efficiency and environmental services field, to the direction and coordination of Edison's subsidiary Fenice.

Edison's **corporate governance system** is based on the "traditional" organisational model and it is developed according to current sector regulations, and in compliance with the laws applicable to a listed issuer and with the indications of the Code of Conduct promoted by Borsa Italiana, adopted voluntarily by Edison. In its own organisation, Edison also takes into account the best practices obtainable from discussions at national and international level.

The Company's **main governance bodies** are the Shareholders' Meeting, the Board of Directors, the Board of Statutory Auditors, the Independent Auditors and the 231 Oversight Body.

The **Board of Directors** of Edison also operates through the Chief Executive Officer and the Directors who are empowered to represent the Company and is supported by committees established with the framework of the Board of Directors, making proposals and providing advice: Control and Risk Committee, Compensation Committee and Committee of Independent Directors. The office of **Chief Executive Officer** is held by Marc Benayoun.

Edison's management structure is also supported by an **Executive Committee** chaired by the CEO and composed of the heads of the various Divisions, managerial committees supporting top management and the Internal Auditing Department, which reports directly to the Board of Directors.

Lastly, in 2017 Edison's "**Transformation Team**" worked alongside the Executive Committee and supported it in renewing the organisation, with particular reference to the issues of widespread innovation, directed at the development of new solutions for customers and at reducing time to market in internal processes, at the development of internal mobility and at appreciating inclusivity and diversity.

The activities of the Transformation Team also continued in 2018, with three further projects targeted at enriching and bolstering dialogue with employees and the relationships with significant external stakeholders, starting with the customers of Edison, and the local communities and areas in which it operates:

- **Plurality and inclusion** to develop leadership and inclusive behaviour, integration of regional offices and new companies, and initiatives to increase awareness of the theme of inclusion and mentorship;
- **Customer Centricity** with the objective of increasing knowledge of the services offered by Edison, improving awareness of Edison's business mission, personalising and understanding the needs of consumers in order to provide adequate responses to them and to the changing market;
- **Project Azienda Aperta** (project Open Company) to implement actions targeted at company openness, by working on a new channel of interaction with the local area, based on the digital-physical pairing for the development and support of Edison's initiatives.

Sustainability governance

The Board of Directors oversees sustainability issues through an internal Board committee, the **Control and Risk Committee**.

The **Sustainability and CSR Department** is represented in the Executive Committee by the Head of the **Sustainability, Institutions and Regulation Division**. The Executive Committee issues guidelines, sharing forward-looking abilities and monitoring the results achieved.

To better integrate sustainability in the business, the Sustainability and CSR Department collaborates with the various divisions and business units, in the management of the typical processes of the department, also with the contribution of the **Sustainability Network**, composed of employees from the different company areas and targeted at listening, innovation and dissemination of sustainability culture and practices within the Company which, as stated previously, contributed to the drafting of the related policy.

According to Edison, the enabling factor for attributing value to the Company and the areas in which it operates is constant dialogue with stakeholders. Therefore, in 2018 the **SDGs@Edison stakeholder panel** was set up, the panel of 35 Edison stakeholders that periodically discusses the challenges the Company intends to tackle in terms of sustainable development and innovation.

Interaction with the institutions

Edison's approach, also confirmed in the new Sustainability Policy, targeted at strengthening continuous dialogue with all stakeholders, is also reflected in the governance model which is extended to all associations and institutions Edison interacts with.

In fact, the Company has constructed a national and international network, getting involved in the most important multi-stakeholder settings, with the goal of being part of a network for bolstering the oversight of sustainability issues.

Edison participates in national, European and international round-table groups, which discuss energy and environmental issues, and is a member of **local and national business associations** (Confindustria, Confindustria Energia, Elettricità Futura, Assolombarda, Assomineraria, IGAS, Unindustria). Furthermore, it contributes to Assolombarda and Unindustria Lazio technical work groups on issues relating to the energy sector, start-ups, digital transformation, human capital and association relationships.

In Europe, Edison is active in **Eurogas** and is a member of **Eurelectric** and the president of the **Europe Committee**, the body through which Elettricità Futura participates in the activities of Eurelectric; it also contributes to the activities of the **European Federation of Energy Traders** (EFET).

The Company contributes to the activities of the most important national, European and international think tanks and engages in dialogue with opinion leaders in the energy domain on research programmes, in-depth analyses, events and seminars, to strengthen public debate and in order to be recognised as one of the centres of broad and diversified debate and as an authoritative contact on sustainability issues.

Edison is also a member of **WEC Italia**, the Italian Committee of the World Energy Council (WEC), over which it has held the Presidency since 2016, and the **Industrial Advisory Panel (IAP)** as part of the Energy Charter Treaty.

In addition, Edison is on the Investors Advisory Panel of **Energy Community**, an organisation created to align European energy market regulations with the energy regulations of contracting parties in South-east Europe, hence facilitating dialogue between private investors, the Energy Community and medium/large infrastructural investments.

Edison is also active in the **Renewable Energy Task Force**, which studies and proposes ways to extend European policies supporting renewable sources in the Energy Community Treaty.

The main networks in which Edison participates are:

- **UN Global Compact and Global Compact Italia Foundation**, of which Edison is the founding member, committing to promoting a healthy and sustainable global economy;
- **OME** (Observatoire Méditerranéen de l'Energie), a non-profit organisation that incorporates some of the largest energy companies in the Mediterranean with the goal of promoting cooperation on energy matters;
- **Valore D**, association of 180 companies that focus on gender balance and a culture of inclusion;
- **Steamiamoci**, an Assolombarda project that deals with the promotion of STEM themes;
- **Elettrici senza Frontiere**, association that oversees energy access projects in developing countries;
- **Fondazione Sodalitas** (Sodalitas Foundation) which is involved in the promotion and development of sustainability and corporate social responsibility in Italy;
- **Centro per la cultura d'impresa** (Centre for Business Culture), a cultural association established by the Milan Chamber of Commerce to make the most of companies' historical heritage and set up local economic archives (it holds the photography archives of Edison);
- **Archivio Nazionale del Cinema d'Impresa** (National Corporate Film Archives) stores and disseminates the visual records created at historical Italian companies;
- **ASFOR**, **Associazione per lo Sviluppo della Formazione Manageriale in Italia** (Association for managerial training development).

THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

Edison's internal control and risk management is composed of tools, organisational structures, company procedures and rules that allow **healthy, correct company management consistent** with the strategic and operating objectives, in observance of the applicable laws and regulations (compliance) of correct and transparent internal and market disclosures (reporting), and makes it possible to prevent and limit the consequences of unexpected results. It is based, inter alia, on the Code of Ethics and organisational model defined pursuant to Legislative Decree No. 231/2001 (the 231 Model).

Edison's Code of Ethics contains the principles and ethical values that drive both the responsible management of corporate activities, establishing behaviour rules and implementation rules, and the development of the business with a view to sustainability. It has also been shared and approved by the subsidiaries, is binding for all those who act in the name and on behalf of the Company based on specific mandates or proxies and, in addition, has been communicated to all company employees and associates and is provided to each new member of staff. The Code of Ethics is an integral part of the 231 Model and the basis on which the model was designed. It is periodically reviewed and updated in order to, inter alia, reinforce the "principle of zero tolerance" for fraud and bribery, by explicitly referencing the 10 principles of the United Nations Global Compact.

Also **Model 231**, which Edison has already adopted in 2004 and which deals, for matters within its competence, with some themes of Legislative Decree No. 254/2016, after having conducted a careful analysis of activities potentially at risk, has been updated over time to bring it into line with both legislative developments and organisational changes. This activity resulted in the issue of a series of 231 Protocols, directed at expressing the ways in which decisions are made in relation to the highlighted risk areas. In this sense, the protocols outline the set of objectives, roles, responsibilities and control mechanism inherent to the identified risk area.

The **Oversight Body** (OB), appointed by the Board of Directors, oversees the updating and correct operation of the 231 Model, and reports in this regard to the Board of Directors every six months. In addition, the Chairman of the Board of Statutory Auditors is regularly invited to attend the meetings of the Oversight Body. It also monitors compliance with the Code of Ethics and the 231 Model in accordance with a specific procedure for reporting potential violations and via internal audits of 231 compliance covering all corporate areas and including environmental and worker health and safety aspects.

Audit activities

Internal audit activities are carried out in support of the Board of Directors, of the **Control and Risk Committee**, and of the management, and they are addressed to all corporate areas, also on environmental and worker health and safety aspects. 231 compliance audit activities are carried out in support of the Oversight Body. They are the main monitoring and control instrument, together with the whistleblowing system (for details see below).

	Unit of measurement	2016	2017	2018
Internal auditing				
Audits conducted by business area				
- Corporate & IT	no.	10	11	8
- Exploration & Production	no.	2	1	2
- Gas Midstream, Energy Management & Optimisation	no.	5	3	1
- Power Asset Management	no.	1	2	2
- Marketing, Sales & Energy Services*	no.	7	11	10

* Also includes 3 audits performed by the Fenice departments, which were not brought to the attention of the BoD or the CRC.

Risk management

Edison has also developed an **integrated risk management model** based on the international Enterprise Risk Management (ERM) principles and, in particular, the CoSO (Committee of Sponsoring Organizations of the Treadway Commission) Framework; the main objective is to adopt a complete and unitary vision but, at the same time, aligned with the principle of organisational independence, of the system for the identification, evaluation, management and monitoring of the priority risks of the Company, which makes it possible to assess their potential adverse effects in advance and take the appropriate action to mitigate them.

For this purpose, Edison issued the **Enterprise Risk Management Policy** and has adopted a risk mapping and risk scoring methodology, in which risks are scored based on an assessment of their global impact, probability of occurrence and level of control (**Enterprise Risk Management Risk Map**). It has also set up a Business Risk Model, developed in accordance with international and sector best practices. The model consists of an integrated framework encompassing the various types of risk that characterise the Group's business.

The heads of the various business units **self-assess the risks** to which their units are exposed and provide an initial indication of the mitigation actions. The results of this process are consolidated at central level in a risk map in which the risks are prioritised based on their score and aggregated to further the coordination of mitigation plans for integrated management.

A process of self-assessment of the internal control system is conducted annually, with an increasing focus on the areas of risk connected to the subjects of ethics and compliance, despite not being accurately identified in the individual areas.

Therefore, a **training session** was organised in 2018, to increase the awareness of the focal points of the ERM system and the members of the Sustainability Network on the growing importance of ESG (Environmental, Social, Governance) risks, with the objective of comprehensively mapping them in accordance with the regulatory requirements.

Following the workshop, at the time the **Enterprise Risk Management 2018 Risk Map** was drawn up, the first insertion of **ESG risks** in the ERM took place and, in 2019, they will be consolidated in the Risk Model.

Furthermore, a programme of harmonisation of the methods of assessment of company operational risks is in progress (**Operational Risk Management**), with the objective of unifying the monitoring methodologies. To this end, the **Operational Risk Assessment project** was launched, which sets out the following objectives:

- standardising the operational risk identification and management processes according to a **shared analysis methodology**;
- providing the Departments/Business Units with a tool shared at company level (Risk Catalogue) which, starting with the **mapping of their processes**, can be used to **monitor the evolution of operational risks** and for the consequent implementation of prompt mitigation actions;
- allowing the control functions, Risk Management and Internal Audit, to benefit from a **structured and standardised data tracking and collection process**, in order to be able to evaluate, on a periodic basis, the evolution of the individual risk items and the degree of effectiveness of the associated controls.

PREVENTION OF ACTIVE AND PASSIVE CORRUPTION

RELEVANCE FOR EDISON'S ACTIVITIES AND RELATED RISKS

Corruption and fraud represent a significant risk for business activities given that they can compromise the Company's reputation and image. Therefore, **Edison promotes the fight against corruption with a commitment to "zero tolerance"** of fraud in any form, repeated both in the Code of Ethics and in the Anti-Corruption Guidelines adopted.

This commitment applies both towards employees and towards third parties, through the appropriate preventive measures, a disciplinary system and with the provision of specific "ethical" contractual clauses. The preventive measures also include a series of decision protocols relating to the management of activities at direct risk vis-à-vis the public administration and private entities and a series of protocols relating to the management of operating cross-company activities.

POLICIES

Edison has adopted a comprehensive compliance programme, consisting of instruments and policies aimed at counteracting and preventing active and passive corruption, supplementing the provisions of the 231 Model and the Code of Ethics:

- the **Anti-Corruption Guidelines** constitute a summary of the control principles and of the provisions of the Code of Ethics and the 231 Model with reference to the main areas at risk of active and passive corruption (they apply to Edison and to the Italian and foreign subsidiaries);
- the **Integrity Checks Guidelines** are an operational instrument to assess the reputational reliability of the third parties with which Edison has business dealings;
- the **Anti-Fraud Policy** which operationally structures the programme for the management of company fraud risk into its main steps (promotion and maintenance of a company culture based on integrity and responsibility, adoption of a system of sanctions and whistleblowing for reporting);
- the **Whistleblowing System** through an on-line platform, provided by Edison for reports able to ensure the maximum levels of confidentiality and privacy; its use and the reporting management methods are outlined in the Whistleblowing Policy published on the company website.

MAIN ACTIVITIES AND RESULTS ACHIEVED

In 2018, the Company **updated its Whistleblowing Policy** and, more generally speaking, "**231 Model**", in order to ensure its compliance with the provisions contained in Law No. 179 of 2017, an innovative piece of legislation which introduced a specific regulation in Italy which governs unlawful conduct and/or violations of the Organisational Model and/or Code of Ethics, based on the protection of the reporting entity and which is also binding for private legal persons.

In particular, this legislation provides for the adoption of a violation reporting system as a condition of suitability of the Organisational Model.

During the year, the **Integrity Checks Guidelines** were also **updated**, whose purpose is to provide methodological support for the execution of integrity checks with respect to third parties, prior to the signing of any contractual commitments with them, and to verify that the integrity requirements are continuously met over the course of the business dealings.

The purpose of the **integrity checks** is to protect Edison against possible negative repercussions due to monetary penalties or bans and the risk of damage to image tied to any unlawful practices in the business dealings, providing, for this purpose, ad hoc operational instructions, commensurate to the type and risk of the third party, as well as to the value of the contractual performance.

In addition, in the first few months of 2018, a **classroom-based training** programme was provided for Top Management (members of the Executive Committee) and for a large number of first and second-level managers, and nine training sessions were held which saw the classroom participation of 153 executives and middle managers. The training regarded the contents of Legislative Decree No. 231/2001 and the measures adopted by the Edison Group for compliance with said legislation, as well as the additional measures adopted in recent years in relation to the issues of integrity and ethics. Additional specific training sessions involved 391 employees of the subsidiaries closest to the market.

Lastly, Edison, together with other companies committed to the **Business Integrity Forum promoted by Transparency International Italia**, took part in a travelling event split into three legs, for dissemination of the themes of legality, integrity and transparency as instruments and tools for promoting a good reputation and confidence in relations with stakeholders. The primary focus of the meetings was the good practice of the companies participating in the project, some testimonies and dialogue with representatives from institutions, trade associations, universities and the Third Sector.

The collaboration with Transparency International Italia is expected to continue in 2019, as part of the Business Integrity Forum also through communication activities, training and sharing of good practice.

	Unit of measurement	2016	2017	2018
Actions taken in response to incidents of corruption (GRI Standard 205-3)				
Reported incidents of corruption	no.	0	0	0
Dismissed reports due to lack of evidence or false reports	no.	0	0	0
Confirmed reports with disciplinary action taken against employees	no.	0	0	0
Confirmed reports leading to legal action	no.	0	0	0

	Unit of measurement	2016	2017	2018
Training hours (GRI Standard 205-2)*				
Anti-corruption guidelines				
Number of persons	no.	n.a.	1,050	1,868
Duration of the course	minutes	n.a.	30	30
Total hours	hours	n.a.	525	934
Code of Ethics				
Number of persons	no.	n.a.	1,065	1,872
Duration of the course	minutes	n.a.	60	60
Total hours	hours	n.a.	1,065	1,872
Leg. Dec. No. 231/2001				
Number of persons	no.	n.a.	1,364	2,007
Duration of the course	minutes	n.a.	90	90
Total hours	hours	n.a.	2,046	3,010.5

* The data are understood as accumulated: consequently, those relating to 2018 also include those who took the course in previous years and are, as at December 31, still an Edison employee.

ENVIRONMENTAL ASPECTS AND WORKER HEALTH AND SAFETY

RELEVANCE FOR EDISON'S ACTIVITIES AND RELATED RISKS

For Edison, the main material aspects in the environmental and worker health and safety domain relate to:

- **renewable sources and energy efficiency development**, as Edison's overall contribution to the process of transition to a low-carbon economy;
- **climate change**, understood as both the fight against climate change and goal of reducing CO₂ emissions and greater attention to extreme weather events;
- **responsible use of water resources and biodiversity protection**, in order to increase internal and external awareness of the impacts of business activities;
- **workplace health and safety**, by adopting the highest relevant standards to ensure a healthy and safe workplace.

Some risks are linked to these subjects, in relation to which Edison has launched specific initiatives to prevent and manage them. In particular, these risks are connected with:

- **climate change**, with the relative impact in terms of risks (and opportunities) deriving from new climate conditions, for example, in the energy transition process in progress with the subsequent need to adjust into line with new national and transnational legislation;
- **extreme weather events**, i.e. risks linked to events like floods, droughts, extreme temperature fluctuations with the subsequent worsening in the natural and hydro-geological conditions of the areas and the associated possibility of damages to Edison's infrastructures, which may result in prolonged interruptions to production or the provision of services;
- **atmospheric emissions**, relating to the issuing of stringent legislation (compliance risk);
- **natural habitats and loss of biodiversity** as a result of the construction of power plants or malfunctioning and/or leakage of polluting substances;
- **water crises**, which involve a reduction in water availability and which, therefore, influence the production of energy from hydroelectric power and generate competition in the levels of use of water resources between industrial production, agricultural use and use of drinking water;
- **waste management**, with respect to non-compliance with the regulations relating to the disposal of waste and hazardous substances;
- **employee health and safety**, due to incidents which may involve Edison's employees and the suppliers of contracting companies and linked to operations and/or non-compliance with the national and international health and safety legislation;
- **safety of local communities** connected to threats to the health and safety of people and local communities, related to Edison's operating activities.

In order to manage the risks relating to environmental and health and safety aspects, Edison employs the best technologies available and promotes energy efficiency projects and the modernisation of its plants, in order to help reduce CO₂ emissions to mitigate climate change. It has also implemented processes as far as possible which, as regards waste management, favour recovery over disposal.

In addition, it has launched studies and in-depth analyses of the areas closest to the plants to manage the risks relating to the loss of biodiversity and participates in ad hoc round-table discussions on drought and multi-purpose plant use.

With respect to risks linked to health and safety, Edison has launched projects for the protection and promotion of health and safety, which involve aware-raising initiatives (for own employees and third parties), through technical and behavioural training programs, targeted controls and audit activities.

In addition to the above risks, it should be noted that the risk with the greatest impact within the environmental matrices is the **possibility of a large-scale industrial accident**. This risk entails the possibility of damage to the soil, subsoil and/or atmosphere, also with civil or criminal liability and with a serious damage to the Company's image. Although the likelihood of this risk occurring is extremely low, nonetheless, Edison is equipped with a "**Guideline for the management of company crises**", updated in 2018 and attached to the Crisis Management Manual, with the objective of defining the Guidelines for the disclosure, decision-making and operational management coordination of company crises. Therefore, the regulation is targeted at the management of all those cases in which unplanned events of any nature may occur which, owing to their type or scope of impact, and real or perceived gravity or duration, require intervention to protect the people who work for the Company, the local community and, more generally speaking, the tangible and intangible assets and/or compromise or may potentially compromise Edison's operational capacity and image.

The **Disaster Recovery (DRP)** plan was drafted and adopted during the year, which outlines the set of technological, logistical and organisational measures which aim to restore the services provided to the company business, in response to serious emergencies or disasters that compromise their availability, and therefore the expected supply levels. This document describes all the actions that must be taken by Edison's personnel and by the specified third parties (in particular, external providers of ICT services), in order to protect the business-critical activities in the case of particularly significant adverse events - accidental or deliberate - which may lead to the unavailability of the company information systems in support of the organisation's fundamental processes.

In particular, as regards **maintaining plant integrity**, Edison deals with the identification, analysis and sharing of **high-potential events (HPE)** and possible solutions in order to prevent any incidents and accidents. Furthermore, it cyclically carries out **emergency simulations** to test the timeliness of response and knowledge of accident prevention procedures.

POLICIES

Edison's **Environment, Health and Safety Policy**, signed by the Group Chief Executive Officer and updated in 2017, summarises Edison's principles and commitments to reduce and eliminate risks in workplaces and to manage and mitigate the environmental impacts of the activities.

The key principles that make up the document are:

- the promotion and application of the **environmental, health and safety management systems**;
- **reduction of CO₂ emissions**;
- support with the development of projects directed at enhancing **energy savings**, by improving the efficiency of structures and processes, both internal and in the service of customers.

It should also be noted that, in 2018, the new company Edison E&P Spa drew up and issued the following company policies on the reference subject:

- Environment, health and safety policy
- Policy for the prevention of serious incidents.

MAIN ACTIVITIES AND RESULTS ACHIEVED

Update of management systems

Monitoring of Edison's environmental and health and safety aspects is based on **integrated management systems compliant with international reference standards** (UNI EN ISO 14001, OSHAS 18001 and ISO 9001 standards), targeted at ensuring a systemic approach, continuous improvement of performances and therefore risk reduction.

In 2018, the management systems were the subject of the following activities:

- all the obligations set forth in the applicable regulations were fulfilled and, subsequently, verified through specific legislative compliance audits aimed at verifying the state of application of the management systems, the evolution of risks and legislative compliance;
- also in line with the organisational model and specific 231 protocols, an overall review of all management systems was conducted;
- supervisory visits were completed and certifications renewed (in particular the ISO 14001 and BS OHSAS 18001 integrated certification was obtained for the company Edison E&P for the sites managed and processes carried out in Italy and abroad, and note should be taken of the renewal of the EMAS environmental registration of the company e2i through use of a video environmental declaration and of the 2 sites of the E&P area, the Garaguso site (Edison E&P Spa) and the Comiso site (Edison Idrocarburi Sicilia);
- activities continued to adjust the integrated environmental - safety management system into line with the new edition of standards ISO 14001:2015 and UNI EN ISO 45001 (note that Edison Stoccaggio has already obtained said certification).

For the purposes of evaluating the performances of the management systems applied and for the planned review pursuant to the reference international standards, the main **environmental and safety indicators** are constantly monitored and reported. These are shared with Edison personnel and with the other stakeholders through forms of ad hoc communication.

	Unit of measurement	2016	2017	2018
HSE management systems*				
Sites covered by ISO 14001 management systems				
Electricity operations	%	90	97	96
Hydrocarbon operations	%	100	100	100
Sites covered by EMAS management systems				
Electricity operations	%	67	65	55
Hydrocarbon operations	%	13	13	13
Sites covered by OHSAS 18001 management systems				
Electricity operations	%	92	95	96
Hydrocarbon operations	%	100	100	100
Audit activities*				
Internal audits	no.	101	150	130
Third party audits	no.	31	58	30
Total audits	no.	132	208	160
Inspections - Italy*				
By the local health unit, ARPA (Regional Environmental Protection Agency) and the municipal, provincial and regional authorities	no.	2	286	211
Other	no.	2	81	192
Total inspections	no.	4	367	403

* The scope of the data refers to Edison S.p.A. for 2016 and to the entire Edison Group for 2017 and 2018.

Production of renewable energy

Edison is committed to constantly increasing energy production from renewable sources: the stated objective is to reach a production target of 40% by 2030.

In the **wind sector**, the medium-term objective is to further increase the current portfolio of 600 MW, through e2i and the development of new projects which the subsidiary has in its portfolio.

In fact, by the first few months of 2019, it will surpass 700 MW thanks to the entry into operation of the plants that received incentives thanks to the 2016 auctions. In particular, 2018 saw the conclusion of works and the initial power-ups of the new plants in Puglia, Sicily and Basilicata and of the 3 full reconstructions in Abruzzo and Basilicata. The activities for the new sites in Campania will also be concluded in the first half of 2019.

A **project** was also launched in 2018 for the **use of plants undergoing decommissioning** (in pre-feasibility phase) relating to platforms Vega A and Rospo B as electricity sub-station in service of an off-shore wind farm.

From January 2018, e2i has participated, with Edison, in a **European project called OSMOSE** (Optimal System of flexibility solution for European Electricity), together with European TSO (Transmission System Operators), European research centres and industrial partners, with the objective of identifying and experimenting with supervision and management models in support of the evolution of the electrical sector, with the focus on the integration of non-programmable renewable sources in the provision of network services and coordination between production and load.

As regards the **hydroelectric sector**, in 2018:

- the site of the Palestro mini-hydro plant was opened, in the Lombardy region, on the river Sesia (4.5 MW);
- as part of the development of mini-hydro plants, four 6.7 MW plants constructed by Eaux Valotaines were acquired in Val D'Aosta, with the possibility of acquiring a quarter of them under construction with power of 500 kW.

Environmental commitment

Edison's plants are **primarily composed of combined cycle thermoelectric plants**, technology that uses natural gas as the main fuel, guaranteeing efficiency, containment of emissions into the atmosphere and ensuring system stability in the energy transition project in progress.

In order to further reduce the polluting emissions of its plants, Edison periodically makes **improvements** to them. In 2018, the gas turbine of the Candela plant was upgraded, which enabled a reduction in the specific NOx and CO₂ emissions of the power plant. This project involved an increase of around 1% in net efficiency (in the range of 50% to 100% of the load), with a subsequent reduction in specific CO₂ emissions by approximately 2%. In addition, the authorisation process was launched for the same upgrade to the Torviscosa power plant.

In addition Edison is developing a new project involving the restoration with environmental improvement of the Marghera Levante power plant which would allow a reduction in specific NOx and CO₂ emissions.

Marghera Levante project has obtained EIA (Environmental Impact Assessment) in December 2018. It provides for the use of the best available technologies both in terms of efficiency and emissions through replacement of the existing CCGT units with a new and more efficient power plant, obtaining an increase in net efficiency. The future power plant will maintain roughly the same electrical power (approximately 800 MW), by reusing the existing external interconnections.

As regards the wind sector, in May 2018, e2i signed a voluntary agreement with the Ministry of

Sustainability Policy Target:

40% of production of energy from renewable sources by 2030.

Sustainability Policy Target:

we will bring the CO₂ specific emissions of the electric generation plants to 0.26 kg/kWh by 2030, participating in the Italian plan of coal phasing out.

Environment for the application of the **Life Cycle Assessment (LCA) model to a pilot project**. The LCA analysis, pioneered in the Italian wind market, will be shared with the Ministry and will make it possible to evaluate the environmental impacts relating to phases of the life of a plant from construction, operation and decommissioning through summary environmental indicators.

In the hydrocarbons sector, environmental activities involved mainly monitoring work in the **marine environment**. In particular, in the naval simulator at ITIS in Fermo, the experimental module PISCES II became operational, a strategic simulation system for the response to and management of oil spills and the associated emissions into the atmosphere. Note should also be taken of the launch of the project in the experimentation phase in 2018 (pre-feasibility) for **atmosphere monitoring (Global Warming)** in support of the European Space Agency.

These activities were augmented by the small-scale sustainable mobility project, which will deliver benefits in terms of LNG emissions with respect to traditional fossil fuels in both land and sea transport, without forgetting the advantages for isolated areas: the project makes it possible to avoid 6 million tonnes of CO₂ through its life cycle. In addition, LNG in transport makes it possible to achieve significant benefits in terms of the reduction in other polluting agents like SOx, NOx and particulate. In particular, in heavy-duty road-based transport, LNG reduces SOx and PM by roughly 100%, while nitrogen oxide emissions are reduced by 60%; in maritime transport LNG propulsion cuts NOx by 90% and PM and sulphur oxides by around 100%. This means that, at present, LNG as a maritime fuel is the solution already available, from a technological point of view, to respect the increasingly more stringent limits on emissions set by the International Maritime Organization (0.5% sulphur by 2020).

In addition, to reduce emissions of pollutants and CO₂, an experimental **internal electric mobility project** was launched; the service vehicles of some hydroelectric production plants (Quassolo, Bertini, Venina) were replaced by electric cars.

	Unit of measurement	2016	2017	2018
Energy used to produce electric power* (GRI Standard 302-1)				
Natural gas	thousands of GJ	122,576	132,073	120,411
Fuel oil	thousands of GJ	n.a.	127	0
Bark	thousands of GJ	974	512	41
Sludge	thousands of GJ	66	11	0
Wood chips	thousands of GJ	843	172	122
Coal	thousands of GJ	n.a.	2,457	2,323
Other types of biomass	thousands of GJ	n.a.	n.a.	701
Total energy consumption	thousands of GJ	124,459	132,215	123,598
* The scope of the data refers to Edison S.p.A. for 2016 and to the entire Edison Group for 2017 and 2018. In March 2017, the Verzuolo plant, which used sludge to produce energy, was decommissioned. The two Fenice Iberica companies that used combustible oil left the scope in 2018.				
Energy used for auxiliary services* (GRI Standard 302-2)				
Natural gas	thousands of Sm ³	49,265	47,861	44,405
Diesel	t	5,654	5,245	5,324
Fuel oil	t	3,934	3,116	3,329
Electricity purchased from third parties	MWh	135,162	452,970	491,318
* The scope of the data refers to Edison S.p.A. for 2016 and to the entire Edison Group for 2017 and 2018. In March 2017, the Verzuolo power plant, that used sludge to produce energy, was closed. In 2018, two Fenice Iberica companies that consumed fuel oil, came out of the perimeter.				

	Unit of measurement	2016	2017	2018
CO2 Emissions* (GRI Standard 305-1; 305-2; 305-3; OG6)				
Scope I				
CO ₂ from the production of electric power and thermal energy	t	7,767,959	7,678,742	6,968,615
CO ₂ from hydrocarbon operations	t	142,180	136,629	119,236
- flaring/venting	t	1,813	1,813	1,614
CO ₂ from network leaks	t of CO ₂ equivalents	1,639	1,639	1,363
Direct emissions due to other operations - natural gas	t of CO ₂ equivalents	94,451	90,198	85,133
Direct emissions due to other operations - diesel	t of CO ₂ equivalents	17,720	16,440	16,689
Direct emissions due to other operations - fuel oil	t of CO ₂ equivalents	270	9,603	10,260
Service car CO ₂ emissions	t of CO ₂ equivalents	1,039	1,275	3,082
Scope II				
Emissions from the consumption of electricity purchased from third parties*	t	59,917	200,802	168,031
Scope III				
CO ₂ from business travel	t of CO ₂ equivalents	1,871	2,203	2,223
CO ₂ from waste disposal	t of CO ₂ equivalents	9,832	19,051	10,323

* The scope of the data includes Fenice S.p.A. and Sersys Ambiente starting from 2017, with the exception of the data relating to CO₂ from the production of electric power and thermal energy, which relate to the entire scope of the Group in 2016 as well (Conversion factors and emission factors used in SIRENA 2015 - Lombardy Region).

** Scope II emissions are calculated by applying a location-based methodology. Conversion factors and emission factors used in SIRENA 2015 - Lombardy Region.

Carbon intensity* (GRI Standard 305-4)

Specific CO ₂ emissions from thermoelectric and thermal energy	gross g/kWh	351.4	361.3	355.4
Specific CO ₂ emissions from electricity and thermal energy (including renewables)	gross g/kWh	296.7	314.0	293.6
Specific CO ₂ emissions from electricity (including renewables)	gross g/kWh	333.2	364.6	345.4

* The scope of the data refers to Edison S.p.A. for 2016 and to the entire Edison Group for 2017 and 2018.

Air emissions* (GRI Standard 305-7)

Total emissions (electric and hydrocarbon operations)				
NOx	t	4,618	4,786	4,069
SOx	t	837	1,036	924
Particulates	t	106	156	142
CO	t	1,029	1,328	1,260
Mercury emissions	t	0	0	0

* The scope of the data refers to Edison S.p.A. for 2016 and to the entire Edison Group for 2017 and 2018.

Sustainability Policy Target:

implementation of at least 30 smart building initiatives by 2021 through the innovative BIM system.

Energy efficiency and environmental services for customers

As regards **initiatives carried out on behalf of customers**, in addition to those indicated in 2017, the business area saw the implementation of new high-value designs:

- integration of the offering of services involving the energy redevelopment of buildings belonging to both public and private customers;
- the implementation of smart audit projects aimed at optimising energy use through monitoring of the withdrawal profile;
- the start of the energy redevelopment of public property assets, with a special focus on digital techniques and the IoT;
- the implementation of a project targeted at developing e-mobility and with the installation of recharging points for electric cars at SME and Large Corporate customers;
- the implementation of initiatives that involve the presence of digital measurement points as part of energy efficiency services;
- the partnership for the development of a European Union LIFE Project which provides for the performance of a study for the implementation of more efficient forest management and the introduction of the innovative Local Energy Community model to the Po Valley area.

	Unit of measurement	2016	2017	2018
Energy efficiency projects (GRI Standard 302-5)				
Energy saved with energy efficiency projects (energy efficiency certificates acquired)	TEP/year	1,724	48,672	62,211

Responsible use of water resources

Edison has always been committed to ensuring **efficient and rational use of water**, at the same time helping to protect and safeguard water resources.

It should be noted that, in October 2018, hydroelectric plants faced a severe weather emergency of considerable intensity, in the northern and central Italy areas, without any significant impact. This phenomenon was augmented by the **water crises** which, during the summer period, saw Edison involved in various regional round-table groups on the issues of drought and multi-purpose use of reservoirs, especially in Friuli Venezia Giulia.

	Unit of measurement	2016	2017	2018
Water withdrawals* (GRI Standard 303-1; 303-3)				
Sea and salt water	thousands of m³	470,812	344,853	385,673
River or canal water	thousands of m³	39,415	31,352	28,706
Ground water	thousands of m³	3,615	10,267	55,079
Demineralised water purchased from third parties	thousands of m³	0.15	18	249
Other water resources	thousands of m³	193	11,136	10,586
Recycled water (from thermoelectric operations)	thousands of m³	5,060	4,015	3,656
- recycled industrial water	thousands of m³	4,259	3,654	3,276
- condensation and steam water purchased from third parties	thousands of m³	801	362	380
Total water resources used	thousands of m³	519,095	401,642	483,949
Recycled water - thermoelectric operations	%	0.97	1.00	0.76

* On August 1, 2016, the Milazzo plant was eliminated from the Edison reporting scope (sale).
The scope of the data refers to Edison S.p.A. for 2016 and to the entire Edison Group for 2017 and 2018.

Effluents and waste* (GRI Standard 306-1)

ELECTRICITY AND HYDROCARBONS SECTOR

Industrial waste water produced	thousands of m³	7,595	5,112	20,499
Water re-injected	thousands of m³	12,380	10,979	3,129
Cooling water	thousands of m³	503,830	372,045	409,804
Non-industrial waste water	thousands of m³	141	120	265
Total effluents	thousands of m³	523,946	388,257	430,568
- sewers	thousands of m³	4,863	4,474	10,265
- surface water (rivers, canals and seas)	thousands of m³	506,656	372,761	420,272
- ground water (water table, etc.)	thousands of m³	47	43	32

ENERGY SERVICES SECTOR

Water discharges from TAR plants**	thousands of m³	n.a.	10,499	15,580
- sewers	thousands of m³	n.a.	5,487	6,054
- surface water (rivers, canals and seas)	thousands of m³	n.a.	5,012	9,527
- ground water (water table, etc.)	thousands of m³	n.a.	0	0
Waste water treated and recirculated for reuse in the production cycle	thousands of m³	n.a.	520	4,414

* The scope of the data refers to Edison S.p.A. for 2016 and to the entire Edison Group for 2017 and 2018.

** Includes quantity of waste water treated by the TAR facilities.

Biodiversity

Edison complies with the applicable legislation regarding **environmental protection** and has adopted a proactive approach to promoting **respect for and protection of biodiversity**.

The study prepared in collaboration with EDF and the organisation WCMC (World Conservation Monitoring Centre) was completed in 2018, for the analysis of the **sensitivity and vulnerability of the areas around the EDF and Edison production sites**. This study was conducted by analysing the data in the IBAT (Integrated Biodiversity Assessment tool) database, well-known at global level, with which it was possible to identify the areas that, owing to the rarity of the species present, are recognised as areas to be protected.

The other activities for biodiversity protection carried out during the year concerned:

- the development of Edison projects under way on the topic of biodiversity (BioVega A – BioRospo – Monitoring of fauna and flora at South Idku in Egypt) through participation in the **"Biodiversity management capacity building in Egypt"** workshop held in Cairo in April;

- the finalisation of the study, commenced in 2017, on the **biodiversity of the Tracciolino** conducted with AECOM and the start of the dissemination and disclosure of the results of said study with the help of maps created for tourists, also in English;
- the continuation of the activities of the **"BioRospo" project** in the "Rospo Mare" field in order to monitor the development of marine species in the installations area;
- the **Mosselmonitor biological monitoring** system remains in operation on the Rospo Mare B platform;
- the continuation of the **Bio Vega project**, carried out in collaboration with the University of Catania, which involves monitoring of the development of biodiversity and of marine habitats in the jacket of the Vega A platform;
- the continuation of **monitoring activities at the Calabria wind farms** of Melissa Strongoli.

Site **characterisation, safety assurance and environmental remediation work** continued in the highly significant industrial sites potentially polluted by activities carried out in the past by businesses that were part of the former Montedison Group, sold a long time ago and/or closed. In this regard, please note that in 2018 experimentation activities were successfully completed for preparation for the subsequent phase of the reclamation project at the Dogaletto (VE) site; aquifer treatment activities continued at the Correzzana, Melegnano, Massa and San Giuliano sites; the remediation phase has begun on land at the Legnago site; and, lastly, preventive safety implementation activities continued at the Bussi site.

In addition, note that on July 19, 2018, the Public Prosecutor of Potenza ordered the seizure of the hydraulic barrier of the Rendina Ambiente (Melfi) WTE plant due to the alleged contamination of the groundwater and presumed hazard to public health. The provision of the Public Prosecutor of Potenza contained, in particular, the application of a precautionary prohibiting measure against the Chief Executive Officer of Rendina Ambiente and the appointment of a commissioner for the management of the hydraulic barrier. The Company demonstrated the absence of contamination of the drinking water and, consequently, the Court of Review revoked the seizure provision as well as the precautionary prohibiting measures handed down by the Public Prosecutor of Potenza against the Chief Executive Officer of Rendina Ambiente.

The Public Ministry submitted an appeal against the decision of the Court of Review and, subsequently, the Court of Cassation rejected the appeals of the Public Prosecutor, upholding the decision of the Court.

In addition, following the visit by ISPRA to the Vega offshore platform as part of the controls on the Integrated Environmental Authorisation, during which situations were recorded whereby three authorised limits had been exceeded. Therefore, works were carried out to restore two of the three parameters within the limits and authorisation requests were presented and equipment purchases formalised to carry out the major modification works targeted at also bringing the third parameter back inside the authorised limits.

No incidents were recorded in 2018 with an impact on the environmental matrices (soil, subsoil, surface waters and biodiversity) and all situations of potential emergency were subject to simulations or intervention tests.

	Unit of measurement	2016	2017	2018
Flow-through water and biodiversity – hydroelectric operations*				
Turbine water	thousands of m ³	12,495,906	15,333,571	17,982,465
Minimum vital water flow (MVW)	thousands of m ³	1,006,738	912,790	1,178,782
MVW releases	%	8.00	6.00	6.56

* The scope of the data includes only the activities of Edison S.p.A., because it is not relevant for Fenice S.p.A. and Sersys Ambiente. With respect to 2016, the data relating to the Cellina plant were not included.

WORKPLACE HEALTH AND SAFETY

The protection of workplace health and safety is a priority for Edison both with respect to its employees and those who work for third party companies.

Edison prepared its own action plan in line with the principles of the **EDF Group's Health & Safety Policy** and the associated 2018-2020 road map, which is based on the maintenance and implementation of management systems, the preparation of self-evaluations according to the **Group BEST** ("Building Excellence in Safety Together") **scheme**, the collection and circulation of high risk potential events, the implementation of health protection programmes and the development of digital projects and performance indicators with measurable objectives. This plan was presented to the company Executive Committee and will be periodically monitored.

In order to guarantee increasingly better health and safety protection, in 2018, Edison also implemented a number of specific initiatives:

- **internal** environment, health and safety **training** to the specialists in the HSEQ (Health, Safety, Environment & Quality) professional family;
- the **"Tutor della Sicurezza"** (Safety Tutor) project at several sites of the Power Department, with the recognition of good conduct of personnel from outside companies operating at the sites and the **"Safety Challenge"** in Fenice;
- **Safety week** of the EDF Group, focused on the theme of Shared Vigilance and **European Safety Week**, by organising specific events and training dedicated to the themes of shared observation, change and inclusion;
- personnel awareness-raising, information, training and involvement activities through the dissemination of weekly **"Safety Messages"** and **"High Potential Events"**;
- specific projects were launched with a view to integrating recently acquired companies within the Edison Group, taking into account their different businesses and organisational sizes;
- integration of the **SAP Safety Management System** throughout the organisation of Edison Stocaggio, which allows plant operators, using tablets, to register periodic, technical and safety checks carried out and manage the timetable of deadlines, including through automatic warnings;
- the drafting of the **Large Risks Reports** for the offshore facilities in Italy and Croatia in accordance with the Safety Offshore Directive with the obtainment of the positive technical opinion from the large risk research entities;
- focusing on the hydroelectric plants relating to the update of the **work-related stress assessment**;
- **Edison Valore Salute** project for improving the diets of employees at FSO Alba Marina and the Vega A platform.

	Unit of measurement	2016	2017	2018
Injuries in the workplace* (GRI Standard 403-2)				
Injuries in the workplace involving Group employees (>1 lost day, excluding injuries in transit)	no.	14	7	11
- women	no.	3	2	1
- abroad	no.	4	1	2
lost days due to injury (excluding injuries in transit)	no.	1,046	374	378
- women	no.	87	22	4
- abroad	no.	304	72	14
fatalities	no.	-	-	-
Occupational diseases	no.	-	3	-
hours worked	no.	8,637,207	8,991,559	8,938,990
- women	no.	1,468,402	1,473,608	1,778,859
- abroad	no.	2,997,261	2,968,398	3,066,016
Group injury frequency rate (for every one million hours worked)	no.	1.62	0.77	1.23
Injury frequency rate for women	no.	2.04	1.20	0.56
Injury frequency rate for personnel abroad	no.	1.33	0.32	0.65
Total injury frequency rate (Group + third party contractors)	no.	1.96	1.00	1.50
Group injury seriousness rate (for every thousand hours worked)	no.	0.12	0.04	0.04
Injury seriousness rate for women	no.	0.06	0.01	0.00
Injury seriousness rate for personnel abroad	no.	0.10	0.02	0.00
Total injury seriousness rate (Group + third party contractors)	no.	0.14	0.09	0.06
Occupational illness rate	no.	-	0.07	-
Average number of lost days (for each injury)	no.	74.7	53.43	34.36

* Fenice S.p.A. data were consolidated for the entire twelve months of 2016. Data referred to hours worked are partially estimated.

Health care*

Medical examinations provided	no.	2,637	2,199	2,249
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* Data unavailable for foreign companies. Fenice data were consolidated for the entire twelve months of 2016.

Employees of third party contractors*

Average full-time equivalent (FTE)	no.	2,265	3,127	2,713
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* Fenice data were consolidated for the entire twelve months of 2016.

Days worked by employees of third party contractors* (GRI Standard 403-2; EU17)

Construction work	no.	86,331	157,654	171,424
Maintenance work	no.	409,496	489,244	341,124
Total	no.	495,827	646,898	512,548

* Fenice data were consolidated for the entire twelve months of 2016. Data for Fenice's foreign subsidiaries are unavailable.
Data referred to hours worked are partially estimated.

Third party contractors' occupational injuries*

Employees of third party contractors participating in health and safety training (out of average FTEs)**	%	96	81	117
Injuries of employees of third party contractors (>1 lost day)	no.	10	7	9
hours worked	no.	3,623,297	5,158,851	4,535,884
lost days per injury	no.	610	875	395
Fatalities involving employees of third party contractors	no.	-	-	-
Third party contractors' injury frequency rate	no.	2.76	1.35	1.98
Third party contractors' injury seriousness rate	no.	0.17	0.17	0.09

* Fenice data were consolidated for the entire twelve months of 2016. Data referred to hours worked are partially estimated.

** Data unavailable for foreign companies.

PERSONNEL MANAGEMENT

RELEVANCE FOR EDISON'S ACTIVITIES AND RELATED RISKS

With regard to people management, Edison has identified some material aspects to support corporate development and competitiveness:

- development of digital skills and exploitation of talents;
- enhancement of diversities and inclusion;
- widespread motivation.

The main risk related to people refers to the management of talents and skills, in a constantly changing context and the consequent need to develop specific programs of re-skilling and up-skilling to implement new skills (especially digital). Added to this is the need to attract and retain qualified and highly specialized resources in a highly competitive and challenging market, such as the one characterized by new digital skills.

In order to monitor these risks, Edison has developed **training courses** which aim to meet the training needs of individuals and to identify their unique business skills, and launched **initiatives in synergy with schools and universities** to contribute to the growth and training of the talents of the future.

POLICIES

Edison undertakes to listen to the requirements and expectations of individuals in order to nurture their **professional growth** and the **development of new key skills** for the business. Edison has adopted specific **policies** in support of these issues and which are based on some key elements:

- anticipate and support skills transformation of the various professions, adapting them to technological and market changes;
- support the development of careers, at the same time strengthening mobility, employability, reconciliation between work life and family needs, widespread motivation;
- build and prepare the future corporate management class.

MAIN ACTIVITIES AND RESULTS ACHIEVED

Employee engagement

Since 2012, Edison has measured with an **annual survey**, called "MyEDF", the motivation and level of involvement of its employees and, based on their indications, it has defined and implemented specific action plans aimed to improve motivation and participation.

Last year, through the Transformation Team, some projects were also implemented targeted at **involving the employees in the transformation of the Company**, coupling business needs with each individual's satisfaction. One of these projects, **I-MOVE**, was directed at creating a platform to facilitate internal mobility with a view to allowing employees to develop new competencies and new growth paths. The **DO IT** project, through two "calls for ideas", was aimed at stimulating the employees' entrepreneurial spirit and it obtained significant results: 250 participants and 77 new ideas proposed. Among them, three projects were selected and launched experimentally.

Sustainability Policy Target:

involvement of at least 70% of employees in the use of social collaboration tools.

Through the **Reporter for a day** initiative, Edison employees became genuine storytellers, taking up the role of reporters in recounting, through their own experience, the partnerships and collaborations Edison promotes. The first date was with the Venice Biennale (International Architecture Exhibition) and the second Electric Days in Paris.

	Unit of measurement	2016	2017	2018
Number of employees				
Employees at Jan. 01	no.	3,066	4,949	5,144
Incoming	no.	2,305	545	777
- hired on the market	no.	221	335	369
Outgoing	no.	422	350	549
Employees at Dec. 31	no.	4,949	5,144	5,372

Sustainability Policy Target:

strengthening the presence of women in management through the balancing of the pipeline for the promotion of managerial categories.

Involving at least 2,000 employees in inclusive leadership projects.

Diversity and inclusion

For Edison, it is hugely important to **develop plurality and inclusion** so that each person can fully show their talents. The **plurality and inclusion project**, created in 2017 within the Transformation Team, continued its activities with the objective of progressing the initiatives already started and promoting new ones. In 2018, more than 800 employees were involved in inclusion projects.

As part of the **Mentorship@Edison** programme, significant dialogue continued on the promotion of female professionals. The 2018 edition was also extended to men. Monitoring of the trend in some key aspects continued, in order to identify the Company's inclusion profile through a specific dashboard presented to the Executive Committee.

Furthermore, the meeting with the **Young Women Network** was held for the conclusion of the Inspiring Mentor programme, targeted at supporting young talents and filling the leadership gender gap through the direct relationship between mentor (successful women in top management positions) and mentees (young people in the early years of their career).

The internal communication project **Connecting Edison** was also launched, for greater interaction between people from the central headquarters and personnel in the field. The initiative involved 400 employees who were able to visit the different regional offices and the Milan headquarters to learn about the Company, its business and distant colleagues from fresh perspectives. The objective was in-depth knowledge of the different company environments, the production plants and the range of activities, based on a shared approach.

The other new activities launched in the year include:

- **The Lab**, a training laboratory on inclusive leadership dedicated to the managerial population. Twenty People Managers participated on a trial basis, with the goal of testing and extending the programme.
- **Inspiring Ambassador@Edison**, a network of company professionals created to inspire young boys and girls in lower secondary schools by talking about their work in the energy sector, emphasising the value of plurality and promoting equal opportunities in study and professional decisions. Fifty employees signed up to this network, from all areas of the Company and with different levels of seniority. Meetings are planned at schools in 2019.
- The **"Sedi e Territori"** (Offices and Regions) Workshop, aimed at strengthening the sense of belonging and promoting knowledge and exchanges between the people and professions that characterise the different sites. Thirty-four employees from different regions participated, who, through the design thinking technique, firmly applied the processes of prototyping of a new idea.

- The event **D&I Day #TEDFOREDISON# Storie di leadership e inclusione** (Stories of leadership and inclusion), in Milan in July 2018: a conference in which representatives from the business world, academia, administration and start-ups, discussed the various leadership styles and the approach to the promotion of diversity. The event, also open to stakeholders, was attended by 150 people who were present in the conference room and 50 connected in streaming mode from Rome, Rivoli, Trento and Jesi.
- **A Pranzo con l'AD** (Lunch with the CEO), a monthly event in which some employees take part voluntarily, to talk with the Chief Executive Officer about issues connected with the future challenges of the energy market and share their observations with top management and colleagues on their professions and Edison's ambitions.

	Unit of measurement	2016	2017	2018
Employee breakdown (GRI Standard 102-8)				
Breakdown by gender				
Men	no.	4,043	4,179	4,327
Women	no.	906	965	1,045
Female presence* (GRI Standard 405-1)				
Managers	%	13	13	15
Middle managers	%	24	25	24
Office staff	%	29	29	31
Production staff	%	2	2	2
Total	%	18	19	19
Temporary staff	%	46	44	51

* Fenice was included in the reporting scope in 2016 for the first time, affecting the percentage of the Group's female employees

Return to work and retention rates after parental leave, by gender*				
Employees entitled to parental leave	no.	3,304	3,509	3,752
- women	no.	708	762	827
- men	no.	2,596	2,747	2,925
Employees who took parental leave	no.	108	119	116
- women	no.	90	100	99
- men	no.	18	19	17
Employees whose parental leave ended in the year	no.	39	48	47
- women	no.	32	40	44
- men	no.	7	8	3
Employees whose parental leave ended in the year and who returned to work	no.	39	50	40
- women	no.	32	40	37
- men	no.	7	10	3
Total retention rate	%	36	40	34
Retention rate for women	%	36	40	37
Retention rate for men	%	39	42	18

* These data do not include local employees of foreign sites and refer to mandatory maternal leave.

	Unit of measurement	2016	2017	2018
Ratio of basic salary and remuneration of women to men (GRI Standard 405-2)				
Top Management				
Remuneration ratio of women to men (%)	%	n.a.	n.a.	n.a.
Age ratio of women to men (average years)	no.	n.a.	n.a.	n.a.
Management				
Remuneration ratio of women to men (%)	%	103	103	96
Age ratio of women to men (average years)	no.	<2	<3.0	3.1
Professional				
Remuneration ratio of women to men (%)	%	96	96	95
Age ratio of women to men (average years)	no.	<3.5	<3.0	<3.0
Office staff				
Remuneration ratio of women to men (%)	%	93	92	93
Age ratio of women to men (average years)	no.	<2	<2.3	2.1
Production staff*				
Remuneration ratio of women to men (%)	%	n.a.	n.a.	n.a.
Age ratio of women to men (average years)	no.	n.a.	n.a.	n.a.

* The "production staff" category is not meaningful because of the small number of women. The data do not include local employees of foreign sites or employees of Italian companies not on the centralized payroll system.

Training courses and professional growth

Edison targets its efforts at developing expertise through **continuous technical-professional, managerial and/or cross-company training processes**, with the goal of keeping its employees' skills competitive and attaining new ones.

A number of development initiatives were implemented in 2018, including the training course dedicated to new hires and young people from the Young Community and the **Talent Management process**.

As regards programmes for professionals, the **Postgraduate Course in Energy Business and Utilities** was updated and renewed, designed by Edison in partnership with MIP, the Business School of the Milan Polytechnic. The programme is targeted at 31 developing professionals, from the different company areas, whose job requires in-depth knowledge of the sector and excellent skills across the board.

The collaboration with Nautilus continued for **training on geo-sciences and subsoil**, which involved Exploration and Production professionals, as did the activities of the **Edison Market Academy (EMA)**, the professional academy of the employees who work in the sales world.

In light of the new business strategies and competitive context, the contents of the managerial training initiatives were redesigned and the teaching methods updated; in particular, the **course for executives was reworked** in order to enhance inclusive leadership, vision and decision-making skills. While, for a group of senior managers, **a training course was established on decisions, risk assumption and learning from mistakes**.

Training initiatives continued in order to strengthen people management skills and knowledge of people management tools.

Lastly, **development plans** were implemented for **senior staff** who took part in the potential evaluation course in 2017 and 2018.

As regards digital training, the **Digital Training** platform called **MyLA – My Learning Area** was enriched, an environment integrated with the Edison intranet that makes it possible to quickly and easily access all e-learning contents on matters like HSE, compliance, and other cross-company issues.

The training course on **digital skills**, which from the beginning in 2017 has already involved more than 1300 colleagues continued, training courses commenced on **"agile work" methods** and a series of meetings were organised with **speakers from outside the Company** on the issues of innovation and digital transformation.

Since the start of Buona Scuola in 2015, Edison has provided Work Experience courses throughout the country. The commitment to guiding young people is driven by the desire to spread the culture of energy and environmental sustainability through the new generations.

	Unit of measurement	2016	2017	2018
Employee training*				
Employees who participated in at least one training course	no.	3,626	4,072	4,861
Employees who received training	%	73	79	90
* 2016 data are not available for certain foreign companies that left the reporting scope during the year.				
Training (GRI Standard 404-1)				
Total hours	no.	125,205	164,186	173,174
- women	no.	28,115	36,081	36,449
- men	no.	97,090	128,105	136,725
Average hours per trained employee	no.	35	40	36
Average hours per employee	no.	25	32	32
- women	no.	31	37	35
- men	no.	24	31	32
Breakdown by position				
Managers	no.	6,487	6,517	6,932
Middle managers	no.	30,287	37,142	29,524
Office staff	no.	55,331	86,791	93,574
Production staff	no.	33,100	33,736	43,144
Average hours by position				
-managers	no.	28	28	28
-middle managers	no.	36	41	32
-office staff	no.	25	38	38
-production staff	no.	20	20	25
Breakdown by type of training				
Quality, environment and safety	no.	34,647	51,295	42,418
Technical training	no.	21,160	29,865	46,175
Institutional - internal training	no.	18,268	21,055	21,829
Specialised - external training	no.	22,936	28,682	32,226
Foreign language courses	no.	20,871	22,398	17,026
Computer training	no.	2,288	3,883	4,780
Conferences	no.	5,035	7,007	8,719
Cost of training				
Internal and external training costs (including taxes and mandatory contributions)	in thousands of euros	3,511	3,419	3,849
- funded	in thousands of euros	518	406	322
Cost of labour of trainees	in thousands of euros	3,787	3,882	4,729
Total cost	in thousands of euros	7,299	7,301	8,578
Employees who received an annual review*				
Managers*	%	96	96	96
Middle managers	%	89	94	97
Office staff	%	66	69	81
Production staff	%	70	72	78
Total	%	73	76	84
Total female employees	%	56	54	80

* From 2017, the figure also includes the foreign branches.

Development of the skills of the new generations

In 2018, thanks to the commitment of more than 20 employees, Edison met more than 800 students in second level education, initiating partnerships with 12 institutions in 4 Italian regions (Lombardy, Piedmont, Veneto and Calabria) for visiting activities, testimonies, project work and internships. For the fourth year, Edison participated in **Deploy Your Talent**, an intercompany project promoted by the Sodalitas Foundation which intends to promote studies of the technical-scientific disciplines (STEM: Scientific, Technology, Engineering & Maths) and dispel the gender stereotypes that surround them. The project lasting about two months was concluded in May with a presentation of the school-company partnerships at the Assolombarda auditorium. Edison, together with the Vittorio Veneto Scientific Grammar School of Milan, won the award for the best training project on STEM subjects. In addition, a partnership process was launched with the Ettore Molinari Technical-Technological Institute of Milan. The course "Tuned On Edison", aims to increase awareness of the professions and activities of the Company through an interactive journey through the Company's Departments.

Again, in 2018, Edison conceived and presented to 350 students a Work Experience project in Valtellina, "Power2Talent", in partnership with the Enea Mattei Higher Technical Education Institute of Sondrio, which will involve future electro-technical, mechanical and IT experts.

In addition to the above-mentioned activities, in 2018, Edison commenced support activities for the children of employees who were in need of Work Experience.

Company welfare

The company welfare programme "**Edison per te**" (Edison for you), structured some time ago at the Company, was designed and launched by Edison to meet the personal needs of its associates with services and support regarding family matters, health and well-being, leisure time and savings. In 2017, Edison also introduced the option of converting **contractual performance bonuses into welfare services**, as permitted by the relevant recent legislation.

In 2018, the pilot project for the trialling of **Smart Working**, launched in 2017, was completed. Thanks to the positive results, the programme was extended to other company areas and offices. The extension of Smart Working was preceded by training initiatives provided for HR managers and their associates, with the goal of sharing the philosophy and objectives of this innovative way of working. A total of 1,400 employees were able to access the programme in this phase.

Industrial relations

Edison is constantly meeting with and engaging in dialogue with workers' representatives at European, national and local level.

For this purpose, Edison signed the **Representation System of the Edison Group with the National Unions**, an agreement that defines the principles and the guidelines that provide the basis for union relations within the Group and it also governs the different level of union dialogue and the topics subject to discussion.

Edison applies and complies with the provisions of the different **National Collective Employment Agreements** of the Electrical, Energy and Oil, Gas, Water, Metal Working sectors, both with regard to the economic part and for the regulatory part. **Second-level company union agreements** are also in place which make provision for performance bonuses when certain objectives are reached.

In particular, through the union agreements, the possibility of fully or partially converting performance bonuses to services or welfare benefits was confirmed in 2018.

	Unit of measurement	2016	2017	2018
Collective bargaining and trade unions (GRI Standard 102-41)				
Employees covered by the national employment agreement	%	97	100	100
Trade union membership rate	%	32	36	36

RELATIONS WITH CUSTOMERS

RELEVANCE FOR EDISON'S ACTIVITIES AND RELATED RISKS

The customer relationship reflects an important **social aspect** of the company activities performed by Edison, as set forth in Legislative Decree No. 254/2016.

In relation to this area, Edison has identified two material themes:

- **service quality**, crucial for maintaining and expanding the customer base;
- **correct communication and marketing and dispute resolution practices** which refer to the subjects of transparency and correctness in market dealings as a whole.

The latter theme is connected with the **risk relating to incorrect commercial practices** on the part of direct and/or indirect sale channels, with the lack of or incorrect handling of relations with customers and with low quality of value services provided. These risks are managed from the pre-contractual phase with a control at the phase of selection of providers of sale services, and in the phase immediately after the contract is stipulated with the customers and, subsequently, monitored during all the phases of the customer relationship.

In addition, the following were identified as a priority:

- **regulatory risk**, relating to legislative changes which may give rise to retroactive obligations or impact the contracts in place with a direct effect on the economic results and prices or with effects on operating costs; this risk is managed by monitoring the definition of the regulations;
- **price risk** is linked to a reduction in prices caused by the entry of new operators and significant market competition (managed through the systematic definition of profit margin scenarios as a starting point for determining the prices of new offers/new list prices and with a simultaneous comparison with the offers of the main players).

In addition, it should be noted that increasing digitalisation has brought increased risk related to **cyber threats for all operators**. Today, Edison is exposed to an increasingly greater number of cyber threats stemming from the evolution and growing complexity of the IT systems adopted by the Company and the increased vulnerability of ICT applications and infrastructures to cyber, logical, viral and/or system loss attacks.

Therefore, in 2018, specific initiatives have been launched to increase the sensitivity and awareness of employees about the risks associated with the use of new IT tools; moreover a company crisis was **simulated in relation to a potential cyber attack** on residential customer data. A simulation that involved the company crisis committee and top management. The exercise was effective, with excellent levels of feedback from participants.

POLICIES

Edison oversees relations with the Government bodies, Parliament, the European Commission, the European Parliament and the Council of Europe, the independent national (Regulatory Authority for Energy, Networks and the Environment and Antitrust Authority) and European authorities, diplomatic missions and sector associations, in order to monitor the definition of regulations concerning its commercial activities.

The **Associations of Consumers of the National Council of Consumers and Users (CNCU)**, recognised by the Ministry of Economic Development, represent a reference stakeholder for all the themes relating to Edison's presence on the market. Long-lasting and solid relations built on trust and collaboration have been established with them.

Over the years, various initiatives have been established, including the signing of the **"Voluntary self-regulation protocol to prevent unrequested electricity and natural gas activations**

and contracts". The protocol calls for the institution of the Joint observatory between companies and consumer groups, which monitors compliance with the provisions and assesses the results of the monitoring of reports, participation in the process of verification of the recognition of the measures to be implemented in case of non-compliance, and it also specifies how the Protocol is to be revised.

In addition, the body **ADR Edison – Associations of Consumers of the CNCU** was established, with the objective of promptly managing, and at no cost for the consumer, any disputes by guaranteeing transparency and impartiality. This agreement continues to strengthen Edison's relationship with consumer groups and its customers, allowing to anticipate any critical issues that may arise from the contractual relationship and readily and adequately meeting the new needs of consumers (<https://organismoadr.edisonenergia.it/>).

Edison also participates in the **Settlement Service established by ARERA** (Regulatory Authority for Energy, Networks and the Environment) with the Single Buyer to facilitate the settlement of disputes between customers and electricity and natural gas operators (www.conciliazione.energia.it).

In collaboration with consumer groups, in 2015, the **"Manifesto for the energy of the future"** project kicked off, to help develop the potential related to full liberalisation of the market. In 2018, the Manifesto launched a cycle of meetings targeted at the regional offices of the consumer groups which manage the branches locally, in order to discuss the opportunities for liberalisation of the energy market and innovative services in order to meet the new needs of consumers.

Sustainability Policy Target:

keeping customer satisfaction high over time (nps value>6) and promoting the customer relationship through the establishment of at least 400 regional contact points by 2021.

MAIN ACTIVITIES AND RESULTS ACHIEVED

Today, Edison operates in both the **free market**, where there is fierce competition between operators, and in the **gas protection service**, where instead the energy price is defined by the AEEGSI (Electricity, Gas and Water Service Authority). In June 2020, the maximum protection service will cease to exist and all electrical service and gas customers will have to move to the free market.

The complete opening of the electricity and gas market represents an additional growth opportunity for Edison. For this reason, Edison is aiming to **digitalise its processes and introduce Apps and web portals** to manage the relationship with customers.

For example, 2018 saw the launch of the **new loyalty programme**, which will allow customers to interact with Edison in a much more active, effective and constant way.

In addition, as part of the new **company digital transformation programme (DAFNE)**, two projects were launched relating to sales issues: new second generation meters and customer journey. Edison's digital transformation programme will help accelerate this process even more: as of today, more than one out of two customers no longer receive paper bills and communications and more than 1,400 customers produce their own energy through photovoltaic and accumulation systems.

In view of the trends in the last few months, these numbers are destined to grow in 2019. Another push will come in the form of the **new Plug&Go sales offer**, which provides customers with different electric car models based on long-term rental agreements, and also makes provision for the installation of a wall box in the garages of private homes for vehicle recharging.

Edison's presence in the market incorporates both **organic growth through its sales channels** (web, teleselling and physical points) and **acquisitions of sales companies**. In fact, in the first few months of 2018, the acquisitions of two companies, Gas Natural and Attiva, were completed, with a total portfolio of more than 500,000 customers.

The acquisition of 51% of Assistenza Casa in 2017, a company active in maintenance and domestic fault repair services, also allowed the development of a significant number of value-added services.

	Unit of measurement	2016	2017	2018
Electricity service disconnections (GRI Standard EU27)				
"Disconnected" customers	no.	9,807	8,193	8,637
Broken down by length of time between disconnection and payment				
< 48h	no.	5,359	6,254	5,020
48h - 1 week	no.	7,767	663	578
1 week - 1 month	no.	1,347	893	2,221
1 month - 1 year	no.	693	383	818
> 1 year	no.	-	-	-
Broken down by length of time between payment and reconnection				
< 48h	no.	9,026	8,044	8,480
48h - 1 week	no.	148	95	111
> 1 week	no.	71	54	46
Monetary value of fines for non-compliance with laws or regulations regarding the supply and use of services				
Monetary value of fines in electricity operations	Euro	1,725,000	350,000	-
Monetary value of fines in natural gas operations	Euro	-	-	-
Total	Euro	1,725,000	350,000	-
Complaint Index (GRI Standard 418-1)				
Electricity services	%	0.88	0.65	0.60
Natural gas services	%	1.19	0.84	0.70
Monthly average data	%	0.82	0.74	0.60

RELATIONS WITH LOCAL COMMUNITIES

RELEVANCE FOR EDISON'S ACTIVITIES AND RELATED RISKS

In addition to the customer relationship, a second strategic theme linked to the social aspects of Edison's business activities is the **relationship with stakeholders and regional development**, which focuses on constructive and continuous dialogue with all the Group's stakeholders.

The main **risk** tied to relations with the local communities stems from a **lack of or insufficient stakeholder engagement**, especially in the areas in which Edison is present. In fact, this may represent a major obstacle for business activities and limit the planning and construction of energy production infrastructure.

To this end, Edison has supported a systematic approach of involvement of the local communities, in order to reinforce its role and in an attempt to achieve common objectives of more sustainable development.

POLICIES

Edison's new Sustainability Policy has identified **"Dialogue with stakeholders and shared design"** as an enabling factor, recognising the wealth of expertise and experience that the Company has built up over the years in that regard. Edison undertakes to develop existing relations and establish new relationships based on correctness and transparency with stakeholders, both at national and international level and at the local and regional level, to pursue shared sustainable development objectives, also by strengthening mutual trust.

Edison intends to **promote settings for dialogue and reflection** in order to nurture long-lasting relations, oriented towards shared design, business innovation and the dissemination of a sustainability culture.

For this reason, the Company undertakes to make investments that have not only a financial value, but a social and environmental value, to solidify its **commitment** and **business citizenship**. The economic contribution to the development of shared initiatives and projects with local communities is made primarily through sponsorships and charitable donations, in consideration of the nature of the organisations involved.

In order to guarantee the utmost **transparency of the process of planning, authorisation and management of sponsorships, association contributions and charitable donations**, Edison has an appropriate internal policy.

The Policy's main objective is to guarantee that the Company's strategic objectives, the various types of company business, the needs for regional, national or international support and the final use of these resources are **perfectly aligned**.

Therefore, the approach provides for a process that starts with the sharing of priorities between the Executive Committee and the reference areas (Communication and External Relations Department and Sustainability, Institutions and Regulation Division) and ends with the definition, quantification and grouping together of the various proposed initiatives.

The planning is evaluated by the **Sponsorships - Contributions - Charitable donations Steering Committee**, the body identified for supporting the Executive Committee with finalising the company Masterplan dedicated to sponsorships, association contributions and charitable donations, and monitoring actual spending and overall effectiveness of the proposals endorsed. The Executive Committee is responsible for validating the Masterplan of sponsorship and contribution proposals and approving it.

MAIN ACTIVITIES AND RESULTS ACHIEVED

Edison feels an **integral and active part of the community in which it operates** and, therefore, is committed to acting as a **responsible citizen and is attentive to the needs of the local community**, through actions and projects for promoting the development of the areas based on a shared planning approach.

Collaboration and dialogue with stakeholders are the key elements needed to pursue these objectives, strengthening relationships of trust at local, national and international level, generating paths and processes with shared value, i.e. able to meet the social needs identified starting from business opportunities.

These actions can only be successfully implemented if the Company is an active and integral - and integrated - part of the local communities, by listening to and understanding needs and expectations, and responding with projects realised in collaboration with the local area, by establishing and maintaining long-term partnerships.

The main areas of activity concern the **development of sustainability practices with local stakeholders, support for education and research, the promotion of inclusion and the integration and creation of opportunities for dialogue on sustainable development**.

Furthermore, fully aware of the importance to measure its impact on the areas in which it is present, Edison launched the design of the first **Regional Reports, relating to the provinces of Sondrio and Brescia**, where some Edison hydroelectric plants are located.

Sustainability practices with local stakeholders

Edison launched the **Edison Crowd** initiative, two crowdfunding projects for the construction of a mini-hydroelectric plant in the Municipality of Palestro and for a district heating network in the Municipality of Barge. The Company made its know-how and expertise available to the area, adopting a model which sees the involvement of all stakeholders and the possibility for residents in the areas concerned to contribute by financing projects through remunerated private capital. In both cases, the funding objectives were achieved and the projects will be launched.

In total, the two campaigns launched in 2018 gathered more than 400 thousand euros in funding, involving more than 100 lenders, with an average loan amount of just under 4 thousand euros.

In addition, in collaboration with the Turin Polytechnic, a space for interaction with the city was created, **Officine EDISON**, dedicated to research and training in the energy sector.

Another common work field is linked to culture, considered "the place" for creating and disseminating social value, in particular for spreading the culture of sustainable development. In 2018, a process was launched involving **support for the Fondazione Teatro Stabile of Turin with the drafting of guidelines for the sustainability of the cultural organisation**: the guidelines may also be an example for other theatres and represent a first step towards systematic actions at local and sector level (an energy pre-audit was conducted during the year, the analysis and study of the aspects of social sustainability).

The partnership continued with **FAI** (Italian Environment Fund), which targets the gradual increase in the energy efficiency of the authority's properties. The first step in this direction concerned the efficiency drive of 5 assets starting with La Cavallerizza, the historic headquarters of the FAI, and involved a smart audit, i.e. an energy analysis with the goal of identifying the most useful actions for more efficient use and lower impact of resources and the promotion of sustainable mobility solutions for visitors, by equipping the facilities with parking areas and recharging points for electric vehicles. The other properties concerned are Villa Panza and the Monastery of Torba in Varese, Villa dei Vescovi in Padua, Masino Castle and grounds in Turin and Villa Necchi Campiglio in Milan.

Sustainability Policy Target:

promoting at least two meetings of the sdgs@edison stakeholder panel per year, of which at least one in the areas of interest.

In the same area, a partnership was established in 2018 with the **Prada Foundation** for better use of resources, especially energy resources, by optimising the use of the exhibition space and to promote sustainable mobility among visitors.

In support of the initiatives launched in 2018, Edison renewed the long-standing partnership with the **Teatro alla Scala of Milan**, guaranteeing the offsetting of the energy requirements of the Opening and the origin from clean and renewable sources of the energy used, hence avoiding the emission into the atmosphere of 64 tonnes of carbon dioxide. In addition to the official Opening, also for the year just ended, Edison organised, together with the Municipality of Milan, the so-called **"Prima Diffusa"** with more than 50 free events aimed at involving the public, by offering the possibility to enjoy this absolutely unique event. In addition, to coincide with the exhibition to mark the 150th anniversary of Rossini's death, the **Museo Teatrale del Teatro alla Scala** installed new lighting, in collaboration with Edison.

Edison is focused not only on culture, but design and architecture, in order to rethink its approach to design and the meet the needs of customers' living requirements.

For this reason, Edison decided to renew its support for Milan Design Week for 2018, in particular through its collaboration with **THE DESIGN PRIZE** and injecting its energy into the **Innovation Design District**, the open air workshop in which to experiment with the construction of a sustainable future also through the new smart city concept. Through 2018 Design Week, Edison demonstrates its commitment to creating a common ground for discussion with all city players (the public, institutions, companies, professionals) to participate in Milan's smart evolution.

With respect to these themes, dialogue was further extended in the last year, also thanks to the partnership with the **Venice Biennale** (International Architecture Exhibition). Edison launched, together with the Venice Biennale, an effective sustainability process with a smart audit solution, which optimally manages energy resources thanks to the IoT (Internet of Things) and proposed improvement works for the main exhibition structures with the highest energy intensity and impact. At the same time, smart stations were installed throughout the exhibition space, equipped with energy recharging points and free WiFi to improve the visitor experience.

The **Exhibition "Data Design, data as a creative material"**, created by Edison in collaboration with the EDF Foundation, examined another aspect tied to design in depth, by looking at data as a key element of the economic transformation in progress based on the sharing of information. The works exhibited used and creatively reworked the data linked to some socio-economic phenomena in order to question the connection between sustainability and innovation.

Sustainable development education

The theme of education is central to the need to promote sustainable development. Edison is committed to various projects targeted at the new generations throughout the entire educational process, by attempting to adopt an innovative and stimulating approach.

In the last year, the project was completed with the **fifth grade of the "Trento-Trieste" Institute of Cremona**, targeted at having the students reconstruct Edison's hydroelectric plant of Pizzighettone (CR) in an augmented reality system - the project was then described during Microsoft Day in Milan.

By contrast, a **hackaton** event was held with students of the lower secondary school of Novate Mezzola in Valchiavenna, i.e. a **collective design day to identify innovative solutions to enhance the naturalistic path of the Tracciolino**, by using new digital technologies and open source systems that were tried out in previous months by the boys and girls, with the help of Edison and the The Fab lab - Make it real.

For the 2018-2019 academic year, the new edition of the second level Master's degree in **"Innovation in energy efficiency and sustainability in industry and services"** was structured and launched with Edison's Energy Efficiency Campus, whose lecturers include Edison managers, and will be hosted at Officine Edison.

NOTA:
MANCA TRADUZIONE GRAFICI
P.S: sono nella posizione giusta
perché riferiti a “Dialogue with
stakeholders”

Lastly, as part of the collaboration activities launched in 2017 with UNCEM Piemonte, a **workshop was organised on the theme of energy efficiency and sustainability solutions for the local area**, with the objective of passing on knowledge and disseminating the systematic and regional approach of efficiency and energy communities.

Inclusion

Edison also intends to promote inclusion in the communities with which it interacts.

For the eleventh year, Edison supported **ASRugby Milano's** projects, not just a sports club but focused on involving people in difficulty, from prisoners to persons with disabilities, and on the promotion of the culture of inclusion through discipline and sporting values.

Edison continued to support the **Egyptian Museum of Turin** in 2018, as regards social inclusion projects, in particular targeted at integrating the Arab population and refugees. This issue was also addressed through support to the activities of the **Sant'Egidio Community** directed at the promotion of “humanitarian corridors”.

The support for the **Banco Alimentare** (Food Bank) was also renewed for the **Siticibo** project, also through company voluntary work and Edison continued to back the project **Insieme per Haiti** (Together for Haiti) of **Anpil Onlus**, a project for the protection and education of children, which Edison has participated in since 2010 following the earthquake that devastated the island.

Support was also renewed in 2018 for the **Missione Sogni Onlus** whose goal is to fulfil the dreams of children in difficulty and **Flying Angels**, the non-profit initiative for air travel for children in need of treatment.

Lastly, for the first year, Edison also supported the **Albero della Vita Onlus** association, committed to providing support and re-education for families suffering financial, cultural and social hardship.

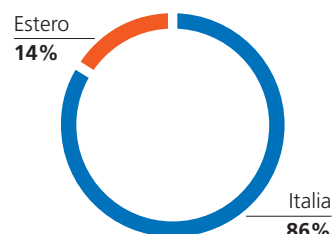
Dialogue with stakeholders

Edison is committing to strengthening stakeholder engagement and dialogue even more, thanks to its panel, but also by organising and participating in dialogue with various stakeholders on sustainable development issues.

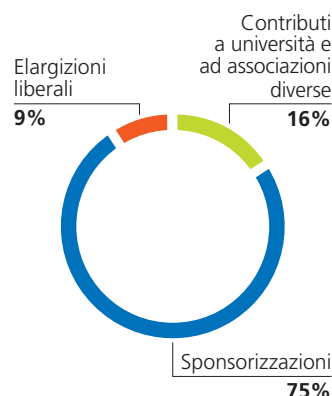
These include:

- the **Conference with the Political Foundation** on the industrialisation of the country from a diachronic perspective and starting discussions on the development policies for the south;
- the **Seminar on energy efficiency** with stakeholders in the sector, both public and private, to tackle the issue of construction with a view to reaching the European objectives;
- the Seminar on **“Energy citizenship income”** with the political leaders of the Municipality of Porto Torres and other stakeholders in order to understand and analyse the initiative connected with the gifting of a photovoltaic panel to citizens to tackle energy poverty;
- **“Trevi energy days”**, with meetings and debate with parliamentary associates, which addressed all the themes of energy transition and decarbonisation;
- **“Sustainable development objectives in the Mediterranean: the role of energy for sustainable cooperation”**, an event promoted by the Institute of International Affairs and Asvis (Italian Sustainable Development Alliance), an initiative forming part of the Sustainability Week programme;
- **WEC energy camp**, the Edison Energy Camp consists of a week of face-to-face guidance and training on energy themes and highly topical issues;
- **Dialoghi di Spoleto** (Spoleto Talks), as part of the 61st edition of the Festival, with opportunities for dialogue and discussions, giving visibility and space to women vested with positions of great responsibility;
- **Insead**, series of meetings with people from the business world who have developed Italian creativity.

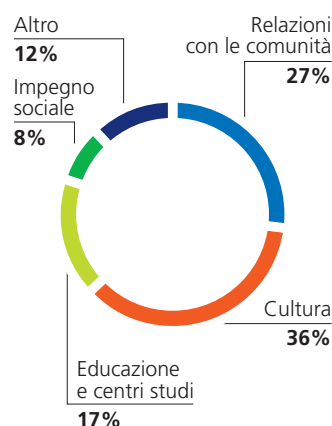
AMBITO GEOGRAFICO



TIPOLOGIA



AMBITI DI INTERVENTO



PROTECTION OF HUMAN RIGHTS

RELEVANCE FOR EDISON'S ACTIVITIES AND RELATED RISKS

For Edison, protecting human rights is a **cross-company matter**, linked to some aspects already discussed in this Document (**the health and safety of its employees and third parties, promotion of equal opportunities, and anti-corruption**).

Edison is committed to respecting and ensuring that the rights set forth in the **"Universal Declaration of Human Rights"** are guaranteed in the different countries in which it operates. Edison recognises as tied to its own activities **the human rights connected to the personal sphere, work-related rights and the right to live in a healthy environment**, and it intends to safeguard them in all the Countries and contexts where it is present.

POLICIES

Edison expressed its commitment to safeguard human rights in several documents: in its **Code of Ethics**;

- by signing the **10 principles of the UN Global Compact**;
- by referencing them in its **Sustainability Policy** principles;
- in the **Whistleblowing Policy** with which the Company provides an on-line system for the reporting of violations of the Code of Ethics (in the last three years, there have been no reports of violations of human rights).

In 2018, Edison offered its support to EDF in the definition of a framework agreement with Unions concerning "Corporate Social Responsibility"; Edison then decided to adopt the principles of the group agreement based on the assumption that each society can be sustainable only by associating economic performance with social progress

Edison guarantees its promotion and will pursue compliance with the principles contained in the agreement by its suppliers and subcontractors.

Edison reiterates its commitment to respect for human rights, integrity, development of women and men and support for the populations and territories close to its facilities.

In particular, respect for human rights and not to accept any violation of them is a prerequisite for all activities.

Edison supports the international commitments of the United Nations for the protection and defence of human rights and undertakes to apply the principles sanctioned by the fundamental conventions of the International Labour Organisation.

In the event of conflict between the regulations and laws applicable in the different Countries in which it operates, the Group will apply the provisions that best protect human rights.

MAIN ACTIVITIES AND RESULTS ACHIEVED

Edison set up an interdepartmental work group in 2018 to check that the different policies and the new agreement cover all relevant aspects for the company on human rights.

METHODOLOGICAL NOTES

Edison, as a **public interest entity** (in accordance with art. 16, paragraph 1, of Italian Legislative Decree No. 39 of January 27, 2010) having dimensional limits as regards employees, balance sheet and net revenues above the thresholds prescribed by art. 2, paragraph 1, is subject to the application of Italian Legislative Decree No. 254 of December 30, 2016 (hereafter, Decree No. 254) "Implementation of Directive 214/95/EU of the European Parliament and of the Council of October 22, 2014, amending Directive 2013/34/EU as regards disclosure of non-financial and diversity information by certain large undertakings and groups".

This consolidated **Non-Financial Declaration (NFD)** by Edison as at December 31, 2018 is therefore prepared in accordance with the provisions of Decree No. 254 and constitutes a separate document from the Report on Operations, but it is nonetheless an integral part of the documentation pertaining to the 2018 financial statements.

The information contained in the NFD refers to the companies included in the scope of consolidation used for the consolidated financial statements and therefore includes the information relating to the companies acquired in 2017 and 2018 (any exceptions are appropriately highlighted in the text and the tables of the document). It should be noted that in the course of 2018 Gas Natural Vendita Italia, Zephyro SpA. and Attiva S.p.A. were acquired. Please refer to the Management Report for details of M&A activities in 2018.

The NFD reports on **themes** relating to the fight against active and passive corruption, to the environment, to personnel management, to social aspects and to respect for human rights assessed as **significant and material** according to a specific, consolidated process that takes into account Edison's specific activities (see paragraph "The material themes").

To report the information consistently and to facilitate its connection with the content indicated by the referenced standards, for each set of themes evidence is provided of the materiality of the theme with respect to Edison's activities, of the risks connected with it, of the Company's policies and commitments and of the results obtained and monitored through ad hoc indicators, able to represent the operating results.

The data and information of this declaration relate to events that have occurred during the reference year, deriving from the Company's business activities, relevant on the basis of the materiality analysis. Edison's various responsible departments gathered and consolidated the data and information by extracting it from company information systems, invoices and internal and external reporting, under the coordination of the Sustainability and CSR (Corporate Social Responsibility) Department.

The data represented are final, except where stated in the table, based on three-yearly trends. In particular, Edison has adopted the indicators set forth by the **GRI Standards** of the Global Reporting Initiative, pursuing a GRI-Referenced type approach.

According to the provisions of Legislative Decree 254/16 art.3 paragraph 10, this document has been submitted to Deloitte & Touche SpA for their Independent Auditor's Report, in accordance with the criteria established in the "International Standard on Assurance Engagements ISAE 3000 (Revised) - Assurance Engagements Other than Audits or Reviews of Historical Financial Information" principle, whose Report is attached to this declaration.

The Board of Directors of Edison approved the Non-Financial Statement on February 14, 2019. The NFD is published in the "Sustainability" section of the Company's Website (www.edison.it).

GRI TABLE

GRI Standard	Disclosure	Page	Note
Profile			
102-1	Name of the organization	Cover	
102-2	Activities, brands, products, and services	4; 6	The indicator is compliant with the requirement a) of the reference standard
102-3	Location of headquarters	53	
102-4	Location of operations		Please refer to Report on Operations
102-5	Ownership and legal form	4	
102-6	Markets served	4; 6	The indicator is compliant with the requirement a.i) of the reference standard
102-7	Scale of the organization		Please refer to Report on Operations
102-8	Information on employees and other workers	32-33	The indicator is compliant with the requirements a) and f) of the reference standard
102-9	Supply chain	9	
102-10	Significant changes to the organization and its supply chain	46	
102-11	Precautionary Principle or approach	15-17	
102-12	External initiatives	14-15	
102-13	Membership of associations	14-15	
EU2	Net energy produced	5	
EU3	Number of residential, industrial, institutional and commercial customers	7	
Ethics and integrity			
102-16	Values, principles, standards, and norms of behavior	13-14	
102-17	Mechanisms for suggestions and worries over ethical questions	18	
Governance			
102-18	Governance structure	13	
102-26	Role of highest governance body in setting purpose, values, and strategy	13	
102-32	Highest governance body's role in sustainability reporting	13-14	
Stakeholder engagement			
102-40	List of stakeholder groups	12	
102-41	Collective bargaining agreements	36	
102-42	Identifying and selecting stakeholders	12	
102-43	Approach to stakeholder engagement	12	
102-44	Key topics and concerns raised	12	The indicator is compliant with the requirements a.i) of the reference standard
Reporting practice			
102-45	Entities included in the consolidated financial statements		Please refer to Report on Operations
102-46	Defining report content and topic Boundaries	46	
102-47	List of material topics	12	
102-48	Restatements of information	46	
102-49	Changes in reporting	46	
102-50	Reporting period	2018	
102-51	Date of most recent report	2018	
102-52	Reporting cycle	Annual	

GRI Standard	Disclosure	Page	Note
102-53	Contact point for questions regarding the report	53	
102-54	Claims of reporting in accordance with the GRI Standards	46	
102-55	GRI content index	46-48	
102-56	External assurance	49-50	
Reserves			
OG1	Volume and type of estimated proved reserves and production	6	
Anti-corruption			
103-1	Explanation of the material topic and its Boundary	12; 18	
103-2	The management approach and its components	18	
103-3	Evaluation of the management approach	18	
205-2	Communication and training about anti-corruption policies and procedures	19	The indicator is compliant with the requirements b) and e) of the reference standard
205-3	Confirmed incidents of corruption and actions taken	19	
Energy			
103-1	Explanation of the material topic and its Boundary	12; 20	
103-2	The management approach and its components	20- 21; 23	
103-3	Evaluation of the management approach	20- 21; 23	
302-1	Energy consumption within the organization	24	The indicator is compliant with the requirements a), b), c), e), f) of the reference standard The indicator is compliant with the requirement a) of the reference standard
302-5	Reductions in energy requirements of products and services	26	
OG3	Energy produced from renewable sources	5	
OG3	Energy produced from renewable sources	x	
Water			
103-1	Explanation of the material topic and its Boundary	12; 20	
103-2	The management approach and its components	20-21; 26	
103-3	Evaluation of the management approach	20- 21; 26	
303-1	Water withdrawal by source	27	
303-3	Water recycled and reused	27	The indicator is compliant with the requirement a) of the reference standard
Biodiversity			
103-1	Explanation of the material topic and its Boundary	12; 20	
103-2	The management approach and its components	20- 21; 27- 28	
103-3	Evaluation of the management approach	20-21; 27- 28	
304-1	Operational sites owned, leased, managed in, or adjacent to, protecte areas and areas of high biodiversity value outside protected areas	27-28	
Climate change			
103-1	Explanation of the material topic and its Boundary	12; 20	
103-2	The management approach and its components	20-21; 23	
103-3	Evaluation of the management approach	20- 21; 23	
305-1	Direct (Scope 1) GHG emissions	25	
305-2	Energy indirect (Scope 2) GHG emissions	25	
305-3	Other indirect (Scope 3) GHG emissions	25	Data refer to emissions from business travel and waste The indicator is compliant with the requirement a) of the reference standard
305-4	GHG emissions intensity	25	
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions	25	
OG6	Volume of flared and vented hydrocarbon	25	

GRI Standard	Disclosure	Page	Note
Effluents			
103-1	Explanation of the material topic and its Boundary	12; 20	
103-2	The management approach and its components	20- 21; 26	
103-3	Evaluation of the management approach	20- 21; 26	
306-1	Water discharge by quality and destination	27	
Employment			
103-1	Explanation of the material topic and its Boundary	12; 31	
103-2	The management approach and its components	31-32	
103-3	Evaluation of the management approach	31-32	
401-3	Parental leave	33	
Occupational Health and Safety			
103-1	Explanation of the material topic and its Boundary	12; 20	
103-2	The management approach and its components	20-21; 29	
103-3	Evaluation of the management approach	20-21; 29	
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	30	
EU17	Days worked by contractor and subcontractor employees involved in construction, opetation & maintenance activities	30	
Training and Education			
103-1	Explanation of the material topic and its Boundary	12; 31	
103-2	The management approach and its components	31-32; 34-35	
103-3	Evaluation of the management approach	31-32; 34-35	
404-1	Average hours of training per year per employee	35	
404-3	Percentage of employees receiving regular performance and career development reviews	35	
Diversity and Equal Opportunity			
103-1	Explanation of the material topic and its Boundary	12; 31	
103-2	The management approach and its components	31-33	
103-3	Evaluation of the management approach	31-33	
405-1	Diversity of governance bodies and employees	33	The indicator is compliant with the requirement a) of the reference standard
405-2	Ratio of basic salary and remuneration of women to men	34	
Human Rights			
103-1	Explanation of the material themes and their boundary	44	
103-2	The management approach and its components	44	
Quality			
103-1	Explanation of the material themes and their boundary	12; 37	
103-2	The management approach and its components	37-39	
103-3	Evaluation of the management approach	37-39	
417-3	Incidents of non-compliance concerning marketing communications	39	
EU Access			
EU 27	Disconnections due to non-payment	39	

EXTERNAL ASSURANCE



**INDEPENDENT AUDITOR'S REPORT
ON THE CONSOLIDATED NON-FINANCIAL STATEMENT PURSUANT TO ARTICLE 3,
PARAGRAPH 10 OF LEGISLATIVE DECREE No. 254 OF DECEMBER 30, 2016 AND
ART. 5 OF CONSOB REGULATION N. 20267/2018**

**To the Board of Directors of
EDISON S.p.A.**

Pursuant to article 3, paragraph 10, of the Legislative Decree no. 254 of December 30, 2016 (hereinafter also "Decree") and to article 5 of the CONSOB Regulation n. 20267/2018, we have carried out a limited assurance engagement on the Consolidated Non-Financial Statement of Edison S.p.A. and its subsidiaries (hereinafter also "Edison Group" or "Group") as of December 31, 2018 prepared on the basis of art. 4 of the Decree, and approved by the Board of Directors on February 14, 2019 (hereinafter also "NFS").

Responsibility of the Directors and the Board of Statutory Auditors for the NFS

The Directors are responsible for the preparation of the NFS in accordance with articles 3 and 4 of the Decree and "Global Reporting Initiative Sustainability Reporting Standards" established in 2016 by GRI – Global Reporting Initiative (hereinafter also "GRI Standards"), with reference to the selection of GRI Standards, which they have identified as reporting framework.

The Directors are also responsible, within the terms established by Law, for such internal control as they determine is necessary to enable the preparation of NFS that is free from material misstatement, whether due to fraud or error.

The Directors are moreover responsible for defining the contents of the NFS, within the topics specified in article 3, paragraph 1, of the Decree, taking into account the activities and characteristics of the Group, and to the extent necessary in order to ensure the understanding of the Group's activities, its trends, performance and the related impacts.

Finally, the Directors are responsible for defining the business management model and the organisation of the Group's activities as well as, with reference to the topics detected and reported in the NFS, for the policies pursued by the Group and for identifying and managing the risks generated or undertaken by the Group.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the compliance with the provisions set out in the Decree.

Auditor's Independence and quality control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the *International Ethics Standards Board for Accountants*, which is founded on fundamental principles of integrity, objectivity, professional competence and due care,

confidentiality and professional behaviour. Our auditing firm applies *International Standard on Quality Control 1 ("ISQC Italia 1")* and, accordingly, maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditor's responsibility

Our responsibility is to express our conclusion based on the procedures performed about the compliance of the NFS with the Decree and the GRI Standards, with reference to the selection of GRI Standards. We conducted our work in accordance with the criteria established in the *"International Standard on Assurance Engagements ISAE 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information"* (hereinafter also *"ISAE 3000 Revised"*), issued by the *International Auditing and Assurance Standards Board ("IAASB")* for limited assurance engagements. The standard requires that we plan and perform the engagement to obtain limited assurance whether the NFS is free from material misstatement. Therefore, the procedures performed in a limited assurance engagement are less than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised, and, therefore, do not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures performed on NFS are based on our professional judgement and included inquiries, primarily with company personnel responsible for the preparation of information included in the NFS, analysis of documents, recalculations and other procedures aimed to obtain evidence as appropriate.

Specifically we carried out the following procedures:

1. Analysis of relevant topics with reference to the Group's activities and characteristics disclosed in the NFS, in order to assess the reasonableness of the selection process in place in light of the provisions of art. 3 of the Decree and taking into account the adopted reporting standard.
2. Analysis and assessment of the identification criteria of the consolidation area, in order to assess its compliance with the Decree.
3. Understanding of the following matters:
 - business management model of the Group's activities, with reference to the management of the topics specified by article 3 of the Decree;
 - policies adopted by the entity in connection with the topics specified by article 3 of the Decree, achieved results and related fundamental performance indicators;
 - main risks, generated or undertaken, in connection with the topics specified by article 3 of the Decree.

Moreover, with reference to these matters, we carried out a comparison with the information contained in the NFS and the verifications described in the subsequent point 4, letter a) of this report.

4. Understanding of the processes underlying the origination, recording and management of qualitative and quantitative material information included in the NFS.

In particular, we carried out interviews and discussions with the management of Edison S.p.A. and with the employees of Fenice Qualità per l'ambiente S.p.A. and we carried out limited documentary verifications, in order to gather information about the processes and procedures which support the collection, aggregation, elaboration and transmittal of non-financial data and information to the department responsible for the preparation of the NFS.

In addition, for material information, taking into consideration the Group's activities and characteristics:

- at the parent company's and subsidiaries' level:
 - a) with regards to qualitative information included in the NFS, and specifically with reference to the business management model, policies applied and main risks, we carried out interviews and gathered supporting documentation in order to verify its consistency with the available evidence;
 - b) with regards to quantitative information, we carried out both analytical procedures and limited verifications in order to ensure, on a sample basis, the correct aggregation of data.
- for the following subsidiaries, divisions and sites, Edison S.p.A. headquarter, Fenice Qualità per l'ambiente S.p.A. – Verrone Plant, Fenice Qualità per l'ambiente S.p.A. – Mirafiori Plant, which we selected based on their activities, their contribution to the performance indicators at the consolidated level and their location, we carried out site visits, during which we have met their management and have gathered supporting documentation with reference to the correct application of procedures and calculation methods used for the indicators.

Conclusion

Based on the work performed, nothing has come to our attention that causes us to believe that the NFS of the Edison Group as of December 31, 2018 is not prepared, in all material aspects, in accordance with articles 3 and 4 of the Decree and GRI Standards, with reference to the selection of GRI Standards.

DELOITTE & TOUCHE S.p.A.

Signed by
Matteo Ogliari
Partner

Milan, Italy
February 20, 2019

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

This document is also available on the
Company website: www.edison.it

Editorial coordination
External Relations and Communications
Department

Art direction by
In Pagina, Saronno (Italy)

Photographs by
www.edisonmediacenter.it

Cover photo
Conceived by Stefano Boeri Architetti for
Edison, Lighthenge is an urban installation that
shows the scenic and shareable idea of energy
and its wide implications on contemporary
culture and society

Printed by
xxx

Milan, March 2019

This publication was printed on environmentally friendly paper with low impact on the
environment.



Edison Spa

31 Foro Buonaparte
20121 Milan, Italy

Capital stock 5,377,000,671,00 euros, fully paid
in Milan - Monza - Brianza - Lodi Company Register
and Tax I.D. No. 06722600019
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