

# 2019

## CONSOLIDATED NON-FINANCIAL DISCLOSURE



ambiatutto



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# 2019 Consolidated non-financial disclosure

Pursuant to article 3 and article 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, first in Europe, and is today one of the top Italian operators. Inspired by the principles of sustainability and innovation, it drove forward the electrification of the Italian energy system. Its 2030 vision is to become a leader in the energy transition and a responsible energy operator.

The progressive digitalisation of products and services, growing attention for the environment and the effects of climate change and the increasingly widespread sensitivity to more sustainable economic models today require an evolution in the way of doing business. In this dynamic and continuously evolving context, Edison has decided to take **an active role in supporting the energy transition and sustainable energy production**, both by investing in the production of renewable energies and through gas. In addition, thanks to digital development, it has also made a commitment downstream of its value chain, proposing smart, competitive and sustainable solutions to its customers through integrated, efficient and innovative energy and environmental services.

Since 2012 Edison has been controlled by EDF, an integrated electricity company, active in all areas of the business: generation, transmission, distribution, energy supply and trading, energy services, which holds 97.45% of its total capital. The only listed shares of Edison are savings shares, traded on the market managed by Borsa Italiana.

## DESCRIPTION OF THE BUSINESS ACTIVITIES

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

- **production of electricity** with a highly efficient and diversified set of power plants, comprising thermoelectric, hydroelectric, wind, solar and biomass plants;
- **sale of electricity and gas and value-added services** to all market segments (industry, SME and retail) and services and infrastructure for sustainable mobility and small scale LNG;
- provision of **energy services and environmental services** on a large scale, for the different markets: tertiary, business and public administration;
- **import and sale of electricity and gas in the wholesale markets**, in Italy and Greece;
- **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.

As regards this last activity, in July 2019, Edison announced the **signing of the agreement with Energean Oil and Gas for the sale of 100% of Edison Exploration and Production (E&P)** and its equity investments in the hydrocarbon exploration and production sector (oil and natural gas), subject, inter alia, to obtaining ministerial authorisations in the various countries involved, including Algeria, which has invited Edison to discuss the sale of assets located in the country with Sonatrach. The Board of Directors approved the transaction on July 3, 2019. The sale is expected to be finalised in 2020.

At the end of 2019, Edison completed the **Strategic Review**, which redefines the positioning of the various businesses, placing the energy transition at the centre, redeveloping Edison's vision of the future and proposing innovative models and the necessary direction for growth to actively support carbon reduction targets.

The strategic vision is focused on electricity production and on services for customers to be provided through significant development of renewable sources (photovoltaics and wind), supported by gas generation, which is essential to phase out coal and integrate renewables within the network. Therefore, although gas plants have increased (through the installation of two new high efficiency CCGT co-generation plants), the commitment to the 2030 targets is confirmed, calling for the reduction of specific emissions from generation facilities to 260 grCO<sub>2</sub>/KWh and 40% of production from renewable sources.

The vision developed sees Edison taking on a **leading role in the national energy transition, acting as a responsible energy operator** through three main industrial levers aiming for Edison's growth: consolidation of the core business, growth in businesses for the energy transition and experimentation of the technologies of the future (hydrogen, smart cities, etc.);

- **Power generation:** calls for strong development in photovoltaic plants and capacity from wind farms, aiming to become one of the main players in the sector by 2030, as well as the experimentation and installation of storage systems (electrochemical batteries and pumping) and flexibility resources, also integrating, through the increasingly central role of energy management, efficient gas plants with a view to guaranteeing adequacy and security to the system;
- **Downstream:** calls for the reinforcement of activities linked to the sale of commodities (gas and power) and a focus on the sale of energy efficiency services to customers (B2C, B2B and B2G), in particular developing sustainable mobility and rooftop photovoltaics for self-consumption;
- **Gas:** this remains an essential energy source for the transition; the aim is to develop, alongside greater flexibility in the portfolio of long-term contracts, a greater commitment to green uses, through the development of small scale LNG infrastructure as well as biomethane production.

Therefore, Edison's goal is to place the 2030 targets at the centre of the company and all of its businesses, favouring Italy's energy transition by concretely integrating sustainability within the business strategy.

## Innovation at Edison

**Innovation is an integral part of Edison's business model**, a fundamental element to adapt to and anticipate changes within an environment in rapid transformation. For many years now, Edison has promoted research activities to test new resources, technologies and business models to accompany the energy transition and market developments.

Last year, it acquired a share in the **Smart City fund managed by Idinvest**, focusing - in Italy, but also in Europe, North America, Israel and Asia - on investing in start-ups in smart energy, smart building & industry, new mobility and enabling technologies. 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.

Edison also participates, as a partner company, in the **Open Innovation project organised by Cariplo Factory**, to search for and select start-ups for the development of smart cities and smart transportation.

The company also recently entered into a partnership with Milan Polytechnic, which resulted in the opening of a new research and innovation space named "**Officine Edison**", at the Milan Bovisa Polytechnic campus, which along with the Energy Centre already created at Turin Polytechnic, aims to cultivate an ecosystem of innovation between universities, start-ups and businesses in order to support the development of solutions in the field of sustainable growth, digitalisation and the energy transition at every level.



On the matter of **micromobility**, a collaboration was launched between Edison and Milan Polytechnic to design an electric scooter prototype that meets advanced security and reliability criteria and can be used to promote sustainable mobility in the Milan Bovisa area, just steps away from the city centre.

The company is also involved in a range of other initiatives, such as:

- participation in the **OSMOSE project** (Optimal System of flexibility solutions for European Electricity), part of the Horizon 2020 programme, aiming to test new flexibility resources for the electric system, including industrial electricity demand (demand side management) and generation from renewables (wind). In particular, Edison and e2i collaborate with TSO (Transmission System Operators), European research centres and industrial partners, with the objective of identifying and experimenting supervision and management models supporting 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. In 2020, a direct experimentation phase is planned at the Vaglio di Basilicata (PZ) electricity sub-station, linked to two wind plants of the investee e2i. Energie Speciali and the experimentation of the modulation of some industrial loads to offer services to the network;
- the installation of a **large-scale test battery** at Altomonte to analyse the services that this technology could offer to the network either autonomously or paired with a photovoltaic generation plant;
- installation at an Edison site in the Municipality of Selvazzano (PD) of an **integrated system** consisting of photovoltaics, a battery and a recharging system for electric vehicles.

## Electric power generation

Edison's electric power generation capacity includes **combined-cycle thermoelectric (CCGT), hydroelectric, wind and solar plants**.

**Edison is committed to the energy transition in Italy:** it produces the bulk of its energy from plants powered by natural gas which guarantee system stability and contribute to the Italian project for phasing out coal-powered plants. In the course of 2019, a project was launched to upgrade, with environmental improvements, the Marghera Levante Thermoelectric power plant. Once the process has been completed, the combined cycle at the Marghera plant will be the most efficient in Europe, an industrial record-breaker and a virtuous example. At the end of the year, Edison also announced the opening of a work site for a new natural gas fired combined-cycle plant in Presenzano: a significant investment with high environmental performance in Campania and another step towards Italy's energy transition.

**A significant portion of electricity produced by Edison comes from renewable sources (RES),** primarily from wind and hydroelectric plants (both large plants and mini-hydro plants), as well as photovoltaics. Edison intends to make its ongoing commitment to the production of energy from renewable sources concrete by reaching the objective of increasing this **production to 40% by the end of 2030**.

In the **wind sector**, the medium-term objective is to further increase the current portfolio of 922 MW, through the development of new projects in the portfolio. In 2019, e2i, an Edison subsidiary, already surpassed the 700 MW threshold thanks to the entry into operation of all plants built (165 MW in part replacing existing capacity) thanks to the 2016 auction incentives.

In the **wind and photovoltaics sector**, 2019 saw:

- the completion and entry into operation of the 8 wind plants in Sicily, Campania, Abruzzo, Basilicata and Puglia for a total of 165 MW;



- the acquisition from EDF EN Italia of 216 MW of wind capacity and 77 MW of photovoltaic capacity: due to this transaction, Edison becomes the second wind operator in Italy, consolidating 922 MW of capacity, and lays the foundations for significant development in the photovoltaic segment in collaboration with EDF Renouvelables;
- the opening of the 4.5 MW photovoltaic work site in Agira, Sicily.

The Company is committed to the 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. In 2019:

- the construction site of the Palestro mini-hydro plant in the Lombardy region, on the river Sesia (4.5 MW), was completed;
- the Eaux Valdotaines transaction was completed in Val d'Aosta, with the acquisition of a 2 MW plant and an authorisation to build a second 500 kW plant.

Thanks to the work done over the years, in view of the future reassignment of large hydroelectric concessions and mini-hydro development, Edison aims to maintain and consolidate its positioning in the hydroelectric sector, which is highly strategic and has great value for the territory.

To improve the efficiency and performance, including environmental, of its plants, Edison also continues to **optimise its production plants**.

	Unit of measurement	2017	2018	2019	GRI
<b>Net electricity production (GRI Standard EU2 - OG3)</b>					<b>EU2</b>
<b>Edison production</b>	<b>GWh</b>	<b>20,788</b>	<b>19,700</b>	<b>21,394</b>	
Thermoelectric energy	GWh	17,484	15,618	16,629	
- of which combined-cycle	GWh	16,708	15,036	16,629	
Renewable energy	GWh	3,303	4,082	4,766	<b>OG3</b>
- hydroelectric energy	GWh	2,215	3,085	3,195	
- wind power	GWh	1,051	943	1,509	
- electricity from other renewable sources (solar and biomass)	GWh	38	54	62	
<b>Share of energy produced from renewable sources</b>	<b>%</b>	<b>16</b>	<b>21</b>	<b>22</b>	
Other purchases*	GWh	54,002	24,021	21,175	

\* The data do not include Fenice and its subsidiaries

## Sale of electricity, gas and value-added services

Edison serves all market segments with tailor-made solutions for the supply of **electricity, gas and value added services**.

To meet the needs of large businesses and households alike, it has set up a network of sales agencies, branches and call centres supported by the innovative digital channel, through which it engages in relations with its customers.

Edison also intends to strengthen its local presence by opening new physical points throughout the country.

For the **residential market**, Edison has strengthened its **Edison World platform**, which today offers services covering all home needs: energy efficiency assistance, photovoltaic production, smart meters and services for electric cars. The completion of the acquisition of

Assistenza Casa, a company active in maintenance and domestic fault repair services, also allowed the development of further value-added services and an expansion of the offer.

The range of **solutions** currently offered includes:

- Prontissimo Casa for emergency telephone assistance 24/7
- Casa Relax, insurance for home electricity and gas systems with 24 hour assistance
- Edison My Comfort for boilers and air conditioning units
- Energy Control, consumption monitoring service
- Edison MySun, for photovoltaics
- Edison PLUG&GO for electric mobility.

**SME (Small and Medium-sized Enterprise) customers** can also benefit from the services:

- Prontissimo Impresa, technical assistance available 24 hours a day for any intervention relating to electricity system faults or maintenance
- Edison Sun&Go, created from the synergy between MySun Business (photovoltaic and storage systems) and Plug&Go Business (electric mobility and recharging systems), enables companies to select cutting edge products designed for savings and to sustainably achieve energy autonomy.

**Business customers** (large industrial customers) generally need customised products and services to meet their specific needs. This is why an offer has been formalised for the purchase of “green” gas, by offsetting carbon emissions with voluntary credits, in line with the offer in the electricity offsetting market through Guarantees of Origin.

In 2019, Edison confirmed its commitment to the country’s energy transition, contributing towards expanding the **vehicle methane distribution network** with four new stations: Teramo, Palestrina, Mirandola and Matino. These stations are adding to our national coverage with more than 30 owned stations located in Puglia, Lazio, Calabria, Sicily, Emilia-Romagna, Abruzzo, Lombardy and Veneto, and more than 300 stations supplied.

It also provided biomethane to the service stations supplied, as it came in first in the ranking of companies awarded GSE contracts. As a result, as of January 2019, **Edison is the first and only operator authorised to pick up biomethane from the GSE and deliver it to service stations** that have signed a supply agreement with the company.

Lastly, it signed an agreement with Envitec **for the development of the biomethane and bioLNG business segment** to make the transport sector more sustainable.

### Customers (at Dec. 31)

	Unit of measurement	2017	2018	2019
<b>Total electricity, gas, energy and environmental services customers</b>	<b>million</b>	<b>1.1</b>	<b>1.6</b>	<b>1.5</b>
Electricity customers	million	0.6	0.7	0.6
	Gwh	10,928	13,785	14,897
Natural gas customers	million	0.5	0.9	0.9
	millions of Sm <sup>3</sup>	6,911	7,372	7,547

### Energy and environmental services

As part of its provision of energy services, Edison has **adopted a business model based on sharing the value created**: in partnership with its customers, be they residential, business, cities or regions, the company offers customised services that boost the efficiency of their activities

and, depending on the proposed business model, can even contribute to their economic results by helping them to achieve energy savings. In that sense, it intends to maintain high service quality and reliability to safeguard its economic value. The EPCs (Energy Performance Contracts) typical of the energy efficiency market are based precisely on this approach.

In the course of 2019, activities moved forward for the integration of the acquired companies, and additional acquisitions were carried out to boost market share in the district heating sector (and primarily in district heating using woody biomass).

Today, 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.;
- construction of projects on the territory, starting from the analysis of opportunities to boost the efficiency of resources and ending with the construction of projects with stakeholders: Edison supports local businesses in seeking out specific solutions to meet their needs, using the offer of a plurality of energy and environmental services as a lever and putting its skills at the service of the energy strategy of local authorities and local energy system planning;
- building energy upgrades, intended to analyse in depth the typical operational aspects of condominium energy upgrades. With respect to this segment, Edison uses BIM (Building Information Modelling) systems capable of reducing the timing and costs of implementing efficiency interventions and guaranteeing efficient management throughout their lifecycle, thanks to information digitalisation;
- 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;
- energy consultancy 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.

In addition, it has further increased its role in the **Turin Polytechnic Energy Centre**, which aims to build national and European networks between businesses, research institutions and public administrations in order to activate partnerships in the energy field, through the opportunities provided by academic research.

## **Import and sale of electricity and gas in the wholesale markets**

In the gas market, **Edison is the second operator in terms of gas imports in 2019**, with a portfolio of long-term contracts for around 14.4 billion cubic metres per year, of which 8 imported via pipeline from Algeria, Russia and Libya, and 6.4 billion via ship from Qatar. Once it arrives in Italy, the natural gas is sold in the wholesale market, for civil and industrial uses, to thermoelectric customers, for the generation of electricity and gas, and for self-consumption at power stations. **Edison also manages regulated activities relating to the distribution of natural gas and its storage** underground in Italy. Abroad, Edison is taking part in **several infrastructure projects** for the creation of transport capacity between Greece and Bulgaria, with the IGB project, and between the Levantine fields and Europe with the Eastmed project.

Edison has launched **the first small-scale LNG integrated logistics chain**. In 2018, the new company Depositi Italiani GNL was formed with partner company PIR (Petrolifera Italo Rumena) for the construction and management in Ravenna of the first coastal LNG depot with an annual handling capacity of more than 1 million cubic meters of liquefied gas for an investment of 100 million euros, on which work began in January 2019. This is the first in a

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

In addition, Edison concluded an agreement with Knutsen for the **construction of a 30,000m<sup>3</sup> ship** that will transport the LNG to the coastal depots. The ship design was completed in November 2019 and it began being built in December. The ship will be delivered in the second quarter of 2021. The LNG carrier will be used to load LNG and transport it to the coastal depot, and it will be able to be supplied thanks to the extensive portfolio of long-term LNG contracts held by Edison.

Edison is promoting the **development of the infrastructure required to guarantee the availability of LNG in Italy**, investing both directly and indirectly through long-term agreements in the various components of the logistics chain and thereby guaranteeing that Italy is able to procure it for both maritime transport and for heavy-duty road transport. Today, the company has achieved a unique position in Italy within the LNG value chain: it is, in fact, the only long-term importer of LNG and can therefore guarantee the continuous and long-lasting availability of the fuel throughout the country, thanks to a diversified portfolio and the future opening of a new supply channel from the United States.

## Exploration and production of hydrocarbons

Edison E&P has long operated throughout the **oil&gas business segment**, starting from exploration and production activities that are distributed mainly in Italy, Egypt, the Mediterranean Basin and the North Sea.

As previously announced, in the course of 2019, in line with Edison's energy transition strategies, it signed the agreement with Energean Oil and Gas for the sale of 100% of Edison Exploration and Production (E&P) and its equity investments in the hydrocarbon exploration and production sector (oil and natural gas). The sale is expected to be finalised in 2020.

### PRODUCTION

	Unit of measurement	2017	2018	2019	GRI
<b>Production and reserves of hydrocarbons</b>					<b>OG1</b>
Natural gas produced	millions of m <sup>3</sup>	2,073	2,263	2,132	
Crude oil extracted	thousands of barrels	4,001	4,013	3,642	
Hydrocarbon reserves	billions of m <sup>3</sup>	36.5	34.1	26.8	



## 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 value not just in the short term but in the long-term too.**

The **generation of sustainable value in partnership with suppliers** is a material topic for the company. This takes shape in the construction of long-term relationships with every player in the supply chain, which are capable of guaranteeing stability in the procurement process while also stimulating the growth of the company and the community.

This topic is linked to **counterparty risk**, which Edison manages with a range of initiatives.

First and foremost, 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.

Indeed, Edison has defined **specific preventive and pre-selection screening processes for the economic operators** it intends to rely on for the supply of goods and services, respectively named the Pre-Qualification and Qualification processes.

Edison's suppliers need to register with the **Supplier Qualification Portal** on the website, which includes a pre-qualification phase, with specific processes to obtain and check preliminary information. These are followed by the qualification phase, which consists of a structured assessment that identifies potential suppliers, or the list of industrial, commercial and service companies, engineering companies, professional firms and entities that are suitable to meet the company's procurement needs.

In particular, the **pre-qualification process** involves gathering a series of technical, quality and organisational data on suppliers of goods and services in the different business segments and areas of potential interest to the Edison Group.

To facilitate the assessment and the formulation of an effective, objective opinion on the characteristics of the potential supplier, a questionnaire accessible through the company Supplier Portal also needs to be completed for data collection purposes.

The basic information required is broken down into eight different sections: company details, structure, product category, points of contact, equipment, safety information, quality certifications, information about personnel and sustainability requirements.

The **assessment process**, guided by principles of competence, focuses on the technical aspects of the supplier for each product category and is broken down into five steps:

- verification of ethical and legal prerequisites
- technical assessment
- safety and environmental assessment
- financial assessment
- commercial assessment.

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

Over the years, Edison has also 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. The platform is used voluntarily in the pre-qualification phase to assess suppliers with respect to sustainability matters.

In 2019, the Group focused especially on the categories of the thermoelectric sector through investments in a series of dedicated projects. These investments will continue in 2020 as well.

## Suppliers

	Unit of measurement	2017	2018	2019
<b>Value and location of supplies*</b>				
<b>Total value of supplies</b>	<b>(thousands of euros)</b>	<b>649,671</b>	<b>456,463</b>	<b>905,045</b>
- suppliers in Italy	%	90.9	91.6	92.0
- foreign suppliers	%	9.1	8.4	8.0
% ordered from local businesses	%	3.1	5.0	2.6

\* The scope of data does not include Edison Energie (former Gas Natural Vendita Italia) for 2017.

## Supplier vetting and screening\*

<b>Qualified suppliers</b>	<b>no.</b>	<b>4,781</b>	<b>5,143</b>	<b>4,101</b>
Total value of purchases from approved suppliers	(thousands of euros)	576,708	414,281	820,404
as a % of total purchases	%	89.0	90.8	91.0

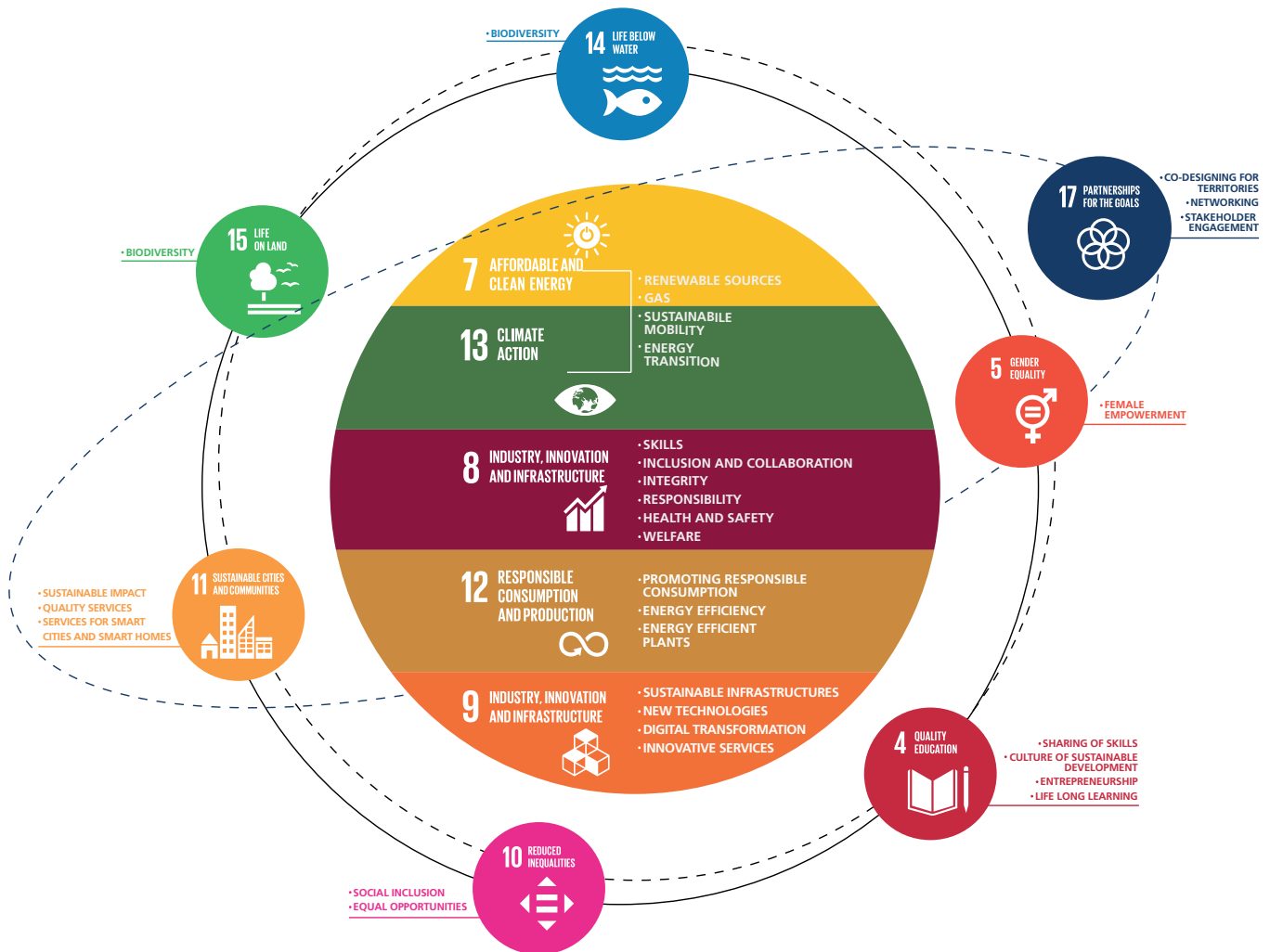
## EDISON SUSTAINABILITY POLICY

For Edison, being a leader in the energy transition and a responsible operator means concretely committing to the development of renewable sources, natural gas and energy efficiency services, combatting climate change and offering quality services to customers, while creating shared value with local communities through constructive dialogue.

Edison also promotes sustainable economic growth through its commitment to the United Nations Global Compact, sharing and applying its 10 fundamental principles regarding human rights, working standards, environmental protection and the fight against corruption.

The Sustainability Policy, based on the 17 United Nations Sustainable Development Goals (SDGs), includes six ambitions broken down into 10 quantitative targets, which are monitored annually using dedicated KPIs and approved by the Company's Board of Directors.

### Edison's contribution to the SDGs



The integration of the SDGs within the **Sustainability Plan** has enabled the company to include the global topics most related to the scope of intervention within its **business model** and to seek out shared solutions that can be applied throughout its value chain as well as in the reference operating environment. An integral part of this approach is the **identification of the Sustainable Development Goals to which the company is particularly committed**. This is due to the fact that certain topics dealt within the Agenda 2030 are structurally more linked to the business and therefore functional to a consistent path forward. The selection of the key topics of the global agenda translates into continuous research and the implementation of solutions requiring business process transformation, with a view to responsible innovation and sector evolution.

The Sustainability Policy states the company's desire to **act responsibly with respect to the ecosystem** (economic, human and environmental) of reference, committing to adopting an integrated and structural approach, which views sustainability as a business and value creation tool. A challenging path with the goal of **achieving important sustainability objectives**, approved and adopted by the Board of Directors in 2018. Sustainability is an integral part of the company's pay and incentive policies, at management and top management level, within annual MBO targets as well as within the long-term incentive process, which requires roughly 30% of the system of targets to be linked to sustainability themes.

**Business process sustainability** is the prerequisite underlying Edison's Sustainability Policy, which translates into the application of the principles of integrity, respect for human rights and the activation of innovation processes to support transformation inside the company (SDGs 8, 11 and 12).

Edison promotes the goals defined internationally for the **mitigation of climate change and emissions reduction**, undertaking to boost its **production of energy from renewable sources** to 40% by 2030 and develop **energy efficiency services**, offering its customers integrated consumption profile management and optimisation solutions.

Edison also undertakes to **facilitate the energy transition** with the use of natural gas, based on innovative technologies for combined cycle generation plants, and the development of a biomethane and LNG (liquefied natural gas) supply chain to make the transport sector sustainable. (SDGs 7 and 13).

Aware of the impacts of its production activities, Edison's attention is particularly focused on **the protection of the environment and the health of local communities**, progressively improving process efficiency and reducing the effects of its activities on people and habitats, thanks to the use of the best technologies and detailed certification processes for all of its plants. Edison sees conservation and the valuing of biodiversity and ecosystems as an essential component of its industrial approach, as well as its dialogue with local communities (SDGs 14, 15).

Another key point of the policy is **forming increasingly close relationships with customers and local communities**: this is why Edison has reinforced its tools for dialogue, control procedures and settlement processes and is always designing new customer services with a view to innovation and digitalisation, to offer an increasingly complete and sustainable range of services (SDGs 7 and 12).

The **enhancement of the people** who work at Edison takes place through the promotion of an inclusive context that favours diversity, activates employability initiatives and fosters the expression of talent and the sharing of knowledge while protecting the health and safety of employees (SDGs 4, 5, 8).



The enabling factor for every action is **shared design**: indeed, local stakeholder dialogue and listening are essential to contribute to the development of the company as well as the economic and social ecosystem. For this reason, Edison undertakes to make investments of value, not only financial, to solidify its social commitment and business citizenship, with projects promoting inclusion, education, culture and social innovation, as fundamental levers for the construction of a context aiming for sustainable development. (SDGs 4, 12 and 15).

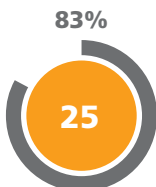
In order to actually implement the Sustainability Policy, **the objectives and actions that will give substance to the commitments undertaken by Edison** in the next three-year period were defined in a shared manner with all functions. In the early months of 2019, **these objectives were formalised in targets** (listed below) that the Company strives to reach and which will be periodically monitored based on a system of significant KPIs capable of providing 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 sustainability policy targets

#### Sustainability in business processes

At least 30 digital transformation projects by 2021

2019 PROGRESS

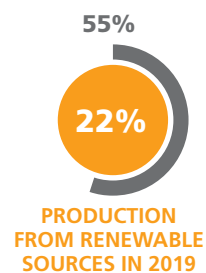


PROJECTS IMPLEMENTED

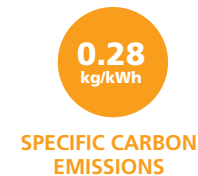
#### Fight against climate change

- 40% of RES production by 2030.
- Specific emissions from electric power generation facilities at 0.26 kg/kWh by 2030, within the framework of the Italian phase out of coal.

2019 PROGRESS



PRODUCTION FROM RENEWABLE SOURCES IN 2019

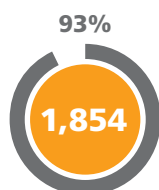


SPECIFIC CARBON EMISSIONS

#### People and skills as a platform for growth

- At least 2000 employees involved in inclusion projects by 2021.
- At least 70% of employees involved in the use of social collaboration tools.
- Balanced pipeline aimed at the promotion of candidates for managerial categories to strengthen the presence of women.

2019 PROGRESS

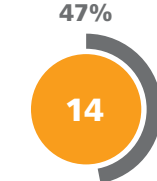


EMPLOYEES INVOLVED IN INCLUSION PROJECTS

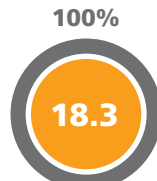
#### Close to customers and communities

- By 2021, at least 30 design initiatives through the innovative BIM system.
- High customer satisfaction over time and the consolidation of a network of at least 400 regional contact points by 2021.

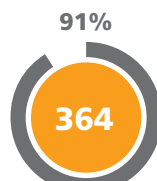
2019 PROGRESS



BIM PROJECTS



NPS INDEX



CONTACT POINT OPEN

#### Sustainable production to protect biodiversity

By the end of 2023, at least 3 initiatives to protect habitats and enhance biodiversity, co-designed with local stakeholders, also identified by mapping the vulnerability of existing sites and those in development



#### 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.

2019 PROGRESS



PANEL MEETINGS

1. NPS higher than 6

# THE MATERIAL ISSUES

## MATERIALITY ANALYSIS

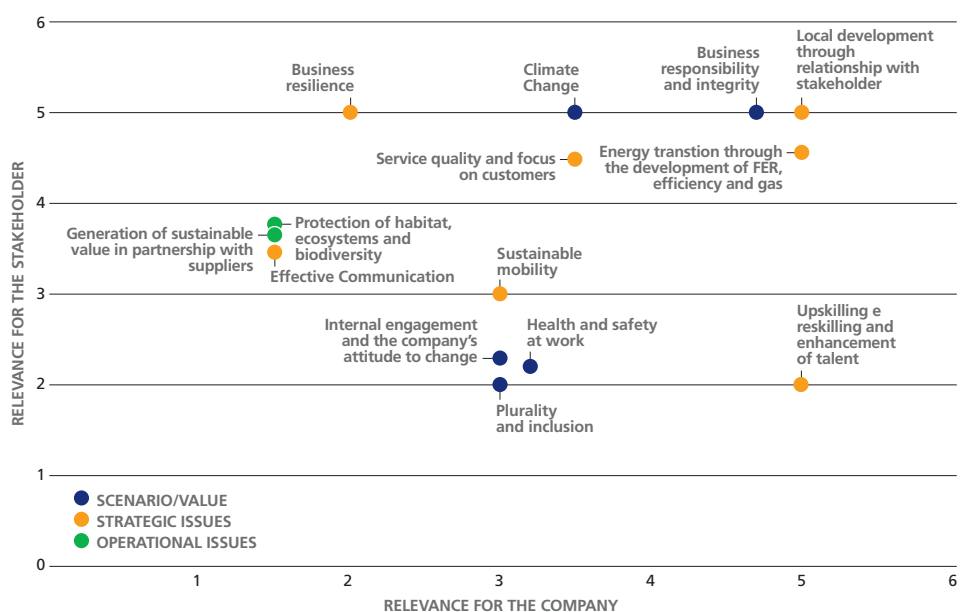
In 2019, Edison updated the structure of its materiality analysis, with the objective of focusing the report on its activities, within its Non-Financial Disclosure, on the burning sustainability issues for the company and its stakeholders. Indeed, the results of the materiality analysis represent the **scope on which to focus risk mapping and the reporting of mitigation actions** required by Legislative Decree 254/06 and provide important information about the topics that should be addressed within the **company’s sustainability strategy**. The analysis started with the outcomes of the process carried out in 2018 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 “megatrends” for the energy sector through an in-depth theme-based examination;
- the analysis of perceptions about priority themes at business level, carried out through one-to-one interviews with the top management as well as an internal survey shared with all company employees;
- the analysis of the perception of priority themes for external stakeholders, carried out through one-to-one interviews with 10 opinion leaders involved on various bases in company operations, supplemented by the outcomes of an online survey administered to communities of young people concerned about sustainability issues and the members of SDGs@Edison, Edison’s panel of stakeholders.

### Edison’s material issues

The material issues stemming from the analysis were reorganised and merged in order to obtain a more effective representation consistent with the regulatory provisions. In this edition of the document, for the first time Edison has decided to **present the material topics in the form of a matrix**, shared with and approved by the company’s Board of Directors during its meeting held on December 7, 2019.

### Edison: 2019 materiality matrix



Material issues	Definition
Business responsibility and integrity	<b>Responsibility and integrity</b> are the values underlying Edison's mission, which permeate all of its activities. Edison undertakes to guarantee the utmost <b>transparency</b> in its governance processes, also thanks to increased stakeholder inclusion and participation.
Business adaptation and development in light of changes in scenario	Within a constantly evolving environment, it is necessary for the business model to <b>handle changes in scenario, be resilient</b> and be capable of taking advantage of any <b>opportunities</b> that arise.
Generation of sustainable value in partnership with suppliers	Edison has a significant supply chain, so it is important to <b>build partnerships with its suppliers</b> to guarantee stability in the procurement process and reinforce more sustainable business and community growth.
Sustainable mobility	For Edison, gas and electrical mobility represent a considerable lever to become a <b>leader in the energy transition</b> .
Energy transition through the development of RES, efficiency and gas	Edison strives to be a key player in the <b>current process decarbonisation</b> . Therefore, it aims to leverage gas as a transitional energy, increase production from renewables and develop energy efficiency services and solutions.
Climate change	Edison has made its own commitment to <b>fighting against climate change</b> , committing to the Italian energy transition and coal reduction project. Furthermore, it monitors risks connected to extreme weather events, capable of influencing not only production flows but also the physical safety of assets.
Protection of habitats, ecosystems and biodiversity	The mitigation of possible impacts <b>on ecosystems and on biodiversity</b> represents a constant commitment, along with dialogue with local communities, which also translates into a specific focus on the <b>management and use of natural resources</b> .
Service quality and focus on customers	Edison aims to maintain the <b>highest quality standards in the provision of its services</b> in order to retain and expand its customer base over time.
Communications and effective information	For Edison, <b>transparent and correct communications</b> represent the basis for building a lasting relationship with all stakeholders and acting with credibility.
Internal engagement and the company's attitude to change	The <b>active involvement</b> of people is crucial to ensure that the evolution of the company and the business is aligned with the evolution of the entire context in which they are operating.
Upskilling and reskilling and enhancement of talent	Edison invests in the capacity of its people through training courses for learning about and <b>using new skills</b> and to guarantee the growth and development of <b>everyone's talent</b> .
Health and safety at work	Guaranteeing a <b>safe and healthy workplace</b> to everyone working at its offices and work sites is a priority for Edison.
Plurality and inclusion	Attention to plurality and inclusion translate into the construction of a workplace that <b>aims to enhance the individual</b> and stimulate innovation and competition.
Local development through relationships with stakeholders	The development of the local areas in which Edison carries on its business involves <b>dialogue and co-planning</b> , with a view to creating value, including social, in the community.

# CORPORATE MODEL FOR THE MANAGEMENT AND ORGANISATION OF BUSINESS ACTIVITIES

## EDISON'S GOVERNANCE

Sustainable development objectives are also achieved through **the set of rules for the management and control of the Company**, which also strengthen top management, shareholder and stakeholder engagement.

Edison's corporate governance model reflects the sustainable development model pursued by the Group and was designed, in line with its strategies, to contribute to achieving results and maintaining high stakeholder trust.

Edison's **governance system** is "traditional": it respects current sector regulations and the laws applicable to a listed issuer. It includes the recommendations promoted by Borsa Italiana in the Corporate Governance Code which it voluntarily follows and considers the best practices adopted at national and international level. It consists of the Shareholders' Meeting, the Board of Directors, the Board of Statutory Auditors, the Independent Auditors and the 231 Oversight Board.

The **Board of Directors** also acts through the **Chief Executive Officer (CEO)**, a role held since July 1 by Nicola Monti, and the directors with powers of representation. The **Control and Risk Committee, the Compensation Committee and the Committee of Independent Directors** are established within and provide support to the Board of Directors.

Edison's management structure is guided 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 and supports the company management.

The Executive Committee also guides the organisational renewal process: to facilitate the resilience of the business model with respect to changes in scenario and to enhance the collective intelligence on which the company relies. For three years, it worked alongside a "**Transformation Team**" in a process focusing on widespread innovation for the development of new solutions for customers, the reduction of time to market in internal processes, internal mobility and the enhancement of inclusivity and diversity. The Transformation Team also fostered the launch of innovative projects managed directly by the business and staff areas.

Its activities continued in 2019, guaranteeing continuity to projects from the previous two years and launching a third phase based on two programmes:

- **Ulisse**, a programme of meetings between representatives of the Executive Committee and employees of the offices and local units to share new challenges and ongoing transformations in the energy sector;
- **Plurality and inclusion**, in continuity with previous years, to develop leadership and inclusive behaviour through initiatives to increase awareness and for professional empowerment.

Edison also operates through subsidiaries, joint ventures and associates subject to management and coordination authority.



## Sustainability governance

Sustainability aspects are overseen by the Control and Risk Board Committee on behalf of the Board of Directors. The Board of Directors itself is responsible for approving the Non-Financial Disclosure, sustainability policy targets and strategic guidelines.

The **Sustainability and CSR Department**, which conceptualises, proposes and manages the sustainability plan and associated initiatives, is represented in the Executive Committee through the **Sustainability, Institutions and Regulation Division**. The **Executive Committee** provides instructions, shares projects and maintains control over the results achieved.

The **Sustainability Network** supports the Sustainability and CSR Department in the integration of sustainability within the business, which includes collaboration with the various divisions and business units. The Network, which consists of employees from the various business areas, was established with a view to promoting listening, innovation and the spread of a culture of sustainability in the company and contributed to the drafting of the Sustainability Policy.

Edison also believes that continuous dialogue with its stakeholders is pivotal to create value in the places where it operates and, at the same time, for the company itself. This is why the Company has formed the **SDGs@Edison stakeholder panel**, a thought community which since 2018 has held meetings during which the company's sustainable development and innovation journey is discussed in detail. In 2019, the panel specifically addressed the topics of sustainable finance for the energy transition and inclusion as a competitive factor.

## Dialogue with the stakeholders and institutions

As expressed in the Sustainability Policy, Edison adopts an approach that tends towards consolidating continuous dialogue with all stakeholders, both nationally and locally, as an enabling factor of business processes. This also influences how relationships are engaged in with associations and institutions, based on a network of national and international contacts.

Edison is part of the main **national, European and international roundtables and organisations** that promote debate on energy and environmental matters.

### NATIONAL ASSOCIATIONS



- Confindustria
- Confindustria Energia
- Elettricità futura
- Assolombarda
- Assomineraria
- Anev
- Unindustria
- IGAS
- AIGET
- CEI
- Energy@Home
- AIRI
- AEIT
- Assocostieri
- Energia Libera
- Consumers Forum

### EUROPEAN ASSOCIATIONS



- Eurelectric
- Eurogas
- GIE
- EFET
- EASEE-GAS
- GII – Gruppo di Iniziativa Italiana
- Business Europe

#### INTERNATIONAL ORGANISATIONS



- Energy Charter Treaty (IAP)
- Energy Community

#### TRANSNATIONAL ASSOCIATIONS

- OME-Observatoire Méditerranéen de l'Énergie
- WEC Italia

#### THINK TANKS



- IAI – Istituto Affari Internazionali
- ISPI – Istituto per gli studi di politica internazionale
- Istituto Bruno Leoni
- Florence School of Regulation
- AREL
- ASPEN
- SAFE
- BREC

#### CSR



- Fondazione Sodalidas
- Centro per la cultura d'impresa
- FAI
- Elettrici Senza Frontiere
- Global Compact Italia
- Valore D
- Csr Manager Networking

#### OTHER ORGANISATIONS



- Limes
- Fondazione Nuovi Mecenati
- Civita

Edison has also always been committed to strengthening stakeholder engagement and dialogue, not only through the SDGs@Edison stakeholder panel mentioned above, but also by fostering and participating in dialogue with various stakeholders on sustainable development issues.

Of these, it is worth mentioning:

- **Fortune Sustainability Forum** on topics of integration between renewable energy sources, technological development and ethics, with a specific focus on the financial and social impacts of current and future choices
- 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 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), forming part of the Sustainability Week programme;
- **Edison Energy Camp**, 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;
- the meeting on the Sustainability and Innovation theme “**New energies for the economy of the future**” in collaboration with WEC Italia.

## INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The internal control and risk management system guarantees **healthy, correct company management** consistent with the strategic and operating objectives, in observance of applicable laws and regulations (compliance) on correct and transparent internal and market disclosures (reporting). The system is based, inter alia, on the Code of Ethics and Organisational Model defined pursuant to Legislative Decree 231/01 (231 Model) and consists of tools, organisational structures, procedures and company rules also intending to prevent and limit the consequences of unexpected results.

The principles and ethical values that drive both the responsible management of corporate activities and the development of the business with a view to sustainability are expressed in the **Code of Ethics**, which defines behavioural rules and implementation rules. The Code of Ethics is also shared with and approved by the subsidiaries, and is binding for everyone acting on the company's behalf under specific mandates or proxies. It is disclosed to all of the Company's employees and contractors and it is made available to each new hire. The Ten Principles of the Global Compact are also referred to in the Code of Ethics.

The **Code of Ethics is an integral part of the 231 Model**, which deals, for matters within its competence, with some themes of Legislative Decree No. 254/2016, and which Edison adopted starting in 2004, after carrying out a scrupulous analysis of potentially at-risk activities. The analysis led to the issue of a series of 231 Protocols, aiming to lay out the methods whereby the decisions relating to the various company areas and processes considered at risk of a crime are determined. The protocols define the set of objectives, roles, responsibilities, control mechanisms, rules and behavioural instructions inherent in each process identified.

The Code of Ethics and the 231 Model are periodically reviewed and updated over time, to guarantee their adaptation to legislative developments as well as organisational changes. The most recent update was in December 2019, following the inclusion of the crime of "trafficking in unlawful influences" within the group of predicate offences for 231 purposes.

The **Oversight Board (OB)** ensures the updating and correct operation of the 231 Model. It is appointed by the Board of Directors, to which it reports every six months on the activities it has performed in this regard. The Chairman of the Board of Statutory Auditors is regularly invited to attend the meetings of the Oversight Board. The 231 Organisational Model is distributed and disclosed through continuous personnel information and training activities, provided in e-learning mode as well as through classroom courses. A specific procedure for reporting potential violations guarantees compliance with the Code of Ethics and the 231 Model, in parallel with internal audits of 231 compliance covering all corporate areas and including environmental and worker health and safety aspects.

### Audit activities

Internal auditing activities concern all company areas and also regard environmental aspects and worker health and safety. They are performed in support of the Board of Directors, the Control and Risk Committee and the management. 231 compliance audit activities, together with the whistleblowing system, represent the main monitoring and control tool.

	Unit of measurement	2017	2018	2019
<b>Internal auditing</b>				
<b>Total number of audits conducted by business area</b>				
- Corporate & IT	no.	11	8	10
- Exploration & Production	no.	1	2	2
- Gas Midstream, Energy Management & Optimisation	no.	3	1	3
- Power Asset Management	no.	2	2	5
- Gas & Power Market	no.	11	10	5
- Energy & Environmental Services *	no.	-	-	14
<b>Total number of audits conducted by thematic area**</b>				
231 Model Compliance	no.	n.a.	n.a.	14
262 Model Compliance	no.	n.a.	n.a.	2
Contract Management	no.	n.a.	n.a.	1
Privacy	no.	n.a.	n.a.	1
Purchasing - suppliers (Supply chain)	no.	n.a.	n.a.	2
Hydroelectric and Renewable Sources Development Dep.	no.	n.a.	n.a.	1
SME Market Dep.	no.	n.a.	n.a.	1
Residential Market Dep.	no.	n.a.	n.a.	1
Retail Services Delivery Dep.	no.	n.a.	n.a.	2
Energy Management BU	no.	n.a.	n.a.	1
Gas Supply, Ptf. Management & Logistics BU	no.	n.a.	n.a.	1
Governance ICT	no.	n.a.	n.a.	2
Security and ICT infrastructure	no.	n.a.	n.a.	3
Auditing of whistleblowing reports	no.	n.a.	n.a.	3

\* For 2017 and 2018, the separate figure is not available (number of audits included in the Gas & Power Market area)

\*\* The figure is reported for the first time with reference to 2019. The figures referring to the audits performed and the number of audits by area may not coincide, as an audit on one specific thematic area may be associated with 2 different business areas.

## Risk management

Edison's integrated business **risk management model is based on the Enterprise Risk Management (ERM) international principles** and the CoSO (Committee of Sponsoring Organisations of the Treadway Commission) Framework specifically. The ERM model aims to adopt a complete and unitary vision and, at the same time, to safeguard the principle of organisational independence of the system of identifying, assessing, managing and monitoring the company's priority risks, so as to be able to assess in advance the potential negative consequences linked to the risks identified and undertake suitable actions to mitigate them.

Therefore, Edison has developed and adopted its own **Enterprise Risk Management Policy** and has developed a risk mapping and risk scoring model which for each risk identifies an index of significance based on its global impact, probability of occurrence and level of control (Enterprise Risk Management Risk Map). In addition, Edison has a **Business Risk Model**, an integrated framework encompassing the various types of risk that characterise the Group's business and which reflects international and sector best practices.

The risks and relative mitigation actions are identified by the heads of the various business units according to their own areas of responsibility through a **Risk Self Assessment process**. The results of the process are consolidated at central level in a map classifying the risks based on a scale of priority and aggregating them to facilitate the coordination of mitigation plans for integrated management.



The results of the annual internal control system self-assessment process, with an increasing focus on the risk areas connected to the subjects of ethics and compliance, despite not being accurately identified in the individual areas, have become an integral part of the **2019 Risk Map** and are qualified within a specific “meta-risk”.

Following up on the training session on ESG (Environmental, Social and Governance) risks in 2018 and the relative mapping, which represented the results of the first assessment focusing primarily on impact and probability of occurrence, **the 2019 Risk Map today integrates the ESG risks** reported by the various focal points. In fact, ESG risks are represented, when an ad hoc qualification is not possible, within the first and second level risks defined in the risk model according to the CoSO Framework.

In this regard, an initial **risk assessment was performed relating to climate change**, although this has a different temporal impact than the other risks represented in the map.

Furthermore, a **programme of harmonisation of the methods of assessment of company operational risks** (Operational Risk Management) continued in 2019, with the objective of unifying the monitoring methodologies. The Operational Risk Assessment project 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 relative controls.

## Non-financial risks and the relative mitigation actions

Areas of Decree 254 (minimum content)	Edison material issue	Connected risks identifiable from the NFD text	Mitigation actions identifiable in the NFD text
Prevention of corruption	Business responsibility and integrity	Ethics and non-compliance with the Code of Ethics	Decision-making protocols relating to directly at-risk activities with respect to the P.A. and private entities Protocols relating to the management of cross-company operating activities Integrity checks on counterparties 231 training Implementation of whistleblowing Adoption of a penalty system
Personnel management	Upskilling and reskilling and enhancement of talent	Loss of skills	Development of reskilling and upskilling programmes to implement new, especially digital, skills Training courses targeted at the individual
		Difficulty in the attraction and retention of qualified resources	Initiatives in synergy with schools and universities, including work experience programmes
	Plurality and inclusion	Difficulty of acquiring new talent and need for new impetus to handle a business model in transformation	“Plurality and Inclusion” Transformation Team
	Internal engagement and the company's attitude to change		Projects for spreading the internal culture on the corporate transformation

(continued)

## Non-financial risks and the relative mitigation actions (continued)

Areas of Decree 254 (minimum content)	Edison material issue	Connected risks identifiable from the NFD text	Mitigation actions identifiable in the NFD text
Social aspects	Service quality and focus on customers	Low quality in value-added services provided/reputation	Monitoring and preventive and corrective actions
	Business adaptation and development in light of changes in scenario (technological)	Risk of cyber attacks deriving from the increasing complexity of IT systems and application vulnerability (includes privacy risk)	Adoption of high security standards and solutions
			Raising employee awareness and simulation of business crisis on residential customer data
	Communications and effective information	Risk of incorrect commercial practices by direct and/or indirect sales channels	Control in the supplier selection phase for sales services and monitoring / dialogue with consumer associations
		Failure to manage or incorrect management of customer relationships	Introduction of apps and web portals and monitoring / dialogue with consumer associations
	Local development through relationships with stakeholders	Little or insufficient stakeholder engagement with negative impacts on activities and new infrastructure development	Focus on and involvement of local communities
	Legislative changes which may give rise to retroactive obligations or impact the contracts in place	Oversight in the phase of defining specific contractual terms and clauses	
	Generation of sustainable value in partnership with suppliers	Supplier counterparty risk	Qualification process Viewing and signing of the 231 Model and Code of Ethics
Environmental and health and safety aspects	Energy transition through the development of RES, efficiency and gas	Maintenance and development of hydroelectric concessions	Local engagement and development actions
		Risks linked to the development of other renewable sources (includes market risks)	Regulatory and market oversight
		Transition risk (plant obsolescence)	Ordinary and extraordinary maintenance work; technological upgrading
	Climate change	Adaptation to new regulations linked to the energy transition process	Regulatory oversight and advocacy
		Damage to infrastructure due to extreme weather events with the possibility of service interruption	Risk analysis and intervention assessment
		Tightening of regulations on atmospheric emissions	Adoption of the best available technologies Plant modernisation
	Protection of habitats, ecosystems and biodiversity	Water crisis with a reduction in the availability of water for hydroelectric plants	Dialogue with local communities (farmers, etc.)
		Loss of biodiversity following the construction of new plants / malfunctioning / leaks of polluting substances	Study and analysis of areas closest to the plants and crisis management processes
		Non-compliance in the disposal of waste and hazardous substances	Implementation of recovery processes vs. disposal and internal and supplier monitoring
	Health and safety at work	Health and safety incidents regarding employees / contractors caused by operations and/ non-compliance with regulations	
			Raising awareness of employees and third party contractors
			Technical and behavioural training programmes
Threats to the safety of local communities connected to Edison's operating activities (industrial accident risk)		Targeted controls and audits	
		Identification, analysis and sharing of high potential events (HPE) Mitigation measures Performance of emergency drills	

# PREVENTION OF ACTIVE AND PASSIVE CORRUPTION

## RELEVANCE FOR EDISON'S ACTIVITIES AND RELATED RISKS

One of the material topics Edison has identified is “**business responsibility and integrity**”, which refers to its firm commitment to transparent management respectful of all stakeholders. In this regard, “**non-compliance**” with external regulations and company regulations and policies, which may entail benefits for the company or for individuals, represents the main risk linked to this topic, as it may compromise business integrity in addition to the company's reputation and image.

Edison promotes the fight against fraud and corruption with a **commitment to “zero tolerance”** in their regard in any form whatsoever, which is reaffirmed in both the Code of Ethics and 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 establishment of specific “ethical” contractual clauses.

The potential emergence of unlawful and fraudulent conduct, deriving from actions not compliant with regulations, is combatted through the spread and promotion of the company's system of ethics and values. The focus on disseminating these company programmes also regards new hires, as well as the personnel of newly acquired companies, as part of defined development and external growth plans.

## PROTECTIVE POLICIES ON THE ISSUE

Edison has adopted a comprehensive **Ethics & Compliance programme**, consisting of instruments and policies aimed at combatting and preventing active and passive corruption. The programme bears witness to the importance that Edison attributes to topics of business integrity and contributes to providing consistency to the principle of “zero tolerance” to fraud and corruption. Its main pillars are:

- **Code of Ethics**, built around three values - Respect, Integrity and Responsibility - lays out the principles, rules and basic standards of conduct for the fair and transparent running of company activities, characterising Edison's way of doing business;
- **231 Model**, consisting of a comprehensive set of principles, rules and instructions regarding the management and control of sensitive company processes for 231 purposes. In particular, as part of the fight against active and passive corruption, specific decision-making Protocols have been adopted which govern areas at direct risk vis-à-vis the public administration and private entities and a series of protocols relating to the management of cross-company operating activities. Amongst others, the most sensitive areas governed through specific protocols are those relating to “Authorisations, permits and concessions”, “Contracts and agreements with the public administration”, “Inspections”, “Assignments to outside professionals”, “Sponsorships and charitable contributions”, “Perks and gifts” and “Entertainment costs”;
- **Anti-Corruption Guidelines**, which constitute a summary of the control principles and the rules of conduct set forth in the Code of Ethics and the 231 Model with a specific focus on the main business areas at risk of active and passive corruption. First and foremost, the guidelines have the aim of contextualising the phenomenon of corruption through a description of the main corruption behaviours. Furthermore, they illustrate the principles, obligations and prohibitions with which business conduct must align in the areas of activity identified as most sensitive;

- **Integrity Checks Guidelines**, an operational instrument to assess the reputational reliability of the third parties with which Edison has business dealings. The purpose of the Integrity Checks Guidelines is to provide methodological support for the execution of integrity checks with respect to third parties, both preventively, prior to the signing of any contractual commitments with them, and periodically during monitoring, to verify that the integrity requirements are continuously met over the course of the business dealings. The goal of these 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 the value of the contractual service;
- **Antifraud Policy**, which operationally outlines the key steps of the fraud-risk management programme;
- **Whistleblowing Policy**, published on the company website, which governs the methods for sending, receiving, managing and processing reports received regarding irregularities, and the **whistleblowing system**, which envisages the possibility of using a secure, technologically advanced IT platform also accessible by parties outside the company organisation;
- **raising personnel awareness** through continuous training and information activities, with respect to which Edison has developed a detailed programme of online courses provided through the company's e-learning platform, dedicated to the Code of Ethics, Legislative Decree 231 and the Organisational Model, the Anti-Corruption Guidelines and the Antifraud Policy;
- identification of specific **Compliance Officers** (Strategic and Operational), with the responsibility of promoting guidelines and policies with respect to topics of business ethics and compliance, including the fight against fraud and corruption;
- **commitment of the top management** to communications surrounding topics inherent in the fight against fraud and corruption.

## MAIN ACTIVITIES AND RESULTS ACHIEVED

In 2019, the company updated the **231 Model**, the **Code of Ethics** and the **Anti-Corruption Guidelines** in order to integrate the rules of conduct and control principles set forth with respect to the characteristics of the new 231 crime "trafficking in unlawful influences", based on the specific risk assessment and gap analysis activity conducted.

Furthermore, during the year the **training offering**, which can be used in e-learning mode by all employees, was improved. Indeed, the online course on the content of Legislative Decree 231/01 and the 231 Model was updated, and is now also extended to the other policies adopted in recent years in relation to the matters of integrity and ethics and, in particular, the Integrity Checks Guidelines and the Whistleblowing Policy. Furthermore, new online training dedicated to the recent Antifraud Policies was launched with two modules, one more theoretical and conceptual and one which is more practical, in which users are asked to distinguish cases of fraud from amongst the various types proposed.

On December 9, the **Ethics & Compliance day** was organised, on the occasion of the International Day against Corruption. The establishment of this day represented a further step forward in the spread of the company's Ethics & Compliance programme, through the promotion of Edison's ethics and values system and the business integrity policies adopted, bearing witness to the top management's firm commitment to these topics.

Since 2016, Edison has partnered with Transparency International Italia and in particular it actively participates in activities promoted by the Business Integrity Forum, 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. In June 2019, Edison participated in the “Business Integrity Events” promoted by Transparency International Italia, in collaboration with the Sant’Anna School of Advanced Studies in Pisa, participating in the roundtable entitled “Whistleblowing: experience and evolutions”.

In 2019, and indeed over the last three years, **no episodes of corruption were reported.**

	Unit of measurement	2017	2018	2019
<b>Actions taken in response to incidents of corruption (GRI Standard 205-3)</b>				
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
<b>Reports received by the Oversight Boards</b>				
For presumed violations of the Code of Ethics and/or the Organisational Model pursuant to Leg. Dec. No. 231	no.	2	4	3
<b>Anti-corruption communications and training for the Board of Directors *</b>				
Total members of the Board to whom anti-corruption policies and procedures were communicated	no.	9	9	9
% of members of the Board to whom anti-corruption policies and procedures were communicated	%	100	100	100
* *The members of the Edison Board of Directors have all been informed of the anti-corruption policies adopted by the company, as during the periodic updates, approved by the Board itself, the documents are transmitted to each of them prior to board meetings and are then discussed during the meetings and lastly formally adopted by a board resolution. There are no formalised training events.				
<b>Anti-corruption training hours (GRI Standard 205-2)</b>				
<b>Anti-corruption guidelines</b>				
Number of persons	no.	250	821	459
Duration of the course	minutes	30	30	30
Total hours	hours	125	410	229
<b>Code of Ethics</b>				
Number of persons	no.	242	789	393
Duration of the course	minutes	60	60	60
Total hours	hours	242	789	393
<b>Leg. Dec. No. 231/01</b>				
Number of persons	no.	70	592	907
Duration of the course	minutes	90	90	90
Total hours	hours	105	888	1,360
<b>Additional classroom training activities on compliance *</b>	hours	n.a.	1,360	1,507

\* This figure is reported for the first time in 2019 and it was not possible to obtain information regarding 2017.

# ENVIRONMENTAL ASPECTS AND WORKER HEALTH AND SAFETY

## RELEVANCE FOR EDISON'S ACTIVITIES AND RELATED RISKS

In relation to environmental aspects and worker health and safety, Edison has identified the following material topics:

- **energy transition**, through the development of energy production from renewable sources, Edison strongly focuses on energy efficiency and using gas as a lever, as a comprehensive contribution by the company to the coal phase out process;
- **sustainable mobility**, to promote alternative energies to reduce emissions for the road and maritime transport sector;
- **climate change**, understood as both the fight against climate change and the goal of reducing the low carbon emissions of the entire country, and greater attention to extreme weather events that could impact the Group's business;
- **protection of habitats, ecosystems and biodiversity**, in order to increase internal and external awareness of the impacts of business activities on the natural environment;
- **worker health and safety**, by adopting the highest relevant standards to ensure a healthy and safe workplace, but also to protect the communities in which the company operates from risks.

These subjects are linked to some **risks** in relation to which Edison has launched specific prevention and management initiatives. More specifically:

- the **maintenance and development of hydroelectric concessions**, to guarantee continuity to Edison's activities and greater growth in production from renewable sources;
- the **development of other sources for the production of alternative energies**, which includes primarily risks linked to the evolution of the competitive renewable energies market;
- the **energy transition** relating to the possible obsolescence of Edison's facilities in this phase;
- the **adaptation to new regulations** linked to the energy transition process and the control/reduction of atmospheric emissions, with potential repercussions on business activities;
- **damage to infrastructure** caused by extreme weather events, like floods, droughts and extreme temperature fluctuations, which may compromise the natural and hydro-geological conditions of the various geographical areas and therefore may trigger potential damages to Edison's infrastructure, which may result in prolonged interruptions to production or the provision of services;
- **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 for drinking water;
- **loss of biodiversity** as a result of the impacts deriving from the construction of new plants, malfunctioning or leaks of polluting substances into the environment;
- **non-compliance with regulations** relating to the disposal of **waste** and the management of hazardous substances, or the failure to respect protocols in the management of activities, which could lead to considerable damage to the ecosystem;
- **risks linked to the health and safety** of employees and workers of contractors linked to operations and/or failure to comply with company, national and international regulations in this area;
- **threats to the safety of local communities** deriving from the company's local operating activities (industrial accident risk).



In order to manage 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 polluting and low carbon emissions and contribute to the mitigation of climate change. As concerns waste management, it has also implemented processes as far as possible which favour recovery over disposal.

In addition, it participates in **round-table discussions** on drought and multi-purpose plant use and is committed to the management of risks relating to the loss of biodiversity through studies and in-depth analyses of the areas closest to the plants.

Risks linked to health and safety are managed by developing **projects for protection and promotion** based on technical and behavioural training programmes, targeted controls and audits, intended to raise the awareness of the employees of the company as well as contractors.

In light of the possibility of a large-scale industrial accident, Edison has drafted "**Crisis management guidelines**", which define the operating methods for the coordination of company crisis information, decision-making and management. The guidelines are periodically updated based on evolutions within the company and are annexed to the Crisis Management Manual. The regulations guide the management of all those cases that may arise from any type of unpredictable or unplanned events 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 Edison, the local community and, more generally speaking, the tangible and intangible assets, or which compromise or may potentially put at risk the company's operating capacity and image.

**Maintaining plant integrity**, based on a process dealing with the identification, analysis and sharing of high-potential events (HPE) and possible solutions in order to prevent any incidents and accidents. Furthermore, Edison cyclically promotes emergency simulations to verify the timeliness of response and knowledge of accident prevention procedures.

## PROTECTIVE POLICIES ON THE ISSUE

**Edison's Environment, Health and Safety Policy** contains the principles and commitments made by the company to reduce and prevent risks in workplaces and to manage and mitigate the environmental impacts of the activities. The Policy is signed by the Group Chief Executive Officer and consists of three key principles:

- the promotion and application of the environmental, health and safety management systems;
- reduction of low carbon emissions;
- support for the development of energy saving projects, by improving the efficiency of structures and processes, both internally and for customers.

## MAIN ACTIVITIES AND RESULTS ACHIEVED

### Update of management systems

Edison adopts **integrated management systems compliant with international reference standards** (UNI EN ISO 14001, OSHAS 18001 and ISO 9001 standards), to maintain oversight over environmental, health and safety aspects, so as to ensure a systemic approach, continuous performance improvement and therefore risk reduction.

In 2019, the management systems were the subject to **some updating activities**, including:

- all the obligations set forth in the applicable regulations were fulfilled and, subsequently, they were subject to verification through specific audits intended to identify their application status, the evolution of risks and legislative compliance;

- an overall review of all management systems was conducted in line with the organisational model and specific 231 protocols;
- the monitoring inspections for the renewal of EMAS environmental certifications and registrations (in particular, it is worth mentioning that the Thermoelectric Department has obtained the ISO 5001 energy certification, and that the Thermoelectric, Hydroelectric and Engineering Departments of Edison SpA and the companies Infrastrutture Distribuzione Gas, e2i, Zephyro and Edison E&P have transitioned from BS OHSAS 18001 to ISO 45001);
- activities continued for the adaptation of the Health and Safety Management System to the new edition of the UNI EN ISO 45001 standard, for the other organisational entities already certified in compliance with the BS OHSAS 18001 standard, a process which will need to be concluded by the end of March 2021.

Edison constantly monitors and reports on the main environmental and safety indicators, which make it possible to evaluate the performance of the management systems applied and guarantee the required review pursuant to the reference international standards. These results are shared with the Company's personnel and with the other stakeholders through specific communications.

	Unit of measurement	2017	2018	2019
<b>HSE management systems</b>				
<b>Sites covered by ISO 14001 management systems</b>				
Electricity operations and energy services	%	97	96	88
Hydrocarbon operations	%	100	100	100
<b>Sites covered by EMAS management systems</b>				
Electricity operations	%	65	55	51
Hydrocarbon operations	%	13	13	9
<b>Sites covered by OHSAS 18001 management systems</b>				
Electricity operations	%	95	96	95
Hydrocarbon operations	%	100	100	100
<b>Sites covered by ISO 50001 management systems</b>				
Energy services	%	n.a.	n.a.	43
<b>Audits</b>				
Internal audits	no.	150	130	53
Third party audits	no.	58	30	44
<b>Total audits</b>	<b>no.</b>	<b>208</b>	<b>160</b>	<b>97</b>
<b>Inspections - Italy</b>				
By the local health unit, ARPA (Regional Environmental Protection Agency) and the municipal, provincial and regional authorities	no.	286	211	74
Other	no.	81	192	74
<b>Total inspections</b>	<b>no.</b>	<b>367</b>	<b>403</b>	<b>148</b>

## Environmental commitment

The use of natural gas as the main fuel in combined cycle thermoelectric power stations for the production of electricity ensures efficiency and reduced atmospheric emissions, aside from lending stability to the electricity system throughout the energy transition. Edison's plants are subject to **periodic improvements** to further reduce their polluting emissions.

In June 2019, the application of the **Life Cycle Assessment (LCA) model to a wind farm**, subject to a voluntary agreement with the Ministry for the Environment, was concluded, with the relative critical review by a third-party entity. The LCA analysis, pioneered in the Italian wind market, was shared with the Ministry and made it possible to evaluate the environmental impacts relating to all phases of the life of a plant - from construction, to operation and decommissioning - through summary environmental indicators.

In the course of 2019, the **Envision protocol was applied to the Vaglio (PZ) wind farm which is being completely rebuilt**. The Envision protocol is an innovative system developed in the United States which makes it possible to objectively measure the sustainability of infrastructure throughout the plant's life cycle. The system on which it is based includes, inter alia, social criteria linked to quality of life in the communities in which the plants are installed, environmental criteria with a focus on the application of strategies to reduce the consumption of raw materials and assessments on infrastructural resilience. The Vaglio wind farm was the first renewable source facility to obtain this recognition in Europe, reaching the Gold level.

In the **hydrocarbons sector**, environmental activities involved mainly monitoring work in the marine environment close to the main offshore installations. Collaboration activities continue with the Fermo ITIS, whose naval simulator represents a system of excellence in the field of strategic simulation to respond to and manage emergencies in the sea (oil spills and the relative emissions). In addition, at the Vega A platform, during the second half of 2019 a new reduced environmental impact generator set (for the reduction of NOx parameters by roughly 50%) named MC 105 began operating, which constitutes the main electricity supply system for the Vega A platform under normal operating conditions.

During the year, the ISO 14001:2015 certifications for all Italian and foreign sites and offices of the company E&P were confirmed, as were the EMAS certifications of the Garaguso and Comiso sites. Furthermore, the company AQP, a joint venture between Edison International (50%) and EGPC (50%), launched the EMAS certification project for its offshore sites.

The **small-scale sustainable mobility project**, will aim to reduce LNG emissions with respect to traditional fossil fuels in both land and sea transport. Isolated areas will also benefit from the project, which will make it possible to avoid 6 million tonnes of CO<sub>2</sub> throughout its life cycle. In addition, the use of LNG in transport makes it possible to reduce other polluting agents like SOx, NOx and particulate. In particular, in heavy-duty road-based transport, LNG reduces SOx and PM by roughly 100% and nitrogen oxide emissions by 60%. In maritime transport LNG propulsion cuts NOx by 90% and PM and sulphur oxides by around 100%. LNG is a maritime fuel that is already available from a technological point of view, which makes it possible to respect the increasingly stringent limits on emissions set by the International Maritime Organization (0.5% sulphur by 2020).

Lastly, the **internal electric mobility project** allowed for a further reduction in emissions of pollutants and CO<sub>2</sub>, thanks to the replacement of the service vehicles of some hydroelectric production plants (Quassolo, Bertini, Venina) with electric cars. With the PWEV100 project, Edison aims to reach 100% electric vehicles by the end of 2030.

	Unit of measurement	2017	2018	2019
<b>Energy used to produce electric power* (GRI Standard 302-1)</b>				
<b>Consumption of energy from primary non-renewable sources</b>				
Natural gas	thousands of GJ	132,073	120,411	123,429
Fuel oil	thousands of GJ	127	0	0
Coal	thousands of GJ	2,457	2,323	2,802
<b>Consumption of energy from primary renewable sources</b>				
Bark	thousands of GJ	512	41	0
Sludge	thousands of GJ	11	0	0
Wood chips	thousands of GJ	172	122	4
Other types of biomass	thousands of GJ	n.a.	701	0
<b>Total energy consumption</b>	<b>thousands of GJ</b>	<b>135,215</b>	<b>123,598</b>	<b>125,884</b>

\* In March 2017, the Verzuolo plant, which used sludge to produce energy, was decommissioned. The two Fenice Iberica companies that used fuel oil left the scope in 2018.

#### Energy used for auxiliary services\* (GRI Standard 302-2)

Natural gas	thousands of Sm <sup>3</sup>	47,861	44,405	64,118
Diesel	t	5,245	5,324	6,269
Fuel oil	t	3,116	3,329	3,302
Electricity purchased from third parties	MWh	452,970	491,318	526,933
- from renewable sources (covered by guarantees of origin)	MWh	n.a.	n.a.	476
Energy self-produced and consumed from renewable sources	MWh	n.a.	n.a.	232
<b>Total energy consumption</b>	<b>thousands of GJ</b>	<b>3,636</b>	<b>3,666</b>	<b>4,536</b>

\* In the course of 2019, Edison updated and improved its reporting systems, and this implies a variation with respect to previous years.

#### CO<sub>2</sub> Emissions\* (GRI Standard 305-1; 305-2; 305-3; OG6)

<b>Scope I (GRI Standard 305-1)</b>				
CO <sub>2</sub> from the production of electric power and thermal energy	t	7,678,742	6,968,615	7,254,918
CO <sub>2</sub> hydrocarbon operations	t	136,629	119,236	131,765
- flaring/venting	t	1,813	1,614	1,291
CO <sub>2</sub> from network leaks	t of CO <sub>2</sub> eq.	1,639	1,363	
Direct emissions due to other operations - natural gas	t of CO <sub>2</sub> eq.	90,199	85,133	129,955
Direct emissions due to other operations - diesel	t of CO <sub>2</sub> eq.	16,440	16,689	19,648
Direct emissions due to other operations - fuel oil	t of CO <sub>2</sub> eq.	9,603	10,260	10,178
Service car CO <sub>2</sub> emissions	t of CO <sub>2</sub> eq.	1,275	3,082	4,208
<b>Scope II (GRI Standard 305-2)</b>				
Emissions from the consumption of electricity purchased from third parties	t	200,802	168,031	174,415
<b>Scope III (GRI Standard 305-3)</b>				
CO <sub>2</sub> from business travel	t of CO <sub>2</sub> eq.	2,203	2,223	4,493
CO <sub>2</sub> from waste disposal	t of CO <sub>2</sub> eq.	19,051	10,323	9,348

\* A location-based type methodology was used to calculate scope II emissions. Conversion factors and emission factors used in SIRENA 2015 - Lombardy Region.

#### Carbon intensity\* (GRI Standard 305-4)

Specific CO <sub>2</sub> emissions from thermoelectric and thermal energy	gross g/kWh	361.3	355.4	355.8
Specific CO <sub>2</sub> emissions from electricity and thermal energy (including renewables)	gross g/kWh	314.0	293.6	285.5
Specific CO <sub>2</sub> emissions from electricity (including renewables)	gross g/kWh	364.6	355.4	327.9

	Unit of measurement	2017	2018	2019
<b>Total air emissions* (GRI Standard 305-7)</b>				
NOx	t	4,786	4,069	3,637
SOx	t	1,036	924	718
Particulates	t	156	142	143
CO	t	1,328	1,260	1,752

## Energy efficiency and environmental services for customers

As regards initiatives carried out on behalf of customers, in the course of 2019, Edison activated new high-value projects, including:

- the 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 (Internet of Things);
- the creation of **electric mobility solutions** capable of improving customer sustainability through a detailed analysis for the conversion of company combustion engine vehicle fleets into electric vehicles (fleet audit), corporate car sharing initiatives and the installation of recharging stations at businesses and in the tertiary sector;
- the implementation of initiatives that involve the presence of **digital measurement points** as part of energy efficiency services, especially at industrial sites.

## Responsible use of water resources

Edison is committed to contributing to safeguarding and protecting water resources and promotes efficient and rational water use in its business.

In the course of 2019, no new projects were initiated on the matter and **no critical issues were noted**.

	Unit of measurement	2017	2018	2019
<b>Water withdrawals* (GRI Standard 303-1)</b>				
Sea and salt water	thousands of m <sup>3</sup>	344,853	385,673	306,638
River or canal water	thousands of m <sup>3</sup>	31,352	28,706	31,873
Ground water	thousands of m <sup>3</sup>	55,325	55,079	55,127
Demineralised water purchased from third parties	thousands of m <sup>3</sup>	18	249	253
Other water resources	thousands of m <sup>3</sup>	11,136	10,586	12,739
<b>Total withdrawals (A)</b>	<b>thousands of m<sup>3</sup></b>	<b>442,684</b>	<b>480,293</b>	<b>406,630</b>
Recycled industrial water	thousands of m <sup>3</sup>	3,654	3,276	3,230
Condensation and steam water purchased from third parties	thousands of m <sup>3</sup>	362	380	380
<b>Recycled water (from thermoelectric operations) (B)</b>	<b>thousands of m<sup>3</sup></b>	<b>4,015</b>	<b>3,656</b>	<b>3,610</b>
<b>Total water resources used (A + B)</b>	<b>thousands of m<sup>3</sup></b>	<b>446,700</b>	<b>483,949</b>	<b>410,240</b>
<b>Recycled water - thermoelectric operations (GRI Standard 303-3)</b>	<b>%</b>	<b>0.90</b>	<b>0.76</b>	<b>0.88</b>

\* In the course of 2019, Edison updated and improved its reporting systems, and this implies a variation with respect to previous years.

	Unit of measurement	2017	2018	2019
<b>Effluents and waste (GRI Standard 306-1)</b>				
<b>ELECTRICITY AND HYDROCARBONS SECTOR</b>				
Industrial waste water produced	thousands of m <sup>3</sup>	5,112	20,499	4,862
Reinjected water	thousands of m <sup>3</sup>	10,979	3,129	11,593
Cooling water	thousands of m <sup>3</sup>	372,045	409,804	332,632
Non-industrial waste water	thousands of m <sup>3</sup>	120	265	158
<b>Total effluents*</b>	<b>thousands of m<sup>3</sup></b>	<b>388,257</b>	<b>430,568</b>	<b>337,652</b>
- sewers	thousands of m <sup>3</sup>	4,474	10,265	4,121
- surface water (rivers, canals and seas)	thousands of m <sup>3</sup>	372,761	420,272	333,499
- ground water (water table, etc.)	thousands of m <sup>3</sup>	43	32	32
<b>ENERGY SERVICES SECTOR</b>				
Effluents**	thousands of m <sup>3</sup>	10,499	15,580	14,318
- sewers	thousands of m <sup>3</sup>	5,487	6,054	6,192
- surface water (rivers, canals and seas)	thousands of m <sup>3</sup>	5,012	9,527	8,126
- ground water (water table, etc.)	thousands of m <sup>3</sup>	0	0	0

\* Water reinjected into the subsoil from hydrocarbon extraction processes is not included in the total  
\*\* Wastewater from electricity and thermal energy generation processes and from customer processes

## Biodiversity

Edison respects and protects biodiversity through a proactive approach that translates into the promotion of initiatives and activities targeted at protecting the environment and local species, and which respects regulations in force on environmental protection.

In 2019 activities continued, in collaboration with EDF and the organisation WCMC (World Conservation Monitoring Centre), for **the analysis of the sensitivity and vulnerability of the areas around 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.

**Specific meetings on the matter** were also held in 2019, and a focus group was launched which involved representatives from the divisions concerned by the matter of protection and led to the identification of objectives and strategies for the 2020-2022 period.

The topic of biodiversity is one of the pillars of the Sustainability Policy, and in December 2019 the relative **target** was approved: "By the end of 2023, at least 3 initiatives to protect habitats and enhance biodiversity, co-designed with local stakeholders, also identified by mapping the vulnerability of existing sites and those in development".

The **additional projects for biodiversity protection** carried out during the year concerned:

- monitoring by specialised environmental experts of work site activities for projects linked to wind farms in order to verify the application of all strategies required to minimise impacts on flora and fauna during construction activities;
- the activation of annual monitoring in order to evaluate the status of the flora and fauna populations concerned following the entry into operation of new wind farms;
- the continuation of monitoring activities at the Calabrian wind farms in Melissa and Melissa Strongoli with the installation of new nesting boxes in the area around the farms for spring and autumn migrations, leveraging the more than 10 years of data gathered by this project, which confirm the good environmental quality of the entire area surveyed;



- the launch of the “Mosselwatch” project during the 2018-2019 autumn/winter period, with the performance of testing on the positioning of mussels immersed in small baskets under the Rospo B platform, to search for IPAs and heavy metals and as a result check bioaccumulation. All monitoring revealed compliance with reference environmental regulations;
- the Mosselmonitor biological monitoring system remains in operation on the Rospo Mare B platform;
- the continuation of the “Bio Rospo” marine monitoring activities in the “Rospo Mare” field in order to monitor the development of marine species in the installations area and 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, through the installation of special technoreefs.

During the year, Edison continued **characterisation, safety assurance and environmental remediation work on sites in the highly significant industrial areas 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, in the course of 2019, Phase 2 of the remediation project at the Dogaletto (VE) site was approved, and the installation of additions to the biological barriers is being completed.

**Water table treatment activities continued** at the Correzzana, Melegnano, Massa and San Giuliano sites. Also in 2019, **reclamation continued on the soil** at the Legnago site with the removal and inspection of two of the three hot spots established in the first phase project. At the Piano d’Orta site, prevention measures are under way and a project was submitted to the Services Conference to launch an initial reclamation lot (pending approval). Lastly, **activities continued to preventively secure** the Bussi site, for which technical roundtables were held to define future activities, authorisations were requested to activate the plants, which have not yet been issued, and activities were initiated in preparation for the reclamation initiatives.

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. On July 31, 2018, the Court of Review revoked the seizure provisions as well as the precautionary prohibiting measures, as the company was able to demonstrate the absence of contamination of the drinking water. The Public Ministry submitted an appeal against the decision of the Court of Review and, the Court of Cassation, at the hearing on January 11, 2019, rejected the appeals of the Public Prosecutor, upholding the decision of the Court.

Following the visit by ISPRA to the Vega offshore platform as part of the controls on the Integrated Environmental Authorisation, three cases of surpassing authorised limits were recorded. Therefore, works were carried out to restore two of the three parameters identified 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.

There were **no incidents in 2019 with an impact on environmental matrices** (soil, subsoil, surface water and biodiversity) and emergency simulations were performed (named POLLEX) in collaboration with the main reference Coast Guards (Ortona, San Benedetto and Pozzallo).

	Unit of measurement	2017	2018	2019
<b>Flow-through water and biodiversity – hydroelectric operations*</b>				
Turbine water	thousands of m <sup>3</sup>	15,333,571	17,982,465	17,976,611
Minimum vital water flow (MVW)	thousands of m <sup>3</sup>	912,790	1,178,782	1,191,484
<b>MVW releases</b>	<b>%</b>	<b>6.00</b>	<b>6.56</b>	<b>6.63</b>

\* The scope of the data includes only the activities of Edison Spa, because it is not relevant for Fenice Spa and Sersys Ambiente.

## HEALTH AND SAFETY AT WORK

Edison considers **the protection of workplace health and safety** a priority with respect to its employees as well as those who work for third party companies. This is why it prepared its **action plan** 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, employee awareness-raising with regard to the “Ten lifesaving rules”, 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 is periodically monitored.

Again in 2019 Edison implemented a number of **specific initiatives** to guarantee increasingly better health and safety protection, including:

- 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 the various Power Division sites;
- assessment of the conduct of personnel operating at the construction work sites and the “Safety Challenge” at Fenice;
- Group safety week, focused on the theme of general health, by organising specific events and training dedicated to the themes of healthcare prevention (diet, physical exercise, sleep management, etc.);
- personnel awareness-raising, information, training and involvement activities through the dissemination of “Safety Messages” and “High Potential Events”;
- participation in Work Groups on health and safety performance indicators, the fair culture and mechanisms for recognising positive results;
- implementation of the ESI Web application for the drafting of the risk assessment document (DVR) and completion of the CartSan application for the management of healthcare monitoring;
- 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;
- completion of the integration project regarding 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;
- update of the work-related stress assessment.

	Unit of measurement	2017	2018	2019
<b>Injuries in the workplace* (GRI Standard 403-2)</b>				
Injuries in the workplace involving Group employees (>1 lost day, excluding injuries in transit)	no.	7	11	20
- women	no.	2	1	4
- abroad	no.	1	2	4
lost days due to injury (excluding injuries in transit)	no.	374	378	520
- women	no.	22	4	103
- abroad	no.	72	14	103
fatalities	no.	-	-	-
Occupational diseases	no.	3	-	-
hours worked	no.	8,991,559	8,938,990	9,927,027
- women	no.	1,473,608	1,778,859	1,946,269
- abroad	no.	2,968,398	2,362,875	2,542,137
<b>Group injury frequency rate (for every one million hours worked)</b>	<b>no.</b>	<b>0.77</b>	<b>1.23</b>	<b>2.01</b>
Injury frequency rate for women	no.	1.20	0.56	2.06
Injury frequency rate for personnel abroad	no.	0.32	0.65	1.57
Total injury frequency rate (Group + third party contractors)	no.	1.00	1.50	1.81
<b>Group injury seriousness rate (for every thousand hours worked)</b>	<b>no.</b>	<b>0.04</b>	<b>0.04</b>	<b>0.05</b>
Injury seriousness rate for women	no.	0.01	0.00	0.05
Injury seriousness rate for personnel abroad	no.	0.02	0.01	0.04
Total injury seriousness rate (Group + third party contractors)	no.	0.09	0.06	0.05
<b>Occupational illness rate</b>	<b>no.</b>	<b>0.07</b>	<b>-</b>	<b>-</b>
<b>Average number of lost days (for each injury)</b>	<b>no.</b>	<b>53.43</b>	<b>34.36</b>	<b>26.00</b>
<b>Absenteeism rate</b>	<b>no.</b>	<b>8,2</b>	<b>5,2</b>	<b>5,80</b>
<b>Absenteeism rate for women</b>	<b>no.</b>	<b>6,6</b>	<b>5,7</b>	<b>6,00</b>
<b>Absenteeism rate abroad</b>	<b>no.</b>	<b>5,7</b>	<b>5,1</b>	<b>5,10</b>

#### Health care\*

Medical examinations provided	no.	2,199	2,249	3,108
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\* Data unavailable for foreign companies. As of 2019, the reporting also includes the Egyptian operating company AQP.

#### Third party contractors' occupational injuries (GRI Standard 403-2)

Injuries of employees of third party contractors (>1 lost day)	no.	7	9	7
hours worked	no.	5,158,851	4,535,884	5,276,218
lost days per injury	no.	875	395	246
Fatalities involving employees of third party contractors	no.	-	-	-
<b>Third party contractors' injury frequency rate</b>	<b>no.</b>	<b>1.35</b>	<b>1.98</b>	<b>1.33</b>
<b>Third party contractors' injury seriousness rate</b>	<b>no.</b>	<b>0.17</b>	<b>0.09</b>	<b>0.05</b>

## PERSONNEL MANAGEMENT

### RELEVANCE FOR EDISON'S ACTIVITIES AND RELATED RISKS

Edison has identified some material issues linked to personnel management:

- **upskilling and reskilling and enhancement of talent**, linking the growth of people and their talent to that of the company;
- **plurality and inclusion**, which expresses the attention to a diversified workplace that aims to enhance the individual;
- **internal engagement and company attitude to change**, to ensure that the evolution of the company, and therefore of the people who work there, and of the business keep pace with sector developments.

Based on the current phase of profound change in the business profile and in the professional makeup and geographic location of employees, which joins the impact of the digital transformation, the main risks linked to the sphere of Edison personnel and employee management relate to the **attraction and management of talent and key company roles, and the maintenance and development of crucial skills** for the business. These are joined by risks linked to the **active motivation and engagement** of employees in the pursuit of company policies and objectives. Part of the risks is also related to the entry into the Group of personnel from the companies that recently joined Edison, and their progressive integration.

There is therefore a significant need to **develop specific training programmes** for the development of new skills (digital as well as in the various business areas) and the need to attract and retain qualified and highly specialised resources within an extremely competitive market environment characterised by many new trades. It is also indispensable to support employees with **active policies for the adoption of new management and organisational practices, initiatives** aimed at spreading awareness of the **attention** paid to employees and **work-life balance** programmes.

Edison recently introduced **flexible working and smart working opportunities** and continues to actively listen to its employees and activate action plans based on employee suggestions, while also managing significant **employee fringe benefit programmes**.

### PROTECTIVE POLICIES ON THE ISSUE

Listening to the needs and expectations of its people underlies a path of professional growth which Edison undertakes to promote with a view to developing new key business skills.

This is why it has adopted specific **policies** and rolled out ad hoc initiatives to:

- anticipate and support the transformation of skills in a number of professions in line with technological and market evolutions;
- favour career development while also paying attention to internal mobility, employability, work/life balance and increasing motivation company-wide;
- build and prepare the company's future management class.

## MAIN ACTIVITIES AND RESULTS ACHIEVED

### Employee engagement

Edison has committed to **promoting employee inclusion and integration** with a range of projects and initiatives. On one hand, it has increased the scope of several existing internal communication activities, growing local involvement and generating more active participation, and on the other it has also introduced new projects.

During the year, it developed the “**Ulisse: a voyage in the energy of Edison**” initiative, five days of dialogue in the various areas in which Edison operates (Torviscosa in the North-East, Rivoli in the North-West, Bari in the South-East, Naples in the South-West and Milan) to share the new challenges and transformations under way in the energy sector together with Edison’s people in the different geographical areas.

The Ulisse team consists of thirteen people from different business areas who combined their experiences to conceptualise and run together with people from the local offices a few days of sharing and dialogue in the areas representing industrial and commercial activities.

In particular, the five goals of Ulisse are:

- valuing local people and businesses;
- integrating the Group’s new businesses;
- understanding and analysing the Group’s strategies;
- shortening the distances between the various areas where the company operates;
- achieving a better understanding of local dynamics.

The Ulisse project integrates other employee engagement initiatives such as **Connecting Edison**, which also met with great success and participation in 2019. This project, through which colleagues have the opportunity to experience places other than those where they usually work, involved more than 500 people. The **Reporter for a day initiative** also continued, in which Edison employees were involved in storytelling initiatives, taking up the role of reporters in recounting, through their own experience, the partnerships and collaborations Edison promotes.

In general, colleague participation increased significantly in all internal events, which were redesigned and adjusted with a view to expanding the scope involved. Of these, the **Children at work** day was redesigned to involve during the same day a good 10 different geographical areas, aside from the Foro Buonaparte main office, including hydroelectric and thermoelectric facilities as well as several offices, such as Rivoli and Bari. Overall participation increased from 270 to 460 people.

There was also a significant increase in participation in other events such as the snow day, the summer party and the various sports initiatives promoted by the **Edison Sports Association**.

The project most representative of this change of pace with regard to employee involvement is the **Edison Christmas Tour**. Indeed, the Christmas Party has transformed, with a view to integration and inclusion, becoming a tour of the local areas. A veritable roadshow that passed through Turin, Milan and Bari, and is sure to continue on its way to new destinations in the coming years. The project saw the involvement of around 3,000 employees. 1,350 participants from Piedmont, Lombardy, Puglia, Basilicata, Calabria and Sicily.

There were also numerous activities supporting internal initiatives promoted by the various company departments. In addition, internal communications and human resources continuously coordinated on many initiatives for employees, including the Employer Branding project.

In terms of **internal digital tools**, the **Edison intranet** was confirmed as the primary destination where employees can find news, information about the company and its people, work applications and employee services. A special emphasis was placed on storytelling surrounding company projects, activities and knowledge, directly from the mouths of the employees involved, with the creation of dozens of video stories. The weekly newsletter, a digital magazine highlighting the main content and news that reaches every employee by email, was the main new feature in the digital realm.

Since 2012, Edison, with the support of a specialised international company<sup>2</sup>, has measured the motivation and level of involvement of its employees with “**MyEDF**”, a detailed annual survey with very high participation rates (81% in 2019) which, based on the indications provided, helps to define and implement specific action plans for the development and continuous improvement of the company and its management practices. In 2019, the engagement level, or the active participation in the achievement of company objectives, was up to 79%, considered a very high level.

In 2019, employee involvement was fundamental to **update the materiality analysis** as well: Edison employees were given a survey in which they could express their opinion on the significance of the topics on which the company’s sustainability strategy would be based.

	Unit of measurement	2017	2018	2019
<b>Number of employees</b>				
Employees at 1/1	no.	4,949	5,144	5,372
Incoming	no.	545	777	604
- hired on the market	no.	335	637	483
Outgoing	no.	350	549	345
<b>Employees at 31/12</b>	<b>no.</b>	<b>5,144</b>	<b>5,372</b>	<b>5,631</b>
<b>Employees by type of contract (GRI Standard 102-8)</b>				
Permanent	no.	5,006	5,173	5,481
- women	no.	932	1,008	1,073
- abroad	no.	n.a.	n.a.	1,370
Fixed-term	no.	138	199	150
- women	no.	33	37	31
- abroad*	no.	n.a.	n.a.	72
<b>Total</b>	<b>no.</b>	<b>5,144</b>	<b>5,372</b>	<b>5,631</b>
- women	no.	965	1,045	1,104
- abroad	no.	n.a.	n.a.	1,442
Full-time employees*	no.	n.a.	n.a.	5,485
- women	no.	n.a.	n.a.	980
Part-time employees*	no.	n.a.	n.a.	146
- women	no.	n.a.	n.a.	124
<b>Total</b>	<b>no.</b>	<b>n.a.</b>	<b>n.a.</b>	<b>5,631</b>
- women	no.	n.a.	n.a.	1,104

\* The figure has been reported since 2019.

2. The MY EDF survey is performed every year by the company IPSOS.



## Diversity and inclusion

The **third phase of the Transformation Team** called for the maintenance of a restricted working group to oversee the themes of **Plurality and Inclusion**, in order to continue with the work done over the last two years and introduce new elements and opportunities to strengthen widespread awareness of these topics within the company.

The common thread for 2019 was the theme of **meeting and awareness between Edison employees at the local offices and the main office**, especially considering the new company scope and the resulting need to integrate different corporate cultures. Practically speaking, this first and foremost meant the inclusion of employees from various locations in the activities offered. Several initiatives were set up precisely considering the need for integration between the different spirits of the company.

During the year, a number of initiatives were promoted, including:

- the **Mentorship@Edison** programme - for professional enhancement through a mentor/mentee exchange, dialogue and support process - which began in 2018 and was completed in spring 2019, with the participation of 36 people. This second edition expanded the scope of activities and was not only for Edison's female employees;
- the **Professional Exchange** programme, introduced in 2019, to foster exchange between plant technicians and the people they work with at the main office. This initiative involved 10 people;
- the **Inspiring Ambassador** project, a network of company professionals who decided to tell young boys and girls in lower secondary schools about their professional experience by talking about their work in the energy sector, emphasising the value of plurality and promoting equal opportunities in study and professional decisions, particularly with reference to STEM subjects. Fifty employees signed up to this network, from all areas of the company and with different levels of seniority. During the year they were trained and the majority of them participated in a meeting at the schools involved.

In addition, two courses were launched to promote a focus on inclusion aspects in work activities:

- **The Lab**, which dealt with the topic from the perspective of inclusive leadership and was intended for 18 managers from the various local offices who enthusiastically participated in the two training days;
- **BIAS Lab**, intended specifically for 19 professionals in order to reflect on biases that may develop and emerge during work activities and how to manage them to prevent them from influencing decisions to the detriment of the fruitful inclusion of people, opinions, points of view and solutions.

The second edition of **D&I DAY Places, Territories and Communities. Stories of Leadership and Inclusion** was held in July 2019. With the help of expert coaches and the participation of external role models and people from Edison, the initiative was an opportunity to reflect on the value of including Edison people who are far from the headquarters. The event saw the participation of more than 200 people, both physically present and through an audio-video connection from 15 different company offices or sites throughout Italy.

In December the **second meeting of the SDGs@Edison panel** addressed inclusion topics, with a particular focus on the most important skills and aspects to be considered to maintain a high level of competitiveness, also considering the business's transformation tied to ongoing energy transition processes.

In 2019, **company inclusion objective monitoring** activities continued through a dedicated dashboard and KPIs were defined to outline and measure over time the three targets of the Sustainability Policy relating to the theme of Diversity and Inclusion, approved last February.

Edison participates in the **Equal By 30 International Campaign** promoted by the **IEA** (International Energy Agency), which gathers the commitment of companies and administrations to adopt measures for reaching gender equality by 2030, as laid down by the Sustainable Development Goals promoted by the UN.

	Unit of measurement	2017	2018	2019
<b>Employee breakdown by gender (GRI Standard 102-8)</b>				
Men	no.	4,179	4,327	4,527
Women	no.	965	1,045	1,104
<b>Female presence (GRI Standard 405-1)</b>				
Managers	%	13	15	15
Middle managers	%	25	24	25
Office staff	%	29	31	31
Production staff	%	2	2	2
<b>Total</b>	<b>%</b>	<b>19</b>	<b>19</b>	<b>20</b>
<b>Employee breakdown by age (GRI Standard 405-1)</b>				
Under 25	%	1	1	1
25 to 35	%	20	19	19
36 to 45	%	30	31	31
46 to 55	%	32	33	33
Over 55	%	17	16	16
<b>Breakdown of the Board of Directors (GRI Standard 405-1)</b>				
Men	%	44	44	67
Women	%	56	56	33
<b>Composizione del CdA per età (GRI Standard 405-1)</b>				
Under 25	%	-	-	-
25 to 35	%	-	-	-
36 to 45	%	12	12	11
46 to 55	%	44	44	33
Over 55	%	44	44	56
<b>Return to work and retention rates after parental leave, by gender</b>				
Employees entitled to parental leave	no.	3,509	3,752	4,189
- women	no.	762	827	923
- men	no.	2,747	2,925	3,266
Employees who took parental leave	no.	119	116	150
- women	no.	100	99	125
- men	no.	19	17	25
Employees whose parental leave ended in the year	no.	48	47	26
- women	no.	40	44	26
- men	no.	8	3	-
Employees whose parental leave ended in the year and who returned to work	no.	48	40	26
- women	no.	40	37	26
- men	no.	8	3	-
<b>Total retention rate</b>	<b>%</b>	<b>100</b>	<b>85</b>	<b>100</b>
<b>Retention rate for women</b>	<b>%</b>	<b>100</b>	<b>84</b>	<b>100</b>
<b>Retention rate for men</b>	<b>%</b>	<b>100</b>	<b>100</b>	<b>n.a.</b>

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

	Unit of measurement	2017	2018	2019
<b>Ratio of basic salary and remuneration of women to men (GRI Standard 405-2)</b>				
<b>Top management</b>				
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.
<b>Management</b>				
Remuneration ratio of women to men (%)	%	103	96	97
Age ratio of women to men (average years)	no.	<3.0	3.1	1.9
<b>Professionals</b>				
Remuneration ratio of women to men (%)	%	96	95	95
Age ratio of women to men (average years)	no.	<3.0	<3.0	2.8
<b>Office staff</b>				
Production staff*	%	92	93	91
Age ratio of women to men (average years)	no.	<2.3	2.1	1.9
<b>Production staff*</b>				
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

Through continuous technical-professional, managerial and/or cross-company training processes, Edison incentivises the development of its people with the goal of keeping internal skills competitive and attaining new ones.

In 2019, Edison provided a training programme of over 211,600 hours involving roughly 85% of the company population, at a cost of around 9,950,000 euros, financed in part by using the training account of the interprofessional funds Fondimpresa and Fondirigenti.

Furthermore, for the fifth year in a row, Edison received the **Top Employers Italia** award, the certification of quality and excellence guaranteed by the Top Employer Institute, an independent international organisation which analyses more than 2,500 companies worldwide on an annual basis.

During the year the **new managerial training offer**, consistent with the business strategies, was designed and communicated. The new training courses aim to develop a series of mindsets, in particular the engagement and development of people, entrepreneurship and the courage to take risks, innovation, the centrality of the customer and the territory and communication and team spirit.

To this end, a series of training initiatives were provided and planned involving around one hundred Group managers, including the new managerial development path "**Leading People, Leading Business**", involving thirty recently appointed managers and the **High Performance Leadership Lab**, an experiential leadership development laboratory aimed at twenty-five young people who participated in the potential assessment process (long term talent assessment) during the year.

Lastly, all **development plans for senior staff** who participated in the potential assessment course in 2017 and 2018 were completed and dossiers were defined to evaluate candidates for the position of manager.

The platform **Digital Training MyLA** (My Learning Area, an environment integrated with the Edison intranet that allows all employees to access e-learning) was enriched with new content. Specifically, the HSE, compliance and digital literacy themes were enhanced and strengthened. It is on this aspect that the digital skills education programme (**Energy Gate**) is being implemented at the Energy and Environmental Services Division.

The training of managers continues thanks also to the participation in the permanent training updating provided through the **Ambrosetti and Ruling Companies network**. Furthermore, the continuous collaboration with **EDF's Corporate University** makes it possible to enhance the managerial training offering with international scope programs on the development of leadership and on the improvement of strategic business expertise. The initiatives proposed have seen the participation of both young company talents and Group managers and top managers.

The dedication to training and development for recent graduate resources or those with little professional experience continues. In 2019, the programme specifically designed for this target, the **Young Community**, saw the implementation of the usual training courses on cross-company skills and the six-monthly course on Economics.

Also in 2019, the **EdisonTalks** continued with interviews with the company's top management and in-depth analysis of specific issues of interest, and the work of the "**Exploring Edison**" laboratories also continued, dedicated to projects launched by the Top Management, which over the year opened up 2 new work areas: one on the digital transformation and one on innovation.

The **Edison Energy Camp**, the intensive training course on energy, involved 42 participants, including personnel from Edison's Young Community and university students from various Italian universities (Luiss, Turin Polytechnic, Universities of Bari, Palermo, L'Aquila and Naples). The training week was enriched by the contributions of WEC (World Energy Council Italia Services), as well as other business, consulting and institutional entities.

As part of the company's **Onboarding** path, also in 2019, **EXPO** was held, dedicated to new colleagues joining the Group, the event presenting the trades and activities of each company Division.

As regards the Programmes for Professionals, Edison has a strategic partnership with MIP for the design and delivery of a **Corporate Master in Energy Business & Utilities**, dedicated to 31 professionals of the company who have the potential and the interest to develop across-the-board knowledge of the energy sector and analyse the business model in depth. The Corporate Master is currently being accredited by ASFOR (Italian Association for Management Training) so that the quality and drive towards innovation of the educational programme can be certified by an external entity.

Technical-professional training continues to be at the heart of the Business Divisions' training investments. In particular, the Energy & Environmental Services Market Division continued the project called "**Top Technical Expertise**" with the aim of developing and consolidating the technical training of plant operating personnel and at the same time enhancing the know-how present in the company; the Gas & Power Market Division launched the "**My Learning Needs**" project, a precise digital survey tool to identify training needs within the division population.

	Unit of measurement	2017	2018	2019
<b>Employees who received training</b>				
Employees who participated in at least one training course	no.	4,072	4,832	4,802
<b>Employees who received training</b>	<b>%</b>	<b>79</b>	<b>90</b>	<b>85</b>
<b>Training (GRI Standard 404-1)</b>				
<b>Total hours</b>	<b>no.</b>	<b>164,186</b>	<b>173,174</b>	<b>211,594</b>
- women	no.	36,081	36,449	46,780
- men	no.	128,105	136,725	164,814
Average hours per trained employee	no.	40	36	44
Average hours per employee	no.	32	32	38
- women	no.	37	35	42
- men	no.	31	32	36
<b>Breakdown by position</b>				
Managers	no.	6,517	6,932	7,276
Middle managers	no.	37,142	29,560	50,125
Office staff	no.	86,791	93,740	95,215
Production staff	no.	33,736	43,144	58,978
<b>Average hours by position</b>				
- managers	no.	28	69	30
- middle managers	no.	41	78	50
- office staff	no.	38	113	37
- production staff	no.	20	90	32
<b>Breakdown by type of training</b>				
Quality, environment and safety	no.	51,295	42,372	56,323
Technical training	no.	29,865	46,175	60,014
Institutional - internal training	no.	21,055	21,829	26,082
Specialised - external training	no.	28,682	32,272	39,974
Foreign language courses	no.	22,398	17,026	14,480
Computer training	no.	3,883	4,780	5,174
Conferences	no.	7,007	8,719	9,550
<b>Cost of training</b>				
Internal and external training costs (including taxes and mandatory contributions)	in thousands of euros	3,419	3,849	3,855
- funded	in thousands of euros	406	322	436
Cost of labour of trainees	in thousands of euros	3,882	4,729	5,781
<b>Total cost</b>	<b>in thousands of euros</b>	<b>7,301</b>	<b>8,578</b>	<b>9,636</b>
<b>Employees who received an annual review</b>				
Managers	%	96	96	89
Middle managers	%	94	97	89
Office staff	%	69	81	87
Production staff	%	72	78	76
<b>Total</b>	<b>%</b>	<b>76</b>	<b>84</b>	<b>84</b>
<b>Total female employees</b>	<b>%</b>	<b>54</b>	<b>80</b>	<b>86</b>

## Development of the skills of the new generations

Edison enthusiastically and conscientiously participates in activities regarding the world of education. Since 2015, it has developed and run “**Cross-company skills and orientation courses**” throughout the country with three overarching goals:

- disseminating the culture of energy and environmental sustainability
- supporting the orientation of the children of employees
- strengthening our connection with local communities.

Following these three streams, in 2019 Edison involved more than 40 people who, after being properly trained, played a leading role in a range of activities for high schools as well as technical institutions, such as: guided tours of the offices and power stations, talks about trades and orientation, hackathons, project work and tutorship paths.

Specifically, many projects were activated which involved more than 800 students at upper secondary schools, including:

- **Deploy Your Talent**, a project promoted by the Sodalitas Foundation that aims to promote the diffusion of studies in technical-scientific disciplines and to overcome the gender stereotypes that characterise them;
- **“Tuned On Edison”**, two paths designed and managed by the young people of the Edison Young Community aimed at fostering knowledge of the Energy professions, through an interactive journey through the Company’s Departments.

Furthermore, inter-company orientation initiatives were also held, including “**Energia Mi Piace**”, promoted by Unindustria Rome, the “**Giornata della Tecnologia**” and “**Un Lavoro con Energia**”, promoted by Assolombarda.

A **course of Orientation to University and Work for the children of employees** was also activated in 2019.

## Company welfare

Through the company welfare programme “**Edison per te**”, the company meets the personal needs of its employees with services and opportunities regarding family matters - particularly for the management of children, health, sports and well-being, leisure time and savings. As of 2019, the programme is being progressively extended to employees of the Companies that joined Edison more recently. In 2019, of those who are already offered welfare services, roughly 66% of the Group’s Italian employees, 2,980 people, took direct advantage of these company initiatives. On average, each employee enjoyed nearly 8 different services.

Across all Edison companies, for the various professional and contractual levels, forms of **supplementary pension and health care services** are provided, and in 2017, Edison also introduced the option of **converting contractual performance bonuses** into welfare services in nearly all Group companies. Company welfare agreements and initiatives are being gradually and progressively activated in the various newly-acquired companies as well. In 2019, 21% of the employees covered by the energy national collective bargaining agreements (CCNL) and 33% of the employees in Energy and Environmental Service Management areas covered by the metal-mechanics national collective bargaining agreement converted their performance bonus into supplementary pension contributions and/or welfare reimbursements and services.

For many years now, Edison has sponsored **study grants abroad for the children** of employees from all Group companies, through the Intercultura Onlus Foundation. In 2019, more than 20 young people were given the opportunity to experience a period of time abroad, from 1 month to an entire school year (more than 100 have participated since the



company began offering this programme to the children of its employees). At the end of the year, new sports services were also rolled out, to facilitate participation in sports at all of Edison's Italian offices, and for the companies that recently joined the group's Services Division, new healthcare support initiatives were provided, for access to specialised medical, physical therapy and dental facilities under advantageous conditions.

After a trial phase launched in 2017, **smart working** was extended to other company areas, companies and offices, in light of the constantly positive results in terms of the accountability, productivity and satisfaction of people due to the improved work/life balance.

The extension of smart working, which when applicable will also be progressively rolled out in the companies that have more recently joined Edison, continues to be preceded by training initiatives - organisational, behavioural and digital - provided for managers and their associates, with the goal of sharing the philosophy and objectives of this way of working. Currently, the smart working programme applies to roughly 1,500 employees. Furthermore, in nearly all of the Group's different administrative and management offices, working hours have significant room for daily, weekly and monthly flexibility, based on specific agreements.

## Industrial relations

Edison pursues constant interaction and dialogue with workers' representatives at European, national and local level.

To formalise the principles mentioned above, Edison implements what it has agreed to with the National Unions in the "**Group Representation System**" agreement, which defines the principles and the guidelines that provide the basis for union relations and governs the different levels of union dialogue and the topics subject to discussion.

Also through its direct and active participation in national bargaining roundtables, Edison applies and complies with the provisions of the different National Collective Bargaining Agreements applicable to its organisational context, and in particular of the Electrical, Energy and Oil, Gas, Water, Metal-Mechanics sectors, both with regard to the economic part and for the regulatory part.

For the 2019-2021 three-year period and for all of the main organisational areas, **second-level company union agreements** have also been renewed, defining the criteria, parameters, objectives and amounts of collective bonuses ("Performance Bonuses") correlated with the achievement of specific profitability and productivity targets. These agreements also include the possibility of full or partial conversion of the sums to be disbursed into welfare services, in line with applicable legal provisions.

	Unit of measurement	2017	2018	2019
<b>Collective bargaining and trade unions (GRI Standard 102-41)</b>				
Employees covered by the national bargaining agreement	%	100	100	100
Trade union membership rate	%	36	36	35

## CUSTOMER RELATIONSHIPS

### RELEVANCE FOR EDISON'S ACTIVITIES AND RELATED RISKS

Edison interprets customer relationships as an important factor with significant social impact and associates the following material topics with this aspect:

- **service quality and focus on customers**, to guarantee and maintain high customer experience standards;
- **adaptation and development of the business with respect to changes in scenario**, which considers the company's capacity to protect itself from risks that threaten service continuity, particularly with regard to changes deriving from increasing digitalisation;
- **effective communications and information**, in terms of transparency and fairness to customers and the market as a whole.

The latter is also associated with the **risk** that may arise from **incorrect commercial practices on the part of direct or indirect sale channels**, with the lack of or incorrect handling of relations with customers which, at Edison, is managed from the precontractual phase. To prevent and minimise risk, controls are performed in the phase of selection of providers of sale services, and in the phase immediately after the contract is stipulated with the customers and, subsequently, the risk is monitored during all the phases of the customer relationship.

In addition, the **lack of or incorrect handling of relationships with customers**, which is damaging especially from the perspective of company reputation, and **low quality** of the value-added services provided, which may lead to the loss of existing customers, have been identified as priority risks.

Increasing digitalisation has also brought increased risk related to **cyber threats**. Today, Edison is exposed to an increasing number of cyber threats as a result of the evolution of the complexity of the IT systems adopted. In addition to this, there is the **increased vulnerability of ICT applications and infrastructures** to cyber, logical, viral and/or system loss attacks. To deal with dangers linked to cybercrimes, in recent years specific initiatives were launched and implemented to boost employee awareness and sensitivity to risks connected to the use of new IT instruments, including simulations of company crises ensuing from cyber attacks.

### PROTECTIVE POLICIES ON THE ISSUE

To monitor and remain regularly updated on the definition of regulations concerning its commercial activities, Edison engages in constant 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 and consumer associations.

In particular, it cultivates robust relationships of trust, listening, dialogue and project collaboration with the **Associations of Consumers of the National Council of Consumers and Users (CNCU)**, recognised by the Ministry of Economic Development, which represent a reference stakeholder for all the themes relating to Edison's presence on the market.

Edison has signed the "**Voluntary self-regulation protocol to prevent unrequested electricity and natural gas activations and contracts**", which requires the establishment of a joint Observatory between businesses and consumer groups. The Observatory is responsible for guaranteeing compliance with provisions and assessing 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 also handling Protocol updating.

The body **ADR Edison – Associations of Consumers of the CNCU** promptly manages any disputes by guaranteeing transparency and impartiality, at no cost for the consumer. This agreement continues to strengthen Edison's relationship with consumer groups and its customers, making it possible 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**, an out-of-court protection tool 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](http://www.conciliazione.energia.it)).

In 2015, Edison participated in the definition of the "**Manifesto for the energy of the future**" and it promotes its dissemination. In collaboration with consumer groups, this initiative helps develop the potential related to full liberalisation of the market, based on criteria of savings, sustainability, innovation and the inclusiveness of all.

## MAIN ACTIVITIES AND RESULTS ACHIEVED

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 ARERA (Regulatory Authority for Energy, Networks and the Environment). **The energy market liberalisation process** is under way in the retail market and timing for the full implementation of market liberalisation is still being defined. Edison is ready to take advantage of this opportunity, contributing to the creation of a fair and balanced market that places the consumer at the centre.

In July 2019, Edison signed an agreement with the HomeServe Group to acquire 49% of the share capital that it did not yet hold of Assistenza Casa, a company that provides support services for domestic facilities, condominiums and small businesses. Edison's customers can now 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 2019, Edison received **two important recognitions for EdisonVille** ("Best of the Best" and "Best Gamification Program") during the awards evening of Promotion Awards 2019, the event organised by Promotion Magazine to recognise businesses in the Italian promotional market. This further confirms the attention placed on customer needs and the continuous efforts made to improve the customer experience. Indeed, EdisonVille is based on the strategy of progress marketing, which progressively supports Edison's relationship with customers by mapping and analysing their behaviours in real time, using big data and smart data to promote personalised communications capable of understanding the consumer's needs and expectations, which surprise them and connect them to the brand.

During the year, the company also started a new project in collaboration with consumer groups for the **promotion of sustainable consumption**, supporting initiatives associated with the 8 objectives of the Sustainability Manifesto and the relative UN targets. Some of the topics addressed included: turning attention towards the less aware consumer; preventing the waste of goods and resources, in this case energy; redesigning cities, infrastructure and public services in terms of efficiency and energy sustainability.

The project, based on the use of new digital technologies as tools to facilitate responsible consumption behaviours, aimed at young people in middle schools, aims to reach, through them, their households and communities (see Energy 4.0 Experiences - Relationship with Local Communities chapter).

	Unit of measurement	2017	2018	2019
<b>Electricity service disconnections (GRI Standard EU27)</b>				
<b>"Disconnected" customers</b>	<b>no.</b>	<b>8,193</b>	<b>8,637</b>	<b>5,494</b>
<b>Broken down by length of time between disconnection and payment</b>				
< 48h	no.	6,254	5,020	2,083
48h - 1 week	no.	663	578	1,281
1 week - 1 month	no.	893	2,221	1,380
1 month - 1 year	no.	383	818	750
> 1 year	no.	0	0	0
<b>Broken down by length of time between payment and reconnection</b>				
< 48h	no.	8,044	8,480	5,361
48h - 1 week	no.	95	111	81
> 1 week	no.	54	46	52
<b>Monetary value of fines for non-compliance with laws or regulations regarding the supply and use of services</b>				
Monetary value of fines in electricity operations	Euro	350,000	-	-
Monetary value of fines in natural gas operations	Euro	-	-	-
<b>Total</b>	<b>Euro</b>	<b>350,000</b>	<b>-</b>	<b>-</b>
<b>Complaints rate</b>				
Electricity services	%	0.65	0.60	0.65
Natural gas services	%	0.84	0.70	0.64
<b>Monthly average data</b>	<b>%</b>	<b>0.74</b>	<b>0.60</b>	<b>0.65</b>

## INNOVATION AT THE SERVICE OF CUSTOMERS

As part of the company digital transformation programme (DAFNE), a number of projects were launched to exploit the potential deriving from new second generation meters and improvements in the customer experience. **Process digitalisation** will make it possible to obtain benefits, both internally, through process simplification and streamlining, and externally, through easier and more precise and detailed interactions with customers.

Indeed, the digital realm is revolutionising everyday life and, inevitably, the relationship of companies with the market as well. The energy sector is no exception, and this is why Edison has embarked upon a journey of transformation, which means accelerating digital development, as well as enacting a profound cultural transformation.

In 2019, Edison therefore strengthened its actions aimed at the **digital transformation** which were born last year with the DAFNE (Digital Arena For the Next Edison) project, establishing a **Digital Department** in order to:

- define the digital strategy, to support the business strategy, understanding digital transformation requirements and prioritising actions within a digital transformation plan;
- manage the portfolio of digital transformation initiatives defined in the relative plan, relying in particular on the support and contribution of the HR&ICT Division for the topics specifically under its responsibility;

- ensure that digital transformation initiatives are run properly, managing their entire lifecycle;
- manage the design of the company's Data Governance model with the ICT Department;
- promote digital culture and communication internally and externally.

The activities of the Digital Department are a veritable cornerstone to the innovation development strategy that Edison has adopted to face the challenges of a rapidly changing energy market, in which the digital component is no longer an option, but a requirement.

Practically speaking, a **Digital Center** has been created, focusing on several distinctive competences such as data science, automation and user experience design, for the incubation of the digital projects with the greatest economic and process impact on the business, that is, those in which the digital aspect can make a real difference.

The Digital Center is housed at the Officine Edison in Milan, a 500 m<sup>2</sup> area where two technological assessment laboratories are also housed: **Energy Storage**, where the best solutions for energy storage are tested and studied with a particular focus on systems for residential use, and **Domus**, which perfectly reproduces a common domestic environment, complete with all the domestic appliances (dishwasher, refrigerator, washing machine, microwave oven, etc.) but also furnished with a sophisticated measurement and control system for the testing and study of IoT (Internet of Things) systems. In the Domus laboratory, solutions for the home are developed and tested that can improve customers' quality of life.

In the Digital Center, to date eight projects have been launched which concern the various energy sector and business areas of the company.

Those currently under way regard the Energy Management & Gas Midstream area: ("Wind production forecasting" and "Gas demand forecasting"), the area of energy efficiency services ("Compressor room optimisation") and the residential market ("Prospect Journey and Customer Journey"), which are joined by the topic of process automation, which applies across the entire company.

The risk relating to the integrity and confidentiality of company data and information and their availability in the event of cyber-attacks that are increasingly more frequent and sophisticated, is mitigated with the adoption of strict security standards and solutions; the service of the **Security Operation Centre**, operational since January 2016, which aims to prevent and manage new forms of cyber attacks was optimised through a process of "refinement" of analyses to improve their effectiveness. Finally, **the Rex Wannacry project** is being developed to increase the resilience of the company's information system to new generation attacks (at the end of 2019, the tool for a timely and automatic inventory of all devices connected to the network was released. In 2020 the development of the "asset & vulnerability management" service is planned, aimed at taking the necessary actions on possible security problems in response to actual attacks).

## RELATIONS WITH LOCAL COMMUNITIES

### RELEVANCE FOR EDISON'S ACTIVITIES AND RELATED RISKS

Stakeholder engagement, as set forth in the Edison Sustainability Policy, is a fundamental aspect for a company that aims to act as a responsible operator in the energy sector, capable of carrying out its business activities while also meeting the needs of its main stakeholders and those in the areas in which it has a presence.

Listening and dialogue are the first step toward a lasting relationship and over the years Edison has created a variety of procedures for dialogue within and outside the company, including the SDGs@Edison panel.

The material topic linked to this aspect is “**local development through relationships with stakeholders**”, which underscores the importance of relationships with the community for the creation of value.

The risks that arise from this have been identified as **little or insufficient stakeholder engagement**, which may have negative impacts on upstream and downstream business in the value chain and on the development of new infrastructure, such as delays in the construction of plants and the risk of regulatory changes.

### PROTECTIVE POLICIES ON THE ISSUE

As an operator with a national reach and at the same time one that is strongly rooted in the territories in which it operates, Edison has made the **relationships established over time with its stakeholders a central element in the running of its business**. The value of this consolidated relationship is confirmed in the Sustainability Policy, which identifies “interaction with stakeholders and shared design” as an enabling factor.

This is why Edison cultivates and values every existing relationship and works to enable new ones to strengthen and expand the set of skills and experience that they represent. A binomial, between the company and stakeholders, built on the concepts of fairness, trust and transparency, which pave the way for the creation of lasting relationships and allow for the sharing of sustainable growth and development targets.

To translate this relationship, as well as its corporate citizenship, into concrete action, Edison **promotes exchange and dialogue through occasions for collective thought and reflection**, oriented towards shared design, business innovation and the dissemination of a sustainability culture. Social and environmental value orients the company's local economic investments, thanks to which initiatives and projects shared with the community can come to fruition.

An internal Policy guarantees the utmost **transparency in the planning, authorisation and management of sponsorships, association contributions and charitable donations**: it guarantees the proper alignment between the company's strategic priorities, the various types of company business, the needs for regional, national or international support and the final use of resources. The Executive Committee shares with the reference areas (Communication and External Relations Department and Sustainability, Institutions and Regulation Division) the intervention priorities, based on which the various proposed initiatives are then defined, quantified and grouped together. **The Sponsorships - Contributions - Charitable donations Steering Committee** evaluates projects and supports the Executive Committee in finalising the company masterplan dedicated to sponsorships, association contributions and charitable donations, and monitoring

actual spending and the overall effectiveness of the proposals endorsed. Lastly, the Executive Committee validates and approves the masterplan of sponsorship and contribution proposals.

In 2019, Edison allocated more than 4.8 million euros to support local activities through sponsorships, donations and investments.

## MAIN ACTIVITIES AND RESULTS ACHIEVED

In 2019, the two meetings of **SDGs@Edison**, the thought community born with the goal of gathering reflections and suggestions from institutions, the world of academia, culture, the younger generations, customers and partners on the challenges of a company like Edison for sustainable development, regarded respectively:

- **tools and practices of sustainable finance for the energy transition:** the meeting made it possible to reflect on the evolution of the business (of traditional operators and new innovative businesses) in the energy sector from the perspective of the world of finance and investigate the tools that can be used to finance energy transition initiatives. At the same time, this was an occasion to reflect on socially impactful investments, also in this case considering the opportunities and characteristics of interventions of this type in the energy realm;
- **inclusion and plurality as competitive factors in the energy transition:** this reflection focused on the need to include different points of view, experiences, cultures and origins to respond to the complexity of a sector in transformation and especially to supply and grow skills more suited to support this business evolution.

The **update of the materiality analysis** was also an important occasion for listening to internal and external stakeholders. A range of stakeholders were interviewed, optimising the occasion to expand the scope of dialogue to the external perception of the company's sustainability profile and to future opportunities as well. In particular, a community of young people concerned with CSR, members of the SDGs@Edison panel and company employees were provided a platform to express their views, alongside the Directors of the Executive Committee and several stakeholders that they identified (local institutions, customers, commercial partners and suppliers).

These more structured activities worked hand in hand with other occasions for dialogue, including participation in national and international networks, organisations and think tanks focusing on sustainability topics.

In 2019, during the **CSR and Social Innovation Event**, Edison organised a talk with younger generations on the energy transition and the commitment to a sustainable future. "**Energy Transition: a dialogue between young people and businesses**" was the title of the event promoted on October 1 at Bocconi University in Milan, which showed that the energy business transformation process is not always perceived externally, by young consumers and more generally by citizens who make everyday consumption decisions. Businesses are asked first and foremost for transparency and information, but also the capacity to use understandable language for all stakeholders. The priority is that of transferring knowledge, educating to enable the consumer to comprehend the complexity of the transformations under way and considering the multitude of parties involved, also in relation to the implications, not only environmental, but economic and social as well.

### Sustainability practices with local stakeholders

Edison intends to act as a responsible operator through a relationship model capable of **generating value for communities and the regions**. Edison's priority areas for intervention regard on one hand the creation of skills, the promotion of education and the culture of sustainable development and, on the other, the promotion of social inclusion as a fundamental element of sustainability.



## The creation of new skills

Since 2019, Edison has actively supported **professional training courses for 80 maintenance specialists certified in wind and photovoltaic plants, promoted by the ELIS association** (Sun Academy and Wind Academy, through the investee e2i), an educational non-profit which works with young people, professionals and businesses to respond to the school/work gap and youth unemployment and contribute to sustainable development for organisations. The courses last for 5 months and include a final phase of business talks (specialised training) in which several Group employees participated.

Edison is also trying out **innovative educational paths (Energy 4.0 Experiences)** which, thanks to the use of new digital technologies (3D printers, programming cards, etc.) enable young people to imagine new solutions for the future of the world of energy and related services. A training ground for aspiring makers which teaches how to “think with your hands”, an educational method to bring children and young people closer to the study of **STEM subjects**, while combatting gender bias.

An initiative of this type was carried out in Rome during the Business Culture Week: 25 young people between 11 and 13 years of age challenged themselves to imagine and plan five innovative products with a view to improving quality of life, which is now increasingly smart, connected and sustainable, the first step in a **joint project with consumer groups**, starting from the protocol of understanding signed to promote sustainable consumption.

In parallel with local meetings, a **dedicated crowdsourcing web channel** of digital design experiences, at the service of teachers and students, will be developed.

Furthermore, there was a continuation in our commitment to the students at **ITIS Enea Mattei in Sondrio**: in 2019 more than 70 students studying electrotechnical, energy, mechanics and IT subjects were involved in the usual local trade orientation activities and a new creative hackathon-style activity. Fourth-year students participating in the hackathon were assigned the task of imagining that Edison is about to build a museum and designing innovative technological solutions to improve the use of the museum by visitors.

In November 2019, at the invitation of the Municipality of Melissa (KR), which is home to two wind farms, the “**News green Melissa**” project was organised, with laboratories for nursery, primary and middle schools and occasions for play and reflection on climate change and renewable energies, with a view to boosting sensitivity to environmental problems and increasing the link with local communities.

Edison has also decided to support the courses of the **Milan Summer School on well-being and sustainability**, organised from August 31 to September 7 by the Italian Alliance for Sustainable Development (ASviS) in collaboration with Milano 2046 and with the participation of eight Milan universities (Bicocca, Bocconi, Cattolica del Sacro Cuore, Humanitas, Iulm, Statale, Polytechnic, San Raffaele) and the Eni Enrico Mattei foundation. Through an interdisciplinary approach, the School aims to achieve high-profile training on topics of environmental, economic and social sustainability, face the systemic challenges of sustainable development and promote the adoption of concrete and effective solutions. The group of 50 participants to which the project was addressed was quite wide ranging: municipal public administrators, teachers of every type and level, PhD candidates and more generally everyone who handles local policies through associations and organisations.

In addition to these activities, there are also the Intercultura summer scholarships for the young residents of the municipalities where Edison plants are located.

## Alongside cultural excellence for energy efficiency and the promotion of virtuous conduct

Edison, which has always committed to **supporting culture and excellence**, has rolled out initiatives in recent years to promote sustainability in theatre, film and music. The company shares its skills **supporting cultural entities for the more efficient management of energy and processes**, with a view to generating a positive environmental and social impact on the reference communities. The most recent achievement on this path was the launch in 2019 of a sustainability study at the **Egyptian Museum in Turin**.

In 2019, the partnership also continued with the **FAI** (Italian Environment Fund), which aims for the progressive increase in energy efficiency of Italian cultural heritage, through the conclusion of the diagnosis (smart audit) phase at Villa Necchi Campiglio in Milan, Villa Panza and the Panza Collection in Varese, Villa dei Vescovi in Luvigliano di Torreglia (PD) and the Masino Castle and Park in Caravino (TO). Following the smart audits, energy efficiency interventions were started at the Cavallerizza, the former military stables and today the main office of FAI, where one of the most valuable book collections in the country is housed, the historical volumes of the Braidense National Library. In particular, the building's heating system was replaced, which was the best solution for conserving the book collection and at the same time for increasing efficiency to avoid waste and improve the building's environmental performance and the comfort of those working in the offices, while also cutting heating costs. This solution will avoid 25 tonnes of CO<sub>2</sub> every year, in addition to providing financial savings of 30%.

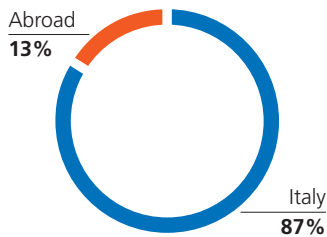
In 2019, the partnership with the **Prada Foundation** continued for better use of energy resources, by optimising the consumption of the exhibition space and to promote sustainable mobility among visitors.

Edison also 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 renewable sources of the energy used, hence avoiding the emission into the atmosphere of around 64 tonnes of carbon dioxide. In addition to the official Opening, also for 2019 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. Furthermore, the energy efficiency interventions started last year continued at the **Teatro alla Scala Museum**, and in 2019 an initiative was carried out at the **Teatro alla Scala Workshops** (former Ansaldo Workshops), the heart of the departments that construct the stage sets by hand.

The measure covered an area of 20,000 square metres, which contains the departments of set design, sculpture, woodworking, tailoring and mechanical workshops, and where over 60,000 costumes are housed, alongside a rehearsal room for the choir and a stage space for the director's rehearsals. The work led to the replacement of the lighting system with 112 LED lights, equipped with a wireless management and control system. Today, this technology makes it possible to remotely control every single light and to program the most appropriate light setting for different work requirements. The measure also enabled a reduction of over 60% in electricity consumption and avoided the emission of roughly 34 tonnes of CO<sub>2</sub> per year into the atmosphere.

Edison is also focused on 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 2019, 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 2019 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.

#### GEOGRAPHICAL AREA

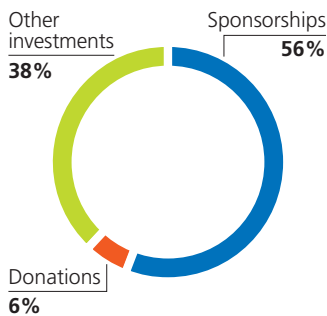


In 2019, Edison, through its investee E2i, contributed to the **restoration of Corso Regina Margherita in Troia (FG)**, returning to its residents 700 metres of historic paving in the heart of the city.

#### Social inclusion

For years now, the company has supported a range of social projects which in certain cases have offered and offer volunteer opportunities as well. For 12 years, it has worked with the **Rugby Milano Sports Association** to spread a culture of inclusion, especially amongst the detainees at the Beccaria, Bollate and San Vittore penitentiaries, through the projects “The sense of a try” and “Freedom Rugby”.

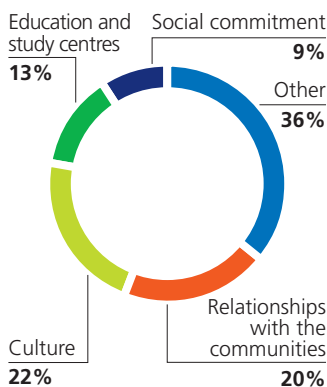
#### INVESTMENT IN THE COMMUNITY



Also in 2019, Edison supported the **Food Bank’s Siticibo project** to promote the fight against waste. Several people at Edison work every day to collect extra food from the company canteen in Milan, sending it to the city’s soup kitchens.

Since 2016, Edison has supported the **Sant’Egidio Community**, especially in the area of projects for the integration of refugees and, as of 2019, Edison’s people in Milan and Rome can actively participate in welcoming activities and spending quality time at two family homes for people with no permanent residence, under a system of special paid leave: 2 pilot projects were launched during the year, with the participation of around 50 people.

#### AREAS OF ACTIVITIES



The contribution of Edison’s people is made not only of generosity, but also of experience and professionalism. For a few years now, Edison has participated in the **Electrical Workers Without Borders Association**, consisting of volunteer electricity sector employees and pensioners. After an initial experience in January by a volunteer who travelled to Laos to work on a team for a rural electrification project using solar panels, another trip is being organised, for which the candidates most suited to the project were selected in the last part of 2019.

Edison also continues 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 2019 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.

Edison also supported two new projects in 2019:

- as a social sponsor of **Festival di danza diffusa OnDance - Accendiamo la danza**, created and directed by Roberto Bolle, the company decided to support the participation of children from the Figli in Famiglia Association in a masterclass during the event. The objective of the association is to train and orient the children of families dealing with a range of problems to civil coexistence, creating situations capable of removing them from the street and promoting alternative lifestyles;
- **MUS-E® (Musique Europe)** is a multicultural European project dedicated to children, which aims to combat marginalisation and social exclusion in public primary schools through arts workshops, in this case on the topic of energy through artistic expression.

These initiatives reflect the values of Edison, which has also decided to support the Nicola Piovani concert as part of the **World Day of the Poor** which also includes other solidarity initiatives by the Vatican. This is a day launched by Pope Frances himself.

# PROTECTION OF HUMAN RIGHTS

## RELEVANCE FOR EDISON'S ACTIVITIES AND RELATED RISKS

Edison considers the theme of human rights to be **transversal to the management of the business and people**, or intrinsically linked to many aspects already addressed in this Document.

Indeed, Edison recognises the human rights of the personal sphere, labour and protection of the environment as the main ones connected to its business, in all contexts in which it is present. This is why the theme is linked to other material aspects already discussed in the NFD.

In particular, reference is made to the following aspects:

- safeguarding the dignity, freedom and equality of human beings;
- inclusion and promotion of equal opportunities;
- equitable and fair welfare systems;
- protection of labour, working conditions, freedom of association and dialogue with the trade unions;
- confidentiality of personal information;
- protection of the health and safety of employees and third-party contractors;
- guarantee of professional and wage growth based exclusively on merit and skills;
- protection of the system of values and principles on transparency and sustainable development.

Edison is committed to **respecting and ensuring that the rights set forth in the "Universal Declaration of Human Rights"** are protected in the different countries in which it operates. It 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.

## PROTECTIVE POLICIES ON THE ISSUE

The Group considers respect for human rights a prerequisite for all its activities and prohibits any violation of these rights. **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.

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).

## MAIN ACTIVITIES AND RESULTS ACHIEVED

In 2019, during the renewal of the trade union agreement, relating to the “Representation System” with particular reference to the energy sector, Edison and the workers’ representatives (national, territorial and company trade union organizations) have reached an agreement that explicitly reconfirms that the relationship system in Edison has as its founding values:

- mutual listening and confrontation capable of preventing individual and collective conflict;
- continuous improvement of productivity and corporate competitiveness;
- safeguarding people’s employability over time;
- protecting the health and safety of all employees or third parties involved in activities;
- sustainable development and community enhancement;
- promotion of welfare systems;
- the enhancement of organisational participation;
- respect for diversity through multi-generation inclusion and integration policies;
- reinforcement of the school-work relationship.

Through the agreement, Edison reiterates its commitment to respect for human rights, integrity, development of women and men and support for the population and areas close to its plants.

## A NOTE ON METHODOLOGY

Edison (Group formed by Edison S.p.A. and its subsidiaries) publishes a **Non-Financial Disclosure (NFD) every year on a voluntary basis**, in accordance with Legislative Decree No. 254 of December 30, 2016 (hereafter, Decree No. 254) "Implementation of Directive 2014/95/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 Disclosure of Edison as at December 31, 2019** 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 2019 financial statements.

The Non-Financial Disclosure is therefore to be considered a **supplement which completes the Report on Operations** and additional documentation regarding the financial statements.

The **scope** of the NFD coincides with that of the consolidated financial statements and therefore also includes the information relating to the companies acquired in 2018 and 2019 with any exceptions appropriately highlighted in the text and the tables of the Document. The details of transactions carried out in the reporting period are provided in the Report on Operations.

The **data and information** provided in this document relate to events that have occurred during the reference year, deriving from the company's business activities, which are relevant on the basis of the materiality analysis. The **topics** described in the NFD have indeed been identified by updating the materiality analysis, which highlights significant and material aspects according to a process that takes into account the specific activities of Edison and analyses them based on an internal as well as external perspective (see "The material issues" section). The issues that the process shows to be material were then filtered and linked with the content of Legislative Decree 254/2016, or the fight against active and passive corruption, environment, personnel management, social aspects and respect for human rights.

With regard to human rights, although the issue is not material for Edison, the document describes the commitment for the protection of human rights through various methods as indicated in the paragraph "Protection of Human Rights".

## The material issues and reference scopes

Material issues	Aspects	Boundary		Boundary limitations	
		Materiality within the organisation	Materiality outside the organisation	Materiality within the organisation	Materiality outside the organisation
Business adaptation and development in light of changes in scenario	GRI 305 Emissions	Edison S.p.A.			
Climate change	GRI 305 Emissions	Edison S.p.A.	Suppliers		Suppliers
Business responsibility and integrity	GRI 205 Anti-corruption	Edison S.p.A.	Suppliers		
Service quality and focus on customers	EU Access	Edison Energia S.p.A.	Agencies and commercial intermediaries		Agencies and commercial intermediaries
Communications and effective information	GRI 417 Marketing and labelling	Edison S.p.A.			
Local development through relationships with stakeholders	Stakeholder engagement	Edison S.p.A.			
Energy transition through the development of RES, efficiency and gas	GRI 302 Energy	Edison S.p.A.	Customers		
Sustainable mobility	GRI 305 Emissions	Edison S.p.A.	Customers		
Protection of habitats, ecosystems and biodiversity	GRI 303 Water GRI 304 Biodiversity GRI 306 Effluents and waste	Edison S.p.A.	Suppliers		Suppliers
Generation of sustainable value in partnership with suppliers	GRI 204 Procurement Practices	Edison S.p.A.			
Internal engagement and the company's attitude to change	GRI 401 Employment	Edison S.p.A.			
Upskilling and reskilling and enhancement of talent	GRI 404 Education and training	Edison S.p.A.			
Health and safety at work	GRI 403 Worker health and safety	Edison S.p.A.	Suppliers		Suppliers
Plurality and inclusion	GRI 405 Diversity and equal opportunity	Edison S.p.A.			

The content is set up so that, for each aspect required by the standard, evidence is provided of the materiality of the theme with respect to Edison's activities, the risks connected with it, the Company's policies and commitments and the results obtained and monitored through specific performance indicators which represent and describe the operating results. Data and information were collected and consolidated by the heads of Edison's various departments by extracting them from company information systems, invoices and internal and external reporting, under the coordination of the Sustainability and CSR (Corporate Social Responsibility) Department.

Data is collected following the international **GRI Standards framework published by the Global Reporting Initiative**. The data represented are final, except where stated in the table, based on three-yearly trends, **in accordance with the GRI Referenced approach**.

Edison's commitment to fighting against climate change is part of its Sustainability Policy and its targets - not just about the energy production from renewable sources but also about concrete commitments towards the energy transition (for more details, see chapter "Environmental aspects and workers health and safety ") as the Company has the objective of "[...] being a leader in the energy transition [...]". Climate change is also declined in the corporate governance model and non-financial risks (for more details, see the chapter "Corporate model for the management and organisation of business activities").

This document was submitted, in accordance with the provisions of Legislative Decree 254/16, art. 3, paragraph 10, to the company Deloitte & Touche S.p.A. for a compliance opinion, based on the criteria laid out in the principle ISAE 3000 Revised, whose audit report is attached to this statement.

**The Board of Directors of Edison approved the Non-Financial Disclosure** on February 13, 2020. The NFD is published in the "Sustainability" section of the **Company's Website** ([www.edison.it](http://www.edison.it))



# GRI TABLE

GRI Standard	Indicator description	Page reference	Notes
<b>Profile of the organisation</b>			
102-1	Name of the organisation	Cover	
102-2	Brands, products and services		The indicator is compliant with requirement <b>a</b> of the reference standard.
102-3	Location of central headquarters		
102-4	Location of operations		Please refer to Report on Operations.
102-5	Ownership structure		
102-6	Markets served		The indicator is compliant with requirement <b>a.i</b> of the reference standard.
102-7	Scale of the organisation		Please refer to Report on Operations.
102-8	Information on employees and other workers		The indicator is compliant with requirements <b>a</b> and <b>f</b> of the reference standard.
102-9	Supply chain		
102-10	Significant changes to the organisation and its supply chain		
102-11	Precautionary principle or approach		
102-12	External initiatives		
102-13	Membership of associations		
EU2	Net energy production		
EU 3	Number of residential, industrial, institutional and commercial customers		Since 2019, Edison decided to publish this indicator in aggregate form, as the information was deemed sensitive with respect to its competitiveness in the market.
<b>Ethics and integrity</b>			
102-16	Values, principles, standards and rules of conduct		
102-17	Mechanisms for suggestions and worries over ethical questions		
<b>Governance</b>			
102-18	Governance structure		
102-26	Role of the highest decision-maker in defining proposals, values and strategy		
102-32	Role of the highest decision-maker in sustainability reporting		
<b>Local development through relationships with stakeholders</b>			
102-40	List of stakeholder groups		
102-41	Collective labour agreement		
102-42	Identification and selection of stakeholders		
102-43	Approach to stakeholder engagement		
102-44	Key issues and main concerns		The indicator is compliant with requirement <b>a.i</b> of the reference standard.
<b>Reporting process</b>			
102-45	Entities included in the consolidated financial report		Please refer to Report on Operations.
102-46	Definition of the contents of the report and limits relating to the issues		
102-47	List of material issues		
102-48	Redefinition of information		
102-49	Reporting changes		

GRI Standard	Indicator description	Page reference	Notes
102-50	Reporting period	2019 full year	
102-51	Date of the most recent report	2019	
102-52	Reporting frequency	Annual	
102-53	Contacts relating to report requests		
102-54	Declaration of compliance with the GRI Standards		
102-55	GRI Index		
102-56	External assurance		
<b>Reserves</b>			
OG1	Estimated volume of reserves		
<b>Generation of sustainable value in partnership with suppliers</b>			
103-1	Explanation of material issues and their boundary		
103-2	Approach of management and its members		
103-3	Evaluation of management approach		
204-1	Percentage of expenditure on local suppliers		
<b>Business responsibility and integrity</b>			
103-1	Explanation of material issues and their boundary		
103-2	Approach of management and its members		
103-3	Evaluation of management approach		
205-2	Communication and training on anti-corruption policies and procedures		The indicator is compliant with requirements <b>b</b> and <b>e</b> of the reference standard.
205-3	Observations on confirmed corruption and actions taken		
<b>Energy transition through the development of RES, efficiency and gas</b>			
103-1	Explanation of material issues and their boundary		
103-2	Approach of management and its members		
103-3	Evaluation of management approach		
302-1	Energy used by the organisation		The indicator is compliant with requirements <b>a</b> , <b>b</b> , <b>c</b> , <b>e</b> , <b>f</b> of the reference standard.
302-2	Energy consumed outside the organisation		
302-5	Reduction in energy requirements of products and services		The indicator is compliant with requirement <b>a</b> of the reference standard.
OG 3	Energy produced from renewable sources		
<b>Protection of habitats, ecosystems and biodiversity</b>			
103-1	Explanation of material issues and their boundary		
103-2	Approach of management and its members		
103-3	Evaluation of management approach		
303-1	Withdrawal of water by source		
303-3	Water recycled and reused		The indicator is compliant with requirement <b>a</b> of the reference standard.
<b>Protection of habitats, ecosystems and biodiversity</b>			
103-1	Explanation of material issues and their boundary		
103-2	Approach of management and its members		
103-3	Evaluation of management approach		
304-1	Operational sites owned, leased, managed in, or adjacent to,		

GRI Standard	Indicator description	Page reference	Notes
<b>Business adaptation and development in light of changes in scenario</b>			
<b>Climate change</b>			
<b>Sustainable mobility</b>			
103-1	Explanation of material issues and their boundary		
103-2	Approach of management and its members		
103-3	Evaluation of management approach		
305-1	Direct emissions (Scope I)		
305-2	Indirect emissions (Scope II)		
305-3	Other indirect emissions (Scope III)		
305-4	Intensity of emissions		The indicator is compliant with requirement <b>a</b> of the reference standard.
305-7	NOx, SOx and other significant air emissions by type and weight		
OG6	Emissions of the hydrocarbons sector relating to flaring/venting		
<b>Protection of habitats, ecosystems and biodiversity</b>			
103-1	Explanation of material issues and their boundary		
103-2	Approach of management and its members		
103-3	Evaluation of management approach		
306-1	Total water withdrawn by quality and use		
<b>Internal engagement and the company's attitude to change</b>			
103-1	Explanation of material issues and their boundary		
103-2	Approach of management and its members		
103-3	Evaluation of management approach		
401-3	Parental leave		
<b>Health and safety at work</b>			
103-1	Explanation of material issues and their boundary		
103-2	Approach of management and its members		
103-3	Evaluation of management approach		
403-2	Type of injuries and rates of injury, occupational illnesses, lost work days, absenteeism, and total number of work-related fatalities		
EU17	Work days from employees of third party companies for construction and O&M activities		
<b>Upskilling and reskilling and enhancement of talent</b>			
103-1	Explanation of material issues and their boundary		
103-2	Approach of management and its members		
103-3	Evaluation of management approach		
404-1	Average annual hours of training per worker		
404-3	Percentage of workers receiving regular performance assessment and career development reviews		
<b>Plurality and inclusion</b>			
103-1	Explanation of material issues and their boundary		
103-2	Approach of management and its members		
103-3	Evaluation of management approach		
405-1	Diversity of governance and worker bodies		The indicator is compliant with requirement <b>a</b> of the reference standard.
405-2	Percentage of basic salary and remuneration of women with respect to men		

GRI Standard	Indicator description	Page reference	Notes
<b>Communications and effective information</b>			
103-1	Explanation of material issues and their boundary		
103-2	Approach of management and its members		
103-3	Evaluation of management approach		
417-3	Non-compliance relating to sales communications		
<b>Service quality and focus on customers</b>			
EU 27	Disconnections due to non-payment		
<b>Human Rights</b>			
103-1	Explanation of material issues and their boundary		
103-2	Approach of management and its members		

# 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 OF JANUARY 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 "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 "Edison Group" or "Group") as of December 31, 2019 prepared on the basis of art. 4 of the Decree, and approved by the Board of Directors on February 13, 2020 (hereinafter "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 the "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 "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 and/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);

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., EDF Fenice Services Iberica SI, Sersys Ambiente S.r.l., Fenice Poland Sp.z.o.o. 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:
  1. 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;
  2. 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. - headquarter, EDF Fenice Services Iberica SI - headquarter, Sersys Ambiente S.r.l. - Grugliasco 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, 2019 is not prepared, in all material aspects, in accordance with article 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 26, 2020

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



This document is also available on the  
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