

2010 Sustainability Report



Corporate identity
Socio-economic relationships with the stakeholders
Environmental issues
Environmental accounts
Company fact sheets – Italy & abroad



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LETTER OF INTRODUCTION

Confirming a line of growth correctly oriented and circumspectly maintained, the Group's economic indicators were once again positive in 2010 and the leading ratings agencies expressed their complete faith in the company, restoring confidence for the market and investors.

The agreement reached with the partner GdF Suez Energia Italia for the winding up the "AceaElectrabel" joint venture operative since 2002 in the electricity generation, trading and sales sectors, is consistent with this process. This agreement, which will connote the evolution of the business, led in December 2010 to the drawing up of the Outline Agreement between the parties which, in the first quarter of 2011, led to a restructuring and separation of the activities initially invested in. The Acea Group has today all the hydroelectric plants, the turbogas plants of Tor di Valle and Montemartini and 100% of the sales activities. Therefore, Acea will continue to oversee the energy supply chain, developing its generation capacity in the sector of renewable power and enhancing its presence on the electricity sales market. Furthermore, the collaboration with GdF Suez, via Suez Environnement, for the management of the water cycle in various areas of operation in Tuscany, will continue.

The approaching development of the water sector will also be of significance, the developments of which are being awaited, in light of the conclusion of the process for the reform of local public services and the outcome of the referendums which followed the same.

The 2011-2013 Strategic Plan, approved in December, guides Group growth touching various sectors highly involved in sustainability issues. Investments are in fact put forward in the same, for the water and electricity infrastructures, the implementation of energy efficiency projects, the development of photovoltaic activities, co-generation and district heating, the revamping of a number of hydroelectric plants, the extension of the waste-to-energy plants and expansion in the biomass sector, as well as, in relation to customers, a greater application of customer relationship management tools.

With regard to the majority of these aspects, moreover, during 2010 the Group had already launched projects and undertaken specific activities, as illustrated in this edition of the Sustainability Report. In the energy sector, for example, mention should be made of the first projects, within a plan which will have a much wider scope, in the sphere of the technological innovation of the distribution networks - smart grids - which will align the management capacity of the energy flows with the progressive development of the generation and will also be functional in relation to the development of electric mobility in Rome; a series of initiatives continued subsequently, which led to the achievement of marked improvements in the sphere of continuity of the energy supply, with performances rewarded by the pertinent Italian Authorities. With regard to generation, the considerable commitment in the photovoltaic field led to the construction of numerous new plants - including the largest in Rome, for around 5 MWp - thanks to which the Group achieved total installed power of around 25 MWp, destined to rise by virtue of other projects already completed and being connected up, leading to a total production of energy from solar sources in the year equal to the requirements of 6,000 households, and around 8,400 tons of CO₂ emissions avoided. Co-generation activities also grew: in 2010, further to an agreement with Eur SpA, Eur Power Srl was established (in which Acea holds an investment) with the purpose of producing and supplying electricity, heat and cooling power to industrial and non-industrial users, via the construction of co-generation and tri-generation plants in the buildings of the EUR district.

With regard to energy sales, Acea confirmed its position as third leading operator in Italy in terms of volumes sold on the end market; specifically, the Group grew in the "eligible" market segment becoming the third leading operator in terms of volumes sold from sixth place in 2009, confirming the appreciation which its commercial offers meet with.

In the environment-waste management sector, work is underway for revamping and enhancing waste-to-energy plants which will increase the capacities significantly and produce improvements in terms of energy performance; the consolidation and development of the activities for the recovery of treatment sludge and organic waste from separate waste collection also continued. In the water sector, taking just the figures for Italy, for around 8.5 million inhabitants served, volumes of drinking water introduced in total onto the network increased, amounting to 1,251.5 Mm³ along with volumes of waste water treated, around 929 Mm³. The extremely complex system of the infrastructures running the integrated water cycle ensures an optimum management of the service, carried out paying particular attention to the containment of the environmental impacts and the protection of the ecosystems. During 2010, the Group managed around 820 treatment plants, more than 48,000

km of aqueduct, drinking water transportation and distribution networks and around 23,800 km of sewerage networks. The commitment made in relation to dealing with problems linked to the presence of non-compliant parameters was particularly remarkable; these non-compliances are caused by the volcanic nature of the area, found in the drinking water in certain areas of Lazio. Other activities of note included those for the containment of losses and initiatives for raising the awareness of customers and the community in relation to the correct use of the water resource.

The company is doing a great deal as well to contain its process energy and water consumption: the energy efficiency initiatives undertaken by the companies operating in the water sector made it possible to achieve an overall savings of 5.5 million kWh in 2010, greater than planned or expected, and it was possible to obtain a reduction of 14% in the consumption of water used to cool the production plants.

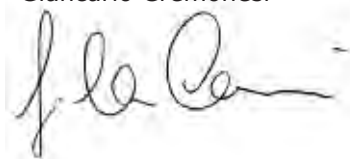
With a view to social sustainability, we would finally like to disclose that the figures relating to staff employed in the company - over 6,900 individuals in the year under review - provide an idea of the role played by the Group with regard to employment and stability, both in terms of the composition of the workforce, with 20% of employees who have a maximum of 35 years of age, and in terms of the average duration of the employment relationship, with 31% of employees leaving during the year who had been with the company between 30 and 40 years, and also in terms of employment stability, with 96% of employees under permanent contracts. Within the sphere of safety in the workplace - another aspect which is subject to the utmost attention -, various Group companies have achieved certification of the Safety management system in accordance with the OHSAS 18001:2007 standard, and numerous training courses have been provided on the subject, while the accident frequency and severity indexes have been approved. In conclusion, as a further aspect in this context, we would like to emphasise the positive repercussions on satellite activities which contribute towards social stability, a very important issue for a company deeply rooted in its local area like Acea is.

The Group therefore proceeds convinced of its commitment to operate integrating the economic, environmental and social aspects of the activities even further, with a view to sustainability.

The Chief Executive Officer
Marco Staderini



The Chairman
Giancarlo Cremonesi



COMMUNICATING SUSTAINABILITY: METHOD NOTES

Guidelines

Every year Acea publishes the Sustainability Report, which provides a qualitative and quantitative description of economic, social and environmental performances of the Group, providing the stakeholders¹ with the clearest, most complete and integrated information possible. This edition refers to the year 2010, and is the thirteenth report published since Acea, at the time of redefining its corporate mission and stock market listing, started down the route of social responsibility.

Over time, the reference guidelines - necessary for drawing up an objective and comparable account - have become more challenging, introducing new and more accurate indicators, and have evolved with a view to improvement, therefore the 2010 report presents innovations with respect to last year. In this edition, Acea has followed the reporting standards and performance indicators of the **GRI-G3.1 Guidelines**², the most recent version published by the Global Reporting Initiative, supplemented by the indicators envisaged **by the Sector Supplement for Utility Companies in the electricity sector**.

For the first time, the decision was taken to comply with the GRI standards also when calculating the economic value generated by the Group and divided between the stakeholders³, according to a scale-up/down scheme similar to the structure of the income statement in the financial statements. The sustainability report is also accompanied by the **Environmental Accounts**, which accurately and in detail (by means of over 200 items) quantify the physical flows generated by the Group's activities⁴, via analysis of the life cycle of the products (LCA - **Life Cycle Assessment**).

Since 2007, Acea has been involved in the **Global Compact** (GC) initiative, acknowledging **coherence between the ten principles** supported by the United Nations through the "Global Pact" **and the ethical guidelines established by the Group's value codes**, and each year compliance with the international body has been formally confirmed by senior management. The *Communication on Progress* (CoP) envisaged by the Global Compact is supplemented in the sustainability report, by means of a **reconciliation of the GRI indicators with the Global Compact principles**, as a result of the agreement between the Global Compact and the GRI.

Content and structure of the document

The contents of this Report aim to fulfil the expectations of the various stakeholders in terms of information in a clear and balanced way and are provided according to the indications provided in the *GRI-G3 Guidelines* appropriately linked up to the Company's business and operating context. Account was taken of the **legal nature of the company** (the Parent Company, Acea SpA, is listed on the Stock Exchange), the **relationships between the holding company and the other Group companies**, the **corporate mission** (Acea is a Utility company), the **sectors the Group operates in** (energy and water)⁵, the country - Italy - where the activities are mainly carried out and the types of stakeholder with whom the Group interacts.

In order to more fully apply the **principle of materiality**, adequately highlighting the topics of greatest importance in terms of sustainability, Acea has appointed a specialised company to **identify, map and hierarchise, within the three economic, social and environmental**

¹ As defined hereunder, also see the Stakeholders section.

² The Global Reporting Initiative (GRI), set up in England in 1997 by the Coalition for Environmentally Responsible Economies (CERES), became an independent, official centre in 2002 so as to provide support to the United Nations Environmental Program (UNEP) and collaborate with the Global Compact project (organized by the United Nations Secretary General Kofi Annan). The GRI-G3 Guidelines, published in 2011, are available on the website www.globalreporting.org; they present the reporting standards to be followed when drawing up the sustainability report and the economic, social and environmental performance indicators to be published. The Electric Utilities Sector Supplement published by the GRI in 2009 and applied to the Acea Sustainability Report, is available online.

³ Up until the 2009 edition, the model for the formation and division of the Added Value between the stakeholders was applied as proposed by the Study Group for the Social Report (SRG) in the Basis of presentation of the Social Report (2001 edition) which represented, both for Acea and many Italian companies, the first guide in social reporting.

⁴ The environmental figures for the energy sector are calculated taking into account Acea SpA's shareholding, on the same basis adopted for the consolidated financial statements, while the figures for the water sector are 100% booked to the Group, irrespective of the shareholding, since Acea represents the industrial entity responsible for management activities.

⁵ See Group Profile.

areas, the priority elements, taking into account the "importance" assigned – low, average, high - on the basis of an analysis of the internal and external factors (documentary analysis, interviews with internal stakeholders and focus groups with external stakeholders) checked by a benchmark. On conclusion of these survey activities, elements emerged represented concisely in table No. 1, each of which in reality have numerous breakdowns; for example, the "Water" aspect, of high importance for environmental matters, covers subjects such as: the quality of the water and the protection of the springs, the reduction of the losses, the quality levels supplied by the service, making customers aware of the value and the quality of the water resource, the regulation of the integrated water service, which also have economic and social implications.

Acea will take the results of the analysis on the factors of importance into due account, in accordance with the priorities indicated by the Guidelines and by the corporate strategic choices. The *2010 Sustainability Report* confirms the **standard elements and performance indicators** required by the *GRI-G3.1 Guidelines* (core and additional) and the Sector Supplement, **with the highest level of application (A+)**, which envisages, besides the satisfaction of all the indicators, also the review of the report by an external company with proven experience regarding assurance activities (see table No. 2).

Additional information has been provided on the Group's activities, with respect to that envisaged by the *Guidelines*, in the form of descriptions and figures, so **as to meet the disclosure expectations** of the stakeholders **in a more complete and compliant manner with the principle of materiality**, providing **an accurate picture of the company**.

On a consistent basis with the previous editions, the **structure of the 2010 Sustainability Report** is divided up into three sections: **Corporate Identity, Socio-economic Relations with Stakeholders** and **Environmental Issues**, supplemented by the **Environmental Accounts**, while the summary disclosure in **Company Fact Sheets Italy-Overseas** has once again been kept separate (see Chart No. 1). The decision was made in 2010 to no longer publish the report on paper, but rather to divulge it both on the Group website – www.acea.it - and also on a pen drive which depicts the new company logo adopted in 2011, in a small case accompanied by a brief summary brochure, printed using FSC (Forest Stewardship Council) certified paper.

Table No. 1 – MATERIALITY: MAPPING OF THE IMPORTANCE

Importance	Economic	Social	Environmental
High	<ul style="list-style-type: none"> • Indirect economic impacts • Governance, commitment and involvement • Strategy 	<ul style="list-style-type: none"> • Community • Product liability 	<ul style="list-style-type: none"> • Water • Emissions, effluent and waste • Energy • Environmental expenditure and investments • Environmental compliance • Protection and impacts on biodiversity (2010)
Average	<ul style="list-style-type: none"> • Market presence • Organisational profile • Economic performance 	<ul style="list-style-type: none"> • Work 	<ul style="list-style-type: none"> • Impacts of products and services on the environment • Raw materials • Transportation of products and human resources

Chart No. 1 – Structure of the 2010 Sustainability Report

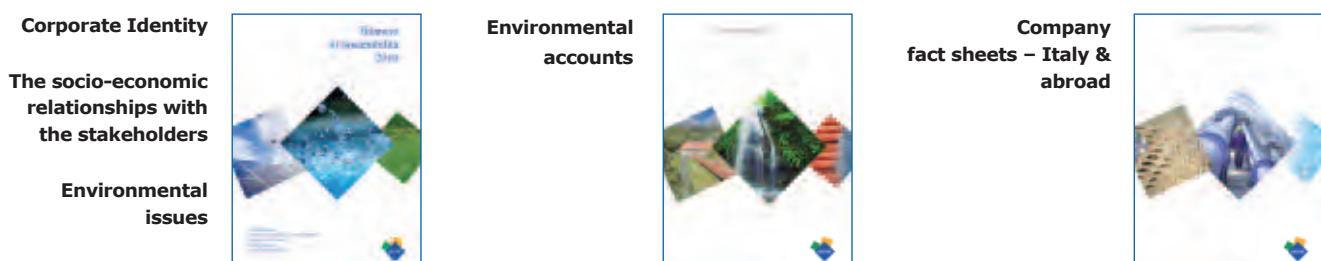


Table No. 2 – LEVEL OF APPLICATION OF THE GRI-G3.1 GUIDELINES

APPLICATION LEVELS		C	C+	B	B-	A	A+
STANDARD DISCLOSURE	PROFILE	Reporting on: 1.1 2.1-2.10 3.1-3.8 3.10-3.12 4.1-4.9 4.14-4.15		Reporting on all the criteria envisaged for C and upwards: 1.2 1.8-4.13 4.8-4.17 4.16-4.17		Generic requirements envisaged for level B	
	HANDLING METHOD	Not Required		Disclosure on the handling method of each category of indicators		Disclosure on the handling method of each category of indicators	
	GRI PERFORMANCE INDICATORS AND SECTOR SUPPLEMENT PERFORMANCE INDICATORS	Reporting on a minimum of 10 performance indicators, including at least one indicator from each sphere: economic, social and environmental	REPORT ASSESSED EXTERNALLY	Reporting on a minimum of 20 performance indicators, at least one on each sphere: economic, environmental, human rights, work, society, product liability	REPORT ASSESSED EXTERNALLY	Reporting on all the core performance indicators of the GRI and the Sector Supplement, with regard to the materiality, both in the reporting and in explaining any omissions	REPORT ASSESSED EXTERNALLY

Boundaries of the report

The area which the reporting refers to - the “boundary of the report” - was established following the indications of the adopted Guidelines, without omitting significant information or data on a consistent basis with the composite dimension of the Group (also see the section *Group Profile*). **The wider boundary considered** – typical of the economic data – **comprises Acea SpA and the other companies falling within the scope of consolidation**, as defined in the *2010 Consolidated Financial Statements*⁶. **Each time this boundary changes**, according to the effective availability of the data (to be placed in relation with a progressive centralised management of the same), **this is specified and appropriately indicated in the text**⁷. The area which reflects the main economic, social and environmental impacts of the Group - represented by the holding company and the

Box – Definitions and boundary

“Acea Group”, “Acea”: here reference is made to all the companies which fall within the scope of consolidation, including Acea SpA. “Acea SpA”, “Parent Company” and “Holding Company”: these are terms used on an equal basis. The main companies which fall within the boundaries of the report, in addition to Acea SpA, are: Acea Distribuzione, Acea Reti e Servizi Energetici, the 4 companies arising from the joint venture entered into in 2002 with the Belgian company Electrabel

(AceaElectrabel, AceaElectrabel Produzione, AceaElectrabel Trading, AceaElectrabel Elettricità), the A.R.I.A. Group companies (Terni En.A, Eall), Tirreno Power, Acea Ato 2, Acea Ato 5, Laboratorio, Acque, Gori, Acquedotto del Fiora, Publiacqua, Umbra Acque, Acea8cento. Where possible, the boundary also includes other companies. The effective presence of the companies in the reference boundary is explicitly indicated in the text as and when appropriate.

⁶ The 2010 Consolidated Financial Statements are available on the website www.aceaspa.it (Shareholders section).

⁷ In various cases, the reporting area of The socio-economic relationships with the stakeholders and The relationships with the environment sections does not coincide with the scope of consolidation despite referring to the main Group companies. These differences take place because not all the data (for example that relating to the Human resources or Suppliers) is collated and handled at centralized level. These boundary changes are always indicated in the text, in boxes entitled Boundaries, and Acea, from year to year, tries to bring the reporting boundary as close as possible to the Group’s scope of consolidation.

main operating companies in the water and energy sectors (including waste-to-energy), is however always reported, thus guaranteeing comparability. Nevertheless, year by year, Acea seeks to extend the reporting boundary, reflecting the dimension of the Group as fully as possible.

Data reliability and retrieval system

The data and information published in the *Sustainability Report* is essentially provided by the responsible divisions and is consistent with official sources (such as the *Reports on operations* of the individual companies, the *Corporate Governance Report*, the *Annual consolidated financial statements*, the reports sent to the sector Authorities); it is additionally supplemented and specified, by means of in-depth discussion and communication between the internal work group, which draws up the sustainability report, and the Divisions directly concerned, until final validation. If necessary, the data is reprocessed or reclassified according to the adopted Guidelines.

Before publication, the report is entrusted to an **independent consulting firm**, specialised in assurance, with whom Acea does not have any joint interests or any other links. The independent firm is tasked with examining the contents of, and methods for drawing up, the report, checking its consistency with the guidelines adopted and issuing a full opinion on its clarity, completeness and transparency. Specifically, in 2010, this audit was carried out on the fundamental parts of the sustainability report which illustrate the indicators envisaged by the *GRI-G3.1 Guidelines* and by the Sector Supplement: *Corporate identity, The socio-economic relationships with the stakeholders, Environment Issues and the Environmental Accounts* (see the Opinion Letter of the consulting firm). The *2010 Sustainability Report* was **submitted for the approval of Acea SpA's Board of Directors**.

Measuring systems

Social and environmental quantitative data has been produced:

- where possible, by means of **direct measuring** of the parameters correlated to the phenomena studied in this report;
- in other cases, by means of **calculation** or **estimate of the values** of the parameters based on the best information available.

Each piece of environmental data is commented on in the **explanatory notes to the Environmental Accounts**, specifying whether this is the result of **calculation, measuring or estimation**.

Box – Other sources of information on Group performances: the website

On the website www.aceaspa.it, it is possible to access up-to-date information on the Group:

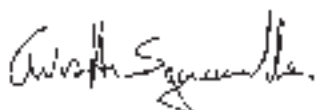
- the “**Regulations and Values**” section contains documents and information on corporate governance and the texts of the main value codes adopted by the Group;
- in the “**Shareholders**” section, the economic-financial reports are published, including the on-line version of the *Consolidated Financial Statements* (in Italian and English) along with other information of interest. On the “Highlights” web page it is possible to view, interactively, the graphs relating to the main economic-financial data of the last few years, compare said data and compare it with that of the leading national competitors;
- in the “**Sustainability**” section, the complete text, in

PDF format, of the 2010 Sustainability Report is available, along with all previous editions of the report; as from the 2008 edition, an on-line version of the report which can be consulted interactively, available in Italian and English;

- the “**Quality and Safety**” section contains information on the two subjects;
- there is a section dedicated to “**Suppliers**”, with a part concerning legislation, Qualification Systems and on-line tenders, and, for **Customers**, links to the websites of the companies which manage the services;
- in the section “**Communication**” there is an area dedicated to the press and to prominent news, as well as information on the advertising campaigns created and on the main events organized with the aid of Acea.

Requests for additional information can also be sent to the following e-mail address: rapporti.istituzionali@aceaspa.it

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RECONCILIATION OF THE GLOBAL COMPACT PRINCIPLES WITH THE GRI INDICATORS

Global Compact is an initiative launched by the Secretary General of the United Nations at the end of the World Economic Forum in 1999. In his appeal, he invited the leaders of the world economy to provide their support and disclose nine universal principles relating to **human rights**, **work** and the **environment**, which were joined by a tenth - the fight against corruption - in 2004, and since then the network of organisations and business which have complied with the initiative, committing themselves formally, has expanded.

Acea has subscribed to the ten principles since 2007, renewing its compliance every year.

A reconciliation is presented below⁸, between the Global Compact principles and GRI indicators, which highlights the correspondence of the same, and makes it possible to find the information

Table No. 3 - GLOBAL COMPACT-GRI CORRESPONDENCE

Global Compact Principles	Corresponding GRI indicators	Sustainability Report
Human rights	1: Businesses are required to further and respect the human rights recognised universally within the ambits of the respective sphere of influence	EC5 – LA4 – from LA6 to LA9 – LA13 – LA14 – from HR1 to HR9 – PR1 – PR2 – PR8 – pages 120 – 121 <i>et seq.</i> – 107, 118, 119 – 115 <i>et seq.</i> , 121 <i>et seq.</i> , 128 – 120 – 32, 57 <i>et seq.</i> , 101, 106, 112 <i>et seq.</i> , 115 <i>et seq.</i> , 124, 127 <i>et seq.</i> – 46 <i>et seq.</i> , 83, 107, 136 – 59 – 43, 86
	2: Businesses must ensure that they are not, even indirectly, party to the abuse of human rights	from HR1 to HR9 pages 32, 57 <i>et seq.</i> , 101, 106, 112 <i>et seq.</i> , 115 <i>et seq.</i> , 124, 127 <i>et seq.</i>
Work	3: Businesses are required to support freedom of association of workers and recognise the right to collective bargaining	LA4 – LA5 – from HR1 to HR3 – HR5 pages 112 <i>et seq.</i> – 101, 106, 124 – 112 <i>et seq.</i> , 127 <i>et seq.</i>
	4: Businesses must uphold the elimination of all forms of forced and compulsory labour	from HR1 to HR3 – HR7 pages 101, 106, 124 – 57
	5: Businesses must uphold the effective elimination of child labour	from HR1 to HR3 – HR6 pages 101, 106, 124 – 57
	6: Businesses must uphold the elimination of any form of discrimination regarding employment and profession	EC7 – LA2 – LA13 – LA14 – from HR1 to HR4 pages 54 – from 109 to 112 – 115 <i>et seq.</i> , 121 <i>et seq.</i> , 128 – 120 – 32, 101, 106, 115 <i>et seq.</i> , 124, 128

⁸ This reconciliation has been drawn up by UNGlobal Compact and the Global Reporting Initiative, and is available on-line ([www.unglobalcompact.org.](http://www.unglobalcompact.org/)) under Making the Connection. The GRI Guidelines and the UNGC Communication on Progress.

envisaged by the Communication of Progress concerning the progress made and ventures undertaken, which every compliant company is obliged to draw up.

Global Compact Principles	Corresponding GRI indicators	Sustainability Report
Environment	7: Businesses are required to have a precautionary approach to environmental challenges	4.11 – EC2 – EN18 – EN26 – EN30
	8: Businesses are required to undertake initiatives which further greater environmental responsibility	PR3 – PR4 – from EN1 to EN30
	9: Businesses are required to encourage the development and disclosure of technologies which respect the environment	EN2 – da EN5 a EN7 – EN10 – EN18 – EN26 – EN27 – EN30
Fight against corruption	10: Businesses undertake to fight corruption in all its forms, including extortion and bribery	from SO2 to SO6
	ALL (1-10)	1.1 – 1.2 - from 4.1 to 4.10 – 4.12 – 4.13 – 5 (DMA) – SO5
		<p>pages 45, 107, 118, 171 – 27 – 157 – 143, 153, 170 – 146</p> <p>pages from 68 to 85 – 140, 141, 143, 144, 146, 153, 154, 156, 157, 160, 165, 167, 169, 170, 171, 174, <i>Environmental Accounts XVIII, XXI, XXII</i></p> <p>pages 140 – 153, 154, 156, 157 – 169 – 157 – 143, 153, 170 – 141 – 146</p> <p>pages 43, 58, 122, 124, from 133 to 136</p> <p>pages 4, 6, 29 <i>et seq.</i> – 4, 26, 29, 30, 32 <i>seq.</i>, from 34 to 41 – 8, 12, 32, 42, 43, 44, 45, 47 – 43, 99, 100, 102, 118, 126, 134, 135 – 113, 134, 135 – from 26 to 29, 32 <i>et seq.</i>, 46 <i>et seq.</i>, 62, 68 <i>et seq.</i>, 101 <i>et seq.</i>, 120, 122 <i>et seq.</i>, 129, 136, 143 – from 133 to 136</p>

GRI CONTENT INDEX: STANDARD ELEMENTS

The **standard elements** envisaged by the **GRI-G3.1 Guidelines, 2011 edition**, and the indicators introduced by the **Sector Supplement for Utility companies in the electric sector**,⁹ which Acea has followed for the preparation of the *2010 Sustainability Report*, are presented below, along with indication of the pages of the sections of the report where it is possible to find them.

The list and the definitions of the **economic, social and environmental performance indicators** (core and additional), and the related reference pages of the report, are by contrast presented on the first few pages of the sections: *The socio-economic relationships with the stakeholders* and *Environmental Issues* (tables No. 13 and 66).

The meaning of each standard element, as well as every performance indicator, is fully explained in the Guidelines and the *Sector Supplement*, to which reference should be made.

Table No. 4 - STANDARD GRI-G3.1 ELEMENTS

1. STRATEGY AND ANALYSIS

- 1.1 Declaration of the highest authority in the decision-making process (for example, chief executive officer, chairman or equivalent position) regarding the importance of the sustainability for the organization and its strategy.
Letter of Introduction page 4, *Method notes* page 6, *Corporate Identity* pages 28 et seq.
- 1.2 Description of key impacts, risks and opportunities.
Letter of Introduction page 4, *Corporate Identity* pages 26, 29, 30, 32 et et seq, 34-41

2. PROFILE OF THE ORGANIZATION

- 2.1 Name of the organization.
Corporate Identity page 20
- 2.2 Primary brands, products, and/or services.
Corporate Identity pages 20, 21
- 2.3 Operational structure of the organization, also considering the main divisions, operating companies, subsidiaries and joint-ventures.
Corporate Identity pages 23, 24
- 2.4 Location where the general headquarters of the organisation are based.
Acea SpA, Piazzale Ostiense 2, 00154 Rome, Italy
- 2.5 Number of countries in which the organisation operates, name of the countries in which the organisation carries out the majority of its operating activities or which are particularly important for the purposes of the sustainability topics indicated in the report.
Corporate Identity page 20
- 2.6 Ownership set-up and legal form
Corporate Identity page 22
- 2.7 Markets served (including geographic analysis, sectors served, type of consumers/beneficiaries).
The socio-economic relationships with the stakeholders pages 61-68
- 2.8 Scale of the organisation, including: number of employees; net turnover (for private organizations) or net revenues (for public bodies); total capitalisation divided up into bonds, liabilities and shares; quantity of products or services provided.
Corporate Identity pages 22, 27; *The socio-economic relationships with the stakeholders* pages 108, 129
- 2.9 Significant changes to the dimensions, structure or ownership set-up which took place in the reporting period

⁹ The GRI-G3.1 Guidelines, 2011 edition, and the Sector Supplement for Utility companies in the electric sector are available on-line on the website www.globalreporting.org, the former in English and the latter also in Italian. With reference to the GRI-G3.1 Guidelines, for the standard elements already envisaged by the GRI-G3.1 Guidelines, 2006 edition, the definition present in the Italian translations of the 2006 version were followed while for the standard elements amended by the GRI-G3.1 Guidelines, the definitions were translated from the 2011 English version; for a more detailed explanation of their meaning, which was taken into account in the drafting of the report, reference should be made to the original version in English. With regard to the Sector Supplement for Utility companies in the electric sector, which disciplines distinct matters for energy companies, this introduces new indicators (EU), supplemented in the dedicated tables, and a number of in-depth notes (commentary) relating to indicators already envisaged by the 2006 version of the GRI Guidelines. In this case as well, reference is made to the original version in English for a more detailed explanation of their meaning, account of which was taken when drawing up the report.

(including: the location or the changes in activities, the opening, closure or the expansion of the plants; changes in the share capital structure and other formation, maintenance and amendment of the share capital transactions).

Corporate Identity pages 23, 24, 29 et et seq; *The socio-economic relationships with the stakeholders* pages

2.10 Acknowledgements/bonuses received in the reporting period.

Corporate Identity page 33; *The socio-economic relationships with the stakeholders* pages 97, 113, 134, 135, 137

3. PARAMETERS OF THE REPORT

Profile of the report

3.1 Reporting period of the information supplied (for example: calendar year, tax year).

Corporate Identity page 6

3.2 Date of publication of the most recent sustainability report.

Corporate Identity page 6

3.3 Reporting period (annual, twice-yearly, etc.).

Corporate Identity page 6

3.4 Useful contact names and addresses for requesting information on the sustainability report and its contents.

Corporate Identity page 9

Purpose and boundary of the report

3.5 Process for the definition of the contents of the report, including: determination of the materiality; priority of the subjects within the report; identification of the stakeholders which the report addresses.

Corporate Identity page 6

3.6 Boundary of the report (for example: countries, divisions, subsidiaries, leased plant, joint ventures, suppliers).

Corporate Identity page 8

3.7 Declaration of any specific limitation to the objective or boundary of the report.

Corporate Identity page 8; *The socio-economic relationships with the stakeholders* page 106

3.8 Information relating to joint ventures, subsidiaries, leased plant, outsourced activities and other entities which may significantly influence the comparability between periods and/or organizations.

Corporate Identity page 8

3.9 Techniques for gauging the data and the calculation bases, including assumptions and techniques underlying the estimates applied to the calculation of the Indicators and to the compilation of the other information of the report.

Corporate Identity page 6

3.10 Explanation of the effects of any change to the information included in previous reports (re-statement) and reasons for these amendments (for example: mergers/buy-outs, change of the calculation period, nature of the business, gauging methods).

Corporate Identity pages 6, 8, 27, 50; *The socio-economic relationships with the stakeholders* pages 109, 115;

3.11 Significant changes of purpose, boundary or gauging methods used in the report, with respect to the previous reporting period.

Corporate Identity page 8

GRI content index

3.12 Table explaining the contents of the report which contains the page number or the website of each section where it is possible to identify: Strategy and analysis 1.1 – 1.2; Profile of the organization 2.1 – 2.10; Parameters of the report 3.1 – 3.13; Governance, commitments, involvement of the stakeholders 4.1 – 4.17; Disclosure on the operating methods, by category; core performance indicators; any additional indicators of the GRI which have been included; any supplementary sector indicators of the GRI included in the report.

Corporate Identity pages 12, 15 for the standard elements; for the performance indicators (core and additional), see: *The socio-economic relationships with the stakeholders* pages 54-56; *Environmental issues* page 140

Assurance

3.13 Topical policies and practices so as to obtain the external assurance of the report (objective and bases of each external assurance if not explained in the assurance report; link between the organization and company which carries out the assurance).

Corporate Identity page 8

4. GOVERNANCE, COMMITMENTS, INVOLVEMENT OF THE STAKEHOLDERS

Governance

- 4.1 Governance structure of the organisation, including the committees which answer directly to the highest governance body, responsible for specific tasks such as the definition of the strategy or the organisational control.
Corporate Identity pages 42, 43, 4, 45
- 4.2 Indicate whether the Chairman of the highest governance body also covers an executive role (in this case, indicate the functions within management and the reasons for this structure).
Corporate Identity pages 42, 45
- 4.3 For the organisations which have a unitary structure of the governance body, indicate the number of members who are independent and/or non-executive, divided up by category.
Corporate Identity page 42 and note 27
- 4.4 Mechanisms available to shareholders and the employees for providing recommendations or directives to the highest governance body.
Corporate Identity pages 43, 45; *The socio-economic relationships with the stakeholders* page 129
- 4.5 Link between remuneration of the members of the highest governance body, senior managers and executives (including leaving bonus) and the performance of the organisation (including the social and environmental performance).
Corporate Identity pages 43, 45; *The socio-economic relationships with the stakeholders* page 120
- 4.6 Activities underway with the highest governance body for ensuring that conflicts of interest do not occur.
Corporate Identity pages 12 note 6, 42 note 27, 43, 44, 45
- 4.7 Processes for the determination of the composition, qualifications and the skills of the members of the highest governance body and committees, including any information relating to differences in race/gender and other diversity indicators.
Corporate Identity page 43, 44
The presence of women in the governance bodies and committees is not justified by the search for a gender balance but by assessments relating to the professional skills corresponding to corporate needs.
With regard to the processes for identifying and appointing the Board members of the Holding company, Acea's Articles of Association are compliant with the matters envisaged by applicable legislative provisions. In July 2011, Italian Law No. 120 was approved, introducing the obligation to envisage "female quotas" on the Board of Directors of listed companies. Specifically, these bodies shall have to envisage (as from 2012) the presence of women representing one fifth of their composition and as from 2015, one third.
- 4.8 Mission, values, codes of conduct, significant principles for the economic, environmental and social performances developed internally and progress of their implementation.
Corporate Identity pages 32, 43
- 4.9 Procedures of the highest governance body for controlling the methods for identifying and handling the economic, environmental and social performances of the organisation, including the significant risks and opportunities and the compliance with the international standards, codes of conduct and declared principles.
Corporate Identity pages 8, 45, 47
- 4.10 Process for the assessment of the performances of the members of the highest governance body, in particular in relation to the economic, environmental and social performances.
Corporate Identity pages 44, 45

Commitment in external ventures

- 4.11 Explanation of any method for applying the prudent principle or approach.
The socio-economic relationships with the stakeholders pages 45, 107, 118; *Environmental issues* page 171
- 4.12 (*) Externally developed economic, environmental and social performance charters, principles, or other initiatives to which the organisation subscribes or endorses.
Corporate Identity page 43; *The socio-economic relationships with the stakeholders* pages 99, 100, 102, 118, 126, 134, 135;
- 4.13 Participation in national and/or international trade associations in which the organisation: holds a position with the governance bodies; takes part in projects and committees; provides considerable funding beyond the normal membership fee; considers the participation as strategic.
The socio-economic relationships with the stakeholders pages 113, 134, 135

(*) In relation to the standard element 4.12, we preferred to translate the original English version of the GRI-G3 Guidelines internally, hereafter re-proposed: "Externally developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes or endorses".

Involvement of the stakeholders

- 4.14 List of the groups of stakeholders with which the organisation has involvement activities.
Corporate Identity pages 33, 49, 50
- 4.15 Principles for identifying and selecting the main stakeholders with whom to undertake involvement activities.
Corporate Identity page 49
- 4.16 Approach to the activities for involving the stakeholders, specifying the frequency by type of activity developed and by group of stakeholders.
Corporate Identity page 49; *The socio-economic relationships with the stakeholders* pages 62-68, 85, 93-100, 107, 112 et seq, 130
- 4.17 Key arguments and criticalities emerging during the activities for the involvement of the stakeholders and in what way the organisation has reacted to the criticalities which have emerged, also with reference to the matters indicated in the report.
Corporate Identity page 49; *The socio-economic relationships with the stakeholders* pages 62-68, 95, 107, 130, 135, 136

5. MANAGEMENT APPROACH

5. Disclosure on the management methods of the organisation (Disclosure on Management Approach) with reference to the aspects established for each category of performance indicators.
Corporate Identity pages 26-29, 32 et seq, 46 et seq; *The socio-economic relationships with the stakeholders* pages 62, 68 et seq, 101 et seq, 120, 122 et seq, 129, 136; *Environmental issues* page 143
- EU1 Installed capacity divided up by primary energy source and regulatory system
Corporate Identity page 31 note 21, *Environmental issues* page 150
- EU2 Net energy produced divided up by primary energy source and regulatory system
Environmental issues page 148
- EU3 Number of household, industrial, institutional and commercial customers
The socio-economic relationships with the stakeholders page 61
- EU4 Area (length) of the overhead and underground distribution and transmission networks, by regulatory system
Environmental issues page 155
- EU5 CO₂ emission quotas or equivalent, allocated on the basis of the National Allocation Plan
Environmental issues page 170

Report on Limited Review

To the shareholders of
Acea SpA

Scope of engagement

We have performed a limited review of the data and qualitative information set forth in the *Sustainability Report* of Acea SpA and its subsidiaries (Acea Group) for the year ended 31 December 2010, including the *Environmental Accounts* attached thereto and excluding the file on *Company Fact Sheets - Italy & abroad*. The purpose of the review was to verify internal coherence of the *Sustainability Report* and its compliance with the requirements and recommendations contained in the guidelines and criteria adopted for the preparation of such Report.

Reporting Criteria

We have reviewed the indication, set forth under the heading "Communicating sustainability: methodological note" of the *Sustainability Report* that such Report, regarding the sections under review, was prepared in accordance with the principles set forth by the Global Reporting Initiative (Guidelines GRI-G3.1, ed. 2011, and Electric Utility Sector Supplement).

The responsibility for the reliability and completeness of the information set forth in the *Sustainability Report* in accordance with the above criteria rests with the Management of Acea SpA.

Work performed

In accordance with the international review principles established by the International Federation of Accountants (IFAC) applicable in this case (ISAE 3000, Assurance engagement other than audits or reviews of historical information), we performed a limited review in order to provide a moderate level of assurance as a basis for our conclusions.

The review procedures performed comprised of the following:

- comparison of the financial and economic data with the information provided in the Financial Statements of Acea SpA and in the Consolidated Financial Statements of Acea SpA and its subsidiaries for the year ended 31 December 2010. In particular, the review was performed on all the data directly related to the Consolidated Financial Statements or Company Financial Statements and on the basis of test-checks of the data reported in such financial statements or accounting details of the same. With regard to the quantitative economic and financial data and information, we did not perform other review procedures but relied on the report of the auditors of the company dated 7 April 2011 on the Company Financial Statements and on the Consolidated Financial Statements;
- interviews with the management and personnel of the companies of the Group in order to:
 - obtain information concerning the informative, accounting and reporting system supporting the elaboration of the *Sustainability Report*;
 - review the processes and procedures supporting the data collection, aggregation, elaboration and transmission from the operating units and

offices to the department responsible for preparing the *Sustainability Report*;

- analytical procedures and sample examinations of the documents supporting the preparation of the *Sustainability Report* in order to obtain confirmation of:
 - the reliability of the information acquired through the interviews;
 - the efficacy of the processes adopted and their compliance with the stated objectives;
 - the efficacy of the internal control systems for the proper treatment of the data and information;
- analyses on the relevance, completeness, comprehensibility and internal coherence of the qualitative and quantitative information set forth in the *Sustainability Report*. In performing this activity we referred to:
 - the reporting criteria adopted by Acea's management for the purpose of preparing the *Sustainability Report*;
 - the benchmarking principles established in the Account-Ability's AA1000 Assurance Standard, issued by the Institute of Social and Ethical Accountability.

Conclusions

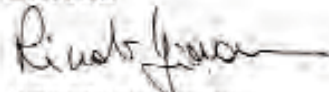
On the basis of the limited review indicated above, the qualitative and quantitative information set forth in the *Sustainability Report* appears coherent and in compliance with the contents requested or suggested by the Guidelines of reference and the criteria under which they were prepared.

In particular, we retain that the contents of the *Sustainability Report* conform to the A+ application level foreseen by the GRI Guidelines (G3.1, ed. 2011, and the Supplement for the Utilities Sector, electricity sector). With respect to preceding fiscal years, we note an improvement in the communications level of the Report regarding a clearer selection of the criteria across which the level of significance of data and information being reported.

Finally, our review did not reveal any significant variations or integrations that should have been disclosed in the *Sustainability Report* in order for it to be in compliance with the criteria indicated above.

Rome, 25 October 2011

RGA S.r.l



Riccardo Giovannini
Managing Director



CORPORATE IDENTITY



Group profile

Acea has pursued the growth of its business for more than a century. Today, it is an industrial group of national importance¹⁰, operating in every sector of the energy chain (generation, distribution and sale of electricity and gas; public lighting service) and in the integrated water sector (collection and distribution of drinking water, collection and treatment of waste water). It has progressively extended its business - the most recent areas being the waste-to-energy sector and the added value activities in environmental services, as well as the photovoltaic solar area for generation from renewable sources - and, despite maintaining a firm territorial stronghold in the Rome and province area where its activities were originally launched, it has crossed over from the local dimension, and has come to qualify itself as the leading Italian operator in the water sector, in terms of inhabitants served, the third leading operator in Italy both in terms of volumes of electricity distributed and volumes sold on the end energy market and fifth national operator in terms of volumes of waste treated.

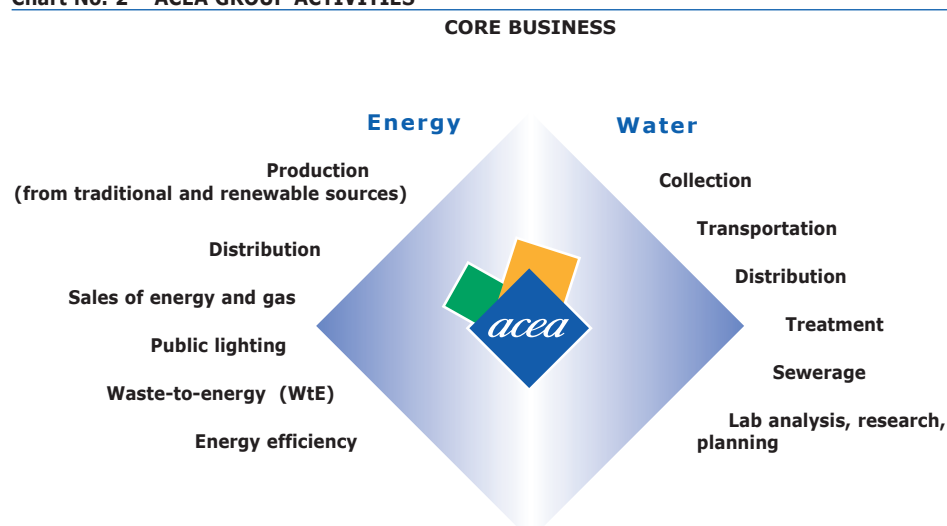
The history of Acea

- 1909** established as the Azienda Elettrica Municipale (AEM) for the Municipality of Rome, with the aim of supplying electricity for public and private lighting
- 1937** the Company becomes Azienda Governatoriale Elettricità e Acque (AGEA), with the conferral of the aqueduct services
- 1945** the Company changes its name to A.C.E.A. - Azienda Comunale Elettricità ed Acque
- 1964** the Company takes over the assets of Società Acqua Marcia and acquires the management of the entire Roman aqueduct service
- 1975** it is appointed by the Rome Municipal Authority to carry out the Plan to improve the water and sanitary conditions in outlying districts of Rome
- 1985** it acquires the waste water treatment service, laying the foundations for the integrated management of the entire water cycle
- 1989** the company changes its name to A.C.E.A. - Azienda Comunale Energia e Ambiente and develops expertise in the artistic and monumental lighting sector
- 1992** the Company acquires legal status, entrepreneurial independence and Articles of Association, maintaining its nature of instrumental municipal body
- 1998** on 1 January Acea begins to operate as a Joint-Stock Company under the name of Acea SpA
- 1999** it is listed on the Stock Exchange and becomes a corporate group
- 2000** the Company adopts a policy for expansion on both the Italian and overseas markets and explores new areas
- 2001** it acquires Enel SpA's energy distribution business segment serving Rome's metropolitan area
- 2002** it is awarded the management of the integrated water cycle in ATO 2 – Central Lazio and acquires the management of the sewage service in the Municipality of Rome; it creates a strategic joint venture in the energy sector with the Belgian company Electrabel SA

¹⁰ In the water sector, Acea is also operative abroad (Honduras, Peru, Colombia and the Dominican Republic). In 2010, these activities represented 0.65% of total Group revenues and are illustrated concisely in the section Company fact sheets – Italy & abroad.

- 2003** together with other partners it acquires Tirreno Power. In the water sector, it is awarded the management of the integrated water service in new Optimum Areas of Operation (ATO)
- 2004** it develops its production capacity: AceaElectrabel Produzione acquires the electricity generation initiatives from the other partners. It is awarded the PL service in Naples. Water management activities in Tuscany are consolidated
- 2005** it further enhances production and develops sales activities in the energy sector, in view of their balancing; in the integrated water sector, it concentrates its commitment towards the neighbouring Optimum Areas of Operation
- 2006** it acquires control over TAD Energia Ambiente SpA, operative within the sphere of the production of energy from waste (waste-to-energy); it enhances its sales capacity of energy and gas (in Puglia and in Tuscany); it consolidates the management activities of the water service in the Tuscan Optimum Areas of Operation
- 2007** it increases its capacity to produce electricity from both traditional sources and renewable ones. In this latter sphere, it launches a considerable enhancement programme, in particular from wind and photovoltaic sources
- 2008** it concludes the phase for the construction and operational launch of the new thermoelectric plants, increases the ventures in the field of renewable energy and lays the foundations for the growth of the waste-to-energy business. By means of the formation of Acea8cento, it internalizes the management of the channels of contact between Group companies and customers
- 2009** the Company consolidates integrated water management services in ATOs in Lazio, Campania, Tuscany and Umbria and expands Waste-To-Energy and energy production from renewable sources
- 2010** it defines the Outline Agreement with the partner GdF Suez, for the winding up of the JV with Electrabel in the energy generation, sale and trading sector; it increases its commitment in the sector of renewables (photovoltaic) and the waste management industrial area.

Chart No. 2 – ACEA GROUP ACTIVITIES



The Municipality of Rome is Acea SpA's majority shareholder with 51% of the share capital, while the remaining 49% is listed on the Electronic Stock Exchange organised and managed by Borsa Italiana. As of 31 December 2010, other significant shareholdings in the share capital, direct or indirect, were in circulation on the market (26%), held by the Caltagirone Group (13%) and the GDF-SUEZ Group (10%).

Acea SpA, the Parent Company, holds the corporate shareholdings and exercises **strategic policy** and **economic-financial co-ordination** functions for the Group's activities. It also carries out activities for the management support and control of the operating companies via services of an

executive, legal, logistical, technical, financial and administrative nature. Acea SpA's **macrostructure**, after the reorganisation in 2009 and as reviewed in 2010¹¹ is divided up into **four business areas - water, networks, energy, environment**¹² - which the individual companies report to (see chart No. 6).

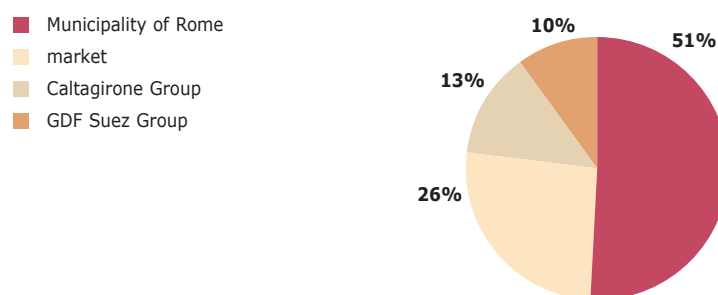
The Group's scope of consolidation as of 31 December 2010 included the **63 companies** listed in table 6 (consolidated in the financial statements using the line-by-line and proportional method) and an additional 26 companies carried at equity.

Chart No. 5 – THE ACEA GROUP: THE NUMBERS FOR 2010

employees (number)	6,913
net revenues (millions of Euro)	3,599.7
total capitalisation (millions of Euro)	3,589.6
bonds	978.7
shares	1,098.9
long-term loans	1,512
total balance sheet assets (millions of Euro)	6,379.6
energy	
generation (GWh) (gross)	3,339.9
from renewable sources (GWh) (gross)	219
hydroelectric	180.7
wind	20.1
photovoltaic	18.2
distribution (GWh)	11,900.7
sale (GWh) (eligible and protected market)	19,614.7
customers (number)	1,451,843
waste to energy (WtE)	
energy generation (GWh) (gross)	125.6
waste turned into energy (t)	147,724
public lighting	
lighting units managed in Rome (number)	175,352
water (Integrated Water Service)	
drinking water supplied (Mm ³)	672
number of analytical controls on drinking water	1,081,141
waste water treated (Mm ³)	929
inhabitants served in Italy (millions)	8.5
abroad (millions)	9.7

NB: The figures relating to energy generation are calculated taking into account the shareholdings (see The Relationships with the environment and the Environment Accounts); the figures relating to the water services refer to the Group's main water companies.

Chart No. 3 – THE SHAREHOLDING STRUCTURE as of 31 December 2010



Source: CONSOB (only shareholdings greater than 2% are shown)

¹¹ Only with regard to the Divisions and Units on the staff of the Chairman (also see chart No. 6).

¹² The Environment and Energy Business area changed its name to "Environment" under the new Group macrostructure in place as from 1 February 2011.

Table No. 6 - SCOPE OF CONSOLIDATION AS OF 31 December 2010 (companies consolidated on a line-by-line and proportional basis)

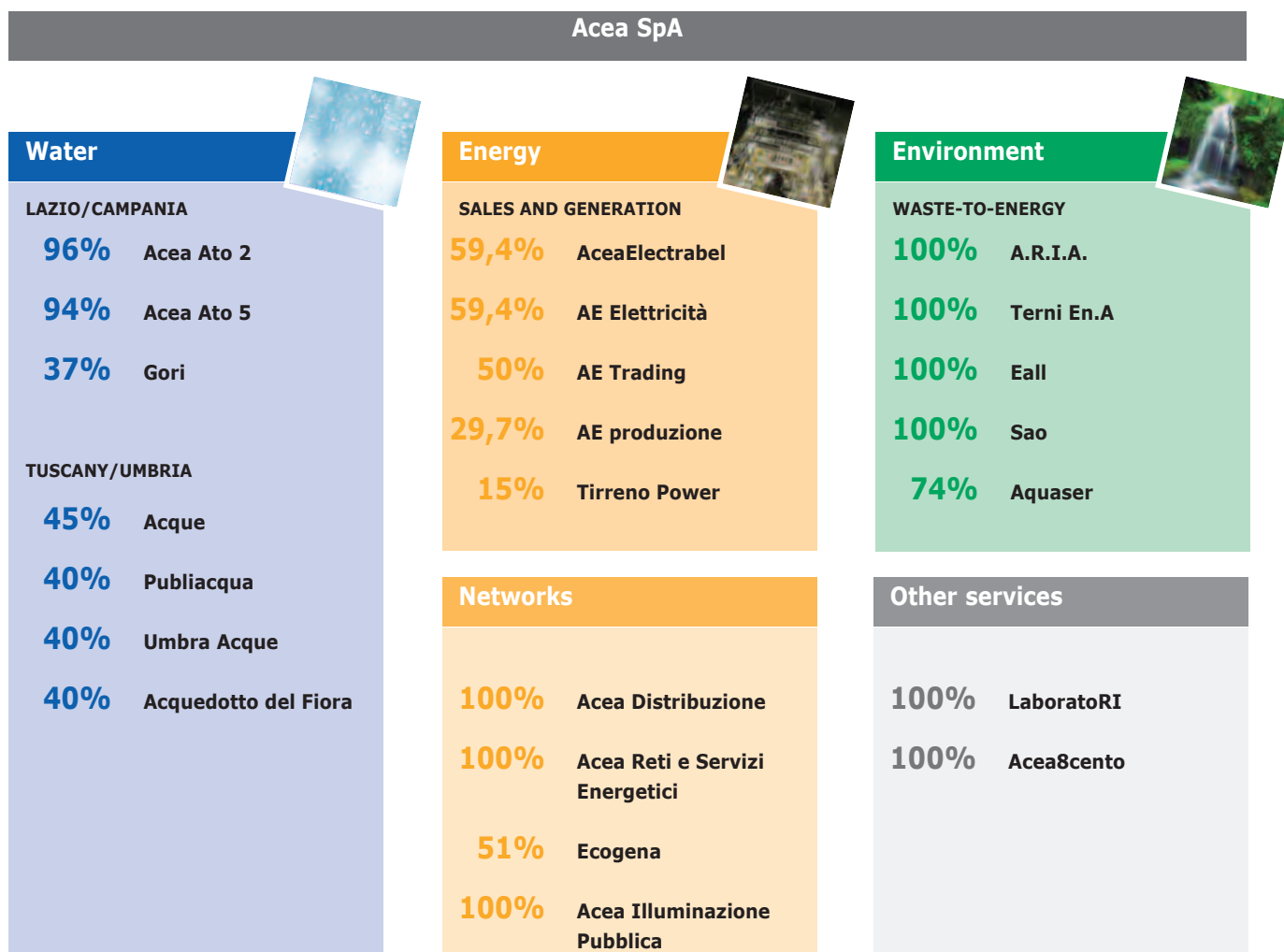
company name	registered office	Acea SpA % holding	consolidation method
Acea Distribuzione SpA	Rome	100%	line-by-line
Acea Ato2 SpA	Rome	96.46%	line-by-line
Acea Reti e Servizi Energetici SpA	Rome	100%	line-by-line
Acque Blu Arno Basso SpA	Rome	69%	line-by-line
Acque Blu Fiorentine SpA	Rome	69%	line-by-line
Ombrone SpA	Rome	84.57%	line-by-line
LaboratoRi SpA	Rome	100%	line-by-line
Acea Ato 5 SpA	Frosinone	94.48%	line-by-line
Sarnese Vesuviano SpA	Rome	95.79%	line-by-line
Crea SpA	Rome	100%	line-by-line
Crea Gestioni Srl	Rome	100%	line-by-line
Crea Partecipazioni Srl	Rome	100%	line-by-line
Gesesa SpA	Benevento	59.67%	line-by-line
Lunigiana SpA	Aulla (MS)	95.79%	line-by-line
AceaRieti (ex Omnia) Srl	Rieti	100%	line-by-line
Aguazul Bogotà SA	Bogotà-Colombia	51%	line-by-line
Acea Dominicana SA	Santo Domingo	100%	line-by-line
A.R.I.A SpA	Milan	100%	line-by-line
E.A.L.L. Srl	Terni	100%	line-by-line
Terni EN.A. SpA	Terni	100%	line-by-line
SAO SpA	Orvieto	100%	line-by-line
Enercombustibili Srl	Paliano (FR)	100%	line-by-line
Ergo En.A. Srl	Frosinone	100%	line-by-line
Ecoenergie	Paliano (FR)	90%	line-by-line
Aquaser Srl	Volterra (PI)	74.21%	line-by-line
Kyklos Srl	Aprilia (LT)	51%	line-by-line
Solemme SpA	Monterotondo Marittimo (GR)	100%	line-by-line
Acea8cento SpA	Rome	100%	line-by-line
Acea Ricerca e Perdite Scarl	Rome	67%	line-by-line
Acea Ato 5 Servizi Scarl	Rome	60%	line-by-line
Acea Gori Servizi Scarl	Rome	69.82%	line-by-line
Argo	Rome	68.39%	line-by-line
Acea Illuminazione Pubblica SpA	Rome	100%	line-by-line
Acque SpA	Pisa	45%	proportional
Acque Industriali Srl	Pisa	45%	proportional
Acque Servizi SpA	Pisa	45%	proportional
Consorcio Agua Azul SA	Lima - Perù	25.50%	proportional
AceaElectrabel SpA	Rome	59.41%	proportional
AceaElectrabel Elettricità SpA	Rome	59.41%	proportional
AceaElectrabel Trading SpA	Rome	50%	proportional
AceaElectrabel Produzione SpA	Rome	29.71%	proportional
Umbria Energy SpA	Terni	29.71%	proportional
Voghera Energia Vendita SpA	Voghera	29.71%	proportional
Estra Elettricità SpA (ex Elettria SpA)	Prato	29.11%	proportional
Elgasud SpA	Trani	29.11%	proportional
Ecogena SpA	Rome	51%	proportional
Ecomed Srl	Rome	50%	proportional
Voghera Energia SpA	Voghera	29.71%	proportional
Roselectra SpA	Rome	29.71%	proportional
Longano Eolica SpA	Rome	15.15%	proportional
Publiacqua SpA	Firenze	40%	proportional
Publiutenti Srl	Firenze	40%	proportional
Gori SpA	Torre Annunziata	37.05%	proportional
Eblacea SpA	Rome	30%	proportional
Tirreno Power SpA	Rome	15%	proportional
Umbra Acque SpA	Perugia	40%	proportional
A.P.I.C.E. SpA	Rome	50%	proportional
Acque Blu Srl	Montecatini Terme	55%	proportional
Intesa Aretina Scarl	Milano	35%	proportional
Nuove Acque SpA	Arezzo	16.16%	proportional
Ingegnerie Toscane Srl (*)	Firenze	43.01%	proportional
Tirreno Solar	Rome	15%	proportional
Consorcio AZB-HCI (Conazul)	Lima - Perù	60%	proportional

(*) Result of the merger of Acque Ingegneria and Publiacqua Ingegneria.

Activities and functions of the main companies

The Group's operational set-up as of 31 December 2010, by business area is outlined in chart No. 4. The functions carried out by the main companies are described in summary form in the following diagram.

Chart No. 4 – OPERATIONAL SET-UP AS OF 31 DECEMBER 2010



WATER

Acea Ato 2 SpA:

this company manages the integrated water service in ATO 2 – Central Lazio (Rome and another 111 municipalities in the Lazio region). The SII – integrated water service – is involved in water collection, transportation and distribution activities, sewerage system management and waste water treatment. Acea Ato 2, besides looking after the plants and their enhancement, protects and monitors the drinking water supply sources, manages the monumental fountains, drinking fountains, fire hydrants and irrigation services.

Acea Ato 5 SpA:

this company manages the integrated water service in the ATO 5 - Southern Lazio – Frosinone which includes 86 municipalities.

Ombrone SpA:

holds shareholdings in **Acquedotto del Fiora SpA**, operator of the integrated water service in ATO 6 – Ombrone, in Tuscany, which serves 56 municipalities.

Sarnese Vesuviano Srl:

this company has shareholdings in **Gori SpA**, operator of the integrated water service in ATO 3 – Sarnese Vesuviano, in Campania, which serves 76 municipalities.

Acque Blu Arno Basso SpA:

holds shareholdings in **Acque SpA**, operator of the integrated water service in ATO 2 – Basso Valdarno, in Tuscany, which serves 57 municipalities in the provinces of Pisa, Florence, Siena, Pistoia and Lucca.

Acque Blu Fiorentina SpA:

holds shareholdings in **Publiacqua SpA**, operator of the integrated water service in ATO 3 – Medio Valdarno, in Tuscany, which serves 49 municipalities.

Acque Blu Srl:

55% owned by Acea SpA, it was established in December 2008 in accordance with the joint venture between Suez Environment and Acea SpA, for the purpose of gathering together the equity investments held by the two parties in various water management companies active in the Tuscan ATOs, within a single industrial entity.

Gruppo Crea:

it controls a number of water services management companies which operate in the ATOs of Lucca, Rieti and Benevento.

Intesa Aretina Scarl:

35% owned by **Acea SpA** as from 2009, it controls **Nuove Acque SpA** an integrated water service management company in ATO 4 – Alto Valdarno, which includes 37 municipalities in the provinces of Arezzo and Siena.

Umbra Acque SpA:

it is the operator of the integrated water service in ATO 1 and 2 - Umbria, which serve 38 municipalities, including Perugia and Assisi.

LaboratoRI SpA:

it carries out laboratory, research and development services, studies and consultancy, engineering services (planning and supervision of works) mainly in the water area, provided to Acea Group companies and the external market; it also offers technical and scientific support for the development of the Group on the national and international market.

NETWORKS

Acea Distribuzione SpA:

this company handles the services for the distribution and gauging of electricity, under high, medium and low voltage (HV, MV, LV), in the municipalities of Rome and Formello; it is devoted to the planning, design, construction and maintenance of high-voltage primary distribution plants and medium and low-voltage secondary distribution networks. It also runs the public and cemetery lighting systems in the municipality of Rome.

Acea Illuminazione Pubblica SpA:

was established in **2010** for the purpose of dedicating it to the running and handling of the public lighting systems now under Acea Spa.

Acea Reti e Servizi Energetici SpA:

since 2005 it has seen to the activities linked to the obligations to increase energy efficiency (Italian Ministerial Decree dated 20 July 2004) on behalf of Acea Distribuzione; it ensures the supervision of technological innovation with regards to energy saving, handles the activities for the design, running and maintenance of systems associated with the safeguarding of the air quality co-ordinating in particular the Sanacaldaia and Caldaia Sicura initiatives on behalf of the Municipal Authority of Rome; it develops the use of renewable sources; it offers energy services in **its capacity as an E.S.Co.** (Energy Service Company).

Ecogena SpA:

established in 2007 by the joint venture between Astrim and Acea (which has a holding in the share capital of 51%), it designs and builds high efficiency co-generation energy plants (combined production of thermal energy and electricity) for industrial and non-industrial buildings, availing itself of technologically advanced solutions. **Since 2010**, it owns 49% of **EUR Power Srl** established during the year for the purpose of developing the generation of energy from renewable sources (for example geothermal energy).

ENERGY

AceaElectrabel SpA:

this company manages the equity investments in Italian companies or bodies operating in the sector for the production, sale and trading of electricity, fuels or other energy carriers. It defines the strategic planning and guidelines of the joint-venture companies.

AceaElectrabel Elettricità SpA:

this company sells electricity to customers on the protected and safeguarded market of Rome and Formello and electricity, gas and other fuels to customers on the eligible market.

AE Elettricità holds shareholdings in the share capital of **Estra Elettricità SpA**, **Elgasud SpA**, **Umbria Energy SpA** and **Voghera Energia Vendita SpA**, companies involved in the marketing and sale of energy, gas and related services in Tuscany, Puglia and Basilicata, Umbria and in the provinces of Pavia and Alessandria.

AceaElectrabel Produzione SpA:

this company develops the activities for the generation of electricity, heat and steam, also using primary renewable sources.

AE Produzione holds the absolute majority of the share capital in **Roselectra SpA** and **Voghera Energia SpA**, companies which own the combined-cycle thermoelectric plants, and of the share capital in Longano Eolica SpA, a company involved in the design, construction and management of wind farms.

AceaElectrabel Trading SpA:

this company carries out activities for consultancy, the trading, acquisition and sale of electricity, natural gas and other fuels or energy carriers.

Eblacea SpA:

which was formed in order to acquire, together with Energia Italiana, the third GenCo transferred by Enel as part of the divestments imposed by the Bersani Decree (Italian Legislative Decree No. 79/99), subsequently named **Tirreno**

Power SpA: this company is the fourth operator with regard to electricity generation in Italy.

ENVIRONMENT AND ENERGY

A.R.I.A. (Acea Risorse e Impianti per l'Ambiente former TAD Energia Ambiente):

since 2006, the Group is 100% owned by Acea SpA; it carries out activities for the production of electricity by means of the use of different types of waste and operates within the sphere of environmental services. It runs, via the companies **Terni En.A. SpA**, **EALL Srl**, **SAO SpA** and **Enercombustibili Srl**, two waste-to-energy plants, situated in Terni and San Vittore del Lazio, a waste treatment plant and associated landfill in Orvieto and a WDF (Waste-Derived Fuel) production plant in Paliano (Frosinone).

A.P.I.C.E. SpA:

established in 2008 between Acea SpA and Pirelli & C. Ambiente Renewable Energy SpA, its corporate purpose involves activities within the sphere of the reuse and treatment of waste for the generation of energy, via fuel from high-quality waste (Q-WDR), and the purchase, sale, exchange, construction and management of industrial installations in the sector.

Aquaser Srl:

it is involved in the recovery and disposal of treatment sludge. In turn, in July 2008 Aquaser acquired a holding in the share capital of **Kyklos Srl** and **Solemme SpA**, both owners of composting plants.

CORPORATE

Acea8cento:

established in 2008, its purpose is to handle customer care activities, and in particular the remote contact channels, for the Acea Group companies.

General economic indicators

After the loss reported at the end of 2009, which was also affected by a prudent provision made in view of the potential risks which the company was exposed to, Acea's performance in **2010** achieved **economic results higher than expectations**. In fact, despite a national and international macroeconomic context not yet fully recovered, the Group was in a position to make management choices which made it possible to recover efficiency and increase assets and results, registering two-figure growth rates in the year for the main economic indicators (Ebitda +18.8%, Ebit +71.7%) and confirming the ability to achieve the objectives outlined by the Business Plan approved in 2010. The **investments** made, equating to over **Euro 473 million**, distributed among the reference businesses, bears witness to the company's outlook for the future.

Table No. 7 - ACEA GROUP INCOME STATEMENT AND EQUITY HIGHLIGHTS (2009-2010)

(in millions of euro)	2009 reclassified	2010
net revenues	2,951.3	3,599.7
payroll and related costs	286.4	274.9
external costs	2,106.2	2,667.0
operating costs	2,392.6	2,941.9
Gross operating margin (EBITDA)	560.9	666.5
Operating result (EBIT)	185.2	317.9
financial transactions	(85.3)	(98.9)
transactions on equity investments	0.8	2.6
Pre-tax result	100.7	221.6
income taxes	147.8	85.4
Net result	(47.0)	136.2
income/loss pertaining to minority shareholders	5.5	7.9
Group net result	(52.6)	128.3
<i>adjustment to fair value of discontinued activities</i>	-	(36.2)
Group net result net of adjustment to fair value of discontinued activities being disposed of	(52.6)	92.1
shareholders' equity	1,286.7	1,381.3
invested capital	3,416.3	3,585.0

NB: the income statement results indicated have been taken from Acea's 2010 Report on operations, which does not take into account the reclassification on the basis of IFRS5, except for the adjustment to fair value of the discontinued activities, identified in the corporate and plant engineering sphere of AceaElectrabel Produzione subject to disposal to GdF-Suez. Furthermore, certain figures relating to 2009 have been recalculated as a consequence of the retroactive application of IFRIC12 which concerns services managed under concession.

Consolidated revenues amounted to **Euro 3,599.7 millions**, involving an increase of 22% with respect to the Euro 2,951.3 million in 2009 generated by means of the contribution of all the Group businesses (2.7).

Acea is active in **the energy business**, in the production, distribution, streamlining and sale of electricity and gas. Sector revenues amount to **Euro 2,555,3 million**, up Euro 553.6 million with respect to 31 December 2009, mainly as a result of the sales revenues of the **generation and sales** companies, which overall reported an increase of 547.9 million when compared with 2009 performances, due to the positive combination of an increase in volumes sold and the price trend. Also with regard to regulated **transportation and gauging** activities for electricity intended for the protected and eligible markets, there was an increase of Euro 10.6 million with respect to last year, involving a result of around Euro 305 million as of 31 December 2010.

The business area in question includes the income **from energy generated by the waste-to-energy plants** of Terni En.A. and EALL for Euro 22.4 million, down by around Euro 9.8 million when compared with 31 December 2009, due to the shutdown for the revamping of the Terni plant as from August, and the revenues deriving from the activities of Acea Reti e Servizi Energetici, operative in the **photovoltaic and energy efficiency sector**, totalling Euro 35.8 million (+ Euro 2.4 million with respect to 2009).

Revenues relating to environmental certificates¹³ (white and green certificates and CO₂ rights) amounted to **Euro 47.4 million** (Euro 45.2 million in 2009), being the positive balance between the lower incomings deriving from energy efficiency certificates, the decrease in the reimbursement of the cost of CO₂ quotas due to Terni EN.A. and the growth in trading activities on green certificates and CO₂ rights.

¹³ **White Certificates** – more precisely Energy Efficiency Certificates (in Italian Titoli di Efficienza Energetica – TEE), certify fulfillment of energy saving targets gradually increasing over time pursuant to the Ministerial Decrees dated 20 July 2004 for energy distributors. The certificates are issued by the Electricity Market Operator according to the certification of savings ascertained by the Electricity and Gas Authority and can be traded on the market. **Green Certificates** are an instrument via which producers and importers of electricity from fossil sources comply with the obligation envisaged by Italian Legislative Decree No. 79/99 (Bersani Decree) to introduce an amount of energy deriving from renewable sources proportionate to the electricity produced (or imported) the year before, onto the network. In fact, compliance with this obligation can also be ensured by "purchasing all or part of the equivalent share", in other words "green certificates". The Electricity Services Operator, further to request and having carried out the necessary checks, issues Green Certificates to "green" energy producers and these can be traded on the market. The **Emission trading** (EU Directive 2003/87/EC) is a system for trading quotas of greenhouse gas emissions in force within the European Community which all industrial installations falling within the sphere of this directive are subject to; for each one, via the National Allocation Plans (PNAs), quotas are established which assign the right to issue corresponding tons of carbon dioxide, having to eventually resort to the emission trading instrument both in the cases of debts to be offset due to excessive emission with respect to the established limit and if the appropriateness of exploiting the greenhouse gas credits charged but not emitted into the atmosphere, has been ascertained.

The management of **public lighting** carried out in the municipalities of Rome and Naples¹⁴ produced **Euro 71.2 million** (+ Euro 6 million with respect to last year). Revenues from cemetery lighting were stable with respect to 2009 (**Euro 7.3 million**).

In the **environment sector**, income from environmental services (waste treatment, landfill management, compost production and WDF) amounting to **Euro 28.1 million**, was up slightly with respect to the Euro 26.2 million in 2009, specifically due to the contribution provided by the Aquaser Group (+ Euro 4.8 million).

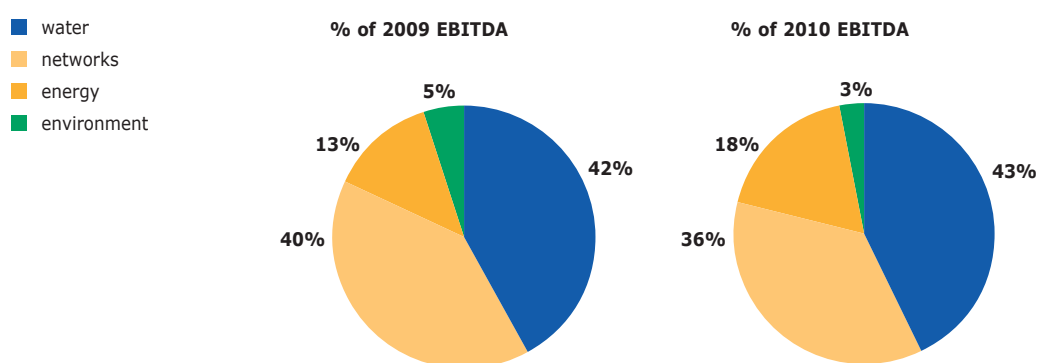
With regard to the **water sector**, revenues obtained in the integrated water service, totalling **Euro 667.3 million** as of 31 December 2010, increased Euro 22.2 million when compared with the Euro 645.1 million last year¹⁵. The main contributions to the change derive from Acea Ato 2 for around Euro 18 million (with total revenues of Euro 427.6 million), and the companies active in Tuscany and Umbria.

Acea is also operative in the water sector in **Latin America** (Peru, Honduras, Colombia and the Dominican Republic), in some cases in the management of the integrated water service, in others in commercial aspects, by means of investment in local companies¹⁶, where this year **Euro 23.6 million** was generated¹⁷, up by Euro 9.2 million with respect to the previous year thanks to the growth of Aguazul Bogotá's activities¹⁸.

The **gross operating margin (EBITDA)** rose 18% reaching **Euro 666.5 million** (Euro 560.9 million as of 31 December 2009). Observing the margins of the individual operational groupings, excluded the corporate area, it is revealed that:

- the **Water business segment** rose from Euro 249.7 to **Euro 296.3 million**, mainly as a result of the consolidation of Nuove Acque SpA, operative in Tuscany, and the performances of Acea Ato 2 which reported higher tariff revenues and a drop in operating costs;
- the **Networks business segment**, when compared with the Euro 241.5 million last year, achieved **Euro 250.4 million** thanks to both the results achieved in the photovoltaic field and the improvement in margins in electricity distribution activities;
- the **Energy business segment**, with the contribution of all the activities in the supply chain (generation, trading and sales) reported a result of **Euro 121.3 million**, up with respect to the Euro 76 million in 2009;
- in conclusion, the **Environment business segment**, **Euro 23.1 million**, compared with Euro 30.7 million last year, reported a drop referring mainly to the shutdown of the waste-to-energy plant of Terni EN.A. for revamping (upgrading and renovation of the plant).

Chart No. 5 – CONTRIBUTION OF THE BUSINESS SEGMENTS TO THE OVERALL EBITDA (2009-2010)



¹⁴ The public lighting service in Naples, after having ceased at the end of 2008, was started up once again in Summer 2010 following the awarding of the contract by the municipal authority to the A.T.I. (temporary consortium) Citelum Napoli Pubblica Illuminazione scarl: Acea's interest in this consortium comes to 32.18%.

¹⁵ The 2009 figure was reclassified, removing the revenues due to services provided to third parties and connection fees from the total indicated.

¹⁶ For further information, see the section Company fact sheets – Italy & abroad.

¹⁷ Revenues from foreign water management activities represent around 3.5% of total water revenues and around 0.65% of total Group revenues. A brief description of the foreign management activities can be found in the section Company fact sheets – Italy & abroad.

¹⁸ In 2010, Aguazul established Consorzio Conazul together with local entrepreneurs; it owns 60% of this consortium. Conazul was awarded a contract tendered by the Lima municipal authority for the performance of a contract in Peru.

The **operating result (EBIT)** came to **Euro 317.9 million**, up considerably with respect to the Euro 185.2 million reported in 2009. This should be placed in relation to both the higher EBITDA for 2010 and the lower balance of the item, *amortisation, depreciation, provisions and writedowns* (- Euro 27.1 million with respect to 2009); in addition, the reduction of around Euro 70 million in provisions of risks and charges has impacted this item, the latter being essentially tax and regulatory-related, made last year to appreciate potential risks associated with events linked to previous management operations. The amortisation/depreciation of investments and writedowns of receivables increased respectively by Euro 18.1 million and Euro 25.1 million.

Lastly, the **Group net result**, after allocation to minority shareholders and the adjustment of discontinued activities to fair value, presented a **profit of Euro 92.1 million** (against a loss of Euro 52.6 million as of 31 December 2009).

The **net financial position** presented a loss of **Euro 2,203 million** (Euro 2,129.6 million in 2009) involving a contained increase to Euro 73 million.

The results for the year positively influence the profitability ratios both of own capital (ROE) and invested capital (ROIC).

Table No. 8 - ACEA GROUP BALANCE SHEET FIGURES AND NET FINANCIAL POSITION (2009-2010)

(in thousands of Euro)	31 DEC. 2009 reclassified	31 DEC. 2010
Non-current financial assets (liabilities)	12,431	10,182
Non-current intercompany financial assets (liabilities)	4,775	5,028
Payables and other non-current financial liabilities	(1,853,672)	(2,490,696)
Medium/long-term net financial position	(1,836,466)	(2,475,486)
Liquid funds and securities	102,343	297,788
Short-term amounts due to banks	(651,202)	(208,818)
Current financial assets (liabilities)	85,648	(87,818)
Current intercompany financial assets (liabilities)	170,108	270,612
Short-term net financial position	(293,103)	271,764
Total net financial position	(2,129,569)	(2,203,722)
shareholders' equity	1,286,725	1,381,263
invested capital	3,416,295	3,585,048

Table No. 9 - THE MAIN PROFITABILITY INDICATORS (2008-2010)

	2008	2009 reclassified	2010
Return on own capital			
ROE = Result for the year after taxation/shareholders' equity	13.3%	n. c.	9.9%
Return on capital invested			
Pre-tax ROIC = Operating result (EBIT)/invested capital	12.5%	5.4%	8.9%

Development and Strategic Plan

The development of Acea's business in the near future will be influenced by the **agreement reached** during 2010 **with the partner GdF Suez Energia Italia**, for the purpose of **winding up the "AceaElectrabel"** joint venture operative since 2002 in the electricity generation, trading and sales sectors. In December 2010, this understanding led to the drawing up of the agreement between the parties and will produce, by the end of the first quarter of 2011, the restructuring and separation of the activities initially invested in. The Acea Group will take charge of part of the generation activities (the hydroelectric plants and the turbogas plants of Tor di Valle and Montemartini) and 100% of the sales activities (see dedicated box).

The approaching development of the water sector will also be of significance, in light of the conclusion of the process for the reform of local public services and the outcome of the referendums which followed the same (see related box).

Box – Agreement signed between Acea and GdF Suez for the winding up of the “AceaElectrabel” joint venture

In September 2010, a preliminary agreement was signed between Acea SpA and the partner GdF Suez Energia Italia SpA for the restructuring of the joint venture with Electrabel which, as from 2002, had given rise to the formation of four companies operating in the energy generation, trading and sales sectors. In November 2010, Acea SpA's Board of Directors, after having obtained the favourable opinion of the Committee for Operations with Related Parties, **approved the Outline Agreement**, defining the terms and conditions of the winding up of the AceaElectrabel joint venture contract, which **was finally signed in December**. The Agreement envisages the commitment of Acea and GdF Suez Energia Italia to achieve a complex transaction following which Acea will hold 100% of the company which sees to the sale of gas and electricity; 100% of a new company which will be assigned the assets and functional activities for the management of the hydroelectric plants and the Tor di Valle and

Montemartini stations, initially held by AceaElectrabel Produzione; while GdF Suez will acquire 100% of AE Produzione (for the other plants and wind farms), the holding in Eblacea (owner of the equity investment in Tirreno Power) and 100% of the company which sees to the trading activities. The transaction, dependent on obtaining authorisation from the relevant Antitrust Authorities, will be finalised during the first quarter of 2011.

Further to the agreement, Acea will continue to oversee the energy supply chain, developing its generation capacity in the sectors of renewable power (specifically hydroelectric and photovoltaic installations) and will re-acquire full control of the electricity sales activities, enhancing its presence on the geographic market it operates in. Furthermore, the collaboration between GdF Suez, via Suez Environnement, and Acea for the management of the water cycle in various areas of operation in Tuscany, will continue.

Box – The implementing regulations for the reform of the local public services and Referendum

2010 saw the completion of the **process for reforming the formalities for entrusting and managing local public services of economic importance**, launched by means of approval of Article 23 bis of Italian Decree Law No. 112/08 and with the subsequent legislative amendments introduced. The afore-mentioned legislative provision intended to adapt the Italian sector regulations to EU provisions, so as to encourage the widest divulgation of the principles of competition and freedom to provide services of general interest within the local sphere for all the economic operators interested in their handling, guaranteeing - at the same time - the right of the users to the totality and accessibility of the service and the essential levels of the benefits. In detail, by means of the latest legislative measures, the entrusting of the services “**on an ordinary basis**” was envisaged via public tenders along with, as this is only permitted by way of departure “**for exceptional circumstances**”, a sharp limitation on in-house handling - in other words assigned without

adopting the competitive method to companies with entirely publically - held share capital - both for the concession to these of new services and the continuation of the contracts already outstanding. During 2010, **the implementing regulations** for the matters described above (Italian Presidential Decree No. 168/10) **were approved**, giving substance to the pro-competitive nature of the regulations. This system of regulations has not however had the chance to come about, because since April widespread mobilisation gave rise to the procedure of **abrogative referendary promotion** of both Article 23 bis (*formalities for entrusting and managing local public services of economic importance*) and the legislative provisions of the so-called Environmental Consolidation Act with reference to water tariffs (calculation of the tariff for the integrated water services on the basis of adequate remuneration of the invested capital). The outcome of the referendum¹⁹, shall have an impact on the prospects of the business policies which Acea will have to adopt.

The 2010-2012 Strategic Plan, approved in October 2009, remained in force for the whole of 2010²⁰, and the **new Group Business Plan**, for the period 2011-2013, presented below, was approved in December.

The principles on which Acea's new strategic plan is based, taking into account the new corporate boundaries which will form as a consequence of the agreements reached with the partners GdF Suez, are: the search for **operating efficiency and internal growth**, to be pursued by means of the rationalisation of the business organisation and the improvement of the operating functions of the industrial areas; the **increase of the level of efficiency in energy sales activities**, the development of dual fuel supplies and the enhancement of the professional skills in procurement and trading on energy markets; the **consolidation of the core businesses**, typically regulated network services, also exploiting any opportunities offered in the gas distribution sector; the targeted development of **investments in high-potential businesses** such as the waste-to-energy and photovoltaic sectors.

In **economic terms**, during the period covered by the business plan the Group envisages achieving annual growth in Ebitda of 11%, capable of reaching **Ebitda of Euro 865 million by**

¹⁹ On 12 January 2011, the Advisory declared the two referendum as admissible and on 12 and 13 June 2011 the two abrogative referendum achieved the quorum and led to the abrogation of the articles referred to.

²⁰ See the 2009 Sustainability Report.

2013, of which over 80% from regulated activities. The figures for investments will be likewise important and in the three-year period under review will reach a cumulative level of around Euro 1,300 million despite net financial borrowing contained at Euro 1,684 million as of 2013.

Box- The new Acea 2011-2013 Strategic Plan

business area	strategy
water service management (integrated water service)	<ul style="list-style-type: none"> • consolidation of the leadership position in the Italian water sector, by means of taking part in tenders and developing partnerships • optimisation of operations • maintenance investments for the existing networks and plants envisaged in the various Area Plans • further development of overseas management activities
networks: electricity distribution, energy and photovoltaic efficiency	<ul style="list-style-type: none"> • maintenance investments on electricity distribution networks • development of energy efficiency projects (e.g. smart grids) • development of the photovoltaic sector, co-generation and district heating • seize the opportunities existing in the gas distribution sector
market: generation ²¹ and sale of electricity and gas	<ul style="list-style-type: none"> • revamping of the hydroelectric installations • development of the sales activities and increase in the post-switching retention on the eligible market and supply of dual fuel • development of a CRM (Customer Relationship Management) strategy
waste-to-energy: electricity generation and environmental services	<ul style="list-style-type: none"> • extension of the existing waste-to-energy installations and revamping of two lines • expansion of the biomass sector

Box – Business development in 2010

<p>WATER</p> <p>Lazio – Campania - Tuscany – Umbria</p> <ul style="list-style-type: none"> • no new acquisitions or corporate equity investments were registered in the water sector in Italy but existing activities were consolidated which led to the improvement of the economic performances. <p>Abroad</p> <ul style="list-style-type: none"> • a new contract was acquired in Peru, via the consortium Conazul, 60% owned by Aguazul Bogotà. 	<p>initiatives undertaken, with the installation of LED technology equipment (1,370 lighting units, including new units and modernisations). The Light Plan for Rome was formally approved by means of Municipal Resolution No. 252 dated August 2010.</p>
<p>NETWORKS</p> <p>Distribution</p> <ul style="list-style-type: none"> • two projects were presented (to the AEEG - Gas and Electricity Authority and the Ministry for economic development) for the progress of the distribution networks in view of increased energy efficiency (smart grids). <p>Photovoltaic</p> <ul style="list-style-type: none"> • new plants were constructed and connected up during the year, leading to an installed capacity of around 25 MW at the end of 2010; other plants, already constructed, are awaiting connection; furthermore, agreements have been signed for new installations. <p>Co-generation (combined production of electricity and thermal energy)</p> <ul style="list-style-type: none"> • co-generation/tri-generation plants were constructed with an overall installed capacity of 4.3 MWe and agreements were finalised for the construction of another two co-generation installations in Rome, for a further 3.84 MWe. The company Eur Power was also set up with the purpose of producing and supplying electricity, heat and cooling power to industrial and non-industrial users. <p>Public lighting</p> <ul style="list-style-type: none"> • 4,770 lighting units were installed in 2010 and energy efficiency 	<p>ENERGY</p> <p>Production</p> <ul style="list-style-type: none"> • during the year, energy produced by the Group (excluding waste-to-energy) increased 4.5% with respect to 2009 and the contribution from renewable sources rose 8% (water, wind power and photovoltaic). It should be mentioned that, at the end of 2010, the Agreement was finalised and signed with GdF Suez Energia Italia SpA; this will lead, among other aspects, to the transfer of a shareholding in Tirreno Power as well as the plants initially belonging to AceaElectrabel Produzione. Acea will remain responsible for the hydroelectric installations and the Tor di Valle and Montemartini plants. <p>Sales</p> <ul style="list-style-type: none"> • the position on the end energy sales market has improved, in particular in the eligible market sector, which reported an increase in the number of customers of 36.4%; the dual fuel sales proposal was developed. <p>ENVIRONMENT</p> <ul style="list-style-type: none"> • work for enhancing the waste-to-energy (WDF) plant at San Vittore nel Lazio was 90% completed. • revamping work was started in August 2010 on the Terni En.A plant. • the compost and environmental services sector was developed further; in 2010, another two authorisations were acquired for the agronomic recovery of treatment sludge.

²¹ With regard to energy planning, it should be borne in mind that as from 2011, further to the Agreement entered into in December 2010 with the partner GdF Suez, Acea will only maintain part of the generation activities (hydroelectric installations, turbogas plants of Tor di Valle and Montemartini, as well as the waste-to-energy and photovoltaic installations). Furthermore, in order to meet the market demand, Acea has been granted an option for entering into a 5-year electricity supply contract for 5 TWh per annum.

Strategy and sustainability

Acea: the values and the contribution towards sustainability

The Group's sectors of operations, and in particular the management and supply of essential public services, have clear repercussions on the social context and are at the basis of the growth of the area, both in economic terms and with regard to respect and integration in the environment. The business activities also generate opportunities for employment and development of side-line business, and Acea, aware of the role played vis-à-vis the various players who interact with it, has adopted business governance aimed at transparency, correctness and corporate social responsibility (CSR).

Table No. 10 - ACEA INSTRUMENTS FOR SUSTAINABLE DEVELOPMENT AND SOCIAL RESPONSIBILITY

	1998-99	2000-01	2002	2003	2004-05	2006	2007-08	2009	2010
PROCEDURES, RULES AND VALUES	Service charter	•	•	•	•	•	•	•	•
	Company mission and Environmental policy	•	•	•	•	•	•	•	•
	Regulations protecting the dignity of men and women	•	•	•	•	•	•	•	•
	Quality policy	•	•	•	•	•	•	•	•
	Code of best practice		•	•	•	•	•	•	•
	Values charter		•	•	•	•	•	•	•
	Ethics Committee				•	•	•	•	•
	Tender Ethic Code				•	•	•	•	•
	Organization, management and control model pursuant to Italian Legislative Decree No. 231					•	•	•	•
	Ethical Code					•	•	•	•
	Safety in the Workplace management system and Health and safety in the workplace policy (UNI-INAIL guidelines)					•	•	•	•
	Quality and environmental certification and EMAS registration in plants and companies		•	•	•	•	•	•	•
	Corporate protection policy							•	•
	Safety policy and OHSAS 18001:2007 certification in certain companies							•	•
REPORTING	Social Report and Environmental Report Sustainability report (from 2002 GRI Guidelines, from 2006 GRI-G3, from 2009 GRI-G3 and Utility Sector, from 2010 GRI-G3.1 and Utility Sector)	•	•	•					
	COP drafting for Global Compact							•	•
FEEDBACK	Customer satisfaction	•	•	•	•	•	•	•	•
	On-line feedback			•	•	•	•	•	•
MEMBERSHIPS AND RATING	WEC membership					•	•	•	•
	CSR manager network membership					•	•	•	•
	Global Compact membership						•	•	•
	Sustainability rating			•	•	•	•	•	•

The Group has endowed itself with value codes, policies²² and management instruments suitable for effectively implementing responsible economic, social and environmental management, and each year bears witness to this commitment describing it in the sustainability report, in terms of quality and numbers.

The company takes steps to follow the progress of national and international debate on the key topics of corporate responsibility, in other words on the contribution which business activities may provide to sustainability, and takes part in the more accredited networks and ventures of interest on the subject, sharing its experience with other companies and exchanging views with public bodies.

Public and private institutions are in fact active in the spreading of a culture characterised by sustainability: the OECD is currently drawing up new guidelines for multinational businesses; the United Nations extend the disclosure of the Global Compact principles and the collaboration initiatives between companies on specific subjects; the ISO (International Standards Organisation) 26000 guidelines on the social responsibility of organisations have been published and the debate regarding the optional or mandatory nature of the reporting and on the appropriateness of supplementing the sustainability indicators in the economic-financial documents still rages. The European Union is proactive on these topics and *Responsible and sustainable activities* figure among its priority policies. Sustainability is at the centre of the Europe 2020 strategy and the Commission is currently drawing up a new Memo on CSR, focusing on the conviction of a solid link between sustainability, innovation and competitiveness with a view to the mid-term.

Box – Responsible and sustainable activities according to the EU

• Sustainable development has economic, environmental and social dimensions, and is a fundamental goal of the European Union. Competitiveness and sustainability are mutually reinforcing concepts. DG Enterprise and Industry aims to create the conditions in which European enterprises can thrive, so helping to maximise their contribution to sustainable development.

• Corporate Social Responsibility (CSR) is a necessary and natural counterpart to the drive for a more competitive Europe. Responsible business behaviour is crucial for building trust towards the market economy, trade openness and globalisation.

Source: [www.http://ec.europa.eu](http://ec.europa.eu)

Sharing of the corporate social responsibility themes

A responsible business choice becomes the definition of company policies and strategies aspiring to values of active feedback and balanced exchanges of views with the reference stakeholders and the achievement of operations in harmony with the legitimate requests revealed. The search for the opportunity for debate and interaction with qualified parties with whom to exchange views and outline the possible future scenarios in the economic, social and environmental sphere are therefore key elements for the company which intends to improve its business culture, combining the ability to generate profit with that of pursuing sustainable development. For such purposes, Acea actively participates in encounters and conventions which involve representatives from academic circles, member of civil society, representatives from institutions and managers from leading national and international businesses, providing its contribution and acknowledging the most functional stimuli.

Among the 2010 ventures, Acea:

- confirmed its compliance with the CSR Manager Network, operative from some years on Altis-Università Cattolica and Isvi initiatives, together with the main Italian companies active with regard to sustainability, taking part in the encounters organised during the year;
- confirmed its compliance with the principles issued by the Global Compact, taking part in encounters and seminars organised by the Italian Network;
- took part in the 2010 CSR Forum organised by ABI, an annual appointment on the subject of Corporate Social Responsibility in which representatives from national and international institutions and the leading experts in the sector take part;

²² The full texts of the value codes - Acea Group Mission (1998), Environmental Policy (1998), Values Charter (2001), Tender Ethic Code (2003), Group Ethical Code (2004), Quality Policy (introduced in 1999 and, since 2005, regularly updated, in line with the UNI EN ISO 9001:2008 standard acknowledged Acea SpA), Policy for health and safety in the workplace (2010 edition) and the Protection Policy (2009) – are available of the company intranet and on the website www.aceaspa.it.

- took part - both as sponsor and speaker - in the post-university masters courses dedicated to the subject of sustainable development and handling of corporate responsibility (a masters in Corporate Citizenship organised by Fondaca and a masters in Management and corporate social responsibility organised by the Pontificia Università San Tommaso d'Aquino-Angelicum);
- took part in the Discerno Tre project, furthered by the European Commission, receiving the CEEP-CSR Label, for its commitment with regard to socio-environmental responsibility for the two-year period 2009-2010;
- followed the main conventions and seminars on various subjects pertaining to sustainability.

Box – The 2010 Online CSR Research Awards - Italy

In 2010, the communications company Lundquist, in collaboration with the newspaper Il Sole 24 Ore, accomplished the third edition of the research into on-line communication of CSR (Corporate social responsibility) carrying out careful monitoring of the way in which the 50 top Italian listed companies, including Acea, use their company website to communicate CSR.

The assessment protocol used in the research includes 77 standards also established on the basis of a questionnaire submitted to 250 parties including sector professionals and experts, stakeholders and CSR managers from 30 countries worldwide, and was based on 6 fundamental elements: completeness of the contents, integration of the information, openness to feedback, appealing and simple presentation, practicability and credibility of the data. The cognitive objective of the survey was to identify the priority

information sought on the web by users interested in CSR. The average score registered by the results of the research came to 35.5, far from the maximum score which can be assigned of 100; this means that Italian companies achieve on-line communication of CSR at a medium-to-low level, apart from a few exceptions.

Assessed for the first time this year, Acea came in 29th place out of 50, achieving a score of 27.5, with wide margins for improvement.

The study reveals that overall, there are still very few companies that invest in CSR communication on-line, in fact they focus chiefly on the Sustainability Report, exploiting the potential offered by the web very little, and highlights two challenges: the enhancement of the contents and the improvement of the stakeholders' involvement.

The 2010 sustainability objectives

The Group's sustainability objectives are presented in a simple and concise manner, in a format²³ which shows the challenges, the growth prospects and the action undertaken during the year, placing them in relation to the interests of the stakeholders. These objectives, consistent with the matters indicated in the last Strategic Plan (2011-2013)²⁴, are discussed with the heads of the Divisions involved and approved by the Chief Executive Officer. The information concerning the action carried out in 2010, indicated in the table, is more fully dealt with in the sections of the report.

The figures concerning the energy sector take into account Acea SpA's shareholdings²⁵.

²³ The contents of the table are therefore in summary form, while more in-depth illustration of the action carried out during the year for the pursuit of the objectives is found in the sections of the Sustainability Report which illustrate Group performance.

²⁴ The 2011-2012 Strategic Plan was approved by the Board of Directors in December 2010. In the objectives presented herein, reference is in part made also to the 2010-2012 Strategic Plan, approved in October 2010 and which remained in force for the whole of 2009. Accounts is also taken of the winding up of the JV with Electrabel, defined in the last quarter of 2010 and implemented in 2011.

²⁵ 100% A.R.I.A., 100% Acea Reti e Servizi Energetici, 15% Tirreno Power, 30% AceaElectrabel Produzione, 15% Longano Eolica.

Shareholders

<p>Guarantee the remuneration of the capital provided by the shareholders, consolidating the competitive advantage in the reference businesses (regulated and deregulated activities) over the mid-term</p>	<p>Maintain leadership in Italy in the water sector</p>	<p>During 2010, no new acquisitions or corporate equity investments were registered in Italy - while a new contract was acquired in Lima, Peru, via Consorzio Conazul - but the water sector, with a population served of around 18 million individuals in 2010 (8.5 million in Italy and 9.7 million abroad), improved economic and operating performances:</p> <p>the gross operating margin in the sector rose by approximately 19% when compared with 2009, amounting to Euro 296.3 million (of which Euro 11.2 million from foreign operations) and contributed 43% to the Group's gross operating margin.</p> <p>Both volumes of drinking water introduced in total onto the network and volumes of waste water treated increased in Italy, respectively amounting to 1,251.5 Mm³ (3.5 Mm³ more than in 2009) and 929 Mm³ (around 79 Mm³ more than in 2009). The drinking water aqueduct, collection and distribution networks managed in 2010 in the areas of Italy covered a total surface area of 48,168 km (47,704 km in 2009) and the sewerage mains 23,818 km (23,616 km last year).</p>
	<p>Develop the electricity generation capacity, developing the contribution from renewable sources, and increase the sales activities on the deregulated markets, inclusive of dual fuel</p>	<p>The gross operating margin in the energy sector (energy generation, sale and trading of electricity and gas) amounting to Euro 121.3 million in 2010, increased by approximately 60% with respect to 2009 and contributed 18% to the Group's gross operating margin.</p> <p>Total energy produced by the Group (excluding the 126 GWh produced by the waste-to-energy process) came to 3,213 GWh (+ 4.5% with respect to the 3,075 GWh in 2009); the contribution from renewable sources (water, wind and photovoltaic) came to 219.3 GWh (+ 8% when compared with the 203.1 GWh in 2009). With regard to the positioning on the electricity sales market, Acea is the 3rd leading operator in Italy in 2010 in terms of volumes sold on the end markets (quota of 6%); the 2nd leading operator in terms of volumes sold to customers of the protected market and has become the 3rd leading operator in terms of volumes sold to clients of the eligible market (it was the 6th operator in 2009). During the year, the number of customers of the eligible market rose by around 36.4% and the dual fuel sales proposal was developed.</p>
<p>Extend and modernize electricity distribution networks and public lighting systems, improving efficiency; assess the appropriateness of extending the network management business to the gas sector as well</p>		<p>The "networks" business segment, which besides the distribution of electricity and the public lighting service, includes the production of energy from photovoltaic solar and co-generation processes, illustrated under environmental objectives - during 2010 achieved a gross operating margin of Euro 250.4 million (+ 3.7% with respect to 2009) and contributed 36% to the Group's gross operating margin. The Road Map strategic project continued, aimed at improving the continuity performances of the energy supply (the AEEG once again awarded Acea Distribuzione a prize for the positive performances achieved): mention is made of the installation of the Petersen system at the primary stations which facilitated the reduction in network faults.</p> <p>During 2010, two important projects were presented for the technological development of the distribution networks: the pilot Smart Grid project to the AEEG, and the Smart Network Management System project to the Ministry for economic development (both approved and accepted for joint financing during the first few months of 2011).</p> <p>In the public lighting sector, 4,771 new lighting units were installed during the year and the application of LED technology was increased considerably; the digitalisation of the GIS (Geographic Information System) network, launched in 2009, was also continued.</p> <p>Acea maintains interest in the tender for the management of the Rome 1 Area distribution network.</p>

Shareholders

<p>Guarantee the remuneration of the capital provided by the shareholders, consolidating the competitive advantage in the reference businesses (regulated and deregulated)</p>	<p>Develop the waste-to-energy business</p>	<p>As of 2010, Acea is the 5th leading operator in Italy in the waste-to-energy sector with around 550,000 tons a year of waste treated.</p> <p>The "environment" sector business (waste-to-energy and added value activities in environmental services) revealed a gross operating margin of Euro 23.1 million, down with respect to the previous year due to the shutdown for revamping of the Terni EN.A. plant and the end of the CIP 6/92 incentives for electricity produced by turning waste into energy, and contributed 3% to the Group's gross operating margin. Once work on the adaptation of the plants has been finished, improvements will be seen in terms of energy and environmental performance. Work for enhancing the San Vittore del Lazio plant (EALL Srl), which will be the largest in the region, was 90% completed during 2010.</p> <p>The Aquaser Group grew within the business segment, a group active in services associated with the management of waste from the integrated water cycle: in 2010, revenues totalled Euro 8.7 million (Euro 3.8 million in 2009) and more than 188 thousand tons of sludge and derivative material from treatment was disposed of (+ 3.5% with respect to 2009), mainly originating from Acea Group companies; another two authorisations were acquired for the agronomic recovery of the sludge and the in-sourcing of the logistics and transportation of the same is the next to be implemented.</p>
<p>Maintain the governance system at optimum levels of transparency and correctness</p>	<p>Further the evolution of the corporate governance</p>	<p>Group management rules were drafted and updated, relating to corporate governance, such as the handling of privileged information and that on the ownership set ups and the decision-making procedures of the governance bodies of the investee and subsidiary companies of the Parent Company.</p> <p>Acea SpA's Organization, management and control model pursuant to Italian Legislative Decree No. 231/01 was up-dated, in light of the widening of the significant offences included in the decree and the changes in the corporate structure. The organisational macro-structure was up-dated, in relation to the Divisions which report to the Chairman; the adaptation of the Parent Company's Articles of Association to the provisions of Italian Legislative Decree No. 27/10 regarding shareholders' rights was approved and the new regulations of the Internal Committee and the Emoluments Committee were also approved.</p> <p>Towards the end of the year, the Board of Directors decided to establish and appoint the figure of General Manager for Acea SpA.</p>
<p>Oversee the trend of the stock on financial markets</p>	<p>Oversee the communications addressing shareholders and the financial community, by means of a dedicated division</p>	<p>The Investor Relations Division arranged around 80 one-to-one encounters with Italian and foreign investors. In 2010, around 300 studies on the company were published. Relations with analysts and ethical finance researchers were intensified during the year, together with the Divisions involved, and Acea stock was included in new sustainability share indexes.</p> <p>The on-line, surfable versions, in English and Italian, of the Group's consolidated financial statements and the Sustainability Report have been published, with reference to 2009, and a section of the company website dedicated to the Shareholders has been kept active and up-dated.</p>
<p>Oversee the trend of the stock on financial markets</p>	<p>Reach a unanimous solution with the partner GdF-Suez with regard to the winding up of the JV</p>	<p>Acea and its partner GdF-Suez achieved the signing of a Memorandum of Understanding, in September 2010, and a subsequent Outline Agreement, in December, regarding the winding up of the energy partnership AceaElectrabel created in 2002.</p>
<p>Oversee the trend of the stock on financial markets</p>	<p>Consolidate the positive opinions on Acea expressed by the rating agencies</p>	<p>Acea emerges as one of the few European companies to have obtained rating in the area of the single "A" from the three leading international agencies (Moody's, Fitch, S&P's), thanks to the ability to ensure predictability and accountability with regard to future earnings, via the new business plan, and to the stability of the company's financial and equity position.</p>

Customers and the Community

<p>Respond to the growing expectations of the customers, in terms of distinctive quality of the services provided and customer care, observing the principle of saving</p>	<p>Further the quality of the services provided: electricity, integrated water and public lighting</p>	<p>The majority of the quality performances (commercial and technical) of the services improved during 2010, in relation to the standards established by the sector Authorities (AEEG, ATOs) and by the Service agreement for public lighting.</p> <p>In detail, Acea Distribuzione achieved satisfactory results, improving trend-wise, both with regard to commercial quality performances (specific and general) and continuity of the electricity supply.</p> <p>With regard to public lighting, the 2010 performances relating to the average timescales for restoring the service in the event of faults all improved.</p> <p>With regard to the integrated water service managed in ATO 2 - Central Lazio, the index relating to the continuity of the supply (INTER parameter) confirmed the positive performances and the analysis on the quality of the drinking water distributed (to Rome and Fiumicino) bore witness to the excellent level. In the ATO 2 areas where there are endemic water quality problems, due to the volcanic origin of the area, numerous measures were adopted with the aim of improving the quality level.</p> <p>Acea Ato 2 carried out activities preparatory to independently achieving Quality Certification in 2010.</p>
	<p>Improve accessibility to services and the efficacy of the contact channels, encouraging use by the customers</p>	<p>Projects achieved during 2010 to make contact channels more efficient included the differentiation of the commercial telephone services (call center) which since 2009 were covered under a single free-phone number, the bringing onto stream of the CRM (Customer Relationship Management) system, for the handling of written claims in the water sector, and the opening of a counter dedicated to eligible market customers at central headquarters.</p> <p>The volume of calls received overall by the Acea free-phone numbers came to around 2.7 million, up by 10.8% with respect to 2009, with an overall service level (total answered/received) of 81.3%.</p> <p>During the year, 163,964 customers were dealt with at the counters at central headquarters and the service levels (numbers issued/customer services) were between 96% and 98%.</p> <p>The company website – www.acea.it –, which communicated a great deal of information addressing Customers and the community, received 764,298 total visitors during the year (+ 29.5% with respect to 2009), and visitors to the website of the operating companies also rose significantly.</p> <p>During 2010, a work group was active, set up and co-ordinated by Acea SpA's CEO with support from the Customer Care Team of the holding company, dedicated to mapping the problems most frequently reported by customers and identifying the most appropriate corrective actions.</p>
	<p>Regularly monitor the customer satisfaction with regard to the services supplied</p>	<p>Activities intensified in 2010 for surveying the quality of the services perceived by the customers, involving two six-monthly cycles of customer satisfaction surveys, rather than the usual annual survey, so as to avail of more up-to-date information, useful for the monitoring of the action undertaken during application. The summary indexes drawn up also included that relating to the intensity of the satisfaction for the first time.</p> <p>The precise results of the surveys, mainly positive, were disclosed among the top management of the operating companies and executives responsible for the activities attributable to the macro-areas surveyed.</p>
<p>Express the Public Utility mission also by means of involvement in the social context</p>	<p>Contribute to the wellbeing of the community</p>	<p>Numerous events and manifestations of importance were sponsored in cultural, social, environmental and sporting circles and support was offered by means of charitable donations for fair trade initiatives. The economic value assigned in this way by the Group to the community came to Euro 5.5 million (around 53% more with respect to the Euro 3.6 million in 2009).</p> <p>Acea contributes towards raising the awareness of customers and citizens with regard to the value and responsible use of energy and water resources, by means of projects with schools, targeted information campaigns, participation in conventions and other specific initiatives.</p>

Suppliers

Simplify the purchasing procedures and also develop the qualitative, environmental and safety aspects in the supply of goods, services and work, maintaining a good price/quality ratio	Improve the efficiency of the supply chain	<p>The project for increasing the computerisation of the purchasing processes was brought fully onto stream in July 2010, leading to extension of the use of the IT platform to all the tender procedures carried out by the Purchasing Division, without the transmission of paper-based documents and with the use of digital signatures.</p> <p>The section of the corporate website dedicated entirely to suppliers was operative and constantly up-dated during the year. Within the sphere of the expenditure rationalisation process, which will be continued in coming years as well, the activities of the consolidated purchasing portal were continued for the handling of the communal contracts, such as travel and business trips, stationery, printers, toner and other consumables, coming fully onto stream in 2009.</p>
	Supplement the aspects of quality and safety in the assessment of the companies who are work contractors for Acea	<p>All the suppliers are obliged to accept the aspects laid down by the Group's Code of Ethics and the Tender Ethics Code, as a condition for admission to the tenders and each year the requisites of the companies registered with the Qualification Systems set up within Acea are checked and reviewed, requisites which also envisage requirements concerning quality and safety.</p> <p>The 2010 edition of the work Qualification System (energy sector) envisages the acceptance of Acea Distribuzione's Safety Policy, a company which has achieved OHSAS 18001:2007 certification, and the application of the Vendor rating system. This system assesses and evaluates the qualitative and safety protection aspects, envisaging site visits (3,000 visits made between 2009 and 2010) and the creation of a reputation indicator (IR) on safety, regularity and quality parameters for the work carried out. As from 2010, the IR has been included as an additional benchmark - objective and not predominant - in the formula for awarding the contract.</p>

Human Resources

Focus on efficiency and the professional qualification of the employees	Help the human resources grow, by means of resource assessment systems and adequate training plans	554 training courses have been organised within the Group companies (around 14.7% more than in 2009), involving a total of 11,360 participations (47.7% more than last year). Particular attention was paid to health & safety in the workplace training and courses were introduced, aimed at developing transversal skills; certain Divisions and companies carried out analysis on the professional profiles of employees targeted at developing the specific skills.
Ensure a satisfactory internal climate, by means of observance of workers' rights and feedback in relation to their opinions	Encourage an industrial relations model based on consensus	<p>Trade union agreements were signed during 2010, affecting the majority of the Group companies, regarding the main aspects of work organisation; talks which were stopped halfway through the year on the subject of the 2009 results bonus (for the traditional Group companies), were resolved as from September.</p> <p>The launch of the preliminary agreement relating to the winding up of the JV with Electrabel, established by means of the Outline Agreement dated December 2010, was of particular importance.</p>
Improve the health and safety in the work place levels	Implement an efficient health and safety in the workplace management system within all the main operating companies	<p>All the Group companies comply, autonomously and as directly responsible, with current legislation regarding safety management.</p> <p>In 2010, a formalised Sgsl (work safety management system) was implemented within 13 companies, including the operating companies whose employees are more greatly exposed to the risk of accidents.</p> <p>In detail, during the year the companies: Acea Distribuzione, LaboratoRI, the 4 companies in the JV with Electrabel and Sogea achieved Safety management system certification in accordance with the OHSAS 18001:2007 standard. Group staff were provided with 87 training courses on safety, privacy and the environment involving 283 editions, with a total of 5,796 participations (more than double with respect to last year).</p> <p>The total number of accidents were down with respect to last year, and so were the frequency and seriousness indexes.</p>

Environment

Contribute towards cutting down CO ₂ emissions into the atmosphere	Increase the portion of electricity generation from renewable sources	<p>The energy generated by the Group's wind farms increased by 13.9% with respect to 2009, rising from 17.65 GWh to 20.11 GWh; mention is made in particular of the increase in energy from solar photovoltaic sources, equating to 18.2 GWh compared with 3.5 GWh 2009, thanks to the plants constructed and linked up in 2010, which led to an installed capacity of around 25 MW, destined to rise in 2011.</p> <p>Generation from hydroelectric sources came to around 181 GWh, in line with the satisfactory performance in the previous year.</p>
	Develop co-generation and tri-generation activities	<p>At the end of 2010, co-generation plants (production of electricity and thermal energy) constructed by Ecogena had a total installed output of 4.3 MWe; during the year, agreements were finalised for the construction of another two co-generation installations, for the "Europarco" Business Centre and the Laurentino Shopping Centre, with an additional 3.84 MWe.</p> <p>The company Eur Power was set up (51% Eur SpA, 49% Ecogena SpA) with the purpose of producing and supplying electricity, heat and cooling power to industrial and non-industrial users, via the construction, running and maintenance of co-generation and tri-generation plants in the buildings of the EUR district.</p>
	Contribute towards improving efficiency in the end uses of electricity (Italian Ministerial Decree dated 20 July 2004 and subsequent amendments)	Measures for improving efficiency in the end uses of energy, already achieved by Acea Reti e Servizi Energetici over the last few years, ensured a certified reduction in 2010 of consumption care of the customers served for around 215,185 toe compared with a fixed obligation of 99,149 toe.
	Achieve energy efficiency within the Group companies	During 2010, the Group Energy Manager Co-ordination Committee was set up in the holding company, for the purpose of sharing and comparing the best practices achieved and proposing new initiatives for the rationalisation of energy consumption. Of particular importance during the year were the energy efficiency measures achieved by the water companies, thanks to which an overall saving of 5.5 million kWh was accomplished in 2010, greater the planned expectations.
	Improve the public lighting plants with a view to technical-environmental efficiency	During 2010, Acea installed 1,370 lighting units using LED source, including new units and modernisations; the lighting efficiency and average output of the lamps were also improved.
Contain the environmental impacts of the activities	Ensure adequate supervision of the environmental matters within the Group	<p>In order to oversee the Group's environmental matters, legislative changes on the subject were monitored in 2010; meetings held for informing and up-dating the employees on specific matters (for example: on the SISTRI for waste management); along with participation in workshops and institutional encounters (on technological innovation, renewable energies, sustainable mobility, evolution of urban sustainability in Mediterranean cities, etc.); drawing up of reports, both in response to requests for in-depth analysis regarding the Group's environmental performances by ethical finance analysts and specific reports (for example the Carbon Disclosure Project).</p> <p>At centralised level, the energy efficiency activities were also supported, by means of the Energy Manager Co-ordination Committee.</p>
	Implement formalised Environmental Management Systems (UNI EN ISO 14001:2004, Emas registration)	<p>AceaElectrabel Produzione: in 2010, UNI EN ISO 14001:2004 certification was confirmed for 4 out of 5 thermoelectric installations and for 2 out of 7 hydroelectric installations (including the minor plants) along with EMAS registration for 1 out of 5 thermoelectric installations.</p> <p>Tirreno Power: UNI EN ISO 14001:2004 was confirmed along with EMAS registration for 2 out of 3 thermoelectric installations; with regard to the third installation, both certification and registration will be obtained by the end of</p>

Environment

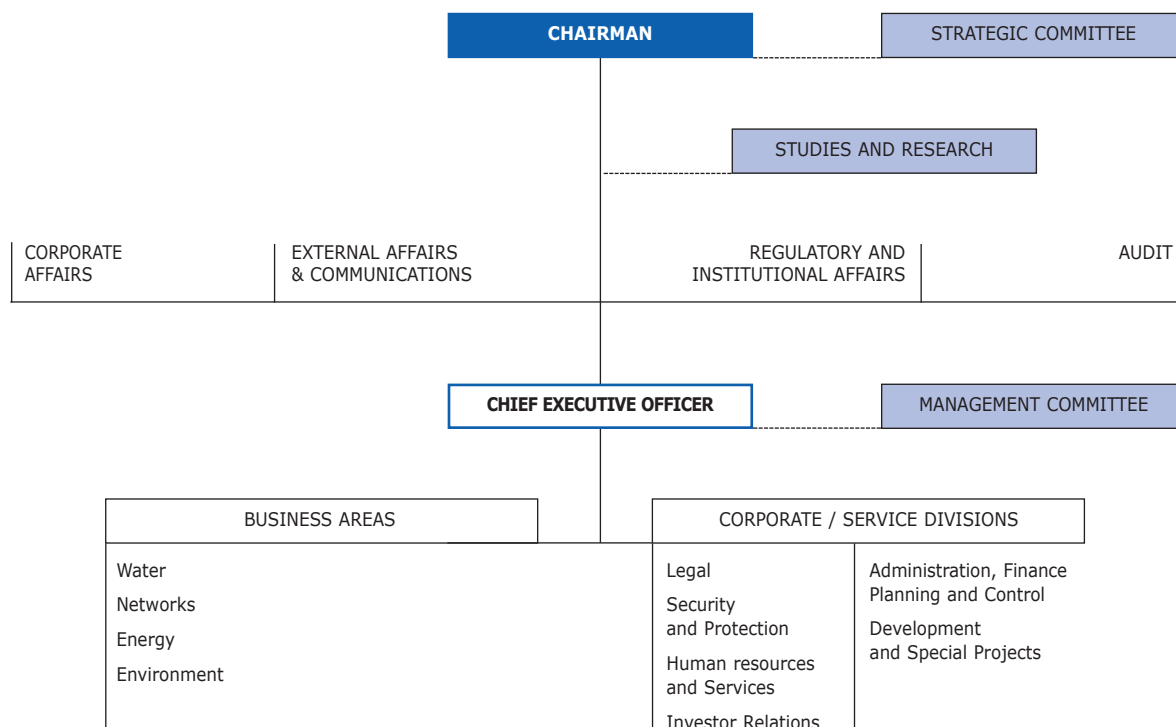
Contain the environmental impacts of the activities	Implement formalised Environmental Management Systems (UNI EN ISO 14001:2004, Emas registration)	<p>2011. The 17 hydroelectric installations (12 of which minor) are not yet certified. A.R.I.A. Group: both UNI EN ISO 14001:2004 certification and EMAS registration confirmed in 2010 for the 2 waste-to-energy plants of the companies Terni EN.A. and EALL; SAO, operating in the environmental sector (landfills and composting plants), renewed its UNI EN ISO 14001:2004 certification and continued with the EMAS registration process.</p> <p>In the "networks" business sector, Acea Reti e Services Energetici carried out preparatory activities in 2010 for the attainment of UNI EN ISO 14001:2004 certification, envisaged during 2011.</p> <p>In the water sector, Publiacqua received confirmation of certification as per the UNI EN ISO 14001:2004 standard, for its three main plants, and the Acque Group companies renewed the Best4; with regard to companies overseas, Consorzio Aguazul, operative in Lima, received confirmation of integrated quality-environment certification (ISO 14001 and ISO 9001).</p>
	Reduce odorous emissions from the waste water treatment plants	Specific monitoring campaigns continued during the year on the odorous emissions at the waste water treatment plants (Roma South, East, North, Ostia, Co.Bi.S) based on the use of hydrogen sulphide (H ₂ S), and further campaigns were carried out at the Rome North and Rome East drying plants.
	Increase waste recovery/recycling activities	<p>The separate collection of office waste (paper, cardboard, plastic, toner) continued at the main company offices, involving around 30,000 kg of material sent for recycling by authorised firms.</p> <p>Thanks to the commitment of the main operating companies during 2010: Acea Distribuzione recovered 51% of total waste, AceaElectrabel Produzione around 8% of the waste produced and in particular 57% of hazardous waste, and Tirreno Power recovered 75% of the total, while Acea Ato 2 recovered 9%.</p> <p>Aquaser carries out the transportation and recovery service for waste deriving from water treatment, guaranteeing the disposal of 182,857 tons of waste (+ 4% compared with last year) for the Group water companies: Acea Ato 2, Acea Ato 5, Acquedotto del Fiora, Umbra Acque and Sogea.</p>
Reduce waste and encourage the correct use of water resources	Reduce water losses on the water distribution networks and raise the awareness of customers and the community with regard to correct use of the resource	<p>Activities continued during 2010 for the detection of water losses by the main operating companies. In detail, Acea Ato 2 concentrated these activities in the municipalities outside Rome (Grottaferrata, Albano, Castel Gandolfo, Castel Madama, Monterotondo, Riano, Fiano Romano, Santa Severa and Cerveteri) and Acea Ato 5 implemented remote-controlled sites, prioritising those which do not have an optimum water management.</p> <p>The "effective losses" figure (as per Italian Ministerial Decree No. 99/97) has been supervised by all the sector operating companies; the three best performances in 2010 were registered by Acque with 23%, Acea Ato 2 with 26.9% (24.8% on just the traditional network) and Publiacqua with 30.9%. Various companies adopted initiatives aimed at raising the awareness of customers and the community with regard to the correct use of the water resource, thereby avoiding waste.</p>
Safeguard the quality of the drinking water distributed and of the water returned to the natural environment	Guarantee the good quality of the drinking water distributed and protect the levels of excellence already achieved	In 2010, a total of 1,081,141 analytical checks on drinking water were carried out by the Group water companies (of which 330,269 in the area managed by Acea Ato 2 alone).
	Safeguard the natural balance of the receiving water bodies	<p>All the water companies monitor the levels of concentration of the residual pollutants leaving the treatment plants and the average concentration values emerged as within the legal thresholds.</p> <p>Monitoring continued on the water quality of the Rivers Tiber and Aniene, thanks to the surveys carried out by 4 control units, capable of sending data in real time to the Acea Ato 2 Operations Centre.</p>

The Company

Achieve investments in proportion to the reference context which is increasingly challenging and competitive	Adapt the short and medium-term financial commitment plan in line with growth forecasts	<p>In December 2010, the Business Plan for the period 2011-2013 was approved; it focused on the regulated and waste-to-energy activities. The investment envisaged to cover the entire period came to around Euro 1.3 million.</p> <p>During 2010, total investments amounted to Euro 473.2 million (- 8.7% with respect to Euro 518.1 million in 2009), broken down as follows: in the water business area Euro 202.8 million (+ 14.3% with respect to 2009); in the network sector Euro 161.1 million (- 14.3% compared with last year); in the market sector Euro 48.7 million (+ 23.3% with respect to last year); in the environment sector Euro 48.5 million (- 45.7% compared with 2009); in the corporate sector Euro 12.1 million (- 49% compared with last year).</p>
Extend the fields of activity in sectors adjacent to the core business with high growth potential	Enhance the environmental and waste management-related services sector	<p>Revamping work has been started at the EALL waste-to-energy plant on the existing line, along with work for the creation of another two lines, which are expected to become operative by the end of 2011; each of these lines has a potential of around 100,000 tons a year. Furthermore, a revamping project has been launched for the Terni En.A. waste-to-energy plant for the purpose of obtaining environmental improvements and service efficiency in compliance with the new qualification as Plant Fuelled by Renewable Sources (IAFR).</p> <p>The consolidation and development of the activities of Aquaser Group have continued with particular reference to the recovery activities for treatment sludge and organic waste from separate waste collection.</p>
Turn the Group companies into cutting-edge enterprises with regard to technological, process and product innovation	Carry out research and process management and innovative technology experimentation, exploiting best company practices	<p>In the energy sector, Acea Distribuzione presented two projects of considerable innovative purport in 2010: Smart Network Management System, which integrating the business technologies aims to increase the efficiency, safety and quality of the service and Smart Grid, an intelligent network capable of monitoring and handling data and electricity consumption flows.</p> <p>In the water sector, every year LaboratoRI carries out innovative and experimental research activities, in collaboration with some of the Group's water companies, and with specialised research bodies and institutions.</p>

Corporate governance and management systems

Chart No. 6- ACEA SPA ORGANISATION CHARTS AS OF 31 DECEMBER 2010



Corporate governance within Acea

Acea complies with the Code of Best Practice for Listed Companies²⁶, in the conviction that a corporate governance model aspiring to principles of accountability, equilibrium and separation between the policy, management and control activities is essential for the effective pursuit of its mission. The Board of Directors, appointed to manage the company, avails itself of the support of a number of Committees and the Board of Statutory Auditors carries out the supervisory activities.

The management of the company is exclusively reserved for the **Board of Directors** (BoD). This body can be made up of 5 to 9 members according to the matters established by the shareholders' meeting. The members of the BoD can be re-appointed and remain in office for three accounting periods. The method adopted for their election (criteria of ratios on the basis of the votes obtained from the minority lists) is able to ensure, in line with the best practices of listed companies, the appointment of an appropriate number of directors to represent the minority shareholders (equal to two, three or four depending on whether the Board is made up of five, seven or nine members) and a minimum number of independent directors as per the law²⁷. During the year, the BoD met fifteen times. The Board in office during the accounting period under review²⁸, is made up of nine members and was appointed by the shareholders' meeting held on 29 April 2010 (see related box); the Chairman and the Chief Executive Officer are executive Directors while the other seven directors are not, since they lack individual management powers.

²⁶ The last review of the Code of Best Practice for Listed Companies was dated March 2006.

²⁷ On the basis of Article 147 ter, section 4 of Italian Legislative Decree No. 58/98, the so-called Finance Consolidation Act (TUF), the minimum number of independent Directors must be 1 in the event of a BoD of up to 7 members, 2 in the case of a BoD with more than 7 members. During 2010, as from the date of their installation and on several occasions, the BoD checked that the Directors comply with the conditions required so as to be qualified as independent: as of 31 December 2010, 6 Directors out of 9 were independent. During the meeting held on 23 March 2011, the BoD deemed that the attribution of independence for the Director Francesco Caltagirone did not exist, since Caltagirone Group companies are identified as Related Parties.

²⁸ The Director Massimo Caputi, further to him tendering his resignation, fell from office as from 8 March 2010.

Box – The main stages of corporate governance of the Acea Group

1999

- *Corporate governance* document approved and gradual application of the *Code of Best Practice* for listed companies established
- Establishment and start of operations of the Internal Auditing Committee and the Remuneration Committee
- Establishment of the Investor Relations function

2000-2002

- Adoption of the *Regulations for General Shareholders' Meetings*
- Introduction of a long-term incentive plan (stock option plan)
- Adoption of the *Values Charter* in 2001
- Adoption of the *Code of Conduct concerning Internal Dealing* in 2002

2003

- The Chairman was entrusted with the task of auditing and monitoring the social and environmental performances of the Group (via the *Institutional Relations and Corporate Research Unit*)
- Approval of the *Tender Ethic Code*
- Establishment of the Ethical Code, envisaged by the *Values Charter Committee*

2004

- Adoption of the *Organisation, management and control model* in accordance with Italian Legislative Decree No. 231/2001; establishment of the Supervisory Body within Acea SpA, Acea Distribuzione and Acea Ato 2 (in relation to the latter, formalized in January 2005)
- Adoption of the *Ethical Code*

2005

- Adoption of the *Organisation, management and control model* in accordance with Italian Legislative Decree No. 231/2001, establishment of the Supervisory Body and adoption of the Ethical Code within AceaElectrabel SpA, AE Produzione SpA, AE Trading SpA and LaboratoRI SpA; adoption of the Code of Conduct within Acque SpA
- Formation of the Risk Control, Customer care and Corporate Protection business units
- Adoption of the new *Code of conduct concerning Internal dealing and market abuse* (Italian Law No. 262/2005)
- Adoption of the Guidelines for the handling of personal details, in accordance with Italian Legislative Decree No. 196/03, protecting privacy
- Implementation of the “System of Internal Regulations” (group policies, strategic governance processes, operating processes and functioning processes)
- Issue of new procedures for the management of the corporate shareholdings for the balance between control exercised by Acea SpA and autonomy of the subsidiary and investee companies

2006

- Acknowledgement of the new version of the *Code of Best Practice for Listed Companies* (Borsa Italiana, March 2006)
- Adaptation of the Articles of Association to the regulations introduced by Italian Law No. 262/05
- Adoption of the *Organisation, management and control model* in accordance with Italian Legislative Decree No. 231/2001 and establishment of the Supervisory Body within AceaElectrabel Elettricità SpA, Acea Ato 5 SpA, Voghera Energia SpA and Roselectra SpA
- New *Regulations for the internal handling and communication outside the company of documents and corporate information*
- New regulations concerning Internal Dealing (which replace the *Code of conduct concerning Internal dealing and market abuse* adopted in 2005)
- Review of the organisational macro-structure of Acea SpA

2007

- Renewal of Acea SpA's BoD (in May 2007) and the members of the

Management Committee

- Adoption of the *Organisation, management and control model* in accordance with Italian Legislative Decree No. 231/2001 and establishment of the Supervisory Body within Acea Reti e Servizi Energetici SpA, Acea Ato 5 SpA, Acque SpA and Acquedotto del Fiora SpA and Umbria Energy SpA

2008

- The review of the Internal Audit System (SCI) and the adaptation of the overall Organisation, management and control model pursuant to Italian Legislative Decree No. 231/2001 launched
- Adoption of the *Organisation, management and control model* in accordance with Italian Legislative Decree No. 231/2001 and establishment of the Supervisory Body within Ecogena SpA and adaptation of the same within Acquedotto del Fiora SpA with reference to the offences envisaged by Italian Law No. 123/07 relating to workers' safety
- The adoption of a Procedure for the decision-making process of the Transactions with Related Parties (OPC), in observance with the principles of correct and transparent application

2009

- Review of the Internal Audit System (SCI) continued and the SCI Guidelines approved
- Adaptation of the *Organisation, management and control model* pursuant to Italian Legislative Decree No. 231/2001, of Acea SpA, Acea Ato 2, Acea Ato 5 and Terni En.A
- The new organizational macro-structure of Acea SpA approved
- The provisions laid down for the drawing up of the Report on corporate governance and ownership set-ups observed, in pursuance of Article 123 bis of the Finance Consolidation Act (Italian Legislative Decree No. 58/98)
- Articles of Association adapted to the legislative provisions envisaged by Italian law No. 34/08 and to the best practices relating to the formalities for choosing and the methods for electing members of the corporate bodies (proportional approach)

2010

- Renewal of Acea SpA BoD (in April 2010) and the members of the Management Committee
- Amendment of the **Articles of Association** in accordance with Italian Legislative Decree No. 27/10, which acknowledges Directive 2007/36/EC in Italy, intended to facilitate the participation of shareholders of listed companies in shareholders' meetings (Shareholders' Rights)
- New **procedure for transactions with related parties** approved (effective as from 1 January 2011) in pursuance of Consob Resolution No. 17221 dated 12 March 2010 and a **Committee for Transactions with Related Parties** (OPC) set up
- New **regulations** adopted on the composition and functioning of the Internal Audit, Remuneration, Ethics Committees and the Supervisory Body
- Position of **General Manager** introduced in Acea SpA²⁹
- Review of the **organisational macro-structure** for the Divisions which report to the Chairman
- In response to the extension of the offences contemplated by the related legislation, the Organisation, management and control model pursuant to Italian Legislative Decree No. 231/2001 were introduced or adapted within Acea SpA, Acea Distribuzione, Acea Reti e Servizi Energetici, AceaElectrabel Holding, AceaElectrabel Produzione, A.R.I.A., Eall, Enercombustibili, SAO, Aquaser, Acea Ato 2, Acea Ato 5, Acea Rieti, LaboratoRI

²⁹ Effective installation took place on 1 February 2011 and by means of the proxy of the CEO dated 7 February 2011, the pertinent powers of administration were granted to the General Manager.

The information on the résumés of Acea SpA Directors, on the independence qualifications, on the presence during Board Meetings and those of any Committees which they are members of and, in conclusion on any appointments covered in other companies³⁰, is available in the *Report on corporate governance and the ownership set-ups* which can be consulted on-line on the company website (www.acea.it). The fee for the Board members is established by the shareholders' meeting while the additional fee for the members of the Committees is established by said Board upon the proposal of the Remuneration Committee and having consulted the Board of Statutory Auditors. The emoluments received by the directors are illustrated in a specific table attached to the 2010 Consolidated financial statements³¹.

Box – Acea SpA's Board of Directors (as of 31 December 2010)

GIANCARLO CREMONESI	(Chairman)
MARCO STADERINI	(Chief Executive Officer)
PAOLO GIORGIO BASSI	(Co-ordinator of the Internal Auditing Committee)
ANDREA PERUZY	(Member of the Internal Auditing Committee and the Remuneration Committee)
LUIGI PELAGGI	(Member of the Internal Auditing Committee and the Remuneration Committee)
FRANCESCO CALTAGIRONE	(Member of the Internal Auditing Committee)
PAOLO DI BENEDETTO	(Co-ordinator of the Remuneration Committee)
JEAN LOUIS CHAUSSADE	(Member of the Remuneration Committee)
ALDO CHIARINI	(Member of the Internal Auditing Committee)

Box – The roles and the powers of the Board of Directors within Acea

<p>The powers assigned by law and the Articles of Association to the BoD, with the exception of the matters reserved for the shareholders in general meeting, include:</p> <ul style="list-style-type: none"> - the definition of the strategic and general policy and the formulation of the Company's development paths; the economic-financial co-ordination of the activities of the Group via the approval of the strategic and financial plans, investments and the annual budget; - the approval and amendment of the internal regulations relating to the general organisational structure of the company; - the establishment of the Committees envisaged by the Code of Best Practice and the appointment of their members; - the adoption of the Organisation, management and control model in accordance with Italian Legislative 	<p>Decree No. 231/01;</p> <ul style="list-style-type: none"> - the assessment of the adequacy of Acea's organisational, administrative and accounting set-up and that of the subsidiaries which are strategically important; - the dialogue with the shareholders and the furthering of initiatives useful for encouraging their participation and the assisted exercise of their rights; - the establishment of safeguards to protect the processing of personal details or sensitive third-party data , with the annual drafting of a data security planning document (Italian Legislative Decree No. 196/03); - the adoption of the procedures necessary for protecting the health of workers and the appointment of the parties who will see to safety in the workplace (Italian Legislative Decree No. 81/08);
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The Articles of Association discipline the powers which can be delegated by the Board of Directors and those of the **Chairman** and the **Chief Executive Officer**, to be exercised individually or jointly (see related box); furthermore, in October 2011, in accordance with Article 20 of the Articles of Association, the BoD appointed the General Manager who will come into office in 2011. A number of innovations have been made during the year to the discipline of the way the **General shareholders' meeting** operates. In fact, it became necessary to adapt the related provisions of the Articles of Association to the provisions introduced by Italian Legislative Decree No. 27/10, acknowledging EU Directive 2007/36/EC, and by the new Article 135 novies of the Consolidated Finance Act (Italian Legislative Decree No. 59/98). These amendments are directed at ensuring the shareholders of the listed companies greater participation, accountability and information. The following are envisaged by way of example: computerised methods of interaction (electronic notification of the representation proxies of the shareholders at the meeting and publication of the notice of calling on the website) and presentation of additions to the Meeting's agenda.

As also indicated in the Report on corporate governance and the ownership set-ups, there are no shares with a limited right to vote or lacking such right³².

With the exception of the Municipality of Rome shareholder, the Articles of Association envisage a

³⁰ During the meeting held on 23 March 2011, accepting the Chairman's proposal and the favourable opinion of the Internal Audit Committee, the Board raised the maximum number of appointments which each director can cover in listed companies, including that in Acea, to 10, thereby equally guaranteeing the full fulfillment of their duties.

³¹ See the 2010 Consolidated financial statements, page 391.

³² With the exception of 416,993 own shares (corresponding to around 0.2% of total shares) for which the voting right is suspended in accordance with Article 2357 ter of the Italian Civil Code.

Box – Roles of the Chairman and the Chief Executive Officer

The **Chairman** is the Company's legal representative and is authorised to sign on behalf of the same, and also has the powers to call and chair Board and shareholders' meetings. The duties he is delegated with include: overseeing the Group's activities and checking the implementation of the Board resolutions and the corporate governance regulations; the assessment of the activities and corporate processes with reference to supplied and perceived quality aspects, the environmental impacts and social sustainability (corporate social responsibility); the chair of the **Strategic Committee**, still being reviewed; the supervision of the corporate secretariats of the Parent Company and the subsidiaries.

The **Chief Executive Officer** is entrusted with the ordinary business of the Company, the corporate signature, legal and trial representation as well as any other responsibility delegated within the limits of the law and the Articles of Association. He operates on the basis of long-term plans and annual budgets approved by the Board and guarantees and ascertains the observance of the management guidelines, implementing the organisational and procedural

changes to the Parent Company's activities, on a consistent basis with the guidelines resolved by the BoD. Furthermore, he chairs the **Management Committee**, an advisory body for the checking of the economic operating situation of the Group and the individual business areas and any deviations with respect to the objectives. In conclusion, he ensures the correct handling of the corporate information. The **Chairman and the Chief Executive Officer** report at least quarterly to the BoD and the Board of Statutory Auditors on the general trend in operations and the expected outlook for the future.

The Chairman and Chief Executive Officer can jointly adopt, if need be, acts reserved for the BoD with regard to contracts, purchases, participation in tenders, issue of sureties and appointment of members of the Boards of Directors and Boards of Statutory Auditors of the most important subsidiary and investee companies, when the urgency involved does not allow for calling, informing the Board in the first subsequent meeting applicable, which will check the legitimacy of the transactions entered into.

limit to the right to vote on holdings exceeding the extent of 8% of the share capital. In conclusion, there are no shareholders' agreements or special powers of veto or any other aspect influencing the decisions which are the exclusive result of the mere corporate shareholding held. Acea's **Internal Audit System (SCI)** is made up of a structured series of elements (bodies, rules and procedures, instruments) whose work aims to:

- prevent or limit any negative consequences which may emerge from unexpected results of company operations;
- permit the achievement of the operating and strategic targets (efficiency and effectiveness of the activities, protection of the Company assets);
- ensure the Company's compliance with applicable laws and regulations (compliance);
- oversee correct and transparent disclosure internally and to the market.

This system **permeates the entire business structure**, involving the following parties for various purposes:

- the **Board of Directors**, which together with the Internal Auditing Committee defines the guidelines of the SCI so as to identify, measure and handle the main risks pertaining to Acea and the Group companies. The BoD also has the power to appoint and remove the most important parties who operate within the System: the Chief Executive Officer, being the individual appointed to oversee the Internal Audit System, the Individual in charge of Internal Auditing and the Executive in charge of drawing up the corporate accounting documents;
- the **Internal Auditing Committee**, whose members include delegated directors, the Chairman, the Chief Executive Officer and the Chairman of the Board of Statutory Auditors, which represents an essential part of the Internal Audit System. It assists the BoD with the definition of the system policies and ensures the activities supporting the decisions to be adopted; among its other duties, it expresses its opinion on the appointment and remuneration of the Individual in charge of Internal Auditing. During 2010, the Committee met nine times; the body has an annual budget of Euro 25 thousand;
- the **Remuneration Committee**, which proposes to the BoD the remuneration of the Chief Executive Officer and the Directors with specific offices; it assesses the criteria pertaining to the remuneration of the executives with strategic responsibilities and proposes the incentive systems (in 2010, the new Long-term incentive plan for the period 2010-2012 was approved). During the year, the Committee met four times; the body has an annual budget of Euro 25 thousand;
- the **Board of Statutory Auditors**, which exercises the powers and fulfils the duties envisaged by current legislation, performing the general function of supervision of legislative compliance, the correctness of the administration and the effective implementation of the Code of Best Practice for listed companies. The Chairman of the Board of Statutory Auditors is chosen from among the lists of the minority shareholders;
- the **Chief Executive Officer**, in the capacity as supervisor of the functioning of the Internal Audit System, who sees to the identification of the main corporate risks, taking steps to plan, implement and handle the Audit System;
- the **Executive in charge of drawing up the accounting and corporate documents**, who oversees the risks on the financial disclosure process, via an internal audit and management

- system, and assesses - together with the Internal Auditing Committee - the correct use of the accounting standards and their consistency within the Group for the purposes of drawing up the consolidated financial statements;
- the **Supervisory Body (SB)**, which is endowed with full and independent decision-making and control powers with regard to the functioning of the Organisation, management and control model pursuant to Italian Legislative Decree No. 231/2001, for the purpose of preventing the risk of offences which involve the Company's administrative liability. In 2010, specific training activities were carried out addressing the executives and middle management, for the purpose of spreading awareness and handling of the Model renewed during the year. The SB has an annual budget of Euro 25 thousand;
 - the **Ethics Committee**³³ which is appointed to further awareness of the Ethical Code adopted by the Group, oversee its implementation and define procedures useful for the observance of the principles set forth therein;
 - the **Audit Unit**, which carries out independent checks on the overall functioning of the Internal Audit System and on the monitoring of the execution of the improvement plans defined by management. The Unit reports to the Chairman and does not handle operating activities. The head of the Audit Unit has been identified as the Individual in charge of Internal Auditing and has the task of checking the adequacy of the system and expressing his/her opinion on its suitability, reporting any findings to the Internal Auditing Committee, the Board of Statutory Auditors and the CEO. The head of the unit has an annual budget of Euro 25 thousand;
 - the **Risk Control and internal controls Unit**, located within the Audit Division, whose tasks include the planning, implementing and handling of the process and instruments for the detection and gauging of the risks, spreading risk management culture throughout the Group.
 - **all the Executives and employees**, responsible, within their own sphere of competence, for the effective measures necessary for ensuring an efficient running of the Internal Audit System.

Management systems

A complex system of **internal regulations** is in force within Acea for the control, management and coherent supervision of all the business processes and formalised management systems are present according to **external norms** (such as the environment and quality management systems correlated to the Certification in accordance with the UNI EN ISO 14001, UNI EN ISO 9001, and OHSAS 18001 standards). Furthermore, various **Policies** have been defined over the years, both at Group and individual company level, overseeing quality and safety, safeguarding the corporate assets and the environment.

The system of internal regulations (see chart No. 7) is understood to be the series of provisions which oversee the flow of the Group's governance operations, starting off from the definition of macro-level directives up to the expression of specific aspects, characteristic of the business sectors.

This system comprises:

- **Group management rules**, via which the Parent Company, within the sphere of its overall management function, fixes the most appropriate general executive principles;
- **processes**, in turn separated up into strategic governance, functioning and operative processes, dependent on whether they pertain to the determination and pursuit of the strategic policies, transversal themes or individual businesses;
- **procedures**, which define the methods for implementing the activities.

Acea regularly up-dates this system, so as to ensure the full efficacy of the same in response to the evolution of the Group's needs. In 2010, for example, management rules were approved regarding relations and fulfilments vis-à-vis Public Administration Authorities, handling of relations with statutory and independent auditors, internal management and external communications of documents and privileged information, IT security of the companies (with procedures regarding access to the centralised IT systems).

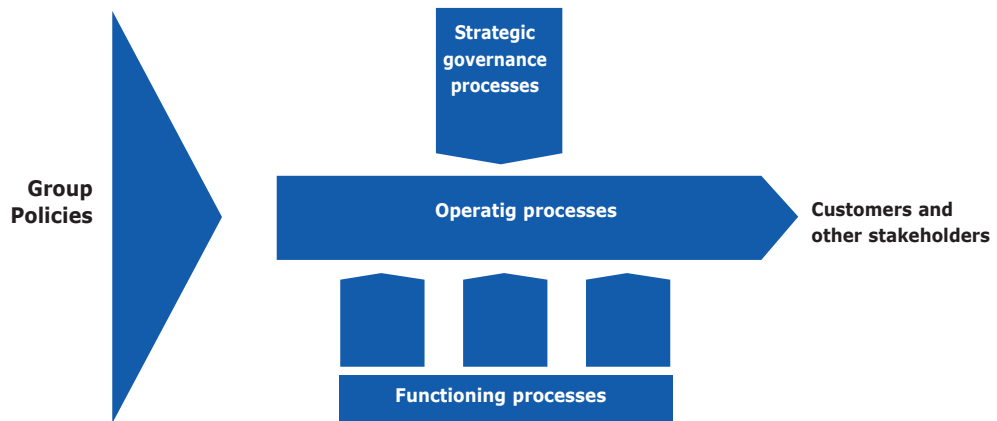
In January 2010 – on the natural three-year expiry of the Certificate, obtained in 2007, **Acea SpA** once again underwent, with complete success, the CSQ Revaluation Audit which led to the re-issuing of the **Quality Certification** pursuant to the **ISO 9001:2008 standard**³⁴, for the network and plant planning, construction, maintenance and restructuring activities for the management of the integrated water and public lighting service (functional and artistic); during 2010, the water company Acea Ato 2 carried out all the preparatory activities for independently obtaining the Quality Certification, envisaged during 2011.

The Parent Company's Quality System and Legislative Compliance Procedures Unit has the task of

³³ According to the new regulations, the members of the Ethics Committee are 5, of which two appointed externally (as of 31 December 2010 the external members had not yet been appointed).

³⁴ Possession of certification pursuant to the UNI EN ISO 9001 standard is necessary for Acea also for SOA certification for the purpose of taking part in tenders for the awarding of public works which fall with the economic amount classed of interest to the Group.

Chart No. 7 – INTERNAL REGULATIONS SYSTEM



overseeing the Quality Management System certification process for Acea SpA, working in collaboration with the competent structures and handling the dealings with the certifying body, and of defining methods and reference standards for the implementation of management systems in the Group, guaranteeing the support for the companies for the purpose of standardising the handling of certification activities. The head of the Safety and Protection Division, which the aforementioned Unit reports to, is the HQ Representative for the implementation of the Quality System. He is responsible for periodically re-examining and possibly up-dating the **Quality Policy**, signed off on by senior company management. The document outlines the desire to **further the quality culture** at all levels of the structure and specifies the **reference to the sense of economic, social and environmental responsibility for the definition of the strategic choices**³⁵.

Besides Acea SpA, the majority of the **Group companies** and the **production plants** (thermoelectric, hydroelectric and waste-to-energy installations) operate according to Quality and Environmental Certification; some plants are also EMAS registered (see related boxes).

Acea SpA's Security and Protection Division is also responsible for the definition and implementing control of the policies relating to **health and safety in the workplace and protection of the tangible and intangible corporate assets**, as well as monitoring the associated risks. For such purposes, the Health and Safety in the Workplace (see *Human Resources* section) and Asset Protection Units are operative, the latter having defined the Protection Policy care of Acea SpA in 2009 (see Institutions and the company section).

As of 31 December 2010, 13 Group companies implemented a formalised management system for health and safety in the workplace; in detail, during the year the procedure launched in 2009 by **Acea Distribuzione** for the achievement of certification of the Health and Safety in the workplace Management System in compliance with the **OHSAS 18001:2007 standard**, concluded positively; the same certification was accomplished in 2010 by the **4 companies in the AceaElectrabel joint venture, LaboratoRI and Sogea** as well. Acea Ato 2 set up a safety management system (Sgsl) compliant with the UNI INAIL guidelines; furthermore, in March 2010 Acea SpA up-dated its Safety Policy.

In order to gain a transversal view of the risks inherent to the various Group processes and effectively implement control systems, a number of centralised risk management units are operative within Acea.

The Risk Control and internal controls Unit, within the Audit Division, sees to the identification, monitoring and control of the **main risk factors** – strategic, operating and process-related – **which may compromise the achievement of the Group objectives** (protection of the businesses); the activities unfold by means of the regular repetition of the risk assessment, risk treatment and risk monitoring phases and constant interaction between the various parties involved, which is supported by a structured and on-going information flow.

The control of the **impacts on the natural environment** and the identification of improvement processes is entrusted to the operating companies. **Gauging and control** activities for the water sector are carried out by **LaboratoRI**, while in relation to the electricity sector the **control of the main technological plants and technological innovation** are entrusted to Acea Distribuzione SpA. With regard to the handling of the **financial risks**, mainly with reference to the prices of the commodities, a specific governance structure is present in the sub-holding company active on the market and in electricity generation, which is made up of dedicated guidelines, specific policies, a committee supervising the risk levels and the hedging strategies and a system for monitoring the exposures.

³⁵ The documentation on the Acea Quality Management System (Policy, Certificates, organisational structure, etc.) is available on the website www.acea.it (Quality and Safety section) and a dedicated area, constantly up-dated, has been organised on the company intranet.

Box – Acea Group quality certifications in 2010

In addition to the certification acknowledged **Acea SpA**, renewed in 2010 and updated according to the **UNI EN ISO 9001:2008** standard, the following Group companies are also certified:

- **Acea Reti e Servizi Energetici SpA - UNI EN ISO 9001:2008 Quality System Certification** for the energy services planning and supply activities; planning and achievement of energy efficiency measures also via application of renewable sources;
- **AceaElectrabel Produzione SpA - UNI EN ISO 9001:2008 Quality System Certification** for the supply of the spare parts and equipment management service for the maintenance of the electrical installations, by means of control, acceptance, handling, storage, conservation, preparation and shipping processes
- **SAO SpA - UNI EN ISO 9001:2008 Quality System Certification** for the waste collection and transportation services on behalf of third parties, waste intended for treatment, disposal or recovery; for the planning and management of urban sanitary services; for the planning, construction and running of plants for treatment, disposal, recovery of solid urban waste and special waste similar to urban
- **LaboratoRI SpA – UNI EN ISO 9001:2008 Quality System Certification** for the planning, design and works management activities for hydraulic works and hydro-environmental plants
- **LaboratoRI SpA – ACCREDIA** (former SINAL) accredited, **UNI CEI EN ISO/IEC 17025 standard** for the development of the analytical laboratory trials (the analytical trials which are ACCREDIA accredited, carried out by the laboratory for Group companies, exceed 80%).

- **Acque SpA** – is **Best4** certified (quality, environment, safety, social responsibility), see box on environment management systems.
- **Acquedotto del Fiora SpA - UNI EN ISO 9001:2008 Quality System Certification** for the management of the integrated water service, the design and construction of aqueduct and sewerage networks, including the water treatment plants, and for the chemical service for analysing the water
- **Publiacqua SpA - UNI EN ISO 9001:2008 Quality System Certification** for the planning and management of contracts for the construction of treatment plants and aqueduct and sewerage networks; for the drinking water and waste water treatment service.
- **Umbra Acque SpA - UNI EN ISO 9001:2008 Quality System Certification**, for the drinking water distribution service and, limited to just some areas, for the sewage and treatment service; for the design, construction and maintenance of aqueduct networks in some municipalities managed.
- **Nuove Acque SpA - UNI EN ISO 9001:2008 Quality System Certification** for the management of the integrated water service.
- **Acea Ato 5 SpA** obtained **UNI EN ISO 9001:2008 Quality System Certification in 2010** for the management of the integrated water service, the design, construction and maintenance of aqueduct and sewerage networks and waste water treatment plants.

Furthermore, **Acea Ato 2 SpA** carried out preparatory activities for the attainment of **UNI EN ISO 9001:2008** standard certification, envisaged during 2011.

Box – Acea Group environmental management systems certifications in 2010

ENERGY

The thermoelectric and hydroelectric plants of **AceaElectrabel Produzione** which avail of **Environmental certification** in accordance with the international **UNI EN ISO 14001:2004** standard are as follows

- the Tor Di Valle thermoelectric plant in Rome;
- the Montemartini thermoelectric plant in Rome;
- the Leini thermoelectric plant;
- the Salisano hydroelectric plant;
- the Marconi hydroelectric plant in Narni;
- the Voghera thermoelectric plant in Pavia (it also obtained confirmation of **EMAS** registration in 2010).
- **SAO SpA**, a company involved in the management of environmental services, has an **integrated QES system** (Quality, environment, security) and possesses three certificates: **UNI ISO EN 14001:2004 Environmental Certification**, **UNI EN ISO 9001:2008 Quality System certification**, **OHSAS 18001:2007 Safety System Certification** and in 2010 obtained validation of the first Environmental Declaration developed according to the **EMAS** European environmental regulations, awaiting final registration of the activities.
- the companies **Terni En.A. SpA** and **EALL Srl** have **UNI ISO EN 14001:2004 Environmental certification** for the management activities concerning plants for the production of electricity via the use of renewable sources, involving the following stages: fuel reserving and waste-to-energy activities. **EMAS registration** has been confirmed for the two plants.

- The Vado Ligure and Torrevaldaliga Sud plants, both belonging to Tirreno Power, have obtained both **ISO 14001:2004** standard certification and **EMAS** registration, while in relation to the Naples Levante plant, the procedure launched in 2008 for obtaining both forms of certification continued.

Furthermore, **Acea Reti e Servizi Energetici SpA**, involved in the design and supply of energy efficiency services also by means of application of renewable sources, carried out preparatory activities in 2010 for the achievement of Environmental certification in accordance with the **UNI EN ISO 14001:2001** standard, envisaged during 2011.

WATER

- **Acque SpA**, is **UNI EN ISO 14001:2004** certified (environmental system), **OHSAS 18001:2007** certified (safety system), **SA 8000:2008** certified (social responsibility) and **UNI EN ISO 9001:2008** certified (quality system) and it obtained **Best4** (Business Excellence Sustainable Task).
- **Publiacqua SpA** obtained **UNI ISO EN 14001:2004 environmental certification** for the running of its treatment plant (San Colombano) for urban waste water and for the large drinking water plants (Anconella and Mantignano) serving the Medio Valdarno area, and in 2010 **extended it to all its corporate activities** (centralised offices and plants).
- **Consorcio Agua Azul SA**, operative in Lima, Peru, obtained confirmation of certification of its integrated Quality and Environment management systems, in accordance with the **UNI EN ISO 14001:2004 and 9001:2008** standards.

The function of overseeing the **regulatory risks** – entrusted in 2010, at centralised level, to the Institutional and Regulatory Affairs Division – is a fundamental element, since the Group's business standards refer to regulated sectors; on-going monitoring is therefore carried out on the regulatory framework and the impact on the business, with the aim of defining possible response measures.

In conclusion, with regard to the management system, account should be taken of the IT systems, undergoing constant evolution and overseeing all the Group's activities, entrusted to the Information & Communication Technology Unit.

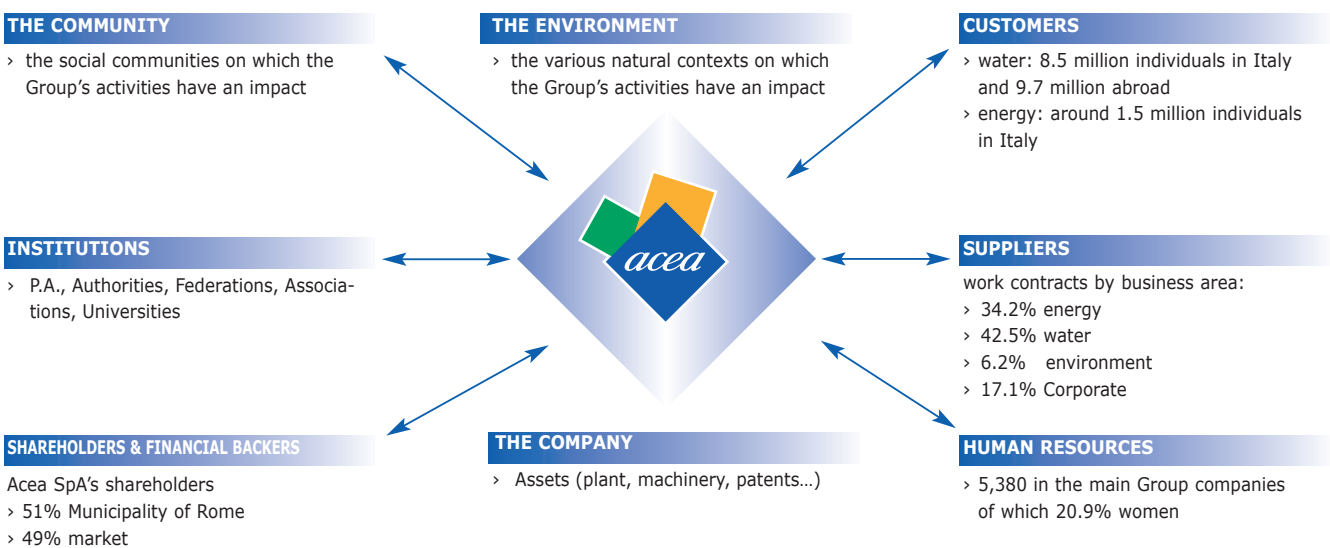
Stakeholders and sharing added value

Stakeholders and their involvement

Since 1999, the year Acea SpA was listed on the stock market and drew up its first social report, the company maps and classifies its stakeholders³⁶, taking into account the development of the Group businesses, and establishes forms of feedback and interaction in relation to the singularities and needs of these stakeholders.

Even if the main stakeholders can be classified in the macro-categories indicated in chart No. 8, also reflected in the value codes, each one of them is in reality composite and diversified and likewise so are the methods for interacting and involvement.

Chart No. 8 – ACEA AND ITS STAKEHOLDERS



NB: the type, the characteristics of the stakeholders and their relationships with the Company are illustrated, quantified and analyzed in the sections of the Sustainability Report.

Acea, in fact, seeks and activates discussion with the stakeholders, involving the Divisions, Units and Group companies for various purposes. The exchange is biunique and implies an enhancement both for the company and the stakeholders: the various **methods of involvement** produce **information** which is used both to benefit the company and in the processing of the **feedback** in response to the requests noted.

In the sections dedicated to illustrating relations between the company and the individual stakeholders, the various feedback or involvement initiatives are described.

With regard to the **customers**, for example, Acea periodically carries out customer satisfaction surveys aimed at detecting the satisfaction with respect to the services provided, sharing the results of the surveys with those responsible for the services investigated, it provides disclosure outside the company also by means of the sustainability report and, on the basis of the criticalities noted, defines and implements improvement measures in the supply of the services. Together with the **consumer protection associations**, Acea organises round tables on matters of shared interest and, upstream from the encounters, arranges specific initiatives; accordingly, the regulations and joint conciliation protocols adopted by Acea Ato 2, Acea Ato 5 and the companies tasked with the sale of electricity have been defined. The relationship with the **shareholders** is constantly overseen by an appointed Division and with respect to the **financial community** and the **ethical analysts** the company monitors studies, publications and ratings in which it is assessed, also seeing to the contacts with the sector operators, and activates information

³⁶ Stakeholders are those parties (understood in the sense of individuals, groups, organisations) which have significant dealings with the company and in whose interests they are for various purposes involved in the activities of the company due to the exchanges they have with the same or because they are significantly influenced by the same.

Chart No. 9 - THE ACEA VALUES SYSTEM VIS-À-VIS THE STAKEHOLDERS

THE COMMUNITY

- > involvement in the life of the local communities
- > contribution to the well-being of the social context
- > capitalisation of the area and the architectural and monumental heritage

INSTITUTIONS

- > observance of fulfilments
- > collaboration
- > development of shared projects

SHAREHOLDERS AND FINANCIAL BACKERS

- > generation of value and equal distribution of the same
- > transparency in Corporate governance
- > effective analysis of the risks
- > protection of the minority shareholders
- > clear, in-depth and prompt information

ENVIRONMENT

- > sustainable management of the natural resources
- > monitoring and control of the environmental risks
- > development of activities for protecting the environment
- > adoption of the best technologies available



THE COMPANY

- > sustainable growth
- > competitiveness
- > analysis of the investment risks
- > sharing of objectives
- > transparency management

CUSTOMER

- > customer orientation
- > quality of the services and customer care
- > widespread distribution of services under fair and non-discriminatory conditions
- > transparent and effective communication

SUPPLIERS

- > accountability of the procedures for assigning contracts
- > capitalisation of the associated economy
- > request for services, materials, quality services, etc.

HUMAN RESOURCES

- > involving human resources and making them responsible
- > professional training and capitalisation
- > protection of safety in the workplace

internally along with raising awareness on these matters. The interaction with the **institutions** and with the **competent authorities** takes on the form of encounters, hearings and exchanges of information - documental and in the development, with the former, of synergies for the accomplishment of common projects benefiting the area and the local communities, like the project for sustainable mobility in Rome and Lazio or the European Cat-Med project for sustainable urban development and the numerous initiatives with schools, universities and research centres. With reference to the **Human Resources**, Acea implements systems for the assessment and development of the in-house professional skills; in this connection, the MappAcea and Skills Survey projects are examples. It also periodically consults the workers and defines trade union agreements. Dealings with the **suppliers** are overseen systematically also by means of the exchange of views with territorial employers' associations; such interaction has been useful for establishing Qualification Systems active within the Group.

Distribution of Acea's added value

As from this edition of the *Sustainability Report*, in order to calculate the economic value generated and distributed to the stakeholders, including the suppliers, exclusive reference is made to the GRI standard adopted for the drafting of the report, which uses a scale-down scheme similar to that of the income statement structure in the financial statements.

The economic value generated directly by the Group in 2010, which includes core revenues and financial transactions, amounted in total to **Euro 3,599.4 million** (Euro 2,974.9 million in 2009). The distribution of this value to the stakeholders is broken down as follows: **74%** under the form of **operating costs (suppliers)**; **11.4%** as resources reinvested in the **company system**; **7.6%** in terms of remuneration for **human resources**; **4.5%** to the **shareholders and financial backers** under the form of interest and dividends (with regard to the shareholders, in particular, with reference to 2010, the dividend deriving from the profit for the year must be added to a dividend of **Euro 63.9 million** deriving from the capital gains reserve from spin-off accrued in previous years); **2.4%** is assigned to **public administration authorities**³⁷ under the forms of taxes and dues; lastly, **0.1%** goes in investments and donations to the **community**.

³⁷ The amount paid over to the public administration authorities net of the state and regional public grants which Acea receives from said stakeholder, comes to Euro 73.9 million.

Table No. 11 – ECONOMIC VALUE DIRECTLY GENERATED AND DISTRIBUTED (2009-2010)

(in millions of euro)	2009	2010
total economic value directly generated	2,974.9	3,599.4
<i>distribution to the stakeholders</i>		
operating costs (suppliers)	2,102.6	2,661.5
human resources	286.4	274.9
shareholders and financial backers	111.4	163.3
public administration authorities	147.8	85.4
the community	2.2	5.5
the company	323.1	408.8

Table No. 12 - BREAKDOWN OF THE VALUE GENERATED BY STAKEHOLDER (2009-2010)

	2009	2010
operating costs and suppliers	70.7%	74%
human resources	9.6%	7.6%
shareholders and financial backers	3.7%	4.5%
public administration authorities	5%	2.4%
the community	0.1%	0.1%
the company	10.9%	11.4%



THE SOCIO-ECONOMIC RELATIONSHIPS
WITH THE STAKEHOLDERS



GRI Economic and Social Performance Indicators

The indicators relating to the **economic and social performances** (core and additional) envisaged by the **GRI-G3.1 Guidelines, edition 2011**, and the indicators introduced by the **Sector Supplement for Utility companies in the electric sector**³⁸, which Acea has followed for the preparation of the 2010 Sustainability Report, are presented below, along with indication of the pages of the sections of the report where it is possible to find them.

The meaning of each performance indicator is described in detail in the *Guidelines and Sector Supplement*, available on the website www.globalreporting.org

Table No. 13 –GRI-G3.1 ECONOMIC AND SOCIAL INDICATORS

Economic performance

- EC1 (Core) Economic value directly generated and distributed, including revenues, operating costs, employee remuneration, donations and other investments in the community, undistributed income, payments to financial backers and to Public Authorities.
The socio-economic relationships with the stakeholders pages 26-29, 50, 120, 129, 133-136
- EC2 (Core) Financial implications and other risks and opportunities for the activities of the organisation due to climatic changes.
Corporate identity page 27
- EC3 (Core) Coverage of the obligations undertaken at the time of defining the pension plan (benefit plan obligations).
The socio-economic relationships with the stakeholders page 121
- EC4 (Core) Significant funding received from Public Authorities.
The socio-economic relationships with the stakeholders page 54, note 37

Market presence

- EC5 (Additional) Ratio between the standard salary of new recruits and the minimum local wage in the most significant operating locations, broken down by type.
The salaries of new recruits are disciplined by National Collective Labour Agreements for the sector (electricity, gas and water)
The socio-economic relationships with the stakeholders page 120
- EC6 (Core) Policies, practices and percentage of expenditure concentrated on local suppliers in relation to the most significant operating locations.
The socio-economic relationships with the stakeholders pages 104, 105
- EC7 (Core) Procedures for employing individuals resident where the activities are mostly carried out and percentage of the senior management employed from the local community.
The procedures for employing individuals in Acea do not envisage the requirement of geographic residence as an element of pre-emption, in that it is potentially discriminatory and non-functional with regard to Group logics.

Indirect economic impacts

- EC8 Development and impact of investments in infrastructures and services mainly provided for "public utility", via commercial commitments, donations of products/services, activities pro bono.
The socio-economic relationships with the stakeholders pages 97-100
- EC9 (Additional) Analysis and description of the main indirect economic impacts considering the external aspects generated.
The socio-economic relationships with the stakeholders pages 80, 81, 84, 92, 97-100; *Environmental issues* page 157

Availability and reliability

- EU6 (Core) Management approach aimed at guaranteeing the availability and reliability of the electricity supply over the short and long-term.
The socio-economic relationships with the stakeholders pages 69, 70, 86, 101, 102 notes 92, 134, 136

³⁸ With reference to the GRI-G3.1 Guidelines, as far as the matters concerning the economic and social indicators already envisaged by the GRI-G3.1 Guidelines, 2006 edition, are concerned, the definitions present in the Italian translation of the 2006 version were followed while for those amended or introduced from scratch by the GRI-G3.1 Guidelines, the definitions were translated from the 2011 English version; the indicators of the Electric Utilities Sector Supplement (EU) are integrated in the table.

EU10 (Core) Plan electricity capacity with respect to the demand envisaged over the long-term, divided up by energy source and regulatory system.

Corporate Identity page 31 and note 21

Handling of demand

EU7 (Core) Programmes for handling energy demand for household, commercial, institutional and industrial users.

The Socio-economic relations with stakeholders page 86

Research and development

EU8 (Core) Research and development activities and expenditure intended to guarantee the reliability of the electricity supply and aimed at furthering sustainable development.

The Socio-economic relations with stakeholders pages 69, 136; *Environmental Issues* pages 176-179

Dismantling of plants

EU9 (Core) Instructions for the dismantling of nuclear sites.

There are no nuclear plants in the Acea group of installations.

System efficiency

EU11 (Core) Average outputs of the energy generation plants by energy source and regulatory system.

Environmental issues pages 151, 152

EU12 (Core) Percentage of transmission and distribution losses out of total energy.

Environmental Issues page 154

WORKING PRACTICES AND ADEQUATE WORK CONDITIONS

Employment

LA1 (Core) Total number of employees, classified by type, type of contract and geographic breakdown.

The socio-economic relations with stakeholders pages 108, 109-112, 112 et seq.

LA2 (Core) Total number and turnover rate of the human resources, classified by age, gender and geographic area.

The socio-economic relations with stakeholders page 109-112

LA3 (Additional) Benefits envisaged for full-time workers, but not for part-time and temporary workers, broken down by main production sites.

The socio-economic relations with stakeholders page 121

LA15 (Core) Rate of return to work and maintenance of employment after availing of family leave, broken down by type.

Acea operates in observance of the Consolidation Act regarding the protection and support of maternity and paternity (Italian Legislative Decree No 151/2001 and subsequent amendments and additions), which disciplines leave, sick leave, time off and economic support for male and female workers associated with the maternity and paternity of natural, adopted or fostered children.

The legislation prohibits any discrimination for reasons associated with gender, with particular regard to any less favourable treatment in relation to pregnancy, maternity or paternity; it establishes obligatory maternity leave until the child has reached one year of age and guarantees the maintenance of the employment position during this period, imposing the prohibition of dismissal; it also establishes the re-employment of the resource with the duties performed before the period of leave or equivalent duties, envisaging sanctions for employers who violate this legislation. Therefore, 100% of the employees who avail of this type of leave keep their jobs and return to work.

EU14 (Core) Programmes and processes for ensuring the availability of a qualified workforce.

The socio-economic relations with stakeholders pages 69, 124

EU15 (Core) Percentage of employees eligible for retirement in the next 5/10 years, divided up by professional category and area.

The percentage of employees of the Group companies active in the electricity sector (Acea Distribuzione, Acea Reti e Servizi Energetici and the 4 joint venture companies, mainly located in Lazio) eligible for retirement in the next 5/10 years equates to 3.1% of the total workforce of the companies included within the scope of the reporting in the section *Composition and turnover*, broken down into: 4.6% executives, 286 middle managers, 3.0% white-collar workers and 3.2% blue-collar workers.

EU17 (Core) Days/work of the workforce of contractors and subcontractors involved in construction, maintenance and operating activities.

The works management of the operating companies monitors the working days of the contractor and subcontractor companies, by means of the workers attendance sheets. Nonetheless, the figure is not included in an attendance management disclosure programme.

Industrial relations

- LA4 (Core) Percentage of employees covered by collective bargaining agreements.
The socio-economic relations with stakeholders pages 112 *et seq.*
With reference to the Services and Work entrusted by Acea Distribuzione, total employees of the contracting companies are covered by the National Collective Labour Agreement; with regard to Suppliers, Acea Distribuzione undertakes to check the social security and welfare fulfilments (INAIL).
- LA5 (Core) Minimum period of notice for operating modifications (organisational changes), specifying if these conditions are included or otherwise in the collective bargaining.
The socio-economic relations with stakeholders pages 112 *et seq.*

Health and safety in the workplace

- LA6 (Additional) Percentage of workers represented in the Committee for health and safety, made up of management and workers' representatives, set up for the purpose of controlling and providing advice on programmes for the protection of the health and safety of the worker.
In Acea, the matters established by Italian Legislative Decree No. 626/94 regarding health and safety in the workplace are observed.
The socio-economic relations with stakeholders pages 107, 118
- LA7 (Core) Rate of industrial accidents, illness, working days lost, absenteeism and total number of deaths, broken down by geographic area and type.
In 2010, it is possible to provide the figure relating to the number of accidents broken down by type only for the Parent Company, equating to 1 male case of accident and 4 female cases. In 2011, the figure will reasonably cover the reference boundary. The figures are presented separately by business areas and not by geographic area, due to the scarce significance of this latter aspect given the prominent territorial concentration of the Group.
The socio-economic relations with stakeholders pages 118, 119
- LA8 (Core) Educational, training, advice, prevention and control of risks programmes activated to support the workers, the respective families or the community, relating to complaints or serious illnesses.
The socio-economic relations with stakeholders pages 118, 119
- LA9 (Additional) Formal agreements with the trade unions regarding health and safety.
The socio-economic relations with stakeholders page 118
In 2010, the topic of safety was not subject to specific trade union agreements.
- EU16 (Core) Policies and conditions/requirements relating to the health and safety of employees and the staff of suppliers, contractors and subcontractors.
A Site Inspection Unit exists within Acea Distribuzione, present within the Quality and Safety B.U. which constantly carried out inspections at sites, checking the observance of the safety parameter for the work carried out by contractor companies on behalf of the company.
The socio-economic relations with stakeholders pages 101, 107, 124
- EU18 (Core) Percentage of contractor and subcontractor employees who receive adequate training in relation to health and safety.
The figure relating to the percentage of contractor and subcontractor employees training with regard to safety is not available; however, Acea applies work Qualification Systems for the water sector and the energy sector and the respective Regulations envisage the obligation to observe the safety norms. Furthermore, the work Qualification System - energy sector envisages acceptance of the Health and Safety in the workplace Policy, as an indispensable requirement for admission to tenders and applies a Vendor Rating system centered on quality and safety. The presence of the RSSP (Prevention and Protection Service Manager) is envisaged at the sites.

Training and education

- LA10 (Core) Average annual number of training hours per worker, broken down by category of workers and type.
The socio-economic relations with stakeholders page 125
- LA11 (Additional) Programmes for the management of the skills and in order to further progressive training/refresher courses supporting the on-going employment of the staff and for the management of the final stages of their careers, broken down by type.
The socio-economic relations with stakeholders pages 120, 121-125
- LA12 (Additional) Percentage of employees who receive regular appraisals of their performances and the development of their career.
In 2010, 32% of the employees were appraised (90 employees on the workforce in the Administration, Finance, Planning and Control Unit of the holding company and the entire workforce of Acea Ato2 equating to 1,617 out of a total of 5,389 resources) (see *Human Resources* section, paragraphs *The Staff appraisal systems* and *Training and development of the human resources*).
The socio-economic relations with stakeholders page 122

Diversity and Equal Opportunities

- LA13 (Core) Composition of the management bodies of the company and breakdown of the employees by category on the basis of gender, age, protected category inclusion and other diversity indicators.
The socio-economic relations with stakeholders pages 111 et seq., 115 et seq., 128

Equal remuneration between men and women

- LA14 (Core) Ratio of basic salary and remuneration overall (with bonuses, indemnities, etc.) of women compared to men, category being equal, and by main work locations.
On the basis of the current national collective labour agreement (CCNL), the basic salary of men is equal to that of women, for each category. However, it is the variable part of the salary which determines certain differences.
The socio-economic relations with stakeholders page 120

HUMAN RIGHTS

Investment and supply practices

- HR1 (Core) Percentage and total number of significant investment agreements and contracts which include clauses which incorporate human rights or which have been subject to a related appraisal (screening).
The Group has adopted value codes - Ethical Code and Tender Ethics Code - which all the parties who operate on behalf of Acea in the management of the corporate activities are obliged to observe and this guarantees an adequate protection of the human rights also in the event of entering into investment and/or supply agreements.
The socio-economic relations with stakeholders page 106
- HR2 (Core) Percentage of the leading suppliers, contractors and other commercial partners which have been subjected to checks concerning human rights and related action adopted.
The percentage is not available but Acea requires suppliers and contractors to accept and observe its value codes.
The socio-economic relations with stakeholders pages 101, 106
- HR3 (Core) Total training hours of employees on policies and procedures regarding all the aspects of human rights significant for the activities of the organisation and percentage of trained employees.
In 2010, training hours provided to employees which also concerned such topics amounted to around 2,950 (estimated figure 165 new recruits x 15.7 hours of training per head).
The socio-economic relations with stakeholders page 124

Non-discrimination

- HR4 (Core) Total number of episodes linked to discriminatory practices and action adopted.
No episodes of discrimination were reported. For the prevention policies, in other words the value codes adopted by the Group and the protection of the diversity and equal opportunities, please refer to *Corporate Identity*, page 32 and *The socio-economic relations with stakeholders* pages 115 et seq., 128

Freedom of Association & Collective Bargaining

- HR5 (Core) Identification of the activities where the freedom of association and collective bargaining can be exposed to significant risks and action undertaken to defend these rights.
There are no activities where the freedom of association and collective bargaining is exposed to risks. Please refer to the section which illustrates Industrial relations and where reference is made to other associative forms present in-house (CRA, ANMIC, Gold Medal Association).
The socio-economic relations with stakeholders pages 112 et seq., 127 et seq.

Child labour

- HR6 (Core) Identification of the operations and most important suppliers which present a high risk of recourse to child labour and the measures adopted so as to contribute towards its elimination.
In its dealings with its employees and collaborators, Acea applies the National Collective Labour Agreements and other contractual forms envisaged by current legislation. With regard to the absence of child labour in the supply chain, Acea binds any potential supplier to observe the *Tender Ethics Code* and the *Group's Ethical Code*, which protects workers from any form of abuse (see sections *Human Resources* and *Suppliers* in *The socio-economic relations with stakeholders*).

Forced labour

- HR7 (Core) Activities and the most important suppliers with a high risk of recourse to forced or compulsory labour and measures adopted so as to contribute towards the abolition of all forms of forced or compulsory labour.
In its dealings with its employees and collaborators, Acea applies the National Collective Labour Agreements and other contractual forms envisaged by current legislation. With regard to the absence of forced or compulsory in the supply chain, Acea binds any potential supplier to observe the *Tender Ethics Code* and the *Group's Ethical Code*, which protects workers from any form of abuse (see sections *Human Resources* and *Suppliers* in *The socio-economic relationships with the stakeholders*).

Security practices

HR8 (Additional) Percentage of human resources appointed to security activities who have received training on the procedures and on the policies regarding human rights significant for the activities of the organisation. The security activities are entrusted to an external security company. The rules of conduct for security staff comply with those in force in the security corps of the Italian state.

Rights of the community of indigenous populations

HR9 (Additional) Number of violations of the local community and action undertaken. No violations to the detriment of local communities were reported. For the action undertaken by Acea benefiting local communities, please refer to the initiatives supporting the most deprived categories of the population, described in *The socio-economic relationships with the stakeholders, Customers and the Community* and in the section *Company fact sheets – Italy & abroad*.

Appraisal

HR10(Core) Percentage and total number of activities which have been subject to a re-examination in terms of human rights and/or an appraisal of the impacts. The Group has adopted value codes - *Ethical Code* and *Tender Ethics Code* - which all the parties who operate on behalf of Acea in the management of the corporate activities are obliged to observe and this guarantees an adequate protection of the human rights, therefore specific activities have not been subject to re-examination.

Corrective action

HR11(Core) Number of protests relating to human rights presented, appraised and settled by means of formalised complaint mechanisms. No protests have been presented related to human rights. The adoption of the value codes ensures adequate supervision of the protection of the human rights and also the company's commercial partners must observe the same or be excluded from the tender

CIVIL SOCIETY

The general public and local communities

- SO1 (Core) Percentage of activities where the involvement of the local communities has been introduced, appraisal of the socio-environmental impacts and growth programmes.
The socio-economic relations with stakeholders pages 62-68, 89, 93-100, 101 *et seq.*, 107, 136; *Corporate Identity* pages 46, 48, 49 *et seq.*
- SO9 (Core) Activities with important positive and negative impacts – real or potential – on local communities.
The socio-economic relations with stakeholders pages 62-68, 78, 79, 83, 97-100, 134
- S10 (Core) Measures for preventing or reducing the negative impacts - real or potential - generated by the activities of the organisation on local communities.
With reference to the projects regarding which a considerable environmental impact is envisaged, in particular due to their nature, their size of location, before issuing authorisation, the competent authorities carry out an appraisal of their environmental impact (VIA). The appraisal involves the prior estimation of the significant direct and indirect effects, short and long-term, which the possible performance of an activity may have on the ecosystem (man, fauna and flora, the ground, the water and the air, the interaction between the afore-mentioned elements, material assets and cultural assets).
Furthermore, with regard to the creation of electricity distribution networks and public lighting systems Acea operates in compliance with current provisions in this connection and the regulations which contain many provisions for energy saving and for the reduction of the dispersed lighting flux.
The socio-economic relations with stakeholders page 135
- EU19 (Core) Participation of the stakeholders in the decision-making processes relating to energy planning and development of the infrastructures.
The socio-economic relations with stakeholders page 135
- EU20 (Core) Management approach relating to the displacement effects.
The socio-economic relations with stakeholders pages 134, 135; *Environmental issues* page 166
- EU21 (Core) Emergency plans, disaster planning, reception and recovery plans.
The socio-economic relations with stakeholders page 134
- EU22 (Core) Number of individuals physically and economically "evacuated" and compensated, divided up by project type. No episodes of this type took place.

Corruption

SO2 (Core) Percentage and number of internal divisions monitored for risks linked to corruption. A structured internal audit system is operative within Acea (SCI), including the Organisation and management model

pursuant to Italian Legislative Decree No. 231/2001. Furthermore, the Internal Audit division is active, ensuring appropriate check measures. The percentage figure regarding the number of internal divisions monitored is not available for 2010; steps will be taken to provide this figure in the next edition of the report.

Corporate Identity page 43

SO3 (Core) Percentage of workers who have received training on the organization's anti-corruption policies and procedures.

The percentage of workers who have received training on anti-corruption policies and procedures, estimated, corresponds to around 3% of the workers included within the area of reporting of the Human Resources section (165 new recruits out of 5,380 workers). These training activities are illustrated in the section *The socio-economic relations with stakeholders* page 122. During 2010, the e-learning training project relating to the legislative contents of Italian Legislative Decree No. 231/01 on anti-corruption procedures dedicated to all the executives, middle managers and white-collars with responsibility, continued.

The socio-economic relations with stakeholders page 124

SO4 (Core) Action undertaken in response to episodes of corruption.

There have been no episodes of corruption.

Political contributions (approach with regards to politicians and institutions)

SO5 (Core) Positions of public policies, participation in the development of public policies and pressure exercised.

The socio-economic relations with stakeholders pages 133-136

SO6 (Additional) Total financial contributions and benefits given to parties, politicians and related institutions by country.

The socio-economic relations with stakeholders page 133

Anti-collusion conduct

SO7 (Additional) Total number of lawsuits relating to unfair competition, anti-trust and monopolist practices and related sentences.

The socio-economic relations with stakeholders page 137

Compliance

SO8 (Core) Monetary value of the significant sanctions and total number of non-monetary sanctions due to non-compliance with laws or regulations.

The socio-economic relations with stakeholders page 138

PRODUCT RESPONSIBILITY

Consumer health and safety

PR1 (Core) Stages of the life cycle of the products/services in relation to which the impacts on health and safety are assessed for furthering the improvement and percentage of the main categories of products/services subject to these procedures.

The socio-economic relations with stakeholders pages 83, 107, 136; *Corporate Identity* pages 46 et seq.

EU25 (Core) Number of injuries, illness and mortal accidents which have involved the general public, including law suits also pending.

No such episodes were registered in 2010. The verdict for the mortal accident following the collapse of a public lighting lamppost in Naples in December 2006 is still pending.

PR2 (Additional) Total number (broken down by type) of cases of non-compliance with voluntary regulations and codes regarding the impacts on health and safety of the products/services during their life cycle.

No cases of non-compliance have been reported.

Labelling of the products and services

PR3 (Core) Type of information relating to the products and services required by the procedures and percentage of significant products and services subject to these disclosure requirements.

The socio-economic relations with stakeholders pages 68-85

PR4 (Additional) Total number (broken down by type) of cases of non-compliance with voluntary regulations and codes regarding the information and the labelling of products/services.

The socio-economic relations with stakeholders pages 68-85

PR5 (Additional) Practices relating to customer satisfaction, including the results of the surveys aimed at the gauging thereof.

The socio-economic relations with stakeholders pages 62-68; *Corporate Identity* pages 49 et seq.

Marketing communication

PR6 (Core) Programmes for compliance with laws, standards and voluntary codes relating to marketing activities including advertising, promotion and sponsorships.

All the activities relating to advertising campaigns, sponsorships, disbursements, etc. take place in observance of current legislation, making recourse, where established, to the contractual forms envisaged. Furthermore, Acea Group's Ethical Code (available on-line on the company website, www.acea.it) dedicates Article 12.2 to "contracts and communications with the customers" and Article 20 to "grants and sponsorships".

PR7 (Additional) Total number (broken down by type) of cases of non-compliance with voluntary regulations and codes referring to marketing activities including advertising, promotion and sponsorships.

The socio-economic relations with stakeholders page 137

Respect of privacy

PR8 (Additional) Number of complaints documented relating to violation of privacy and to loss of consumers' data.

No related episodes have been reported. For the prevention policies, please refer to the section *The socio-economic relations with stakeholders* page 88; *Corporate Identity* page 43

Compliance

PR9 (Core) Monetary value of the main sanctions for non-compliance with laws or regulations regarding the supply and use of products or services.

The socio-economic relations with stakeholders page 137

Access

EU23 (Core) Programs, including those in partnership with the institutions, to improve or maintain access to electricity, and customer support services.

In the energy sector, the public system envisages bonuses for less well-off groups of the community so as to facilitate access.

EU26 (Core) Percentage of population not served in the areas under management.

The distribution grid covers the whole country.

EU27 (Core) Number of disconnections for non-payment, broken down by duration of disconnection and by regulatory system.

Only figures relating to re-connection after disconnection due to arrears are available, as established by the Gas and Electricity Authority.

The socio-economic relations with stakeholders page 72

EU28 (Core) Power cut frequency.

The socio-economic relations with stakeholders page 76

EU29 (Core) Power cut duration.

The socio-economic relations with stakeholders pages 76, 77, 80

EU30 (Core) Average plant availability factors by energy source and by regulatory system.

Environmental issues pages 150, 151

Disclosure

EU24 (Core) Practices for the removal of cultural, language, low literacy and disability related barriers to accessing and safely using electricity and customer support services.

There are no specific programmes in-house; the public system guarantees forms of support aimed at reducing barriers among the population for energy use.

Customers and the Community



The boundaries

The figures relating to the volume of customers refer to the Group; the figures relating to perceived quality, quality effectively supplied, customer care, tariffs and communications activities refer to a more limited sphere and to the operating companies referred to from time to time in the text.

The section presents the interaction between Acea, customers and the community jointly since the **information concerning services provided** (quality perceived, disbursed, customer care) refers mainly to Rome and province, where the two stakeholders almost coincide³⁹. The indications on the volumes of electricity and water service customers by contrast refers to a wider pool of consumers; with regard to economic information, on the revenue generated by the energy and water supply chains, please refer to the section *Corporate identity (General economic indicators)*.

Acea Group customers

Electricity service customers

According to the latest surveys of the Gas and Electricity Authority on 2010 figures⁴⁰, Acea confirmed itself to be the **third leading operator in Italy** in terms of volumes sold on the **end energy sales market**, with a **market share of around 6%** (up by one percentage point with respect to 2009); it is the **second operator** in terms of volumes sold to customers of the **protected market** (mainly comprising households and small businesses connected under low voltage who have not entered into a contract on the eligible market), with a market share of **5.2%**, in line with last year, and, taking a significant step forward, **it became the third leading operator** in terms of volumes sold on the **eligible market**, with a share of **6%** (it had been the sixth leading operator in 2009, with a share of 4.9%).

Effectively, while the number of AceaElettrabel Elettricità customers belonging to the “**protected**” market fell around **5.4%**, the number of **eligible market** customers **rose by around 36.4%**, confirming the trend seen in the last three years which bears witness to the progressive preference shown by the customers for the possibilities offered by deregulation of the sector, with solutions and products which rouse interest.

Table No. 14 – ENERGY SALES: ACEA GROUP CUSTOMERS BY MARKET TYPE (2008-2010)

	2008	2009	2010
protected market (No. of customers)	1,484,260	1,427,315	1,350,505
eligible market (No. of customers)	31,175	74,279	101,338

³⁹ The majority of the information in fact refers to end customers of the services provided in the area of Rome and province, where Acea manages the integrated water service, the electricity supply (even though the customer can choose from between various suppliers on the deregulated market), the distribution activities (which include almost all the quality elements of the service provided) and the public lighting service. Therefore, customers and the community are practically one and the same in this particular area. As far as the other areas in which Acea operates via investee companies are concerned – especially for the integrated water service – reference should be made to the section Company Fact Sheets - Italy & abroad.

⁴⁰ See the Annual report on the state of the services and the activities carried out, 2011 edition, section Structure, prices and quality in the electricity sector, available on-line on the AEEG website.

Box – The electricity market segments

- **Protected service:** this is the service for the supply of electricity under economic and contractual conditions established by the Gas and Electricity Authority. Households and small businesses (connected to low voltage supply, with under 50 employees and annual turnover not exceeding Euro 10 million) are served under protected conditions if they have never changed supplier, or if they have once again requested the application after having entered into contracts on the eligible market with other suppliers. The conditions of the protected service also apply to households and SMEs which remain without

electricity suppliers, for example following the insolvency of the latter.

- **Eligible market:** this is the market where the economic and contractual conditions for the supply of electricity are agreed between the parties and not fixed by the Gas and Electricity Authority. Since 1 January 2003, customers have been able to freely choose which supplier of natural gas to use to purchase gas and as from 1 July 2007 which supplier and which conditions to choose for purchasing electricity. Those who exercise this right, enter into the so-called “eligible” market.

Source: Electricity bill glossary - AEEG.

Water service customers

Acea is the **leading operator in Italy for the integrated water service** (collection, transportation, treatment, collection of waste water and purification) in terms of population served, with a customer base of **around 8.5 million inhabitants in Italy**. The company, traditional operator of the water service in the city of Rome, has progressively expanded its activities, becoming the reference operator care of other Optimum Areas of Operation (ATOs)⁴¹ in the provinces of Rome and Frosinone (Lazio), the provinces of Pisa, Florence, Siena, Grosseto, Arezzo and Lucca (Tuscany), in the areas which range from the Sorrentina peninsular to Vesuvian towns in the provinces of Naples and Salerno (Campania) and in the area of Perugia and Terni (Umbria). The Group also operates in a number of South American countries.

Perceived quality

With the support of a specialised outside company identified by means of tender, Acea carries out the **customer satisfaction surveys** with the aim of surveying the level of customer and citizen satisfaction with regard to the electricity, water⁴² and public lighting service.

The process is **co-ordinated by the Parent Company** which operates **together with the operating companies**, following the course of the surveys: from the definition of the questionnaires to identification of the samples to be interviewed, and presentation of the results and shared interpretation of the ensuring output

As **from 2010**, the customer satisfaction process has been reviewed to **benefit the informative quality of the data**. The **changes made** - the changeover to two six-monthly surveys instead of the single annual survey and the introduction of a customer satisfaction intensity index - despite not permitting the accurate comparability of the results for the year with the previous ones, have been adopted so as to be able to **avail of more up-to-date figures**, useful for monitoring the action undertaken while in progress, and so as to more fully **highlight the areas of improvement** also in the presence of high levels of satisfaction.

Overall, the 2010 surveys were carried out using a survey method⁴³ in line with previous years and made it possible to process specific indicators:

- the **overall opinion** on the general quality of the service (expressed on a scale of 1 to 10) is expressed by an “impulsive” opinion from the customers;
- overall **summary satisfaction indexes** and those on the macro-components of the service (**Customer Satisfaction Index – CSI Satisfied Customers**, index 0-100)⁴⁴, are processed considering the opinions of the customers with regard to individual aspects of the service and are based on the portion of satisfied customers;

⁴¹ The national territory, on the basis of Italian Law No. 36/1994, so-called “Galli Law”, which reorganised the water services, is divided up into 92 Optimum Areas of Operation which take into account the water catchment areas. With regard to ATOs in which Acea operates through investee companies, please see the section dedicated to the main Group companies under Corporate Identity. Details on the water companies are published in the section Company Fact Sheets - Italy & abroad.

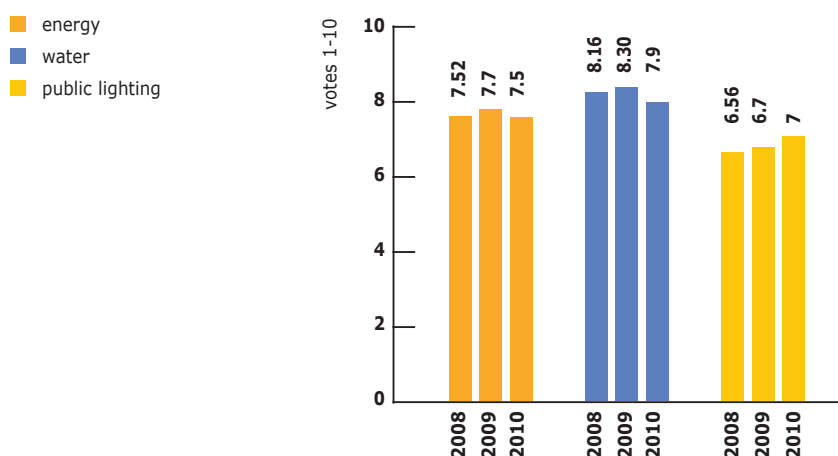
⁴² With regard to the water service, besides the surveys carried out on Rome and other municipalities in ATO 2 - Central Lazio, Acea SpA carries out perceived quality surveys on other ATOs, in which it operates via investee companies; the results of the latter are illustrated in the fact sheets dedicated to presenting said companies (see the section Company Fact Sheets - Italy & abroad)

⁴³ CATI method - Computer Assisted Telephone Interviewing, with the aid of a structured questionnaire, on a sample stratified on the basis of variables (such as zones of residence, consumer brackets), featuring a maximum statistical error of 3% and a significance level of 95%.

⁴⁴ The CSI Customer Satisfaction indexes are created on the basis of the percentage of customers who declare that they are satisfied and on the basis of the importance assigned to the factors in question.

- the overall **satisfaction intensity indexes** customers and those on the macro-components of the service (**Customer Satisfaction Index – CSI Satisfied Customers**, index 0-10)⁴⁵, introduced in 2010, measure “how much” the customers are satisfied or unsatisfied with the service.

Chart No. 10 - GLOBAL OPINIONS ON THE SERVICES SUPPLIED (2008-2010)



NB: the 2010 figure derives from the average of the two six-month periods.

Assessment of the electricity service

In the periods June/July and October/November 2010, two surveys were carried out via telephone interview on a total sample of **4,892 customers**, asked to express their opinion on the **quality of the electricity service provided**.

The sample comprised “domestic customers” and “non-domestic” customers on **the protected market**⁴⁶ and “domestic” customers and “business” customers on the **eligible market**. The survey concerning “contact channels” involved customers selected through a **“call back” procedure**, in other words people who had called the free-phone numbers for sales or that for reporting faults a short time before the interview or had gone to the counter and authorized call-back.

For a more accurate interpretation of the results of the surveys, the decision was made to **keep the technical-operational elements** of the electricity supply service, headed up by Acea Distribuzione, **separate**, also with regard to the overall opinion, **from those linked to the sales activities** for electricity handled by AceaElectrabel Elettricità⁴⁷.

The **overall positive opinion** on the electricity service (both with regard to the technical aspects and the sales aspects) remained stable in the three-year period considered: in detail, in 2010 **95%** (94.5% Network, 96% Sales) of those interviewed expressed a vote ranging between sufficient and excellent (see table No. 15).

The survey was divided up into **8 macro-components of the electricity service**, between technical and commercial aspects; for each one, the **summary satisfaction index** and the **satisfaction intensity index** were calculated, disclosing the specific assessments, which came together in the processing of the overall indexes.

The results for the two six-month periods on the handling of the technical elements (**network**) disclose, in the overall indexes, a satisfactory level of appreciation (88 out of 100) and a discreet satisfaction intensity (7.2 out of 10); among the four macro-components assessed, technical intervention received more contained votes while the others are considered in a decidedly positive manner (see chart No. 11). The handling of the commercial and contact-related aspects (**sales**) revealed a more than positive assessment in the two six-month periods (92 out of 100) and a fair satisfaction intensity (7.4 out of 10); opinions regarding invoicing and counter contact were particularly good (see chart No. 12).

⁴⁵ The CSI Satisfaction Intensity indexes are created on the basis of the average satisfaction vote and the importance assigned to each aspect.

⁴⁶ The figures presented in the document only refer to the protected market which by size is more representative of all the customers.

⁴⁷ You are reminded that for the whole of 2010, these activities had been carried out by AceaElectrabel Elettricità which, further to the agreement finalised with GdF which sanctioned the winding up of the JV, was renamed Acea Energia in April 2011, wholly-owned by Acea SpA.

Table No. 15 - OVERALL OPINION ON THE ELECTRICITY SERVICE (2008-2010)

opinion	votes (scale of 1-10)	2008	2009	2010 (average of two six-month periods)	
				network	sales
excellent	9 -10	24.6%	25%	15.5%	11.5%
good	8	31.0%	38%	42.5%	41.0%
sufficient	6 - 7	35.2%	30%	36.5%	43.5%
insufficient	1 - 5	9.2%	7%	5.5%	4.0%
total average		7.52	7.7	7.55	7.45

Chart No. 11- ELECTRICITY SERVICE- NETWORK: OVERALL CUSTOMER SATISFACTION CSI AND SATISFACTION INTENSITY CSI AND ON MACRO-COMPONENTS (1st and 2nd half of 2010)

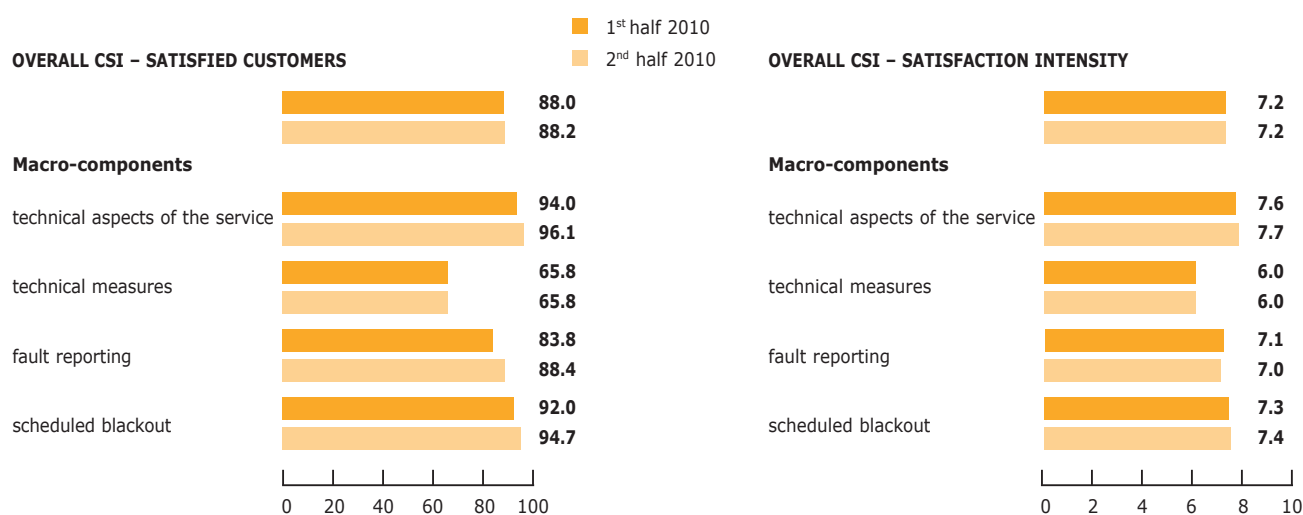


Chart No. 12 - ELECTRICITY SERVICE - SALES: OVERALL CUSTOMER SATISFACTION CSI AND SATISFACTION INTENSITY CSI AND ON MACRO-COMPONENTS (1st AND 2nd half of 2010)

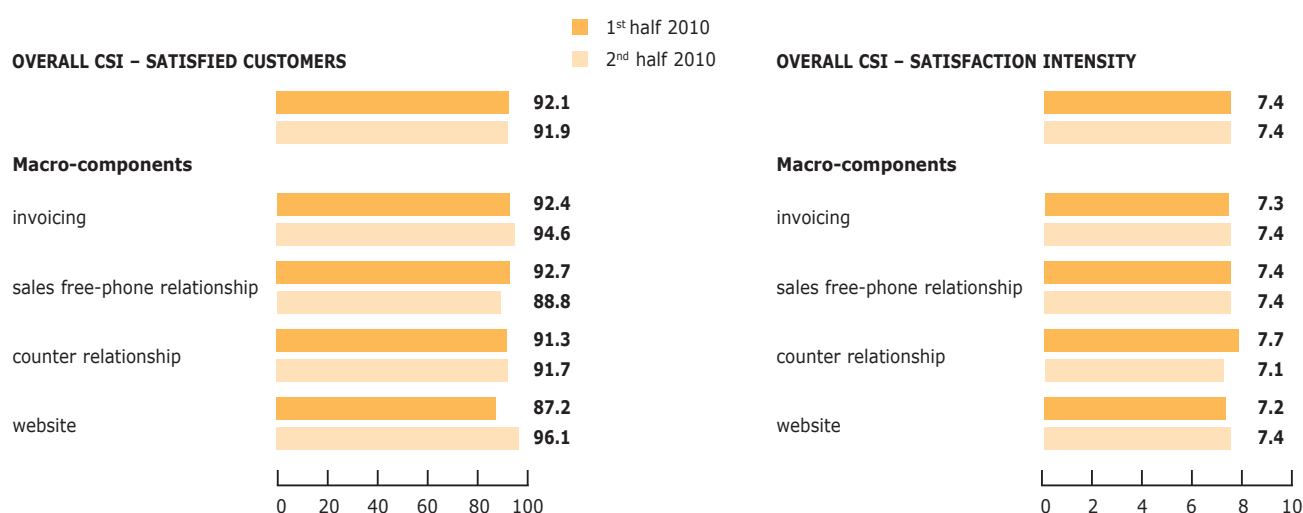


Table No. 16 shows **the percentages of satisfied customers** with regard to the **individual quality factors** of the macro components of the electricity service: with regard to the technical-operative elements (**network**) the more contained portion of those satisfied concerns the technical intervention of the company, especially in the second half, while “the continuity of the service” and “steadfastness of the voltage” and, with reference to scheduled black outs, “the methods for communicating black outs” and “notice times” stood out due to the particular appreciation shown. With regard to the commercial and contact-related aspects (**sales**), the lower percentage of satisfied customers concerns the “waiting times for speaking to an operator” at the counter while the other quality factors satisfied a high percentage of customers, with values exceeding 90%.

Table No. 16 ELECTRICITY SERVICE (NETWORK AND SALES): PERCENTAGE OF THOSE SATISFIED ON SPECIFIC ASPECTS (2010)

% of satisfied customers				
NETWORK	1 st half of 2010		2 nd half of 2010	
technical aspects (supply)	• service continuity	94%	• service continuity	96%
	• voltage constancy	93%	• voltage constancy	96%
technical measures	• courtesy of engineers	83%	• courtesy of engineers	65%
	• measure efficiency	75%	• measure efficiency	54%
faults free-phone number	• courtesy of operator	89%	• courtesy of operator	92%
	• clarity of the responses provided	85%	• clarity of the responses provided	90%
	• waiting time for speaking to the operator	83%	• waiting time for speaking to the operator	87%
	• correctness of the information	78%	• correctness of the information	82%
scheduled black outs	• manner of receiving communication	95%	• manner of receiving communication	96%
	• notice timescales	94%	• notice timescales	94%
	• correctness of information on service resumption timescale	88%	• correctness of information on service resumption timescale	88%
SALES	1 st half of 2010		2 nd half of 2010	
invoicing	• correctness of billing amounts	94%	• regular sending of bills, without delays	96%
	• regular sending of bills, without delays	93%	• correctness of billing amounts	95%
	• ease in reading bills	90%	• ease in reading bills	93%
sales free-phone number	• clarity of the responses provided by operator	94%	• courtesy of operator	94%
	• courtesy of operator	96%	• clarity of the responses provided by operator	92%
	• range of possible transactions	94%	• range of possible transactions	92%
counter	• skill of operator	97%	• courtesy of operator	97%
	• courtesy of operator	97%	• skill of operator	92%
	• waiting time to speak to operator	78%	• waiting time to speak to operator	82%
website	• navigation ease	87%	• comprehensibility of commercial offers	98%
	• range of possible transactions	87%	• navigation ease	95%
	• comprehensibility of commercial offers	82%	• range of possible transactions	95%

Assessment of the water service

The **quality of the water service perceived by the customers** was surveyed in the period June/July and October/November 2010, by means of telephone interviews carried out on a sample of **2,917 residents** in the municipalities of Rome and Fiumicino.

This sample involved **private users and apartment block administrators** whereas the surveys concerning "contact channels" involved customers selected through a "call-back" procedure, in other words people who had recently used the various channels of contact (sales free-phone number or counters), agreeing to be called back.

The **overall opinion** on the water service in the three-year period was confirmed as decidedly **positive: 97%** of those interviewed in 2010, expressed a vote of between sufficient and excellent (see table No. 17).

The survey was divided up into 6 **macro-components of the water service**; for each one, the **summary satisfaction index** and the **satisfaction intensity index** were calculated. The opinions expressed contributed toward the definition of the overall summary satisfaction indexes (CSI).

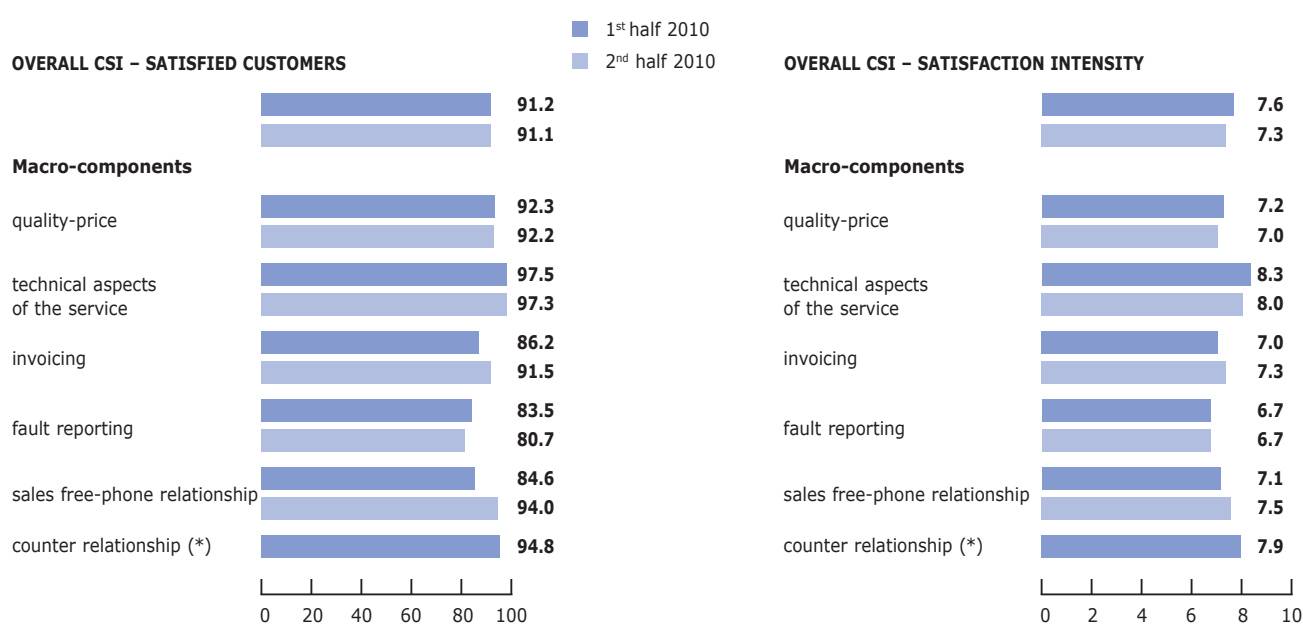
Table No. 17 - OVERALL OPINION ON THE WATER SUPPLY SERVICE IN ROME (2008-2010)

opinion	votes (scale of 1-10)	2008	2009	2010 (average of the two six-month periods)
excellent	9 -10	37.7%	39%	24%
good	8	36.7%	38%	42.5%
sufficient	6 - 7	20.8%	21%	30.5%
insufficient	1 - 5	4.8%	2%	3%
total average		8.16	8.3	7.9

The surveys for the two six-month periods disclose, in the overall indexes, the marked appreciation for the water service (91 out of 100) and a good satisfaction intensity (the average for the periods was 7.4 out of 10); the macro-component relating to the reporting of faults disclosed a lower, albeit positive, satisfaction intensity while the best result concerned the technical aspects of the service. The other macro-components, in general, received positive opinions (see chart No. 13).

Table No. 18 presents the **percentages of satisfied customers** in relation to the **individual quality factors** of 5 macro-components⁴⁸ of the water service: the only element which presents problems linked to the "waiting times to speak to the operator" is telephone contact for reporting faults; the other quality factors by contrast reported high level of satisfaction with particular reference to the technical aspects of the service and the dealings with the sales free-phone number. The satisfaction percentages following counter contact, surveyed in the first half, were also good.

Chart No. 13 - WATER SERVICE: OVERALL CUSTOMER SATISFACTION CSI AND SATISFACTION INTENSITY CSI AND ON MACRO-COMPONENTS (1st and 2nd half of 2010)



(*) the survey regarding the "Counter relationship" macro-component was only carried out in the first half of the year.

Table No. 18- ROME WATER SERVICE: PERCENTAGE OF THOSE SATISFIED ON SPECIFIC ASPECTS (2010)

		% of satisfied customers	
		1 st half 2010	2 nd half 2010
technical aspects (supply)	• supply continuity	99%	99%
	• water pressure level	96%	96%
invoicing	• correctness of billing amounts	91%	93%
	• clarity and ease of bill reading	88%	91%
	• regularity in meter reading	80%	90%
faults free-phone number	• courtesy of operator	94%	96%
	• skill of operator	88%	82%
	• waiting time for speaking to the operator	70%	69%
sales free-phone number	• courtesy of operator	90%	98%
	• skill of operator	85%	95%
	• waiting time for speaking to the operator	80%	91%
counter (*)	• skill of operator	99%	not surveyed
	• courtesy of operator	97%	
	• waiting time	89%	

(*) the survey regarding the "Counter relationship" macro-component was only carried out in the first half of the year.

⁴⁸ The "quality-price" ratio component has been surveyed using just one question, without additional analysis factors.

Box – Satisfaction surveys on the water service in other ATO 2 – Central Lazio municipalities and other ATOs

Acea carries out customer satisfaction surveys to discover customers' level of satisfaction with the water service provided not only in Rome and Fiumicino, but also in other municipalities in ATO 2 – Central Lazio.

In 2010, the two six-monthly surveys covered 7 municipalities in the province of Rome in which the company has operated for some years in order to discover the opinions of customers in relation to investments and improvements made in the area since Acea became responsible for this service. Overall, 2,800 residents were interviewed: 2,000 in 5 municipalities acquired and run without criticalities and 800 in 2 municipalities acquired

which presented a number of operational criticalities; the overall opinion revealed was equal to 7 (scale of 1 out of 10) for the first type of municipality and 7.15 (scale of 1 out of 10) for the second.

Acea also carries out customer satisfaction surveys with customers of other companies in the Group that manage the integrated water service in other ATOs (in Lazio, Campania, in Tuscany and Umbria). The main results of the surveys carried out in 2010 are presented in the fact sheets on the water companies published in the section *Company fact sheets - Italy & abroad*.

Assessment of the public lighting service

The **quality of the public lighting service** perceived by the citizens of Rome was surveyed in the periods June/July and October/November 2010, by means of telephone interviews carried out on a total sample of **2,404 inhabitants**, representative of all the municipalities, grouped into 2 macro-areas: North and South Rome.

The **overall opinion** improved in the three-year period and, in 2010, **86.5%** of those interviewed expressed a vote ranging between sufficient and excellent (6-10) (see table No. 19).

Table No. 19 - OVERALL OPINION ON PUBLIC LIGHTING IN ROME (2008-2010)

opinion	votes (scale of 1-10)	2008	2009	2010 (average of the two six-month periods)
excellent	9 -10	5.9%	10%	10.5%
good	8	20.1%	23%	29.5%
sufficient	6 - 7	57.6%	48%	46.5%
insufficient	1 - 5	16.4%	19%	13.5%
total average		6.5	6.7	7

The survey concerned **3 macro-components of the public lighting service**; for each one, the **summary satisfaction index** and the **satisfaction intensity index** were calculated and the overall summary satisfaction indexes defined.

With regard to the "technical aspects" of the service, differentiation was made between those attributable to Acea operations (service continuity in area or city; switching on and off times; integration of the lampposts with the urban decor; colour of the lights) and those dependent on other parties (presence and extension of the service; intensity of the street, pavement, parks and gardens lighting; lighting of monuments⁴⁹) represented in the graph by two different items.

The results of the two six-month periods disclosed a significant appreciation for the service in its entirety (85 out of 100) and a fair satisfaction intensity (6.9 out of 10); only telephone contact for reporting faults, despite remaining at appreciable satisfaction levels, in the second half of the year registered a slight deterioration in the assessment. The best opinions however concerned the technical aspects directly attributable to Acea (see chart No. 14).

The percentages of satisfied customers in relation to the **individual quality factors** of the macro-components of the public lighting service (in table No. 20) highlight, within the sphere of telephone contact for reporting faults, the decreased satisfaction with regard to "ease in getting a connection", and the "waiting time for speaking to an operator" was noted, while with reference to technical aspects attributable to Acea, the highest satisfaction level concerned "service continuity", "colour of lights" and "switching on and off times".

⁴⁹ The public lighting measures in the urban area in fact follow the indications of the Municipality of Rome, for whom Acea performs the service. The intensity of the street, pavement, parks and gardens lighting can also be altered by factors unconnected with company management, such as the presence of tree foliage, pending pruning activities.

Chart No. 14 - PUBLIC LIGHTING SERVICE: OVERALL CUSTOMER SATISFACTION CSI AND SATISFACTION INTENSITY CSI AND ON MACRO-COMPONENTS (1st and 2nd half of 2010)

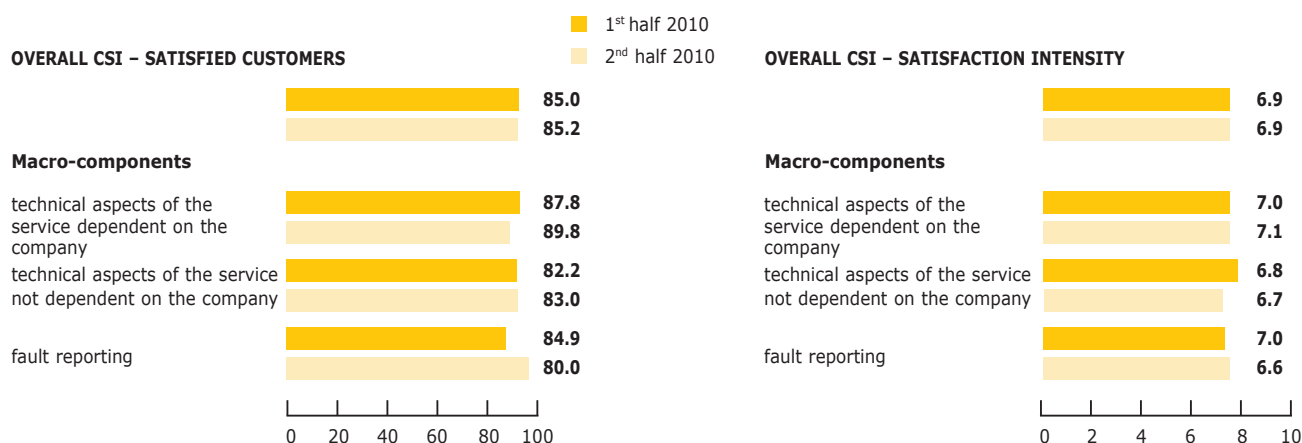


Table No. 20 - PUBLIC LIGHTING SERVICE: PERCENTAGE OF THOSE SATISFIED ON SPECIFIC ASPECTS (2010)

	% of satisfied customers			
	1 st half of 2010		2 nd half of 2010	
technical aspects attributable to Acea	• colour of light	91%	• colour of light	92%
	• switching on/off times	89%	• switching on/off times	91%
	• service continuity in city	84%	• service continuity in city	87%
technical aspects attributable to third parties	• lighting of historic monuments/squares	92%	• lighting of historic monuments/squares	92%
	• presence of service in city	85%	• presence of service in city	85%
	• intensity of street lighting	80%	• intensity of street lighting	83%
faults free-phone number	• courtesy of operator	89%	• courtesy of operator	84%
	• skill of operator	84%	• skill of operator	82%
	• ease in finding the line free	85%	• waiting time for speaking to the operator	74%
	• waiting time for speaking to the operator	75%	• ease in finding the line free	70%

Supplied quality

The quality of the services provided by Acea is influenced by numerous factors upstream from the relationship with the customers: for example, the measures aimed at improving the infrastructures (networks and plants) which guarantee the continuity of the supply or the constant control of the processes and the quality of the products (suffice it is say the activities for monitoring the quality of the water distributed or returned to the environment) or even the promptness of measures in the event of faults, aided by cutting edge information systems. Likewise, also direct contact with the customers presupposes effective commercial management instruments and the adequate training of dedicated staff.

A number of elements of “supplied quality” are measured on the basis of reference parameters established by the sector authorities or indicated in the service contracts and in the management agreements with other local bodies:

- the technical and commercial quality standards in the **energy sector** are established by the Gas and Electricity Authority and quality objectives are also referred to in the Code of Commercial Conduct⁵⁰ of AceaElettrabel Elettricità, now Acea Energia⁵¹;
- the agreement entered into force between Acea and the Public Administration Authority for the **public lighting** service also defined the quality parameters (performance standards);
- with regard to the **water sector**, reference is made to the Service charter, User Regulations and other quality parameters envisaged by Service Conventions regulating relations between the operator and the ATO authority.

⁵⁰ The full version of the Code of Commercial Conduct adopted by Acea Elettrabel Elettricità, now Acea Energia, after consulting with Consumer and Customer Associations, can be seen online at www.aceaenergia.it (in the section dedicated to the Protected Service).

⁵¹ During 2010, the winding up of the joint venture with Elettrabel was established and became effective in 2011; further to which, the energy sales company, wholly-owned by Acea SpA, was renamed Acea Energia.

The Company is obliged to comply with quality parameters established by the counterparts which also envisage incentive systems, with bonuses for good performances and penalties in the event of failure to comply with standards. Customers may also be entitled to automatic rebates in the event of failure to comply with quality standards.

Acea SpA also holds **quality certification according to the UNI EN ISO 9001: 2008 standard**⁵², renewed in 2010, for the design, construction and maintenance activities on water service and public lighting networks and systems carried out by the operating companies. During 2010, Acea Ato 2 - tasked with the management of the integrated water services in Rome and province - carried out activities preparatory to independently achieving Quality Certification.

Quality in the Energy Sector

Each year Acea plans and implements measures for **rationalising and enhancing the electricity infrastructures** (high, medium and low voltage networks and primary and secondary stations) in the municipal area of Rome, on a consistent basis with the priorities indicated in the Regulatory Plan for the Electricity Networks and with the needs which emerge during running of the same. This involves the extension of the underground cables and overhead lines, modernization and construction of new stations, installation of safety equipment, extension of the remote control system, (see main measures in table No. 21) in other words measures aimed at adequately meeting the **growing demand for energy**, linked for example to urban growth, and at guaranteeing the **quality of the service**, in terms of available power and continuity of the electricity supply.

With the specific aim of implementing an overall quality strategy, optimising the management procedures and accomplishing accurate technical measures (remote control system for the networks, installation of monitoring and safety devices, definition of procedures for emergency situations, etc.), the **Road map** project, developed by a team within Acea Distribuzione, has already reached its third year of implementation, with objectives which are updated annually in view of increasingly challenging levels. These activities have already led to a significant improvement in the technical aspects of the service (reduction in the duration and frequency of the interruptions in the electricity supply), certified by the Gas and Electricity Authority which, in relation to the 2009 company performance, within the sphere of the incentive and penalty system which disciplines the sector, acknowledged Acea Distribuzione an incentive of over Euro 7 million. Of particular importance, for safety and improvement of the continuity, what is more, was the installation of the **Petersen systems** on the primary stations (see related box).

Box – The Petersen system in the primary stations: reduction of network faults

The projects which aim to improve the continuity of the service includes the choice of installing the “**Petersen System**” in primary stations. The project was launched by Acea Distribuzione in 2008 with the aim of achieving its installation by the end of 2010 in half the primary stations running; in reality, we managed to exceed the objective **setting the system up in 36 of the total 65 stations**. This is a technical solution which makes it possible to change the “neutral” operating method of the medium voltage network from earthed “insulated neutral” to “compensated neutral”, or rather earthed by means of an inductive impedance, bypassing a choice consolidated in the past at national level. The option in favour of “insulated neutral”, shared by network operators in Italy and now outdated by several decades, was based on a number of undoubtable advantages, such as inexpensiveness, simplicity and modest earth fault current; however, to-date the network system presents features - for example the additional extension and use of insulated cables rather than overhead ones - which make

these advantages less significant, and the need to achieve elevated performances with regard to energy supply continuity has also become much more pressing than in the past. In this sense, the Petersen system has permitted a leap in quality; **this technical solution, in fact, makes it possible to maintain the value of the monophasic fault current towards the earth at very low levels**, ideally nil, and has been designed so that there are devices capable of constantly analysing the characteristics of the underlying network and intervening thereby reducing the extent of the fault currents, **up to the point of avoiding that the fault evolves into polyphase or even facilitating its auto-extinction** before the protective devices kick in. Since the launch of the project, it has been possible to note significant benefits in terms of a reduction in faults on the network, which have contributed to an improvement in the continuity performances. Acea Distribuzione has therefore established that it will continue with the project in coming years with additional installations in the remaining primary stations.

⁵² Acea is UNI EN ISO 9001:2008 standard certified for "the design, construction, maintenance and restructuring of the networks and plants for the management of the integrated water service", handled by Acea Ato 2 in Rome and province, and for the "design, installation, maintenance and restructuring of the networks and plants for the global and integrated management of the public lighting systems", run by Acea Distribuzione in Rome.

Projects of particular innovative purport for the management of the energy distribution networks include the **Smart Grid** pilot project⁵³, presented in 2010 to the Gas and Electricity Authority, which will be developed over the next two years (see related box *Environmental issues, Energy*) and the **Smart Network Management System** project⁵⁴ focused on the operating efficiency of the network for the improvement of the electricity supply continuity, which will run three years and cost a total of Euro 12.7 million.

For some years now, Acea Distribuzione has also introduced an accurate system for controlling the quality of the work tendered out for the energy area, via onsite checks, carried out by the Site Inspection Unit, and the monitoring of stringent work quality and safety parameters, which provide merit ratings (reputational indexes) that are taken into account when awarding the contracts for tendered work (see related box in the Suppliers section).

Investments in 2010 pertaining to Acea Distribuzione amounted in total to **Euro 97.6 million**.

Work to install digital meters for remote management continued at end customers: during 2010, around **187,000 digital meters** were installed, bringing the **overall number to 1,445,000 operating meters** as of 31 December 2010, in line with forecasts, confirmed in the business plan, for 95% of customers with digital meters by the end of 2011.

Table No. 21 - MAIN MEASURES IN 2010 FOR THE MANAGEMENT AND DEVELOPMENT OF ELECTRICITY NETWORKS AND STATIONS

HV lines and primary stations	<ul style="list-style-type: none"> work was started on an alternative project, involving underground cables, for connecting the Rome South Terna station to the Casal Palocco Primary station, along with the drafting of an supplementary project which envisages the construction of a new primary station in the Castel Romano area, in particular development and consequent rise in demand. Furthermore, during 2010 activities were carried out for the complete renovation, extension and reconstruction of primary stations.
HV and MV protection and measures	<ul style="list-style-type: none"> numerous measures were carried out to arrange and bring onto stream electricity protection systems or to check the functioning at primary stations of switches, stanchions, transformers, etc.; network analyzers were installed to check voltage quality and earth resistance measures were carried out at 2,953 secondary stations and 12 primary stations.
MV and LV lines	<ul style="list-style-type: none"> for the modernisation and enhancement of the network, gradually being transformed from 8.4 kV to 20kV, involving extensions and renovations, around 209 km of 20kV MV underground cables were laid around 149 km of LV cables laid involving extensions and renovations aimed at replacing old and worn parts or making up for insufficiencies 120 network improvement measures (as part of the Road Map project aimed at improving the service quality)
secondary stations (MV and LV) and remote control	<ul style="list-style-type: none"> extraordinary maintenance on MV overhead lines: <ul style="list-style-type: none"> - 93 inspections for the replacement of equipment, supports, conductors, etc., - around 566 km of lines inspected so as to check the state of maintenance and functioning; creation (or expansion) of 172 new stations to fulfil the demand for new connections to the network and increase the voltage of existing customers; 789 operative stations were rebuilt (515 of which remote control-ready) to adjust them to 20kV, make them remote control-ready or renew equipment; furthermore, extraordinary maintenance measures were carried out on 978 stations; remote control extended to additional 478 stations, reaching over 4,700 remote control stations as of 31 December 2010.

⁵³ The project, with a value of Euro 4.9 million, presented in November 2010 to the AEEG, was selected in the first few months of 2011 and admitted among the pilot projects subject to incentives.

⁵⁴ The project entitled *Smart Network Management System: technological development of the management of the electricity distribution network was forwarded to the Ministry for economic development so as to benefit from the financial grants using the Fund for technological innovation (FIT) in June 2010 and was admitted in 2011 to the contractual stage.*

The quality levels regulated by the AEEG

The **quality parameters for the electricity service** in relation to **commercial aspects** (quotes, work, activation/deactivation of the supply, replies to complaints) and **technical aspects** (continuity of the supply) **are established** at national level by the **Gas and Electricity Authority (AEEG)**, which periodically reviews them, gradually introducing more stringent standards. ***The Integrated text for the regulation of the quality of the electricity distribution, measure and sales services for the regulation period 2008-2011*** (Resolution No. 333/07) is in force, with subsequent additions⁵⁵. The regulatory system envisages compensation to be paid to customers in the event certain quality standards are not observed, along with a fine/bonus system for the service operator, so as to spur the operators to continually improve performances.

The **commercial quality** aspects of the service are structured in **"specific" levels** and **"general" levels**⁵⁶, both for activities which the electricity **distributor** is responsible for (differentiated in terms of low and medium voltage supplies) and for those the seller is responsible for (see tables No. 22, 25, 26, 27). Each year, Acea forwards the results achieved to the AEEG, which are then checked, and communicates them, as laid down, to its customers, attaching them to the bill.

Innovations introduced with regard to certain quality parameters as from July 2009, include one, strictly linked to the progressive extension of the eligible market sector, which does not directly address the customer but rather is aimed at regulating the promptness of the communication of technical data between the energy distributor and seller (see table No. 24).

Electricity distribution and reading activities are carried out by **Acea Distribuzione**; the **2010 performances** relating to the **"specific" level of commercial quality**, both for low voltage supplies to households and other customers and for medium voltage supplies, reported **average execution times for the services considerably lower than the reference parameters** and percentage of observance of the deadline, established by the Authority for the execution of the services, close to 100% for 13 services out of 19 subject to regulation (see table No. 22). Compared with the 2009 performances, in detail there was an improvement in the timescales for "connecting the supply" and the timescales for "communication, on request, of the outcome of the check on the meter" both for low and medium voltage supplies.

With regard to **"general" quality levels** for the **distribution and reading activities**, once again in 2010 the only standard for which the percentage of services to be provided by the established deadline was not fulfilled was "replying to written complaints/requests for information concerning readings" (for both low and medium voltage supplies), whereas the performance levels achieved for all the other services were fully satisfied (see table No. 26).

In conclusion, with regard to the two specific quality levels which regulate the **communication of the technical data** by the Distributor to the Seller, the 2010 performance reported average timescales clearly lower than the parameters indicated by the Authority and high percentages of observance of the deadlines (see table No. 24).

With regard to the **"general" and "specific" commercial quality levels** relating to **sales activities**, carried out by AceaElectrabel Elettricità⁵⁷, by means of Resolution No. 164/08 the AEEG introduced, as from July 2009, new methods for calculating the performances and the distinction of certain services. As already revealed last year, in the second half of 2009 an accumulation of requests occurred which it was not possible to handle by the end of year and which consequently affected the 2010 performances, leading to results poorer than expectations (see tables No. 25 and 27).

⁵⁵ The complete text of Resolution No. 333/07, amended and supplemented by subsequent provisions, is available on-line on the Gas and Electricity Authority website.

⁵⁶ The "specific quality standards" are the deadlines by which whomever provides the service must carry out a specific activity and envisage, in the event of non-compliance, the payment of automatic compensation to customers; the "general quality standards" are the minimum percentage of services carried out by the relative deadline.

⁵⁷ At the end of 2010, the formalities for the winding up of the JV with Electrabel were defined. As from April 2011, the sales activities were seen to by Acea Energia, wholly-owned by Acea SpA.

Table No. 22 - SPECIFIC LEVELS OF COMMERCIAL QUALITY AND PERFORMANCES ACHIEVED BY ACEA DISTRIBUZIONE (2009-2010) (figures communicated to the AEEG)

service	AEEG parameters	2009				2010			
		average effective time for execution of services	percentage of services carried out within maximum time	average effective time for execution of services	percentage of services carried out within maximum time	average effective time for execution of services	percentage of services carried out within maximum time	average effective time for execution of services	percentage of services carried out within maximum time
		workig days	%	workig days	%	workig days	%	workig days	%
low-voltage supply		household use		non-household use		household use		non-household use	
estimate for work on LV networks	20 working days	8.58	99.79	8.25	99.66	7.90	99.77	8.06	99.78
execution of simple work	15 working days	4.82	99.95	4.70	99.91	5.40	99.76	5.20	99.84
connection of supply	5 working days	2.21	99.95	2.38	99.91	0.59	99.61	0.63	99.06
disconnection of supply	5 working days	3.21	99.95	4.77	99.82	3.09	99.04	3.28	96.74
re-connection following disconnection due to payment arrears	1 working day	0.25	99.91	0.36	99.88	0.18	99.54	0.24	99.62
resumption of the supply following faults of the metering equipment (for work day requests between 8.00 a.m. and 6.00 p.m.)	3 hours	2.13 ore	85.00	2.12 ore	84.63	2.23 ore	83.71	2.19 ore	84.30
resumption of the supply following faults of the metering equipment (for work day requests or between 6.00 p.m. and 8.00 p.m.)	4 hours	2.13 ore	91.99	2.02 ore	94.64	2.11 ore	90.94	2.07 ore	91.79
communication of outcome of metering equipment check, on request	15 working days	8.28	99.96	8.15	99.85	6.17	99.94	6.08	100
communication of outcome of voltage supply check, upon request	30 working days	4.00	100	7.00	100	16.75	100	27.09	72.73
punctuality of the personalized appointments	2 hours punctuality range	(.)	98.93	(.)	99.64	(.)	99.75	(.)	99.90
punctuality of the appointments	2 hours punctuality range	(.)	99.74	(.)	99.84	(.)	99.84	(.)	99.90

(.) Not applicable.

Table No. 23 – AUTOMATIC COMPENSATION FOR CUSTOMERS IN THE EVENT OF FAILED OBSERVANCE OF THE SPECIFIC QUALITY LEVELS (2010)

amounts in force (euro)	type of customer
30	low voltage domestic use customers
60	low voltage non-domestic use customers
120	medium voltage customers

NB: compensation is paid to customers by deducting the amount from the bill or by issuing a cheque within **30 days** from the date of the service in question or, at the latest, from three times the period of standard time established for such service, excluding automatic compensation for failure to comply with the punctuality range for appointments, for which the time commences on the date of appointment.

service	2009			2010	
	AEEG parameters max time for execution of services	average effective time for execution of services (days) working days	percentage of services carried out within maximum time %	average effective time for execution of services (days) working days	percentage of services carried out within maximum time %
medium-voltage supply		end customers		end customers	
execution of simple work	30 working days	2.75	100	6.83	100
connection of supply	5 working days	2.75	100	0.27	85.71
disconnection on request of customers	7 working days	3.70	100	4.46	91.30
re-connection following disconnection due to payment arrears	1 working day	0.19	100	0.47	100
communication of outcome of metering equipment check, on request	15 working days	11.17	100	3.78	100
communication of outcome of voltage supply check, upon request	30 working days	5.00	100	5.00	100
punctuality of the personalized appointments	2 hours after punctuality range	(.)	100	(.)	100
punctuality of the appointments	2 hours after punctuality range	(.)	99.43	(.)	99.24

(.) Not applicable.

Table No. 24-SPECIFIC LEVELS OF COMMERCIAL QUALITY: PROMPTNESS OF THE DISTRIBUTOR IN COMMUNICATING THE TECHNICAL DATA TO THE SELLER (2010) (figures communicated to the AEEG)

service	AEEG parameters max. time for execution of services working days	average effective time for execution of services working days	percentage of services carried out within maximum time %
technical data (which can be acquired by reading a meter)	10 working days from receipt of request	5.05	97.27
technical data (which cannot be acquired by reading a meter)	15 working days from receipt of request	9.81	90.34

NB: the specific quality levels on the communication of technical data to the seller came into force as from 1 July 2009; only the performances for 2010 are therefore shown. In the event of failure to comply with the above standards, the customer-vendor receives standard automatic compensation amounting to Euro 20.

Table No. 25 – "SPECIFIC" COMMERCIAL QUALITY LEVELS AND PERFORMANCES ACHIEVED BY ACEAELECTRABEL ELETTRICITA' (2010) (figures communicated to the AEEG)

service	AEEG parameters max. time for	percentage of services carried
	execution of services	out within maximum time
invoicing adjustments	90 calendar days	45.78%
adjustments to double billing	20 calendar days	/
justified reply to written complaints	40 calendar days	65.6%

NB: the specific quality levels in the table came into force in July 2009 (pursuant to AEEG Resolution No. 164/08); only the performances for 2010 are therefore shown. The figures refer to services carried out for protected service customers (mainly households and small businesses), which in the event of failure to observe said standards, receive automatic standard compensation of Euro 20. In the period, no requests were received for adjustments to double billing.

Table No. 26 - GENERAL LEVELS OF COMMERCIAL QUALITY AND PERFORMANCES ACHIEVED BY ACEA DISTRIBUZIONE (2009-2010) (figures communicated to the AEEG)

service	AEEG parameters	2009				2010			
		average effective time for execution of services	percentage of services carried out within max. time	average effective time for execution of services	percentage of services carried out within max. time	average effective time for execution of services	percentage of services carried out within max. time	average effective time for execution of services	percentage of services carried out within max. time
	minimum percentage of services to be carried out within max. time	working days	%	working days	%	working days	%	working days	%
low-voltage supply		household use		non-household use		household use		non-household use	
execution of complex work	85% within 60 working days	11.40	96.59	11.12	97.55	14.36	98.34	10.68	99.40
response to written complaints/written requests for information regarding sales activities	90% within 60 working days	15.42	99.02	14.99	99.69	16.02	97	13.73	100
response to written complaints/written requests for information regarding metering activities	90% within 60 working days	18.47	75.00	20.51	68.09	26.31	37	26	33

service	2009		2010		
	AEEG parameters minimum percentage of services to be carried out within max. time	average effective time for execution of services working days	percentage of services carried out within max. time %	average effective time for execution of services working days	percentage of services carried out within max. time %
medium-voltage supply		end customers		end customers	
estimate for work on MV networks	90% within 40 working days	17.15	90.16	14.39	100
execution of complex work	90% within 60 working days	9.80	100	9.08	100
response to written complaints/written requests for information regarding sales activities	90% within 20 working days	11.89	100	8.24	1000
response to written complaints/written requests for information regarding metering activities	90% within 20 working days	19.67	66.67	41.0	0

Table No. 27 – “GENERAL” COMMERCIAL QUALITY LEVELS AND PERFORMANCES OF ACEAELECTRABEL ELETTRICITA’ (2010) (figures communicated to the AEEG)

service	AEEG PARAMETERS max time within which to provide the service	percentage of services carried out within max. time
response to written requests for information	95% within 30 calendar days	19.14%
response to written requests for billing adjustments (Article 8 of Resolution 164/08)	95% within 40 calendar days	49.98%

NB: the calculation amendments of the performances came into force in July 2009 (AEEG Resolution No. 164/08); only the performances for 2010 are therefore shown.

With regard to the **“technical” quality** of the service, relating to the **continuity of the electricity supply**, the **Authority** defines and up-dates increasingly challenging reference parameters and envisages an incentive system for the operator (Resolution No. 333/07 and subsequent integrations). Acea Distribuzione’s performances with regard to the duration and number of black outs, classified according to the various parameters subject to regulation, are shown in tables No. 28-30. Once again in 2010, as occurred in the previous two years, thanks to the performance results achieved, if confirmed further to inspection by the Electricity and Gas Authority, **Acea shall not be required to pay any penalties to the Authority.**

The **2010 performances** relating to the **duration of the black outs for low voltage customers** (broken down by area of inhabitant concentration) in the last year disclosed an **improvement for the low concentration sphere** (see table No. 28).

The **average annual number of blackouts** for low voltage customer takes into account both long blackouts (> 3 minutes) and short blackouts (≤ 3 minutes but over one second). The performance figures relating to the three-year period 2008-2010 are calculated in pursuance of Resolution No. 333/07 and the trend essentially discloses progressive and on-going improvement. The authority also introduced the regulation of **prolonged or extended blackouts** (with a duration greater than the established standards) **originated at any voltage level** of the electricity system (both low and medium voltage) and **for any reason**. In such cases, it is envisaged that the operator pays a fine (calculated on the basis of the number of customers without a power supply) to the Fund for exceptional events established with the electricity sector Equalization Fund; as from 2010, the supplier also paid automatic compensation to customers who have suffered a blackout. In 2010, total customers involved in prolonged or extended blackouts numbered 11,287.

In conclusion, the regulatory system envisages **automatic compensation** for **medium voltage customers endowed with certification of the adequacy of their plants**⁵⁸, in the event of a

Table No. 28- ELECTRICITY SERVICE CONTINUITY INDICATORS FOR LV CUSTOMERS: BLACKOUT DURATION AND IMPROVEMENT PERCENTAGES (2008-2009: figures certified by the AEEG; 2010 provisional figures communicated to the AEEG, pending certification)

of long blackouts without warning attributable to the operator for LV customers per year (minutes)	average cumulative duration			improvement percentage	
	2008	2009	2010	2010 vs. 2008	2010 vs. 2009
	high concentration	49.36	43.26	47.78	-3.2%
average concentration	82.36	65.53	66.84	-18.8%	2.0%
low concentration	133.55	129.86	113.46	-15.0%	-12.6%

NB: the three territorial areas are defined on the basis of the degree of concentration of the resident population: more than 50,000 inhabitants is "high concentration"; between 5,000 and 50,000 inhabitants is "average concentration"; less than 5,000 inhabitants is "low concentration".

Table No. 29- ELECTRICITY SERVICE CONTINUITY INDICATORS FOR LV CUSTOMERS: AVERAGE NUMBER OF BLACKOUTS AND IMPROVEMENT PERCENTAGES (2008-2009: figures certified by the AEEG; 2010: provisional figures communicated to the AEEG, pending certification)

without warning attributable to the operator for LV customers per year	average number of blackouts			improvement percentage	
	2008	2009	2010	2010 vs. 2008	2010 vs. 2009
	high concentration	3.09	2.51	2.39	-22.7%
average concentration	5.88	4.84	4.92	-16.4%	1.7%
low concentration	10.52	7.74	5.23	-50.3%	-32.5%

NB: the three territorial areas are defined on the basis of the degree of concentration of the resident population: more than 50,000 inhabitants is "high concentration"; between 5,000 and 50,000 inhabitants is "average concentration"; less than 5,000 inhabitants is "low concentration".

⁵⁸ So as to be entitled to the compensation, medium voltage customers must demonstrate that they have installed protection devices at their plants, capable of avoiding that any interruptions caused by faults within their utility plants have repercussions on the network, damaging other customers connected nearby. Furthermore, in order to access the compensation, the customers will have to have arranged for the distribution company a plant adequacy declaration issued by parties who have the specific technical-professional requisites. If the customer does not have the requisites for entitlement to the compensation, the amount of the compensation becomes a fine which the Distributor is obliged to transfer to the electricity sector Equalization Fund.

number of blackouts in the electricity supply **greater than the standard established**. In 2010, 311 customers suffered blackouts higher than the standard, and of these 16 (demonstrating that their plants were certified) were able to receive the automatic compensation (see table No. 30); in the other cases, the supplier transferred the fines to the electricity sector Equalization Fund, rather than to the customer. Accordingly, the Authority intended both to encourage suppliers to improve performances and to make customers more responsible.

Table No. 30 – MV CUSTOMERS: BLACKOUTS AND COMPENSATION (2008-2010)

	high concentration			average concentration			low concentration		
	2008	2009	2010	2008	2009	2010	2008	2009	2010
total No. of customers	2,250	2,306	2,282	286	304	304	213	216	215
no. of customers with blackouts beyond the standard	299	157	257	39	23	32	30	28	22
- of which No. to be compensated	9	11	12	2	1	3	0	3	1

NB: the three territorial areas are defined on the basis of the degree of concentration of the resident population: more than 50,000 inhabitants is "high concentration"; between 5,000 and 50,000 inhabitants is "average concentration"; less than 5,000 inhabitants is "low concentration".

Quality in the public lighting area

Functional and artistic-monumental public lighting in Rome is run by Acea, under the formalities established in the *Service Agreement*⁵⁹ entered into between the Company and the Municipality of Rome. The **design, implementation and maintenance of the plants** is managed by Acea Distribuzione which follows procedures compliant with Acea SpA's **Quality Management System according to the UNI EN ISO 9001:2008 standard**⁶⁰. The prospect of on-going improvement, typical of the quality management system, therefore characterises the business operations.

Lighting measures are planned and followed in the various stages of progress by placing the management and technical skills present in-house in synergy, with the indications of Local Public Administration Departments and Agencies responsible for following new town planning schemes and improvement projects for the area and cultural heritage.

Each year, new lighting units are created, activities are carried out for ensuring safety and modernization of the systems and ordinary and extraordinary maintenance is carried out on the lighting systems, with the related inspection, replacement and repair measures (see tables No. 32 and 33).

Table No. 31 – PUBLIC LIGHTING IN ROME: THE NUMBERS (2010)

lighting units (No.)	175,352 (+3.2% compared with 2009)
• Artistic-monumental lighting units (No.)	• approximately 11,000
street lamps (No.)	198,863 (+2.4% compared with 2009)
MV and LV electricity network (km)	7,356 (+1% compared with 2009)

Table No. 32 – MAIN PUBLIC LIGHTING MEASURES ON LIGHTING UNITS (2010)

type of measures	no. of lighting units
creation of new lighting units (including artistic)	4,771 lighting units (of which 965 a LED), equal to the illumination of approximately 125 km of road
modernisation	1,921 lighting units (of which 405 a LED)
transformation of the 2.7 kV MV circuits to LV standard	1,067 lighting units
safety measures	7,194 lighting units (+47% compared with 2009)

⁵⁹ Resolution of the Municipal Council No. 3 dated 4 January 2007. The Service Agreement was renewed for the period 2005-2015.

⁶⁰ In January 2010, Acea SpA successfully underwent a CSQ Reassessment Audit for the re-issue of the Certificate of Compliance with Standard ISO 9001, new edition for 2008, with regard to the primary activities of the operating companies Acea Ato 2 and Acea Distribuzione. Specifically, ISO 9001:2008 Certification covers the processes relating to the global and integrated management of the functional and artistic public lighting systems.

Table No. 33 – SCHEDULED AND EXTRAORDINARY PUBLIC LIGHTING REPAIRS AND MAINTENANCE (2010)

type of measures	no.
checking of corroded lampposts	38,883 lampposts checked (+41% compared with 2009)
replacement of bulbs before lighting flow is compromised	62,636 bulbs replaced
reinstallation of corroded lampposts or those knocked down due to accidents	2,838 lampposts reinstalled (+112% compared with 2009)

The efficiency and quality of the service is also influenced by technological innovation; in the lighting technology sector, following experiments and the first applications achieved in 2008 and 2009 (for approximately 190 lighting units in two years), **during 2010 Acea installed 1,370 lighting units using LED source** (Light-Emitting Diode) **involving new units and modernisation**, both for functional lighting on roads and in systems dedicated to artistic-monumental lighting. This is the most advanced technology, albeit still evolving, for energy efficiency purposes, thanks to features with high lighting efficiency and a longer duration than traditional light sources.

Public lighting work carried out in 2010 (see Table No. 32), in addition to the LED installations mentioned above, included:

- measures on over 14,900 lighting units, of which around **4,770 new units installed**;
- the completion of experimentation of the **remote control** of public lighting also using digital meters and with the adoption of new generation systems suitable for the unit/unit remote control of the LED armatures;
- the progressive continuation of implementing the **geographic information system (GIS project)** for public lighting systems and networks in the municipal area of Rome, launched in 2009 so as to make the immediate reconnaissance of the portions of network on which to carry out possible work. During 2010, the creation of the system database was completed, tests were carried out along with the integrations with the SAP IT system and part of the data was digitalised;
- the continuation and completion of the work envisaged by the project entitled **"Safety Pact"** launched in 2008 together with the Home Office, the Prefect's Office, Lazio Regional Council, Rome County Council and Rome Municipal Council, for improving the lighting and urban décor of a number of "critical" sites (near railway and underground stations, bus terminals and car parks);
- the creation of new systems in peripheral areas; the undertaking of the management of systems along the urban stretch of Via Aurelia, completion of the lighting of Via Cassia as far as Olgiata; the modernisation of Schuster Park at the Basilica of San Paolo fuori le Mura (with the use of 144 new latest generation LED armatures) and a number of measures in the artistic-monumental lighting sphere.

Box – LED evolution: the lighting system in Piazza Elsa Morante and along Via Ostiense

During 2010, Acea Distribuzione consolidated the market research which concerned LED light sources and monitored the performances of the previous installations, assessing the elements which have made it possible to define the lines of specific technique to be used for purchasing via tender procedures. On-going evolution of LED light sources has led to an **increase in the lighting technology performances** and the perfection of the cooling systems, a critical area, permitting a reduction in the weights and volumes and the **development of the design**. The most important measures in 2010 with regard to public lighting included the system designed to enhance **Piazza Elsa Morante** in the suburban area of Via Laurentina. This area, previously used as a car park, **has been redeveloped** and chosen to house a structured cultural complex, which includes a theatre, a recreation centre, a cinema area and a media centre. The lighting system has been conceived, together with the architect responsible for the complex, so

as to render the external area usable and harmonize it with the architectonic structures. **47 design devices, 8 standard posts and 16 LED colour changing projectors** have been used, intended to artistically illuminate a number of cubes which characterise the top of the buildings and which house photovoltaic panels. Along Via Ostiense, in the stretch which runs from the General Markets to Ponte Marconi, **134 LED devices** have been installed, featuring an elevated level of technological and performance content, capable of being positioned up to 11 metres in height so as to ensure a level of lighting with a considerable impact. Thanks to these devices and lower energy consumption, it has been possible to take measures on a system which presented difficulties with regard to the handling of power supply cables, subject to stress, thereby avoiding the replacement of the network and consequent inconvenience for the people of the city.

Box – The “Lighting Plan” for Rome approved by means of municipal Resolution

Towards the end of last year, Rome Municipal Council and Acea senior management jointly presented the “**Light Plan**” for the capital during a press conference. On 3 August 2010, by means of Municipal Resolution No. 252 the purposes and implementation timescales of the Plan were officially established and approved; the purpose of the Plan is to take action on the roads, areas and sites in the municipal area of Rome (previously assessed), partly or totally lacking lighting, or with systems which need enhancing, **so as to ensure the mobility and safety of the city**. Around 3,600 public lighting system have been identified, distributed along a network of more than 1,400 km, comprising roughly 52,000 lighting units according to a general estimate. Furthermore, the Plan, in accordance with the Directives regarding energy savings and

environmental pollution, envisages - where possible - favouring the use of LED technology, since this choice - as laid down in the Resolution: “due to the greater lighting efficiency, the colour delivered and the longer duration over time of the LED devices, makes it possible to reduce both energy consumption together with the emission of CO₂ into the atmosphere, and costs for managing and maintaining said systems”. The Resolution establishes the setting up of a specific Committee care of Department XII of the Rome Municipal Authority, made up of representatives from Department IX – Policies for the Redevelopment of the Suburbs, the Council Agency for Cultural Heritage, the Town Halls and Acea, with policy and co-ordination duties.

Acea observes the **quality parameters for the public lighting service** established by the Service Agreement, concerning the **fault repair timescales**, calculated as from the arrival of the report⁶¹. The **service standards are expressed by a permitted average repair time (TMRA)** within which the repair measures must be carried out, and a **maximum timescale (TMAX)**, which if exceeded triggers off a system of fines⁶².

The **average repair times (TMR)** for functioning of the system **deployed by Acea in 2010** for the various types of fault **were clearly shorter than the TMRA**, on a consistent basis with the improvement in the performances revealed over the last five years (see table No. 34 and chart No. 15)

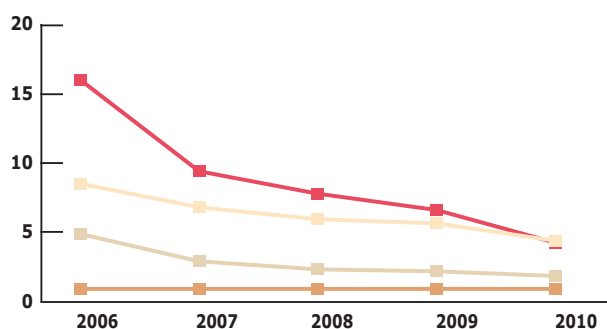
Table No. 34 – PUBLIC LIGHTING FAULT REPAIRS: ACEA FINES, STANDARDS AND PERFORMANCES (2009-2010)

type of fault	fine per day of delay euro	service standards as per Agreement (*)		Acea services	
		TMRA (permitted average repair time) working days	TMAX (maximum repair time) working days	TMR (average repair time) working days	2009
Blacked out district – 8.4 kV MV network fault	70	1 day	1 day	< 1 day	< 1 day
Blacked out street – 2.7 kV MV or BV network fault	50	5 days	8 days	2.27 days	1.93 days
Blacked out stretch (2-4 consecutive streetlamps out)	50	10 days	15 days	5.74 days	4.48 days
Street lamps not working: individual light, strut, post	25	15 days	20 days	6.70 days	4.34 days

(*) Source: Attachment D/2 to the 2005-2015 Municipality of Rome – Acea Service Agreement

Chart No. 15 - TREND IN ACEA PERFORMANCE FOR REPAIRING PUBLIC LIGHTING FAULTS (2006-2010)

■ district blacked out – network fault
■ road blacked out – network fault
■ stretch of road (2-4 consecutive lights out)
■ single light out

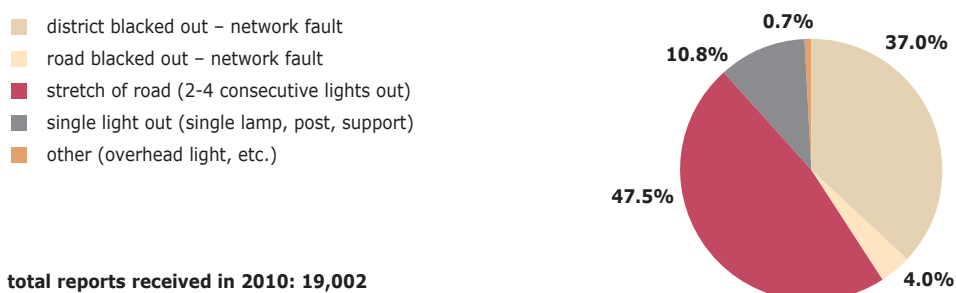


⁶¹ The reports considered for the calculation of the service levels do not include those attributable to damage caused by third parties and those relating to faults on the same stretch of network subsequent to the first.

⁶² The calculation of the fines takes place in accordance with a complex mechanism: each repair carried out beyond the TMAX is penalized. Those carried out within timescales shorter than the TMAX but longer than the TMRA are penalized only if the TMR > TMRA. In 2010, total reports subject to fine calculation amounted to 12,342 (- 4.5% when compared with 2009), of which 159 (equating to 1.3%) concluded after the maximum deadline; for the total of the 2010 fines, reference should be made to the box dealing with procedures, bonuses and fines in the section Institutions and the Company.

Out of the **19,002 fault reports**⁶³ registered in 2010, **down 7.7%** with respect to the 20,589 registered last year, Acea **took action in 97.8% of the cases**, with 18,580 "reports covered" as of 31 December 2010; the remainder were completed in the first few months of 2011. The fault is detected by internal control systems (remote management, monitoring teams) and reported by citizens and the Municipality of Rome, by means of the various contact channels available (call centre, web, fax or letter) . The distribution of the reports by type of fault in percentage terms (see chart No. 16) indicates that the majority of repairs refer to an individual light out, in other words the fault with the least impact on the overall quality of the service.

Chart No. 16 - TYPES OF PUBLIC LIGHTING FAULT OUT OF TOTAL REPORTS RECEIVED (2010)



The *Service Agreement* with the Rome Municipal Authority also envisages **artistic-monumental lighting** in the city, to which **around 11,000 lighting units** are currently dedicated. These are activities which require great specialisation and which offer, benefiting visitors and citizens, a decisive contribution to the **enhancement of the wealth of art and architecture present in the capital**, which as known is extensive. Acea boasts consolidated experience in this sector and distinctive skills, which it makes available also for any measures requested by "private parties" (such as the Church, hotels and other parties in general). During 2010, besides the measures carried out (see table No. 35), the team dedicated to artistic lighting put together numerous projects, in relation to which the conclusion of the authorisation process is pending; of particular importance among these projects is the work envisaged for the areas of the Parco degli Acquadotti, involving 352 lighting units, and that for the artistic lighting of Piazza Navona, using LED technology for 177 lighting units.

Table No. 35 - THE MAIN ARTISTIC MONUMENTAL LIGHTING MEASURES IN 2010

system modernisation	system modernisation concerned a total of 768 lighting units . Important measures included the work on the Faro del Gianicolo the fountain of Mosè , in Largo di Santa Susanna, and the Garibaldi monument, the Terme di Diocleziano , the archaeological area of Ostia Antica , the Pincio and piazza del Popolo ;
creation of new lighting units	accent lighting of the Alessandrino Aqueduct and the Quattro Fiumi fountain in Piazza Navona, new illumination of the Planetarium , involving a total of 66 lighting units . Furthermore, numerous temporary accent lighting measures were carried out, linked to specific events, such as the 50th anniversary of the Olympics in Rome, the festivities for the 140 years of the Roman Capital, events associated with 2010 Carnival in the city centre, etc.;
ordinary and scheduled maintenance	according to plans, 5,684 total lighting units were maintained: bridges and quays along the River Tiber involving 1,661 lighting units, Villas and parks with 2,563 lighting units, monumental fountains with 1,460 lighting units;
extraordinary maintenance	the lighting system of the Regina Margherita footpath tunnel was renovated (16 lighting units).

⁶³ The figure excludes the requests and repeated reports on the same fault.

⁶⁴ See the section entitled Customer Care for details concerning the performances of call centers and for written complaints.

Box – Artistic lighting of archaeological areas: the Alessandrino Aqueduct

The project for the new lighting of the Alessandrino Aqueduct, in the wall section between Tor Pignattara and Via Berardi, continues the programme of redevelopment already undertaken last year with the lighting of the stretch of Via degli Olmi and that between Porta Metronia and Via Numidia. In line with the measures carried out previously, the lighting project implemented in 2010 - comprising **40 lighting units** and **58 lighting bodies** of which 34 dedicated to functional lighting and 24 to monumental lighting – placed artistic and functional lighting in synergy, also envisaging the total overhaul of the lighting system for the area in front of the walls (Largo Pettazzoni) and thus

achieving genuine redevelopment work. The equipment envisaged for the lighting of the walls, given the nature of the materials, has been endowed with high-pressure sodium lights featuring specific refracting elements, thanks to which it has been possible to optimise the distribution of the light flow, reducing light dispersion up into the sky. The equipment dedicated to functional lighting, in compliance with Italian Law No. 23/2000 regarding light pollution, has been endowed with optical cut-offs. The colour of the white light, the most suitable for fruition of the natural colours of the illuminated elements, is provided by metallic iodide lights with a colour temperature of 2800K.

Quality in the water sector

Acea is operative in the water sector by means of investee companies, in various Optimum Areas of Operations (ATOs) in Italy, located in the regions of Lazio, Tuscany, Campania and Umbria. Further on in this section, the management activities are described for the integrated water service (SII) carried out by Acea Ato 2, wholly-owned by Acea, in **Optimum Area of Operations 2 – Central Lazio** (Rome and another 111 municipalities in Lazio, equating to around 3.7 million individuals, including residents, floating population and commercial enterprises), the traditional area of Group operations; in contrast, reference is made to the section *Company fact sheets – Italy & abroad* for information on the other water companies and to *Environmental issues* and the *Environmental Accounts* for the environmental figures.

The integrated water service includes the entire drinking and waste water cycle, from collection of the water from the springs to its return to the natural environment; it is regulated via a **Management Agreement** between the operator and the ATO Authority, which, in the **Integrated Water Service Charter**⁶⁵, also envisages the definition of general and specific **quality standards**. Dealings with customers are also disciplined by the **Users' Regulations**, attached to the aforementioned Agreement, which establishes the technical, contractual and economic conditions under which the service operator must provide services and the procedures for settling disputes.

Acea Ato 2 sees to the **design, building, maintenance and restructuring of networks and systems in compliance with Acea SpA's Quality Management System according to the UNI EN ISO 9001:2008 standard**⁶⁶, with a view to on-going improvement; **during 2010, Acea Ato 2 also carried out activities preparatory to independently achieving Quality Certification**⁶⁷.

The quality parameters concerning various aspects of the service provided are kept under constant control and periodically communicated to the Technical Operational Office of the Area Authority.

Before acquiring the service under management in the municipalities falling within the related ATO, gradually and in agreement with the local authorities, Acea carried out an accurate **reconnaissance of the state of the infrastructures** (networks and plants) and in the presence of any situations of non-compliance must await the execution, by the municipal authorities concerned, of the work necessary for making them compliant.

No new management services were acquired in 2010, therefore as of **31 December 2010**, the SII was seen to in 76 municipalities out of the 112 falling within ATO 2 - Central Lazio, equivalent to around 3.7 million inhabitants (residents, floating population and manufacturing businesses), equal to around 95% of the total customer base. These are joined by another **11 municipalities** where the service has **only partly been acquired and the aqueduct systems** of the Consortia Simbrivio, former Cassa per il Mezzogiorno, Doganella, Nemi-Genzano, C.E.P. (Consorzio Ecologico Prenestino), Co.R.Ec.Alt. and Acquedotto del Peschiera. During **2010, preliminary work was continued for the acquisition of a portion of the service (drinking water) in another 6 municipalities**, envisaged for 2011.

The reconnaissance activities on the state of the networks and plants, as of 31 December 2010

⁶⁵ The Acea Ato 2 Integrated Water Service Charter, in force since 2003, applies to the municipality of Rome and progressively in the municipalities acquired under management in ATO 2 – Central Lazio. The full version of the Service Charter is available on the website www.aceaato2.it.

⁶⁶ In January 2010 - at the time of the natural three-year expiry of the Certificate - Acea SpA underwent a CSQ Reassessment Audit for the re-issue of the Certificate of Compliance with the ISO 9001 standard, new edition for 2008.

⁶⁷ Achieved in January 2011.

(including the municipalities already managed) had been completed for 101 municipalities.

Acea Ato 2 managed in total around **1,325 km of drinking water supplying network**, approximately **9,432 km of drinking water distribution network** and **roughly 6,000 km of sewers**, linked to an extremely complex system of constructions and plants which make the operating of the aqueduct, treatment and sewerage service possible. Each year, the company performs numerous measures aimed at raising the quality of the service provided, on the one hand following the development of a city such as Rome⁶⁸, on the other focusing the activities where the situation of the infrastructures is not yet fully adequate; this involves modernising the plants, completing the water pipes, extending the networks or more complex measures in the event of specific criticalities.

Accurate analysis has continued for some years now on the structures of the water networks along with **loss detection and recovery** activities, in collaboration with LaboratoRI, especially in the municipalities in the province of Rome where the infrastructures are older. During 2010, measures were carried out in the municipal areas of Monterotondo, Castel Madama, Riano, Santa Severa, Fiano Romano, Cerveteri, Castel Gandolfo and Grottaferrata; in the latter two municipalities, the recovery measured further to the identification and repair of the hidden water losses came respectively to 6 l/s and 20 l/s.

Activities also continued for the digitalisation of the sanitary water networks in ATO 2, with the input of data in the **GIS - Geographic Information System**⁶⁹: as of 31 December 2010, **9,710 km of water mains** had been digitalised (intake canals and distribution), along with **4,010 km of sewerage mains**.

The aqueduct service

With regard to the management of the aqueduct system (water centres, intake canals, distribution networks, etc.), the **main measures carried out in 2010** included the completion of the **new Santa Palomba water centre** and its partial activation serving the municipality of Albano Laziale; the partial activation of the new **Tecnopolo Tiburtino water centre** serving the residential and industrial area of the same name; conclusion of work on the **Ponte Galeria – Fiumicino feeder**, so as to boost the supplying of that area, and the conclusion of the work at the **Peschiera Springs**, involving the replacement of several pipes, and numerous other measures for improvements and replacements of equipment, motor pumps, etc., carried out during the night so as to limit the inconvenience of lack of service for the people of the city. Furthermore, for a number of years Acea Ato 2 has been especially involved in structural work (improvements, construction of new connecting pipes and transportation ducts, excavation of wells, etc.) for the purpose of resolving the water emergency situations which occur during the Summer months (greater consumption and reduction in local sources) in a number of municipalities in the south of Rome served by the Consortium for the Simbrivio Aqueduct, and intervenes so as to fight the water crisis. During 2010, inconveniences occurred in Genzano, Lariano, Velletri and Albano Laziale and Acea **put in place emergency connections**, implemented a turnover plan for the supply in agreement with the local authorities and, where appropriate, resorted to the use of water tankers. The bringing onto stream of the Santa Palomba water centre, at the end of August, was a decisive factor for improving the water supply in the municipality of Albano.

The number and type of **ordinary and extraordinary maintenance measures** on the aqueduct system - **transportation networks, systems and equipment** functional for the supply of the drinking water service -, carried out by Acea Ato 2 during 2010 in Rome and in the other municipalities under management, and the **checks carried out on the quality of the drinking water distributed** are shown in table No. 36.

A **quality parameter of the service** carefully monitored and communicated to the Area Authority is that relating to the **continuity of the water supply**, calculated on the basis of the **number and duration of the water stoppages**: in 2010, 1,102 stoppages were necessary, 920 of which urgent (for pipe bursts) and 182 scheduled; if, in absolute terms, an increase in stoppages was noted with respect to 2009, the number of suspensions with a significant duration remained very low (see table No. 37).

⁶⁸ Acea was appointed to manage the aqueduct service in Rome back in 1937, the treatment system since 1985 and also the entire sewerage system since 2002, as from 1 January 2003. The Rome and Fiumicino network is therefore defined as the traditional network and the service level is more or less optimum in the area.

⁶⁹ A GIS is an IT system used to acquire, register, analyze, view and return information from geographic data, placing various data in relation, according to a common geographic reference.

Table No. 36 – MAIN MEASURES ON THE ACQUEDUCT SYSTEM AND DRINKING WATER CHECKS IN ATO 2 – CENTRAL LAZIO (Rome and other municipalities under management) (2010)

type of measures	no.
ordinary and extraordinary hydraulic maintenance on the transportation and feeder network (constructions, water centres, tunnels)	945 measures (including repairs and maintenance, of which 174 with recovery of the water resource);
ordinary maintenance of water network (measures with excavation work on pipes, off-takes, carriers, etc.)	16,218 measures (6,330 of which on the Rome network);
user maintenance (measures without excavation for users)	53,030 measures (27,322 of which for users in Rome);
meter installation (new and replacements)	51,384 measures (10,512 new and 40,872 replacements), 31,151 of which in Rome (6,160 new and 24,991 replacements);
network expansion	24.5 km of water network expansion (of which around 10 km in Rome);
network reclamation	147 reclamation measures on the network , for a total of 5.3 km of reclaimed network (0.2 km of which in Rome);
drinking water quality checks	roughly 8,300 samples taken and 330,269 analytical checks carried out on drinking water .

Table No. 37 – NUMBER, TYPE AND DURATION OF WATER SUPPLY STOPPAGES (2008-2010)

	2008	2009	2010
urgent stoppages (No.)	734	541	920
scheduled stoppages (No.)	245	114	182
total stoppages (No.)	979	655	1,102
stoppages lasting > 24h (No.)	118	23	49

The **INTER parameter**⁷⁰, whose **optimum value is close to the unit**, represents the performances of the company with regard to the continuity of the service, and once again in 2010 – as in the previous three-year period – the value of this parameter for ATO 2 came **to 0.99**.

Another fundamental element for the service is the **quality of the water** distributed for drinking use as well as the water reintroduced into the natural environment. The subsidiary company LaboratoRI supports Acea Ato 2, and other Group companies operative in the water sector, in the painstaking work of **monitoring and checking the water quality** (also see *Environmental issues, Water sector*, and the *Environmental accounts*).

The analytical checks **on the drinking water** distributed are carried out on samples taken from springs and wells, transportation plants, reservoirs and along the distribution networks. The **frequency of the checks** and the **withdrawal points** are established taking into consideration certain variables which intervene for each municipality (volumes of water distributed, population served, state of the networks and infrastructures, peculiar features of the local sources, etc.) and are greater than those envisaged by current legislation (Italian Legislative Decree No. 31/2001). Roughly 8,300 samples were taken in ATO 2 – Central Lazio and more than **330,200 analytical checks** were carried out on drinking water, by both LaboratoRI and Acea Ato 2 directly.

In general, the municipalities supplied with water which present intrinsic quality problems carry out many more checks and in the presence of specific problems **extraordinary analysis campaigns** are carried out. As it is known, while the **quality of the spring water** used for supplying Acea's **traditional network** – Rome and Fiumicino – already reveals **excellent levels**, in the **Castelli Romani** area - due to the **volcanic nature of the terrain** - there are sources characterized by the presence of certain parameters (fluorine, arsenic, vanadium) **in amounts higher than envisaged by the law** and it is therefore indispensable to supply certain municipalities on an exceptional basis while the **activities undertaken by Acea Ato 2 for the purpose of getting these parameters back to normal continue**.

The numerous measures undertaken with this aim include the creation of 9 drinking water

⁷⁰ The *INTER* parameter, requested by the Area Authority, concerns the "continuity of the service", and is calculated on the basis of the number of stoppages to the water flow, the number of users affected by the stoppage, the total number of users in the ATO and the duration of each stoppage.

treatment plants, at present active or undergoing test & inspection, the construction of the Santa Palomba water centre, various pumping stations and numerous measures for laying pipes aimed at guaranteeing a higher mixing of the water resource and rationalisation with regards to its handling. Thanks to these activities in 2010, it was possible to get the fluorine and arsenic parameters in line with the envisaged values in the Cecchina area of Albano and the Montecucco area of Castelnuovo di Porto; furthermore, **in all the municipalities** where arsenic-laden water is distributed **the value of the parameter** has been brought **below the threshold of 20 µg/l**, via mixing or curing at the treatment plants. Towards the end of 2010, Acea Ato 2, the Area Authority, the local authorities and the Local Health Authorities (LHA) **by means of mutual agreement**, defined the contents of an **information campaign addressing citizens** in the municipal area concerned (Velletri, Albano Laziale, Castelgandolfo, Genzano, Ariccia, Lanuvio, Lariano, Ciampino, Castelnuovo di Porto, Trevignano Romano and Tolfa) with regard to the possible uses of the water, in relation to the presence of arsenic⁷¹.

As already mentioned, the quality of the drinking water distributed in Rome and Fiumicino features very high quality levels, which are also recognised by analysis performed by third parties⁷², even if the consumers are not always aware of this fact. During the annual customer satisfaction surveys, **Acea asked those interviewed** (both in Rome and the other municipalities in ATO 2) **whether they usually drink tap water** and, if not, what the reasons were which made them believe it was better not to drink tap water. During 2010, around **58%** of the sample of those interviewed in **Rome declared that they regularly drank the water** which comes from the tap in their home, an improvement with respect to the 55% revealed in 2009; **in the provinces**, this percentage stops at **41%**, but the figure **has risen considerably in the last three years** (38% last year and 24% in 2008). On the other hand, the **portion of those interviewed** who declare that **they never drink tap water is still high** - 24% in Rome and 43% in the provinces - and an important reason mentioned is the lack of confidence in hygiene aspects (for 21% in Rome and 51% in the provinces). After having re-launched the "Water identity charter" in 2009, which lists the parameters which certify the excellent quality of the drinking water, again in 2010 Acea wished to propose certain **communications initiatives** regarding the water resource addressing customers and the community: an international artistic competition took place dedicated to the topic of water and a map was made available free-of-charge for iPhones, iPads and iPod Touches showing the location of the public drinking fountains which supply drinking water in the historic city centre of Rome (also see the section Communication, events and solidarity).

In total in Rome, there are **2,500 drinking water fountains** - in cast iron (the so-called "nasoni" or big noses) and in tufa (the "fontanelle della lupa" or she-wolf drinking fountains) - **which provide drinking water** thanks to the running and maintenance activities carried out by Acea Ato 2. The company also looks after **228 of the artistic and monumental fountains** which enrich the Capital and is responsible for **additional water services**, fire hydrants and sprinkler networks; the sprinkler network is mainly located in the city centre and the "Trieste" and "Prati" neighbourhoods and supplies the most important and representative artistic and monumental fountains in the city.

The treatment and sewage service

The integrated water service includes the collection of waste water and its treatment before being reintroduced into the environment. The treatment system in ATO 2 - Central Lazio is **organised in "catchment areas"**, territorial units on a hydrographic basis, which comprise the **treatment plants**, the **sewage networks** pertaining to the same and the associated **raising plants**.

The number of infrastructures managed by Acea Ato 2 expands year by year: as of 31 December 2010, there were **484 sewage raising plants** in operation (165 of which in the Rome municipal area), around 4% more than last year, along with **172 treatment plants** (35 of which in the Rome municipal area) and **6,015 km of sewage networks** (around 4,047 km of which managed for Rome).

Overall **measures** carried out during 2010 in Rome and the other municipalities **along the networks** serving the treatment and sewage system, comprising **investigations, inspections, blockage removals and repairs** numbered **6,536**, involving an average of **around 544 measures a month** (see chart No. 17 for the type of measures carried out on the sewage networks and table No. 38 for the main maintenance measures on the treatment and sewerage system).

Often measures on the network are not limited to the repair of the damage identified but extend to accurate reconnaissance work on a larger section, so as to **plan any reclamation activities** for

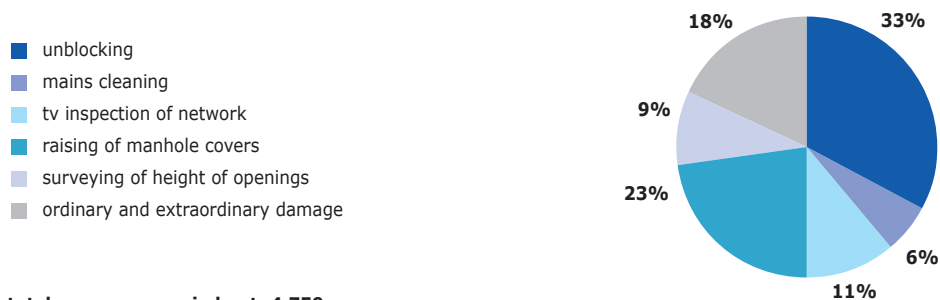
⁷¹ Acknowledging the contents of the disclosure published on 30 November 2010 by the National Health Institute. The information campaign was carried out in the first few months of 2011.

⁷² In general, such analysis is carried out by consumer associations such as Altroconsumo and Cittadinanzattiva and the results can be found on their websites.

the purpose of improving the operating conditions. Besides the management and maintenance activities, work has been continued to **expand, integrate and enhance the sewage network**, in particular in the mostly recently acquired municipalities in ATO 2. Monitoring activities on the entire waste water disposal system also contribute towards improving the service, along with the control of the quality of the water coming into and flowing out of the treatment plants and the accurate detection of the impact on the receiving water bodies: the rivers Tiber and Aniene. Thanks to the adoption of cutting-edge technology, Acea Ato 2's **Environmental Operations Centre, constantly monitors the data** detected by remote control **on the transit of the waste water in the networks**; as well as the **hydrometric and pluviometric figures**, shared with the Rome Hydrographic and Marigraphic Office; and the **data on the quality of the water in the rivers Tiber and Aniene, thereby producing a daily report**.

The **analytical checks carried out on the waste water**, performed both by Acea Ato 2 and the company LaboratoRI, came to **more than 98,000 in 2010**.

Chart No. 17 – TYPE OF MEASURES CARRIED OUT ON THE SEWAGE NETWORKS IN ATO 2 – CENTRAL LAZIO (Rome and municipalities managed) (2010)



total measures carried out: 4,759

NB: the figures do not take into account the so-called "void" measures, linked to reports relating to the rainwater drainage system via "drain traps" or "hoppers", or attributable to parts of privately-owned plants which are not the responsibility of Acea Ato 2.

Table No. 38 – MAIN MEASURES ON THE TREATMENT AND SEWERAGE SYSTEM AND WASTE WATER CHECKS IN ATO 2 – CENTRAL LAZIO (Rome and municipalities under management) (2010)

type of measures	no.
investigations, removal of blockages, cleaning, inspections, raising of manholes, inspection of level of water drain openings and damage repairs	6,536 measures on the sewage networks
inspections of the Rome sewers and measures on associated constructions (floodways, openings, etc.)	27.69 km of sewers inspected, 1,775 measures on sewers and constructions (Rome, right and left Tiber)
ordinary electromechanical maintenance on the raising plants	5,911 measures on the raising plants
electromechanical maintenance (improvement, ordinary, preventive, etc.) on treatment plants	5,295 measures on the treatment plants
waste water quality control	around 5,300 samples withdrawn and a total of 98,150 analytical checks carried out on the waste water

Tariffs

The electricity tariff

As from July 2007 in Italy, as in other European countries, **every consumer can freely decide which supplier to use and the conditions for purchasing gas and electricity**. Every consumer in fact has the opportunity to access the **"eligible market"** choosing from among the commercial offers proposed by the various suppliers. Those who do not choose the eligible market, by contrast avail of the **"protected service"**, which follows the economic and contractual conditions established by the pertinent Italian Authority: the Gas and Electricity Authority (AEEG). Every market operator is obliged to provide, together with the commercial proposal, a **"comparability chart"** which places side by side the costs envisaged by said offer and the costs envisaged by the protected service, so as to help the consumer make their choice.

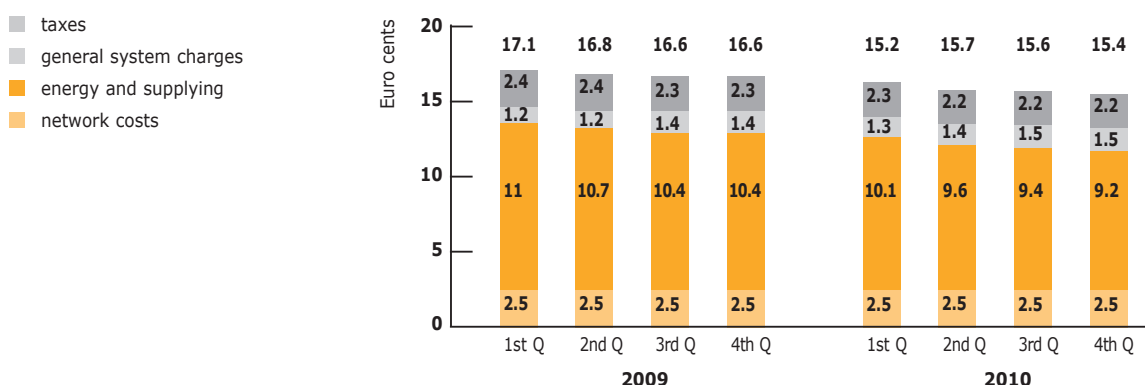
On **both markets**, the AEEG, as an independent regulatory body, checks the correct course of the competition dynamics and **oversees the guarantees and rights of the customers**.

The protected market is still today the predominant one for household customers (individuals and families who do not use energy for commercial purposes) and in this sector the economic conditions of the tariff once again registered a favourable trend in 2010: the **overall gross price for electricity**, in fact, in the event of **typical consumption of 2,700 kWh per annum** (with output of 3 kW), passed from 16.8 Euro cents/kWh in 2009 (around Euro 453 per annum) to **15.8 Euro cents/kWh** in 2010 (roughly Euro 426 per annum)⁷³, essentially as a result of the drop in energy supply costs (see chart No. 18).

As from **1 July 2010**, the AEEG established the progressive and automatic application of **dual phase prices**, in other words differentiated on the basis of the period of using the electricity during the day, for all the customers of the protected market who have a digital meter capable of reading the consumption in different time brackets.

Taking into account the wholesale price of electricity - greater during the central hours of the day, when demand is higher, lower as from the evening, on public holidays or early in the morning - the system will permit the individual customer to **pay for their consumption on a fairer basis**. With **the introduction of the dual phase price system** - which envisage a lower cost for electricity used between 7.00 p.m. in the evening and 8.00 a.m. in the morning on weekdays and all day Saturday, Sunday and on public holidays - the regulator's intention is to encourage a more informed and efficient use of energy, with **positive effects for energy saving**, both individual and general, for the environment and for the electricity system as a whole.

Chart No. 18 . - ELECTRICITY PRICE TREND FOR A TYPICAL HOUSEHOLD CONSUMER (in Euro cents/kWh) (2009-2010)



Source: Electricity and Gas Authority website (www.autorità.energia.it) - statistical data

Box – The commercial proposals for electricity in 2010

Depending on the various types of customers - residential users, small and medium-sized commercial operators, large industrial companies - during 2010, AceaElectrabel Elettricità promoted specific contractual proposals on the eligible market.

The **Famiglia Illuminata** and **Scacciapensieri** products were created for household customers: the former, more suitable for those whose consumption is concentrated in the evening and at weekends, envisages a lower cost for the energy used in this timeband; the latter, for those who consume energy without any particular concentrations during the day, proposes a contract which blocks the price of the bill's Energy Component for two years and applies a discount for the supply of gas should one decide to go for the "dual fuel" option (joint supply of electricity and gas).

The **Notte Accesa** and **Scacciapensieri** products addressing retail customers (small businesses and professionals) are

similar to the two products already illustrated for household users: **Notte Accesa**, specifically, is the most appropriate commercial formula for those who run businesses mainly in the evening, at night or at weekends and on public holidays (bars, nightclubs, restaurants).

For **business and industrial** users, negotiation and identification of the most convenient product takes place on a one-to-one basis, with the possibility of applying specific costs on the basis of consumption, market conditions and direct comparison with the potential user at the time of their specific needs. Furthermore, customers who are sensitive to matters of environmental protection and sustainability can request the activation of the **green option** which involves the certification of the energy consumed via the RECS system (Renewable Energy Certificate System) and which offers the user the possibility of using this choice as a marketing lever vis-à-vis its own customers.

⁷³ Average values in the four quarters of 2009 and 2010.

Water service tariff

The tariffs in force in the areas in which the Acea Group water companies operate are established by the respective **Authorities for the Optimum Area of Operation (ATOs)** by applying the "standardised method" envisaged by the law⁷⁴. The Area Authorities are public bodies, made up of the local authorities of the area served, with responsibilities for policy, planning, scheduling, control and the tariffs of the entire water cycle. The standardised method ensures the coverage of the operating costs, the amortisation and depreciation, and the remuneration of the invested capital in observance of the principle of the economic-financial self-maintenance of the water sector. During 2010, two events of general importance took place, which it is appropriate to refer to here due to the impacts they could have on the structure of the service's costs: **approval of the referendum** for the abrogation of the remunerative portion of the tariff and **abolition of the Area Authorities**, introduced by Italian Law No. 42 of 2010⁷⁵, with the consequent re-assignment of the functions they perform by the Regional Authorities. The tangible outcomes of both the referendum results⁷⁶ and the new regulatory body which will have to replace the Area Authorities is still not clearly envisageable.

With regard to the **tariff aspects** of the main water management activities carried out by the Acea Group, during 2010 the most significant events included: the approval of the single area tariff and the elimination of the minimum used for household consumers served by **Acea Ato 2** which will be applied as from 2011; the authorisation of the provisional tariff applicable by **Acea Ato 5** for 2010, pending the dispute outstanding with the related Area Authority and the settlement attempt carried out between the latter and the management company⁷⁷; the launch of the extraordinary review procedures for the Area Plan of ATO Sarnese Vesuviano in Campania where **Gori** operates, following which the adjustment tariff dynamics which have accumulated as of 31 December 2010 will be settled; the approval by the related Area Authority of the 2010-2021 tariff change applicable by **Publiacqua** with the calculation of the tariff relating to 2010; the launch of the procedure for up-dating the Area Plan of ATO 1 – Umbria 1 and the tariff relating to 2010 for **Umbra Acque**.

The effective average tariffs applied during the year under review by the leading Acea Group water companies are shown in table No. 39.

Table No. 39 – AVERAGE 2010 WATER TARIFFS APPLIED BY THE ACEA GROUP COMPANIES (2010)

company	euro/m³
Lazio/Campania	
Acea Ato 2 SpA – Lazio centrale	1.02
Acea Ato 5 SpA – Lazio meridionale	1.27
Gori SpA – Sarnese Vesuviano	1.21
Tuscany/Umbria	
Acque SpA – Basso Valdarno	1.92
Publiacqua SpA – Medio Valdarno	1.93
Umbra Acque SpA – Umbria	1.67
Acquedotto del Fiora - Ombrone	1.86

⁷⁴ Italian Ministerial Decree dated 1 August 1996 "Standardised method for defining the cost components and determining the related tariff".

⁷⁵ Subsequently, Italian Decree Law No. 225 dated 29 December 2010 laid down the extension until 31 March 2011 of the deadline for the abolition of the Area Authorities, previously established, also envisaging the possibility of a further postponement until 31 December 2011.

⁷⁶ On 12 June 2011, the referendum from the abrogation of the remunerative portion of the tariff was approved.

⁷⁷ The dispute between Acea Ato 5 and the Area Authority with reference to the service planning and management aspects is in fact still outstanding, since 2009 (see Acea's 2009 Sustainability Report).

Customer care

Within the Acea Group, responsibility for customer care is directly entrusted to the operating companies which handle, with regard to every aspect, the relationship with their customers; furthermore, so as to maintain an integrated view of the activities a Customer Care Unit has been set up within the holding company, dedicated to monitoring the performances⁷⁸.

In detail, monitoring is based on the construction, analysis and reporting of the **quantitative and qualitative indicators suitable for measuring the quality of the service provided** care of the main channels made available to the general public. On the basis of the indicators, in addition to the data extracted from the system (Customer Relationship Management - CRM, telephone platforms, etc.), on a consistent basis with previous years, the results of contact achieved by means of the mystery caller technique are mentioned.

Customers can contact Acea and the operating companies via an **exchange** which puts them through to corporate offices and sites, **commercial free-phone numbers, free-phone numbers for reporting faults** (see box), the **counters** (physical and online), via **letter, fax** or **corporate websites** (www.acea.it, www.aceaelectrabel.it⁷⁹ and www.aceaato2.it). "Key customers" (e.g. companies and institutions) have specific departments dedicated to their matters.

Box – Telephone contact channels

- **Acea exchange: 06/57991**
- **Commercial electricity** free-phone number for the **protected service: 800.199.900**
- **Commercial electricity** free-phone number for **eligible market customers: 800.130.334**
- **Commercial gas** free-phone number for **eligible market customers: 800.130.338**
- Free-phone number for **eligible market supplies: 800.130.333**
- **Commercial water** free-phone number: **800.130.331**
- Free-phone number for **water complaints/faults: 800.130.335**
- Free-phone number for **electricity and public lighting complaints/faults in Rome: 800.130.336**
- Free-phone number for **cemetery lighting service: 800.130.330**
- Free-phone number for **district heating: 800.130.337**

NB: Acea guarantees respect for privacy in managing personal information in all relations with customers (in accordance with Italian Legislative Decree No. 196/2003).

For the handling of one or more remote channels - telephone, fax, webform, e-mail - certain Group companies avail themselves of **Acea8cento SpA**, the contact center set up specifically in 2008 so as to guarantee quality, promptness and uniformity when solving customer problems. The channels handled by the contact center are essentially, but not limited to⁸⁰, commercial and feature the highest level of operations: as a point of fact, the customer is directed to the physical counter only for particularly complex procedures.

Besides overseeing the contact services, Acea8cento analyses and identifies possible areas of improvement in the remote handling of the customers; projects accomplished in 2010 included the **differentiation of the commercial telephone services**, which up until 2009 were covered by a single free-phone number, with particular attention to accompanying the customers in noting the availability of the new numbers to call. The decision to separate the free-phone numbers arose from the need to offer greater personalisation in the accessibility to the individual businesses and, with regard to the energy sales companies, to more fully comply with the dictates of the Gas and Electricity and Gas Authority with regard to call centers.

Other innovations were the introduction of "emoticons" on the free-phone number of the energy sales company, in other words the possibility offered to customers of expressing an opinion on telephone contact in real time; spot support activities, both for AceaElectrabel and Acea Ato 2, for the prior solution of problems linked to billing (clarification phone calls with customers who have received bills featuring anomalous amounts) or the collection of amounts due (soft collection on overdue bills) and, for the water service sales number, the possibility, as from the Summer, of directly activating bank domiciliation of bills via telephone, requesting a meter check, changing

⁷⁸ Although monitoring of performances relating to the management of the contact channels carried out by the Customer Care Unit includes almost all the companies in the Group, by way of complying with the reporting boundary in this section, information and performances of Acea Ato 2 are provided here for the water sector and the Company Fact Sheets Italy & abroad should be consulted for information concerning the other companies

⁷⁹ Since April 2011, following the winding up of the JV with Electrabel, the company tasked with selling electricity, wholly-owned by Acea, it was named Acea Energia SpA; the new website, operative since 2011, is www.aceaenergia.it.

⁸⁰ Acea8cento in fact also handles the number for reporting faults for Acea Ato 5 (since March 2010), for the cemetery lighting of Acea Distribuzione and, in the event of peak calls, for Acea Ato 2.

record file details and contact information, carrying out transfers and notice of cancellation (the latter are finalised by sending a fax).

In 2010, the **workgroup** established and co-ordinated by Acea SpA's CEO with support from the Customer Care Unit, was active, **dedicated to mapping the problems most frequently reported by customers** and identifying appropriate corrective action with the aim of responding more effectively to customers' expectations, commencing with how complaints are managed.

The **volume of calls received** overall by the **Acea free-phone numbers** during 2010 came to around **2.7 million**, up by 10.8% with respect to 2009 volumes; this change essentially depends on the increase in calls to the commercial free-phone number dedicated to the eligible market, including requests for information on the commercial offers relating to this segment. The percentage-related distribution of the volumes of calls received in 2010, in fact, despite confirming the greater importance of the commercial free-phone numbers for the electricity sales service, which cumulatively absorb around 62% of total calls, discloses a drop in calls received for the protected segment (49.6% compared with 58.2% in 2009) and a doubling of the calls received for the eligible market segment (11.8% compared with 5.6% in 2009); no particular changes in the percentage attributable to the other free-phone numbers was seen. (see charts No. 19 and 20).

Chart No. 19 – TOTAL TELEPHONE TRAFFIC OF ACEA FREE-PHONE NUMBERS (2009-2010)

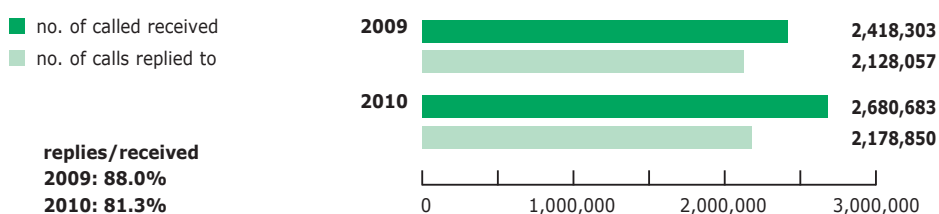
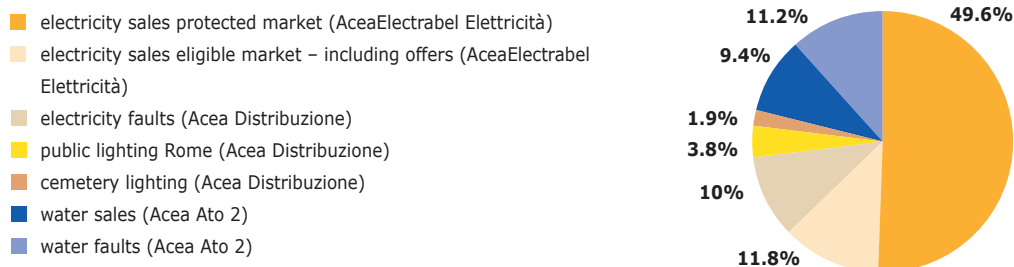


Chart No. 20 – PERCENTAGE-RELATED DISTRIBUTION OF THE TELEPHONE TRAFFIC RECEIVED BY ACEA FREE-PHONE NUMBERS IN 2010



The **Electricity and Gas Authority** intervenes in the assessment of the **call centers of the electricity and gas suppliers** and draw up a classification on the basis of **global scores**⁸¹ (IQT) assigned by means of six-monthly surveys to each operator, making the same public⁸². The Authority's classification discloses, between the second half of 2009 and the same period in 2010, that the **AceaElettrabel Elettricità call center service** maintained its 22nd place, although it must be pointed out that it reached 15th place in the survey for the first half of 2010. Irrespective of the classification position, we can observe the **growth in the quality indicator** (PQ) which during the second half of the year reached 60 points (38 in the second half of 2009) and the **improvement reported in the accessibility indicator** (PA) which rose from 48 to 51, while the score relating to the customer satisfaction survey (PSC) remained high. The strong points of the Acea call center, with respect to other suppliers, confirm **the factors which weigh in more heavily on the determination of the overall satisfaction index** (ICS)⁸³, such as the ability to solve the problem (with 88% of the customers satisfied) and the clarity of the answer provided (94%).

⁸¹ The **global score** comprises three partial scores: two of which refer to figures for the **quality delivered** – access to service (PA) and service quality (PQ) – and the third concerning the results of surveys on the **quality perceived** by customers – degree of customer satisfaction for those contacting the call center (PSC) –, carried out by the Authority.

⁸² The classification on the quality of the call centers of electricity and gas sellers, processed on the basis of the figures for the second half of 2010, is available on the website of the Electricity and Gas Authority (www.autorità.energia.it).

⁸³ Information on the relationship between ICS and PSC and, more generally, how the overall IQT score is calculated can be found in the resolution of the Electricity and Gas Authority No. 164/2008.

With regard to the **other Acea free-phone numbers** – water sales, reporting of faults for the electricity, water, public lighting and cemetery lighting services– the main performance indicators are shown in Table No. 40.

The service levels (% of replies out of calls received) revealed, on a general basis, a deterioration with respect to 2009: with regard to the free-phone numbers for reporting faults it should however be revealed that the particularly bad weather towards the end of the year caused an essential doubling in contact made in December; leaving aside the figures for that month, in fact, the levels of service for electricity, public lighting and water faults would have been higher (respectively: 80%, 76% and 86%) and the average waiting times less than 3 minutes.

With regard to the free-phone number for the cemetery lighting service and the water sales free-phone number, the deterioration in the performances was linked to the additional activities which Acea8cento had to deal with overall, staff being the same, both in terms of calls and back office activities also following the greater settlement capacity acquired by the telephone service carried out for Acea Ato 2.

Table No. 40 - THE MAIN PERFORMANCE INDICATORS OF THE ACEA FREE-PHONE NUMBERS (2010)

performance indicators	electricity faults (*)	public lighting (*)	cemetery lighting	water sales	water faults (*)
	Acea Distribuzione	Acea Distribuzione	Acea Distribuzione	Acea Ato 2	Acea Ato 2
Total No. of calls received	289,938	110,378	65,412	273,569	293,796
Total No. of calls answered	214,822	79,571	47,574	217,917	242,038
% of replies out of calls received	74.1%	72.1%	72.7%	79.7%	82.4%
Average waiting time before reply (min. seconds)	3m 25s	3m 07s	1m 54s	1m 37s	3m 03s
Average conversation time (min. seconds)	1m 48s	1m 32s	2m 28s	3m 46s	2m 24s

NB: the table does not include the performance indicators of the commercial free-phone numbers of the electricity service subject to regulation by the Electricity and Gas Authority and commented on in the text.

() The telephone calls satisfied by the automatic system or terminated by the customer during navigation of the automatic call system are also considered to be replies.*

In order to contact the company remotely, customers can also use the websites⁸⁴ of the various service companies (www.aceaelectrabelelettricità.it – now www.aceaenergia.it - reported 587,119 visits in 2010 and www.aceaato2.it 244,702 visits), directly or transiting via the website of the holding company (www.acea.it). The websites of the operating companies are equipped with on-line counters, which make it possible to carry out contractual and commercial transactions, request information and check billing and payments. The **Acea Ato 2 online counter**, which became fully operational last year and, as of 31 December 2009, received around **26,285 registrations** (compared with 16,400 as of 31 December 2009)

The **public hall** at the **Acea central headquarters** in Piazzale Ostiense, Rome, is the area where one can find the **“physical” counters** for electricity and water service customers. They can also be found at the satellite headquarters in Ostia Lido and another **23 counters** are operative for the water service: one in Rome and the others in municipalities acquired under management. **Overall**, during the year the **public hall at central headquarters saw 163,964 customer pass through**, the majority of which visited the counters of the electricity sales company, which in addition to that dedicated to “protected” customers also **opened**, as from July 2010, **a counter for eligible market customers**. With respect to last year, the number of customers who visited the water counter fell: the figures should be placed in relation with both the additional number of visits to **peripheral counters** (rising from around 128,000 in 2009 to around **140,000 in 2010**) and with the possibility of carrying out more commercial-type transactions via the call center, a service which was upgraded in 2001 as mentioned.

The service levels (expressed by the ratio of tickets issued and customers served) for the counters at central headquarters turned out to be very high: **98%** as in 2009; the performances disclosed by the new counter for the eligible market, 96% between July and December, were also satisfactory.

⁸⁴ Readers are reminded that, following the winding up of the JV with Electrabel, as from 2011 the website of the electricity sales company for customers of the protected and eligible markets is www.aceaenergia.it.

⁸⁵ In Via Casilina, 1665 (VIII district Town Hall).

Box – The Agency for the quality of local public services assesses the websites

The Agency for the control and quality of local public services in the Municipality of Rome carried out a survey in 2010, around three years on from the last survey, on the websites of the companies which provide public utility services with a major impact on the life of the citizens - transport, energy, water, gas, urban sanitation - with the aim of gauging the degree of interactivity and the ease by means of which the citizen-consumer can dialogue with the companies on-line.

In order to assess the level of supply of the on-line services, the analysis was concentrated on 5 macro-areas: Transparency and access; Quality and interaction of the on-line services; Usability and accessibility; Communication, participation, relational aspects; Technological development, each of which divided up into specific quality factors, for a total of 23 factors assessed, which contributed towards the calculation of the summary scores, expressed on a scale of 0-100.

Acea Electrabel Elettricità's websites for the sale of electricity and the Acea Ato 2 website for the water supply received a more contained assessment for the "Communication, participation" macro-area, with the identification of margins for improvement in the aspects linked to the participation-related and relational dimension of the on-line services (for example forums, poles and surveys); the Acea Ato 2 website was just below sufficient for the aspects of interaction present in the Quality and interaction of the in-line services macro-area, in relation to which, by contrast, the

Acea Electrabel website received a fully satisfactory vote; the opinions of the macro-area Usability and accessibility were likewise good for the websites of both the companies and the assessments were excellent for the two macro-areas Transparency and access and Technological development thanks to the quality and completeness of the information provided on the structure and the corporate organisation, the publication of the financial statements, the indications on access to the physical counters, and in relation to the technical planning aspects of the websites.

The results of the analysis on the Quality and interaction of the on-line services macro-area, of particular importance, were then compared with those of similar entities at Italian and European level. Acea Ato 2 achieved fourth place in the comparison with the websites of other companies active in the water industry in Italian metropolises (Turin, Milan, Venice, Trieste, Genoa, Bologna, Florence, Rome, Bari, Naples, Cagliari, Messina, Palermo, Catania), while the Acea Electrabel website, by virtue of the deregulation of the sales market, gained second place, when compared with another four companies operating in the Rome area. The position of both websites was in conclusion very good, when compared at European level with the websites of similar companies operating in Berlin, London, Madrid, Paris and Dublin. The full survey, which reference is made to for further details, is available on-line on the Agency's website.

Website macro-areas (score 0-100)

	trasparenza and access	quality and interaction of the on-line services	usability and accessibility	communication participation relational aspects	thechnological development
www.aceaelectrabel.it	86.1	75.1	74.9	52.6	89.3
www.aceaato2.it	91.7	57.8	70.1	43.1	87.5

Italian benchmark (positioning in the Quality and interaction of the on-line services macro-area)

www.aceaelectrabel.it	2nd place (out of the 5 companies which provide the energy sales service in the Rome area, assessed in the benchmark)
www.aceaato2.it	4th place (out of the companies in the water sector of the 14 Italian metropolis, as assessed in the benchmark)

International benchmark (positioning)

www.aceaelectrabel.it	1st place (out of the 5 leading European capitals considered in the benchmark)
www.aceaato2.it	3rd place (out of the 5 leading European capitals considered in the benchmark)

Key: score of $\geq 80/100$ = **excellent**; score of $\geq 60 < 80/100$ = **satisfactory**; score of $< 60/100$ = **insufficient**

Table No. 41- COUNTERS AT CENTRAL HEADQUARTERS: PERFORMANCE (2008-2010)

	electricity service AceaElectrabel Elettricità (protected market)			electricity service AceaElectrabel Elettricità (eligible market)(*)		water service Acea Ato 2(**)	
	2008	2009	2010	2010	2008	2009	2010
tickets issued (No.)	124,551	115,876	128,180	10,824	38,163	31,464	24,960
customers served (No.)	117,505	113,890	125,740	10,419	36,707	30,824	24,414
level of service	94%	98%	98%	96%	96%	98%	98%
average waiting time (mins.)	35	18	21	38	55	26	26
average service time (mins.)	9	10	9	13	14	14	14

(*) The counter for the eligible markets was opened in July 2010.

(**) Acea Ato 2 figures do not include August due to a breakdown in the queue-matic system.

Written complaints are managed by the operating companies according to **in-house procedures** which make it possible to follow, **via computer**, the documentation process: from the initial report to its solution.

With regard to the **electricity service**, the maximum response time to written complaints represents a **specific level of quality for the sales company**, laid down by the Electricity and Gas Authority. In cases where the vendor, so as to reply to the customer, needs to obtain **technical data** from the distributor, the latter - as per the specific level - must make this information available within 10 or 15 business days according to the type of information requested. Replying to written complaints is also included under the general quality levels which the **distributor** is responsible for (reference is made to the section Quality supplied, tables No. 24-27).

Written complaints/requests which concern the **public lighting service** (reporting of faults, requests for new systems etc.) are seen to directly by Acea Distribuzione, which promptly answers the same. During 2010, **1,207 complaints were received**, down 15% with respect to the 1,421 received in 2009; by 31 December, the company had replied to 1,152 complaints, **95.4%** of the total and roughly 95% of the replies were given within 30 days. The remainder was dealt with in the first few months of 2011.

With regard to the **water service**, Acea Ato 2 received **a total of 5,557 complaints/requests** from the various municipalities managed (Rome and Province)⁸⁶, of which 5,316 were dealt with (**95.6%**). The Customer Relationship Management (CRM) system was brought fully onto stream in 2010, after its introduction in December 2009, for the management and monitoring of phone, counter or written requests from customers.

The **bill** sent to the customer, besides showing the costs for consumption and the service and the payment terms, contains other information; with particular reference to the bill for the electricity supply service, a dedicated space lists the possible payment methods and the possibility of paying amounts due by instalment, the handling of meter readings, the opening hours and location of counter services, the website address, special terms in the event of use of electro-medical appliances, etc..

In conclusion, since last year the **joint settlement procedure** has been operative set up care of Acea Ato 2 and Acea Ato 5, for the **water service**, and AceaElectrabel Elettricità for the **electricity service**; this is an instrument for the out-of-court settlement of commercial disputes between the customer and the company (see the section *Institutions and the Company*).

Box – Disputes with Customers in 2010

Legal disputes furthered by customers with respect to the Acea Group generally concern complaints possibly turning into summons, relating to the supply relationship (tariff mechanisms and rebates). The extent of this legal flow, both in numeric terms (roughly **one hundred new cases** a year) and in terms of the **extremely contained unit-based economic amount**, essentially remained stable in 2010; a marginal portion by contrast discloses higher values (Euro

500 – 1,500 being the average equivalent value). The measures adopted by the **Italian Anti-trust Authority** (AGCM) for the assessment and possible prosecution of “Improper Commercial Practices” by Group operating companies were limited to **two or three cases of “requests for information”**, in particular in the water sector, **which so far have not been followed by pre-trial proceedings**.

⁸⁶ The figure is not directly comparable with that published in 2009. Since the CRM was brought fully onto stream in 2010, the figures relating to complaints and requests are reckoned and processed differently with respect to last year and with a much more accurate analytical level.

Communication, events and solidarity

Communication

The **External Affairs and Communication Division** of the holding company oversees - at centralised level - the forms of communication addressing the various company stakeholders and in general the social context which the company activities take place in.

The company demonstrates its involvement in the area in different ways: **it is present during conventions** and events associated with the core business activities; **it sponsors important** cultural and sporting **events** or those dealing with environmental issues; **it is committed to supporting charitable initiatives, proposes advertising campaigns and those for raising awareness** addressing citizens, **sees to dealings with the various press bodies** via the activities of the Press Office. Furthermore, it promotes internal and external communications via the company **website**, www.acea.it, and using the **in-house publication AceaMagazine** and the **weekly newsletter**. The latter are two publications created to up-date and inform employees on any new aspects and topics of interest which concern the Group.

The **magazine**, after the special edition dedicated to Acea's 100 years, "Roma d'acqua e di luce" dated December 2009, continued with publications in 2010 dealing with issues linked to the sphere of energy, water and the environment, supplemented and enhanced by authoritative articles and interviews with Italian and foreign figures. In detail, the special edition in July 2010, "L'energia dello sport", was dedicated to the celebration of the fiftieth anniversary of "Roma '60" and the company's activities for the XVII Olympics (see related box). Half a century on, in order to celebrate the fiftieth anniversary of Rome '60, the External Affairs and Communication division furthered a complex communications plan which envisaged various activities: renewal of the lighting for Viale delle Olimpiadi and Viale dei Gladiatori, the Eur lake and the area adjacent to Palazzo dello Sport; a light show projected on the Coliseum, portraying the rings which symbolise the sporting event and the Olympic athletes, together with the company's logo and that of the Municipality of Rome and the images of the 1960 illuminations on monuments, squares and roads. Acea also launched its participation in the project for the establishment of the Tiber River Park for "Rome 2020: la nascita di una città sostenibile" ("Rome 2020: the birth of a sustainable city").

The first **newsletter**, issued weekly, came out at the end of April, at the time of the Shareholders' Meeting; it is a brief disclosure on dates and innovative aspects concerning energy and hydro-environmental issues, as well as in-depth looks at specific events, and is sent via mail to all the employees and to an external select mailing list, containing around 40,000 names.

During 2010, the External Affairs and Communication division also developed a number of editorial projects, publishing **Effetti Collaterali - Collateral Effects, Acea's commitments towards biodiversity** (see related box) and **Energicamente** (Energetically), a volume which presents forty "visual thoughts" by the artist Giancarlo Moscara, featuring illustrations, both ironic and evocative, dedicated to water and energy.

Box – Acea and the Fiftieth Anniversary of the Olympics in Rome

It is 1960, on 25 August in Rome the XVII Olympic Games begin and will last until 11 September. They will be remembered as being among the most beautiful and suggestive in history. Livio Berruti, Cassius Clay, Wilma Rudolph, Nino Benvenuti, Larissa Latynina, icons of modern sport, with a "human dimension" such as the Olympics of the "Eternal City" were defined. Also unforgettable because during the 16 days of games, the Italian broadcasting company, RAI, broadcast more than 100 hours of sport throughout Europe.

In 1960, Acea was very much involved, especially in the public lighting sector, in modernising the areas where the great sporting event took place. The work carried out on both functional and artistic lighting was considerable; from the Foro Italico to the Olympic Village, from Piazza del Campidoglio to the Coliseum, just to mention the main

locations. A volume of photographic documentation, published precisely to celebrate Roma '60 and kept in the company's historic archives, shows more than one hundred images from the period with the new lights studied by company engineers. During 2010, the company renewed its contribution for the Fiftieth Anniversary of the XVIIth Olympic Games and the Paralympic Games by means of the "The projects for the symbolic location of the Olympic City", in the hope that Rome may once again host this illustrious sporting event. A special edition of *AceaMagazine*, *Acea e l'Energia dello sport* (Acea and the Energy of Sport), conjured up the past events and illustrated today's commitment. «Sport is culture, let's hope it continues to be so» - recalled Livio Berruti - and this is Acea's hope for Rome 2020.

Box – Collateral Effects. Acea's commitments towards biodiversity

2010 was the year dedicated by the Union Nations to protecting biodiversity, an event which Acea wished to participate in by means of the publication of the book *Collateral effects*. The text makes it possible to get to know the Rome area better, the geographic place of reference for the company and its priority belonging. The book recounts the places and events of our past, which intertwine with the issue of biodiversity at times come across by chance and defended solely by virtue of a solid culture of environmental respect, others safeguarded in a programmatic and informed manner, with the maturity of a journey undertaken towards sustainability. The publication, edited by Acea's External Affairs and Communication Division, in collaboration with **Ornis Italica and Legambiente Onlus**, addresses those who wish to take a look at the "collateral effects", all of which positive, which in over one hundred years have been triggered off by the company's activities, contributing towards the conservation of animal and vegetable species as precious as they are forgotten.

A hundred years ago, the order of the priorities would have been different, for our company and likewise for the other companies involved in providing primary services such as water and electricity. The lack of means available at the time, the widespread ignorance of the environmental risks which could be run and above all else the urgency in satisfying fundamental needs of populations growing constantly would have rendered the issue of environmental respect inconceivable, at least as we see it today. And yet, with regard to this particular aspect Acea has always demonstrated that it knows how to keep ahead of the times, placing the protection of the natural environment among its operational concerns. The safeguarding of the drinking water springs and the compatibility of all the structures delegated with carrying it far and wide even to the remotest towns and villages have always been a reference point for the entire organisation, with results today which can be observed in the city of Rome area, in terms of natural treasures and vitality of the ecosystem present therein.

Via the Italian and English version of the **Acea website**⁸⁷ – www.acea.it – the **institutional and financial communication** relating to the Group is conveyed on the internet and numerous other contents can be found, aimed at satisfying the information requirements of an extensive general public with differing interests. Divided up into sections for easy consultation, the website presents information on the mission, the history of the Group and the corporate bodies; on the corporate governance structure and the value codes; it contains the economic-financial documents, the trend of the stock on the market, presentations and price sensitive communications, in line with Consob recommendations on listed companies; a section is available, dedicated to sustainability, where the Group Sustainability Reports can be found; other sections are dedicated to quality and safety, communication, suppliers and a specific space addresses those who are interested in working for the company. Furthermore, the website allows you to consult areas which are constantly up-dated, including a daily press review, and places visitors who desire as such in contact with the operating companies, redirecting them to the related websites. Lastly, once again in 2010 the online and interactive versions of the **Group Consolidated Financial Statements** and **Sustainability Report** were drafted (referring to the 2009 accounting period), in Italian and English.

Total visits to the company website registered during 2010 amounted to **764,298** (+29.5% with respect to the **590,000** of last year), with a monthly average of over 63,600 visits, around 67% of which were "new visitors". The pages most frequently visited, besides the home page (19.3%), where the access page to the Energy section (6.4%) followed by that of the Acea SpA section (4.9%), that accessing the Supplier section (3.7%) and that for the Water section (3.6%). Between 2009 and 2010, all the access indicators illustrated in chart No. 21 rose considerably. Visits to the websites of the water sector companies Acea Ato 2 (www.aceaato2.it) and Acea Ato 5 (www.aceaato5.it) also increased, with 244,702 visits for the former (+39% compared with the 175,300 visits reported in 2009) and 75,277 visits for the latter (+70% when compared with the 44,300 visits in 2009) along with those registered by the website of the electricity sales company (www.aceaelectrabel.it), with 587,119 visits (+17.4% compared with the approximate 500,000 visits in 2009).

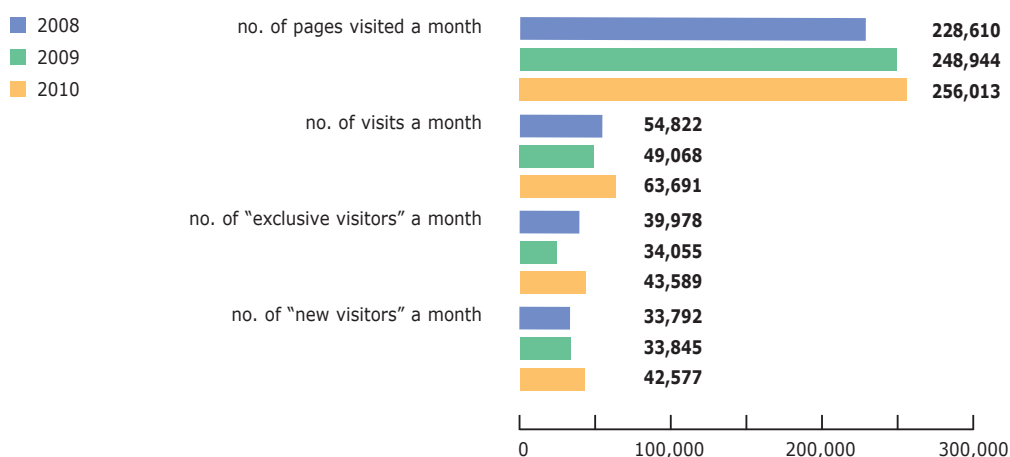
Dealings with the various press bodies were overseen by the Press Office Unit, within the External Affairs and Communications Division of the holding company. Every day, Acea drafts the **press review** of the leading Italian broadsheets and a number of local newspapers and makes it available to colleagues via the company **intranet**. A selection from the main review and a specific press review on the water sector are also divulged on the company website, in a specific section, and enhanced by television and radio services on the company, so that external parties can also easily gain access to the media articles on the company.

⁸⁷ See the box concerning the structure of the company website in the section Communicating sustainability: method notes.

In order to carefully and regularly monitor the opinions expressed by the press bodies and public opinion on the company, in 2010 Acea decided to appoint a specialised company from outside with the task of creating a “**Reputational Monitoring Centre**”, whose results, processed month by month, have been brought to the attention of company management (see related box).

The Press Office also takes steps to respond promptly **to the reports** relating to services managed by the Group which are mainly conveyed by the newspapers; such activities are carried out in close collaboration with the competent operating companies and interacting with the editorial staff of the newspapers willing to publish the company’s responses. Other reports reach the Press Office via e-mail, fax and direct telephone calls and receive prompt replies

Chart No. 21– MAIN INDICATORS ON VISITS TO THE ACEA WEBSITE (monthly averages 2008-2010)



Box – The Acea Reputational Monitoring Centre

Acea appointed a specialised company from outside during 2010 to carry out research into the company’s reputation in the media (press and internet). The Acea Reputational Monitoring Centre, month by month, envisaged the accurate analysis of Acea’s “presence” in articles published in the daily and periodical press, with regard to the traditional media, and the clicks it receives daily on the internet (blogs, websites, forums, etc.). The analysis was not only carried out in quantitative terms but went into the merits of the opinions expressed on the company, for the purpose of adequately evaluating the “representations” matured by the social context on Acea, the perception of its strong and weak points and the occurrence of any “reputational risks”; the results of the monitoring have been disclosed, once a month throughout the year, via a select mailing list to Acea Management.

Press releases are sent out **at the time of the most important events**, and, in the specific case of economic-financial disclosure, following shareholders’ and board meetings or at the time of publication of financial statements and reports, the Press Office works together with the Parent Company’s Investor Relations Division.

A number of fact sheets have been prepared and disclosed via the media on the majority of the manifestations and cultural and sporting events and those of socio-environmental interest, as well as on seminars and conferences, to which Acea has contributed during the year as sponsor or by setting up display areas or even by ensuring the support of its speakers. For example, “Earth Day” was featured prominently in the press (see the related box), along with the Ecopolis event, conventions on compost and sustainable agriculture, bioenergies, sustainable mobility, as well as numerous and important sporting events supported by the company.

The **sectors involved in communication** were often the “waste-to-energy” sector, managed by the “environment” business area, and the activities carried out by Acea Reti e Servizi Energetici and the subsidiary Ecogena; in particular, during the year under review the largest **photovoltaic** installation in the Capital was constructed in the areas used as car parking space at the Commercium centre (opened in 2011) and **co-generation** projects were launched in the EUR district; prominence was also given to the Plans adopted by the Public Lighting Unit, emphasising the importance of a reduction in consumption by means of the use of **LED technology**.

Box – Earth Day: Acea, “Young Explorers Kit” for Roman students

Rucksack, compass, binoculars, cap, water bottle, torch, sunglasses and health food snack. This is the “Young Explorers Kit” which Acea donated to 250 Roman students whom during the 40th World Earth Day, celebrated on 22 April 2010, became young “explorers”. The rucksacks were first of all presented by the Mayor of Rome and the Acea’s Chairman to two children acting as mascots, who took part in the presentation of the initiative at the Campidoglio on 16 April 2010.

The 250 Roman students were guided on 5 nature tours focused on the water resource, which Acea manages by means of the integrated water service: the water trail in the

Appia Antica Park, the Nazzano Tevere-Farfa Reserve, the lake of Albano, the Palo Oasis and a boat trip on the Tiber. The nature trials were accompanied by a photographic competition, which the children were able to follow on the website www.ambientandoci.it. At the time of the 40th edition of the World Earth Day, Acea also contributed towards the planting project co-ordinated by the Rome Municipal council agency for the Environment, which identified 10,000 sq.m. for the planting of 250 plants native to the Agro Romano, which will mean 4 tons of CO₂ will be absorbed per year

Many ventures continued with the aim of making customers and citizens aware of the quality of the water resource and the value of the services provided, with the promotion and divulgation of the “**Carta d’Identità dell’Acqua - Water Identity Card**”, and the leaflet, in Italian and English, **L’acqua è un tesoro - Water is precious**, and **Acea ti regala la mappa**, featuring a **map of the city centre which shows the location of around 200 “nasoni”** (big noses), the characteristic cast iron fountains which make drinking water available to citizens and tourists (around 2,500 are present in the Capital). In August 2010, Acea launched the “map” for iPhones, iPads and iPod Touches; the App, entitled *L’Acqua di Roma a portata di mano* can be downloaded free of charge from Apple’s iTunes, is present in the Travel category and allows you to locate your position in the historic city centre of Rome and identify the route for reaching the nearest drinking water fountain; the App also makes it possible to display other information relating to both the quality features of the water distributed and of interest for tourists, providing brief historic notes on monuments and the historic fountains nearest to the areas identified on the map.

Furthermore, still on the subject of water and the importance of the water service, two important events should be mentioned: the **advertising campaign put together in 2010 - Acea. L’acqua, l’uomo, la tecnologia (Water, man, technology)** and the organisation and sponsorship of the competition **Pure Water Vision: Acea EcoArt Contest 2010** (see the related box for the latter). By means of the campaign on the water cycle, Acea wanted to communicate the industrial dimension of the sector and generate reflection on the work, knowledge and technical skills employed before the water starts to run from the taps of our homes - via a journey among springs and aqueducts - and along the route, via collection networks and treatment plants, which accompanies its return to the environment. The campaign, which went on air as from 26 April for around a month and also involved the media (press, internet) used images with a strong impact, each one of which desired to illustrate a stage in the water cycle. The headline of the campaign “*Acea è leader nella costruzione del futuro - Acea is leader in the building of the future*”, emphasised the industrial commitment of the Group, since one of its main activities involves the management of the integrated water cycle.



Box – Pure Water Vision: Acea EcoArt Contest 2010

The international contemporary art competition *Pure Water Vision: Acea EcoArt Contest 2010* arose from collaboration between the company and the cultural platform *EcoArt Project*. Acea's presence, leading Italian water operator, qualifies the subject matter of the competition: *the relationship between water, man and environment, in a global view aware of the sustainable development of the planet* on a consistent basis with the importance assigned by the company to the balanced relationship between business activities and the correct handling of natural resources. The company, main sponsor and co-organiser of the initiative, contributed towards conceiving the competition, setting itself the objective of using the suggestive power of art, according to expressive ranges chosen by the artists from among the categories indicated by the competition announcement - photography and digital works, video, painting, sculpture, installations, performances - so as to stimulate reflection on the subject of the socio-environmental value of the water resource and make it visible. The promotion of the competition, which

remained active for 7 months, between March and October 2010, was conveyed **via the main social networks** of a generic nature (Facebook, Twitter) and sector-related (Vimeo), **on specialised portals and websites** and during public events and exhibitions, receiving great consensus. The cycle concluded in 2011 with the prize ceremony for the artist of the winning entry, the installation of a collective exhibition, which exhibited a selection of the works of the participants, with the publication and disclosure of a catalogue. More than **600 works of art** were acquired during the competition, originating from **33 nations on all five continents** (from Canada to Argentina, from the United Arab Emirates to South Africa, from Turkey to Japan and Australia), created by well-known and not so well-known artists, bearing witness to the international sensitivity for the subject matter at the centre of the competition. The initiative was presented, as a social responsibility project, at the **IXth edition of the Sodalitas Social Award**.

Another initiative aimed at raising the awareness of the people of the city with regard to the activities carried out by Acea, was the promotion of a 2010 up-dated version of the "**Public Lighting Charter**", which illustrates, in the small format of an ID card, the plant engineering figures and the main characteristics of the public lighting system in Rome.

The company kept the environmental portal for schools open and up-to-date: **www.ambientandoci.it**, which represents a direct channel of contact for scholastic institutions and children. Via the website dedicated to the environment, Acea furthered numerous initiatives addressing younger members of society: for example the **Volley School - Acea Trophy** (600 games, 168 teams including junior and open representing 100 high schools in Rome and the province, involving a total of **1,500 school children**) or the "**Acqua: parlano i ragazzi**" **venture** which involved schools in the municipalities of Civitavecchia and Tolfa, six institutions with a total of 342 elementary and middle school students. This latter project, the result of collaboration between Acea Ato 2, the Rotary Club of Civitavecchia and schools, placed water and the issues associated with its supply under the microscope.

Every year the Group **opens its plants** to visitors thanks to the willingness and expertise of its staff, receiving a wide range of people – schoolchildren, technicians and other companies operating in this sector: in 2010, **1,564 visitors were received**, from both Italy and overseas.

Events and solidarity

During 2010, **the economic value distributed to the community** by the leading companies in the Acea Group **increased**, under the form of sponsorships and charitable donations, passing from around Euro 3.6 million in 2009 to roughly **Euro 5.5 million**⁸⁸. In detail, contributions paid over by way of sponsorships for cultural, social and sporting events increased by almost 57%, reaching roughly Euro 4 million (Euro 2.6 million in 2009) while charitable donations rose by 91%, from Euro 372 thousand in 2009 to over Euro 714 thousand in the year under review.

Acea also makes its services available free of charge (supply of electricity and water, public lighting measures, etc.) during events which see the large-scale participation of citizens, such as the traditional city marathons or film festivals and concerts which animate the city during the Summer period, benefiting residents and tourists alike. This type of measure, known as "**technical sponsorships**", involved **an economic value** in 2010 amounting to around **Euro 151 thousand**, almost 74% more with respect to last year.

⁸⁸ This item also includes the costs incurred for "trade fairs and conventions" but not the "technical" sponsorships (amounting to Euro 151,000 in 2010).

Numerous initiatives of **cultural** importance were supported, such as art exhibitions, cycles of conferences, musical reviews and events such as the **Notte dei Musei** (Museum Night) and **Musei in musica** (Museums in music) (see box on the main events in 2010).

With regard to **sport**, Acea confirmed its support as co-sponsor of the **Rome Virtus Basketball team**, sponsored the two traditional marathons which are held in the Capital, attracting an increasingly larger number of runners - the **Rome** and the **Roma-Ostia Marathons** - and increased its presence throughout Italy, linking its logo to **Italian Marathons**. In fact, in October 2010 the first marathon was held in Venice along with the opening event of the initiative in which Acea took part as main sponsor, which over the space of 2011 envisages a circuit of 20 marathons in various Italian cities. Acea then supported **Roma capitale dello sport**, the manifestation which promoted three days of events in the city centre, in the presence of athletes and champions from various Olympic disciplines, supporting the Capital's candidature for the 2010 Olympic Games; it also sponsored the **Mille Miglia**, the most important historic commemoration of a world famous race, which transited the route Brescia-Rome-Brescia, passing through 56 Italian municipalities.

Activities dedicated to the **younger members of the community** and linked to **environmental issues** included the particularly important project **Chiare, fresche e dolci acque**, which Acea furthered in collaboration with the Rome Municipal Authority and which involved more than 400 students from elementary and high schools, with the aim of raising their awareness for an informed use of the natural resources. During four days of events, set within the gardens of Piazza Vittorio, the **La Scuola in Festa** manifestation took place, also featuring the final stages of the programme undertaken by means of the Chiare project, with the prize-giving ceremony of the competitions linked to two specific initiatives: **Acqua spreco zero** and **Le fontane di Roma: una suggestione in musica** (see related box). During the event, Acea was present with its own stand, proposing educational workshops on renewable energies and the rational use of the water source.

Box – The Chiare, fresche e dolci acque project

In February 2010, more than 400 students from high schools in Rome took part in a training day held in the Protomoteca salon at the Campidoglio, an event which launched the “Chiare, fresche e dolci acque...” project promoted, with Acea's aid, by the Rome Municipal Council Agency for Scholastic Educational Policies, with the collaboration of the artist and singer/song writer Edoardo Vianello. The project was divided into two parts, once addressing high school students, the other dedicated to elementary school students, and envisaged different stages, concluding within the sphere of the four-days event organised in May, “La scuola in festa”, in Piazza Vittorio. The first “programme” - **Le fontane di Roma: una suggestione in musica** - saw students involved in a competition for the best composition of words and music

on the subject of water; the prize-giving ceremony was held in May, during La scuola in festa, and the Acea Prize for the best “Sound Brand – Acqua e Energia” was awarded to class 4D of the “Tullio Levi Civita” Scientific High School. Elementary students instead took part in the **Acqua spreco zero** project, the result of collaboration between the Rome Municipal Authority and the Next Generation Act association, with Acea's contribution; this envisaged various stages including the installation of 1,200 tap water flow reducers in the bathrooms and kitchens of 35 Roman schools and an educational programme for the students required to create a short story on the subject of water and water saving. The short stories were published in a volume entitled **L'acqua in venti righe**, which was given to the student and their families.

Every year, Acea **makes the lobby of its headquarters** in Rome available to Associations involved in social work for the organisation of **charitable events and funding raising**. In 2010, Acea hosted:

- The ACLI – Acea team, for the collection of toys to be donated to children in difficulty, from 28 December 2009 to 5 January 2010
- ROMAIL Onlus, for the sale of Easter Eggs, on 17 March 2010, and for the sale of Poinsettias, on 9 December 2010, for the purpose of fund raising
- The Acea CRA (staff recreational association) for the market fair selling products for the purpose of raising funds to support the “12 scatti per l’Africa” venture, on 2 and 3 December 2010
- UNICEF, for the market fair selling products, on 15 and 16 December 2010, for fund raising purposes.

The activities of Acea's **Pro Africa Committee** concluded at the end of 2009 but during 2010 numerous charitable activities took place aimed at helping individuals in situations of hardship or emergencies, or even for supporting health research and raising awareness with regard to issues of social interest (see box illustrating certain events in 2010).

The main **events supported by Acea** throughout the year – through sponsorships or donations – are illustrated in the boxes below, divided up according to the aim and explaining how the company participated.

Box – 2010: Acea's commitment to children and the environment

- sponsor and co-creator of the **Acea EcoArt Contest 2010: Pure Water Vision** competition (Fortunato Productions)
- sponsor of **La cultura dell'energia**, a cycle of 6 conferences dedicated to the issue of water culture (Rivista Italiana Petrolio srl)
- sponsor of **Earth day – 2010** (Associazione culturale Lyras)
- sponsor of the **La Fonte della Biodiversità** environmental education project (Delfia srl)
- sponsor of the **awareness-raising campaign** during the international year of **biodiversity** (ONU), by means of organising two exhibitions on the subject (Ambiente e/è Vita Onlus)
- sponsor for the **observation via web cam of a nest of peregrine falcons**, nested on an Acea structure and publication of a volume dedicated to biodiversity **Effetti collaterali** (Ornis Italica)
- sponsor of the **2010 School Volleyball Tournament – XVIIth Acea Trophy**, in which students from middle and senior high schools participate (Fipav Lazio)
- sponsor of the **Chiare, fresche e dolci acque** project, furthered by the Rome Municipal Council Agency for Educational and Scholastic Policies, and the various events related with the same - Acqua spreco zero, Le fontane di Roma: una suggestione in musica and La scuola in festa (Associazione Culturale Acque and Next Generation Act).

Box – Acea's commitment to culture and sport

- main sponsor of the **Omaggio a de Chirico 2010** exhibition held in Rome, at Villa Torlonia, in May and June 2010 (Ass. Culturale Cà d'Oro 2000)
- main sponsor of the **La natura delle cose** exhibition, featuring Oliviero Rainaldi, held from June till August 2010 at Villa Aldobrandini (Oliviero Rainaldi)
- sponsor of the **Il Labirinto di Fellini** exhibition, for the fiftieth anniversary of La Dolce Vita paying homage to the great Director, from October 2010 until January 2011 at Macro in Roma (Cineteca di Bologna)
- sponsor of **Notte dei Musei**, an event - furthered by the Rome Municipal Council Agency for Culture with the Council Agency for Cultural Heritage, the Ministry for Cultural Heritage and the Rome Chamber of Commerce - which envisaged 170 events which took place on 15 May at museums, cultural institutes, libraries and historic palazzo's in the Capital with entry free-of-charge between 8.00 p.m. and 2.00 a.m. (Zetema Progetto Cultura Srl)
- sponsor of **Musei in musica** which between 8.00 p.m. and midnight on 28 November, saw the performance of live music, of all types, free-of-charge, in the halls of the municipal and state museums, foreign academies and universities
- contribution to the **Da Correggio a Leonardo** photographic exhibition which was held in Rome, at the Chiostro del Borromini, in March 2010 (Centro Culturale Rinascita Artistica Onlus)
- sponsor of events linked to the **Rome Carnevale**, which were held in February 2010 (Zetema Cultura Srl)
- sponsor of the **Roma città Natale** event (Zetema Progetto Cultura Srl)
- contribution to **OstiaFilmFest 2010**, which was held from April until June 2010 (Homo Ridens)
- sponsor of the cycle **Lezioni di Musica 2010/2011** at Rome's Auditorium (Fondazione Musica per Roma)
- sponsor of the cycle **Lezioni di Storia 2010/2011** at Rome's Auditorium (Laterza Agorà Srl)
- sponsor of the videoart competition **Festarte** (Federcultura)
- main sponsor of the **Italian Marathon** circuit, 20 races which will be held throughout 2011 in various Italian cities; in October 2010, the opening ceremony and first marathon were held in Venice (Associazione Maratone Italiane),
- sponsor of the 2010 editions of traditional Roman sporting events which see wide-scale participation of citizens: the **City of Rome Marathon** (Atielle srl) and the **Rome-Ostia Mini-Marathon** (Roma Ostia Srl)
- co-sponsor, for the 2010-2011 season, of the **Rome Virtus basketball team** (Pallacanestro Virtus srl)
- sponsor of the **Mille Miglia**, along the Rome-Brescia-Rome stretch, passing through 56 Italian municipalities (Meet Comunicazione srl)
- sponsor of the **2010 Spring Marathon** (Scuola Nuova srl)

Box – 2010: Acea’s commitment to solidarity

- contribution for the setting up of the **research laboratories and new headquarters of the “La banca degli occhi” (eye bank)**. The research centre, set up to fight maculopathy, a degenerative disease which causes the loss of sight, is the result of an agreement between the San Giovanni Addolorata Hospital and the Bietti Foundation (IRCSS - Fondazione "G.B. Bietti" per lo Studio e la Ricerca in Oftalmologia Onlus)
- contribution towards the activities of the **Centre for the study and prevention of mood disorders and suicide** – Onlus Sant’Andrea (Azienda Ospedaliera S. Andrea)
- contribution for the **Stop alla violenza sulle donne** initiative, a travelling exhibition of contemporary art and round table on the phenomenon of stalking (Associazione Culturale Art Experience)
- contribution to the **Giornata Nazionale per la lotta alla sordità**, dedicated to information, raising awareness and curing hearing disorders (Associazione Italiana per la Ricerca sulla Sordità - AIRS Onlus)
- contribution towards the organisation of the **Niki’s Ryder Cup 2010**, (Ass. Niki’s Sport Events Onlus); the purpose of the association is to organise sporting events in various disciplines so as to raise public awareness of the problem of road accidents. The proceeds and donations will be given to organisations specialised in rehabilitation and used to support the inclusion of road accident victims in civil life and alternative sports
- contribution towards the organisation of the **La primavera di Haiti concert**, with Giovanni Allevi, aimed at raising funds to help the populations hit by the earthquake which devastated Haiti, causing thousands of victims (Basilica Collegiata "Sancta Maria ad Martyres"- Pantheon di Roma)
- sponsor of the **CorriHaiti** solidarity race, to help the victims of the earthquake in January 2010 (ASI - Alleanza Sportiva Italiana)
- sponsor of the **Da L’Aquila a Montecitorio** exhibition which was held at Palazzo Montecitorio in Rome between January and February 2010; for the first time after the earthquake in Abruzzo, 21 works of art from various churches in the historic town centre of Aquila and province were displayed. The purpose of the event was to “adopt” restoration, by means of a grant to be allocated to the Archdiocese of Aquila. (Iride per il terzo Millennio srl)
- contribution via the purchase of 50 tickets for the **Gran Galà della danza**, which was held in February 2010 at the Teatro dell’Opera in Rome. The charity gala promoted in collaboration with the Italian Red Cross, saw the most acclaimed stars of European, Russian and Australian theatres on stage, together to raise funds for the construction of the Paediatric rehabilitation centre in the province of Aquila (CRI - Comit. Reg. Abruzzo)
- contribution supporting the **Vincenziano social centre** in Rome, a non-profit structure which takes in the homeless, Italians and foreigners alike. (Centro Sociale Vincenziano)

By means of the commitment of the operating companies, events have been supported or sponsored **also in a number of municipalities in the Lazio area**, in particular the municipalities of Cervara, Allumiere, Frasso Sabino and S. Vittore del Lazio received contributions to support various cultural activities and the second edition of the **Reate Festival** was sponsored, an internationally important multi-discipline festival, featuring classical music, jazz and dance, which was held at the Flavio Vespasiano theatre in Rieti between 20 August and 1 September 2010.

Suppliers

Consolidated external costs

In 2010, the **consolidated external costs** of the Group amounted to **Euro 2.667 billion**, up around **26%** with respect to the Euro 2.106 billion in 2009 (see *Corporate Identity*, section *General economic indicators*).

The most significant costs are those attributable to the activities of the **energy and gas business** which amount to Euro 2.142 billion (80.3% of total costs), up 31.4% with respect to the approximately Euro 1.630 billion in 2009, while other components of external costs: **concession fees** imposed on the water companies (Euro 57.4 million), **use of third party assets** (Euro 33.9 million) and sundry operating costs (Euro 35.6 million) remained more or less unchanged.

Further on in the section dedicated to relationships with suppliers, the procurement of goods, services and work is analysed, for a total expenditure of around Euro 522 million, handled, for the various Group companies, by a Division set up in the holding company (see 2010 Boundaries in the related section).

Purchasing policies

The policies for the **procurement of goods, services and work**, in light of the Group organisation in force throughout 2010, are looked after **by the Procurement, Logistics and Facility Management Unit**, in the Human Resources and Services Division of the holding company. More specifically, the Procurement Unit is responsible for outlining strategies suitable for the optimum handling of the Group's procurement in close cooperation with the business areas involved and in observance of the reference legislative framework⁸⁹; it co-ordinates the process for planning the needs of the Companies/Divisions, defines and carries out the purchasing procedures, and ensures the centralised management of the tenders.

Relations between Acea and the suppliers, besides taking place in accordance with legislation, are subject to specific consideration in the **Group's value codes**⁹⁰: since 2003, Acea has adopted the **Tender Ethics Code** which guides the conduct of both the contractor and the contracting companies, with reference to the principles of correctness, transparency and protection of competition. Also the **Group Ethical Code**, adopted in 2004, lays down the principles of transparency and integrity, the safeguarding of ethical aspects in supplies, the criteria for overseeing the choice of the suppliers and the correct conduct of the human resources responsible for procurement. Express acceptance of both value codes is an **indispensable condition for taking part in the procedures for entrusting work, goods and services** and for being able to access the Qualification Systems present within Acea; furthermore, if violation of the value codes is duly proven, this leads to exclusion from the tender or cancellation of the awarding of the contract (Article 8 *Tender Ethics Code* and Article 26 *Group Ethical Code*).

Box – Group Ethical Code: safeguarding of the ethical aspects in supplies

Article 14.3 of the *Acea Group Ethical Code* states:

«Within the sphere of the procurement activities, Acea undertakes to further observance of the environmental conditions and ensure that they are carried out in compliance with the ethical principles and the law, requesting socially relevant requisites for particular supplies.

Accordingly, in contracts with suppliers in countries at risk - defined as such by the recognised organisations - contractual clauses are included which envisage:

- self-certification by the supplier that he complies with specific social obligations (for example: measures which ensure workers the respect of their fundamental rights, the principles of equal and non-discriminatory treatment, protection of child labour);
- the possibility of availing oneself of action for carrying out checks at production units or operating premises of the Supplier company, for the purpose of checking these requirements are met».

⁸⁹ Italian Legislative Decree No. 163 dated 12 April 2006 – Code of public contracts relating to work, services and supplies implementing EU directives 2004/17/EC and 2004/18/EC.

⁹⁰ Both the Tender Ethics Code and the Acea Group Ethical Code are available on-line on the Company website (Suppliers and Regulations and values sections).

In order to carry out the “**procurement centre**” service for the Group companies to best effect, the Procurement Unit launched the adaptation of the **IT system** in 2009 and continued it in 2010, so as to **streamline the procedures** and meet the Group’s needs for operating efficiency. Thanks to this project, Acea extended the availability of on-line instruments for the handling of the procedures for entrusting contracts for work, goods and services and, **as from July 2010, the tenders, save rare exceptions, have been accomplished by means of the IT platform⁹¹ without forwarding paper documents** and with the use of the digital signature, in line with the stance adopted by public administration authorities concerning digitalisation and with evident cost savings and environmental benefits. After having suitably informed the Suppliers in the web area dedicated to them, Acea thus made all the notices relating to the calling of on-line tenders available on the **Pleiade portal** (<http://www.pleiade.it/aceaspa>).

Within the sphere of the expenditure rationalisation process, which will be continued in coming years as well, the **consolidated purchasing portal** is active for the handling of the communal contracts, such as travel and business trips, stationery, printers, toner and other consumables.

Supply of goods, services and work



2010 boundaries

*The information illustrated in this section concerns the following Group companies: Acea SpA, Acea Distribuzione, Acea Reti e Servizi Energetici, Ecogena, **Acea Illuminazione Pubblica**, Acea Ato 2, LaboratoRI, Acea Ato 5, Acea Ato 5 Servizi, Acea Gori Servizi, Acea Ricerca Perdite, Sarnese Vesuviano, **Crea Gestioni**, Acea8cento, Marco Polo (Acea branch), A.R.I.A. (Acea Risorse e Impianti per l’Ambiente), Eall, SAO, Terni En.A, Enercombustibili, Ergo Ena, Apice, Ecoenergie and part of the procurement concerning the companies involved in the joint venture with Electrabel - AceaElectrabel, AceaElectrabel Produzione (for the 1st half of 2010), AceaElectrabel Trading, AceaElectrabel Elettricità.*

*NB: the companies whose contracts have been handled for the first time in 2010 are indicated in **bold** type.* ◆

Each year the Acea SpA Procurement Unit increases the number of companies for which it centrally manages tenders for the supply of **products**, the provision of services and the execution of **work** (see 2010 Boundaries). **The overall economic value of the contracts awarded in 2010**, totalling **Euro 522.6 million⁹²**, is **up slightly** (+ 2.4%) compared with the Euro 510.5 million in 2009, specifically due to the **rise in the item “work”**; by contrast, the costs relating to the tendering of services, which in the previous two years had represented around half total procurement, were down sharply (see chart No. 22).

Around 46% of total procurement has been entrusted by means of the tender procedure.

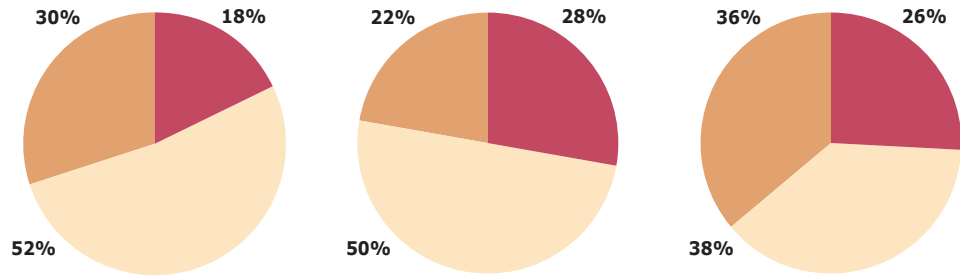
If the value of the contracts is divided up between the four business segments **energy** (networks and market), **water, environment** (waste-to-energy) and **corporate** and the three-year trend is observed (see chart No. 23) essential stability can be seen in the percentage incidence of the corporate area and the tendential increase of the volumes attributable to the water area which the rise of costs for work is mainly attributable to. Between 2009 and 2010, the quota of the networks area by contrast dropped, specifically due to the decrease in costs for goods and services, while the environment area rose, due to the increase in costs relating to work contracts.

Procedures are fulfilled within Acea, compliant with current legislation for work, goods and service contracts which fall within the **special sectors of water and energy** (section III del Consolidated Tender Code - Italian Legislative Decree No. 163/ 2006); with regard to contracts awarded which do not fall within the special sectors, public tender procedures are announced in compliance with applicable sector legislation. With regard to contracts involving **amounts under the EU threshold**, Acea applies **in-house Regulations** in compliance with the principles established by the EC Treaty safeguarding competition (also see sub-sections *Goods and Services; Work*).

⁹¹ Observance of the provisions concerning archiving continuing to be applied, as guaranteed contractually by Acea’s partner portal.

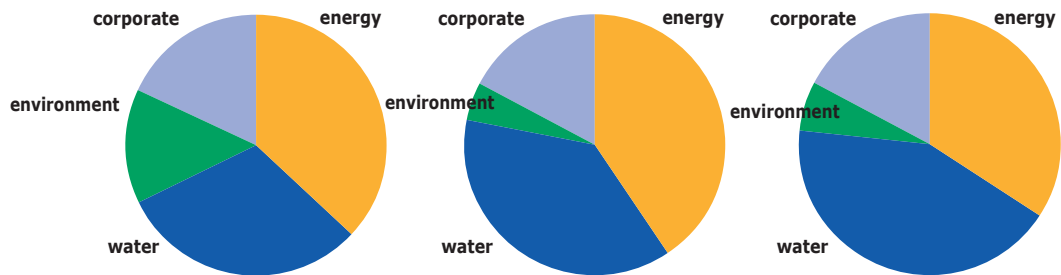
⁹² The amount refers to the contracts awarded during the year, not registering the distinction between operation and investment, annual and multi-year contracts. **Purchases of “Commodities”** and part of the services and general costs of the companies in the JV with Electrabel, seen to directly by the companies/divisions in charge, **are excluded**.

Chart No. 22 – VALUE OF TENDER CONTRACTS AND INCIDENCE OF THE MAIN TYPES ON THE TOTAL (2008-2010)



(millions of euro)	2008	2009	2010
goods	101	144	139
services	295	253	197
work	172	113	186
total	568	510	522

Chart No. 23 – BREAKDOWN OF THE COSTS FOR SUPPLIES (GOODS, SERVICES, WORK) BY BUSINESS SEGMENT (2008-2010)



(values %)	2008	2009	2010
energy (*)	37	40.6	34.2
- energy network	24	34.1	27.6
- energy market	13	6.5	6.6
water (**)	31	37.5	42.5
environment (***)	14	4.7	6.2
corporate (****)	18	17.2	17.1

(*) the **energy networks** segment, in the **energy** area, includes the companies operating in distribution, public lighting and energy services with added value: Acea Distribuzione SpA, Acea Reti e Servizi Energetici SpA, Ecogena, Luce Napoli (for 2008 and only to a residual extent in 2009, further to liquidation) and **Acea Illuminazione Pubblica**, established in 2010.

Again in 2010, the **energy market** includes the companies in the joint-venture with AceaElectrabel that produce, trade and sell energy to the eligible and protected markets, procurement for which is partly managed by the Acea SpA Procurement Unit.

(**) the **water** segment includes the companies: Acea Ato 2, Acea Ato 5, LaboratoRI; dal 2009 Acea Gori Servizi, Acea Ato 5 Servizi, Acea Ricerca e Perdite, Sarnese Vesuviano and, in 2010, also **Crea Gestioni**.

(***) the **environment** segment includes the companies active in the waste-to-energy sector: A.R.I.A., EALL, Terni En.A, SAO, Enercombustibili, Ergo Ena and, since 2009, A.PI.C.E. and Ecoenergie.

(****) the **corporate** area, within the sphere of the Group services, includes the companies Acea SpA, Marco Polo and Acea8cento.

NB: the companies whose tender contracts have been handled by the Procurement Unit since 2010 are indicated in bold type.

In the **Suppliers** section of the corporate **website** (www.acea.it) the operators can access information, forms and the Qualification Systems; the **dedicated IT portal** makes it possible to handle tenders on-line, reproducing the operational procedures for traditional tenders (checking of the accompanying documentation, acknowledgment of the possession of the requirements, opening of the economic bids and display of the classification); the portal is also able to handle the **Qualification Systems** and the tenders announced among the companies enrolled in the same, in an integrated manner.

Goods and services

During 2010, when compared with last year, a **significant decrease** was seen in both the amount intended for the purchase of **goods and services**, which amounts to **Euro 336 million (15% less** with respect to the Euro 397 million in 2009), and **the percentage** of this item with regard to total procurement, which fell to **64.3%** versus 77.8% last year.

The most active Group companies in these areas were Acea Ato 2 and Acea Distribuzione, which respectively invested Euro 75 and 67 million in the purchase of materials and services, and the Parent Company, with around Euro 70 million, which included the expenditure for ICT (Information & Communication Technology), weighing in heavily at 43%.

Observing the percentage breakdown of the value of the goods and services procured for the business areas, it can be noted that it is more or less in line with last year, albeit with slight differences: **43.6%** of expenditure was attributable to the **energy area** (network and market) (45% in 2009), **26.3%** to the **water area** (27% in 2009), 25.5% to the **corporate area** (Group services) (**22%** last year) and **4.6%** to the **environment** area (waste-to-energy) (6% in 2009).

With regard to **supplies of goods and services** for an amount **less than the EU threshold** (equating to Euro 387,000⁹³), Acea applies the **In-house Regulations**⁹⁴ which envisage two tender procedures:

- **ordinary procedure**: on-line tenders between companies enrolled in the Qualification Systems;
- **extraordinary procedure**: tenders announced by means of single offer request.

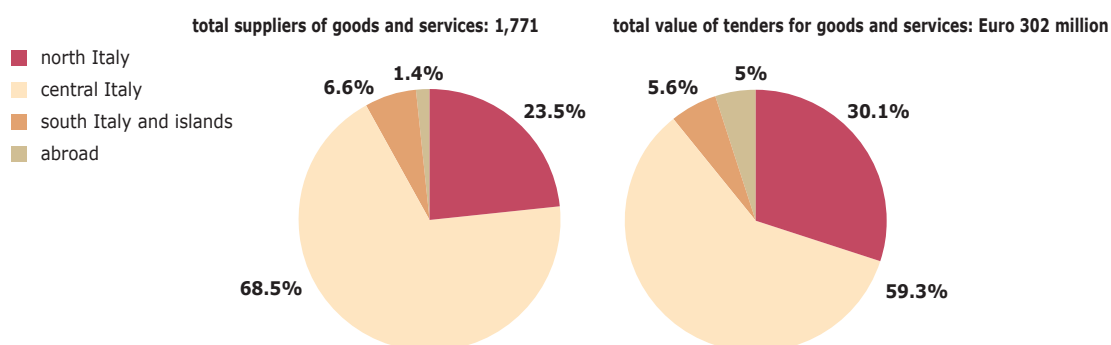
The companies directly access the tenders, published on-line, without any charge. During 2010, a total of⁹⁵ **350 tenders** were announced **by means of publication on the company website and 54 tenders by means of European announcement**.

For the purchase of goods and services, during 2010 the Parent Company's Procurement Unit followed the procedure for the requests issued by the Group companies/Units, processing **more than 4,300 Purchase Orders**. Of these, around 82% (3,557 POs) involved contained amounts under Euro 50,000, while the remaining 18% (791 POs), involving amounts ranging between Euro 51,000 and Euro 5 million, absorbed 87.5% of the total value of the goods and services procured (equating to Euro 302 million)⁹⁶.

Chart No. 24 shows the **geographic distribution**, as of 31 December 2010, **of the suppliers and the amounts spent** for the procurement of **goods and services**. **More than 68% of the suppliers are concentrated** in the regions of **central Italy** (Tuscany, Emilia Romagna, Lazio and Umbria) care of which **around 59% of the value of the "goods and services"** has been spent; within this grouping, **Lazio stands out** with 950 suppliers and Euro 136 million assigned to purchases, equating to around **45% of the total**. This figure should be correlated to Acea's traditional geographic presence, today a Group of national importance but which has operated in Rome for more than a century, and has **evident positive repercussions on local satellite activities**.

The **top 10 companies which supply goods and services for 2010** were awarded around **20%** (equating to around Euro 61 million) of the total value spent for such procurement.

Chart No. 24 – GEOGRAPHIC DISTRIBUTION OF THE SUPPLIERS AND THE AMOUNTS FOR THE PROCUREMENT OF GOODS AND SERVICES, IN ITALY AND ABROAD (2010)



NB: excluding the companies of the JV with AceaElectrabel.

⁹³ EC Regulation No. 1177/2009

⁹⁴ The In-house Regulations for supplies of goods and services in special sectors "below the threshold" were adopted in March 2008 pursuant to Italian Legislative Decree No. 163/2006.

⁹⁵ Excluding the tenders carried out by the companies of the JV AceaElectrabel.

⁹⁶ The value of the procurement of goods and services handled by the holding company for the companies in the JV with Electrabel, totalling Euro 34 millions, is excluded from the analysis.

Table No. 42 - 2010 TOP TEN SUPPLIERS OF GOODS AND SERVICES TO THE GROUP(*) AND PERCENTAGE OF TOTAL

supplier	%	% accumulated	supplier	%	% accumulated
TELECOM ITALIA SpA	3.4	3.4	CONSORZIO SAEC – SIMEC SISTEMI	1.7	14.5
E.S.I. CONSORZIO STABILE	3.0	6.4	ORACLE ITALIA Srl	1.5	16.0
LANDIS + GYR SpA	2.2	8.7	E.ON PRODUZIONE SpA	1.4	17.4
SOCOPOWER Srl	2.1	10.8	PRYSMIAN CAVI E SISTEMI ITALIA Srl	1.4	18.8
BENI STABILI GESTIONI SpA	2.0	12.8	CONSORZIO IMPRESIT	1.4	20.1

(*) Excluding the companies of the JV with AceaElectrabel.

Work tenders

Expenditure for work contracted out increased in 2010 and amounted to **Euro 186 million (+64.6%** with respect to approximately Euro 113 million in 2009), representing **36% of total procurement costs**, 14 percentage points more than last year.

The most active company with regard to work tendered out was Acea Ato 2, with around 71% of the total value of work contracted out, followed by Acea Distribuzione, with around 17%. Therefore, if we look at the percentage-related distribution of the value of the work contracted out by business area, we can see that **71.8%** is attributable to the **water area**, **17.1%** to the **energy area** (networks), **9.2%** to the **environment area** (waste-to-energy) and the residual portion of **1.9%** to the **corporate area** (Group services).

During 2010, **99.5%** of the amounts dedicated to the procurement of work was entrusted **by means of the tender procedure**.

With regard to the amounts **under the EU threshold** (amounting to Euro 4.845 million⁹⁷), the **In-house Regulations**⁹⁸ envisage two procedures:

- **ordinary**: on-line tenders between companies enrolled in the Qualification Systems;
- **extraordinary**: this is used for work not envisaged in the Qualification Systems. The tenders are announced by means of a single call which, case by case, specifies the criteria for the identification of the anomaly threshold.

Tenders called according to the ordinary procedure are published on-line on the dedicated portal which can be accessed from the Acea website. Furthermore, the tender calls are published in the Italian Official Gazette and in daily newspapers.

During 2010, the procedures for awarding work came to **92⁹⁹**, **75** of which were **on-line tenders** and **17 with announcement**.

The top ten suppliers of work in 2010 were awarded around **35%** (Euro 66 million) of the total value allocated to this procurement item.

Table No. 43 - 2010 TOP TEN SUPPLIERS OF WORK TO THE GROUP (*) AND PERCENTAGE OF TOTAL

supplier	%	% accumulated	supplier	%	% accumulated
I.B.I. SpA	8.6	8.6	IMPRESA DI CESARE GINO Srl	2.7	25.3
C.E.B.A.T. Srl	3.8	12.4	G.T.A. Srl	2.7	28
CICCHETTI REMO E FIGLIO Srl	3.8	16.2	CO. GE.A. Srl	2.7	30.7
LUNICA SOCIETA' CONSORTILE	3.2	19.4	R.D.R. Srl	2.7	33.4
D.P.R. COSTRUZIONI Srl	3.2	22.6	LIGEAM	2.1	35.5

(*) Excluding the companies of the JV with AceaElectrabel.

Chart No. 25 shows the **geographic distribution of the amounts for work** contracted out in the **last three-years**. An inconsistent trend can be seen for the three macro-areas of the country (north, central, south and the islands); however in central Italy, the area in which the activities of the operating companies are mainly carried out, the greatest portion is contracted out: this group

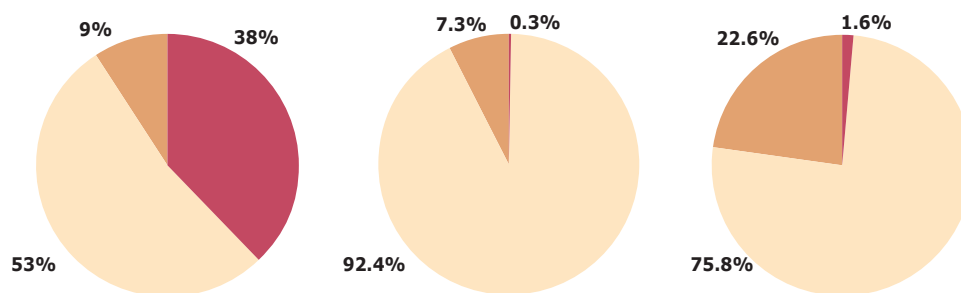
⁹⁷ EC Regulation No. 1177/2009.

⁹⁸ The In-house Regulations for work in special sectors "below the threshold" were adopted by Acea in August 2006 pursuant to Article 238.7 of Italian Legislative Decree No. 163/2006.

⁹⁹ The number does not include the tenders pertaining to the companies in the Joint Venture (AceaElectrabel), which during 2010 were not handled by the holding company's Procurement Unit.

(Lazio, Abruzzo, Marche and Emilia Romagna) was awarded around **75.8%** of the total value of work contracted out in 2010 and **Lazio** alone around 69%, equating to **Euro 130 million**, with 63 companies out of a total of 86 suppliers.

Chart No. 25 – GEOGRAPHIC DISTRIBUTION OF THE AMOUNTS FOR WORK CONTRACTED OUT (2008-2010)



(millions of euro)	2008	2009	2010
■ north Italy	64.5	0.4	3
■ central Italy	88.5	104.4	141
■ south Italy and islands	15	8.2	42
total (*)	168	113	186

(*) The amounts do not include the work awarded under contract to the companies in the JV with Electrabel

Supplier assessment

A number of **Qualification Systems** are active within Acea for the suppliers of work, goods and services; these are regularly up-dated. The companies wishing to be included are required to demonstrate they possess general requirements established by sector legislation (so-called "moral requirements") and the special requirements (technical and quality-related) established for each System and described in the respective Qualification Regulations, available on-line on the company website. Two typical elements of the moral requirements established by legislation are particularly important for the purpose of protecting the workers, in other words the **payment of duties, taxes and social security contributions for employees** confirmed by the **DURC – Documento Unico di Regolarità Contributiva** – Insurance Contribution Payment Certificate) and **compliance with laws on safety and any other obligation concerning employer-employee relations**. Any irregularity regarding the requirements mentioned means automatic exclusion from the tender procedure. The special requisites include the possession of suitable **company Quality System Certification**, compliant with the UNI EN standards in force, even if not obligatory in accordance with current legislation.

The suppliers can freely enrol themselves at any time in the Qualification Systems set up by Acea, forwarding a request for enrolment in the register and the accompanying documentation; if, during the checks and up-dates carried out each year, the requisites held at the time of enrolment no longer exist, the companies will be suspended from the Register pending the reinstatement of the due conditions.

The Qualification Systems active as of 31 December 2010 within Acea include:

1. the Qualification System of the companies which perform **work – energy area** (overhead lines and underground cables, primary and sub-stations, public and artistic lighting systems, district heating), **2010 edition**;
2. the Qualification System of the companies which perform **work – water area** (water and sewer networks; aqueduct pipes and sewer mains; drinking water supply wells);
3. the Qualification System for **work – electromechanical water area** (mechanical plants, electrical plants, telecommunications and automation plants), **2010 edition**;
4. the Qualification System concerning the **supply of motor pumps**;
5. the Qualification System concerning the **supply of electrical cables**;
6. the Qualification System concerning the **supply of transformers**;
7. the Qualification System concerning the **supply of water meters, activated in 2010**.

The Qualification System for **work – energy area**, as of 31 December 2010 had **44 companies enrolled** (42 in 2009); in the water area **there were 111 companies enrolled** in the Qualification System for **work – water area** (106 in 2009) and the Qualification System for **work**

- **electromechanical water** signed up new suppliers, with 39 qualified companies, 11 more than last year.

Furthermore, new companies have been enrolled in three out of the four of the commodity **Qualification Systems**. At the end of 2010, there were in fact 8 qualified companies on the Register for electric cable supplies, 8 companies for transformer supplies and 5 companies on the List for the supply of water meters (published in the Official Gazette of the European Union GU S120 in June 2010).

The **Regulations** for the new 2010 edition of the **Qualification System for work - energy area** include the application of a system for assessing the work of the companies **focusing on quality and safety**, registered after onsite inspections. This assessment system, known as **Vendor rating** and developed in collaboration with Rome's Tor Vergata University, envisages the creation of **merit ratings based on the reputation** of the contractors with reference to the observance of the quality and safety parameters for site work, **which are taken into account**, objectively and not predominantly, in the **awarding of the tenders**. The possibility of raising and applying fines is also envisaged, which may also lead to the suspension of the contractor's activities; in 2010, 15 sites were suspended due to safety non-compliances, with regard to a total of 827 inspections made. The application of the Vendor rating system, in fact, is demonstrating itself to be an **incentive for the improvement of the levels of attention** paid to quality and safety and during the year an additional **increase** was obtained in the **average reputation index** of 34 companies who worked for Acea Distribuzione, passing from 85.54% to 87.78% (see related box for details). Furthermore, the **Regulations** for the work Qualification Systems - energy sector - on a consistent basis with the adoption by Acea Distribuzione of a **Safety Management System pursuant to the OHSAS 18001:2007 standard** - also envisages acceptance of the **Health and Safety in the workplace Policy**, as an **indispensable requirement** for the qualification of the companies.

Box – Quality and safety: the Vendor rating system for work in the energy sector

During 2010, the **Vendor rating** system, launched in 2008, was implemented even further both with the application of procedures for awarding tender contracts and with the extension of the methods for assessing professionals involved in the handling of the operations carried out under contract.

The system for assessing the performances of contractors operating in the energy sector, perfected in collaboration with the *Center of Advanced Procurement* at “Tor Vergata” University in Rome, **processes the information gathered on 135 opinion parameters centered on quality and safety**, further to site inspections, and turns them **into an “Indicator of Reputation” (IR)**. This IR has been introduced as **an additional parameter in the formula for awarding contracts**, rewarding the companies with the best safety and quality standards. The Acea Distribuzione **“Site Inspection” Unit** carried out **around 3,000 inspections between 2008 and 2010**. The **average indicator of reputation** for companies increased from a value of around 40 – at the beginning of the project – to a result of more or less **90**, involving a **truly**

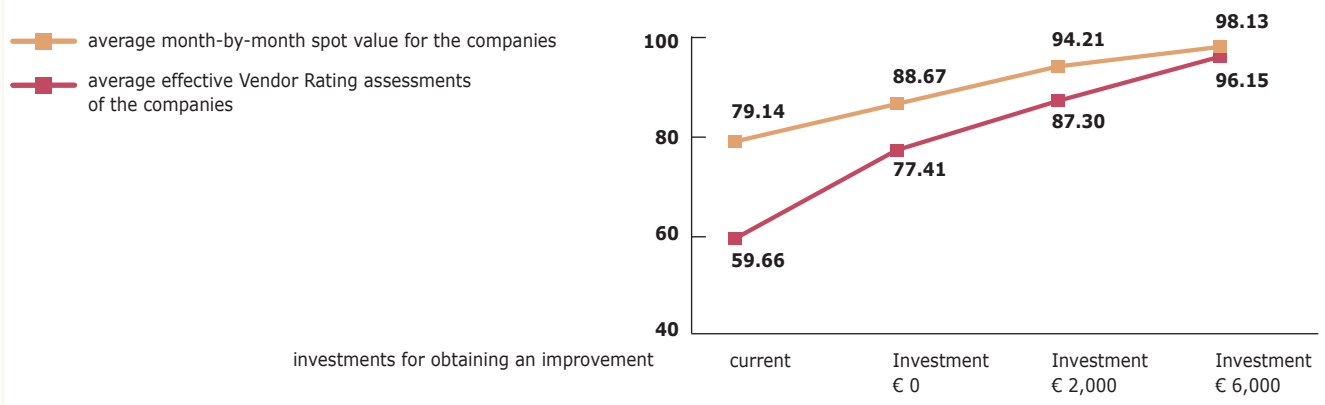
significant improvement trend. The system is therefore proving that it can increase the reliability of companies, thereby positively affecting the entire supply chain. The reputation index, or rather the opinion which the same company has assigned over time to its supplier becomes - alongside the proposed demotion - an element for assessing the quote and affects the choice of the winner significantly but not predominantly.

This is a very important sign for the contracts market. Rewarding the quality of the supply of work, and in particular the conduct which guarantees safety, is a fundamental question for the evolution of the processes and the efficiency of the operations carried out.

Acea rewards the quality effectively provided in the field, by means of a reliable, non-potential indicator of the ability of a company.

What is more, assessments have been made with regard to the economic commitment which the company must make so as to improve, obtaining entirely reasonable values consistent with the benefits which can be obtained at the time of the tender. An example of this assessment is provided below.

HYPOTHESIS OF IMPROVEMENT BY AMOUNT INVESTED (euro/operating team)



Human Resources

Acea's employees

In 2010, the Group workforce increased and, by consolidation percentage, is made up of 6,913 individuals (+ 2.8% compared with the 6,720 human resources in 2009). This increase is exclusively attributable to the rise in human resources employed by the foreign water companies, who rose from 695 in 2009 to 1,090 resources in 2010, an increase of 57%. In fact, the balances relating to the Parent Company, Acea8cento and the companies in the environment area did not report any significant changes, while the headcount for the energy area (which includes companies involved in the generation and sale of electricity and in the distribution networks) dropped by around 3% with respect to 2009 and the number of employees of the Italian water companies also fell. Group operations have progressively extended beyond the traditional sphere defined by the area of Rome, specifically by means of the participation of the companies operative in the **water services and in the environmental services** in the regions of **Tuscany, Umbria, Lazio and Campania**, and, in the **energy sector**, both in the generation and sales segment, also in other areas of south and north Italy. Precisely in the energy sales sector, during 2010 Acea Electrabel Elettricità started the consolidation of its presence in Milan with the opening of new sales offices (for greater details on the geographic distribution of Acea human resources see table No. 45).

Table No. 44 – EVOLUTION OF GROUP EMPLOYEES BY BUSINESS SEGMENT (2008-2010)
(year end balances by consolidation percentage)

business area	no. of employees		
	2008	2009	2010
water	3,807	3,921	4,169
<i>Lazio-Campania</i>	2,283	2,294	2,150
<i>Tuscany-Umbria</i>	669	720	715
<i>abroad and laboratories</i>	855	907	1,304
energy	1,923	1,920	1,863
<i>networks</i>	1,613	1,596	1,544
<i>market</i>	310	324	319
environment	173	179	181
structure (Acea SpA+Acea8cento)	685	700	700
total	6,588	6,720	6,913

Table No. 45 - GEOGRAPHIC LOCATION OF HUMAN RESOURCES (2010) (*)

location	no.	%
central north (Tuscany-Umbria-Lombardy)	884	12.8
central south (Lazio-Campania-Puglia)	4,939	71.4
abroad	1,090	15.8

(*) By registered offices of the company they are employed by.

Composition and turnover



The boundaries

The information and data presented in the section Composition and turnover refers to: Acea SpA, Acea Distribuzione, Acea Illuminazione Pubblica, Acea Reti e Servizi Energetici, Acea Ato 2, Acea Ato 5, Umbra Acque, LaboratoRI, Acea Gori Servizi Scarl, Crea Gestioni Srl, Crea Partecipazioni Srl, Gesesa, Sogea, Lunigiana, the 4 companies of the JV with Electrabel, Acea8cento, Solemme and the A.R.I.A. Group companies (Terni En.A., EALL, SAO and Enercombustibili). ◆

In this edition of the report, so as to draw the information available on human resources (handled at centralised level) as close to the scope of consolidation as possible, the **reporting boundaries** of this sub-section **have been extended**. The **figures** illustrated below **have been recalculated for the three-year period 2008-2010**, on a consistent basis with the new boundary and in order to assist the indication of the trend.

Table No. 46 **shows the changes in the balances** registered in the three-year period 2008-2010, **for each of the professional categories**. Following the slight fluctuations - upwards or downwards - it can be noted that there is essential stability in the three-year period under review with regard to the percentage of each professional category with regard the total workforce. The **presence of women** in-house did not disclose any particular changes during the three-year period either: in 2010, the percentage of women out of the entire workforce came to **20.9%** (compared with 20.4% in 2009, see table No. 56). These figures indicate that despite the number of resources employed in-house having risen over time, the professional and gender structure of the workforce has remained essentially the same and this is understandable if one considers the highly technical nature of the businesses run.

Table No. 46 – ACEA EMPLOYEES: COMPOSITION OF THE HUMAN RESOURCES (2008-2010)

	2008				2009				2010			
	men	women	total	weight%	men	women	total	weight%	men	women	total	weight%
executive	109	21	130	2.4	112	21	133	2.4	108	21	129	2.4
middle management	234	80	314	5.7	248	82	330	5.9	265	88	353	6.6
white collar workers	2,122	979	3,101	56.8	2,159	1,030	3,189	57.2	2,043	1,013	3,056	56.8
blue-collar workers	1,913	3	1,916	35.1	1,921	3	1,924	34.5	1,838	4	1,842	34.2
total	4,378	1,083	5,461	100.0	4,440	1,136	5,576	100.0	4,254	1,126	5,380	100,0

NB: the total workforce shown in the table differs, due to the reporting boundaries, from the figure indicated for the scope of consolidation (see table No. 44).

During the three-year period under review, new recruits were down, on a consistent basis with the process for adapting the workforce to the operational and organisational needs (see table No. 47). During 2010, the 165 new recruits¹⁰⁰ were the result of 110 recruits from the outside employment market, 44 human resources acquired from public bodies, as envisaged by the water segment in the process for acquiring municipalities under management, and 11 transfers of human resources between companies. The companies affected the most were Acea Ato 2 (48 new recruits of which 44 acquired¹⁰¹, 2 employed and 2 transferred from companies not included in the reporting boundaries), Acea8cento (25 employed), Acea SpA (24 new recruits of which 22 employed and 2 transferred from companies not included in the reporting boundaries) and Acea Distribuzione (24 new recruits of which 18 employed and 6 transferred from companies not included in the reporting boundaries).

The process for the recruitment of youngsters under the professional training apprenticeship contract launched in the previous two years is also gradually coming to its natural end (19 recruits in 2010) and the programme for the transformation of the apprentices into employees under permanent contracts is continuing; for example, 24 in Acea8cento and 9 in Acea SpA.

¹⁰⁰ Furthermore, it should be recalled that the companies operative in the water sector abroad are not included in the boundaries of this section. For information, please refer to the Company fact sheets Italy & abroad.

¹⁰¹ This type of recruitment, technically defined as *Insourcing*, takes place in compliance with the joint provisions of Lazio Regional Law No. 26/22, Italian Legislative Decree No. 152/06 and implementing Trade Union Agreements.

In order to meet the need for resources, favouring the entry of young human resources, the company also resorts to other contractual forms such as **induction contracts** (5 in 2010) and **project-based contracts** (5 in 2010).

During the year, staff movements were numerous and significant, aimed at optimising the scaling and guaranteeing the functional turnover over time. In detail, 201 human resources were laid off, 122 of which on the workforce of Acea Ato 2, which in 2010 carried out its first lay-off procedure, and 79 on the Acea Distribuzione workforce.

It must be pointed out that the human resources laid off were identified within the areas noted as in excess and from among those individuals who have the age-contribution requirements for retirement within three years of the termination of the employment relationship; thus so as to mitigate the social impact of the downsizing process, on a consistent basis with the organisational analysis carried out preliminarily by the company.

The number of human resources involved in the subsidised voluntary redundancy plan (62 in 2010, 49 of which belonging to Acea Ato 2) who decided to terminate their employment contract with the company by means of agreement and with payment of an incentive, was also significant. Overall, the number of resources which left the company in 2010 increased by 85% when compared with the previous year.

The **average duration of the employment relationship** of human resources leaving the Group in 2010 was a maximum of 30 years for 69% of the resources and a period of between 30 and 40 years for 31%. This bears witness to the guarantee of stable employment within Acea. Considering just the Group companies involved in the energy sector, the figures are essentially in line, with 59% of leavers who have worked for the company for a maximum period of 30 years and 41% for a period of between 30 and 40 years.

Table No. 47 – ACEA'S EMPLOYEES: NEW RECRUITS AND LEAVERS (2008-2010)

	2008			2009			2010		
	men	women	total	men	women	total	men	women	total
new recruits (*)									
permanent positions	141	88	229	165	46	211	85	24	109
temporary positions	27	8	35	27	16	43	13	19	32
induction contracts	5	6	11	4	2	6	4	1	5
pProfessional training apprenticeship contracts	73	76	149	24	26	50	8	11	19
total	246	178	424	220	90	310	110	55	165
(of which) acquisition of staff from public authorities	24	9	33	91	12	103	37	7	44
leavers (**)									
mobility (lay offs)	48	9	57	32	8	40	180	21	201
redundancies	22	3	25	18	2	20	51	11	62
retirements	9	0	9	9	0	9	7	2	9
dismissals	9	1	10	2	2	4	1	1	2
other	117	42	159	97	25	122	58	29	87
total	205	55	260	158	37	195	297	64	361
average workforce	4,372	1,012	5,385	4,431	1,113	5,544	4,319	1,137	5,456

(*) The item includes the human resources acquired from the outside market, the acquisition of resources from Public bodies, and the transfer of human resources from companies not included in the reporting boundaries.

(**) Under "Leavers", the item "mobility (lay-offs)" indicates a form of pre-retirement with incentive which the company proposes to employees near to retirement age; the item "redundancies" indicates the consensual and incentivised termination of the employment contract, the item "other" includes leavers due to: resignation (45 in 2010), **demise** (7 in 2010), **contract expiry** (27 in 2010), **transfer of staff** to Group companies outside the reporting boundaries (5 in 2010) and **just cause** (3 in 2010).

Table No. 48 – ACEAS' EMPLOYEES: AVERAGE DURATION OF THE EMPLOYMENT RELATIONSHIP (2010)

average duration of the employment relationship	leavers in 2010		
	men	women	total
≤ 30 years	195	54	249
> 30 years e ≤ 40 years	102	10	112
> 40 years e ≤ 50 years	0	0	0
total	297	64	361

Table No. 49 – ENERGY SECTOR COMPANIES: AVERAGE DURATION OF THE EMPLOYMENT RELATIONSHIP (2010)

average duration of the employment relationship	leavers in 2010		
	men	women	total
≤ 30 years	65	24	89
> 30 years e ≤ 40 years	56	6	62
> 40 years e ≤ 50 years	0	0	0
total	121	30	151

NB: as per GRI Sector protocol (commentary on LA2), the figures refer to Group employees employed by companies operating in the energy sector, mainly located in Lazio.

Group human resources are employed under **guaranteed contractual forms**, nearly all of which **permanent: 96.1%** of the workforce is in fact employed under **permanent contracts**. The number of human resources employed under **temporary contracts** and under **professional training apprenticeship contracts** underwent a slight decrease (see table No. 50).

With respect to the previous year, during 2010 the employment recruitment rate dropped and the leaver and turnover rate rose (see table No. 51), in line with the policy of containing recruitment and providing incentive for leavers.

The average age of employees and service length remained essentially stable in the three-year period under review (see tables No. 52 and 53); the composition of the workforce by age bracket reveals that, as of 31 December 2010, **69% of the human resources is aged between 36 and 55** and **20% has a maximum of 35 years**. This demonstrates the company's ability to both attract younger resources, who in the years to come will develop specific expertise, and to keep those who have already gained know-how.

Table No. 50 – ACEA'S EMPLOYEES: CONTRACT TYPES (2008-2010)

(number)	2008			2009			2010		
	men	women	total	men	women	total	men	women	total
permanent workforce	4,260	991	5,251	4,316	1,023	5,339	4,140	1,030	5,170
(of which) part-time	27	62	89	18	63	81	17	70	87
staff on temporary contracts	24	5	29	27	15	42	22	12	34
staff on induction contracts	16	12	28	5	3	8	4	2	6
staff on professional training apprenticeship contracts	78	75	153	92	95	187	88	82	170
total	4,378	1,083	5,461	4,440	1,136	5,576	4,254	1,126	5,380

Table No. 51 – TURNOVER, RECRUITMENT, AND LEAVERRATES (2008-2010)

turnover rate			recruitment rate			leaver rate		
2008	2009	2010	2008	2009	2010	2008	2009	2010
12.7%	9.1%	9.6%	7.9%	5.6%	3.0%	4.8%	3.5%	6.6%

NB: the turnover rate derives from the sum total of the recruits and the leavers in relation to the average headcount for the year (see table No. 47); the companies to which the figures refer are mainly situated in Lazio; the 2010 figures are broken down below by gender: turnover for women 2.2%, turnover for men 7.5%; recruitment for women 1%, recruitment for men 2%; women leavers 1.2%, men leavers 5.4%.

Table No. 52– ACEA'S EMPLOYEES: AVERAGE AGE OF THE HUMAN RESOURCES (2008-2010)

(anni)	2008			2009			2010		
	men	women	total	men	women	total	men	women	total
average age in company	44.9	41.2	44.1	45.4	41.4	44.6	45.6	41.9	44.8
average age of executives	48.4	46.4	48.1	49.6	46.9	49.2	50.1	47.9	49.7
average age of middle managers	46.0	43.9	45.5	46.2	44.6	45.8	46.6	45.4	46.3
average age of white-collars	45.0	40.8	43.7	45.4	41.1	44.0	45.5	41.4	44.2
average age of blue-collars	44.4	46.8	44.4	45.0	47.8	45.0	45.3	52.1	45.3

Table No. 53 – ACEA'S EMPLOYEES: AVERAGE LENGTH OF SERVICE OF THE HUMAN RESOURCES (2008-2010)

(anni)	2008			2009			2010		
	men	women	total	men	women	total	men	women	total
average length of service in company	12.2	10.2	11.8	12.7	10.5	12.2	12.9	10.9	12.5
average length of service of executives	11.7	16.3	12.4	12.2	16.7	12.9	13.3	17.7	14.0
average length of service of middle managers	13.1	12.1	12.8	13.8	10.1	12.6	14.5	13.9	14.3
average length of service of white-collars	13.4	9.9	12.3	11.2	18.3	11.2	14.1	10.5	12.9
average length of service of blue-collars	10.7	17.3	10.7	13.8	13.0	13.6	11.3	17.8	11.3

Table No. 54 – ACEAS' EMPLOYEES: AGE BRACKETS (2010)

	men	women	total
≤ 25 years	58	42	100
> 26 years e ≤ 30 years	254	141	395
> 31 years e ≤ 35 years	429	155	584
> 36 years e ≤ 40 years	587	173	760
> 41 years e ≤ 50 years	1,551	402	1,953
> 51 years e ≤ 55 years	858	151	1,009
> 56 years e ≤ 60 years	449	55	504
> 61 years	68	7	75
total	4,254	1,126	5,380

The number of employees with **degrees** (see table No. 55) increased and **represented 14.2% of the total workforce** (13.4% in 2009); the percentage of diploma holders was stable and in 2010 rose to 42.7% (42.4% in 2009) while the percentage of resources with other qualifications, generally of a lower level, decreased from 18% to 16.8%.

The figure regarding the **percentage of women graduates** out of total graduates was also confirmed, **38.5%** (38.2% in 2009).

Table No. 55 – ACEA'S EMPLOYEES: LEVEL OF EDUCATION (2008-2010)

(number)	2008			2009			2010		
	men	women	total	men	women	total	men	women	total
university graduates	434	264	698	462	286	748	469	294	763
high school diploma holders	1,854	503	2,357	1,849	515	2,364	1,790	506	2,296
other	923	74	997	918	83	1,001	828	76	904
not established (*)	1,167	242	1,409	1,211	252	1,463	1,167	250	1,417
total	4,378	1,083	5,461	4,440	1,136	5,576	4,254	1,126	5,380

(*) With regard to certain Group companies, including those recently included in the reporting boundaries, the figure concerning the level of education of the resources has not been traced in full. Steps are being taken to make the data registration and monitoring system more efficient. However, the decision was taken to break down the figures as indicated in the table so as to provide a representation as close to the company situation as possible.

Industrial relations



The boundaries

The information and data presented in the section Industrial relations refers to: Acea SpA, Acea Distribuzione, Acea Illuminazione Pubblica, Acea Reti e Servizi Energetici, Acea Ato 2, Acea Ato 5, LaboratoRI, the 4 companies in the JV with Electrabel, Acea8cento, Marco Polo (Acea branch) and the A.R.I.A. Group companies (Terni En.A., EALL, SAO and Enercombustibili). ◆

The Consolidated contract for the electricity sector, renewed with reference to the three-year period 1 January 2010 - 31 December 2012, the Consolidated contract for the gas-water sector (National Collective Labour Agreements - CCNL) and an ad hoc contract in force within Avea8cento are applied within Acea, defined with the pertinent national associations: **100% of the**

Company's human resources are covered **by collective bargaining agreements**.

The percentage of employees who were members of trade unions in 2010 reached **73.4%** (71.4% in 2009) and 370 resources were executives or representatives of trade unions, 7 of which covering the role of Safety Representatives.

During the first quarter of the year, negotiations were held for the renewal of the contract applied to Acea8cento, with reference to the three-year period 1 January 2010 - 31 December 2012: the company's working hours were also renegotiated, with the introduction of new methods for the scheduling and using up of entitlements (holidays, leave, etc.).

With reference to Acea Distribuzione's positive performance regarding the continuity of the electricity distribution service, the company was awarded a bonus¹⁰² by the Electricity Sector equalisation Fund (C.C.S.E); a portion of this amount was redistributed to the company's workers after having agreed the allocation criteria and formalities with the trade union organisations.

With regard to **labour organisation** aspects, the following agreements were entered into:

- with regard to Acea Distribuzione, the stage involving an exchange of views was completed in relation to the Operation Services Centre Unit, with the definition of the working hours of the company and expectation of phases for the six-monthly checking of the jobs;
- in the presence of the refocusing of Marco Polo on Facility Management activities, an agreement was signed for the partial reconveyance of the business segment rented by Acea SpA to Marco Polo, with the expectation of reintegrating the activities carried out and the related human resources within the Parent Company;
- with regard to Acea Ato 2, an agreement was entered into which, as interpreted by the CNNL, envisaged additional remuneration for work services provided on holidays falling during the week; checks were set underway as envisaged in relation to the formalities and criteria for classifying staff originating from local authorities, employed as a result of sector legislation in force; activities continued for the completion of the Area Plan with the validation of a trade union agreement relating to the employment by Acea Ato 2 of staff originating from Acque Potabili employed for the water service in a number of municipalities in the province of Rome (Canterano, Capranica Prenestina, Gerano, Olevano Romano, Rocca Canterano and Rocca di Papa);
- with reference to LaboratoRI, trade union consultation took place in relation to the definitive transfer of the business segment rented by Acea SpA to LaboratoRI which finally consolidated the activities concerned within the latter.

Following the negative outcome of the final balance on the "results bonus" to be disbursed to human resources of the Group's "traditional" companies (Acea SpA, Acea Ato 2, Acea Distribuzione and Acea Reti e Servizi Energetici, LaboratoRI), linked to the negative economic results for the profitability quota for 2009, during the second half of the year Industrial Relations with some of the category Trade Union Associations came to a standstill, leading to an essential stalemate in the talks for these companies relating to issues normally open to discussion.

With reference to the other companies, in particular the A.R.I.A. Group companies (Terni En.A., EALL, SAO and Enercombustibili), various agreements were finalised relating to the "result bonuses" indicators for the years 2010-2011, the allocation of vouchers replacing the canteen service (with the exception of Terni En.A where the catering service for meals consumed at the plant has been maintained) and the inclusion of the human resources in the Parent Company's Staff Recreational Association (CRA). An agreement was also entered into for Terni En.A relating to the reorganisation of the staff working hours (with particular reference to shift workers), following the shutdown envisaged for revamping the plant. The agreement also envisages a plan for re-employment of human resources in complementary activities, for example the maintenance of the plant parts not being revamped, as well as the launch of training plans focusing on new plant technologies.

As from September 2010, formal and informal talks with the Trade Union Organisations FILCTEM, FLAEI and UILCEM resumed. The Rome Municipal Authority was also involved in the talks due to the importance of the issues being discussed: the definition of the winding up of the joint venture between Acea and Electrabel, the possible industrial scenario after approval of the Ronchi decree or the prospects following the referendum results on the water sector, participation in the tender for the distribution of gas in the city of Rome, etc..

¹⁰² This is the bonus relating to the 2008 performances effectively disbursed to workers in 2010.

The effective resumption of the relations, which ripened during the last quarter of the year, occurred at the beginning of 2011.

With reference to the **winding up of the joint venture between Acea and Electrabel**, subsequent to the signing of the Memorandum of Understanding between the partners (Acea SpA and Gas De France Suez Energia Italia SpA) which in September 2010 established the guidelines, **the contents of the preliminary agreement were illustrated to the Trade Union Organisations** along with the consequent industrial prospects expected for the Acea Group.

The Memorandum was followed in December by the Outline Agreement which, in the first quarter of 2011, indicated the reference timescale for the conclusion of the necessary corporate transactions, to be carried out by means of a procedure for the spin-off of the business segment, in accordance with Article 2112 of the Italian Civil Code and involving the performance of the trade union procedure as per Article 47 of Italian Law No. 428/90.

With regard to the disclosure notice to employees regarding possible corporate restructuring and organisational changes - such as some of those indicated above - capable of effecting the employment relationship, it is appropriate to specify that the company adopts different conduct depending on the circumstances illustrated below:

1. **organisation changes:** in the event that new Divisions are established or the mission is amended, the Acea SpA Human Resources and Services Division shall issue an Organizational Provision, make communication of the same to the pertinent Division who then takes steps to publish it on the notice-board and corporate Intranet. As a rule, the trade union negotiations indicated above are held on any changes introduced which affect workers; when these changes affect the individual employee (i.e. changes in place of work, working hours, etc.) said individual is sent an ad hoc communication;
2. **corporate restructuring:** in the event of restructuring, further to significant organisational and production changes, with consequences on working conditions and employment, the methods of informing the employees, as well as their Trade Union Representatives are disciplined by the CCNLs applied within the Group and the Industrial Relations Protocols;
3. **corporate transformations** (such as disposals, mergers, buyouts, transfers of business segments): in cases of corporate transformation, the notices sent to the employees are disciplined by current legislation¹⁰³ which envisages disclosure obligations vis-à-vis the workers' representatives and the institutions responsible geographically, so as to permit them to check the correct formalities of the process as well as the repercussions on the employment relationships.

Box – Disputes with Employees and Trade Unions

The typical action brought by employees against Acea mainly concerns dismissals, the acknowledgement of more senior duties, the review of grades and, to a more limited extent, other aspects, such as the assignment of specific indemnities, the recalculation of amounts due and the contestation of assignments and places of work; in 2010, a total of 30 cases were reported.

No cases of summons for alleged anti-trade union conduct occurred during the year, as per Article 28 of Italian Law No. 300/70, while the service of the petition for anti-trade union conduct vis-à-vis Group companies was renewed, having been brought by a Trade Union in relation to an agreement entered into on 18 December 2008 concerning the calculation of the results bonus, the increase in

luncheon vouchers, and the settlement of the tariff concessions envisaged for employees, which the companies had already won in the first sentence. The procedural debate outstanding with the workers of the former COS (currently Almaviva Contact) and the employees of B2WIN continued, relating to the illicit phenomenon of alleged intervention of workforce.

A number of injunctions were presented, relating to the treatment of Acea Distribuzione shift workers, in relation to whom a proposal is currently being examined for a negotiated settlement via an interpretative agreement and individual disputes are continuing, at various level of jurisdiction, against lay-off procedures implemented over the year within the various Group companies.

¹⁰³ Article 2112 of the Italian Civil Code and Article 47 of Italian Law No. 428/90 and subsequent amendments further to Italian Legislative Decree No. 276/2003.

Diversity and Equal opportunities



The boundaries

The information and data presented in Diversity and Equal opportunities refers to: Acea SpA, Acea8cento, Acea Distribuzione, Acea Illuminazione Pubblica, Acea Reti e Servizi Energetici, Acea Ato 2, Acea Ato 5, Umbra Acque, Acea Gori Servizi Scarl, Crea Gestioni Srl, Crea Partecipazioni Srl, Gesesa, Sogea, Lunigiana, LaboratoRI, the 4 companies in the JV with Electrabel, Solemme and the A.R.I.A. Group companies (Terni En.A., EALL, SAO and Enercombustibili). ◆

Diversity

Acea hires and integrates human resources from protected categories in the company (differently-abled, orphans, etc), which it guarantees, also thanks to the activities of the Associazione Nazionale Mutilati e Invalidi Civili (ANMIC – National Association for Disabled and Invalid Civilians), support, assistance and technical tools to help them carry out their duties. Human resources in protected categories amounted to **285 resources** (178 men and 107 women) as of 31 December 2010, in compliance with the matters established by legislation (Italian Law 68/99).

Equal opportunities

The **Equal Opportunities Commission (CPO)** has operated within Acea since 1991 with the task of furthering and supporting policies and action for overcoming all types of inequality or impediment to the exercise of the rights of the individual, direct or indirect discrimination with regard to women and all the professional categories, furthering full integration in the work context. The members of the CPO are partly appointed by the trade union and partly by the company.

The CPO has a dedicated area on the company intranet, conceived as an instrument for informing and raising awareness addressing all the human resources for increasing knowledge of the value of differences in-house.

Acea's policy for protecting equal opportunities involves both **Regulations for safeguarding the dignity of men and women** and the establishment of an **Advisor** (present in Acea since 2006): an outside expert whose job is to gather and sort out any reports of discrimination, sexual harassment and mobbing.

In compliance with the law, Acea is drafting the two-yearly report on gender (2010-2011) to illustrate the situation concerning male and female resources (numbers, grade, etc.). This document is drawn up by Acea SpA's Human Resources and Services Department and is forwarded to the Equal Opportunities Commission and Trade Unions, which study the information and present specific projects on the basis of the emerging data.

During 2010, following the changeover due to certain members tendering their resignations, the CPO worked in order to redefine its organisation with the appointment of new members and the identification of an area dedicated to meetings, with the aim of once again becoming operative.

Female presence within Acea

The figures relating to **women within Acea**, recalculated for the three-year period on a consistent basis with the wider reporting boundaries which included 23 Group companies (see The boundaries), disclose essential stability both in the percentage with regard to total human resources and the executive and middle management professional categories; whilst, between 2009 and 2010, the presence of women in corporate governance bodies fell by around two percentage points (see table No. 56)

The running of certain key divisions such as Investor Relations and the Risk Control and internal audit Unit (within the Audit Division) remains entrusted to female executive staff in 2010 as well.

Table No. 56 – WOMEN WITHIN ACEA (2008-2010)

	2008	2009	2010
percentage of women out of total workforce	19.8%	20.4%	20.9%
percentage of women out of total members of corporate governance bodies (*)	8.3%	8.7%	6.7%
percentage of women executives out of total executives	16.2%	15.8%	16.3%
percentage of women middle managers out of total middle managers	25.5%	24.8%	24.9%
percentage of women graduates out of total graduates	37.8%	38.2%	38.5%

(*) *Boards of Directors, Boards of Statutory Auditors and Supervisory Bodies of the companies included within the reporting boundaries. .*

Working hours and absences



The boundaries

The information and data presented in the section Working hours and absences refers to: Acea SpA, Acea Distribuzione, Acea Illuminazione Pubblica, Acea Reti e Servizi Energetici, Acea Ato 2, Acea Ato 5, LaboratoRI, the 4 companies of the JV with Electrabel and Acea8cento. ◆

Total hours worked during the year rose following the increase in “ordinary hours worked” both by men and women; the trend which sees a drop in overtime reported in the previous two years was confirmed (see table No. 57). The percentage of overtime worked by men and women with respect to their respective overall hours worked decreased more for men (from 7% in 2009 to 6.6% in 2010) than for women (from 2.3% in 2009 to 2.1% in 2010).

The **total number of days of absence** disclosed a slight increase (+ 1.4% compared with 2009): in detail, absences due to maternity/paternity leave, use of trade union leave and for strike action increased. The last two types of absences were attributable to the deterioration in trade union relations for part of the year in question (see Industrial Relations).

Table No. 57- ACEA'S EMPLOYEES: WORKING HOURS (2008-2010)

	2008			2009			2010		
	men	women	total	men	women	total	men	women	total
ordinary hours worked	5,744,807	1,270,076	7,014,883	5,773,742	1,409,318	7,183,060	5,808,919	1,456,624	7,265,543
overtime worked	476,601	32,651	509,252	437,609	32,860	470,469	415,088	31,519	446,607
total hours worked	6,221,408	1,302,727	7,524,135	6,211,351	1,442,178	7,653,529	6,224,007	1,488,143	7,712,150

Table No. 58 - ACEA'S EMPLOYEES: DAYS OF ABSENCE (2008-2010)

	2008			2009			2010		
	men	women	total	men	women	total	men	women	total
absence due to illness	26,959	10,612	37,571	24,958	10,970	35,928	24,559	11,868	36,427
Absence due to maternity (pregnancy and post partum)/paternity leave	521	7,051	7,572	761	8,767	9,528	650	9,678	10,328
absence due to strike action	364	62	426	49	12	61	430	93	522
trade union leave	5,703	1,048	6,751	5,891	901	6,792	6,531	1,068	7,599
other leaves of absence	2,827	996	3,823	2,321	1,781	4,102	3,197	1,693	4,890
sundry leaves of absence (study, health, mourning and generic reasons)	9,706	4,498	14,204	10,423	4,999	15,422	11,289	4,900	16,190
other reasons (*)	3,015	1,254	4,269	2,631	667	3,298	2,158	538	2,696
total days of absence (excluding holiday entitlement and accident & injury)	49,095	25,521	74,616	47,034	28,097	75,131	48,814	29,838	78,652

(*) The item “other reasons” is mainly represented by “secondment” and also includes leave for “public appointments” or “giving evidence” and days of “unjustified absence” and hydrothermal treatments.

Besides the possibility of availing of different types of leave, the company makes flexible forms available to the employees: for example, recourse to **part-time hours** which in 2010 concerned 1.6% of the human resources, "**orario fiduciario**", which middle managers and 3rd level white-collars have available, permitting a "personalised" handling of work time, in line with the services envisaged by the contract; and **flexi-time** for starting (between 7.45 a.m. and 9.00 a.m.) and leaving work (4.10 p.m. and 5.20 p.m.) envisaged for first and second level white-collars; in conclusion, the possibility, for the latter and for blue-collars, of availing of a monthly accumulation of hours of leave to be recouped within the same month of use was envisaged.

Protection of health and safety in the workplace



The boundaries

The information and data presented in the section Protection of health and safety in the workplace refers to: Acea SpA, Acea Reti e Servizi Energetici, Acea Distribuzione, Acea Ato 2, Acea Ato 5, LaboratoRI, the 4 companies of the JV with Electrabel, Umbria Energy, Acea8cento, Marco Polo (Acea branch), Acea Rieti, Acque, Acque Industriali, Acque Ingegneria, Acque Servizi, Acquedotto del Fiora, Crea, Azga, GEAL, Gesesa, Gori, Lunigiana, Publiacqua, Publiacqua Ingegneria, Sogea, Umbra Acque, Aquaser, Kyklos, Solemme, and the A.R.I.A. Group companies (EALL, Terni En.A, SAO, Enercombustibili). ◆

The handling of safety, in compliance with current legislation (Italian Legislative Decree No. 81/08 as amended or added to), is carried out by each Group company undertaking direct responsibility. The Parent Company's Safety and Protection Division has the task of ensuring the constant monitoring of the companies with regard to application of the guidelines, the policies issued and alignment with current legislation.

A set of indicators has been identified within the control system used by the Division, capable of describing the state of maturity of the organisation of safety (S.S.L.) within all the Group companies. Accordingly, a self-assessment questionnaire has been established and a number of meetings held with the Prevention and Protection Service Officers (RSPP) which made it possible to obtain said data. The indicators are grouped together in the following categories: safety management system, legislative context, risk assessment, operating activities, information and communication, monitoring activities.

During 2010, the Division also drew up a new control system, capable of identifying the level of compliance with safety legislation (see related box).

During 2010, a number of Group companies - **Acea Distribuzione, LaboratoRI, the 4 companies in the AceaElectrabel joint venture and Sogea** - sorted out the internal organisation of safety, achieving certification in compliance with the **OHSAS 18001:2007 standard**. Furthermore, Acea Ato 2 set up a safety management system (Sgsl) compliant with the UNI INAIL guidelines.

Box – "Business control" project

The project arose from the need to provide the Group's operating companies with an instrument capable of identifying the level of compliance with safety legislation. Collaboration with the Pre.S.A.L. Service of the RMC Health Authority, acting as regional supervisory body with regard to safety, made it possible to establish a previously validated monitoring and control system. In fact, the system - IT supported - will make the following possible with a view of continual improvement:

- gain an accurate picture of the current situation;
- procure all the documents envisaged by legislation;
- map and sort out all the non-compliances existing;

- handle the information in a structured manner.

The information to be monitored and the documentation to be procured pertains to 14 macro-areas, and a questionnaire has been drawn up for each one of these: Safety in the workplace policy, General organisation of the system for safety in the workplace, Risk Assessment Documentation, Documentation for the maintenance of properties/work premises, Emergency handling, Information, training, etc., Healthcare Monitoring, Accident Management, Individual protection gear, Contracted work, Operating/management control, Fines, Safety budget.

During the year, all the Group companies completed the work-related stress evaluation, in the timescales established by legislation. Acea SpA, Acea8cento, LaboratoRI and the 4 companies in the AceaElectrabel joint venture went beyond the mere legal fulfilments and involved all the human resources in the survey, so as to avail of a more effective instrument for implementing suitable prevention measures. Overall, the results of the evaluation revealed contained levels of stress or levels referring to specific professional categories (call center operators) and possible activities were identified, aimed at reducing the key factors noted, also by means of training measures which will be started in 2011.

Furthermore, in line with the health and safety in the workplace protection obligations, during 2010 the professional support of a psychologist was offered within Acea Ato 2, to certain employees suffering professional stress so as to facilitate their correct re-entry within the work environment.

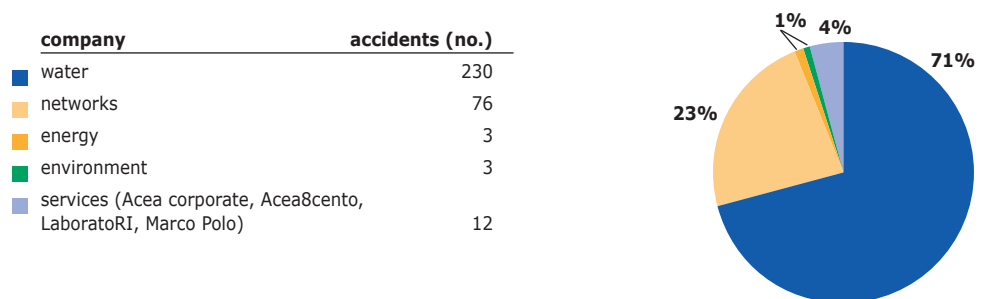
With regard to the process for assessing the **risks for workers** and the **monitoring of accidents**, each company takes steps in this connection, drawing up the Risk Assessment Document (DVR). Following these independent activities, Acea SpA's Safety and Protection Division annually and at centralised level, draws up the accident report for the Group companies with the intention of providing a useful informative contribution towards the prevention of risks in the work sphere. The procedure used to analyze accidents complies with the Guidelines for Classifying Accidents, drafted by FederUtility and in compliance with the **UNI 7249/95 standard**, in relation to INAIL parameters and indications from ESAW (European Statistics of Accidents at Work).

On the **whole in 2010, 324 accidents** were reported, **61 of which *in itinere*** (in other words while travelling to/from work/home), which led to a **total of 10,627 days of absence due to accidents**.

Frequency and severity indexes have smaller values than last year.

With regard to the breakdown of accidents by company, grouped together by business area in chart No. 26, the greatest number of accidents took place in the networks area care of the operating company Acea Distribuzione with 75 accidents and in the water area care of the operating company Acea Ato 2 with 69 accidents.

Chart No. 26 - BREAKDOWN OF ACCIDENTS BY BUSINESS AREA (2010)

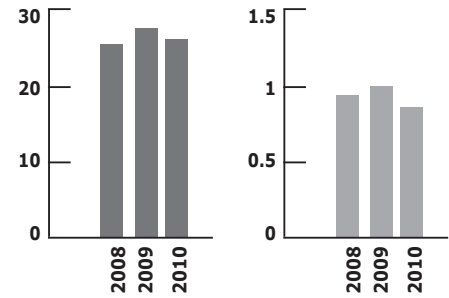


NB: AceaElectrabel, AceaElectrabel Trading, Umbria Energy (energy sector) Acea Rieti, Acque Ingegneria, Azga (water sector), Acquaser, Eall, Enercombustibili, Kyklos and Sao (environment sector) and LaboratoRI (services sector) did not report any accidents in 2010. The water sector comprises 18 companies, as indicated in the table.

During 2010, the advisory meetings with Workers' Safety Representatives (RLS) were held regularly, thereby ensuring the involvement of the workers, in accordance with the matters envisaged by Article 35 of Italian Legislative Decree No. 81/08.

Chart No. 27– INDUSTRIAL ACCIDENTS AND FREQUENCY AND SEVERITY INDEXES (2008-2010)

	2008	2009	2010
Accidents (No.)	197	356	324
Total days of absence	7,253	13,179	10,627
Hours worked	7,697,712	12,865,478	12,350,921
■ frequency index (IF) (No. acc. x 1,000,000/working hours)	25.59	27.67	26.23
■ severity index (SI) (days absence x 1,000/working days)	0.94	1.02	0.86



NB: the figures relating to 2009 have been recalculated in light of the failure by INAIL to acknowledge the death of an employee as an industrial accident.

Raising awareness with regard to safety aspects is pursued by means of the **disclosure** of procedures, documents and legislative updates **on the company intranet** and the provision of **training courses** addressing all human resources. Irrespective of the legislative fulfilment, in fact, the corporate aim is to more fully develop awareness and a growing and widespread safety culture as an integral part of the corporate organisation (also see *Training and development of the human resources*).

Health monitoring



The boundaries

The information and data presented in the section Health monitoring refers to: Acea SpA, Acea Reti e Servizi Energetici, Acea Distribuzione, Acea Ato 2, LaboratoRI, the 4 companies of the JV with Electrabel, Acea8cento and Marco Polo (Acea branch), Aquaser, Solemme and the A.R.I.A. Group companies (EALL, Terni En.A. SAO and Enercombustibili).

Health monitoring activities are seen to by an internal structure which operates in compliance with current legislation (Article 41 of Italian Legislative Decree No. 81/08) and cooperating with outside experts. The health of the human resources is in fact monitored with the support of competent health professionals, formally appointed, who subject the employees to the following types of check-up:

- pre-employment;
- preventive or following changes in duties;
- periodic, on the basis of the risk assessment plan;
- upon the request of the worker;
- in the event of termination of the employment relationship in the cases envisaged by legislation;
- prior to resuming work, following absence due to health reasons for a period longer than sixty consecutive days.

Furthermore, workers exposed to specific risks are guaranteed a targeted plan of medical check-ups.

Within the sphere of activities for safeguarding the psychological and physical health of workers, qualified doctors cooperate with employers and Protection and Prevention Service Officers to assess the risks to which employees are exposed, if necessary drawing up the relative health monitoring plan.

During 2010, **2,205 check-ups** were carried out; the relative costs¹⁰⁴ amounted to **around Euro 170 thousand**.

The presence and activities of a **First Aid medical centre** also guarantee company employees and visitors first aid in the event of ailments not requiring hospital treatment.

¹⁰⁴ The costs relating to periodic and pre-employment check-ups refer to the reporting boundaries of the section.

Turning to account human resources and communication



The boundaries

The information and data presented in the section Turning to account human resources and communication concerns: Acea SpA, Acea Distribuzione, Acea Illuminazione Pubblica, Acea Reti e Servizi Energetici, Acea Ato 2, Acea Ato 5, LaboratoRI, the 4 companies of the JV with Electrabel and Acea8cento.

Plans for developing and capitalizing on company employees present within Acea, are defined on the basis of a system for the assignment of objectives that comply with corporate policies. This system involves preliminarily assessing organisational positions, identifying the skill areas and responsibilities of workers, monitoring performances and recognising and managing the needs of employees in terms of professional development and remuneration.

In order to effectively fill positions and roles, the company initially analyses resources in-house before assessing the appropriateness of transferring resources within the group or selecting recruits from the outside market; the latter is only adopted when specific skills are not already available in-house or, if present, cannot be developed rapidly.

Remuneration

Employees' **salaries** (excluding executives and top management) derive from the application of the related **National Collective Labour Agreements**.

Average gross remuneration per head by role disbursed during 2010 within the main Group companies indicates an increase, with respect to 2009, of 2.8% for white-collars and 1.5% for blue-collars, while the remuneration of middle managers remained at the previous year's levels.

Total average gross remuneration per head came to **Euro 39.8 thousand**, up by 2.4%; also including executives, it comes to Euro 41.9 thousand.

Table No. 59 – AVERAGE GROSS REMUNERATION BY ROLE (2009-2010)

(in thousands of Euro)	middle management	% change	white-collar workers	% change	bleu-collar workers	% change	total	% change
2009	62.1		38.6		34.5		38.9	
2010	62.1	0%	39.7	2.8%	35.0	1.5%	39.8	2.4%

NB: the figures regarding 2010 remuneration have been calculated net of incentives for redundancy and lay-offs. For comparative purposes, the 2009 figures have also consequently been recalculated with respect to those published last year.

Analysing the **ratio between "basic salary" and gross effective remuneration in a gender perspective** - in other words considering the presence of "fixed" elements and "additional" elements in the calculation of the total amount of the salary - it is revealed that in 2010 this ratio was equal to 90.3% for **female** staff and 78.7% for **male** staff. The difference between the two values can be explained by the fact that the activities remunerated by a higher additional amount, such as on-call, shift work, allowances, overtime, are often covered spontaneously by male workers (for example: work carried out by operational emergency service engineers who work 24 hour shifts).

Remuneration paid in 2010 to executives with strategic responsibilities (key managers), established by the **Salary Committee** in relation to the market salary levels, amounted in total to Euro 4.48 million; of this amount, around Euro 4 million refers to wages and bonuses (Euro 2 million in 2009), Euro 158 thousand to non-monetary benefits (Euro 80 thousand in 2009), and Euro 290 thousand to employee leaving indemnities.

In conclusion, the fees received by the members of Acea SpA's Board of Directors and Board of Statutory Auditors are published in a specific section of the Acea Group consolidated financial statements, which can also be viewed on-line on the company website.

¹⁰⁵ Acea SpA, Acea Distribuzione, Acea Reti e Servizi Energetici, Acea Ato 2, Acea Ato 5, LaboratoRI, the companies in the AceaElectrabel joint venture, Acea8cento.

Incentive systems

The **incentive system** applied within Acea aims to pay employees (white- and blue-collar workers) an amount according to the achievement of quality business performances. Accordingly, tools linked to the salary review policy, for the set and/or variable elements in salaries, are used: raises, promotions and professional growth, payment of ad personam monetary amounts, such as one-off payments.

For all the staff employed under permanent contracts (both full and part time) a bonus system is envisaged as a tool for sharing in the company results under the form of a "**results bonus**", paid annually according to the grade and hours worked throughout the year. This payment is calculated based on indicators concerning profitability, productivity and efficiency, safety and quality delivered and perceived (in fact, an indicator regarding the level of customer satisfaction is also taken into account).

The bonus system adopted for executive and middle-management, as well as top management, involves:

- **MBO** (Management By Objectives): this bonus is calculated in proportion to the extent to which individual, corporate (company or sector) and Group targets set at the beginning of the year are reached, including assessment of organisational conduct;
- **LTIP** (Long Term Incentive Plan) **2010-2012**: a monetary incentive for Senior Management, commensurate to the gross annual remuneration (RAL) and in relation to the level of achievement of economic-financial objectives established by the Salary Committee. The amount may be disbursed in addition to the incentive linked to the MBO.

A number of **benefits** are also envisaged, such as additional monthly wages, lunch vouchers, reduced rates (for staff hired before 2000), benefits received by employees via the Staff Recreational Association (CRA), supplementary health insurance - UNIPOL, a supplementary pension fund for this sector -, Pegaso Fund for employees and Previndai Fund for executives and an agreement with the Monte dei Paschi di Siena Bank which envisages a number of concessions. There are also additional benefits for executives, such as the use of a company car and fuel expenses.

As of 31 December 2010 the amount of the balance sheet liabilities for **employee leaving indemnities and other defined-benefit plans** amounted to Euro 110.8 million: the decrease in the balance of Euro 12.5 million with respect to the previous year (Euro 123.3 million in 2009) was heavily influenced by the implementation of voluntary lay-off procedures by Acea Ato 2 and Acea Distribuzione.

Defined-contribution pension funds

Two supplementary pension funds are envisaged for Group employees, **Previndai** and **Pegaso**¹⁰⁶, respectively for executive staff and resources employed under the CCNLs signed by Confservizi for public utility service companies.

The Pegaso Fund is jointly managed by Federutility (an organization representing local public businesses in the water and electricity sectors) and the Trade Unions FILCEM-CGIL, FEMCA, FLAIEI-CISL and UILCEM-UIL.

The overall number of workers that subscribed to the **Pegaso** Fund in 2010 was 30,192 (- 0.7% with respect to 2009), 3,125 of which are **Acea Group employees**¹⁰⁷. Again during the year under review, Acea paid over around Euro 1.24 million as a supplementary company contribution to the Fund and transferred around Euro 4.6 million in employee leaving indemnities to the same. The net assets of the Pegaso Fund intended for benefits rose from Euro 332 million (2009) to Euro 408 million (2010), disclosing an increase of 22.8%. All the segments of the pension fund revealed **positive rates of return** for 2010: the interest rates for the *guaranteed* and *conservative*

¹⁰⁶ A residual number of employees (less than 5) are members of the contractual supplementary pension funds Cometa (engineering and similar sector) and Fonte (tertiary distribution and services sector).

¹⁰⁷ The figure refers to employees of the companies: Acea SpA, Acea8cento, Acea Ato 2, Acea Ato 5, Acea Distribuzione, Acea Reti e Servizi Energetici, AceaElectrabel joint venture companies, Laboratorio, MarcoPolo, Crea Gestioni, Sogea, Gesesa, Umbra Acque, Solemme, AceaGori Servizi and the A.R.I.A. Group companies.

segments¹⁰⁸ came respectively to 0.75% and 1.68%, lower than the employee leaving indemnity return which was 2.61%; with regard to the balanced and dynamic segments, the rates were 4.83% and 7.79%, respectively.

Table No. 60– RETURN ON THE VALUE OF THE UNITS OF THE PEGASO SEGMENTS AND THE EMPLOYEE LEAVING INDEMNITY AS OF 31 DECEMBER 2010

type of investment	segment return	leaving indemnity return
guaranteed	+0.75%	
conservative	+1.68%	+2.61%
balanced	+4.83%	
dynamic	+7.79%	

Source: Report on the 2010 Pegaso Fund Management

Staff assessment systems

During the year, the system for the assessment of staff performances also extended to organisational conduct was consolidated; it is fully integrated with the bonus system since the output of the assessment forms part of both the staff development programmes and the variable incentive programmes.

The projects concerning staff development plans implemented in 2010 included the following:

- **The “Managers’ project”**: launched in 2009 and aimed at the managerial development of the operating managers of Acea Distribuzione which, via analysis focused on productivity, quality and safety parameters, had the aim of enhancing the work motivation resources involved as well as the sense of belonging to the company, consequently improving performances. One of the methods of development was the activation of an individual coaching process for the purpose of improving career advice;
- **The Skills Audit**: continuation and extension of the project launched in Acea Ato 2 (see *Training and development of the human resources*) which led to the complete mapping of the wealth of existing skills and the creation of an integrated system between skills, abilities, organisational conduct and training requirements. Taking an inventory of the existing skills and rationalising the ad hoc development plans by means of the creation of an information system structured on a database, it has been possible to correlate the existing professional profiles and training profiles so as to ensure consistency between development needs and the training offered.

Training and development of the human resources

The ability of the company to act effectively and competitively within a changing economic context depends above all else on the quality of its “**human capital**” which must be appropriately developed via training.

The **training process** originates from internal analysis of the training needs, which - operatively - translates into the definition of the training requirements, the creation of a training plan, the provision of courses and the checking - intermediate and final - of the level of learning of the students, both in terms of alignment with set targets and in terms of satisfaction with training received.

Training activities are fundamental for developing company talent both via on-going refresher courses for technical-professional skills and via the acquisition of transversal and conduct-related skills necessary for the correct handling of the co-worker and the work team.

Besides the traditional training methods, class-room based teacher up front, Acea increasingly resorts to the use of an e-learning platform which makes it possible to provide flexible training courses, without particular space-time restrictions.

¹⁰⁸ During the year in question, the Management Board of the Pegaso Fund resolved, as from 31 December 2010, to close the Conservative segment and automatically transfer its members to the Guaranteed segment, unless they reveal that they wish to change to one of the other two segments.

The holding company's Human Resources and Services Division defines policies, guidelines and training channels for the main Group companies, with the exception of the 4 companies in the joint venture with Electrabel. As a point of fact, the latter independently define the policies for handling training for their human resources, carry out an internal analysis of the training needs and produce a specific plan centered on three areas: transversal, managerial and technical training.

The individual operating companies take steps to train their resources with respect to the **legislative fulfilments** (protection of privacy and safety in the workplace), the **technical-specialist skills** and **apprenticeship training**; with regard to the latter, the Parent Company has defined guidelines aimed at the planning of consistent training plans.

By contrast, the Human Resources and Services Division:

- sees to - for Acea SpA and the Group companies - **managerial training**, aimed at top and middle management and with the purpose of enhancing the skills and managerial and transversal know-how, and **induction training**, aimed at transmitting initial knowledge of the Group's organisational structure to new recruits (mission, procedures, value codes, Italian Legislative Decree No. 231/01) and the sectors in which it operates (water, energy and environment), also by means of visits to some of the production plants;
- takes steps - only for Acea SpA - to plan and provide the mandatory **training envisaged by legislation, technical-specialist and addressing apprentices**, for the achievement of professional qualifications.

In order to achieve the fixed training objectives, the Parent Company defined and launched the **"Comein 2010" (Conoscenza Metodo Integrazione)** training plan (see related box).

Box – The "Comein 2010" Training Plan

The creation of the "Comein 2010" Training Plan envisaged the recognition of the corporate training requirements, by means of the compilation of an on-line questionnaire by the Heads of the Parent Company corporate Divisions/Units. This made it possible to identify the potential human resources to train and the contents to be conveyed.

With reference to **managerial training**, the training plan, via a process centered on personal efficiency, made it possible to spread management skills and specific conduct to the company's key resources for positions covered with increasing responsibilities.

With regard to **technical-specialist** training, topics pertaining to the company Divisions/Units concerned and the roles covered by the resources were dealt with; it is also highlighted that this type of training has been achieved partly thanks to the aid of staff within the Group.

During the year, **64** training courses were held in total, which registered **409** participations and a medium-high satisfaction level, recognised by means of approval questionnaires.

Box – Acea SpA's "personal" efficiency course

The planning and achievement of training on the subject of "personal efficiency" concerned the specific training needs emerging from the analysis of demand: the handling and development of co-workers; the leadership models and the strategic vision; communication and relationship, the planning of the activities and the resources.

42 employees were trained, organised into 4 training classrooms, 3 of which dedicated to **middle managers** and one to **white-collars with responsibilities**.

The course dealt with the themes of efficacy and personal growth and involved the participants in an experience-type training method thanks to which they were able to experience and observe "efficient conduct".

The participants appreciated the adopted method which permitted them to check, via direct experimentation, their conduct and that of other colleagues, reflecting on the possible application of that learnt in the work activities.

Some of the numerous and significant **training measures** carried out within the Group companies during 2010 are listed below:

- the **training plan dedicated to professional apprenticeships** which envisaged units for acquiring practical skills, via "training on the job" and the support of a company tutor, and units for basic training (development of relational skills, company organisation, discipline of the work relationship, safety in the workplace, etc.), sector training (knowledge relating to the businesses and to company operating sectors with a view to the supply chain) and technical-professional training (concerning the role);

- **training for telephone operators** of Acea8cento, which will conclude in 2011, aimed at adapting the skills of the operators to the extension of the commercial services handled by the company (water sector, protected electricity markets, eligible market and gas);
- the continuation of the “**Consolidated Safety Act**” training project, launched in 2009: this involves compulsory training on the health and safety of workers in compliance with legislative updates (Italian Legislative Decree No. 81/08 and subsequent amendments), divided up into two units, a transversal one dedicated to all Acea SpA employees and one dedicated to executives and those appointed to see to the Parent Company’s safety;
- the training project on the **Health and safety in the workplace management system** (Sgsl) linked to the achievement by certain Group companies of OHSAS 18001:2007 certification (also see *Protection of health and safety in the workplace*);
- the launch of the **Volta project**, intended for Acea Distribuzione staff, relating to the implementation of a new platform for the flexible handling of the company’s information systems and the customer databases;
- the continuation of the **e-learning** training projects on Italian Legislative Decree No. 231/01, launched in 2009, focused on **anticorruption procedures** and addressing executives, middle managers and white-collars with responsibility;
- **training addressing new recruits;**
- **training on debt collection policies.**

Furthermore, via training activities, Acea pays attention to the **disclosure of the ethics which guide the business approach**: units dedicated to the corporate mission, the value codes and corporate social responsibility are held within the sphere of the induction training for new recruits and knowledge of these topics is encouraged by the presence of dedicated sections both on the intranet and the institutional website.

During 2010, **Acea Ato 2**, on a consistent basis with the results of the analysis of the risks from work-related stress carried out in 2009, which confirmed the absence of phenomena linked to this type of risk, achieved **training activities aimed at improving the organisational climate** starting off from the comprehension of the professional skills present in-house. Specifically, the “**Skills Audit**” project was brought onto stream. The entire company workforce was involved in the self-assessment of their own skills, validated hierarchical point of reference, and in the compilation of a curriculum vitae by means of a tool designed for the handling of the same (from record file details, to Acea and non-Acea professional experience, education, training, languages and other specific skills). In this way, the project intended to unveil the skills of the resources on the workforce, place them in relation with the distinctive expertise of the core business, and identify any additional training and development activities. The company also provided courses for the purpose of improving the relational abilities on **communication techniques** and of the **handling and development of the human resources**, and launched a training course for “**safety co-ordinators**” (Section IV – Italian Legislative Decree No. 81/08) addressing **28** resources for a total of **1,120 hours** of training provided, and the project for the training of the “individuals tasked” with the assessment of the professional risks with a focus on the role of the organisation of company safety. These training activities will continue in 2011, given the elevated number of participants (in total **445** resources involved).

LaboratoRI also organised refresher courses for the safety co-ordinators and training for executives and safety offices in the company.

The high number of **training** hours provided to Group employees on the subject of safety is partly due to the presence of technical staff involved in the running and maintenance of the plants and video terminal operators and in part linked to the attainment of OHSAS 18001:2007 certification within some Group companies.

During 2010, Acea also launched the **MappAcea** pilot project, in the Parent Company’s Administration, Finance, Planning and Control Division, with the aim of acquiring more in-depth knowledge of the working context and the consequent capitalisation of the human resources (see related box).

Throughout 2010, a total of **554 training courses** were provided in **1,051 editions**, involving **11,360 participations** in total.

Costs incurred for providing the courses, excluding planning and setting up the areas in which courses were held, amounted to over **Euro 616,000** (see table No. 61)

BOX – The MappAcea pilot project

The MappAcea project, which Acea SpA's Selection Unit saw to, involved the human resources employed in the holding company's Administration, Finance, Planning and Control Division in its launch edition (around 90 individuals) with the aim of getting to know each one of them in a more in-depth manner. The claim which accompanied the project effectively sums up the underlying idea: "Know to Capitalise".

After having analysed the curricula, the work team interviewed all the employees in the Division, by means of encounters lasting around 1 and a half hours, each one aimed at gaining fuller knowledge of the professional course of colleagues and recognising the work climate.

Specifically, two analysis instruments were used: the "preferences questionnaire", focused on awareness of the individual conduct and its efficacy in the work context, and

the "conduct diagnosis", on the internal climate and improvement proposals.

Following the encounters, each employee received their own personal profile as an instrument of self-development, also functional for improving interpersonal relationships. An outdoor event was then organised, which involved all the project's participants. During the event, besides sharing the emerging data and the improvement proposals, all the participants were required to improvise as painters. Supported by external specialists, the employees involved in the project created 9 large canvases inspired by the themes emerging from the conduct-related diagnosis: sense of responsibility, realisation, spirit of collaboration and flexibility. The canvases are currently displayed at central head offices.

In 2010, **training hours per head**¹⁰⁹ amounted to **15.7** (15.5 last year).

With reference to **female staff**, participations in training courses amounted to 3,531 and represent **31.1%** of the total and **training hours** provided rose to 23,041 (+ 34.2% with respect to the 17,165 hours in 2009), **30.8%** of the total.

Table No. 61- TRAINING COURSES AND COSTS (2009-2010)

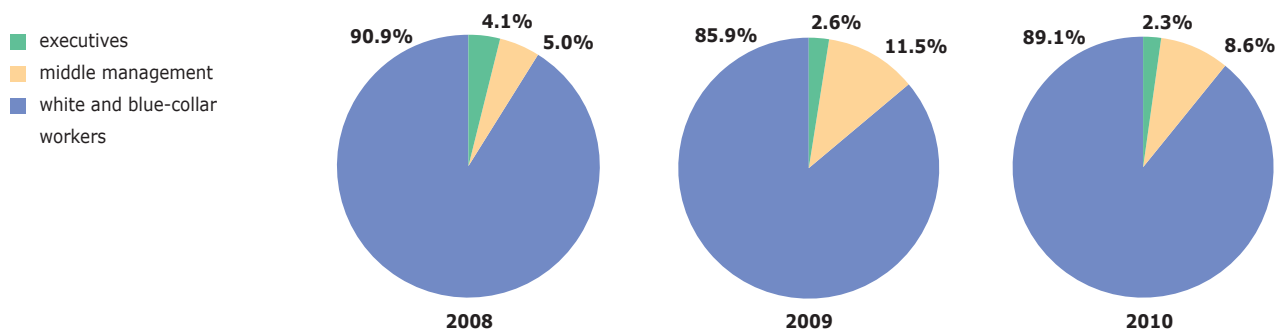
type of courses	no. courses		no. editions		no. of participations (*)		percentage-related distribution of participation		costs (**) euro	
	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010
IT	41	46	52	54	514	550	6.7%	4.9%	10,920	40,859
induction of new recruits (***)	27	82	35	100	441	732	5.7%	6.5%	10,822	18,903
languages	25	14	25	11	70	162	1.0%	1.4%	27,923	43,970
technical-specialist	267	300	505	557	3,923	3,181	51.0%	28%	229,282	216,928
managerial	24	19	24	35	133	857	1.7%	7.5%	25,455	175,197
administrative-operational (***)	17	6	23	11	272	82	3.5%	0.7%	27,409	0
safety, privacy and environment	82	87	190	283	2,338	5,796	30.4%	51.0%	110,614	120,622
total	483	554	854	1,051	7,691	11,360	100%	100%	442,425	616,479

(*) This refers to participations and not "participants" as the same employee may have attended more than one course.

(**) costs incurred by Acea SpA, Acea Distribuzione, Acea Reti e Servizi Energetici, Acea Ato 2, Acea Ato 5, Laboratorio, the 4 companies of the JV with Electrabel and Acea8cento.

(***) Training provided for new recruits and administrative- operational training has been carried out mainly or exclusively via the teaching resources within the Group.

Chart No. 28 – BREAKDOWN OF TRAINING HOURS BY ROLE (2008-2010)



¹⁰⁹ The indicator has been created by placing in relation the number of hours attended (74,772 in 2010) and the average workforce of the companies included in the reporting boundaries of the section (4,765 in 2010).

Collaboration with universities and high schools

Acea has numerous forms of collaboration and partnership with universities and research institutes such as work experience, research activities, events and encounters between companies and students, sponsorships and teaching of company staff within the sphere of university Masters' courses. During 2010, Acea supported a number of training projects, university Masters' courses and post-degree training by means of economic grants and loans, including:

- the **Masters' course in Management and corporate social responsibility** at the Faculty of Social Sciences, San Tommaso Pontificia University (Angelicum) - disbursing scholarships to cover the registration fees of 2 students, offering this opportunity to the offspring of Acea employees by way of priority;
- the **Masters' course in Corporate Citizenship** – integrated social responsibility strategies of Fondaca (Fondazione per la cittadinanza attiva), offering two scholarships to cover registration fees, to the offspring of Acea employees by way of priority;
- the **Masters' course in Procurement Management** - Procurement and Contracts – at Rome's Tor Vergata University, disbursing a scholarship to cover the registration fees of one deserving student who has had the opportunity to also avail of work experience in the Acea SpA Purchasing division.

During the year, Group companies activated a total of **5 professional internships for students of high schools, universities or new graduates** and **21 training work experience encounters**. On conclusion of the work experience period, three youngsters were taken into the company under different contracts (professional training apprenticeship, project- based and induction).

In detail, as is by now customary for some years, within the sphere of the school-work alternation project, once again in 2010, Acea Ato 2 hosted 42 work experience students from two Roman technical institutes. During the 18 days of training the youngsters were able to gain awareness of the water industry thanks to visits to treatment plants, a water centre, the Remote Control Unit and via training sessions on the Acea Group, with specific reference to the companies which operate in the water industry.

Confirming the real opportunities offered by the interaction between university circles and the business sphere, during 2010 Acea **employed 12 young graduates**.

In-house communication

Acea communicates **with its employees** via the company **intranet** portal, the company informative publication **AceaMagazine** and a weekly **newsletter**.

During 2010, the in-house **AceaMagazine**, whose monthly publication was re-launched with renewed graphics and contents as from December 2009, dealt with and looked in-depth at issues of particular interest for the core business such as photovoltaic energy and the revolution of solar power, public lighting and new energy saving technologies, the water system in Italy and Acea operations. The weekly **newsletter**, launched in 2010, is by contrast an instrument for more rapid consultation, linked to current affairs (see *Customers and the community*, section *Communication, events and solidarity*).

Intranet is the company portal which conveys the information targeted at employees and where it is possible to find the most important information on the companies and the Group's human resources and consult the official corporate documents (financial statements, value codes, policies, regulations, etc.), the company procedures, the organisational provisions, the daily press review, the press releases and numerous **detailed sections** (for example on Safety, Quality, Training, IT, reference legislation such as Italian Legislative Decree No. 231/01 etc.) which are implemented and updated. The intranet site also has a banner within which the most important news of the day scrolls.

Social activities



The boundaries

The information and data presented in the Social activities section refers to: Acea SpA, Acea Distribuzione, Acea Illuminazione Pubblica, Acea Reti e Servizi Energetici, Acea Ato 2, Acea Ato 5, LaboratoRI, the 4 companies of the JV with Electrabel, Acea8cento and the A.R.I.A. Group companies (Terni En.A., EALL, SAO and Enercombustibili). ◆

The Staff Recreational Association (CRA), the Gold Medal Association (see related box) and the National Association for Disabled and Invalid Civilians (ANMIC) are just some of the important organisations that provide social activities in-house directly involving the employees.

The Staff Recreational Association (CRA) proposes recreational, cultural, sporting, tourism, welfare, economic, commercial initiatives, etc. with the purpose of turning to account the leisure time of the members, without losing sight of the social utility aspects.

The **members enrolled in the Staff Recreational Association (CRA)** during 2010 reached **4,546 individuals** including executives (4,468 in 2009), and the requests to use the numerous services offered also rose, thanks to their quality and the contained costs involved.

As occurs each year, the Association followed the activities of the **company crèche**, open to the children of both employees and residents of the 1st Municipality, which in 2010 looked after **49** children in the first half of the year and **42** in the second half.

During the year, the CRA handled dealings with the insurance company which guarantees supplementary healthcare assistance for company employees and their dependent family members, and made a number of scholarships available to employees' children, high school and university students, who have distinguished themselves through the results of their studies. The agreement with a specialised company was renewed, for the purpose of providing specific dentistry services completely free-of-charge to employees and their dependent family members and the agreement with a financial institution disbursing personal loans (with attractive terms) was also re-proposed; free legal advice and the offer of tourism, sporting, recreational and cultural activities, at convenient costs (see table No. 62).

As occurs each year, the CRA made the most of its commitment in social circles by means of supporting **solidarity initiatives**, for example organising together with the Sant'Egidio Community meals for the homeless during public holidays, and charitable initiatives such as "Vorrei", an event aiming to raise funds to be allocated to the Foundation of cystic fibrosis research and the sale of the 2011 Below calendar - 12 photographs for Africa - whose proceeds were donated for the construction of water wells in Burkina Faso.

A ticket office sales service was launched for sporting, theatre and cultural events linked to the Lis Ticket circuit and the agreement with Totobit Informatica was confirmed, relating to numerous services including bill payments, telephone recharges and those for digital terrestrial TV cards.

Table No. 62- MEMBERS WHO USE CRA SERVICES (2008-2010)

	2008	2009	2010
members using tourism services	1,224	1,230	1,397
members benefiting from sporting grants	501	565	498
youngsters attending summer camps	106	127	284
youngsters benefiting from study holidays	54	36	38
members paying insurance premiums in instalments	3,090	1,362	1,653
members paying instalments on purchases	165	97	192
members subscribing to the Italian Touring Club (T.C.I.)	85	61	58
number of medical insurance reimbursements	670	713	768
members benefiting from "Epiphany" gifts	689	683	707
members who benefited from scholarships	58	73	73

The Gold Medal Association

The Gold Medal Association involves members who are **pensioners and employees with at least 20 years of company service** and provides them with **assistance in relation to social security, taxes and insurance**; this Association had **1,050 members** as of 31 December 2010: 900 pensioners and 150 working members.

This Association also supports cultural and social initiatives and, in 2010, was responsible for:

- organising 2 social days, acknowledging longstanding

members (20 years membership) and employees who retired during the year;

- assigning scholarships to members' children;
- organising trips to exhibitions and museums, social trips and holidays in Italy and abroad;
- providing tax advice to members, offering them the chance to have a CAF representative filling in their tax returns free of charge.

The **National Association for the Disabled and Invalid Civilians** (ANMIC) works together with the company for the purpose of the satisfactory inclusion of disabled persons or those with serious ailments (285 employees in Acea as of 31 December 2010) and, over the years, this partnership has assisted in removing architectural barriers present in the offices and an improvement in safety in the workplace.

L'ANMIC, recognised by the State in 1956 and by the company in 1957, protects its members and offers them a number of services. It has entered into certain agreements, such as those with Unipol SpA and the CRA regarding the reimbursement of medical and health costs.

Shareholders and Financial backers

Acea, a company listed on the Milan Stock Exchange, handles relations with the shareholders (current and potential), with the financial backers and with the property market thanks to the work of specialised organisational structures: the **Investor relations division** which sees to relations with the various parties in the financial community and the **Corporate affairs division** which supervises the notifications with the competent Supervisory Authorities (Consob and Borsa Italiana) and the corporate dynamics for listed issuers. Company norms and procedures constantly updated, suitable technical and IT support ensure the pursuit of promptness, accountability and completeness in the disclosure interaction, fundamental elements for the correct and effective functioning of the financial market.

The economic flow towards shareholders and financial backers

Having overcome the empassé which had led to a balance sheet loss in 2009, the positive operating results under review ensured the shareholders more than **Euro 95.8 million in dividends**. Profit pertaining to minority shareholders amounted to **Euro 7.87 million**.

The trend in Acea stock was clearly better than in 2009 when compared with the stock market indexes (see table No. 63). As of 31 December 2010, the stock registered a reference price of Euro 8.60 (capitalisation: Euro 1,831 million) **up by 14.97%** with respect to last year.

Table No. 63 – ACEA STOCK AND STOCK EXCHANGE INDEX PERFORMANCE (2009-2010)

	% change 31 Dec. 2010 (compared with 31 Dec. 2009)
Acea	+14.97%
FTSE Italia All Share	-11.49%
FTSE Mib	-13.23%
FTSE Italia Mid Cap	-2.93%

The **financial backer** stakeholder was allocated **around Euro 123.5 million, up 16.6%** (Euro 106 million in 2009). There was also an increase in interest on bond issues (+ Euro 21 million) which followed **placement**, during the first quarter of 2010, **of a bond for Euro 500 million** with institutional investors on the Euromarket and a private placement of Yen 20 billion, maturing respectively in 10 and 15 years; furthermore, the decrease in charges on both medium/long-term (- Euro 12 million) and short-term (- 4 million) borrowing was confirmed for the year under review as well.

Agency ratings

Table No. 64- 2010 RATINGS

agency	long-term rating	short-term rating
Fitch	A	F1
S&P's	A	A-1
Moody's	A3	

The international agency Fitch communicated a review of the Acea rating in January 2011, improving it from "A" with a negative outlook to "A" with stable outlook.

The rating improvement essentially derives from the positive impacts caused by the winding up of the Joint Venture agreement with GdF Suez and the new 2011-2013 Business Plan.

Standard & Poor's confirmed an "A" rating over the long-term and "A-1" rating over the short-

term, with a negative outlook, for Acea, reflecting both the solid business and its strong financial and equity situation.

Lastly, in March 2011, the international agency Moody's for the first time assigned an "A3" rating to Acea SpA with a stable outlook, in consideration of its solid business and the ability to guarantee foreseeable and transparent future earnings.

The introduction of Moody's meant that Acea became one of the few European companies to have the ratings of three agencies (with Standard & Poor's and Fitch), all in the area of the single "A".

Financial disclosure

During 2010, around 300 studies and/or notes were published on the company, while the Investor Relations unit organised **approximately 80 one on one encounters**¹¹⁰ with **Italian and international investors**, as well as conference calls with analysts that cover Acea stock and extended presentations in the main national and international financial marketplaces. The communication of economic-financial information relating to the Group was also constantly updated in the shareholders' section of the **company website**.

According to **Webranking 2010 Italy Top 100**¹¹¹, the survey which assesses the quality of the on-line financial and institutional communication (in the English version) of 100 high capitalisation companies present on the stock exchange, Acea clearly improved its positioning, rising nearly thirty places in the overall ranking (60th place) and receiving 31.5 points.

Table No. 65 – WEBRANKING ITALIA TOP 100: ACEA'S RANKING (2008-2010)

	2008	2009	2010
position	57	91	60
score	29.25	15.25	31.5

With the intention of continuing to evolve with regard to the quality of communication, Acea - once again in 2010 - launched the theme-based websites for the **Consolidated Financial Statements** and the **Sustainability Report** (2009), offering its stakeholders modern and targeted information channels on the company and the corporate documentation.

Ethical finance

The evolution of ethical finance

The last report on the evolution of **ethical funds in Europe** published by Vigeo Italia – *Green, social and ethical funds in Europe 2010*¹¹² – offers an overview of great interest with regard to this part of the financial market, which appears to be increasingly making a name for itself. The cause of the increased ability of socially responsible investments (SRI) to generate positive changes in the conduct of businesses and adopt the guide of "innovative catalysts", according to the report's authors, was not only the increase in the assets managed but also the involvement of institutional investors, the greater interest of the media, the closer interaction between business management and fund managers, often via the ratings agencies. In fact, between June 2009 and June 2010, **the number of SRI funds** domiciled in Europe and intended for the common market **rose from 683 to 879**, disclosing a rise of 29%, the highest since 2001, confirming and by-passing the jump forward already seen between 2008 and 2009 (+ 27%). **The increase in assets managed was even more significant, reaching over Euro 75 billion, + 41%** when compared with the Euro 53 billion last year (see charts No. 29 and 30).

This trend, in the face of the economic crisis still underway, bears **witness to the confidence placed in the solidity of SRI funds** and indicates a clear choice made by certain manager of

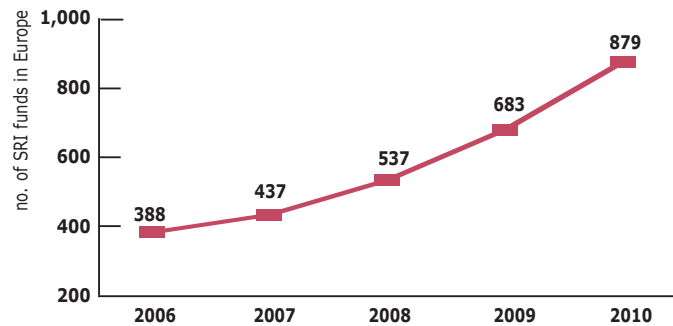
¹¹⁰ These are individual disclosure encounters between the issuing company and potential investors.

¹¹¹ This survey is carried out every year by Hallvarsson & Halvarsson (H&H), a leading financial communication firm from Sweden which, on the basis of the results obtained from the valuation of the company websites - in the English version - on the basis of 127 content and technological parameters set by a panel of experts, assigns a score for each company examined and publishes a ranking.

¹¹² The report, now in its tenth edition, represents a point of reference regarding the analysis of the trends in socially responsible retail funds (SRI) domiciled in Europe. The scope of this analysis includes: Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Luxembourg, Norway, the Netherlands, the United Kingdom, Spain, Sweden and Switzerland and takes into consideration the SRI retail funds which use ethical, social and environmental selection criteria active as of 30 June 2010.

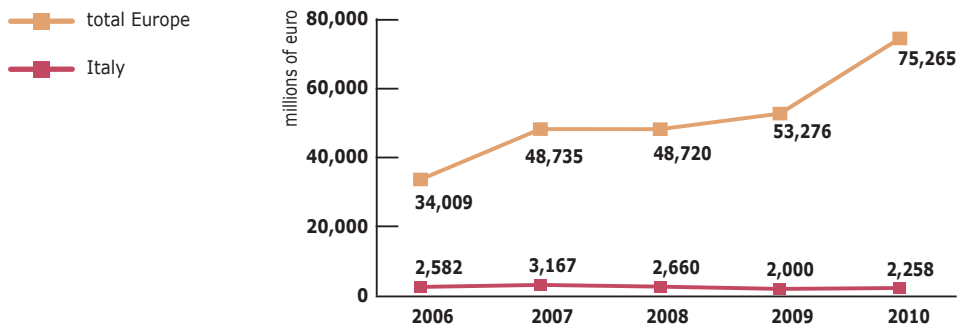
the assets who decide to convert their funds into SRI and launch new products. The ethical finance situation in Europe is varied but confirms a trend which has taken on shape over the last three years, characterised by the breaking away of a number of driving-force countries and by the majority which follow with more contained growth. France is the undisputable market leader, with a leap forward without precedent: + 70% in the number of funds and + 92% in the value of managed assets. The number of funds domiciled in Spain, Italy and Sweden decreased, albeit slightly, while it increased significantly in Germany, Switzerland, France and Belgium; the latter two countries, alone, have over 50% of the funds. In terms of assets managed, between 2009 and 2010 no decline was seen in any country, not even Italy, where the ethical finance market is still decidedly a niche area and was up slightly; the most significant increase was seen in Switzerland and France, but there are just four countries - France, the UK, Switzerland and Belgium - which together have 76% of the assets (see chart No. 31).

Chart No. 29 – OVERALL NUMBER OF SRI FUNDS IN EUROPE (2006-2010)



Source: Vigeo Italia, Green, social and ethical funds in Europe. 2010 Review.

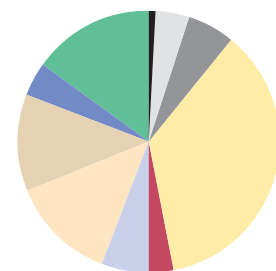
Chart No. 30 - TOTAL ASSETS UNDER MANAGEMENT FOR SRI FUNDS IN EUROPE AND ITALY (2006-2010)



Source: Acea processing on Vigeo Italia data, Green, social and ethical funds in Europe. 2010 Review.

Chart No. 31 - ASSETS UNDER MANAGEMENT FOR SRI FUNDS BY COUNTRY (2010)

country	%
other	1
Austria	4
Germany	6
France	36
Italy	3
Sweden	6
Switzerland	13
Belgium	12
The Netherland	4
UK	15



AUM total: 75,265 millions of euro

Source: Vigeo Italia, Green, social and ethical funds in Europe. 2010 Review.

The ethical analysts assess Acea

During the year, dealings between the company and ethical finance operators who have shown interest in the Group intensified. This attention emerged with the request for greater detail and information, both via targeted questionnaires and encounters and conference calls. The main 2010 assessments are presented below.

Axia confirmed Acea's high rating in class **A++** (scale A/A+++) within the ethical indexes **Axia Euro Ethical** and **Axia Euro CSR**, made up of high capitalisation companies listed on the EuroStoxx who passed the social responsibility screening, granting the company a score of 79.7, essentially in line with the 2009 assessment (82.9).

ECPI confirmed the inclusion of Acea stock in the **ECPI Ethical Index EMU**, in which the company has been present since 2008, and, in September 2010 **included it in two new ethical indexes**, launched together with the global index provider, the FTSE Group: the **FTSE ECPI Italia SRI – Benchmark** and the **FTSE ECPI Italia SRI – Leaders**, whose components, selected from the FTSE Italia All-Share (Italian Stockmarket reference list), respectively demonstrate good or excellent ESG characteristics (environmental, social and governance) assessed on the basis of around 100 sustainability indicators.

Acea has been included, as from its launch in December 2010, **in the Living Planet Green Tech Europe Index**, set up by CA Cheuvreux (Crédit Agricole) and the Living Planet Fund (a socially responsible investment company which originates from the WWF International). On the basis of ethical and environmental criteria, the index selects European companies, listed and active in the green technologies sector (for example: generation of electricity from renewable sources, handling of water resources and waste, ecological products and services).

According to **Kempen SNS**, which has been examining Acea since 2005, the company confirms its commitment of corporate citizenship and therefore also continues in 2010 to merit "pass status" in the Kempen SNS Socially Responsible Investing Universe.

Furthermore, during 2010 additional contacts for the purpose of furthering analysis of Acea's ethical-environmental profiles were pressed for upon the request of the following ethical finance operators: **Oekom Research, Etica SGR, EIRIS, Vigeo, Financière de Champlain**, thereby launching new forms of dialogue or enhancing the exchange of relationships already existing.

Institutions and the Company

One of the key elements via which the Acea Group pursues its business mission, marked by the culture of dialogue, is the care of the relationships with the parties present in the reference scenarios. Specifically, the relations with the institutional stakeholders are defined by seeking a shared advantage which brings about, among other aspects, the interest of the communities and the areas concerned.

The relationship with the institutions

Relations between Acea and institutions affect both the economic dimension (paying duties and taxes) and the social dimension (dealings with local institutions, with sector Authorities, dialogue with Consumer Associations and other representatives of the general public, professional and institutional cooperation, etc.) in accordance with current legislation and as per the principles and rules ratified in the Group's value codes.

The economic value distributed to **public administration authorities**, under the form of taxes and dues, amounted to approximately Euro 85.4 million (Euro 147.8 million in 2009). Current taxation increased, despite being mitigated by the application of the detaxation of investments envisaged by the *Tremonti Ter* especially with reference to Tirreno Power and the water companies, as a consequence of the rise in profitability reported in the period. It should also be recalled that 2009 taxation included the impact deriving from the recovery of state aid pursuant to Article 24 of Italian Decree Law No. 185/2008 (so-called tax moratorium).

Relationships existing between the Group companies and institutions, such as **public bodies** and **sector authorities** (e.g. chambers of commerce and regulation authorities) or **business representation bodies or associations** (including Federutility-Confservizi and Unione industriali di Roma) gave rise in 2010 to payments of dues for around Euro 2.9 million (of which round Euro 1.4 million mandatory and Euro 1.5 million of voluntary dues).

The **institutions** represent an authoritative correspondent for the company with which to exchange views on matters of national and international importance and a preferential partner with which to work for the achievement of common projects.

The Ethical Code dedicates Article 19 to dealings with political institutions and trade union organizations, establishing that:

«The company does not contribute in any way to the funding of political or trade union parties, movements, committees or organisations, or their representatives or candidates.

It refrains from conduct aimed at exerting pressure, directly or indirectly, on political exponents and does not disburse grants to organisations with which a conflict of interest could arise.

Acea also co-operates financially with non-political associations for specific projects, on the basis of the following criteria:

- *purposes referable to the corporate mission;*
- *clear and documentable destination of the resources;*
- *express authorisation from the divisions tasked with handling these relations within Acea».*

The corporate organisational model, amended during 2010, establishes that **Acea SpA's Chairman** is responsible for the **legal representation** and **defining institutional strategies**, that the **Corporate Affairs Division** is responsible for overseeing the communication with the **Supervisory Authorities** on the company and the stock market (Borsa Italiana and Consob), that the **Institutional and Regulatory Affairs Division** is responsible for monitoring legislation with respect to the company businesses and the handling of relations with the **Sector Authorities**. The Group operating companies also see to the handling of the "technical-specialist" aspects of the water, electricity and public lighting services, co-ordinating with the holding company, also by means of consultation with the various administrative, regulatory and control bodies.

The majority of the projects and the collaboration which the company achieves in a joint manner with the institutions also affects social and environmental spheres; one need only consider the synergies with the pertinent national bodies dealing with the safety of the territory or further still the initiatives undertaken with research institutes and with the public administration authorities, characterised by technological innovation applied in the energy and water sphere. Some evidence is illustrated below.

Acea's participation in the National Security Observatory (OSN) continued during 2010 - furthered by the Ministry of Defence's Military Centre for Strategic Studies - which operates for the purpose of identifying and protecting sites of national strategic importance¹¹³ and collaboration was continued, as occurs every year, with the Civil Defence Agency, in cases of emergency. The company is also part of a task-force for urban décor, created by Rome's Council Agency for the environment and made up of other municipal-owned companies and the municipal police, which has the task of ensuring the redevelopment of areas which are "sensitive" in terms of security, such as underground and railway stations; each party takes action in the relevant sector achieving measures aimed at rapidly sorting out the problems identified in the various Roman municipal areas.

In conclusion, Acea took part in an important project regarding safety in the workplace: together with another 13 leading companies, co-ordinated by INAIL and by Consel Consorzio Elis, it in fact offered its contribution to the round tables for the drafting of the **Sgsl - Ar policies**, which define a **common and innovative model for the Health and safety in the workplace management systems** (Sgsl), compliant with the main Italian and international standards, for **"network" companies**¹¹⁴, or rather that particular type of company which features a widespread geographic presence.

The impacts generated by the Group's production structures on the natural and social environment are overseen and handled respecting the reference context and by means of listening to the legitimate appeals of the local communities. As proof of this line of conduct, it is important to mention the **two Pimby** (Please in my back yard) **prizes awarded in 2010** to **Publiacqua**, the Group company which manages the water service in a number of municipalities in Tuscany, for the construction of the waste water treatment plant in Florence and to the **Municipal Authority of Aprilia** together with the **Provincial Authority of Latina** for the extension of the composting plant managed by the Group company, **Kyklos**, involved in the accomplishment of the project for the disposal of waste in the area (also see details in the section Environmental issues and in the *Company Fact sheet - Italy & abroad*).

Acea works together with **research bodies** and **universities** within the sphere of **numerous studies and projects of a technical nature**, in particular in the water area, including, merely by way of example, the study for the optimisation of the management of the Rome Municipality sewerage and treatment system and the protection of the receiving water bodies, the rivers Tiber and Aniene (see the section *Research in Environmental Issues*).

Activities continued in 2010 also included the collaboration between Acea Ato 2 and the Rome Provincial Authority, in agreement with the Technical Operational Office of the Area Authority, which gave rise to a work group involved in the definition of the administrative process for the formalisation of all the water supply sources (springs and/or wells), acquired within the sphere of the progressive acquisition under management of the integrated water service.

The company **actively participates in encounters** between the business world, scientific communities, institutions and citizens dealing with **current and nationally and internationally important issues** and is an associate of important Research centres, Standardisation bodies and other Associations active in the sector of corporate interest (see related box).

During the year, Acea took part - guaranteeing its presence or specialist contribution - in events of particular importance, such as the Forum della Pubblica Amministrazione, Ecopolis 2010, Earth Day, Zeroemission, the Solarexpo exhibition, a number of conferences which dealt with topics particularly significant for the Group's businesses, including the role of compost in modern agriculture, bioenergies, sustainable mobility, the instruments for developing biomasses in Italy

¹¹³ During 2011, Italian Legislative Decree No. 61 was issued in accordance with EU Directive 2008/114/EC of the European Council, or the identification and designation of European critical infrastructures and the assessment of the need to improve their protection.

¹¹⁴ The 2010 edition of the document was presented in February 2011 in Rome during the "Safety, prevention and competitiveness: the active role of businesses" conference.

Box – 2010 Membership of research centres and standardisation bodies

The main memberships renewed or which took place in 2010:	- Comitato Elettrotecnico Italiano (CEI)
- Associazione Amici dell'Accademia dei Lincei	- Istituto Unificazione Italiano (UNI)
- Istituto di Economia delle Fonti di Energia, IEFE - Bocconi	- Associazione Italiana di Illuminazione (AIDI)
- CSR Manager Network Italia (Altis e ISVI)	- Associazione Amici della Luiss
- Global Compact (ONU)	- Fondazione Einaudi
- Istituto di Ricerche per l'Economia e la Finanza (REF)	- Italian Association for Trenchless Technology (IATT)
- Associazione Elettrotecnica ed Elettronica Italiana (AEI)	- World Energy Council (WEC)
	- Federazione Italiana per l'uso Razionale dell'Energia (FIRE).

and a seminar on the energy demand scenario through 2030 for the drafting of the new National Energy Strategy.

Further to specific agreements with the responsible institutional bodies, Acea took part in the **sustainable mobility project** in Rome and in Lazio, committing itself with regard to the development, over the mid-term, of the infrastructure for recharging electrical vehicles, also by means of agreements with manufacturers of such vehicles¹¹⁵ and is present among the leading

Box – Acea and the project for eco-sustainable growth in Rome

Together with the Group companies Acea Reti e Servizi Energetici and Ecogena, Acea plays an important and active role also in the project desired by Rome's authorities and created by Jeremy Rifkin for transforming the functioning of the environmental-energy system in Rome in the future to come. The master plan lasting three years (2010-2012) envisages important **energy measures** such as the Eur district energy plan, zero-emission public lighting, the mass use of LED technology for functional and artistic lighting, the complete coverage of digital meters, the creation of energy islands interconnected in an intelligent thermal energy and electricity network via co-generation systems, heating and photovoltaic solar plants.

players of the **project for eco-sustainable growth** in Rome, of a more extensive purport (see related box). The company also takes part in the **European Cat-Med project** (Changing Mediterranean Metropolises Around Time) for the furthering of sustainable urban development, which the Rome Municipal Authority complies with together with another 10 metropolis in the Mediterranean area (see related box in the section *Environmental issues*).

For constructive interaction with employment spheres, in the complex economic situation of the last few years, Acea offers the **opportunity of work experience** for new graduates, making available **the professional expertise** of its human resources as part of courses, masters' degree and seminars and **supports, also via** the disbursement of **loans** and **scholarships**, research activities pertaining to the businesses of interest (also see the section *Human Resources*).

The company, respecting the social context in which it operates, also listens to the legitimate appeals of citizens, consumers and entrepreneurial bodies and takes steps to consequently assess the same by means of interaction with the bodies appointed to represent said parties such as **Federations, Trade associations, trade union organisations and Consumer protection associations**.

In detail, the Parent Company's Institutional Affairs Unit oversees, together with the Group operating companies, the handling of relations with consumer associations. The initiatives undertaken for the purpose of preventing any disputes arising with consumers are of particular interest. Besides the permanent round table on projects and issues of common importance, the company has in fact endowed itself with two instruments: the **chamber mediation**, care of the Rome Chamber of Commerce, and **joint mediation**. The latter initiative involves Acea Ato 2 and Acea Ato 5 for the water sector and AceaElettrabell Elettricità for the electricity sector and concerns the respective household customers resident in Lazio, represented and supported by the various Consumer Associations recognised by the National Consumers and User Council - CNCU. During the year, joint mediation received the Premio Etica & Impresa prize referring to 2009 activities which led to the agreement preparatory to the launch of joint mediation.

¹¹⁵ Accordingly, in 2011 the company entered into a Memorandum of Understanding with Enel aimed at jointly developing the infrastructure for recharging electrical vehicles.

With regard to AceaElettrabel Elettricità, even though prior recourse to forms of mediation in the event of legal disputes between customers and the company is not obligatory, all the same the decision was made to go ahead with a mediation attempt before the start of any legal dispute, upholding the requests made by the customers. During 2010, 10 requests for chamber mediation were received, all discussed, and 36 requests for joint mediation, all handled, 7 of which are being concluded. With reference to the water companies Acea Ato 2 and Acea Ato 5, during 2010 all the requests for joint mediation complying with the admissibility requisites indicated in the Regulations were upheld, equating in total to 50 cases.

The provisions of the 2010 Finance Bill envisaged a reduction in the transfer of state resources due to local bodies and established, among other aspects, the abolition of the **Municipal Civil Defence figure**. These activities were therefore concluded in-house as well.

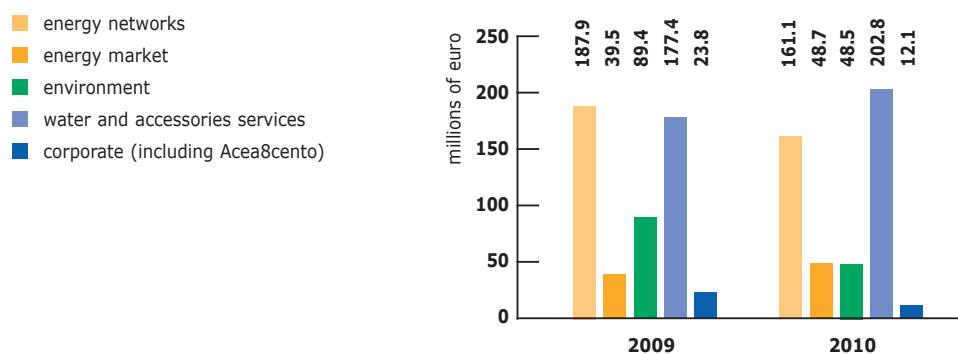
Other forms of interaction between Acea and **profit and non profit - making organisations or bodies**, involve **sponsoring** cultural, recreational, sporting, social and environmental events or **making charitable donations** to support specific projects (see *Customers and the Community and Human Resources*).

The Company as stakeholder

Acea pursues a responsible attitude protecting the tangible and intangible assets it owns, moving within the wake of a sustainable financial position, appropriately handling internal requirements linked to operations and the growth prospects expressed by the implementation of the investment plan.

Investments, down approximately 8.7% with respect to 2009, amounted to **over Euro 473 million**; observing their breakdown by business area, a decrease in the investments of the holding company can be noted along with the "environment" and "networks" sectors, thanks to the completion of a number of projects attributable to the two area, launched in previous years, while investments in the "energy market" and "water" sectors rose.

Chart No. 32 – BREAKDOWN OF INVESTMENTS BY BUSINESS SECTOR (2009-2010)



Amortisation, depreciation, provisions and writedowns, as components of the **corporate self-financing**, amounted in 2010 to **Euro 348.6 million** (Euro 375.7 million as of 31 December 2009); in detail, it is disclosed that: provisions fell by Euro 70.3 million when compared with the previous year, which saw Euro 36 million for tax risks and Euro 28.9 million for regulatory risks, while writedowns of receivables increased Euro 25.1 million, mainly attributable to the water companies.

The **physical** (physical business structures) and **logical** (intangible assets) **protection of the company assets**, the **prevention of fraudulent phenomenon, privacy, IT security** are overseen, at centralised level in the holding company, by the **Asset Protection Unit** which avails itself of the Heads of the Protection Management System (RSGP) identified within each Group company.

For the purpose of achieving the levels of protection established, during 2010 the **procedure for the handling and control of access to the company offices** and the **procedure for access**

to the centralised IT systems were issued. The former aims to establish, in accordance with the Protection Policy issued in 2009, the methods for handling and controlling access inside the premises of the Piazzale Ostiense complex which house the offices of Acea SpA and a number of Group companies; the second defines the responsibilities and the methods relating to the stages for handling the authentication and authorisation systems for access to the IT systems and applies to all the Group companies.

A key factor for the growth of the company, **technological innovation** is developed and implemented within Acea in the various operating spheres, for example Information Technology in relation to the singular management requirements, the Geographic Information System – GIS for mapping the networks, the “district metering” method for detecting water leaks, remote control, etc. (see the section *Environmental issues*).

During the year, with regard to the electricity sector, Acea Distribuzione prepared two particularly innovative projects: the **Smart Network Management System** project, which achieving integration between the business technologies aims to optimise the potential and increase the efficiency, safety and quality of the service, and the **Smart Grid** project, an “intelligent network” capable of monitoring and handling electricity consumption flows and data; the projects were presented, respectively, to the Ministry for economic development and the Electricity and Gas Authority and both were approved and cleared for funding during the first few months of 2011 (see the section *Environmental issues*). The **Freedom** project also continued, within the sphere of **capitalisation of the company’s best practices**, aimed at the sharing of the technological know-how between the Group water companies, via a dedicated website and a forum.

Innovation can also be a new prospect with respect to the management of company processes already existing. This is the case of **Acea’s Legal Division** which in 2010 was granted the **TopLegal Awards**, an acknowledgement which rewards the excellence of the legal services market. Acea in fact introduced the success fee for disputes (a remuneration scheme which ties the fees due to the legal advisor who represents the company in court to the success of the dispute), achieving a saving of 30% in legal costs along with high quality of the services.

Box – Measures taken by the Sector Authorities and bodies vis-à-vis Acea: preliminary investigations, bonuses and fines

The system of fines and penalties introduced by the **Gas and Electricity Authority (AEEG)** vis-à-vis energy distribution companies, for the purpose of assessing the related performances and steering them towards on-going perfection, is leading to a progressive improvement of the quality of the electricity service in Italy. **Acea Distribuzione**, in this context, after the recognition received in 2009 (with reference to the services offered in 2008) **due to the positive results on the service continuity parameters** (duration and number of blackouts), **once again in 2010** (with reference to the operating performance in 2009) was awarded an **economic bonus** for a total of around Euro 7.02 million, Euro 6.82 million of which for the decrease in the total number of blackouts, while the rest went towards offsetting the improvements in the reduction of the duration of the blackouts.

As part of its supervisory functions in the sector, the AEEG launched **two proceedings** during the year against AceaElectrabel Elettricità. In the first case (resolution VIS 45/10) the company, and another 8 electricity sales companies, were enjoined to observe the information obligation regarding the application of dual phase prices to households served on the protected market and, at the same time, a procedure was launched for the eventual application of administrative fines linked to the verification of observance of the afore-mentioned enjoiner. In the other case (resolution VIS 167/10) proceedings were commenced aimed at verifying the violation with reference to the setting up of a specific explanatory message envisaged for the telephone sales service (protected market), required to explain to customers that the information provided refers

exclusively to this market segment.

Proceedings launched by the Authority (resolution VIS 42/10) were also **closed without violations having been detected** as committed by AceaElectrabel Elettricità; these proceedings have been launched upon the request of a consumer association which complained of improper conduct attributable to the sales company in relation to the disclosure on payment of bills in instalments, to be made in accordance with current legislation.

In September, the **Anti-trust Authority (AGCM)** closed the **preliminary procedure** launched in 2009 upon the instance of Sorgenia for possible abuse of dominant position against Acea and Acea Distribuzione, as well as against another 3 leading industrial groups involved in the distribution of gas and electricity, rendering **the commitments** undertaken by the same binding and **accepting them** since they are deemed as capable of resolving the initial concerns with regard to competition, increasing accountability and the efficiency of the communication flows available to all the potential market operators. With regard to **public lighting**, the percentage of the number of repair measures for faults satisfied beyond the maximum deadlines established by the service agreement with the Municipality of Rome fell even further, passing from 1.6% in 2009 to 1.3% in 2010, involving an amount of fines paid by Acea amounting to around Euro 46,000 compared with Euro 52,000 last year.

With regard to disputes concerning **environmental** issues with the appointed public authorities (Arpa, the Forestry Commission, etc.) please see the section *Environmental issues* and the *Environmental Accounts*.



ENVIRONMENTAL ISSUES



GRI environmental performance indicators

The indicators relating to the **environmental performances** (core and additional) envisaged by the GRI-G3.1 Guidelines, edition 2011, and the indicators introduced by the **Sector Supplement for Utility companies in the electric sector**¹¹⁶ which Acea has followed for the preparation of the *2010 Sustainability Report*, are presented below, along with indication of the pages of the sections of the report where it is possible to find them.

The meaning of each performance indicator is described in detail in the *Guidelines and Sector Supplement*, available on the website www.globalreporting.org.

For further details regarding the environmental performance, please refer to the **Environmental accounts**, an integral part of the Sustainability Report, which present around **230 items** (including the energy generation values, the water balance numbers, the atmospheric emissions, waste) and more than **60** specific environmental **indicators/parameters** of the Group.

Table No. 66 – GRI-G3.1 ENVIRONMENTAL INDICATORS

Materials

- EN1 (Core) Raw materials used by weight or volume.
Environmental accounts: pages XIV-XVII;
In relation to PCB, Acea had already taken steps by 31 December 2009 to dispose of all transformers with PCB exceeding the threshold of 500 ppm, in compliance with Italian Legislative Decree No. 209/99 and Italian Law No. 62/05. There are 422 transformers with PCB exceeding 50 ppm but below the aforementioned threshold (450 last year).
- EN2 (Core) Percentage of materials used deriving from recycled material.
The 2010 figure is not available; it is believed that it will be possible to monitor it as from 2011.

Energy

- EN3 (Core) Direct energy consumption by primary energy source.
Environmental issues page 168
- EN4 (Core) Indirect energy consumption by primary source.
Environmental issues page 168
- EN5 (Additional) Energy saved due to conservation and efficiency improvements.
Environmental issues pages 154, 156
- EN6 (Additional) Initiatives for providing energy-efficient or renewable energy-based products and services, and consequent reductions in energy requirements as a result of these initiatives.
Environmental issues pages 153, 156
- EN7 (Additional) Initiatives for the reduction of indirect energy consumption and reductions achieved.
Environmental issues page 157

Water

- EN8 (Core) Total water withdrawn by source.
Environmental issues pages 168-169
- EN9 (Additional) Water sources significantly affected by withdrawal of water. (see Ramsar - wetlands list).
Environmental issues page 160
- EN10 (Additional) Percentage and total volume of water recycled and reused.
Environmental issues page 169 (limited to the cooling process of the thermoelectric plants)

Biodiversity

- EN11 (Core) Location and size of land owned, leased, managed in, or adjacent to, protected areas or areas of high biodiversity value outside protected areas.
Environmental issues pages 144, 160
- EN12 (Core) Description of major impacts of activities, products, and services on biodiversity in protected areas or areas of high biodiversity value outside protected areas.
Environmental issues page 144

¹¹⁶ The Indicators of the Sector supplement for Utility companies in the electric sector (EU) are supplemented in the table.

- EU13 Biodiversity of offset habitats compared to the biodiversity of the affected areas.
Environmental issues page 144
- EN13 (Additional) Protected or restored habitats.
Environmental issues page 144
- EN14 (Additional) Strategies, current action, and future plans for managing impacts on biodiversity.
Environmental issues page 144
- EN15 (Additional) Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations of the organisation, by level of extinction risk (*).
At present, this item is not monitored, but the Group carries out its activities strictly respecting and protecting the natural habitats concerned and the fauna and flora present in the areas it operates in.

Emissions, Effluents and Waste

- EN16 (Core) Total direct and indirect greenhouse gas emissions by weight (according to the WRI – Greenhouse Gas Protocol).
Environmental issues pages 170, 171; *Environmental accounts* pages XVIII, XXI, XXII
- EN17 (Core) Other significant indirect greenhouse gas emissions by weight.
No significant emissions to report
- EN18 (Additional) Initiatives for the reduction of the greenhouse gas emissions and reductions achieved.
Environmental issues page 157
- EN19 (Core)) Emissions of ozone-depleting substances by weight.
Environmental issues page 171
- EN20 (Core) NO_x, SO_x and other significant air emissions by type and weight.
Environmental issues page 170; *Environmental accounts* pages XVIII, XXI, XXII
- EN21 (Core) Total water discharged by quality and destination.
Environmental issues page 165
- EN22 (Core) Total weight of waste by type and disposal method.
Environmental issues page 171; Greater details in the *Environmental accounts*;
- EN23 (Core) Total number and volume of significant spills.
In 2010, the Group released no significant amounts of pollutants such as mineral oil, fuels or chemical products into the environment.
- EN24 (Additional) Weight of transported, imported, exported, or treated waste classified as hazardous under the terms of the Basel Convention (Annex I, II, III and VIII) and the percentage transported outside.
Waste classified as "hazardous", monitored as indicated by EN22, is transferred to specialized and authorized external companies. At present, the item is not additionally monitored.
- EN25 (Additional) Identity, size, protected status, and biodiversity value of water flora and fauna and related habitats significantly affected by the reporting organization's discharges of water and runoff.
No discharge to be reported which significantly affected the habitats or biodiversity.

Products and services

- EN26 (Core) Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.
The products supplied (electricity, heat, drinking water, treated water and public lighting) do not have significant environmental impacts since they do not give rise to either pollution or harmful emissions. The initiatives focus on the reduction of the emissions into the atmosphere (due to thermoelectric generation).
Environmental issues pages 143, 153, 170
- EN27 (Core) Percentage of products sold and their packaging materials that are recycled or reused by category.
Not applicable.

Conformity

- EN28 (Core) Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations.
Acea Ato 2. Total value of fines received in 2010: € 226,276. These are joined by € 2,130 in administrative fines inflicted on Solemme SpA, for the compost analyses.
Number of monetary fines received in 2010: 146 (imposed by Arpa, the Forestry Commission, Local Health Authorities, etc.)
Number of disputes on environmental matters concluded or pending and not yet settled: 146 (defence briefs, appeals, etc..) Administrative proceedings: No. 2 in Umbra Acque; No. 15 in Acquedotto del Fiora

(*) The IUCN (International Union for the Conservation of Nature) list, to which the EN15 indicator refers, concerns endangered species (www.iucn.org)

Transport

EN29 (Additional) Significant environmental impacts of transporting products and other goods and materials used for the organisation's activities and transporting members of the workforce.
Environmental issues pages 167, 174

General

EN30 (Additional) Total environmental protection expenditure and investments by type.
Environmental issues page 146

The Group and the commitment towards environmental sustainability

The **energy and water sectors**, Acea's core business, both of which sensitive from an environmental standpoint, have been managed over the years and continue to develop with **particular attention to avoiding negative repercussions on the natural environment**. The **Value codes** and the Environmental Policy are proof of this, adopted from some time by the Group, which formally commit the company in this sense, along with the **systems for the management, control and monitoring** of the production processes, in the majority of cases formalised in accordance with the main international standards in this connection (UNI EN ISO 14001 and EMAS). Therefore, the operating companies autonomously oversee - however on a consistent basis with the Group's stances - the environmental impacts generated by the activities and, at centralised level, Acea follows the legislative changes regarding environmental issues, furthers meetings for informing and up-dating the employees on specific matters (for example: on the SISTRI for waste management), responds to the requests for in-depth analysis regarding the Group's environmental performances made by ethical financial analysts and draws up sector reports (for example the Carbon Disclosure Project).

During 2010, the following were particularly significant in terms of environmental sustainability: **investments in renewable energies**, such as photovoltaic, the development of the **waste-to-energy and environmental services sector**, the initiatives for **energy saving and efficiency**, also undertaken in the water sector, and the technological innovation for the energy **distribution networks** (smart grids). Thus in line with the objectives of the European Commission for combating climate change and for the greater safety of energy supplies, which also imply the diversification of the source and the decrease in waste.

In the year dedicated to **biodiversity** by the United Nations, Acea, in addition to continuing with specific ventures - such as the protection of the water springs and the neighbouring area or the burying of electricity networks in areas of natural interest (see in the section on *Protection of biodiversity*) - wished to dedicate a publication to this subject, entitled **Effetti Collaterali** (collateral effects), put together with Legambiente and Ornithologica, thereby also committing itself with regard to the disclosure of a culture of respect and protection of the environment; furthermore, topics linked to environmental sustainability were brought to the attention of employees via the AceaMagazine publication (see the section *Socio-economic relationships with the stakeholders, Customer and the community*). The company also wishes to be present during the numerous ventures (conferences, seminars, round tables, etc.) at national and international level, guaranteeing its specialist technical contribution on the most significant themes regarding environmental sustainability present in the sectors of operations or associated with the same (by way of example, see the box on the CAT-MED project and the sections *Institutions and the Company and Customers and the community in Socio-economic relationships with the stakeholders*).

Box – The CAT-MED (Change Mediterranean Metropolises Around Time) project

The CAT-MED (Changing Mediterranean Metropolises Around Time) project was launched for the first time from Malaga, in May 2009, with the aim of identifying operative solutions capable of tangibly affecting the habits of citizens, so as to reduce the environmental impact of urbanisation and limit greenhouse gas emissions. Subsequently, another 10 cities in the Mediterranean area, besides Malaga, decided to adopt a common course for limiting the risks associated with the phenomenon of climate changes, drawing up an agreed strategy for the respective initiatives: the cities involved were Barcelona, Valencia, Seville, Marseille, Aix en Provence, Salonicco, Athens, Genoa, Turin and Rome. CAT-MED is achieved by means of the identification of **shared objectives, which are quantified with the use of indicators**. These indicators will be identified bearing in mind the principles of sustainable development and will be useful for assessing, on the basis of standard criteria, the progress of the various

projects set underway for each city. Furthermore, **optimum levels** of reference will be established for each indicator.

The cities taking part in the project have established that they will develop a number of similar experiments, such as the definition of a “**Sustainable Neighbourhood**” on which to operate, involving the main stakeholders present in the area, brought together on “metropolitan work groups”. The work groups of the various cities will be linked at transnational level for the purpose of sharing and exchanging operative solutions identified in each pilot area and the preparation of a method **guide on the “Sustainable Neighbourhoods”** will be achieved.

Acea is one of the stakeholders involved in the Rome metropolitan work group and is therefore an active party in the project. As a point of fact, as from January 2011, the work group will meet for the purpose of identifying tangible solutions for the pilot project, which in Rome will be accomplished in the Casal Bertone district.

Environmental Management within the Group companies

In line with the principles of sustainability and environmental protection, the Group's main production plants have chosen, from some time, to implement an Environmental Management System; this involves a commitment to monitor the impacts, prevent environmental pollution and minimise the associated risks, in accordance with the Group's Environmental Policy.

In 2010, in line with the aspects achieved in previous years and following the customary audit activities carried out by the appointed bodies, **Environmental certification** according to the UNI EN ISO 14001:2004 and, in some cases, European **EMAS registration** were **confirmed**, for the main **thermoelectric and hydroelectric plants**, the **waste-to-energy plants**, a **MSW treatment and disposal plant** and certain **water companies**. Furthermore, the company SAO, active in the environment sector, continued the process for EMAS registration and Acea Reti e Servizi Energetici, involved in energy efficiency and the solar-photovoltaic sector, carried out preparatory activities for the attainment of UNI EN ISO 14001:2004 certification, envisaged during 2011. Reference should be made to *Corporate Identity*, in the section on *Management systems*, for a detailed indication of the Certification in force at the plants and the Group companies. Awareness of the effective contribution made by these management systems for improved environmental protection is by now consolidated, thanks to the model applied which included prevention, control and on-going improvement over time.

Protection of biodiversity

The business activities, whether they pertain to the energy sector, including distribution, or the water sector, are carried out also taking into due account the safeguarding of the fauna and flora present in the natural area, with particular attention to **biodiversity**.

In the areas of the large water centres and the drinking water springs (see table No. 79) Acea continually monitors the qualitative and quantitative reference parameters. By keeping these areas healthy, in fact, **wetlands** are created nearby where the **biodiversity manifests with a great variety of species**.

The same attention is paid each year to protecting the **areas surrounding the hydroelectric and thermoelectric installations**. Both AceaElettrabel Produzione and Tirreno Power, as well as the A.R.I.A. Group companies have carried out measures in favour of biodiversity and in line with the objectives of the management systems for these plants:

- AceaElettrabel Produzione has continued with **fish restocking** activities in the fluvial branches of the Sangro, Aventino and Nera near to the Sant'Angelo and G. Marconi hydroelectric plants.
- Tirreno Power has for some time now undertaken specific initiatives to protect biodiversity; for example, it is the co-financer of a **European P.A.R.C. project** (Petromyzon and river continuity) "**Sea lamprey and river continuity**", approved by the European Commission as part of the Life Plus Nature programme. The project's partners includes the Authorities for the Inter-regional Catchment Area of River Magra, Montemarcello-Magra Park, Liguria Regional Council, the University of Genoa DIP.TER.IS, Spezia Provincial Council and the Legambiente Association. The activities undertaken in 2010 include the creation of throughfares for the fish near to the barrages in the rivers Magra and Vara. This will encourage the longitudinal movement of the fish irrespective of the level of the river, so as to permit them to reach the areas of natural reproduction located in the upper-central part of the area.

In keeping with the international indications which made 2010 the year dedicated to biodiversity, Acea, as recalled, wished to contribute towards raising cultural awareness on the subject dedicating the publication *Effetti Collaterali (Collateral Effects)* to this topic; the scientific material necessary for the preparation of the fact sheets and the texts which the volume comprises were the result of collaboration between the company, Ornis Italica and Legambiente.

In October, around 190 delegates from around the world met, taking part in the **ONU Convention on biodiversity held in Nagoya, Japan**: the event concluded with an understanding which commits the participants to work on the protection of at least 17% of the terrestrial areas and 10% of the oceans and, in Italy, acknowledging the EU indications in this connection, a National Strategy for Biodiversity is being defined (see related box).

Specifically, Lazio is one of the most interesting regions in Europe with regard to the presence of biodiversity, by virtue of its central geographic position with respect to the Mediterranean area, its

temperate climate and its peculiar hydrography. Rome, which has around 1,300 plant species within its boundaries, is the synthesis on a minor scale of these environmental opportunities and circumstances. The Group, which operates mainly in this area, is therefore aware of being able to play a role protecting the integrity of the same and encouraging the reintegration of species of faunal interest, operating in respect of the environment. This attitude is also reflected by the collaboration, existing for some year now, with Ornithologica, for the hosting and protection of the peregrine falcon which returns to reproduce in an artificial nest placed on a water reservoir owned by Acea (see the related box).

Box – The peregrine falcon on the Salone reservoir

Thanks to the collaboration between Acea and Ornithologica, it has been possible to mount an artificial nest on the Salone reservoir and a webcam has been activated, which can be viewed on the website www.birdcam.it. The nest was occupied once again in 2010 by a couple of peregrine falcons who returned to lay their eggs. The couple of falcons, named Appio, after the first aqueduct in ancient Rome, and Vergine, after the spring which bubbles up in Salone, this year looked after 4 eggs, under the eyes of

thousand of enthusiasts who follow them on-line. The eggs hatched during the first few days of April; subsequently, the youngsters were “ringed” and continued to be followed with attention by experts and nature lovers. In May, one of the chicks was found dead after a fall, while another chick which had fallen quickly recovered after having been taken back to the nest by an Acea Ato 2 engineer. In conclusion, towards the end of May the three youngsters took flight and the webcam was dismantled, waiting for a new couple to come.

Box – From approval of the Convention on Biological Diversity (CBD) to the National Strategy for Biodiversity

Delegates from more than 150 countries met in Rio de Janeiro in 1992 to discuss both the Framework Convention on Climate Change and so as to open the Convention of Biological Diversity for signature, approved subsequently by 192 countries, including Italy (Italian Law No. 124 dated 14 February 1994).

The main objectives of the Convention included:

1. the conservation of the biological diversity, considered both at gene level and species level, as well as community and ecosystem level;
2. the lasting, or sustainable, use of its elements;
3. the right and fair division of the benefits which derive from the exploitation of the genetic resources and from the transfer of the associated technologies.

It was established in the CBD that each contracting party would have had to draw up strategies, plans and national programmes aimed at ensuring the conservation and lasting use of the biological diversity and supplementing as far as possible and appropriate the conservation and sustainable use of biodiversity in the pertinent sector-related plans, programmes and policies.

Since then EU Policy has shown itself to be increasingly more active on these aspects. The two main Communications are dated 2006 and 2010. By means of the first, COM (2006) 216, the European Commission presented the Action Plan “Fino al 2010 e oltre - Until 2010 and beyond”, which has guided the activities of the EU countries over the last few years; by means of the latter, it was highlighted how much still needs to be done to contribute towards halting the loss of biodiversity, despite

the activities already undertaken. Therefore, COM (2010) 4 brought to light 5 major shortfalls in the application of the previous Communication:

- shortfalls in the implementation of the Natura 2000 network, established by means of EU Directive 92/43/EEC (and extended by the subsequent 2009/147/EU), which represents the largest ecological network in the world made up of special conservation areas and by special protection areas designated by the member nations;
- shortfalls at policy-strategic level;
- shortfalls in data and knowledge;
- shortfalls in the integration of the biodiversity in the various economic sectors of pertinence;
- shortfalls in funding.

The same Communication identified four options for the definition of the key objective for 2010, and the EU has chosen the most challenging: “halt the loss of biodiversity and the ecosystemic services by 2010, as far as possible restoring them and increase the contribution of the European Union so as to avoid the loss of biodiversity worldwide”.

In Italy during 2010, thanks to a process of participation and exchanging views among the various institutional, social and economic parties concerned, the National Strategy for biodiversity was established; this poses itself as an instrument of integration for the needs of biodiversity in national sector policies, responding to the 2011-2010 challenge (for further details, please refer to the Ministry for the Environment’s website).

Environmental expenditure

“**Environmental expenditure**”, as defined by the Recommendation of the European Commission 2001/453/EC, is reported hereunder for the main Group operating companies whose activities have the greatest repercussions on the environment - **AceaElectrabel Produzione, Tirreno Power, Acea Distribuzione** and **Acea Ato 2** - and amounted during the year to a total of **Euro 41.7 million**, including investments and current costs (see table No. 67).

Considering just the environmental investments, amounting to around **Euro 33.7 million** in 2010 and placing this value in relation to the total amount of the investments of the four companies, totalling Euro 454.4 million¹¹⁷, environmental expenditure represents approximately 7.4% of the total.

Table n. 67 - ENVIRONMENTAL EXPENDITURE OF THE MAIN OPERATING COMPANIES (2010)

Group companies	investments (millions of Euro)	current costs (millions of Euro)
AceaElectrabel Produzione	6.52 (*)	6.64 (*)
Tirreno Power	1.03	0.87
Acea Distribuzione	0.41	0.48
Acea Ato 2	25.76	nd
total	33.72	7.99

(*) Estimated figure.

What is more, for the first time the environmental expenditure of other Group companies¹¹⁸ operative in the water sector has been illustrated for an additional and approximate **Euro 27 million** (also see the section *Company fact sheets - Italy & abroad*)

Table n. 68 - ENVIRONMENTAL EXPENDITURE OF CERTAIN COMPANIES IN THE WATER SECTOR (2010)

Group companies	investments (millions of Euro)	current costs (millions of Euro)
Publiacqua	18.8	2.7
Acea Ato 5	0.63	3.56
Acquedotto del Fiora	0.99	0.25
total	20.42	6.51

¹¹⁷ Deriving from the sum of all the investments of the companies Acea Ato 2 (Euro 133.5 million), Acea Distribuzione (Euro 97.6 million), Tirreno Power (Euro 160 million) and AceaElectrabel Produzione (Euro 63.3 million).

¹¹⁸ Not all the Group companies have been able to report on the environmental expenditure, as defined by European Commission Recommendation No. 2001/453/EC, since they do not yet have environmental accounts which record them systematically.



The boundaries

This section deals with Acea Reti e Servizi Energetici, Acea Distribuzione, AceaElectrabel Produzione, the companies Terni En.A and EALL from the A.R.I.A. Group, and Tirreno Power.

The figures relating to the companies in the energy area do not refer to all the activities managed, but take into account the shareholding of Acea SpA (30% of AceaElectrabel Produzione - with the exception of Voghera Energia and Longano Eolica, respectively 24% and 15% -, 15% of Tirreno Power and 100% of Acea Distribuzione, Acea Reti e Servizi Energetici and the A.R.I.A. Group companies).

For the first time, mention is also made of the company SAO - Servizi Ambientali Orvieto, involved in waste selection, treatment and disposal activities. ◆

The Group's principal activities in the energy supply chain concern the generation of electricity¹¹⁹ and heat - via the "historic" hydroelectric and thermoelectric installations and the combined-cycle plants fuelled by natural gas, the wind farms and the photovoltaic installations, the waste-to-energy process - the distribution of electricity (in Rome and Formello), including the management of public lighting, and the sale of electricity, heat and gas.

In order to guarantee the short- and long-term availability and reliability of electricity, Acea plans the production, invests in the enhancement of the plants, the improvement of the distribution infrastructures and the diversification of the production sources and has organised the bringing onto stream a number of installations in emergency situations, to immediately oversee the nerve centres in Rome.

Acea tries to contain the environmental impacts in all its production activities, safeguarding the surrounding area. Accordingly, the companies operating in the energy sector further the improvement of the environmental performances, by means of resorting to the best technologies available, which at the same time makes it possible to achieve high production output (also see the *Environmental accounts*).

Energy generation: fossil and renewable energy sources

Generation and the Group plants

During 2010, **total electricity generation**, calculated on the basis of the consolidation holding, came to **around 3,339 GWh**, in line with last year production, amounting to approximately 3,230 GWh (also see the *Environmental accounts* page 4).

As illustrated in table No. 69, the **thermoelectric** sector confirmed its predominance again in 2010 with regard to the percentage of total production, accounting for around **2,370 GWh** from **natural gas** and around **614 GWh** from **coal**. Production from **waste-to-energy processes** was slightly lower than in previous years, due to the shutdown of the Terni En.A plant for revamping work started in August, while that from the hydroelectric source, with around **181 GWh**, was in line with last year. Lastly, the portion of production from **wind and photovoltaic power**, with 38.3 GWh compared with 21 GWh in 2009, rose considerably (see related section). At the Tor di Valle and Leini thermoelectric plants, furthermore, thermal energy was also generated for around **43 GWh**¹²⁰, 20% more than in 2009, used for supplying domestic hot water and district heating to around 25,000 inhabitants in the Rome South area and around 8,000 inhabitants in the municipal area of Settimo Torinese.

Table No. 70 presents the primary sources used, expressed in energy terms. It can be noted that over the last three years, the use of primary sources for energy generation has remained more or less unchanged, while **energy efficiency** stands at around **48-49%**.

¹¹⁹ It should be borne in mind that as from 2011, following the winding up of the JV with Electrabel finalised at the end of 2010 in agreement with the partner GdF Suez, Acea SpA no longer holds any shareholdings in Tirreno Power and, among the plants up until 2010 of AceaElectrabel Produzione, it will maintain ownership of just the hydroelectric installations and the two thermoelectric installations of Tor di Valle and Montemartini, which will be managed by Acea Produzione SpA.

¹²⁰ Figures reclassified, by consolidation percentage. The total value of the thermal energy produced by the Tor di Valle and Leini thermoelectric plants came to around 144 GWh.

Table No. 69 - ENERGY PRODUCED, BROKEN DOWN BY PRIMARY ENERGY SOURCE (2008-2010)

primary energy source	2008	2009	2010
	TJ (GWh)	TJ (GWh)	TJ (GWh) (*)
coal	2,336.4 (649)	1,774.8 (493)	2,210.6 (614)
fuel oil	32.4 (9)	43.2 (12)	34.8 (10)
gas oil	14.4 (4)	7.2 (2)	7.7 (2)
natural gas (combined cycles and co-generation)	9,360 (2,600)	8,514 (2,365)	8,526 (2,368)
waste to energy	576,0 (160)	568,8 (158)	452,3 (126)
total thermoelectric + WtE	12,319.2 (3,422)	10,908.0 (3,030)	11,231.7 (3,120)
hydroelectric	500.4 (139)	655.2 (182)	650.5 (181)
wind	39.6 (11)	63.4 (17.6)	72.4 (20.1)
photovoltaic	- -	12,6 (3.5)	65,5 (18.2)
total renewable (excluding WtE portion)	540.0 (150)	731.2 (203.1)	789.5 (219.3)
grand total	12,859.2 (3,572)	11,639.2 (3,233)	12,021.2 (3,339)

(*) 1 GWh=3.6 TJ

NB: the figures are reclassified taking into account Acea SpA shareholdings (100% A.R.I.A., 100% Acea Reti e Servizi Energetici, 15% Tirreno Power, 30% AceaElectrabel Produzione).

Table No. 70 - POTENTIAL ENERGY, BROKEN DOWN BY PRIMARY ENERGY SOURCE USED (2008-2010)

primary energy source used	2008	2009	2010
	TJ (GWh)	TJ (GWh)	TJ (GWh) (*)
hydro	575.7 (159.9)	769.4 (213.7)	781.1 (217.0)
gas oil	48.2 (13.4)	32.3 (9)	44.4 (12.3)
natural gas	18,583.9 (5,162.2)	17,021.3 (4,728.1)	17,100.0 (4,750.0)
coal	5,481.4 (1,522.6)	4,550.8 (1,264.1)	5,605.0 (1,557.0)
fuel oil (**)	107.3 (29.8)	127.7 (35.5)	100.8 (28.0)
wind power	38.8 (10.8)	63.5 (17.7)	72.4 (20.1)
WDF and pulper (***)	2,066.8 (574.1)	1,999.5 (555.4)	1,700.3 (472.3)
photovoltaic	- -	12,6 (3.5)	65.5 (18.2)
total	26,902.1 (7,472.8)	24,577.1 (6,826.9)	25,469.5 (7,074.8)

(*) 1 GWh=3.6 TJ

(**) Figures included in 2010.

(***) Plant output considered equal to 25%.

NB: the figures are reclassified taking into account Acea SpA shareholdings (100% A.R.I.A., 100% Acea Reti e Servizi Energetici, 15% Tirreno Power, 30% AceaElectrabel Produzione). Acea Reti e Servizi Energetici (photovoltaic) was included as from 2009.

The main production plants in the Group (thermoelectric, hydroelectric installations and wind farms), the installed capacity, the availability indexes and the average outputs are listed below. The waste-to-energy and photovoltaic plants are described in the pertinent sections. Please refer to the Environmental accounts for further information.

Table No. 71– ACEAELECTRABEL PRODUZIONE’S ELECTRICITY PLANTS

thermoelectric plants	hydroelectric plants
Tor di Valle plant: combined cycle section (*) (Rome) natural gas fuel – gross output 125.9	A. Volta Castel Madama plant (Rome) gross output 9.4 MW
Tor di Valle Plant: co-generation section (**) (Rome) natural gas fuel – gross output 19.0 MW	G. Ferraris Mandela plant (Rome) gross output 8.5 MW
Montemartini plant (Rome) gas oil fuel – gross output 78.3 MW	Salisano plant (Rieti) gross output 42.2 MW
Voghera plant: combined cycle (Pavia) natural gas fuel - gross output 376 MW	G. Marconi Orte plant (Viterbo) gross output 20 MW
Roselectra plant (Livorno) natural gas fuel - gross output 384 MW	Sant’Angelo plant (Chieti) gross output 58.4 MW
Leini plant (Turin) natural gas fuel - gross output 391 MW	Cecchina plant (Rome) gross output 0.4 MW
	Madonna del Rosario plant (Rome) gross output 0.4 MW

wind farms

wind farms of the subsidiary Longano Eolica (Isernia): gross output 19.6 MW
Monte della Difesa wind farm (Salerno): gross output: 28.9 MW

GRAND TOTAL: GROSS OUTPUT 1,562 MW

(*) The combined cycle unit of the Tor di Valle Plant is equipped with bleeding facilities on the steam turbine.

(**) The co-generating turbogas unit at Tor di Valle is open-cycle in type and supplies the district heating service to the districts of Torino Sud and Mostacciano.

In addition to the **thermoelectric plants** shown in Table No. 72, Tirreno Power business also includes the renewable sources sector in Genoa comprising **17 hydroelectric units** (overall output of 66 MW).

Table No. 72 – TIRRENO POWER’S ELECTRICITY PLANTS

thermoelectric plants
Vado Ligure plant (Savona): combined-cycle natural gas section / coal fuel section coal, fuel oil, natural gas – gross output 1,455 MW
Torrevaldaliga Sud plant (Rome). Comprising two combined-cycle sections + another traditional section fuels: natural gas, fuel oil - gross output 1,494 MW
Naples Levante plant (Naples): combined-cycle fuel: natural gas - gross output 401 MW
hydroelectric plants
Hydroelectric plant in Genoa: gross output 66 MW

GRAND TOTAL: GROSS OUTPUT 3,416 MW

The figures concerning the Group's installed capacity, by energy source, indicated in table No. 73, discloses **a rise in solar - photovoltaic power**.

Table No. 73 - GROUP INSTALLED CAPACITY BROKEN DOWN BY ENERGY SOURCE (2008-2010)

energy source	2008 MW	2009 MW	2010 MW
coal	96	96	97
fuel oil	3	3	2
gas oil	23	23	23
natural gas (combined cycles and co-generation)	727	770	770
waste-to-energy	20	20	20
total thermoelectric + WtE	869	912	912
hydroelectric	52	52	52
wind	12	12	12
photovoltaic (*)	3	17	25
grand total	936	993	1,001

NB: the figures are reclassified taking into account Acea SpA shareholdings (100% A.R.I.A., 100% Acea Reti e Servizi Energetici, 15% Tirreno Power, 30% AceaElectrabel Produzione).

(*) the 2009 figure relating to the MWps from photovoltaic power included the output of the plants built even if not yet connected up.

The availability indexes for AceaElectrabel Produzione and Tirreno Power plants by Plant and their average output in the last two years, confirmed as positive, are shown in the following tables.

Table No. 74 - AVAILABILITY INDEXES FOR ACEAELECTRABEL PRODUZIONE PLANTS (2009 - 2010)

energy source	plant	overall availability (%)		scheduled unavailability (%)		unscheduled unavailability (%)	
		2009	2010	2009	2010	2009	2010
natural gas	Roselectra (*)	73.8	79.9	9.9	16.8	16.3	3.3
	Leini	75.4	89.7	10.8	8.4	13.8	1.9
natural gas (combined cycle - CCGT)	Voghera Energia (**)	72.2	85.6	22.0	4.4	5.8	10.0
	Tor Di Valle						
	(co-generation section - CHP)	69.7	89.5	6.8	5.6	23.5	5.0
	Tor Di Valle						
gas oil	Montemartini	79.0	91.4	15.2	1.9	5.8	6.7
hydroelectric	Salisano	98.8	99.4	1.1	0.4	0.1	0.2
	S. Angelo	91.1	86.9	6.9	3.7	2.0	9.4
	Orte	94.3	99.0	5.0	0.9	0.7	0.1
	Castel Madama	99.5	97.0	0.4	2.1	0.1	0.8
	Mandela	99.2	95.3	0.1	1.9	0.7	2.8
	minor plants	91.4	67.7	0.1	0.01	8.5	32.3
wind power	Monte della Difesa	97.5	98.5	nd	nd	nd	nd
	Monte Cavuti	98.2	98.0	nd	nd	nd	nd
	Capracotta	99.4	99.4	nd	nd	nd	nd

NB: the hours of scheduled/unscheduled unavailability cannot be provided as the indexes are calculated taking into account partial shutdown and load limits as well.

(*) General overhaul carried out, with extraction of the rotor of the Roselectra turbogas unit during April and May 2010.

(**) Repairs carried out on the rotor of one of the turbogas units of the Voghera plant during June and July 2010.

The following definitions must be taken into account in order to correctly interpret the figures provided in Table 74.

- **overall availability (%)**; this index refers to the period in which a plant or section thereof is available to produce energy, including times in which it is available even though it is not operational due to Electricity Market needs. This index is the ratio between the amount of energy available - which is the difference between the maximum amount of energy that can be generated and energy available (see sections below) - and the maximum amount of energy that can be generated that month. With regard to wind farms, the availability is calculated in compliance with the Service Contract with Vestas.
- **scheduled unavailability (%)**: this index refers to the period in which a plant or section thereof was unavailable due to scheduled events (maintenance, etc.). This index is the ratio between the amount of energy unavailable during the scheduled event and the maximum amount of energy that can be generated that month.
- **unscheduled unavailability (%)**: this index refers to the period in which a plant or section thereof was unavailable due to fault. This index is the ratio between the amount of energy unavailable during fault and the maximum amount of energy that can be generated that month.

Table No. 75 - AVERAGE OUTPUT OF THE ACEAELECTRABEL PRODUZIONE PLANTS (2009-2010)

plant	average output 2009 (%)	average output 2010 (%)
Roselectra	54.2	53.4
Leinì	52.9	53.0
Voghera Energia	53.5	53.4
Tor Di Valle (combined cycle - CCGT)	38.2	42.8
Tor Di Valle (co-generation section - CHP)	68.6	74.9
Montemartini	26.3	25.9
Salisano	85.8	85.9
S.Angelo	79.0	79.0
Orte	98.6	98.6
Castel Madama	82.7	82.7
Mandela	91.4	91.4
minor plants	60.2	56.2

NB: average output is the ratio between gross energy produced and potential energy.

Table No. 76 - AVAILABILITY INDEXES FOR TIRRENO POWER PLANTS (2009-2010)

energy source and plant	average availability (%)		scheduled unavailability (hours)		unscheduled unavailability (hours)	
	2009	2010	2009	2010	2009	2010
natural gas (natural gas combined cycle - CCGT) Naples, Torrealvaliga and Vado Ligure plants	92.9	87.4	394	1,596	2,088	2,804
coal Vado Ligure plant	68.2	80.2	4,289	1,375	1,287	2,093
natural gas (traditional section) Torrealvaliga plant	99.2	99.8	0	0	73	21
hydroelectric	86.7	50.1	174	4,224	992	144

NB: the indexes for Tirreno Power were calculated as established by the GRI Electric Utility Sector Supplement: availability factor(%) = (total hours of operations in the period x 100) / total hours for period (hours).

Table No. 77 - AVERAGE OUTPUT BY ENERGY SOURCE AND FOR THE TIRRENO POWER PLANTS (2009-2010)

energy source	average output 2009 (%)	average output 2010 (%)
coal	39.0	39.4
natural gas	33.8	50.5
gas oil	26.9	17.3
fuel oil	35.5	36.1
hydroelectric	92.0	80.6
plant		
Torrevaldaliga	48.2	46.6
Vado Ligure	43.8	43.6
Naples	53.5	53.8
hydroelectric	92.0	80.6

NB: average output is the ratio between gross energy produced and potential energy.

Waste-to-energy

Each year, Italy produces roughly 32 million tons of solid urban waste: 45% is stored in landfills, around 43% is used alternatively (biological mechanical treatment for stabilisation and recovery, composting, etc) and the remaining 12% is incinerated using waste-to-energy plants¹²¹.

The modern waste incineration plants contribute in the first place to dealing with the problem of disposing of said waste, thanks to the considerable reduction in its volume. They are also able to recover the heat developed during the combustion process and use it to produce steam, in turn used for the production of electricity. These plants using recovery technologies are indicated using the name **incinerators with energy recovery**, or more commonly **waste-to-energy plants**.

Acea, fifth leading operator in Italy¹²² with around 550,000 tons per year of waste treated, it owns two important waste-to-energy plants, one in the province of Terni and the other in San Vittore del Lazio (Frosinone). The **former** uses **paper-industry pulper** as fuel, **the latter burns WDF** (waste-derived fuel), whose features are defined by the Italian Ministerial Decree dated 5 February 1988 and the subsequent Italian Legislative Decree No. 152/2006.

The plant located in San Vittore del Lazio and managed by EALL in the A.R.I.A. Group **produced around 80,170 MWh during 2010, selling electricity for around 70,600 MWh**. The plant performs an important role, at regional level, within the sphere of the **solid urban waste treatment** industry and will represent a reference point for the **waste-to-energy treatment of sludge deriving from the treatment of urban waste water**: in fact, work is currently underway for enhancing the existing waste-to-energy line along with the creation of another two lines, with a potential of around 100,000 tons a year each. When fully up and running, 50,000 tons of sludge deriving from treatment activities will also be admitted to the plant, along with the WDF.

The plant located in Terni, run by the A.R.I.A. Group company Terni En.A., **produced around 45,470 MWh, selling electricity for around 40,630 MWh**.

Both the plants have implemented a environmental management system compliant with both the **UNI EN ISO 14001:2004** international standard and the European **EMAS** Regulation, with the aim of continually monitoring the overall environmental performances of the plants and improving and reducing, where possible, the significant environmental impacts.

Please also see the section *Company fact sheet - Italy & abroad* for further information and precise data on the two plants.

¹²¹ 2009 Ispra Waste Report published in 2010.

¹²² The Group's positioning in the sector is deduced from the Federambiente figures (www.federambiente.it) and from the company financial statements of the main operators in the sector.

Box – SAO: sustainable handling of waste

An informed and efficient handling of the waste produced involves a considerable commitment in the direction of environmental sustainability. Adequately treating waste, sending the organic fraction for composting and recovering energy from biogas are activities which SAO SpA (Servizi Ambientali Orvieto), A.R.I.A. Group, takes care of. The company has a site in Pian del Vantaggio, Orvieto, where the treatment and disposal of waste is carried out; other activities include urban hygiene, collection and transportation of municipal waste and special non-hazardous waste. SAO operates in accordance with the Integrated management system for Quality, the Environment and Safety and during 2010 renewed its **UNI EN ISO 14001:2004** environmental and **OHSAS 18001:2007** safety certification.

Furthermore, in April 2010, the first Environmental Declaration developed in accordance with the **EMAS** No. 1221/2009 European environmental Regulation was validated, and final registration of the activities is pending. In line with the Acea Group's Environmental Policy, SAO handles the activities seeking to pursue the maximum recovery of the materials, favouring the production of energy from renewable sources and the reduction of the need to transfer waste to landfills.

The production areas of the site are structured as follows:

- the selection and treatment of MSW and Special Waste

- is carried out by means of the selection plant, the biostabilisation/composting plant and the refining plant;
- the refining plant receives the compost produced by the biostabilisation/composting plant and refines it separating the reject fractions and producing a quality compost to be used in agriculture or non-compliant compost, destined for landfills;
- at the completed landfill, activities are carried out to handle the leachate, and the biogas produced here is entrusted to an outside company, which recovers the related energy;
- the operational landfill, which will be extended, has a total gross capacity of around 2.3 Mm³ (and a current residual volume of around 560,000 m³);
- the recovery of energy from the biogas, which is produced in the operational landfill, due to the organic deterioration of the waste, is an integral part of the process: an internal combustion engine recovers the energy from the biogas, and this is used by the plant itself.

Another energy source is provided by the presence of a photovoltaic plant: the panels cover the surface area of the building which houses the selection, treatment and composting plants, and the energy generated is used internally by the SAO plants.

disposal	2009 (tons a year)	2010 (tons a year)
in landfills	141,013.48	135,233.04
sent to other recovery centres	851.22	914.57

Source: SAO SpA Environmental Declaration (April 2011)

Renewable energy from the sun

Besides producing energy from water sources and the waste-to-energy treatment of pulper and WDF¹²³, as already mentioned, over the last few years Acea has been **increasing photovoltaic production considerably**. Activities commenced in 2008, with the completion and connection to the electricity grid of plants for around 2.5 MWp; they continued in 2009, with the connection of another 8.9 MWp, and were **developed during 2010**, finishing the connection of a number of plants already constructed in the previous year and constructing and connecting new ones for an additional 13.4 MWp, which led to total installed power of 24.7 MWp, destined to increase thanks to other projects already finished and in the connection stages¹²⁴.

The energy produced in total during 2010 from photovoltaic sources came to 18,161,674 kWh, capable of satisfying the requirements of around 6,000 households, involving the avoidance of approximately 8,400 tons of CO₂ emissions¹²⁶.

Projects developed in 2010, included the **photovoltaic plant of around 5 MWp** built in Rome on cantilever roofing covering the car park of the **Commercity commerce centre** (see related box), but also of importance were the 7 plants constructed in Puglia for a total of around 6.3 MWp. The Lazio and Puglia regions currently present the two areas where the most powerful plants constructed by Acea Reti e Servizi Energetici are concentrated, involving around 12 MWp overall

¹²³ The latter is only partly equivalent to renewable sources.

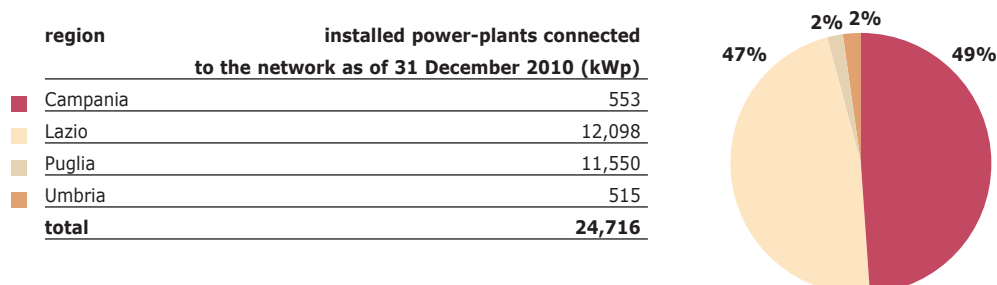
¹²⁴ Again in 2010, plants were in fact created for another 11.7 MWp but however have not yet been connected to the grid for reasons not attributable to Acea.

¹²⁵ Considering an average consumption per household in the province of Rome of around 3,000 kWh per year.

¹²⁶ Having considered an emission factor of around 0.46 t CO₂/MWh - ISPRA National Inventory Report 2009, table 3.4.

in Lazio and about 11.5 MWp in Puglia, already connected to the grid (see chart No. 33), even though the company, during the year, also entered into agreements which envisage the construction of small plants located throughout Italy, such as that entered into with Q8 Petroleum Italia SpA for the creation of systems covering fuel stations.

Chart No. 33 - PHOTOVOLTAIC PLANTS CONNECTED TO THE GRID: INSTALLED POWER PER REGION (AS OF 31 DECEMBER 2010)



Box – Commercicity: the largest photovoltaic installation in Rome

The Commercicity photovoltaic system, completed in 2010 and inaugurated in 2011, is the largest currently built in Rome.

The panels, in polycrystalline silicon, have been installed on the cantilevered roofing covering the 2,910 car parking spaces at the commerce centre, positioned in such a way as to achieve the best energy yield performances. The system **does not occupy usable terrain**, the steel structures which support the panels, by contrast, provide shade for the parked vehicles and the pedestrians who pass on the underlying walkways.

The plant constructed by Acea Reti e Servizi Energetici has a total output of 4,980 kWp, is made up of 17,475 panels distributed in five sections, electrically twined, each with

an output of 996 kWp.

Production of electricity from solar sources is estimated as around 6 GWh per year and makes it possible to avoid CO₂ emission into the atmosphere of around 2,700 tons per annum, involving a consequent savings of approximately 1,000 equivalent tons of petroleum a year. 10 inverters have been installed, each with an output of 500kW, for the greater reliability of the photovoltaic generator and in order to permit the conversion from DC to AC.

The Commercicity photovoltaic plant produces the electricity necessary to power the public lighting network of the XVth Municipal Area as well as the recharging stations for electric vehicles and scooters, located within the centre.

Energy distribution: networks and smart grids

Distribution networks

With around 3 million inhabitants served, Acea is the third leading operator in the distribution of electricity in Italy. Acea Distribuzione¹²⁷ manages a network of cables and overhead lines covering more than 29,000 km, which provides electricity to Rome and Formello, involving roughly 12,000 GWh a year of electricity introduced onto the network. Table No. 78 provides the 2010 figures concerning overhead and underground high-, medium- and low-voltage electricity distribution lines.

The ratio between the kilometres of HV underground and overhead lines, considered to be an indicator of "territorial protection", equating to 64.8% in 2010 is in line with the Modernisation Plan which favours the burying of cables.

Transmission and distribution losses, expressed as a percentage of the total energy requested on the network, came to 6% in 2010 (see the *Environmental accounts*).

¹²⁷ Accounts and Company Fact Sheets - Italy & abroad, for information concerning the activities carried out by Acea Distribuzione.

Table No. 78 - OVERHEAD AND UNDERGROUND DISTRIBUTION LINES AS OF 31 DECEMBER 2010

networks	overhead lines (km)	underground lines (km)
high-voltage	372	241
medium-voltage	494	9,526
low-voltage	1,697	16,997
total	2,563	26,764

As part of the Memorandum of Understanding for the reorganisation of the electricity distribution and transmission network, high (150 kV) and very high (220 and 380 kV) voltage, signed in 2007, together with the Rome Municipal Authority and Terna SpA, which envisaged the construction of 123 km of new overhead lines and the demolition and/or burying of 388 km, in an area which runs through 11 protected natural zones, the authorisation procedures for the start of the work were carried out in 2010. In detail, pursuant to Italian Legislative Decree No. 152/06, the consulting stage was launched, care of the Lazio Regional Authority, for the quadrants to the north of Rome area, during which the parties who protect the territory from a landscape planning standpoint can make any observations on the projects. Work should commence in 2012.

Smart grid

Over the last few years, a new concept of electricity network and the relationships between production, distribution and consumption has spread. So far, electricity generation has been concentrated in large plants connected to the electricity transmission grid; the distribution network represented the final portion of the transportation system and was conceived for a single-direction power flow: from the centralised production to the consumer. This production and transportation model is now changing, following the deregulation of the electricity generation market. In fact, the number of small electricity generation plants which connect up to medium and low voltage grids, is rapidly rising. This is the phenomenon of distributed generation, where the primary source is often renewable (predominantly solar photovoltaic and biomasses in Rome) and high-efficiency co-generation plants are also being constructed. The flow is no longer unidirectional and the need has emerged, for the distributor, to implement management systems capable of regulating the voltage and the power flows; the network, in other words, must perform new functions, based on ICT technologies. Therefore we are dealing with "smart" grids, although it would be more correct to refer to them as "smart systems", since even the end customers could, prospectively, adopt evolved withdrawal techniques.

The same user will have to achieve the possibility of managing its energy consumption in an informed manner, more convenient from an economic point of view and more heedful of the environment. Digital meters, already installed by Acea Distribuzione (at the end of 2010 there were around 1.45 million digital meters in operation, out of a total of about 1.6 million users), are an instrument which moves in the direction of an informed management of consumption, permitting greater availability of information and direct communication with the distributor.

On a general note, the concept of smart grid includes all the technological innovations on the distribution networks capable of encouraging:

- distributed generation;
- the active participation of the customers;
- the rational use of energy;
- support for electrical mobility;
- improvement of the quality of the service.

EU Directive No. 2009/72/EC, being assimilated in Italy, indicates that «The member states should encourage the modernisation of distribution networks, such as the introduction of smart grids which should be built in a way that encourages decentralised generation and energy efficiency». In light of said Directive, the Gas and Electricity Authority established - by means of the Resolution dated 25 March 2010 - ARG/elt 39/10 - to provide incentive for pilot projects for the development and furthering of the technologies inherent to smart grids, in other words «projects demonstrative of active distribution networks, featuring devices aimed at integrating the conduct and the action of all the connected users, for the purpose of encouraging distributed generation and efficient use

of the resources». **In November 2010, Acea Distribuzione presented its own smart grid project, which was chosen by the AEEG and included among the pilot projects receiving incentives**¹²⁸ (see related box).

Box – Smart grids: Acea pilot project approved

The Project presented to the Gas and Electricity Authority by Acea Distribuzione, so as to develop an “active network” **will be achieved in Rome over the next two years**, has a total cost of around Euro 4.9 million and affects a network already up and running in the area of Malagrotta - Ponte Galeria. Various measures will be focused on developing innovative solutions for the management of the network and the improvement of the service continuity, in line with the approaches and general instructions established by the Authority. The project network has been chosen because it is already active, or rather the power flow in the HV/MV transformer inverts for a period of time much higher than 1% of the annual time. The smart measures include the selectivity of the protection system, the management of the voltage profile, and the handling of the generators connected to the network; furthermore, the project focuses on the

minimisation of energy losses and the E-Car and Storage, in other words the possibility of managing the recharging infrastructure for electric vehicles. The plants generating energy from photovoltaic sources and biomass affected by the project are all up and running in the area already. The project presents a small accumulation system supplemented by a recharging station for electric vehicles and a photovoltaic plant which will be managed by the control system. Mass measures on the acquisition and control system and on the communication system, are envisaged. The concept of extended primary station and the use of consolidated communication standards are elements which project features and will involve all the “active” users (remote tripping, regulation of the interface guards, possible regulation signals) and “passive” users under medium voltage.

Energy savings

Energy saving certificates and co-generation

Acea Reti e Servizi Energetici, wholly-owned by Acea SpA, besides operating in the photovoltaic sector as previously illustrated, identifies and implements measures aimed at achieving **energy savings** laid down by current legislation¹²⁹ for distribution companies. In relation to the initiatives activated, the Gas and Electricity Authority awards the **Energy Efficiency Credits** (Italian TEEs) or “**white certificates**” (type I, II or III) according to the energy source saved (electricity, gas or other energy sources). The surplus TEEs produced, with respect to the achievement of the quota set by the Authority for the distribution company, can be sold to other companies, exchanging them on the market regulated and run by the Electricity Market Operator (GME).

During 2010, a year which saw little availability of TEEs on the market, **Acea Distribuzione was the only one to comply with the obligation to achieve the energy saving target.**

Initiatives previously undertaken¹³⁰ by **Acea Reti e Servizi Energetici** in fact not only made it possible to **achieve the energy saving target** assigned to the distribution company but to **exceed it to a wide extent** (see chart No. 34). During 2010, the certificates produced in excess numbered **116,036**¹³¹, which added to those previously accumulated provide the company with an availability of more than 625,000 TEEs (see chart No. 34)¹³² **and those sold**¹³³ to other companies came to **163,206**.

¹²⁸ Under Resolution ARG/elt 12/11, published in February 2011, the Gas and Electricity Authority disclosed the projects chosen for the experimental stage of the smart grids which have received incentives. They are 8 in total, for an overall investment of Euro 19.3 million.

¹²⁹ Italian Ministerial Decrees dated 20 July 2004, subsequently amended and supplemented by Italian Ministerial Decree dated 21 December 2007.

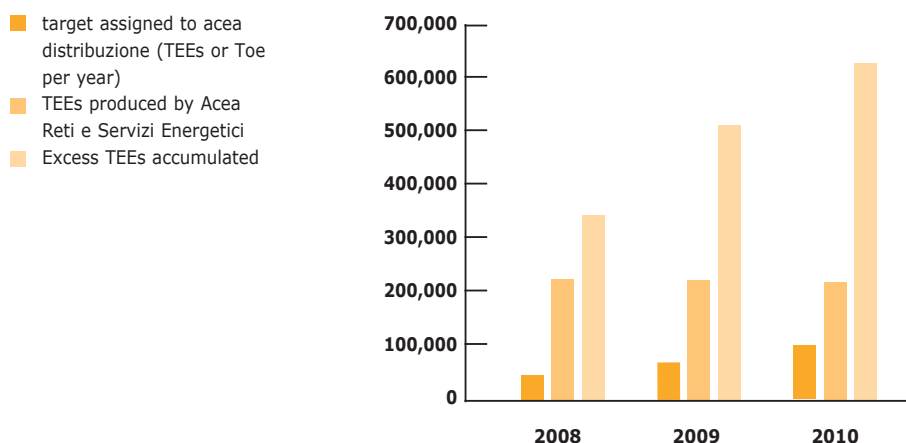
¹³⁰ These initiatives (distribution to citizens of compact fluorescent light bulbs and water kits, replacement of motors with high-efficiency models, replacement of incandescent votive light bulbs with equivalent LED ones and lighting efficiency measures in Rome underground stations), were carried out until 2008, ensuring such a high availability of TEEs that it was not necessary to implement new projects in 2009 nor 2010.

¹³¹ The 215,185 TEEs produced are in fact deducted the certificates used for achieving the target assigned to the distribution company, equating to 99,149 TEEs in 2010.

¹³² The total shown in chart No. 34 is joined, for 2010, by 5,695 type III TEEs.

¹³³ Overall, as from the first year of validity of the Decrees, Acea Reti e Servizi Energetici sold 521,672 TEEs to other companies: 418,411 type I certificates (reduction in the end consumption of electricity); 88,435 type II (reduction in the end consumption of gas) and 14,827 type III (other sources).

Chart No. 34 - ENERGY SAVING TARGETS ASSIGNED TO ACEA DISTRIBUZIONE, SURPLUS TEEs PRODUCED (2008 – 2010)



year	target assigned (Toe/year)	TEE produced (no, of TEE)	accumulated surplus TEEs(*) (no, of TEE)
2008	49,131	223,074	355,469
2009	73,335	226,859	508,993
2010	99,149	215,185	625,029

(*) The surplus TEEs have accumulated since 2005.

Ecogena (51% owned by Acea Reti e Servizi Energetici) also achieves energy efficiency certificates thanks to the construction of **co-generation plants**, capable of producing electricity and thermal energy in a combined manner, and **tri-generation plants**, which also combine energy for cooling purposes¹³⁴. Between 2009 and 2010, Ecogena constructed plants with an overall installed power of **4.3 MWe** and continued with the development activities which led to the finalisation of agreements for the construction of another two co-generation installations at the site known as "Europarco" and at the Laurentino Shopping Centre, both in Rome, involving an additional 3.8 MWe, as well as the launch of numerous other negotiations. The plants currently managed supply energy to around **1,200 households**.

In response to the needs to render the Capital increasingly eco-compatible, what is more, Eur SpA (90% owned by the Ministry for the Economy and Finance, 10% by the Rome Municipal Authority), a company which owns important real estate property assets in the Eur district in the south of Rome, and Ecogena SpA established **Eur Power Srl** (51% Eur SpA, 49% Ecogena SpA) in 2010 for the purpose of producing and supplying electricity, heat and cooling power to industrial and non-industrial users, via the construction, running and maintenance of co-generation and tri-generation plants, as well as small generation plants with geothermal integration. The project, known as **Smart Grid EUR**, will be presented to the Etats-Généraux of the Capital in February 2011.

Energy efficiency within the Acea Group

Energy consumption is an expression of dynamism and vitality but it is important that growth of the same is accompanied by control activities on efficiency which ensure environmental sustainability. While waiting until the progress of scientific research makes it possible to avail of unlimited energy, at a low cost and with little impact on the environment real, the subject of **correct and careful handling of consumption** will remain central, both at global systemic level, at industrial level and even for individuals, each one of which may feel themselves involved in the attempt to reconcile progress with savings and sustainability.

A road which can be gone down is that of **energy efficiency**, in other words trying to **obtain more using the same amount of energy**. From as early as 1992, within Acea the task of

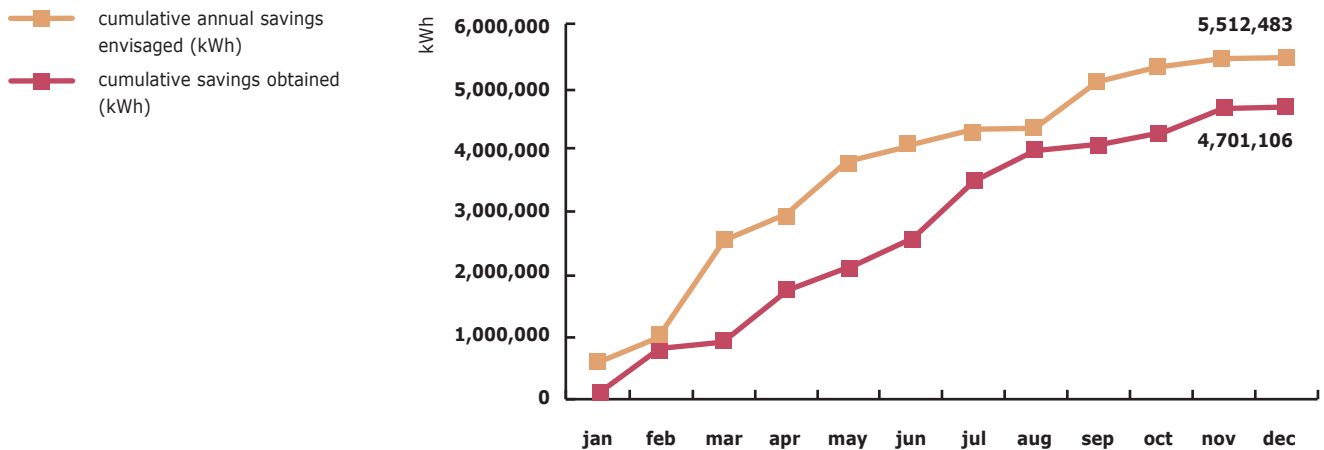
¹³⁴ Co-generation, in other words combined production of electricity and thermal energy, makes it possible to avail of high outputs: between 80 and 90%. Tri-generation is a particular application allowing use of all or part of the thermal energy recovered to produce refrigerating energy in the form of refrigerated water for air conditioning or industrial processes.

rationalising the final uses of the energy in the various production processes was entrusted to a group of engineers – the Energy Managers, introduced in Italy by means of Italian Law No. 10/91 –, seeking to reconcile the contrasting needs for development and a containment in consumption as fully as possible. The company also set up, **during 2010**, an **Energy Managers' Co-ordination Committee**, in which experiences and best practices are shared and discussed and precise initiatives are proposed. The committee must produce a report each year which collates the results of its work and analysis and proposes to senior company management the reflections and suggestions of the Energy Managers on the most significant energy issues for the Group. During 2010, the Committee met three times, above all else analysing the important innovations introduced by EU Directive 2009/28/EC (Directive 20-20-20).

Of particular significance among the various initiatives undertaken by the Group for the purpose of increasing the energy efficiency of the plants and networks, are the measures taken by the **operating companies in the Water Sector** which, also during 2010, planned and implemented a structured **energy efficiency plan**, monitoring the progress thereof. Due to their very mission, the water companies commit themselves to improving the level of aqueducts, sewerage and treatment service offered to the user, extending the coverage of the area served and ensuring the high quality of the water distributed, treated and returned to the environment; this inevitably leads to the activation of new plants and the intensification of the power of the existing ones, with a consequent inherent increase in energy consumption. In order to deal with the constant request for additional energy, the water companies carried out methodical **analysis on the networks and the plants** with the aim of **identifying the technical and operational measures which make it possible to use the energy to best effect**, avoiding any waste.

The energy efficiency measures taken by the water companies in 2010 made it possible to achieve the satisfactory results illustrated in chart No. 35, leading to **overall efficiency of 5.5 million kWh**, higher than planned expectations, which envisaged efficiency for a total of 4.7 million kWh. The increases in efficiency were obtained together with the improvement in the service level offered to the customer, combining efficiency and efficacy of the service.

Chart No. 35 - WATER COMPANIES: OVERALL PROGRESS OF THE ENERGY EFFICIENCY PLANS (2010)



Water



The boundaries

The boundaries include Acea Ato 2, which is illustrated in greater detail, and the following other water companies¹³⁵: Acea Ato 5, Acque, Gori, Acquedotto del Fiora, Publiacqua and Umbra Acque. With regard to sludge disposal and recovery activities, reference should be made to the Aquaser Group companies, Kyklos and Solemme.

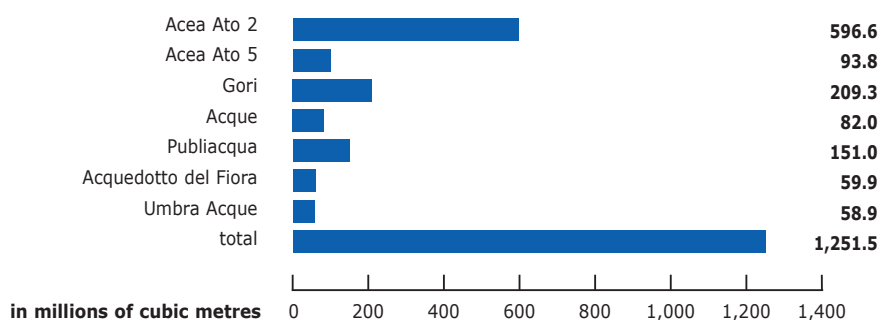
The environmental figures of the water companies are 100% attributable to Acea, irrespective of the shareholding of the holding company in the share capital, due to the role in the business management of the activities.



Integrated management of water is a traditional Group business, started in 1937 with the distribution of drinking water in Rome. Today Acea, via its own or investee companies, manages the integrated water service - aqueduct, treatment, and sewers - in Optimum Areas of Operation (ATOs) which fall within four Italian regions, Lazio, Campania, Umbria and Tuscany, qualifying as national leader in the sector; it is also active abroad¹³⁶.

The customer base served in total in Italy amounts to around **8.5 million individuals**¹³⁷ and the **volumes of drinking water** introduced onto the network in 2010 amounted to **1,251.5 million cubic metres** (see chart No. 36). In ATO 2 - Central Lazio alone, the **volume of water introduced onto the network** came to around **597 million cubic metres**, 470 million cubic metres of which on the "historic network" of Rome and Fiumicino.

Chart No. 36 - VOLUMES OF DRINKING WATER INTRODUCED INTO THE NETWORK: TOTAL AND BY COMPANY (2010)



Further on in this section, certain Group figures are presented and Acea's activities in the "historic" area of Central Lazio are illustrated in greater detail. The activities of the other water companies are only mentioned in passing, therefore reference should be made to the *Environmental Accounts* and the section *Company fact sheets - Italy & abroad* for further indications and in particular the individual water balances.

¹³⁵ Nuove Acque joined the Group's scope of consolidation as from October 2009. The water figures are not included in the boundaries, since Acea does not have a predominant role in the business operations. Reference is therefore made to Nuove Acque's sustainability report, which the company publishes independently.

¹³⁶ In Peru, Honduras, the Dominican Republic and Colombia; countries where, between the integrated water services and commercial aspects of the service a total of 9.7 million inhabitants are served. The percentage of foreign business with regard to total revenues from the water sector comes to 3.5%. On the basis of the GRI indicators, it was therefore established that a concise illustration be provided in the section *Company fact sheets - Italy & abroad*, to which reference is made.

¹³⁷ Inhabitants served abroad amounted to 9.7 million in 2010, but the percentage of foreign business with regard to total revenues from the water sector came to 3.5%. On the basis of the GRI indicators, it was therefore established that a concise illustration be provided in the section *Company fact sheets - Italy & abroad*.

Springs and protected areas

Acea Ato 2 operates in Optimum Area of Operations 2 - Central Lazio which includes Rome and another 111 municipalities and as of 31 December 2010 managed the integrated water service in 76 municipalities (equivalent to around 3.7 million inhabitants, including residents, floating population and production activities). Drinking water is withdrawn from the springs on the basis of long-term concession agreements. The Peschiera, Capore, Acqua Marcia, Acquoria, Salone (Acquedotto Vergine), Vallepietra and Ceraso springs are the main **sources of supply** for ATO 2, integrated by a number of well fields (Pantano Borghese, Finocchio, Torre Angela, Doganella; Ceraso; former Casmez) and Lake Bracciano. The water is handled via **eight aqueduct systems**, both gravity and pressure operated.

Another three sources of supply - the Traianee and Salone springs and the River Tiber - provide the non-drinking resource, which is treated and introduced onto the sprinkler network.

In the collection process from the springs, the company pays extreme care so that the withdrawals do not have any impact on the ecosystems and the surrounding protected areas.

Table No. 79 - THE SPRINGS UNDER PROTECTION IN ATO 2 – CENTRAL LAZIO

sensitive area	location	surface areas (m²)
Peschiera Springs	Municipality of Cittaducale (Rieti, Lazio)	598,530
The Capore Springs	Municipality of Frasso and Casaprota (Rieti, Lazio)	586,600
Acqua Marcia Spring	Municipality of Agosta-Arsoli-Marano Equo (Rome)	3,519,600
Acquoria Spring	Municipality of Tivoli (Rome)	10,050
Acqua Felice – Pantano Springs	Municipality of Zagarolo (Rome)	441,280
Pertuso Springs ¹³⁸	Municipality of Trevi – Filettino (Lazio)	77,740
Doganella Springs	Municipality of Rocca Priora (Rome)	350,000
Acqua Vergine Springs	Municipality of Rome	500,000
Torre Angela wells	Municipality of Rome	50,300
Finocchio wells	Municipality of Rome	31,153

NB: the table lacks the protected areas of certain springs (Vallepietra, Ceraso and the former Casmez wells) which are currently being drawn up by LaboratoRI and will be presented to the appropriate bodies subsequently.

The other companies operating in the water sector include some which are located in areas of environmental value and have paid particular attention to the topics relating to environmental impacts, the protection of the ecosystems and biodiversity. In Lazio, Acea Ato 5 pipelines pass through the nature reserve of the lake of Posta Fibeno, the nature reserve of Lake Cantemo, the regional park of the Monti Aurunci and the regional park of the Monti Ausoni; in Tuscany, Acquedotto del Fiora, operating in the province of Siena, has plants located on sites of community importance (SCI) or state-owned nature reserves¹³⁹; Acque SpA has treatment plants in two protected areas: in the wetlands of Padule di Fucecchio, between the provinces of Pistoia and Florence, and in the area of Lake Massaciuccoli, between the province of Pisa and Lucca. The former has been included in an Environmental Plan Agreement which envisages the construction of a new treatment plant, fundamental for supporting the Padule water balance in the Summer months of greater drought. The second is included in the project for the treatment and protection of the coastline and Lake Massaciuccoli. Detailed information can be found in the related company fact sheets (section *Company fact sheets – Italy & abroad*).

Water quality

The hydrogeological spheres in which the companies that managed the integrated water service find themselves operating are very different and each one finds itself dealing with different problems linked to the features of the water withdrawn. In order to guarantee and protect the quality of the resource distributed and returned to the environment, each company carries out accurate analytical tests both on the drinking water and on the waste water, constantly checking the parameters (see tables No. 80 and 81 and chart No. 37 and No. 38).

¹³⁸ Under normal conditions, the Pertuso springs are used by Enel for the production of electricity, while the springs in the Municipality of Vallepietra and that of Ceraso contribute towards feeding the Simbrivio aqueduct network. In the event of seasonal drought, it is also necessary to draw from Pertuso, interrupting the generation of electricity. This procedure is disciplined by a decree issued by the Commissioner for the Simbrivio water shortage.

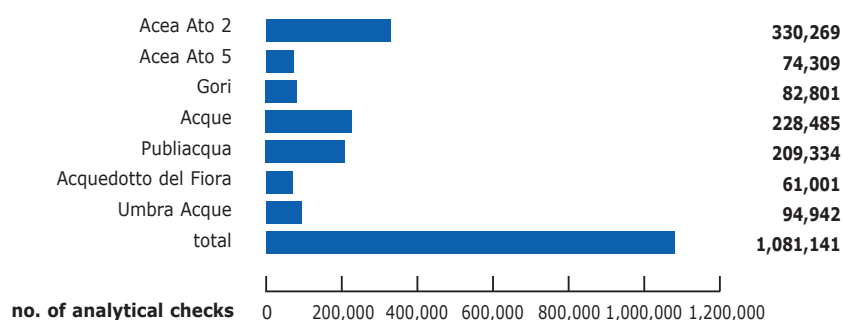
¹³⁹ Please see the sustainability report, published independently by Acquedotto del Fiora.

Table No. 80 - ANALYTICAL CHECKS ON DRINKING WATER: TOTALS AND BY COMPANY (2008-2010)

company	2008	2009	2010
(No. of analytical checks on drinking water)			
Acea Ato 2 (*)	369,184	359,728	330,269
Acea Ato 5 (*)	76,653	74,396	74,309
Gori	nd	86,650	82,801
Acque	233,159	240,998	228,485
Publiacqua	249,600	234,560	209,334
Acquedotto del Fiora (**)	47,850	55,286	61,001
Umbra Acque	115,047	116,769	94,942
total	1,091,493	1,168,387	1,081,141

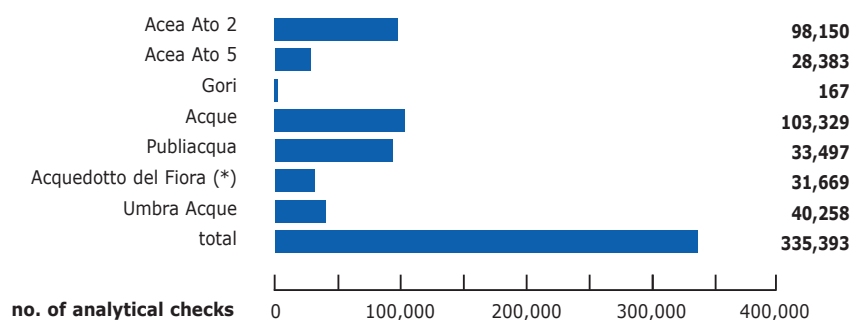
(*) The majority of the checks for Acea Ato 2 and Acea Ato 5 were carried out by LaboratoRI SpA. The 2009 figure for Acea Ato 2 has been adjusted.

(**) The 2008 and 2009 figures have been adjusted.

Chart No. 37 - No. OF ANALYTICAL CHECKS ON DRINKING WATER: TOTALS AND BY COMPANY (2010)**Table No. 81 - ANALYTICAL CHECKS ON WASTE WATER: TOTALS AND BY COMPANY (2008-2010)**

company	2008	2009	2010
(No. of analytical checks on waste water)			
Acea Ato 2	97,138	87,056	98,150
Acea Ato 5	18,210	27,358	28,383
Gori	284	210	167
Acque	81,195	94,395	103,239
Publiacqua	34,776	34,826	33,497
Acquedotto del Fiora (*)	24,545	24,841	31,699
Umbra Acque	41,430	41,632	40,258
total	297,578	310,318	335,393

(*) The 2008 and 2009 figures have been adjusted.

Chart No. 38 - No. OF ANALYTICAL CHECKS ON WASTE WATER: TOTALS AND BY COMPANY (2010)

(*) The figures have been adjusted.

Each company, besides carrying out checks which monitor and certify the good quality of the water, undertakes initiatives aimed at communicating the activities performed to the citizens and making them aware of the correct use of the water resource. Much is done by Acea Ato 2 (see *Socio-economic Relations with Stakeholders*, section *Customer and the community*) and among the Tuscany-Umbria companies: merely by way of example, in the section "Water quality" of the company's website, Acquedotto del Fiora discloses on-line the average of the analytical values of the various parameters detected at the withdrawal points (87 sites which can be selected), Acque SpA carries out a number of projects aimed at the spreading of consumption of tap water, in replacement of mineral water, in schools canteens and the gradual creation of "drinking fountains" spread throughout the area served, which provide the same water normally distributed by the aqueduct, treating it first; in conclusion Umbra Acque has included a section on its website where, municipality by municipality and district by district, one can check the chemical and organoleptic features of the water distributed.

Quality of the water distributed in Rome

The **drinking water distributed in Rome** presents a very high level of quality at source, which is carefully maintained by Acea Ato 2. The company carries out **first level checks** on the drinking water, by means of control units for on-going gauging, placed along the aqueducts, and **second level checks**, availing itself of the specialised structure LaboratoRI SpA, an ACCREDIA accredited Group company, which carries out chemical-physical, chemical-organic and microbiological analysis on samples taken daily from various points along the entire aqueduct system (see tables No. 82-84).

Table No. 82 - ANALYTICAL TESTS ON DRINKING WATER – HISTORIC NETWORK OF ROME (2008-2010)

	no. of withdrawal points	no. of samples			no. of analytical tests		
		2008	2009	2010	2008	2009	2010
collection	45	818	682	515	44,885	31,139	21,451
aqueduct and water pipelines	33	640	500	280	22,585	19,499	9,531
reservoirs/water centres	17	623	214	222	12,252	11,432	7,948
distribution networks	320	3,860	3,933	3,557	124,716	125,604	113,762
total	415	5,941	5,329	4,574	204,438	187,674	152,692

NB: the withdrawal points have been the same for three years.

Table No. 83 indicates that, also thanks to LaboratoRI, each year Acea Ato 2 carries out checks on samples taken from the sources, the aqueducts, the reservoirs and the networks for drinking water and on samples of waste and surface water (also see the *Environmental accounts, Water sector products*).

The **total number of checks** carried out each year on the integrated water system of ATO 2 – Central Lazio - **438,795 analytical tests in 2010 - were much higher than those established by current legislation**¹⁴⁰.

¹⁴⁰ Italian Legislative Decree No. 31 dated 2 February 2001, "Implementation of EU Directive 98/83/EC relating to the quality of water destined for human consumption", published by Italian Official Gazette No. 52 dated 3 March 2001 - Ordinary Supplement No. 41.

Table No. 83 - ANALYTICAL TESTS CARRIED OUT OVERALL IN ATO 2 - CENTRAL LAZIO (2008-2010)

company	2008	2009		2010
		(no. of analytical tests)		
drinking water	354,412	338,974		305,258
waste water	96,214	87,056		98,150
surface water	28,717	35,920		35,387
total	479,343	461,950		438,795

(*) The figures refer to the analytical activities carried out by Laboratori.

Table No. 84 - AVERAGE CHEMICAL AND MICROBIOLOGICAL FEATURES OF THE WATER DISTRIBUTED IN ROME AND ITALIAN LEGISLATIVE DECREE NO. 31/01 PARAMETERS (2010)

parameters	unit of measurement	average value	legal parameter value
			2010 (It. Leg. Decree No. 31/01)
Turbidity	NTU	0,60	without anomalous variations
Temperature	°C	12	not envisaged
Concentration of hydrogen ions	pH	7,4	>6.5 e <9.5
Electrical conductivity	µS/cm at 20°C	537	2,500
Chlorides	mg/L Cl	6.4	250
Sulphates	mg/L SO ₄	13.9	250
Calcium	mg/L Ca	96	not envisaged
Magnesium	mg/L Mg	19.0	not envisaged
Sodium	mg/L Na	4.55	200
Potassium	mg/L K	2.0	not envisaged
Water hardness	°F	31.8	15-50
Free residual chlorine	mg/L Cl ₂	0.18	-
Alkalinity	mg/L CaCO ₃	315	not envisaged
Fixed residual calculated	mg/L	384	1,500
Nitrates	mg/L NO ₃	3.5	50
Nitrites	mg/L NO ₂	<0.01	0.50
Ammonia	mg/L NH ₄	<0.03	0.50
Fluorides	mg/L F	0.13	1.50
Total organic carbon	mg/L C	0.8	without anomalous variations
Iron	µg/L Fe	7.20	200
Coper	mg/L Cu	0.002	1.0
Lead	µg/L Pb	0.20	10
Cadmium	µg/L Cd	<0.2	5.0
Chromium	µg/L Cr	<5.0	50
Nickel	µg/L Ni	<1.0	20
Manganese	µg/L Mn	0.29	50
Arsenic	µg/L As	1.7	10
Vanadium	µg/L V	2.30	50
Total trihalomethanes	µg/L	0.93	30
Trichlorethylene	µg/L	<0.10	10
Tetrachlorethylene	µg/L	<0.14	10
1.2 - Dichloroethane	µg/L	<0.30	3.0
Benzene	µg/L	<0.10	1.0
Benzopyrene	µg/L	<0.003	0.010
Coliform bacteria at 37° C	MPN (*)/100 mL	0	0
Escherichia coli	MPN/100 mL	0	0
Enterococcus	UFC (**)/100 mL	0	0

(*) Most Probable Number.

(**) Unit Forming Colony.

The sewage service and treatment system

The management of the integrated water service involves the entire management of the water, including the treatment system: sewerage networks, raising plants connected to the network and the sewer mains and treatment plants, some of which have a potential which exceeds 10 m³/s. The **sewerage network at Group level** extends by **over 23,800 km**, while the **treatment plants** number **approximately 820**, involving a total volume of waste water treated in 2010 of about 929 million cubic metre (see charts No. 39-41, the *Environmental accounts* and, for details on the individuals companies, the section *Company fact sheets - Italy & abroad*).

Chart No. 39 - SEWERAGE NETWORKS: TOTAL AND BY COMPANY (2010)

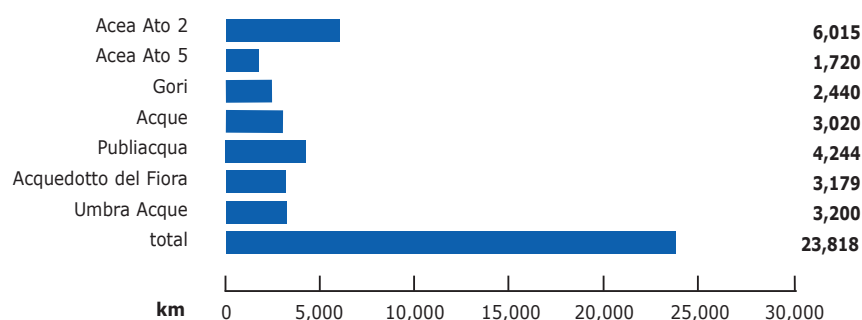


Chart No. 40 - TREATMENT PLANTS: TOTAL AND BY COMPANY (2010)

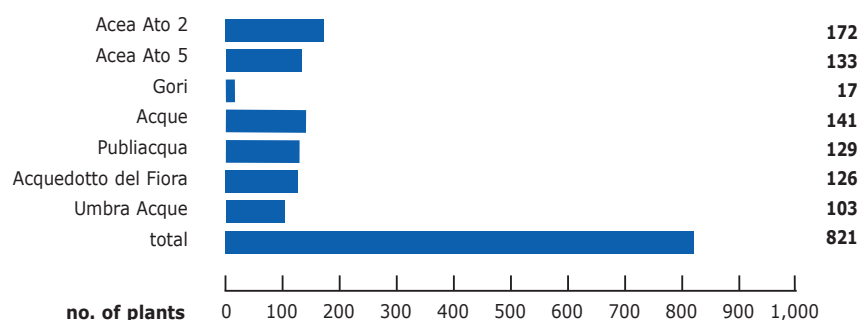
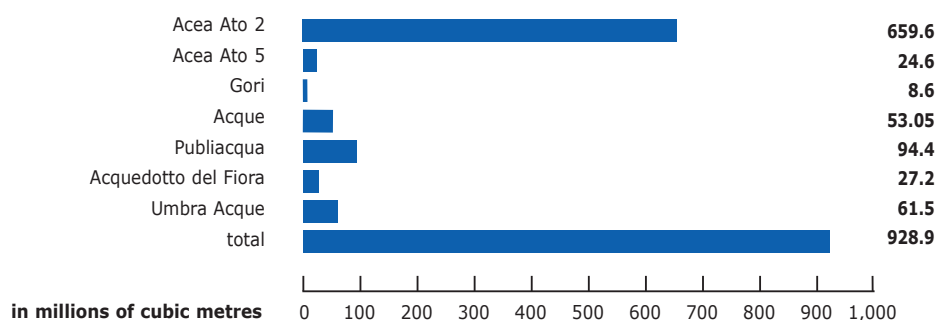


Chart No. 41 - VOLUMES OF WASTE WATER TREATED IN TOTAL AND BY COMPANY (2010)



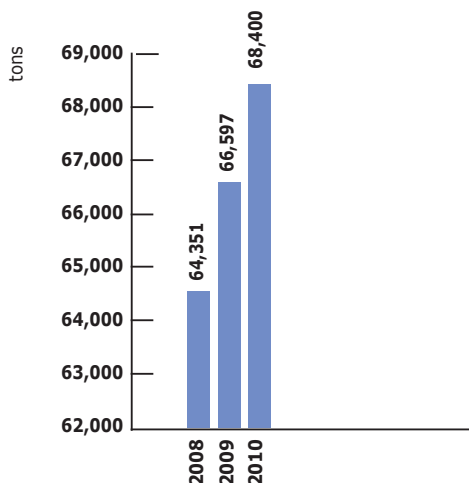
The main treatment plants managed by **Acea Ato 2**, in the "historic" area of Rome and Fiumicino, treated a volume of water of **587 million cubic metres** in 2010, involving an increase of over 10% when compared with 527 Mm³ in 2009. Also considering the minor treatment plants and those belonging to the municipalities acquired in ATO 2, a **total volume of around 660 million cubic metres treated** is reached. As of 31 December 2010, the sewage raising plants managed by the company were 484, of which 165 in the municipality of Rome, and 172 treatment plants, 35 of which in the municipality of Rome¹⁴¹.

¹⁴¹ For further information, also see the fact sheet on Acea Ato 2 in the section Company fact sheets - Italy & abroad.

The “**treatment efficiency**”, or rather the efficiency by means of which the main polluting agents present in the waste are removed, maintained average values of COD (Chemical Oxygen Demand) and TSS (Total Suspended Solids) exiting the plants, within the limits envisaged by the law (Italian Legislative Decree No. 152/06). In 2010, the volumes of COD and TSS removed increased in absolute terms (see charts No. 42 and 43)¹⁴².

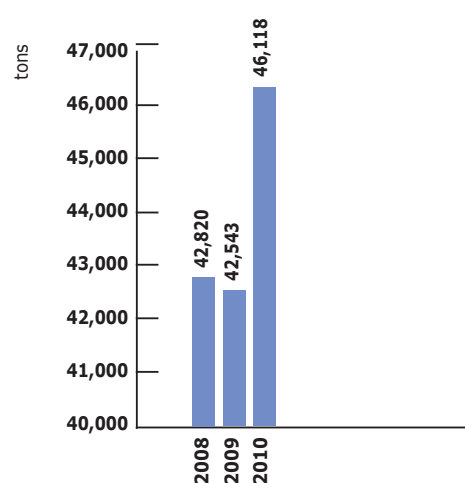
The **sewerage networks** managed in the area of ATO 2 cover around 6,015 kilometres (around 4,050 km of which networks serving the Municipality of Rome).

Chart No. 42 - COD REMOVED (MAIN TREATMENT PLANTS OF ROME AND FIUMICINO) (2008-2010)



NB: the value of COD (in tons) represented in the chart does not include that removed in the Rome South treatment plant, since the maintenance carried out in 2010 does not make the usual gaugings/registrations possible.

Chart No. 43 - TSS REMOVED (MAIN TREATMENT PLANTS OF ROME AND FIUMICINO) (2008-2010)



NB: the value of the TSS (in tons) represented in the chart does not include that removed in the Rome South treatment plant, since the maintenance carried out in 2010 does not make the usual gaugings/registrations possible.

The water intended for “non-industrial/sanitary” use (around 1 Mm³ in 2010) underwent the same treatment used for waste water and was subsequently introduced into the River Tiber. The environmental impact, compatible with the biological dynamics which support the vitality of the river, is relatively contained thanks to the **low quantities of pollutants** introduced into the river. The concentrations exiting the treatment plants are illustrated in table No. 85 as are the absolute values of COD and TSS.

With regard to the parameters exiting the treatment plants of the other Group water companies, see the section *Company fact sheets – Italy & abroad*; these parameters are also constantly monitored and contained within the legal limits.

Table n. 85 - PARAMETERS EXITING THE MAIN TREATMENT PLANTS MANAGED BY ACEA ATO 2 SPA – MUNICIPALITY OF ROME (2010)

parameter	Rome South treatment plant	Rome North treatment plant	Rome East treatment plant I section	Rome East treatment plant II section	Ostia treatment plant	limits of concentration on surface water
	average of the values (mg/l)					(table 1 annex 5, third part of italian Legislative Decree no.152/06)
BOD ₅	23	10	9	14	4	≤ 25
COD	66	35	34	59	34	≤ 125
SST	42	26	17	28	12	≤ 35
nitrogen (ammoniacal nitric and nitrous)	12	11	12	13	10	-
phosphorous	5	2	1	1	2	-
absolute values (t)						
COD	nd(*)	3,964		5,030	934	
SST	nd(*)	2,964		2,431	349	

(*) Due to maintenance work, the 2010 figures for TSS and COD at the Rome South plant are not available.

¹⁴² For figures regarding the volumes of COD and TSS removed for the plants of the other water companies, see the section *Company fact sheets - Italy & abroad*.

Treatment of sludge

Aquaser, which Acea controls, operates in the sector of services which are complementary to the integrated water cycle and in detail the **recovery and disposal of sludge produced by non-industrial treatment plants** which is mainly re-used in agriculture to replace fertilizers, **or by means of direct spreading** or by means of transfer to **composting plants** and recovery under the form of mixed composted improver.

Aquaser carries out the transportation and recovery service for waste deriving from water treatment for Acea Ato 2, Acea Ato 5, Acquedotto del Fiora and, since 2010, Umbra Acque and Sogea, as well as for a company outside the Group (ASA, active in Tuscany), guaranteeing the disposal of **188,232 tons of waste** during the year (of which: **182,857 tons for the Acea Group water companies**, + 4.0% with respect to the 175,907 tons of sludge disposed of for the companies last year).

Via the companies Solemme SpA and Kyklos Srl, Aquaser has equipped itself with **two composting plants** and the related authorisation to treat recovered material. The plants are located in Monterotondo Marittimo (Grosseto) and Aprilia (Latina); thus near to the water companies served, thereby making it possible to contain the cost of transporting the treatment sludge and optimise the service. The two composting plants also play an increasingly more important role for the recovery of organic waste both in Lazio and in Tuscany and therefore the authorisation procedure for the extension of both was launched in 2010.

The **Kyklos** plant, opened in 2009, with a potential of 60,000 tons a year of compostable waste, **may possibly recover up to 120,000 tons a year** by means of the construction of a new anaerobic digestion section featuring recovery of electricity and thermal energy integrated in the current composting section, while the **Solemme**¹⁴³ plant, from the current potential of 26,000 tons a year of compostable waste, **may achieve 70,000 tons a year**, just as soon as the new anaerobic digestion section is implemented.

Aquaser carries out its activities in observance of current provisions concerning protection of the environment, both with regard to the sludge analysis activities and for the control and traceability of the waste; in 2010, all the action required to satisfy the new obligations established by the SISTRI (the control system for the traceability of waste) was taken¹⁴⁴.

Box – Pimby 2010

After the Pimby prize (*Please in My Back Yard*) assigned in 2009 to the municipality of San Vittore in relation to the extension of the waste-to-energy plant in the area managed by Eall, included in the Acea Group, *during 2010* the Pimby prize was given to the **Municipal Authority of Aprilia** together with the **Provincial Authority of Latina** for the extension of the composting plant managed by **Kyklos**. The Municipal and Provincial Authorities in fact contributed to the tenth edition of the Pimby Prize, winning an award for the “Waste Management” category. The plant is located in the district of Campoverde, it is the largest in Lazio and plays an important role in the treatment of waste. It has already considerably improved its disposal capacity, between 2009 (around 66,000 tons disposed of) and 2008 (31,200 tons), and in June 2010 it launched the

authorisation process for the extension of the potential up to 120,000 tons. The plant was constructed and operates in complete respect of the natural environment: even the colours used to paint it, camouflage it in the surrounding area; what is more, 450 Eucalyptus trees and 200 Olive trees have been planted in 5 of the 11 hectares of space which the installation covers and the incoming waste and atmospheric emissions are constantly monitored.

The Pimby prize was also assigned in 2010 to Publiacqua, the Group company which manages the water service in a number of municipalities in Tuscany, for the “Transformation of the territory” category, in relation to the construction of a pipe system leading to the **waste water treatment** plant in Florence.

¹⁴³ Achievement of the extension of the current Solemme plant envisages an investment of around Euro 12 million to be achieved between 2011 and 2012, as per the new business plan. During the first few months of 2011, following the preliminary investigation carried out by ARPAT, it was communicated that the current plant does not present any criticalities from an environmental impact point of view.

¹⁴⁴ The SISTRI - (the control system for the traceability of waste) - came about in 2009 as a result of the initiative of the Ministry for the Environment and Protection of the Territory and the Sea for making the computerisation of the entire special waste activity chain possible at national level (see www.sistri.it).

Use of energy and water



The boundaries

The boundaries of this section include Acea SpA, Acea Reti e Servizi Energetici, Acea Distribuzione, LaboratoRI, AceaElectrabel Produzione, the companies Terni En.A and EALL from the A.R.I.A. Group, and Tirreno Power. The figures relating to the companies in the energy sector take into account the shareholding of Acea SpA (30% of AceaElectrabel Produzione - with the exception of Voghera Energia and Longano Eolica, respectively 24% and 15% -, 15% of Tirreno Power and 100% of Acea Distribuzione, Acea Reti e Servizi Energetici and the A.R.I.A. Group companies). With regard to the water sector, Acea Ato 2, Acea Ato 5, Acque, Gori, Acquedotto del Fiora, Publiacqua and Umbra Acque are included.

Energy consumption

Resources such as water, energy sources, materials are used by the Group in the strictly necessary quantities, with the general aim of guaranteeing the harmonious satisfaction of economic, social and environmental needs. This result can be obtained only by saving the resources used, and in particular energy. All consumption is therefore monitored and, where possible, contained (also see the section *Energy*, under *Energy savings*).

Tables 86, 87 illustrate the **direct energy consumption** of the Group, including **energy consumption from primary sources** (mainly natural gas) for the generation of electricity/thermal energy and the **energy used by the vehicle fleet**, the latter having decreased in 2010. Table No. 88 by contrast illustrates **indirect consumption**: for example, **electricity losses** which take place during the distribution and transmission stage (attributable to transformation and transport losses, fraud and erroneous metering) or the **heat losses** in the district heating network. In order to obtain the quantity of "primary source" equivalent to the **energy indirectly used** by Acea, the efficiency figure, which in 2010 came to around 49% is taken as the conversion factor from primary source to electricity:

GRI-G3.1 EN4 indicator = 6,547.5 / 0.49 = 13,362.2 TJ (approximately 318,907 toe).

Table No. 86 - ACEA VEHICLE FLEET CONSUMPTION (2008- 2010)

vehicle fleet consumption	2008	2009	2010
petrol			
l	1,002,520.90	913,102.67	980,754.41
kg	736,853	671,130	720,854
TJ	32.4	29.5	31.7
diesel			
l	1,025,757.30	954,709.13	788,809.71
kg	856,507	797,182	658,656
TJ	35.8	33.4	27.6

Table No. 87 – THE ACEA GROUP'S DIRECT ENERGY CONSUMPTION (2008-2010)

vehicle fleet consumption	2008 TJ (GWh)	2009 TJ (GWh)	2010 TJ (GWh)
energy for electricity generation (a)	26,902.1 (7,472.8)	24,577.1 (6,826.9)	25,469.3 (7,074.8)
energy for the vehicle fleet (b)	68.2 (19.0)	62.9 (17.5)	59.3 (16.5)
total net electricity produced and sold (c)	12,333,8 (3,426,1)	11,124,0 (3,090,0)	11,465,1 (3,184,8)
net thermal energy sold (d)	80.3 (22,3)	110.6 (30,7)	131.8 (36,6)
total direct energy consumption	14,556.2	13,405.4	13,931.7
EN3 = (a+b)-(c+d)	(4,043.4)	(3,723.7)	(3,869.9)

NB: the figures for the three-year period are reclassified according to Acea's shareholdings (100% of the A.R.I.A. Group, 100% of Acea Reti e Servizi Energetici, 15% of Tirreno Power, 30% of AceaElectrabel Produzione).

Considering that 1 TJ → approximately 23.9 toe, the **EN3 GRI-G3.1 indicator** = (13,931.7 x 23.9) = **332,968 toe**.

Table No. 88 – THE ACEA GROUP'S INDIRECT ENERGY CONSUMPTION (2008-2010)

	2008 TJ (GWh)	2009 TJ (GWh)	2010 TJ (GWh)
electricity losses on the distribution and transportation networks	2,782.1 (772.8)	2,688.1 (746.7)	2,583.4 (717.6)
losses and internal consumption for electricity production	548.3 (152.3)	530.6 (147.4)	554.9 (154.1)
heat losses on the district heating network	14.4 (4.0)	17.3 (4.8)	23.4 (6.5)
consumption for public lighting	515.5 (143.2)	543.1 (150.8)	567.9 (157.7)
consumption for drinking and non-drinking water distribution (*)	1,820.5 (505.7)	1,749.2 (485.9)	1,673.3 (464.8)
consumption for waste water treatment (*)	952.9 (264.7)	1,060.2 (294.5)	1,086.84 (301.9)
consumption for sundry services (**)	62.0 (17.2)	62.5 (17.4)	57.8 (16.0)
total indirect energy consumption	6,695.7 (1,859.9)	6,651.0 (1,847.5)	6,547.5 (1,818.7)

NB: the figures for the three-year period are reclassified according to Acea's shareholdings (100% of the A.R.I.A. Group, 15% of Tirreno Power, 30% of AceaElectrabel Produzione).

(*) consumption for distribution and treatment includes all the water companies within the reporting boundaries.

(**) the item includes consumption for heating the offices.

Water consumption

The efficient use of the resources includes informed use and containment of water wasted. **Group water consumption**, 99% of which is represented by the water used for the cooling process of the thermoelectric installations, both AceaElectrabel Produzione and Tirreno Power, **decreased** once again in 2010, indicating the trend in the last three years; consumption of water intended for "non-industrial/sanitary" use was also down slightly (see table No. 89).

One **of the most significant projects since it reduces waste**, on-going for some years, is the **connecting channel** between the **Tor di Valle thermoelectric plant** and the outlet of the waste water from the adjacent **Rome South treatment plant**: the vicinity of the two industrial plants has permitted the utilisation of the waste water generated by the treatment plant as process fluid in the other, where this water is used for cooling, thereby avoiding withdrawals from the surrounding environment.

With regard to the **type of water sources used**, the Group essentially uses aqueduct water; furthermore, as recalled above, the cooling water for the Tor Di Valle installation comes from the Rome South treatment plant while Tirreno Power also uses sea water for its processes (16% of the total), thereby contributing to the safeguarding of the natural water resource. In conclusion,

all the installations managed to contain the consumption of water used for the cooling process, obtaining an overall reduction of **14%** (from around 288 Mm³ consumed in 2009 to roughly 248 Mm³ in 2010).

Table No. 89 - ACEA GROUP WATER CONSUMPTION (2008-2010)

	2008	2009	2010
	Mm ³	Mm ³	Mm ³
industrial processes: district heating and others for thermoelectric generation (*)	0.38	0.39	0.45
non-industrial/sanitary use	1.68	1.90	1.16
cooling of thermoelectric plants	305.90	288.32	247.69
total water consumed	307.96	290.61	249.30

NB: the figures for the three-year period are reclassified according to Acea's shareholdings (100% of the A.R.I.A. Group, 15% of Tirreno Power, 30% of AceaElectrabel Produzione)

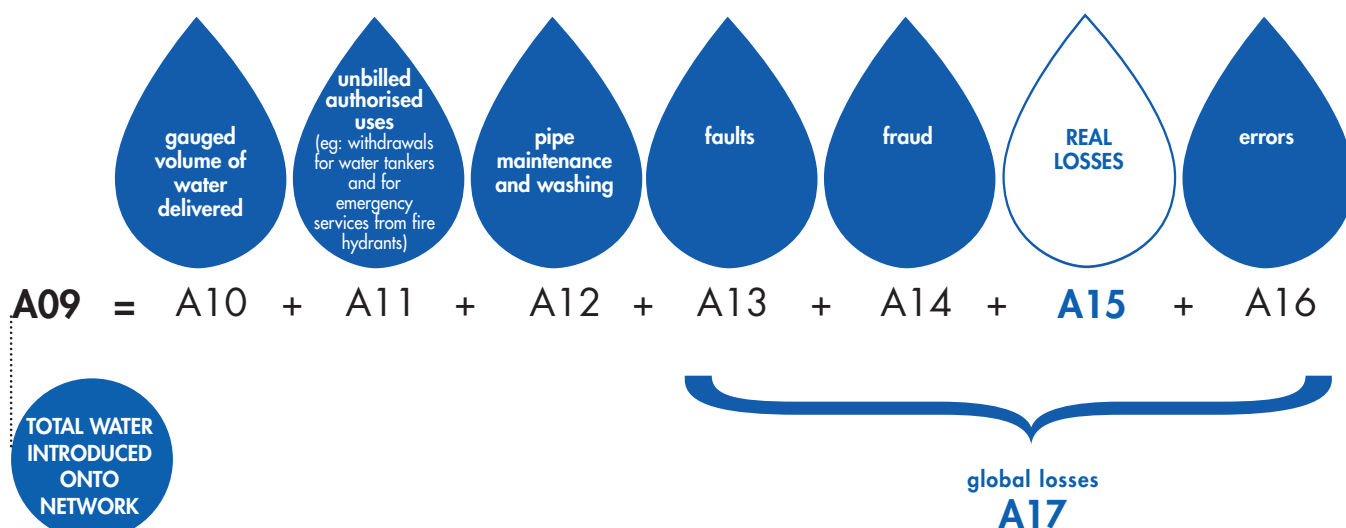
(*) The figure, besides the water used for district heating, includes the industrial water of Tirreno Power (comprising aqueduct, rain and wash water, collected and treated before use). Since 2009, the process water used at the A.R.I.A. Group waste-to-energy plants is also included.

Water losses

Reduction of the **water losses on the distribution networks** is a sensitive and important subject for the Group: all the companies employ human and economic resources to improve the performance, by means of identifying and recovering losses. For example, Acea Ato 5 has accordingly enhanced and implemented additional remote-controlled sites and Acea Ato 2 has concentrated its activities in certain municipalities, where the infrastructures presented the most problems (also see the section Research and the Environmental accounts).

The assessments of the water losses are carried out **in accordance with Italian Ministerial Decree No. 99/97** (see chart No. 44). The **real losses**¹⁴⁵ on the **Rome and Fiumicino historic network** came in 2010 to **around 24.8% of total water introduced onto the network** and rise to 26.9% on the entire network of Acea Ato 2; other satisfactory performances have been reported for the Tuscan companies Acque, where the losses came to approximately 23%, and Publiacqua, with 30.9%. Acque also developed, during the year, the test and inspection stages of the ASAP (Action for System Acquifer Protection) project relating to the containment of losses. Reference should be made to the *Company Fact Sheets - Italy & abroad* and the *Environmental Accounts*, for further information on the water companies.

Chart No. 44 - REAL WATER LOSSES, PARAMETER A15 (ITALIAN MINISTERIAL DECREE No. 99/97)



¹⁴⁵ The real losses, as per Italian Ministerial Decree No. 99/97 are indicated by the parameter A15; they only quantify the losses due to defects in the plants (e.g. leaks in the joints between piping, holes and lacerations in the pipes, structural subsidence of concrete or metal structures). To obtain the figure, it is necessary to subtract the water sold (A10) and all the types of failure to deliver to the end customer: emergency consumption (A11), washing (A12), faults (A13), fraud (A14), metering errors (A16), from total water introduced onto the network (A09).

Emissions, effluent and waste

The boundaries

The boundaries of this section include Acea SpA, Acea Reti e Servizi Energetici, Acea Distribuzione, LaboratoRI, AceaElectrabel Produzione, the companies Terni En.A and EALL from the A.R.I.A. Group, and Tirreno Power. The figures relating to the companies in the energy sector take into account the shareholding of Acea SpA (30% of AceaElectrabel Produzione - with the exception of Voghera Energia and Longano Eolica, respectively 24% and 15% -, 15% of Tirreno Power and 100% of Acea Distribuzione, Acea Reti e Servizi Energetici and the A.R.I.A. Group companies). With regard to the water sector, Acea Ato 2, Acea Ato 5, Acque, Gori, Acquedotto del Fiora, Publiacqua and Umbra Acque are included. ◆

Emissions into the atmosphere

Emissions into the atmosphere from thermoelectric installations and waste-to-energy plants are monitored, if possible on an on-going basis, via specific analysers subject to period checks, by in-house staff and qualified external laboratories.

The leading production plants operate in observance of formalised Environmental management systems and commit themselves to both cutting down the micro-pollutants (CO, NO_x and SO₂) and containing emissions of carbon dioxide (CO₂). If overall, emissions of CO₂ have increased, due to the rise in overall energy production, this has not always led to an increase in specific emissions: for example, in 2010 **AceaElectrabel Produzione** obtained **specific thermoelectric emissions of CO₂** equal to **384 g/kWh**¹⁴⁶, down slightly with respect to the previous year. Furthermore, **during the three-year period the values of the pollutants CO and NO_x** decreased, partly thanks to the dry-low-NO_x devices in the boilers of the thermoelectric installations, capable of containing the emissions. The test phase at the Leinì thermoelectric plant was concluded following the replacement of the burners in order to reduce the values of nitric oxides, and burners with low NO_x emission were installed also on the boilers of the co-generation unit at the Tor di Valle plant.

Tirreno Power thermoelectric plants, even though they avail of modern technologies, use a mix of fuels, including coal and fuel oil, which generates a contribution to emissions which is greater than the use of just natural gas. The **specific CO₂ emissions of Tirreno Power** in 2010 came to **565 g/kWh**. The company in any event pursues the aim of a progressive containment of SO₂, NO_x and powder emissions into the atmosphere and for example, since last year, has implemented a programme for the management of the plants for treating the fumes on the coal sections of the Vado Ligure thermoelectric installation, which led to a reduction in the same. See the Environmental accounts (pages XVIII and XXIII) for further details on the emissions of the plants in the three-year period. Table No. 90 shows the total emissions of the Group, including emissions from vehicles and air-conditioning.

Table No. 90 - TOTAL EMISSIONS (2008-2010)

emissions	2008 t	2009 t	2010 t
CO ₂	1,686,384	1,422,402	1,474,041
CO	376.6	352.23	321.51
NO _x	948.8	757.98	733.85
SO ₂	768.9	623.0	761.7

NB: the figures for the three-year period are reclassified according to Acea's shareholdings (100% of the A.R.I.A. Group, 15% of Tirreno Power, 30% of AceaElectrabel Produzione).

¹⁴⁶ In order to obtain a significant comparison with the sector companies, it should be noted that the specific thermoelectric emissions of CO₂ by Enel amounted in 2010 to 691 g/kWh (Source: 2010 Enel Environmental Report), while those by Edison in 2010 amounted to 587 g/kWh (2010 Edison Sustainability Report).

The **emissions assigned** to the Group plants by the **National Allocation Plan (NAP)** for quotas of CO₂ relating to the period 2008-2010 and **those effectively emitted** are shown in table No. 91. The figures indicated refer to the **overall volumes** to be assigned to each plant, while the

Table No. 91 – CO2 EMISSION QUOTAS AS PER THE PNA AND EFFECTIVE EMISSION BY PLANT (2008-2010)

plant	2008		2009		2010	
	quotas assigned by the PNA tons	effective emissions tons	quotas assigned by the PNA tons	effective emissions tons	quotas assigned by the PNA tons	effective emissions tons
Tirreno Power plants (15% owned by Acea)						
Napoli Levante	13,202 (*)	25,156.53	339,665 (**)	471,979.20	0 (***)	504,068.91
Torrevaldaliga	2,451,352	2,570,428.71	2,284,458	1,818,446.38	2,146,676	1,191,086.69
Vado Ligure	4,206,197	4,341,087.27	3,995,887	3,673,241.78	3,799,870	4,349,429.51
AceaElectrabel Produzione plants (30% owned by Acea)						
Tor di Valle	235,788	153,552	235,788	105,737	235,788	87,989
Montemartini	6,089	9,345	3,653	3,095	1,827	2,902
Voghera	717,675	278,313	681,791	433,420	653,084	582,750
Roselectra	715,592	654,957	679,813	581,117	651,189	622,300
Leini	631,740	614,114	680,297	483,627	651,653	604,955
Terni EnA plant (100% owned by Acea)						
Terni EnA (****)	8,055	125,869	8,055	65,642	34,044	25,753

(*) quotas assigned for the start-up period of the combined-cycle at the Naples Levante plant. (Resolution No. 013/2009).

(**) quotas assigned for the Start-up period (1 Jan. 2009 – 27 April 2009) and commercial running (28 April 2009 – 31 Dec. 2009) (AEEG Resolution No. 09/2010).

(***) Until 2012, the Ministry of the Environment will not issue quotas for new entrants. Tirreno Power has obtained a partial reimbursement with respect to the total quotas paid (AEEG Resolution No. ARG/elt 38/11).

(****) Quotas assigned for the portion attributable to the CIP 6/92, regime which ends in 2010.

emission quotas attributable to Acea, recalculated in relation to the shareholdings, can be found in the *Environmental accounts*. The monitoring carried out on all the plants at risk demonstrated the **absence of appreciable quantities of emissions of substances responsible for reducing the ozone layer**.

Monitoring of the sound levels at the main thermoelectric and hydroelectric plants was also carried out during 2010, with positive results: Tor Di Valle, Montemartini, Salisano and G. Marconi.

Acea Group waste

The production of Group waste is described, separated into the energy and water areas (also see the *Environmental accounts*, pages XIX-XX). This separation is indispensable since the two areas present very different businesses both from an operational and regulatory standpoint.

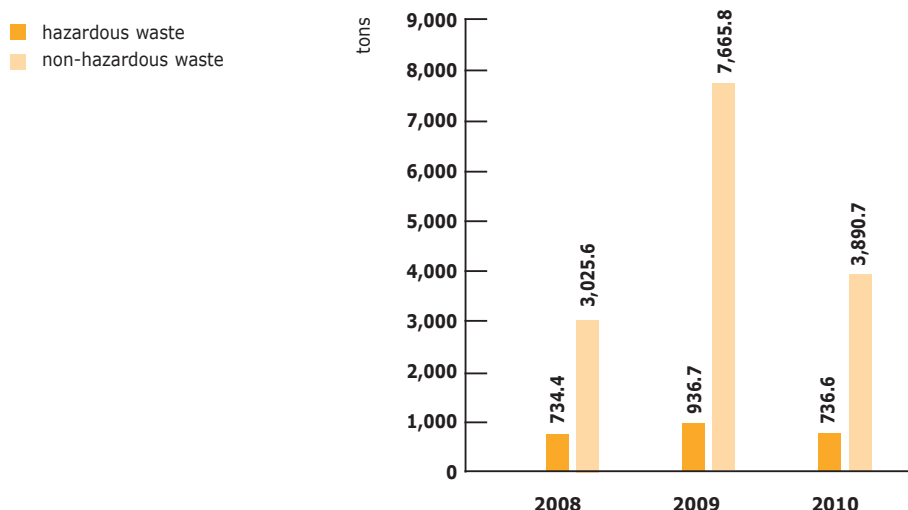
In the energy sector, it is also advisable to indicate the waste produced by the **waste-to-energy sector** apart, since these plants operate for the handling and disposal of said waste. The quantities produced by the WtE activities, therefore, cannot be added to the general waste of the other Group companies.

In the **energy sector**¹⁴⁷, the quantities deriving from the electricity **distribution** and energy **production** activities (by AceaElectrabel Produzione and Tirreno Power), contribute to total **waste produced**, for a total of **4,627 tons** (around 737 t of which "hazardous waste", 16% of the total). The sharp decrease with respect to the production of 2009 waste, which came to 8,602 tons, is due to the end of work for repowering the Naples Levante installation and the conclusion of a number of demolitions carried out last year at Torrevaldaliga Sud plant, which had generated particular volumes of waste (see chart No. 45).

The **waste-to-energy** activities mainly produce **ash and slag**, equating to **36,809 tons** in 2010, of which 8,991 tons of "hazardous waste", around 24%. Again in this case, the quantities of waste produced fell, specifically due to the shutdown of the pulper incineration plant, as from August 2010 due to the start of revamping work (see chart No. 46).

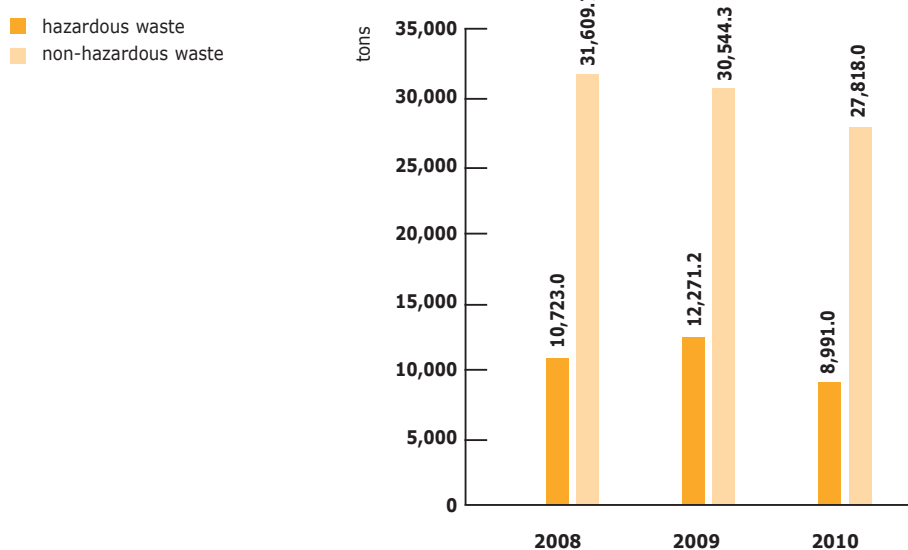
¹⁴⁷ Total energy sector waste also includes 50% of that produced by the holding company, amounting to around 18 tons, of which 2 t classified as "hazardous waste".

Chart No. 45 - GROUP WASTE PRODUCTION FOR THE ENERGY AREA (2008-2010)



NB: the "hazardous and non-hazardous waste" figure includes the values attributable to Acea shareholdings (100% Acea Distribuzione, 100% A.R.I.A. Group, 30% AceaElectrabel Produzione and 15% Tirreno Power).

Chart No. 46 - PRODUCTION OF WASTE FROM WASTE-TO-ENERGY PROCESS (2008-2010)

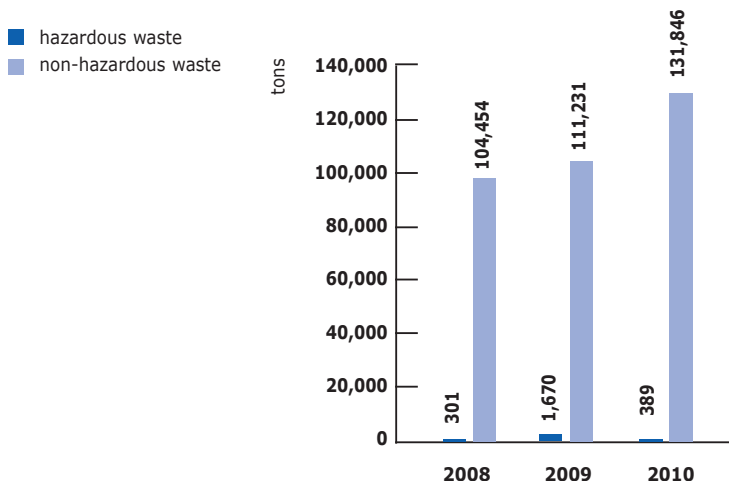


The **water sector**¹⁴⁸, which includes the main Group water companies (see *Boundaries*), produced **132,235 tons of waste** in 2010, mainly represented by inert material (of which 389 tons of "hazardous waste", 0.3%).

Process waste, deriving from waste water treatment activities in this area, should be considered apart. In 2010, **sludge** came to around **220,765 tons** (57.4% produced by just Acea Ato 2) and **17,741 tons of sand and sediment** were produced (of which 57.4% produced by Acea Ato 2). See the Environmental accounts for further details.

¹⁴⁸ In addition to the water companies Acea Ato 2, Acea Ato 5, Gori, Acque, Publicacqua and Acquedotto del Fiora, total water sector waste also includes 50% of the waste produced by the holding company (equal to around 18 tons, of which 2 t classified as "hazardous waste").

Chart No. 47 - GROUP WASTE PRODUCTION FOR THE WATER AREA (2008-2010)



Acea avails itself of specialized and authorized external companies for the disposal of waste. Other Group companies achieved **high percentages of recovered waste: Acea Distribuzione** recovered 51% of total waste (553 t out of around 1,083 t), Acea Ato 2 9% (396 t out of 4,332 t), **AceaElectrabel Produzione** roughly 8% of the waste produced (281 t out of 3,608,8 t) and in detail 57% of hazardous waste (189 t out of 333 t), **Tirreno Power** about 75% of total waste produced (12,270 tons recovered out of 16,294) and specifically around 45.7% of hazardous waste (590 t out of 1,291.4 t).

At the head offices in Rome, **separate waste collection** was continued, with the daily support and collaboration of all the employees. In 2010, around **30,000 kg** of material was collected and sent for recycling, including scrap **paper, cardboard and plastic**.

Box - The SISTRI, control system for the traceability of waste

Together with the operating companies, Acea organised training sessions during 2010 on the enforcement of the new “**Control system for the traceability of waste**” (SISTRI).

The SISTRI came about in 2009 as a result of the initiative of the Ministry for the Environment and Protection of the Territory and the Sea (Italian Ministerial Decree dated 17 December 2009) for making the computerisation of the entire special waste activity chain possible at national level (see www.sistri.it). The **handling of the waste** from the place of production to that of disposal or final recovery **will be followed and mapped using IT (web) systems and via**

GPS for the location of the means of transport. The System simplifies the procedures and the fulfilments, **increasing the guarantees of accountability, awareness and prevention of unlawful acts**.

The Group has therefore prepared itself to manage the new system, expected to be launched in February 2012, providing adequate assistance for the information/training requirements of the staff involved and appointing the internal appointees, responsible for the custody and use of the pen drives necessary for the electronic management of the handling.

Air quality in Rome

The boundaries

The boundaries of this section include Acea, Acea Reti e Servizi Energetici, Acea Distribuzione, LaboratoRI, AceaElectrabel Holding, AceaElectrabel Produzione, Acea Ato 2 and Marco Polo (Acea branch).

Checks on heating systems and mobility

Acea contributes to keeping the level of urban emissions into the atmosphere, deriving from the heating systems and vehicles, under control. In the first case, in fact, the company carries out checks on non-industrial heating plants on behalf of the Municipal Authority of Rome; in the second case, it avails itself of an adequate and controlled company car fleet.

Checks on urban heating systems

The company appointed to carry out the checks and inspections necessary for verifying observance of the norms relating to the containment of energy consumption when running heating plants for non-industrial use¹⁴⁹ is Acea Reti e Servizi Energetici.

The Sanacaldaia and Caldaie Sicure programmes concern, respectively, centralised heating systems with thermal power higher than 35 kW, for heating purposes, and individual heating systems, with thermal power of less than 35 kW (so-called independent systems).

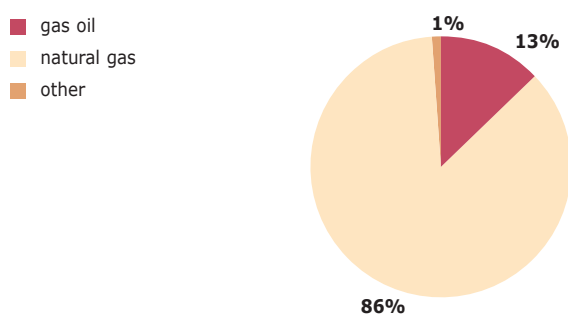
The approximately **26,200** centralised systems correspond to an installed power of around **8,566 MW**, while the "independent" heating systems registered in the Rome area are around **632,000** and correspond to an estimated installed power of about **6,000 MW**.

Considering the current trend not to install centralised systems in new constructions, the number and figures relating to the same have remained more or less unchanged over the last few years, while independent systems, despite rising, in any event have a fairly insignificant incidence on total systems installed given the low installed power in question.

The breakdown of the use of the fuels is as follows:

- **natural gas** is used in 86% of the systems with thermal power higher than 35 kW and in nearly all the independent plants (lower than 35 kW);
- **gas oil** represents round 13% of the fuel used in central heating systems;
- **other fuels** (mainly biodiesel, LPG, pellets) are used in just 1% of the central heating systems. In detail, LPG is the most commonly used fuel in the suburban areas of the municipalities not served by the gas mains.

Chart No. 48 - DISTRIBUTION OF FUELS IN USE IN ROME (2010)



¹⁴⁹ As per Italian Presidential Decree No. 412 of 1993 (amended by Italian Presidential Decree No.551/99, Italian Legislative Decree No. 192/05 and Italian Legislative Decree No. 311/06), municipalities with more than forty thousand inhabitants are obliged to check the effective state of maintenance and running of the heating systems.

Chart No. 49 - TREND IN EFFICIENCY OF THE CENTRALIZED HEATING PLANTS (2006-2010)

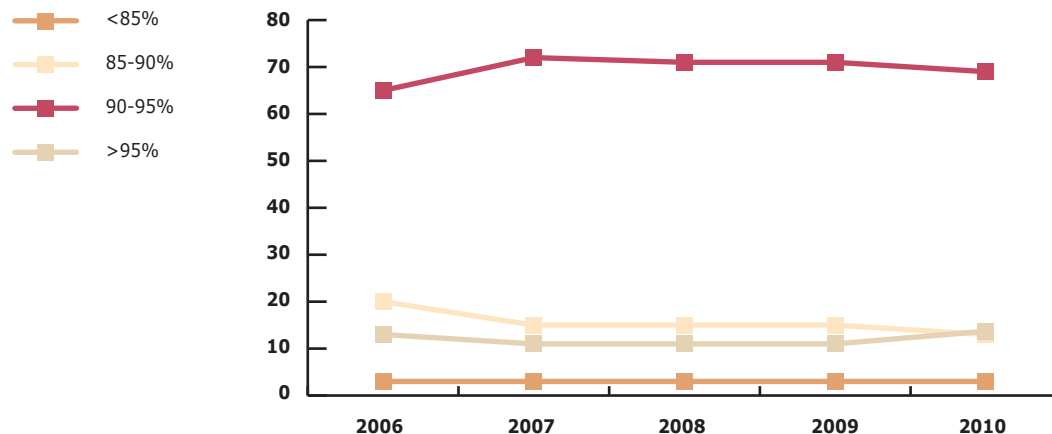


Chart No. 49 shows the average combustion efficiency figures recorded during the controls of the centralised heating systems over the last five years, which reveal the achievement of essential stability and a slight increase, between 2009 and 2010, in the percentage of plants with efficiency higher than 95%.

Internal mobility

The Group is inclined to renew the company vehicle fleet so as to reduce the related emissions¹⁵⁰ into the atmosphere. Over the last few years, the vehicle fleet amounted to around 2,450 vehicles; latest generation (Euro 4) vehicles have increased, replacing the older ones.

At the end of 2010, no significant changes were registered with respect to last year: there was a slight decrease in emissions of nitric oxides (NO_x) and carbon monoxide (CO), precisely as a result of the greater presence of latest generation vehicles and thanks also to a slight drop in fuel consumption (see table No. 86).

In conclusion, it should be pointed out that Acea and Enel laid the foundations for the achievement of an agreement for the development of the recharging infrastructure for electric vehicles¹⁵¹, to be achieved in Rome.

¹⁵⁰ Also see the section Emissions, effluent and waste, as well as the matters illustrated in the section Vehicle and heating emissions in the Environmental Accounts, page XXI.

¹⁵¹ The joint agreement was reached and signed in February 2011.

Research

Acea supports research centres and standardisation bodies operating in the sectors of corporate interest (see related box in the section *Institutions and the Company*) and has continued to develop, via the operating companies, e.g. Acea Ato 2, Acea Distribuzione, Acea Reti e Servizi Energetici, LaboratoRI, the A.R.I.A. Group, numerous studies, experiments and applications of new technologies or product and process innovations, often together with university structures. In the energy sector, research was mainly focused on innovation within the sphere of **renewable energy, waste-to-energy** and additional services in the **environment sector**. During 2010, Acea Distribuzione also paid attention to the research sector, in particular the technological evolution of the distribution network, and will develop specific projects in the coming years. In the water sector, research essentially concerned the **protection of the resource**, its optimum use, the **treatment of waste water** and the economic and financial aspects of the management services. In detail, activities for **recovering water losses** are considered fundamental also due to the expected repercussions from an operational standpoint. These are carried out, from some years now, by both Acea Ato 2 in collaboration with LaboratoRI and other water companies in the Group by means of the "district metering" method (see related box).

Box- Water loss detection in the municipalities of ATO 2 – Central Lazio

Activities for identifying the most significant water losses were carried out in 2010 specifically in other municipalities outside Rome, where the network situation requires greater work. The survey, by means of the district metering method, was concentrated on the municipalities of Grottaferrata, Albano, Castel Gandolfo, Castel Madama, Monterotondo, Riano, Fiano Romano, Santa Severa and Cerveteri. The main objectives of the initiative were:

- localisation of the most significant losses;
- definition of an optimum set-up of the distribution system;
- definition of a permanent monitoring system both to keep the level of losses after repairs under control and to identify any new losses.

Mapping of the network and the inclusion in a GIS of the layout of the water pipes and the features of the constructions was finished for the municipalities studied, for a total of around 500 km.

Each year, the companies **LaboratoRI** and **Acea Ato 2** develop together significant detection activities in the environmental water sphere. The main projects, some undertaken over the last few years and also continued this year, others launched in 2010, are listed in tables No. 92-95 which group them together into 4 macro-areas: **drinking water quality** and **sources, treatment plants, catchment areas** and **sewerage networks**.

LaboratoRI also carries out research activities on behalf of other Group companies and in 2010 these included:

- environmental monitoring studies for Solemme, belonging to the Aquaser Group;
- activities for the functional checking of drinking water treatment plants for Acea Ato 5;
- support in the management of the MBR (Membrane Bio-Reactor) plant for the treatment of water squeezed from pulper for Terni En.A;
- experimentation of XRF (X-ray fluorescence spectroscopy) techniques for a rapid screening of the waste entering waste-to-energy plants;
- methods for the assessment of the performance features of waste used as solid fuel and definition of the related control protocols.

Table No. 92 - MAIN RESEARCH ACTIVITIES ON DRINKING WATER QUALITY AND SOURCES

project title (year)	description
Peschiera Springs Cognitive investigations (2008-2010)	The study for the renovation of the collector tunnel of the Peschiera Springs, launched in 2008, terminated in May 2010 and produced technical approaches and guidelines for the planning of the measures.
Water detection (2010)	The aim of the project is to assess the availability of the water resources (withdrawal flows) with field tests aimed at optimising the plants and the management of the Pascarella (Pomezia) and Pantano Borghese -Cavallino wells.
Protection areas (2009 - 2010)	After the launch of work in 2009, technical proposals were drafted in 2010 for the protection areas of the new wells created in Fiano Romano, Marcellina, Grottaferrata, Castelgandolfo and Rocca di Papa.
Disinfection of water using peracetic acid (2010)	The study with the ISS on the application potential of disinfection using peracetic acid for water intended for human consumption was completed; the experimentation phase continued with a pilot study carried out at the Ostia and Rome South treatment plants, where the reduction performances of the microbiological loads between peracetic acid and sodium hypochlorite were compared.
Removal of contaminants from water intended for human consumption (2010)	The progressive acquisition of the integrated water services in the municipalities of ATO 2 and the need to adapt the quality of some water collected in line with the standards envisaged by Italian Legislative Decree No. 31/2001, requires the definition of suitable treatment processes for the removal of contaminants (arsenic, vanadium, fluorides and manganese). Studies continued during the year in the catchment areas of ATO 2 for the definition of the most suitable process for adapting the quality of the water taken from supply sources, involving the planning - drafting of the related tender - start-up specifications and test & inspection of the treatment plants.
Optimisation, checks on the functioning of the drinking water treatment processes (2009-2010)	Activities were carried out for the functional checking of the drinking water treatment plants, aimed at checking the performances of the various treatment stages and optimisation of the processes.
Development of a on-going monitoring prototype for recording the mineralisation parameters of water intended for human consumption (2009-2010)	Validation of the prototype systems for on-going monitoring, validation and display of certain mineralisation parameters of the water distributed for drinking use in the city of Rome, were concluded.
The Pratolungo ditch: characterisation and analysis of the impacts (2010)	The purpose of the study was to check the impacts present along the length of the ditch and the related influence on the quality characteristics of the River Aniene after the introduction of ditch water. Seasonal monitoring campaigns were carried out in various check points along the water course involving the determination of chemical and physical, organic and microbiological parameters.
Experimentation of an on-line system for monitoring toxicity by means of bioluminescent batteries (Vibrio f.) (2010)	The project envisages the drafting of a protocol for the standardisation of analytical tests aimed at validating the on-line monitoring systems using bioluminescent marine batteries. The natural bioluminescence of these indicators suffers a decrease if placed in contact with toxic substances; this inhibition is theoretically in relation to the toxicity of the substances, their concentration and the contact time.
Experimentation of on-going fluoride monitoring systems on drinking water plants (2010)	The project envisaged the validation of a system for the on-line and on-going determination of the concentration of fluorides. Subsequent to validation in the laboratory, field verification of the instrument is envisaged in 2011.

Table No. 93 - MAIN RESEARCH ACTIVITIES ON TREATMENT PLANTS

project title (year)	description
Application of CARIUS software for the management of the waste water treatment plants (2009-2010)	The project envisages the application of the Clarius software as an instrument for a systematic and systemic gathering and analysis of data on the main treatment plants of Rome South (as from 2009), Rome East and Rome North.
SBBGR Pilot study (2008-2010)	Within the sphere of experimentation of SBBGR (Sequencing Biological Biofilter Granular Reactor) technology, during 2010 a second phase was launched on the pilot plant with the aim of looking further in-depth at the performances of the technology both in terms of sludge removal and production.
Full scale MBR study (2009-2010)	After the construction of the MBR plant in the South Catchment Area, the study which aimed to check the performances on a real scale which this technology can achieve continued, with reference to Italian legislation for the re-use of waste water.
Monitoring of hydrogen sulphide (H ₂ S) at the waste water treatment plants (Rome South, East, North, Ostia, Co.BI.S.) (2007-2010)	The study into the spatial and temporal distribution of the odorous impacts in the areas within and outside the main treatment plants continued. Ordinary, extraordinary and night-time monitoring campaigns were carried out, based on the application of the research method for the air quality odour indicator, hydrogen sulphide.
Safety Project: chemical and biological monitoring of gaseous substances in waste treatment plants (Rome South, East, North, Ostia, CoBIS and 15 minor plants) (2007-2010)	During 2010, the project envisaged the review of the biological and chemical DVR (risk assessment documents) for the large treatment plants and the up-date of the biological risk for 16 minor plants (5 of these vary each year). The review of the biological documents was implemented by means of seasonal monitoring campaigns on the microbiological quality of the aerosol while for the chemical DVR, work cycles and means of manipulating the chemicals used were checked.
Analysis of the impacts and performance of sludge drying plants (2010)	Following the launch of the Rome North and Rome East drying plants, specific surveys were planned and carried out into the air emissions and the water in drain manholes and piezometres, so as to check the compliance with EIA (Environmental Integrated Authorisation) regulations of the environmental parameters and the performances of the pollutant reduction systems of the fumes unit. Specific campaigns were carried out for assessing the smell and noise impacts.

Table No. 94 - MAIN RESEARCH ACTIVITIES ON CATCHMENT AREAS

project title (year)	description
Sector planning and studies (2010)	Activities were launched aimed at optimising the water supply systems of the South Catchment Area, the West Catchment Area and the assessment of the flows provided by reserve aqueducts for the city of Rome.
Mapping of water balance areas (2010)	Mapping has been issued relating to the Colli Albani District, which breaks down the entire area (around 1,400 km ²) into reference zones (hydrogeological catchment areas), accompanied by a distributed hydrological balance which makes it possible to associate the collection plants with the supply areas.
Rivers Tiber/Aniene: quality status, on-line chemical/physical monitoring network and eco-toxicological implementation (2007-2010)	The study into the time-related evolution of the quality features of the Rivers Tiber/Aniene continued by means of accurate samples taken for the purpose of annual classification in accordance with Italian Legislative Decree No. 152/06, and via analysis of the chemical-physical, biological and hydraulic data produced by the on-going monitoring network, made up of 4 control units and a bio-monitoring system for the observation of the performance of the overall toxicity index.
Characterization of the water of the River Mignone: evolution of the quality features (2008-2010)	The study into the characterisation the water of the River Mignone continued, aimed at ascertaining the impact present along the waterway and the changes in the quality. Seasonal monitoring campaigns were carried out in various points of control along the river channel involving the determination of chemical-physical, organic and microbiological parameters.
Development of a model for assessing polluting impacts along the urban stretch of the Rivers Tiber and Aniene (2006-2010)	Development of an integrated simulation instrument, capable of linking the causes of pollution to the effects gauged or expected on the system of receiving water bodies, with utilisation of the SIMPOL3 software developed in the UK by Water Research centre (WRc plc). SIMPOL3 is a probabilistic type model, where all the variables in play are considered as random variables with probability distribution laws assigned. Activities in 2010 included the input into the model of the rainfall figures deriving from the study into precipitation, carried out in 2009 in collaboration with WRc plc in Swindon (UK) and Paul S.P. Cowpertwait from the University of Technology of Auckland (NZ); the preparation for the input in the model of the urban stretch of the River Tiber of the Municipality of Rome, of data deriving from the hydraulic model for the catchment area of the Rome South right Tiber catchment area; the general characterisation of the entrances of the natural ditches on the right and left bank of the Tiber.

Table No. 95 - MAIN RESEARCH ACTIVITIES ON SEWERAGE NETWORKS

project title (year)	description
Urban Drainage Model for the Rome North sewerage basin (2004-2010)	Up-dating of the urban drainage model for the Rome North sewerage basin. The mathematical model is able to simulate the functioning of the system under various conditions and is useful for assessing: the response of the system in relation to significant historic rain fall and the frequency of the functioning of the flood drains with respect to historic series. The 2010 version of the model for the Rome North basin concerned an outline of the sewerage network for around 110 km, covering approximately 15,000 hectares.
Inflow/Run-off model for the entire Sewerage Basin, Rome East, Rome South, CoBIS and Ostia (2005-2010)	The aim of the project is to reconstruct the physical characteristics of the waste water and rain water drainage system, relating to the treatment plant basins in question, so as to create a mathematical model capable of simulating the functioning of the urban drainage system under various conditions. During 2010, work continued for each of the basins identified, involving the up-dating of the model, the collation and processing of data, and the definition of the sewer basins. The Model for the Ostia sewer basin has only just been activated, starting off from the consultation of the document archive and the definition of the programme of findings to be achieved in 2011.

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