

A large, stylized silhouette of a person's head and shoulders, facing slightly to the right. The person has short, dark hair and is wearing a dark jacket over a light-colored shirt. The silhouette is set against a white background. In the bottom right corner of the silhouette, there is a small white graphic of a city skyline with several buildings of different heights, including a prominent tower with a spire.

2020
Integrated Report

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



2020 Integrated Report

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

This Report may be viewed on the website
a2a.eu

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Letter to stakeholders

Presenting a new report dealing with our sustainable development is part of the A2A Group's normal good practice. It is extraordinary in its importance to be the Integrated Report of A2A in 2020. A year that was worth more than a decade because of the speed and depth of the changes that the pandemic generated around the world.

Taking care of people and cities, continuing to provide water, light, heat, keeping the cities clean and illuminated has allowed us to bring a sense of confidence to territories that for many weeks have been brought to their knees by an unpredictable and insidious evil. We have done this with the tools that every modern company should have: emergency plans, worker health and safety, digital technologies, agile working, process innovation, but above all thanks to the ability to stay connected with each other and with our communities, even in moments when the emergency forced us to stay apart.

Awareness of our role also gave rise to the new A2A strategy. We are a *Life company*, because energy, water, a clean environment, thanks to the circular use of natural resources, are the necessary conditions for life to happen. And it is life that we take care of every day. We listen to the new generations and it is for them that we promote a shared, sustainable and future-friendly vision of the world. We believe in a new model of sustainable development based on renewable energy and circular economy, and we work to be protagonists of it every day. Technology is the tool, the goal is to regenerate the potential of every resource and create new value for everyone.

These are not words, but concrete projects, included in a 10-year investment plan of over 16 billion, with projects 90% aligned with the SDGs of the UN Agenda. It will be our "*decade of action*" to make the energy transition and the circular economy a reality. We are working in a country that can catch up with the green relaunch of Europe, if it is able to bridge some historical infrastructural gaps: outdated water networks, lack of water treatment plants and insufficient waste recovery plants.

The European Union has earmarked the 750 billion euro of the *NEXT generation EU* for a green and inclusive economic renaissance, with the ambition to be the first continent to achieve carbon neutrality in 2050. A2A embraces European ambitions, with a plan to develop renewable generation capacity (solar and wind) to reach 5.7 Gigawatt of installed renewable capacity in 2030, going from 31% to 58% of its total renewable production. We will also invest in accompanying the process of electrification of consumption, guaranteeing the growth in power, flexibility and resilience of the networks necessary to provide security and stability to the electricity system. To support the energy transition, we will advance the phase-out from coal ahead of the 2025 national target and invest in new capacity and flexibility in high-efficiency gas-fired combined cycles and technologies to enable them to use hydrogen. We will promote our customers' responsible consumption by leveraging the sale of green energy, energy efficiency and sustainable mobility products and services.

A2A is also aligned with the ambitions of the European Union in the field of the circular economy. In many areas of the country there is a lack of plants for the treatment and recovery of waste, more than 20% of which, the national average, is still destined for landfill disposal. We embrace the philosophy of the circular economy in all our activities, in particular, waste management, district heating and the water cycle. Over the next ten years, we will build new material recovery plants for a total of 2.2 million tonnes and energy recovery plants for a total of 5.4 million tonnes. For district heating the focus will be on the development of the network and the recovery of heat that would otherwise be dispersed into the atmosphere by production activities in the area, reaching 73% of heat produced from renewable sources or heat recovery. Finally, with the aim of helping to overcome EU infringements, we will also increase investment in the water cycle, aiming to reduce linear water leaks by 20% and develop new treatment capacity (1.9 million inhabitants served by 2030).

Looking back at this difficult 2020, we believe that one of the most important achievements for A2A has been to succeed in creating economic opportunities for the territory, developing all its activities with even greater commitment than in the past. In 2020, we invested 738 million euro, 18% more than last year, focusing on projects in line with the SDGs (80%). We exceeded 1.8 billion euro in order value, assigned to Italian suppliers (97% of the total). Over a thousand people have joined our Group. At the same time, we improved workplace safety, reducing the weighted accident rate by 17% compared to last year. We have also improved many indicators in the environmental field: from the CO₂ emission factor of the Group's electricity generation (approved by the Science Based Targets Initiative), which has been reduced by 10% compared to 2019, to separate waste collection, which has reached 71%. Our customers have also rewarded "green" solutions more: they have covered 11 million kilometres thanks to the recharging of electric vehicles from our stations and increased their purchases of green energy by 72% compared to last year.

As regards energy transition and circular economy, 2020 saw the creation of important agreements at national and international level, which brought us together with important partners, such as Suez, with the aim of creating a player of excellence in industrial waste management, and Snam, Aridian and FNM to create application projects for hydrogen, including the first Italian *Hydrogen Valley* in the province of Brescia. With AEB (Ambiente Energia Brianza) joining the Group on November 1, a path of industrial integration continued in order to develop new synergies, with a joint plan that aims at important objectives with investments of over 300 million euro in 5 years.

Also in relation to the pandemic emergency, we have increased disbursements in support of social, cultural and environmental initiatives in the area, exceeding 8 million euro this year. Furthermore, we have remained close to the world of schools, involving 24 thousand students with new tools and initiatives, developed in the logic of remote learning.

We conclude this letter with heartfelt thanks to all the people at A2A, who with professionalism, courage and a sense of responsibility have reacted to this emergency by maintaining full efficiency, aware of the importance of the services we provide for our communities. The key factors for success were a sense of duty, competence and speed of adaptation, which will also be crucial in the coming years in order to remain competitive. On a personal level and as representatives of the new A2A Board, we are particularly grateful to have been able to share with this group of people the experience of redesigning the A2A future in the new 10-year strategic plan, which will be our challenging and common goal to achieve.

Chairman
Marco Patuano

Chief Executive Officer
Renato Mazzoncini



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Note on method

As a Public Interest Entity, in accordance with Legislative Decree no. 254/16, the A2A Group publishes this document representing the Group's Consolidated Non-Financial Declaration (NFD) for the year 2020.

The document (including its Supplement) represents the thirteenth edition of the Report that outlines A2A activities for its material sustainability issues, with reference to the companies included in the scope of consolidation for the year ended December 31, 2020. The Report has been prepared in accordance with the **GRI Standards** of the Global Reporting Initiative (GRI) and, for some indicators, refers to the GRI G4 Electric Utilities Sector Supplement. The document also takes as a reference the **Integrated Reporting Framework** (IR Framework), outlined by the International Integrated Reporting Council (IIRC).

Adopting the principles of the Integrated Report requires presenting the way in which an organisation creates value over time. Therefore, the document follows the logic of capital, i.e. the variables that determine value creation:

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

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

The initial chapters of the document describes the Group's **Business Model** and the **management tools applied**, through which the various capitals are used to create value over time. A structured process of **materiality analysis**, to which reference is made in paragraph 4.4, has made it possible to define the contents to be reported as they are relevant for both the Group and its **stakeholders**. On the basis of the issues that emerged as material, the GRI standards and the related qualitative and quantitative disclosures to be presented in the NFD and its Supplement were selected. The **description of the material matters, the associated risks and the management methods**, including the **policies applied** by the company, are reported at the start of each capital, together with an overview of the **input/output/outcome** model of the business model, highlighting **inputs** and **outcomes** of the specific capital. This representation is mainly intended for communication purposes, insofar as the Group outputs, i.e. the public utility services and support processes, with which it supplies the communities, can only be obtained through the combination of the various capitals. Starting this year, at the beginning of each capital, a description of the national, European and international context for that specific capital in the year 2020 has also been included, in order to give an integrated view of how the company responded to the main external dynamics that characterized the reporting year. Within each chapter, the actions implemented by A2A and KPIs (Key Performance Indicators) relative to the specific capital, are therefore described. According to the cover of the **GRI Standards** and **Specific Standard Disclosure** indicators associated with the material aspects and summarised in the **GRI Content Index**, the NFD was prepared "*in accordance with the GRI Standards: Core option*".

The document this year, for the first time, is also aligned with the Recommendations of the **Task Force on Climate-related Financial Disclosures (TCFD)**. The TCFD, established in 2015 by the **Financial Stability Board (FSB)**, published its recommendations in June 2017, with the aim of **guiding the private sector in reporting** the information needed by the financial community to **properly assess climate-related risks and opportunities**. Within the **TCFD Content Index**, shown on page 220, are the relevant sections of the document in which the information required by the **Framework** is reported.

In order to comply with the requirements of Italian Legislative Decree no. 254/16, in 2017, the A2A Group equipped itself with an internal procedure aimed at drafting the NFD – **Procedure 201.028 "Non-Financial Declaration Reporting Flow"** – which defines the organizational structures involved, as well as the methods used to collect, process and control the non-financial data included in this document. This procedure was updated with effect from January 1, 2019, with the inclusion of the passage of **formal approval in the Board of Directors of the materiality matrix**, preparatory to the preparation of the issues to be discussed in the Group NFD, and the presentation of the document in the Shareholders' Meeting. **The data collection, processing and control process** was handled through the implementation of specific **software** managed by the Sustainability Projects and Reporting structure, which allows for the definition, for each section of the NFD, of the data owner and various approval levels, through to the company's senior management. Financial capital figures are aligned with the Consolidated Financial Statements, while manufacturing capital figures – and relational capital figures for customers and users – are derived from A2A's management control systems. The data represented in natural capital was handled by the Environment structure and collected via the EMS (Environmental Management System) software.

In this document and its Supplement, where necessary a specific note has been included, to indicate changes in the 2018 and 2019 performance data with respect to that reported in the 2019 Integrated Report.

This document, submitted to the Board of Directors of A2A S.p.A. on March 18, 2021, was then **subjected to a limited audit**, with regard to aspects relating to GRI reporting, by an external company, in accordance with the criteria laid down by the "International Standard on Assurance Engagements 3000 Revised" (ISAE 3000 Revised), which at the end of the work carried out issued the report attached to this document.

Scope

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

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

- the AEB Group, which, although consolidated on a line-by-line basis in the Consolidated Financial Statements, has been included in the Supplement in a dedicated section, as the consolidation was completed in the second half of 2020. The following agreements were signed on October 27, 2020: (i) the deed for the contribution by A2A S.p.A. of the entire share capital of A2A Illuminazione Pubblica S.r.l. to Unareti S.p.A. and (ii) the deed for the partial demerger of Unareti to AEB S.p.A., involving the "Gas Distribution Unit" (79,000 gas PDRs in the provinces of Milan and Bergamo) and the entire share capital of A2A Illuminazione Pubblica. With effect from November 1, 2020, A2A Illuminazione Pubblica is 100% owned by AEB S.p.A. AEB saw the entry into its share capital of A2A with 34%, the majority shareholding being retained by the Municipalities headed by the Municipality of Seregno with around 37%;
- the ACSM-AGAM Group, which, although fully consolidated in the Consolidated Financial Statements, draws up, as an obligated party pursuant to Legislative Decree no. 254/16, its own Non-Financial Information approved by the Board of Directors on March 12, 2021. The main KPIs of the Group's performance will in any case be represented and aggregated on page 19.

It is also noted that the plants – owned or leased – are consolidated 100% if they are included in the assets of the consolidated companies. In this sense, the data on the activity of the Acerra waste-to-energy plant, the Caivano plant and the thermo-electric plant of Scandale, is not considered. The Group's jointly owned material plants are consolidated proportionally. According to this principle, for environmental data, the Mincio thermoelectric plant was 45% consolidated.

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The background of the slide features a vibrant sunset or sunrise over a landscape with rolling hills. A large, stylized blue 'A2A' logo is overlaid on the left side, with the 'A' being a vertical bar and the '2A' a horizontal bar. The sky is a gradient of yellow, orange, and red.

The A2A Group
and its *business*
model

1

The A2A Group and its business model

1.1 The Group

The A2A Group is a *Life Company*, it takes care of life, its most precious capital. Every day, it deals with the environment, water and energy which, thanks to the circular use of natural resources, are the necessary conditions for life and quality thereof. It does so with the most advanced technology, because it looks far ahead. It promotes the country's sustainable growth through a long-term strategy, with investments dedicated to the development of the circular economy and energy transition: *businesses* that, more than others, are crucial to preserving everyone's future.

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

Generation and Trading

The activities of the Business Unit are related to the management of the generation plant portfolio of the Group. This Business Unit also includes the activity of trading on domestic and foreign markets of all energy commodities (gas, electricity, environmental certificates).

Market

The activities of the Business Unit are aimed at the sale of electricity and natural gas to customers in the free market and protected market, the management of public lighting and traffic regulation systems. Furthermore, it deals with providing energy efficiency and electric mobility services.

Environment

This Business Unit's activity relates to the management of the integrated waste cycle, which ranges from collection and street sweeping to the treatment, disposal and recovery of materials and energy. Lastly, the BU includes the activities of the International Business Unit for the provision of know-how and technologies for the realization of waste pre-treatment plants.

Networks & District Heating

This Business Unit's activity mainly consists of the technical and operational management of networks for the distribution of electricity, the transport and distribution of natural gas and the management of the entire integrated water cycle. It also produces and sells heat conveyed through district heating networks and



All these *Business Units*, where possible, operate in coordination to offer integrated services to citizens, as evidenced by the A2A value chain, in which the main activities of the Group are represented throughout their supply chain, from the raw material to the end customer.

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The A2A Group's values

The Group's **values** represent the cultural identity of A2A and the rules of conduct that guide people in their daily activities. Thanks to an industrial project that allows identifying development opportunities for the business and for its stakeholders, values are, together with the *mission* the basis of the *business model* of the Group, which consolidate and stimulate an increasingly strong integration with the territories and the people who live there.

Respect for the fundamental rights of people: maintain a professional relationships with all stakeholders, geared toward the respect for the dignity and fundamental rights recognised by national and supra-national law to all mankind.

Excellence in results: achieve results and satisfy customers with competence, determination, recognizing excellent contributions.

Responsibility: commit to give their best, answering for their actions.

Team spirit: overcoming obstacles through cooperation, a shared vision, and a focus on the individual.

Innovation: tackling change and evolution through brainstorming, flexibility, and thinking outside the box.

Sustainability: keeping an eye on the impact of one's choices on the environment and on the community.

MISSION

A2A aims to be a *Life Company* committed to generating a positive impact on the quality of people's lives and protecting the planet, for which it makes its technology and skills available. By working to constantly regenerate the potential of every natural resource, A2A wants to become a protagonist in the sustainable growth of the country by applying an economy that always creates new value, to help improve the lives of everyone. It works so that human, technological, financial and natural capital can grow together, in balance.



1.2 Size of the organization and geographical location

In the following section, regarding the size of the organization and location of the geographical areas of activity, the information includes the ACSM-AGAM and AEB Groups, in order to provide complete information on the structure of the **A2A Group**, in line with the economic results of other corporate documents. For further details on the results of the ACSM-AGAM Group and the AEB Group, see the Supplement to this document.



Plants and services of the A2A Group

PLANTS

| | | |
|--------|-------------------------|--|
| Energy | Thermoelectric | |
| | Hydroelectric | |
| | Photovoltaic | |
| | Wind | |
| Waste | Waste-to-energy plant | |
| | Waste treatment plant | |
| | Material recovery plant | |
| | Landfill | |

SERVICES

| | | |
|----------------------------|----------------------------|--|
| Waste | Waste collection | |
| Distribution and transport | Electricity distribution | |
| | Gas distribution | |
| | Gas transport | |
| District heating | District heating | |
| Water | Integrated water service | |
| Lighting | Public lighting | |
| Electric mobility | Recharge stations E-moving | |

Lombardy

| | | |
|---------|-------------------|---------|
| Milan | Brescia | Sondrio |
| | | |
| Bergamo | Pavia | Varese |
| | | |
| Como | Mantua | Lodi |
| | | |
| Cremona | Monza and Brianza | Lecco |
| | | |



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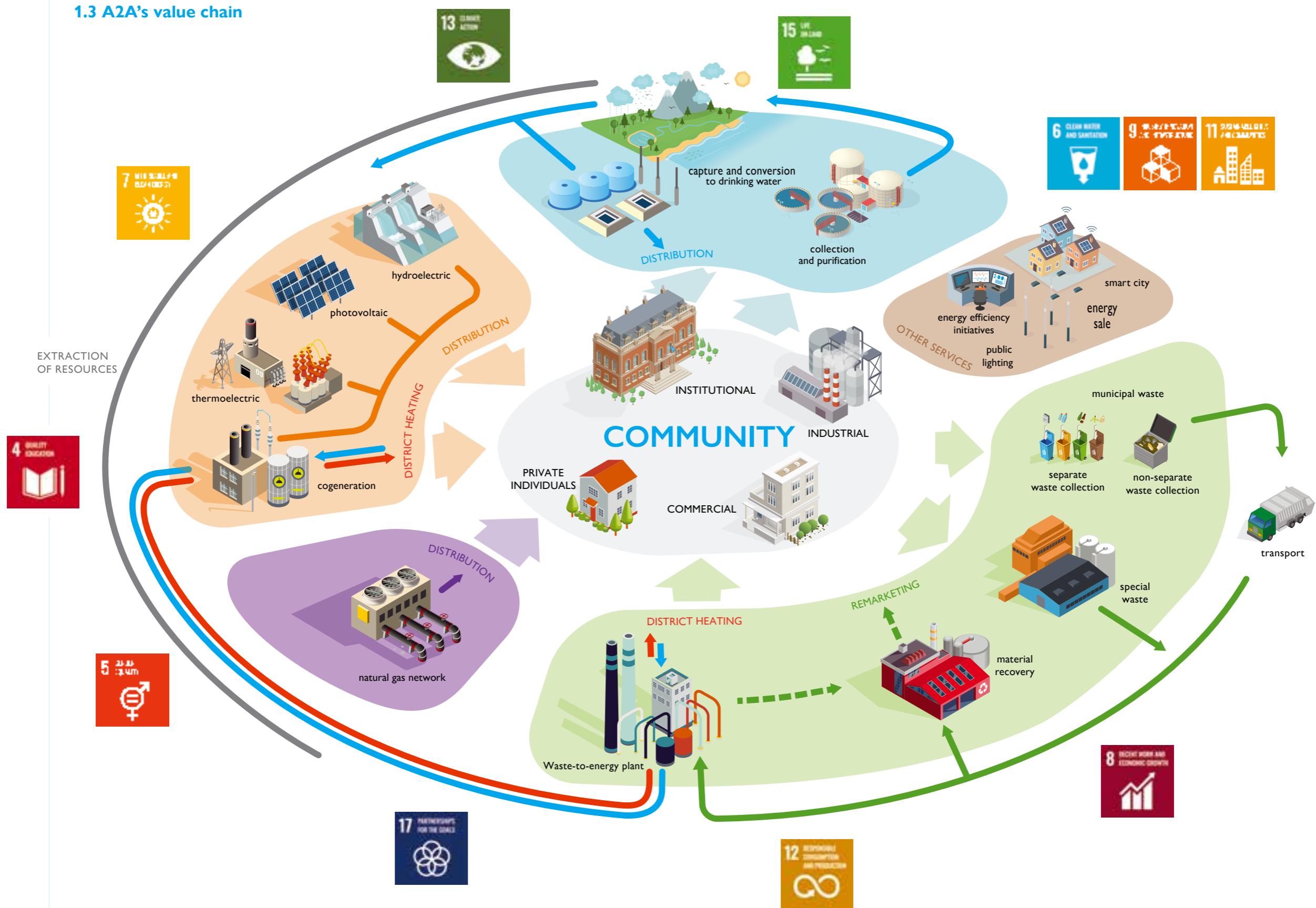
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1.3 A2A's value chain



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1.4 The A2A business model

The A2A business model seeks to create shared sustainable value for the company over time and for its reference community.

As *Life Company*, the Group is oriented to improving the quality of life of local residents and businesses operating in the reference territories, by offering essential services, guaranteed by the highest quality and efficiency **standards**: waste collection, sale of electricity and natural gas, water treatment, distribution networks, public lighting and IoT (*Internet of Things*) technologies for *smart cities*. The solidity of A2A's presence meets with the change of sectors that evolve constantly, giving rise to a constant path of sustainable growth.

The main addition of the new business model of the Group will be the reduction of the *Business Units* from 5 to 3, which will make it possible, on the

one hand, to focus business areas on the European domestic market and, on the other hand, with the creation of the Energy Business Unit, to better address the challenges posed by the energy transition, characterized by distributed generation and consumers actively participating in the energy markets. The objective of the model is to make a concrete contribution to the achievement of 11 of the 17 Sustainable Development Goals of the UN 2030 Agenda, enhancing the six capitals (Financial, Manufacturing, Natural, Human, Intellectual, Relational) on which the organization depends to ensure its services. Indeed, 90% of investments by 2030 will be in line with the SDGs. A long-term strategy dedicated to the development of the circular economy and the energy transition: the two pillars on which the Group's entire Strategic Plan is based.



Figure 1 Organization size

| | | |
|---|--------|---------------|
| Revenues (M€) | 2019 | 2020 |
| | 7,324 | 6,862 |
| Economic added value distributed (M€) | 2019 | 2020 |
| | 1,927 | 1,853 |
| Total orders (M€) | 2019 | 2020 |
| | 1,334 | 1,914 |
| Percentage orders from Italian suppliers (%) | 2019 | 2020 |
| | 96% | 97% |
| Electricity produced (GWh _e) | 2019 | 2020 |
| | 20,191 | 15,919 |
| Renewable percentage of the total (%) | 2019 | 2020 |
| | 27% | 33% |
| Heat energy produced (GWh _e) | 2019 | 2020 |
| | 2,867 | 3,041 |
| Water treated (Mm ³) | 2019 | 2020 |
| | 51 | 52 |
| Water distributed (Mm ³) | 2019 | 2020 |
| | 78 | 83 |
| Waste collected (Kt) | 2019 | 2020 |
| | 1,708 | 1,795 |
| Waste treated (Kt) | 2019 | 2020 |
| | 3,340 | 3,251 |
| Separate Collection Index (%) | 2019 | 2020 |
| | 68.8% | 71.1% |
| Electricity sold to end customers (GWh _e) | 2019 | 2020 |
| | 13,657 | 15,412 |
| Green energy sold (TWh) | 2019 | 2020 |
| | 2.3 | 3.9 |
| Gas sold to end customers (Mm ³) | 2019 | 2020 |
| | 2,454 | 2,569 |
| Electricity distributed (GWh _e) | 2019 | 2020 |
| | 11,735 | 10,781 |
| Gas distributed (Mm ³) | 2019 | 2020 |
| | 2,963 | 3,237 |
| Heat/cold sold (GWh) | 2019 | 2020 |
| | 2,783 | 2,816 |
| Total number of employees | 2019 | 2020 |
| | 12,196 | 12,978 |
| Number of hires | 2019 | 2020 |
| | 965 | 1,077 |
| Turnover rate | 2019 | 2020 |
| | 6.9% | 8.2% |
| Accident frequency index | 2019 | 2020 |
| | 25.1 | 18.2 |
| Accident severity index | 2019 | 2020 |
| | 0.5 | 0.6 |
| Sponsorships (M€) | 2019 | 2020 |
| | 1.6 | 0.8 |
| Contributions to communities (M€) | 2019 | 2020 |
| | 4.5 | 8.1 |
| Scope 1 emissions (kt CO _{2eq}) | 2019 | 2020 |
| | 7,060 | 6,039 |
| Scope 2 emissions (kt CO _{2eq}) | 2019 | 2020 |
| | 196 | 29 |
| Emissions avoided (kt CO _{2eq}) | 2019 | 2020 |
| | 3.5 | 4.0 |

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2 Governance

On May 13, 2020, the Shareholders' Meeting appointed for three years, with the mechanism of the list vote, the Board of Directors (BoD) consisting of 12 members, as indicated in the table below:

| POSITION | NAME | YEAR OF BIRTH | EXECUTIVE (E) - NON EXECUTIVE (NE) | INDEPENDENCE – CODE | INDEPENDENCE – CFA | CONTROL AND RISKS COMMITTEE | APPOINTMENTS AND REMUNERATION COMMITTEE | SUSTAINABILITY AND TERRITORY COMMITTEE |
|---|-----------------------------|---------------|------------------------------------|---------------------|--------------------|-----------------------------|---|--|
| Chairman (C) | Marco Emilio Angelo Patuano | 1964 | E | – | – | – | – | C |
| Deputy Chairman (DC) | Giovanni Comboni | 1957 | NE | – | X | – | M | – |
| Chief Executive Officer / General Manager (*) | Renato Mazzoncini | 1968 | E | – | – | – | – | – |
| Director | Stefania Bariatti | 1956 | NE | X | X | – | M | – |
| Director | Vincenzo Cariello | 1965 | NE | X | X | – | – | M |
| Director | Federico Maurizio d'Andrea | 1959 | NE | – | – | M | – | – |
| Director | Luigi De Paoli | 1949 | NE | X | X | C | – | – |
| Director | Guadiana Giusti | 1962 | NE | X | X | M | – | – |
| Director | Fabio Lavini | 1954 | NE | X | X | – | – | M |
| Director | Christine Perrotti | 1971 | NE | X | X | M | – | – |
| Director | Secondina Giulia Ravera | 1966 | NE | X | X | – | C | – |
| Director | Maria Grazia Speranza | 1957 | NE | X | X | – | – | M |

Note: C: Chairman - DC: Deputy Chairman - M: Member

(*) Mr. Mazzoncini was appointed Chief Executive Officer and General Manager by the Board of Directors at its meeting on May 14, 2020.

In the new BoD, the female component has increased to 42% of the members, a percentage well above the Italian and sector average, thus aligning itself with the regulations of the New Corporate Governance Code. The average age is 60.

In compliance with the provisions of the Code of Corporate Governance, the Board of Directors conducted its assessment, on the size, composition and functioning of the Board and its Committees. The results of the Board Review were presented and discussed during the session of the Board of Directors of February 24, 2021.

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

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

2.1 Sustainability governance

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

The Committee must be composed of no fewer than three Directors and at least one member must have adequate experience in the field of the environment, sustainability and corporate social responsibility, to be assessed by the BoD upon appointment. The Committee reports to the BoD on the activity performed with quarterly frequency.

In 2020, the Sustainability and Territory Committee met 10 times.

During the meetings different aspects were analysed and discussed, such as:

- review of the new 21-30 ten-year Strategic Plan;
- updating of the Sustainability Plan, in line with the new Strategic Plan;
- assessment of the assumptions underlying compliance with the emission reduction policy by 2030;

- preparation of the 2019 Integrated Report;
- validation of the contents included in the Territorial Sustainability Reports drawn up in 2020;
- analysis of the results obtained in the various ethical ratings to which A2A is subject, also in line with international requests on issues such as climate change and sustainable finance;
- organization of the forumAscolto Brescia;
- identification of material issues for the 2020 Integrated Report and their integration with ERM (Enterprise Risk Management) risks.

As part of the training activities for Directors, aimed at providing adequate knowledge of the sector, the company's dynamics and their evolution, a session of Induction for the Board of Directors on sustainability issues (Integrated Report, Sustainability Plan, Territorial Reports) and a more specific one on issues related to "Human Resources Policy" and "Values, culture and behaviour in A2A" were also held in 2020.

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2.1.1 Roles and responsibilities for climate change mitigation

A2A's commitment to maintaining and strengthening its governance system in support of the Group's strategy to combat climate change is evident in the continuous and constant collaboration between the various Board Committees. Given the nature of the Group's activities and main businesses, climate issues are always included in Board meetings, Sustainability and Territory Committee meetings and Audit and Risk Committee meetings: through this continuous monitoring, the risks and opportunities relating to climate change are adequately taken into account in all relevant corporate decision-making processes. In addition to the role played by the Sustainability and Territory Committee, some of the key processes for monitoring *Climate Change* within the Group are described below.

The Audit and Risk Committee is an integral part of the Internal Control and Risk Management System (SCIGR), consisting of the set of rules, procedures and organizational structures aimed at allowing the identification, measurement, management and monitoring of the main risks to which the A2A Group is exposed. The Committee has the task of assisting the Board of Directors with investigative, consultative and propositional functions and expresses opinions, among others, on specific aspects relating to the identification of the main corporate risks.

In 2020, at the instigation of the Sustainability and Territory Committee and the Audit and Risk Committee, the *Group Risk Management Organizational Structure* further developed the **methods for analysing the potential impacts of Climate Change** on the reference context and on corporate strategies.

As part of the activities to combat climate change, the *Green Finance* Committee (see page 79) has established itself as a strategic and indispensable player both within and outside the Group. The interaction between this Committee, the Sustainability and Territory Committee, the Investment Committee and the heads of the *Business Units* involved in the various projects **ensures that all investments are fully aligned with the Group's commitment to promote a low-carbon business model**.

At managerial level, in order to ensure that **climate considerations are fully integrated into the corporate strategy**, the results of the Risk Assessment are also reported to the Chief Executive Officer, the Chief Financial Officer and the Chief Risks Officer (CRO – who coordinates the risk manage-

ment process at Group level), so that these aspects are taken into account from the early stages of the annual review of the *Business Plan*.

This constant alignment also took the form of continuous sharing between the Chief Executive Officer, the strategic planning functions, the *Business Units* and the *Corporate Social Responsibility* function, during the definition of the new 21-30 Strategic Plan, in order to **regularly monitor all the implications in terms of the sustainability of the objectives over the term of the Plan**.

A central role in this regard was played by the **Group's Chief Executive Officer, who actively participated as a promoter of sustainability within the business, and more specifically, of the combat against climate change, identifying it as one of the drivers** underlying the Group's new strategy.

Sustainability indicators are in fact an integral and qualified part of the 21-30 Strategic Plan (see page 40-41), and the process for defining and monitoring them, as well as for drafting the integrated document, involves all the *business controllers* of the Group's *Business Unit*.

In this regard, several annual meetings are scheduled, where topics related to *climate change* are discussed and there is coordination of all related activities, such as periodic meetings of the Quality, Health and Environment Committee (both at company and *Business Unilevel*) or during the steering committee.

All Group employees have a significant responsibility to achieve the objectives of the Strategic Plan. This is also reflected in the Remuneration Policy: in fact, more than 32% of the Group's executives have been assigned specific targets (measurable and consistent with the objectives of the Plan) within their remuneration scheme that are related to the combat against climate change.

Group Management also plays a fundamental and decisive role in the process of identifying and assessing risks and defining response strategies, as discussed in greater detail in the section "Analysis and management of risks and opportunities".

2.2 Corporate governance guidelines

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

- **Code of Ethics;**
- **Organization, Management, and Control Model pursuant to Legislative Decree no. 231/01;**
- **Anti-Corruption Policy;**
- **International Trace Compliance;**
- **Tax Compliance;**
- **Quality, Environment and Safety Policy;**
- **Quality, Environment and Safety Management Systems;**
- **A2A Group's Sustainability Policy.**

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

Code of Ethics

All of the A2A Group's activities and relations, both internal and external, are inspired by observance of the principles, values and rules of conduct set out in the **Code of Ethics**. The A2A Group's Code of Ethics is an integral part of the Model pursuant to Legislative Decree no. 231/01 and defines the fundamental ethical principles, rules of conduct and responsibilities that the Group recognizes, respects and assumes as a binding value and imperative that all recipients of the same are required to comply with (members of the Board of Directors, members of the control body, managers and executives, employees, collaborators on an ongoing basis, suppliers and business partners). The document makes explicit reference to the **UN Universal Declaration of Human Rights, the ILO Fundamental Conventions, the OECD Guidelines and the principles of the Global Compact, to which the Group adheres**. The Code identifies requirements aimed at ensuring that the enterprise's activities are inspired by the following principles:

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

In 2020, the awareness programme on the issue of compliance culture was continued with the provision of an on-line training course dedicated to the Group's Code of Ethics. This programme will be progressively developed with other initiatives aimed at promoting ethical behaviour and detecting possible risks of non-compliance in advance.

International Trade Compliance

The A2A Group is **subject to International Trade Compliance regulations** issued by the Italian Government and the European Union and applies, for contractual commitments with funding bodies, the provisions of specific laws and regulations issued by some other countries and intergovernmental organizations of an international nature. In this sense, the A2A Group has adopted a **specific procedure to regulate information flows, the methods of verifying counterparties and the standards of the clauses to be used in commercial contracts and agreements** and has provided additional training sessions, via *webinar*, to personnel working in areas subject to ITC regulations. The Group uses a special IT tool for the **automatic daily verification of relevant counterparties** under the ITC regulations to which it is subject or applies voluntarily.

Tax Compliance

In addition, in order to guarantee a correct tax management process, the Group is implementing and including in the context of the Internal Control and Risk Management System (SCIGR) the tax risk management and control model (*Tax Control Framework – TCF*), in line with OECD guidelines and the domestic regulations that implement them. The *Tax Control Framework* was implemented in 2017 in A2A Energia S.p.A. and in 2018 in A2A S.p.A. and UNARETI S.p.A. In 2019, **A2A and UNARETI have been admitted to the Collaborative Compliance Scheme with the Revenue Agency**.

This regime, based on a **relationship of collaboration and transparency between the taxpayer and the Financial Administration**, provides for constant and preventive dialogue and favourable and rewarding measures for taxpayers who adhere to it.

The implementation of the *Tax Control Framework* required the **adoption of the Group Tax Strategy**, the purpose of which is to set out the principles and guidelines for the uniform management of taxation in order to guarantee the correct and timely settlement of taxes and tax obligations.

The Group's Tax Strategy has been approved by the Boards of Directors of the companies that have implemented the *Tax Control Framework* (the complete document can be consulted in the Governance section of the Group Corporate website). It should be noted that the Group operates (in terms of revenues, profits and related taxes due) almost exclusively in Italy. The Group does not control companies with offices in blacklisted countries or tax havens.

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Organization, Management, and Control Model pursuant to Legislative Decree no. 231/01

On July 30, 2020, the **Organization, Management and Control Model of A2A S.p.A. pursuant to Legislative Decree no. 231/01** was updated.

39 consolidated companies adopted their own Organization, Management and Control Models in accordance with Legislative Decree no. 231/01. The Board of Directors of each company with a Model has appointed a Supervisory Body entrusted with the task of supervising the functioning and compliance of the Model and its constant updating.

In 2020, 2,682 hours of training were provided on the subject of Legislative Decree no. 231/01 in e-learning and classroom mode, involving 15% of employees. At December 31, 80% of employees were trained on the Code of Ethics.

All Group stakeholders can report through appropriate channels of confidential information, any violation or suspected violation of the Code, to the Supervisory Body or Internal Audit organizational structure. Reports can be made through the communication channels established (e.g. e-mail, ordinary mail) and as per the "Management of anonymous and other reports of the A2A Group" guideline published on the A2A website. Employees may also report illegal conduct or violations of the 231 Model of companies of which they have become aware in the context of their employment relationship. Reports may also be anonymous and must contain precise and useful elements for understanding what has been reported. The Group guarantees the protection of the identity of the whistleblower and the confidentiality of the information received and, for those who violate the measures to protect the whistleblower and those who make unfounded reports, penalties are provided for. Whistleblowers can report to the National Labour Inspectorate any discriminatory measures suffered.

During 2020, a project was launched for the implementation of a **specific IT platform** as an alternative channel to those already existing, **for the management of whistleblowing**, including anonymous, concerning all Group companies.

This platform will already be in line with the provisions of EU Directive 1937/2019 "on the protection of individuals who report breaches of EU law", which must be transposed by member states by December 17, 2021.

Anti-Corruption Policy

The Group companies that have adopted a Model in accordance with Legislative Decree no. 231/01 are systematically monitored also with regards to risks connected with corruption. In line with as outlined in the Group Code of Ethics and the specific regulatory document **"Anti-Corruption Policy of the A2A Group"** updated in 2019, the Group bans all forms of corruption, unlawful favours, collusive conduct, requesting of advantages, conferal of material and immaterial benefits and other advantages aimed at influencing or remunerating representatives of institutions or their relatives, and Group employees. The Anti-Corruption Policy provides a systematic framework of reference in fighting corruption, and disseminates Group-wide those principles and rules to be followed to disavow bribery in any form direct or indirect, active or passive, even in terms of solicitation, as well as more generally to warrant compliance contemplated by the Group's Code of Ethics, and applicable Anti-Corruption rules. The Policy applies to Group personnel and to all those who work for or on behalf of Group companies, within the scope of their activities and within the limits of their responsibilities, including the Corporate Bodies. During 2020, as part of the **programme to raise awareness of the culture of compliance** a training course was provided dedicated to the " A2A Group's Anti-Corruption Policy".

No episodes of corruption or violation of the Code of Ethics were recorded in 2020.

With reference to the proceedings relating to the corruption hypothesis involving the company Linea Ambiente S.r.l. and which became known in 2019, at present, the trial against the director of the company at the time of the facts relating to the issue, by the Province of Taranto, of the authorization for the expansion of the landfill managed by the Company itself, is underway before the Court of Taranto. The company has been informed of the existence of criminal proceedings against it for the offences of bribery referred to in article 25, paragraph 2 of Legislative Decree no. 231/01. A second proceeding became known in 2019 and concerns a hypothesis of corruption contested by the Milan Public Prosecutor's Office, in relation to certain tenders called by AMSA S.p.A. In the trial, which is pending before the Court of Milan, AMSA, an injured party, has joined the proceedings as a claimant seeking damages.

Data privacy

In order to meet the requirements of the GDPR, the A2A Group has adopted an organization and management model for personal data (and a Data Protection Officer), capable of guaranteeing the correct application of the legislation on the protection of personal data.

A2A has also launched a series of adjustment actions that have included a preliminary assessment phase, with the aim of: analysing the existing Data Privacy governance model, and identifying the main areas of intervention and the relative actions to be implemented to comply with the regulation. In order to ensure compliance and to be able to demonstrate it, the Group companies have carried out some recurring activities:

- Organizational system: updating of processing registers and management of requests by data subjects to exercise their rights;

Risk analysis and assessment

- identification of high-risk processing on the basis of the criteria defined:
 - by the "Art. 29 Group" (now EDPB) in the data protection impact assessment guidelines;
 - in annex 1 to the measure of the Guarantor for Personal Data Protection no. 467;
- carrying out DPIA (Data Protection Impact Assessment) on processing operations presenting a high risk to the rights and freedoms of data subjects, in order to demonstrate the compliance of processing and to identify the security measures necessary to reduce the level of risk;
- assessment of the severity of data breach and keeping of the relevant register. In 2020, 17 cases of personal data breaches were detected at Group level. In no case was it necessary to notify the Italian Data Protection Authority.

2.3 HSE organizational model

The Group has defined an **organization model for Environment, Health and Safety**, in order to:

- clearly identify HSE roles and responsibilities in positions close to the sources of risk, to ensure their effective management, attributing the necessary powers to the figures who operationally manage the activities;
- identify, at the various levels, figures and company structures responsible for guidance, coordination and control tasks and others to support the business in the pursuit of strategies and corporate objectives, with a view to utmost protection of the environment, health and safety;
- guarantee systematic and documented verification of compliance with the applicable regulations and with the requirements and standards adopted;
- ensure the traceability of activities and documents relating to environmental, health and safety processes.

The model is described in a Group Guideline that provides guidelines for its implementation in individual companies:

- regulation of business processes relevant to HSE issues, at all levels of the organization;
- definition and implementation of conceptual and IT tools for their management.

In the regulation of processes, particular attention is paid to the definition of methodologies for the identification, assessment and management of risks, to support businesses in guaranteeing and maximizing the sustainability of their activities.

The governance of HSE issues is also extended to activities that are not directly managed by individual

companies and involves parties who, for various reasons, collaborate with Group companies. For example, appropriate HSE risk identification and management tools are also applied to suppliers.

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

In particular, reference is made to the Group Quality, Environment and Safety (QES) Policy, whereby A2A undertakes to guarantee, under the scope of its activities and in compliance with the OMM, the Code of Ethics and the company values, increasing stakeholder involvement (including workers), solid compliance with legislation regarding the company, a careful focus on the environment, the protection of worker health and safety (through identification credentials and advanced risk assessment tools), a constant eye on technological innovation and a tendency to develop its human capital.

In order to implement these reference principles, A2A has also prepared various guidelines and internal procedures on sustainability aspects, also referring to and outlining the reference standards laid down by the OMMs; these documents are adopted at Group level and outlined by Group companies in relation to the specific nature of their respective businesses.

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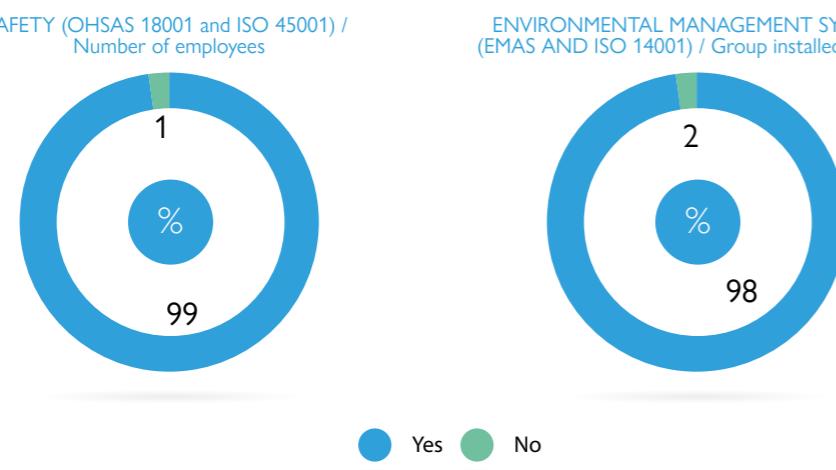
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These policies are partly implemented through certified management systems according to the major voluntary standards recognised at the international level, such as ISO 14001 for the environment, ISO 9001 for quality and OHSAS 18001 for health and safety at work, or within the European Community, such as EMAS Registration, which refers to Regulation (EC) no. 1221/09.

Figure 2 Group certificates

| TOTAL NUMBER OF CERTIFICATES ISSUED | QUALITY ISO 9001 | ENVIRONMENT ISO 14001 | SAFETY OHSAS 18001 | SAFETY ISO 45001 | ENERGY EFFICIENCY ISO 50001 | EMAS | REMADE IN ITALY |
|-------------------------------------|------------------|-----------------------|--------------------|------------------|-----------------------------|------|-----------------|
| 2018 | 28 | 25 | 25 | - | 3 | 27 | - |
| 2019 | 27 | 26 | 16 | 10 | 4 | 28 | 2 |
| 2020 | 28 | 27 | 24 | 2 | 4 | 28 | 3 |

Figure 3 Certificate coverage



2.4 Analysis and management of risks and opportunities

The Group has set up a Risk Management function that uses a risk measurement and detection process on the basis of the **Enterprise Risk Management (ERM) method**, developed in order to make business risk management an integral and systematic part of the business management processes. Such activities are carried out in accordance with the Guidelines for the Internal Control and Risk Management System approved by the Board of Directors and adopted by Group companies. The ERM process and methodology are formalized in the internal regulatory document "Enterprise Risk Management Policy".

Through the involvement of all corporate structures, the risk measurement process is regularly activated, enabling the identification of the most significant critical issues, the measures to monitor them and the mitigation plans.

The risk profile of the Group and its companies,

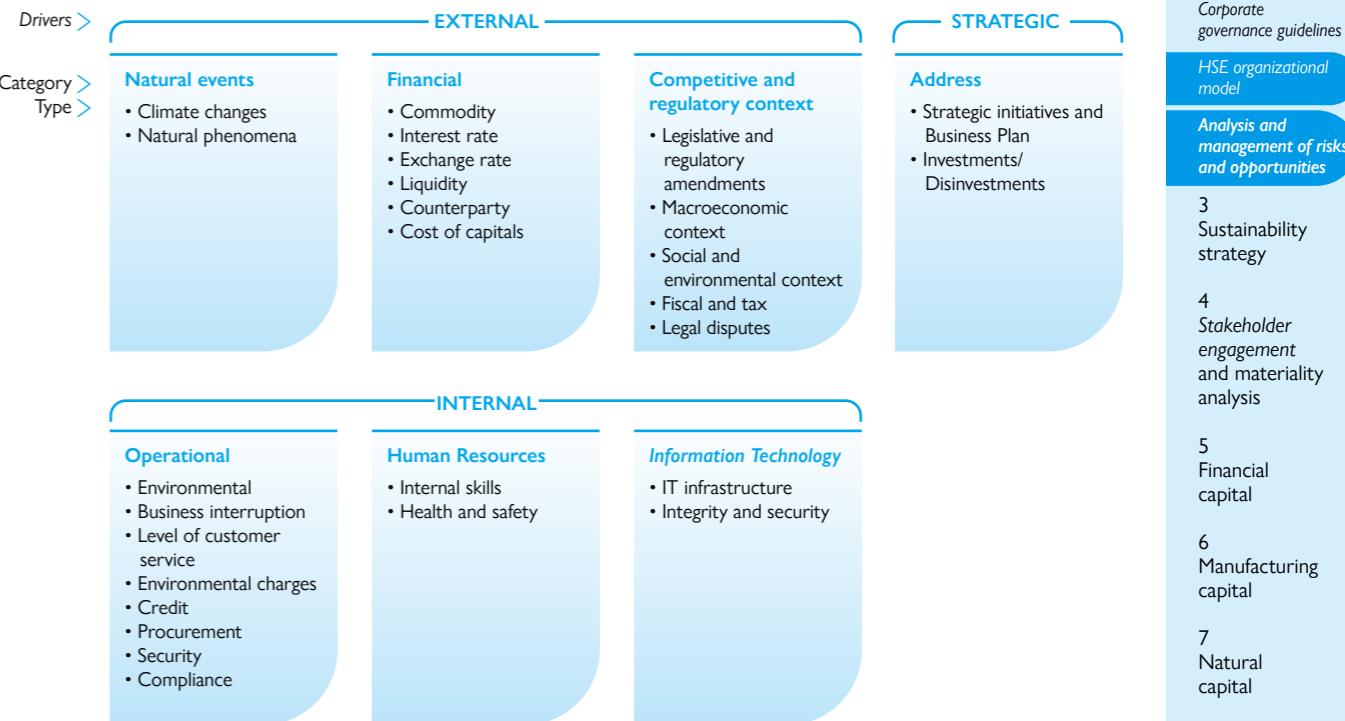
identified in the periodic (half-yearly) assessment process, are analysed by the respective Boards of Directors and during the business review meetings. In addition, ERM risk management is integrated with the A2A Group's Quality, Environment, Health and Safety management systems and supports the development of certifications in accordance with ISO 9001, ISO 14001 and ISO 45001.

The ERM process takes into account all possible risks and assesses their impact on the company, as regards both the financial and reputational aspects. To this end, the main risk factors considered relate to the company's mission and relationship with the community, the nature and diversification of its Business Units, its growth plan, strategic objectives, competitive, legislative and regulatory environment, macroeconomic and social-environmental scenario, issues related to climate changes, and the expectations of interested parties, characterized

by increasing sensitivity towards environmental, health and safety issues, and sustainability issues more generally. In fact, during each periodic assessment, there are information flows with the *Corporate Social Responsibility* organizational structure, as well as with the Group's Environment, Health and Safety structure, also in accordance with the aforementioned *Enterprise Risk Management Policy*. This comparison aims to further investigate risk/

opportunity issues related to sustainability objectives and allows for a synergistic management of risk management activities and the results of stakeholder engagement activities. All of the above has highlighted a strong correlation between material sustainability issues and risks: more than 80% of material sustainability issues are linked to one or more risks identified in ERM.

Figure 4 The A2A Group risk model



The Enterprise Risk Management methodology and process implemented by the Group also include the identification and management of opportunities, understood as scenarios with positive uncertainty linked to a risk scenario and whose expected benefit exceeds the mere elimination of potential negative impacts of the risk or constitutes a possible positive (favourable) change in a parameter, compared with what was planned. To date, the opportunities identified mainly embrace the types "strategic and Plan initiatives", "social and environmental context", "health and safety", "commodity", "cost of capital", "tax and fiscal" and "climate change"; the expected benefits are both on the reputation of the Group and economic-financial, the latter has been estimated at around 30 million euro over the Strategic Plan period.

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

Ethical pursuit of business

| Risk factors for sustainability | Opportunity factors for sustainability | Management approach (MA) |
|---|--|--|
| Compliance issues, the non-fulfillment of which may result in image impacts or sanctions | | Adoption of a new Code of Ethics, valid for all Group companies |
| Incompleteness of accounting and non-financial disclosures | NOT YET IDENTIFIED | Risk monitoring policy through organization models pursuant to Legislative Decree no. 231/01 |
| Any non-compliance with regulations and/or authorizations that may result in image impacts or monetary sanctions or disqualifications | | Adoption of the Reporting procedure for the preparation of the NFD |

ESG elements in corporate governance

| Risk factors for sustainability | Opportunity factors for sustainability | Management approach (MA) |
|--|--|--|
| Possible insufficient integration of ESG issues into corporate governance | | Programmes to increase the awareness of the BoD with regard to sustainability issues |
| Possible insufficient analysis of environmental and social impacts in the management of new acquisitions | NOT YET IDENTIFIED | Adoption of a Board Committee dedicated to Sustainability |

Risk management and sustainability opportunities

Adoption of a Group approach that integrates, within the company strategy, the analysis and management of risks and opportunities in relation to sustainability issues (environmental and social).

| Risk factors for sustainability | Opportunity factors for sustainability | Management approach (MA) |
|---|--|--|
| Possible failure to identify significant risks related to sustainability issues | Group ERM methodology also aimed at identifying and managing uncertainty scenarios related to ESG issues | Integration of sustainability issues into the Group's Risk Management activities |

Respect for human rights in the Group value chain

Promotion of rights throughout the value chain (suppliers, employees, customers). Promotion of access to electricity, gas and water services by disadvantage categories of consumers.

| Risk factors for sustainability | Opportunity factors for sustainability | Management approach (MA) |
|---|--|---|
| Issues of ethical conduct of suppliers or sub-suppliers | NOT YET IDENTIFIED | Responsible management of the supply chain, for example: - reputational investigation activities to counter the contracting of suppliers that do not comply with the A2A Group's ethical requirements; - obligations for the supplier to sign an ethical pact and a declaration of compliance with the legality protocol. |



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The A2A sustainable
strategy



3

The A2A sustainable strategy

MAIN NATIONAL AND INTERNATIONAL NETWORKS AND ASSOCIATIONS ON SUSTAINABLE DEVELOPMENT ISSUES OF WHICH A2A IS A MEMBER



Since 2013, A2A has been a member of the United Nations *Global Compact*, subscribing to the 10 founding principles relating to human rights, working conditions, the environment and the fight against corruption. As part of the network, every year A2A publishes its own *Communication on Progress* (CoP), which coincides with this document. In 2020, A2A once again took part in the working parties launched by the Italian *Global Compact* network and the *Italian Business & SDGs Annual Forum*.



The A2A Group has joined the international network "Circular Economy 100" (CE100) of the *Ellen MacArthur Foundation*. The CE100 network brings together businesses, institutions, governments, city administrations, universities and emerging innovators in a circuit dedicated to the sharing of knowledge and experience in the field of the circular economy, as well as encouraging possible collaborations and partnerships.

WE MEAN BUSINESS

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



CLIMATE & CLEAN AIR COALITION

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



Since January 2018, A2A has been a member of the *CSR Manager Network*, the national association that brings together professionals in all types of organizations who are dedicated to the management of social, environmental and sustainability issues related to business activities.

UTILITALIA

A2A is an active member of the CSR and Sustainability Working Party of Utilitalia. Within this group, A2A participated in the preparation of the Sustainability Report of the Utilities Sector.



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

Valore D

A2A, in partnership with Valore D, promotes change towards gender balance through the development of a new corporate culture on *Gender balance* issues.

CORPORATE FORUM ON SUSTAINABLE FINANCE

Since 2019, A2A has been among the European companies that have signed the *Corporate Forum for Sustainable Finance*, a document supporting the implementation of sustainable financial instruments through a network of companies promoting a *low-carbon* society.

3.1 Background information and scenarios

The economic, social and environmental events that have been affecting the world in recent years put sustainable development at the top of the global agenda with increasing force. Although the dissemination of Covid-19 has changed the reference scenario, the crisis situation that is crossing the planet has further underlined the importance of having a sustainable and resilient economic, social and environmental system. Short-term policies to deal with the crisis must necessarily be accompanied by a long-term view capable of combining economic recovery with the new paradigm of sustainable development. In this sense, sustainable transition, which will profoundly affect the life of the planet and its inhabitants, is a key pillar for economic and social recovery in Europe and beyond.

In this scenario, climate change is increasingly central to international policies and requires concerted solutions by a multiplicity of economic and institutional players worldwide, in order to limit global warming to below 2°C and continuing with efforts to limit it to 1.5°C, as defined in the **Paris Agreement**, adopted in 2015 at the Conference of the Parties (COP). In fact, considering the most ambitious scenario of the Paris Agreement, with an increase limited to 1.5°C, global emissions should **decrease by about 45% compared to 2010 levels by 2030, thus reaching the "zero emissions" objective by 2050**.

Nevertheless, the effects of global warming are now unequivocal, as confirmed by the latest **IPCC reports**¹ (IPCC, 2014; 2018). The observed global average temperature is now about 1°C² higher than in the pre-industrial era and this is already having important effects, including a continued increase in the frequency and intensity of extreme weather events (heat waves, droughts, heavy rains), rising sea levels, increased forest fires and declining crop productivity. The 2018 "Special Report on the impacts of Global Warming of 1.5°C" shows that the decade 2011-2020 represents the period with the highest temperatures ever recorded. If current production rates continue, notes the IPCC, greenhouse gas emissions will cause a temperature increase of 1.5°C by 2040, exceeding +2°C in subsequent years, with catastrophic effects for the planet. Also the data published by the *World Meteorological Organization* (WMO) show that in recent years, the increase in the Earth's average temperature has not stopped and that the increase in temperature occurs with different intensity in different geographical areas.

In WEO 2020, the IEA outlines the opportunities and pitfalls that will determine the path from now until 2030, focusing on several possible scenarios. The **Stated Policies Scenario (STEPS)**, developed starting from the energy policies in force and from

For years, climate change has been listed among the most significant risks for the global community by the *World Economic Forum*, in its annual "Global Risk Report", highlighting its interconnection with climatic, social and geopolitical risks, such as mass migrations, pandemics and scarcity of water resources. The climate changes already observed in recent decades may be further exacerbated by expected changes in climate, leading to risks of varying magnitude depending on what can be done to limit global warming.

The *International Energy Agency* (IEA) highlighted in its **World Energy Outlook 2020 (WEO 2020)** how the Covid-19 pandemic has affected the energy sector more than any other event in recent history, although it is too early to define whether this disruption will support or hinder efforts to accelerate the energy transition and meet international climate goals. The latest report provides an in-depth **analysis of the impact of Covid-19 on the global scenario**: energy demand is estimated to decrease by 5% in 2020, energy-related CO₂ emissions by 7% and energy investments by 18%. Natural gas demand is down about 3%, while overall electricity demand appears to be down a, relatively modest, 2%. Overall, the sector's performance could be down by 2.4 giga tonnes of CO₂, which would bring annual emissions back to the level of ten years ago, a reduction six times greater than the previous record reduction of 0.4 giga tonnes in 2009 due to the financial crisis. However,

just like the global economy, CO₂ emissions have rebounded since the 2009 financial crisis: collective efforts are needed to prevent this from happening again when economies recover from the pandemic.

The planetary challenge with energy markets as protagonists involves two opposing aspects. On the one hand, the projected population growth, together with the significant projected increase in the overall rate of urbanization and the desire to ensure adequate access to energy for all, suggest a significant increase in overall energy demand. On the other hand, the commitment against climate change and in favour of decarbonization makes it necessary to develop technologies and to reflect on the global energy mix.

In WEO 2020, the IEA outlines the opportunities and pitfalls that will determine the path from now until 2030, focusing on several possible scenarios. The **Stated Policies Scenario (STEPS)**, developed starting from the energy policies in force and from

¹ The Intergovernmental Panel on Climate Change (IPCC) is the scientific forum formed in 1988 by two United Nations bodies, the World Meteorological Organization (WMO) and the United Nations Environment Programme (UNEP) for the purpose of studying global warming.
² Risk Analysis – Climate Change in Italy, a document prepared by the Euro-Mediterranean Center on Climate Change (CMCC) and published in 2020.

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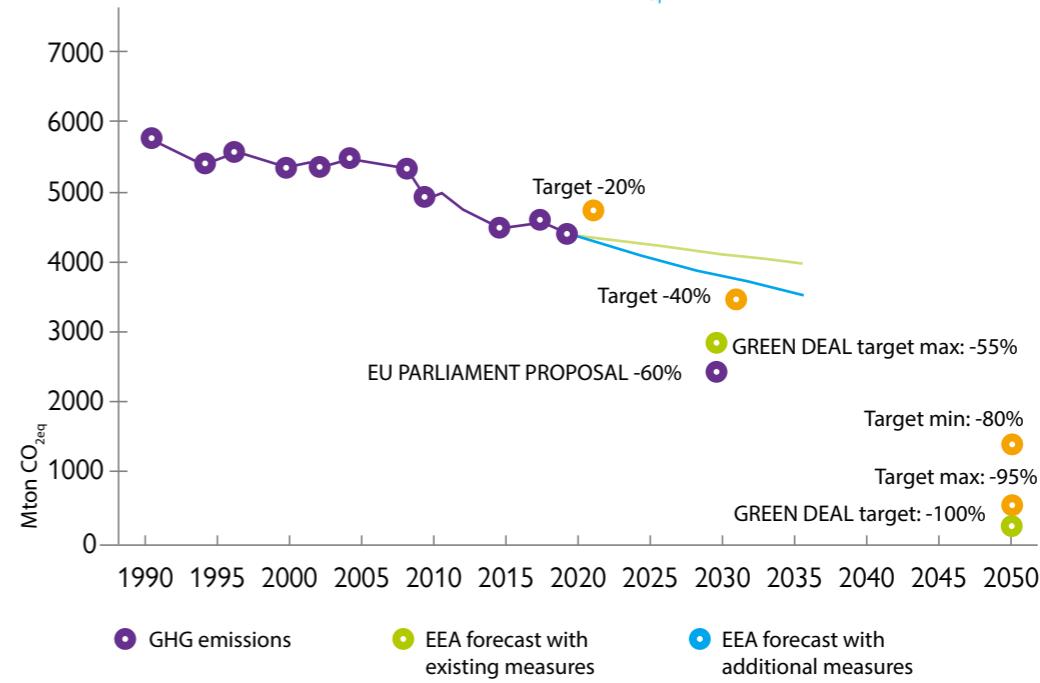
the objectives-targets already announced by countries and supranational organizations, taking into account the continuous evolution of the technologies known to date, discounts the effects of the pandemic and considers the hypothesis that Covid-19 will be gradually controlled during 2021. This forecasts a return to pre-crisis levels of global GDP in 2021, and global energy demand in 2023, however varying in its composition. Renewable sources, in fact, are expected to meet 90% of the substantial growth in global demand for electricity until 2040, driven by the spread of solar photovoltaic, while the use of coal will not return to pre-crisis levels: it is estimated, in fact, that by 2040, there will be a 20% decrease in the incidence of coal on global energy demand. The **Delayed Recovery Scenario (DRS)** predicts a slower recovery, where government responses lead to different outcomes in the energy market, as the pandemic extends beyond 2021 and has deeper and longer-lasting economic and social impacts. The global economy is not expected to return to its pre-crisis size until 2023, and Covid-19 is expected to usher in a decade with the lowest growth rate in energy demand since the 1930s, which is not expected to return to pre-crisis levels until 2025.

In addition to these, there is the most challenging decarbonization scenario, the **Sustainable Development Scenario (SDS)**, which reflects the goals that the international community has set for itself with the United Nations 2030 Agenda, in terms of reducing greenhouse gases, universal access to energy and reducing mortality caused by pollution and is in line with the objectives defined by the Paris Agreement in 2015. In WEO 2020, the scenario includes the same public health and economic assumptions as STEPS and complements the packages included in the *recovery plan* for a sustainable global recovery from Covid-19. **The SDS predicts keeping the temperature below 1.8°C with a 66% probability**, which falls to 50% compared to keeping global warming below 1.65°C.

3.2 The European and national strategy

The crisis triggered by the Covid-19 health emergency has deeply shocked Europe and the rest of the world, testing not only health and welfare systems but also the functioning of companies, the economy and the very way we live and work. The continent faced a public health problem that quickly turned into the most serious economic crisis in history. In order to rebuild the economy after the Covid-19 pandemic, the **Next Generation EU programme** was set up to guide and build a more sustainable, resilient and fairer Europe. A total of 1,800 billion euro will be allocated: 30% of EU funds will be earmarked for combating climate change, the highest percentage ever for the EU budget. In order to access funds at national level, **each member country must submit its National Recovery and Resilience Plan (NRRP)**. All this is part of the broader scenario of the latest updates about the green policy promoted by the European Commission in December 2019 through the **Green New Deal**: the action plan is aimed at promoting the efficient use of resources by moving to a **clean and circular economy, restoring biodiversity and reducing pollution**. The Green New Deal represents a major achievement and an excellent opportunity to give political continuity to the 2015 Paris Climate Agreement: to achieve these goals, the European Parliament has set a **target of a 55% reduction in greenhouse gas emissions by 2030 compared to 1990 levels, a 32% increase in the share of energy produced from renewable sources and a 32.5% increase in energy efficiency by 2030**, with the aim of achieving a zero-emissions economy by 2050.

Figure 5 GHG emissions, Forecast and Targets in EU (Mton CO₂eq)



Source: Long Term Market Outlook 2020: historical and forecast emissions EEA source.

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A further key element within the reference scenario concerns the **Clean energy for all Europeans package**: the 2019 update of the European Union's guidelines for conduct in order to facilitate the energy transition. Each member state has been asked to produce a Integrated National Energy and Climate Plan (PNIEC), with a 10-year horizon, in order to identify how each country intends to achieve its objectives in terms of:

- energy efficiency;
- renewable energies;
- reduction of greenhouse gas emissions;
- development of interconnections;
- research and development.

Among the details of the various PNIEC presented by the member countries, some substantial elements stand out: Germany, already struggling with a plan for the complete decommissioning of nuclear power plants by 2022, envisages a coverage

of gross electricity consumption from renewable sources of at least 65% by 2030. France, which is tackling the issue of reducing nuclear generation to 50% of total domestic generation by 2035, sees a penetration of renewables of at least 40% by 2040.

At Italian level, the regulatory framework outlined in the PNIEC is challenging: a **33% reduction in greenhouse gas emissions compared with 2005 for sectors not covered by the Emissions Trading Scheme**, an objective of 30% of total consumption covered by renewable sources and a reduction in primary energy consumption of 43%.

In this regard, in order to asses the role of multiutilities in the sustainable revival of Italy, The European House – Ambrosetti, in collaboration with A2A, has mapped the state of the art of the Italian regions, the existing gaps and how to bridge them in the three key areas of their work: energy, environment and water cycle.

To achieve the decarbonisation targets, it is first and foremost necessary to increase the use of renewable energy sources. The PNIEC sets a target for the share of RES in final consumption of 30%. The study clearly shows that, if the Italian trend of the last 5 years were to be confirmed, the 2030 objective would be missed by more than 7 percentage points: in order to reach the objectives, a further growth in the electricity mix of about 20 percentage points is necessary. **The objective of A2A in this sense is to reach, by 2030, production from renewables of 58% compared to 33% at present, with a renewable generation capacity that will reach 5.7 GW thanks to over 4 billion euro of investments and acquisitions.**

In addition, the study highlights how other important innovations for the sustainable transition introduced by the *Circular Economy Package* concern forms of waste management oriented to the recovery of materials and the use of residual waste as energy, with the aim of reducing by 10% the use of landfills by 2035. However, Italy has a high rate of landfill disposal (21.5%), while the most advanced European countries have achieved its substantial elimination (e.g. Sweden and Finland 0.7%, Germany 0.8%, Belgium 1%). A2A is also in line with the ambitions of the European Union in this area and intends to reduce the amount of waste sent to landfills thanks to its privileged role as a company active in the construction of treatment plants, the collection of waste and the production of energy, with a view to the circular economy, aiming to create a good mix between energy recovery from waste and recovery in terms of raw materials. **In fact, A2A envisages the construction of new material recovery plants for a total of 2.2 million tonnes of separate waste collection pro-**

cessed by 2030 and the construction of new energy recovery plants for a total of 5.4 million tonnes.

Lastly, the study shows that the water cycle also has a strong gap in terms of plants and significant territorial heterogeneity. In Italy, 47.9% of the water withdrawn is dispersed along the water network (the worst country in Europe, against an average of 23%), with uneven peaks throughout the country. The country also has a variegated situation with regard to the capacity to purify and treat wastewater, with an average coverage of 85%, which is further reduced if the treated load is analysed, reaching 78.5%, with negative peaks of 68.9%.

A2A envisages capex of 1.1 billion euro not only to improve efficiency, aiming at a reduction in linear water leaks of around 19 m³/km/day, but also to develop new treatment capacity (1.9 million inhabitants served by 2030).

From this study, it is clear that the transition path for Italy is still long and challenging. Additional and increasingly ambitious measures will be needed to achieve the objectives set by the PNIEC for 2030 in order to reach the "net-zero" targets for 2050 and it is precisely in this context that the key role becomes explicit as conferred on *multi-utilities*, which by the very nature of their *business*, play a central role in the sustainable transition process. **It is precisely their areas of activity – electricity and gas distribution services, network management, waste management, provision of water services and promotion of good reuse practices within the water supply chain – that preside over the key dimensions of sustainable development and, with their territorial dimension, play a leading role in acting as "catalysts" for European investment.**

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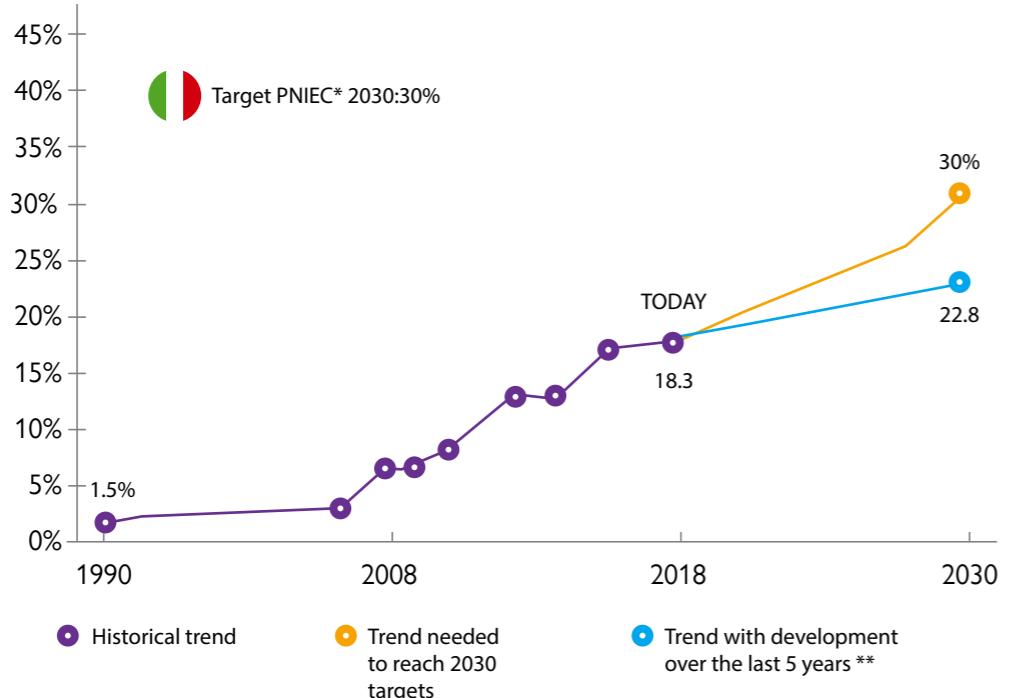
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Figure 6 Gross final consumption of energy from renewable sources (percentage). 1990-2030



Note: The targets set by the PNIEC are set in implementation of the European Commission indications.
(*) National Energy and Climate Plan (** The trend with development over the last 5 years is estimated by projecting the CAGR (compound average annual growth rate) of the last 5 years.

Source: The European House-Ambrosetti processing of Eurostat data and National Integrated Energy and Climate Plan, 2020

³ Currently, Italy is at the bottom of the EU rankings for investment in the water sector, ahead only of Malta and Romania..

3.3 The A2A Strategy

In January 2021, A2A approved the new Strategic Plan 2021-2030, the **Group's first Business Plan with a 10-year horizon. The A2A strategy is guided by sustainability: the circular economy and energy transition are its pillars**, demonstrating the commitment that the Group places on issues connected with climate change. The new approach to business represents a shared, sustainable and future-oriented vision of the world, in which the Group intends to make its daily contribution. **The Plan calls for the active participation of all of the Group's Business Units (Energy, Waste and Networks) in making a concrete contribution to the achievement of 11 of the 17 Sustainable Development Goals of the UN 2030 Agenda.**

The strategy represents a turning point for A2A which, combining courage and concreteness, pursues challenging sustainability objectives and very important economic growth targets for the Group, entering the European market.

The Plan, in accordance with the motto "*Life is our Duty*", strengthens the strategic and cultural positioning of the Group, which **from a multi-utility becomes a "Life Company"**: through its activities in the energy, water and waste sectors, thanks to the circular use of natural resources, A2A takes care of the conditions necessary for life and its quality.

The new Strategic Plan represents a long-term strategy, with **16 billion euro of capex**, most of which are dedicated to the energy transition (61%, or about 10 billion euro), and about 6 billion euro earmarked for the development of the circular economy. These are the solid foundations that will allow the Group to build strategic, innovative and essential infrastructures for the growth and re-launch of the country. According to a preliminary analysis, about 70% of the total capex planned for the decade fall into the category of sustainable investments in line with the criteria that will be identified by the European Taxonomy for eco-sustainable activities. In addition, 90% of capex contribute to the sustainability goals defined by the United Nations (UN SDGs).

As cross-cutting strategic factors, A2A has introduced a new operating model that envisages simplification and decentralization, through the development of skills and digitalization. The main change is the reduction of the number of Business Units (BUs) from 5 to 3, which will make it possible, on

the one hand, to focus the business areas on the European domestic market and, on the other hand, with the creation of the Energy BU, to better address the challenges posed by the energy transition, characterized by distributed generation and consumers actively participating in the energy markets.

A new **Digital Plan** is also envisaged with the aim of digitalizing all A2A activities, which on the one hand, will favour the shortening of the decision-making chain by giving greater responsibility to the Business Units, and on the other, will aim to streamline procedures in order to speed up activities while guaranteeing high standards of quality.

Circular Economy

A2A is a **leader in the Circular Economy**, with particular reference to the water cycle, district heating and waste management. Recovery of waste heat, reduction of water leaks and closing the waste cycle are the main drivers of sustainability in this area. With **6 billion euro** at its disposal, the Group plans strategic actions aimed at increasing the recovery of materials and energy from waste and reducing waste (e.g. water leaks, waste heat).

The Plan envisages the construction of **new material recovery plants** for a total of 2.2 million tonnes of separate waste collection processed by 2030, an increase in the percentage of **separate collection in the areas served to 76%** and the construction of **new energy recovery plants**. Further developments are also planned in the recycling of plastic and the recovery of paper, sectors which will enable A2A to grow further until it reaches full closure of the waste cycle. For district heating, the focus will be on the development of the network, with an investment of about 1 billion euro, and the recovery of heat sources from production activities otherwise dispersed into the atmosphere. Finally, with the aim of helping to overcome EU infringements, A2A will also increase investments in the water cycle, aiming to reduce linear water leaks by 19 m³/km/day and develop new treatment capacity (1.9 million inhabitants served by 2030).

Energy Transition

In line with the objectives of the Paris Agreement, A2A aims to reduce its emission factor **by 47% by 2030 compared with 2017**. The **target was validated by the Science Based Targets initiative (SBTi)**, consistent with a trajectory of containing global warming to below 2°C. The Plan's initiatives, which focus primarily on the energy transition, call for the **decommissioning of coal-fired plants**,

the development of **new renewable energy sources (RES)**, which will contribute **58% of the Group's energy production** by 2030, and actions to improve the resilience and adequacy of the electric power system.

Moreover, the challenging global objectives related to decarbonization and emissions reduction, as well as technological and market developments, require two priority actions to accelerate the energy transition: ensuring a high annual rate of development of plants (photovoltaic and wind farms in particular) and guaranteeing the security, stability and flexibility of the electricity system.

Capex will be focused on solar and wind technology, also thanks to the contribution of **merger and acquisition (M&A)** transactions in the first years of the Plan, to create a development platform that allows international and diversified growth. In addition, the energy transition will be ensured by the flexibility of high-efficiency combined-cycle power plants, which will be upgraded through the construction of a new combined-cycle plant capable of blending with hydrogen and a gas peaker. On the flexibility front, on the other hand, the Plan envisages innovative projects such as batteries for solar plants, pumping and thermal storage in the case of district heating. The Group will also contribute to the grid stability of the Italian electricity system through investments of 1.9 billion euro by 2030 in synchronous compensators and electrolyzers (~0.3 GW for green hydrogen).

A significant part of the resources will then be allocated to the construction of new electrical

substations (3 primary and 1,000 secondary) and 2,000 km of new lines. These investments, together with those planned for the gas networks (1.1 billion euro), are aimed at promoting resilience, the development of smart grids and the installation of smart meters, which are fundamental for the development of smart cities, a segment in which A2A plans to invest over 300 million euro, becoming a national player.

In this regard, the Group has embarked on a path of expansion on a national scale that envisages the transformation of the company from a local operator with 2.9 million customers (electricity and gas) to a national player with 6 million customers by 2030. A2A proposes itself as a promoter of responsible consumption by end customers, through an increase in the sale of green energy to the market and of products and services for energy efficiency and sustainable mobility. It has been estimated that these energy transition actions will produce an overall environmental benefit of more than 26 million tonnes of CO₂ avoided over the lifetime of the Plan.

As a further commitment to decarbonization, A2A intends to promote electric mobility by setting itself three objectives to be achieved by 2030: the installation of more than 6,000 recharging points for electric vehicles, the activation of 200,000 contracts for recharging services and the sale of more than 50,000 recharging points for domestic use.

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CIRCULAR ECONOMY

| SDG | Action | KPIs | 2020 | 2022 | 2026 | 2030 |
|--|--|--|-------|-------|-------|-------|
|     | WATER Implement actions to reduce water consumption in capture and distribution processes, reduce water dispersion and improve the quality of water returned to the environment | Linear water leaks (m³/km/days) – average | 24.4 | 22.8 | 20.7 | 19.2 |
| | | Population equivalent served by treatment (M) | 0.6 | 0.7 | 1.1 | 1.9 |
|   | WASTE RECOVERY AND TREATMENT Improve the recovery process of waste collected (including through their transformation into energy) and promote separate waste collection | Municipal waste separate collection rate | 71.1% | 72.0% | 74.0% | 76.0% |
| | | Waste sent for material recovery in Group facilities (Mt) ¹ | 1.0 | 1.2 | 1.7 | 2.2 |
| | | Collected municipal waste sent to landfill (% of total) | 0% | 0% | 0% | 0% |
|    | REDUCTION POLICIES WASTE PRODUCTION Reduce waste production through a prevention, reduction and reuse policy | No. of partnerships launched for circular economy initiatives | 7 | 18 | 31 | 38 |
| | | Energy from heat recovery/renewables (TWh) | 1.4 | 1.7 | 2.3 | 2.9 |
| | | CO ₂ avoided thanks to TLR (kt/a) | -225 | -273 | -430 | -502 |

¹ KPI included in the A2A Sustainable Finance Framework: 1.4Mt by 2024, 1.7Mt by 2026.

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ENERGY TRANSITION

| SDG | Action | KPIs | 2020 | 2022 | 2026 | 2030 |
|--|---|---|------|------|-------|-------|
|  7 AFFORDABLE AND CLEAN ENERGY  13 CLIMATE ACTION | RENEWABLES Increase the proportion of energy produced from renewable sources | Total installed RES capacity (GW) ² | 2.1 | 2.2 | 3.6 | 5.7 |
| | | Share of RES in total net production | 31% | 31% | 36% | 58% |
|  11 SUSTAINABLE CITIES AND COMMUNITIES  13 CLIMATE ACTION | EMISSIONS Develop actions aiming to reduce the environmental footprint, like direct and indirect emissions of greenhouse gases | Scope 1 emissions (gCO _{2eq} /kWh) – perimeter in line with target approved by the SBTi ² | 310* | 322 | 283 | 226 |
| | | CO ₂ avoided by promoting electric mobility (kt cumulated 21-30) | - | 6 | 151 | 674 |
|  9 INDUSTRY, INNOVATION AND INFRASTRUCTURE  11 SUSTAINABLE CITIES AND COMMUNITIES | SMART GRIDS Develop solutions to offer a better information access infrastructure (Smart Grid) and improve the network resilience and to contribute to the growing electrification of consumption | Mains peak power (MWA) | 1.7 | 2.2 | 2.8 | 3.2 |
| | | | | | | |
|  7 AFFORDABLE AND CLEAN ENERGY  11 SUSTAINABLE CITIES AND COMMUNITIES | GREEN ENERGY – END-USE ENERGY EFFICIENCY Contribute to the reduction of emissions of end customers through the sale of green energy and the development of energy efficiency measures for public and private real estate assets | Green energy sold to the market (TWh) | 3.9 | 5.7 | 10.3 | 16 |
| | | Loyal customers with energy efficiency services of total | 1.4% | 2.3% | 10.2% | 18.6% |

(*) The emission factor in 2020 was strongly reduced compared to recent years due to the extraordinary effects related to the pandemic; the average for the three-year period 2017-2019 was 385 gCO_{2eq}/kWh.

² KPI included in the A2A Sustainable Finance Framework.

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DIGITAL

| SDG | Action | KPIs | 2020 | 2022 | 2026 | 2030 |
|--|--|---|--------------|--------------|----------------|--------------|
|  9 INDUSTRY, INNOVATION AND INFRASTRUCTURE  11 SUSTAINABLE CITIES AND COMMUNITIES | QUALITY Maintain high quality standards of the services supplied by keeping high customer satisfaction levels | Number of supplies bollett@mail Market BU (k) | 1,046 | 1,496 | 3,244 | 4,886 |
| | | Digital contacts of total customers | 21% | 30% | 31% | 37% |
|  9 INDUSTRY, INNOVATION AND INFRASTRUCTURE  17 PARTNERSHIPS FOR THE GOALS | INNOVATION AND R&D Develop investments in research and development, increasing the number of partnerships with international research centres and Universities. Develop new technologies, patents for technological innovation. | Number of people involved in idea generation and corporate entrepreneurship processes | - | 1,000 | 3,000 | 3,000 |
|  | ICT – CYBER & O.T. SECURITY Projects of infrastructural improvement and improvement of IT/OT/IoT/IloT platforms and applications. Adoption of defence mechanisms and protection against logical, viral attacks | Achievement Cyber Resilience ISO 22301 certification | | | BY 2022 | |



GOVERNANCE

| SDG | Action | KPIs | 2020 | 2022 | 2026 | 2030 |
|--|---|--|-------------|----------------|--|----------------|
|  8 DECENT WORK AND ECONOMIC GROWTH  13 CLIMATE ACTION | SUSTAINABILITY IN PLANNING AND INVESTMENT PROCESSES Inclusion of ESG logic in investment planning and evaluations | Sustainable debt of total (%) | 28% | >40% | >60% | >70% |
|  8 DECENT WORK AND ECONOMIC GROWTH  13 CLIMATE ACTION | ESG RATING Participation in assessments to evaluate the Group's ESG performance, and implementation of activities to continuously improve the rating | Improve in at least 2 ethical indexes per year | 100% | 100% | 100% | 100% |
|  | BUSINESS ETHIC Proactively promote a culture of compliance and respect for the main national and international guidelines on ethical issues among the Group's stakeholders | ISO37001 Certification (Anti-corruption) | | | BY 2024 | |
| | | Employees involved in training on the Code of Ethics | 81% | >80% | >80% | >80% |
|  8 DECENT WORK AND ECONOMIC GROWTH  5 GENDER EQUALITY | SUSTAINABILITY GOVERNANCE Ensure the integration of ESG issues into management models, corporate strategy and purpose. | Diversity&Inclusion Policy | | | BY 2021 | |
| | | Responsible Procurement Policy | | | BY 2021 | |
| | | Human Rights Policy | | | BY 2022 | |
| | | Induction of the Board of Directors on sustainability issues | | | 1 TIME/YEAR THREE-YEAR PERIOD 2021-2023 | |

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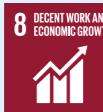
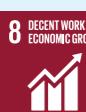
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PEOPLE INNOVATION

| SDG | Action | KPIs | 2020 | 2022 | 2026 | 2030 |
|---|--|---|----------------------|----------------------|----------------------|----------------------|
|  8 DECENT WORK AND ECONOMIC GROWTH | HEALTH AND SAFETY Consolidate the training and prevention plan to reduce injuries and develop new initiatives for worker health and safety | Weighted injury index | 9.9 | 8.6 | 5.6 | 4.6 |
| | | Employees with health promotion initiatives | 15% | 25% | 50% | 100% |
|   | MbO and PERFORMANCE MANAGEMENT Add sustainability objectives to the MbO sheets (correlation between Management remuneration and Sustainability KPIs) | Employees with formally assigned objectives (% of total employees) | 10% | 15% | 50% | 100% |
|   | WELFARE, DIVERSITY AND EQUAL OPPORTUNITIES <i>Develop innovative welfare policies, also in connection with the promotion of gender equality, and optimise competences through a generational bridge that allows for the transfer of knowledge and experience between the junior and senior populations</i> | Women managers | 21% | 23% | 26% | 30% |
| | | Disabled employees involved in specific support/inclusion projects (% of total employees belonging to protected categories) | - | 25% | 80% | 100% |
|   | TRAINING Implement training routes aimed at optimising and requalifying competences and professional development (including on matters such as sustainability, anti-corruption and human rights) | Employees involved in training on sustainability and SDGs (% of the total) | 60% | 70% | 100% | 100% |
|   | RESPONSIBLE PROCUREMENT Develop initiatives aiming to spread the culture of health and safety at work amongst contractors and other suppliers. Develop green procurement policies | Incidence of sustainability criteria in the vendor rating process | >15% | >20% | >25% | >30% |
|  | TRANSPARENCY AND STAKEHOLDER ENGAGEMENT Develop integrated reporting and an adequate information system for planning and control. Develop external stakeholder engagement activities, strengthening the relationship with the territory | Territories involved in multi stakeholder engagement initiatives/year | 1 | 5 | 8 | 10 |
|    | EDUCATION Consolidate and, where possible, improve the environmental education and promote the awareness of risks associated with climate change in the public opinion | Stakeholders involved in environmental education initiatives (*) | 24,000 | 26,000 | 30,000 | 35,000 |

(*) Excluding school visits to the plants.

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3.5 Managing climate change in the A2A strategy

In order to respond to climate change, a transition to a low-carbon economy is underway, expressed through international agreements and regulatory measures aimed at reducing greenhouse gas emissions, as well as through the push for technological innovation.

In order to improve the resilience of its strategy and financial planning, A2A has considered these changes in the reference context when defining the strategic guidelines for the preparation of the 2021-2030 Strategic Plan. In particular, the process involves an in-depth analysis of the risks and opportunities associated with the business, integrating climate change aspects from the outset. Through the involvement of all corporate structures, the risk measurement process is activated regularly, allowing the identification of the most significant critical issues, monitoring measures and mitigation plans. The risks identified and assessed are discussed in the bi-annual risk assessment with the Risk Owners and subsequently validated. Finally, these risks are submitted to the Board Committees and the Board of Directors.

For each climate change-related risk, causes, mitigation measures (e.g., active measures to mitigate or prevent the risk) and the risk response strategy (e.g., accept, transfer, increase, reduce impact, reduce likelihood) are identified.

The Group may be exposed to **physical climate risks**, i.e. potential adverse economic and financial impacts on the business caused by changes in climate variables, such as temperature and precipitation. These risks are either **chronic**, such as a gradual and constant upward trend in average winter temperatures, which can lead to a reduction in the need for energy for heating and thus determine a decrease in volumes of heat and/or gas sales; or **acute**, such as an increase in the frequency and/or intensity of acute rainfall events, which can lead to a greater and more serious incidence of phenomena such as flooding or hydrogeological instability, with potential damage to assets.

Transition risks include fluctuations in commodity prices and, more specifically, changes in the price of CO₂ emission allowance (EUAs – EU Allowances), which could have an impact on the margins of thermoelectric plants. In addition, the transition will affect the Group with regard to projected changes in energy consumption trends: as a result of policies to encourage energy efficiency, increases in consumption of electricity for mobility and heating are expected, while consumption of natural gas and thermal energy for heating is expected to decrease.

As described above, **the strategic choices outlined in the Plan, with more than half of the investments dedicated to the energy transition, aim to mitigate risks and maximize opportunities**. Transition issues are also a source of opportunities for the Group, which, as a utility with a local presence, plays an important role in terms of the services it provides in the energy field, including energy efficiency in the residential and industrial sectors. Further opportunities for the Group relate to climate change adaptation activities in network infrastructure, in particular those to increase the resilience of electricity networks to the new climate and energy context and the security of water supply. This also includes the possibility of benefiting from public incentives for energy transition.

Sustainable finance will also play an important role for the Group: the possibility of obtaining financing at cheaper rates depending on the Group's commitment to achieving defined sustainability objectives, measured by specific KPIs. Moreover, by issuing Green Bonds, the Group can support its strategy of funding "green" investments outlined in the Strategic and Sustainability Plan.

3.6 Management of climate risks and opportunities in the A2A Group

The A2A Group has a system in place for identifying, assessing and managing climate change risks and opportunities that is integrated into the Group's *Enterprise Risk Management* process. The main features of the system with reference to climate risks are described below.

Climate risks and opportunities are identified on the basis of three time horizons: short-term, corresponding to the current and next year; medium-term, corresponding to 5 years, until 2025; and long-term, corresponding to 10 or more years, until 2030. The choice of these horizons was based on the analysis of the climatic, economic, energy and regulatory reference context (scenario). Moreover, in accordance with the ERM Policy and the same risk definition (ISO 31000), the short, medium and long term were defined in such a way that climate risks can be identified and assessed in relation to the objectives of the Strategic Plan and the key stability objectives set by the Group.

The risks identified for the A2A Group were the result of a materiality analysis carried out considering the risk categories outlined by the recommendations of the **Task Force on Climate-related Financial Disclosures (TCFD)**, the businesses operated and the services offered by the Group, as well as the risks already included in the Group's risk profile.

The following table describes the climate risks and opportunities for the Group, identified in accordance with both the TCFD recommendations and the Group's existing ERM methodology and process. For each climate issue, the line of business affected, the classification according to the "TCFD" categories, the time horizon over which the risk or opportunity may occur, the impact on the Group and the management strategy are indicated.



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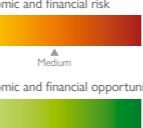
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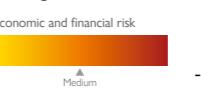
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Climate risks and opportunities for the A2A Group

Table note: time horizon



| Code Risk/ opportunity | TCFD classification | Risk/opportunity theme | Impact ⁴ and probability ⁵ | Management approach |
|------------------------|-----------------------------|---|---|--|
| CC1 | Physical Chronic | Change in the precipitation regime Risks and opportunities related to changes in the availability of water resources at the Group's main hydroelectric plants. | Impact Lower/higher volumes and margins of hydroelectric production.  Probability Possible | Development of tools to improve precipitation and outflow forecasts. Development of analysis and engineering models to support the planning of hydroelectric plants, both short and medium term. Presence of hydroelectric plants with different characteristics in terms of exploitation of water resources that are well distributed throughout the Italian territory. The Strategic Plan includes investments to optimize the use of the derived water resource for hydroelectric purposes (e.g., pumping). Capex: about 20 M€ |
| CC2 | Transition Policy and Legal | Competition on water use Risks of increasing the share of water that hydroelectric plants will be required to release to make it available for irrigation and drinking water uses. Risks of proliferation of third-party initiatives for the exploitation of the water resource over which A2A has rights. | Impact Lower volumes and margins of hydroelectric production.  Probability Possible | Constant dialogue with the various stakeholders in order to reach agreements and enter into conventions to protect A2A's interests while respecting the needs of other stakeholders. The Strategic Plan includes investments to turbine the water before it is released for other uses and new mini-hydro plants. Capex: about 20 M€ |
| CC3 | Transition Policy and Legal | Emission allowances EUAs Risks/opportunities related to changes in the price of emission allowances other than those assumed in the Strategic Plan | Impact Lower/higher margins of thermoelectric production  Probability Remote | Management as part of the monitoring of changes in the price of energy commodities in accordance with the Energy Risk Policy. The decarbonization process makes it possible to mitigate the Group's exposure to this risk over the long term. |

| Code Risk/ opportunity | TCFD classification | Risk/opportunity theme | Impact ⁴ and probability ⁵ | Management approach |
|------------------------|------------------------------------|--|--|--|
| CC4 | Physical Chronic Transition Market | Thermal energy demand for heating Risk of unfavourable trends in customer demand for thermal energy, resulting from: - the occurrence of higher than expected winter temperatures - the deployment of energy efficiency systems - the spread of heating systems using heat pumps. | Impact Lower revenues from the sale of gas and heating energy supplied by means of district heating.  Probability Possible | Studies on policies to support investments in the development and extension of TLR networks in the context of efficient district heating. Studies on technological alternatives for heating and participation in round tables with local authorities on environmental objectives. Capex of about 550⁶ M€. |
| CC5 | Transition Policy and Legal Market | Energy efficiency systems Opportunity to increase demand for energy efficiency solutions by Public Administration and business and/or retail customers, also favoured by the spread of incentive systems. | Impact Possibility of margins from the development of energy efficiency service offerings such as equipment replacement and/or building upgrades.  Probability Likely | These capex, in addition to mitigating risk, are aimed at developing the district heating business. Presence of company structures and work groups dedicated to carrying out studies on the applicability of local financing calls and on the methods of access to incentive systems, including the Superbonus for building requalification envisaged by the economic recovery measures issued following Covid-19. Strong presence on the territory with district heating services that can "work" in synergy with new interventions on public or private buildings. Management of a consolidated territorial database for the location of interventions and the study of synergies. The Strategic Plan envisages the development of energy efficiency services in the civil, industrial, tertiary and Public Administration sectors. Capex: about 530 M€ |

⁴ For economic and financial risks and opportunities, the impact scales refer to impacts on EBITDA (downside for risks and upside for opportunities):

- low: less than 5 M€/a
- medium: between 5 M€/a and 10 M€/a
- high: more than 10 M€/a

⁵ Probability: <10% Remote; =>10%; =<50% Possible; > 50% Likely.

⁶ Partly subject to obtaining financing through the Recovery Fund.

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| Code Risk/ opportunity | TCFD classification | Risk/opportunity theme | Impact ⁴ and probability ⁵ | Management approach | Code Risk/ opportunity | TCFD classification | Risk/opportunity theme | Impact ⁴ and probability ⁵ | Management approach | |
|------------------------------|----------------------------|---|--|---|------------------------------|-----------------------------------|----------------------------------|--|---|---|
| CC6 | Physical Acute | Resilience of electricity distribution networks | Impact Reputational impacts in case of prolonged service interruptions. Risk of interruptions of electricity distribution service caused by: - peaks in demand for summer air conditioning as a result of heat waves; - flooding caused by heavy rains; - greater energy demand as a result of the electrification of services (electric cars, development of public transport, heating). | <p>Ten-year plan of interventions to upgrade and rationalize networks, secondary substations, primary substations and expansion of remote asset management systems. In accordance with ARERA resolutions, an <i>ad hoc</i> resilience plan was also presented for a value of approximately 20 million euro, which forms an integral part of the aforementioned 10-year Plan.</p>   | CC8 | Physical Acute | Extreme weather phenomena | Impact Direct damage to Group assets. Indirect damage due to the need to interrupt production activities. Economic and reputational impacts should such extreme events not be managed in an optimal way for the purposes of territorial safety in the areas where the Group operates. |  | <p>Insurance contracts with extended coverage also for damage from natural phenomena. Improvement plans in terms of loss prevention, shared with the insurance broker. Procedures and emergency plans to promptly and optimally manage the onset of any acute weather phenomena.</p> |
| | | Transition Technology | Opportunities to participate in programmes defined by ARERA aimed at increasing the resilience and flexibility of electricity distribution networks. | Probability Possible | | | Probability Possible |  | | |
| CC7 | Physical Chronic | Scarcity of water for drinking water use | Impact Reputational impact in case of interruptions of water supply service for prolonged periods and/or on significant portions of territory. | Mapping of leaks from aqueducts in order to identify the most critical parts. Studies to use – in conditions of scarcity/emergency – freshwater reserves (lakes) to supplement upstream sources. Participation in the Water Stressed Areas project: mapping the municipalities most at risk and refining the monitoring of the quantities of treated, dispensed and lost water. The Strategic Plan includes investments to: - reduce leakage from the water network; - implement capture from new sources of supply; - interconnect aqueducts in order to create a "collaboration" between sources of supply and distribution networks. Capex: about 140 M€ | CC9 | Market (financial markets) | Green Financing Framework | Impact Advantages on economic conditions in the subscription of financing instruments, in connection with the achievement of sustainability objectives. Development of the Green Financing Framework, in accordance with the Green Bond Principles published by International Capital Market Association (ICMA) and the Green Loan Principles published by Loan Market Association (LMA) . Definition of an investment classification system in accordance with international standards and the relevant taxonomy. Issue of "Green Bonds" ⁷ Subscription of "KPI-linked Bonds" whose coupon is linked to certain sustainable performance indicators defined by specific KPIs ⁸ . |  | <p>Establishment of the Green Finance Committee with the aim of monitoring potential "green"/sustainable investment initiatives and guaranteeing the implementation of investment projects subject to financing. Development of the Green Financing Framework, in accordance with the Green Bond Principles published by International Capital Market Association (ICMA) and the Green Loan Principles published by Loan Market Association (LMA). Definition of an investment classification system in accordance with international standards and the relevant taxonomy. Issue of "Green Bonds"⁷ Subscription of "KPI-linked Bonds" whose coupon is linked to certain sustainable performance indicators defined by specific KPIs⁸.</p> |
| | | Risk of failure to continuously supply drinking water in the event of prolonged periods of drought. | Probability Possible | | | | Probability Likely |  | | |

⁷ Green Bonds have the same financial characteristics as a classic bond. The distinctive aspect is the use of the proceeds from the bond issue in the context of so-called "Environmental Projects", which must be described in detail in the legal documentation of the bond (*Green Bond Framework*).

⁸ Key Performance Indicators

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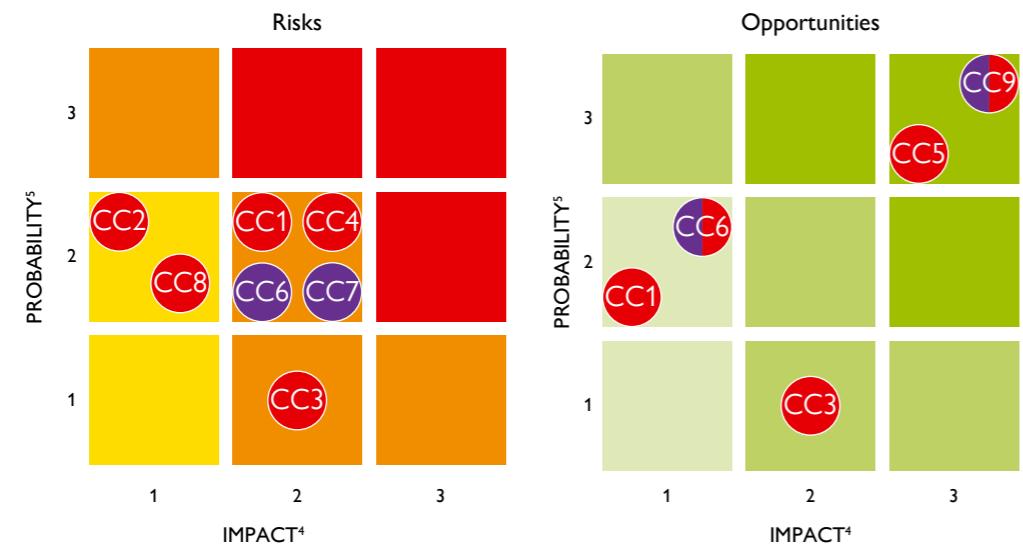
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Summary of climate risks and opportunities and quantification of impacts on economic and financial results

The reference scenarios illustrated above are taken into account in the analyses carried out by the ERM function to identify risks and opportunities connected with climate change, helping to provide Management with insights to ensure the resilience of the A2A business model.

In the following figure, the risks and opportunities described in the previous tables are briefly represented on the *impact - probability heatmap*.



CC1 Change in the precipitation regime R/O
 CC2 Competition on water use R
 CC3 Emission allowances R/O
 CC4 Thermal energy demand for heating R
 CC5 Energy efficiency systems O*
 CC6 Efficiency of electricity distribution networks R/O
 CC7 Scarcity of water for drinking water use R
 CC8 Extreme weather phenomena R
 CC9 Green Financing Framework O

KEY

PROBABILITY
 1 = Remote (less than 10%)
 2 = Possible (between 10% and 50%)
 3 = Likely (more than 50%)

IMPACT IMPACT TYPE
 1 = Low ● Economic and financial impact
 2 = Medium ● Reputational impact
 3 = High

For economic and financial risks and opportunities, the impact scales refer to impacts on EBITDA – downside for risks and upside for opportunities.
 (low impact: less than 5 M€/a; medium impact: between 5 M€/a and 10 M€/a; high impact: more than 10 M€/a).

* CC5 opportunity margins already included in the Strategic Plan

In order to **include these considerations in an increasingly structured way in the assessment of the financial impacts of climate change**, the ERM function carried out an additional in-depth study to quantify the impacts of climate risks and opportunities on the Group's economic and financial results. These effects are **measured in terms of the change in the Group's overall EBITDA forecast in the Strategic Plan**.

With reference to the previous table, it is estimated that **Physical risks** weather uncertainties will affect the Group's overall EBITDA as forecast in the Strategic Plan by between -1% and +0.2%.



For **Transition risks** and opportunities, the impact on the Group's total EBITDA projected in the Strategic Plan is estimated at between -0.5% and +0.4%.



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*Stakeholder engagement
and materiality analysis*



4

Stakeholder engagement and materiality analysis

4.1 Stakeholder engagement initiatives

A relationship based on listening, continuous dialogue and the active involvement of stakeholders is not only a form of responsibility of the Group towards the context in which it operates, but also a source of valuable information, insights and ideas to understand the needs of the territories and respond effectively, promoting local development and anticipating any critical issues.

The stakeholder listening process, implemented with more or less structured initiatives and channels, stems in fact with the objective to generate shared and lasting value and results in a conciliation of the Group's interests with those of its interlocutors.

The stakeholder engagement initiatives implemented by the Group are tracked by means of a database that maps - every six months - the relevant stakeholders, the engagement activities carried out, the issues addressed and the needs that emerged.

During 2020, **more than 600 initiatives** involving stakeholders were carried out. These initiatives were clearly affected, in terms of number and type of activities, by the effects of the Covid-19 emergency. The main ways of listening and involvement, in fact, were meetings, conferences and events held online. The stakeholder groups most involved were national and local institutions, employees (especially with regard to pandemic management needs), schools and universities. Among other things, A2A contributed with its own content, published online on the EduTV portal, to encourage remote learning during the emergency period. In 2020, albeit to a less extent compared to previous years, a large part of the initiatives involved more than one category of stakeholders, confirming the central role that A2A plays as a catalyst in encouraging the listening and sharing of ideas, experiences and points of view, and in circulating best practices in order to improve, with the contribution of all, the services offered to the communities and the quality of life in the areas where it is present.

Figure 7 - Engagement in A2A: the map of stakeholders involved and the percentage of involvement



As a result of the various listening and involvement activities carried out by the Group, the issues that emerged are grouped into macro-categories (material issues) that summarize the main aspect dealt with in each initiative. For more details on the initiatives implemented, see page 16-22 of the Supplement to this document.

Figure 8 Main issues considered in stakeholder engagement activities



* Other includes: Sustainability risks and opportunities, Responsible supply chain management, Responsibility and safety in the provision of services and products, Sustainability in Governance, Occupational health and safety, Diversity and inclusion, Combating climate change, Corporate welfare, Human rights, Efficient use of water.

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4.2 The forumAscolto programme

Since 2015, A2A has had a structured programme of listening and dialogue with the stakeholders of the territories in which it operates (**forumAscolto**), by means of workshops and events, with the aim of grasping the specific features of the individual communities, building a discussion on issues that are important for A2A and its stakeholders and contributing to the development of ideas and projects in line with the Group's objectives.

The forumAscolto involves external stakeholders (customers, associations, suppliers, experts in environmental and social issues) in generating new ideas to promote the environmental, economic and social sustainability of the Group's activities and the creation of value shared with the territory. In fact, the involvement of different stakeholders in business and decision-making processes guarantees an integrated vision, facilitating the composition of the different instances, and constitutes a very

important strategic lever for the company's competitiveness.

In the first edition of the programme, 6 forumAscolto were held (Brescia, Milan, Bergamo, Valtellina-Valchiavenna, Friuli Venezia Giulia, Piedmont) from which 18 ideas and projects were generated that the Group has implemented in recent years; these include, by way of example, the Banco dell'energia (Energy Bank), a campaign to raise awareness of food waste, an educational project on the themes of circular economy and sustainability and a mountain cycle-pedestrian route. In particular, the activities envisaged by the two winning projects of the "creiAMO Piemonte" call were concluded in 2020, aimed at raising the awareness of young people on the subject of sustainability, which A2A supported with an economic contribution and a light incubation programme (for further details see the dedicated box).

The activity of listening and involvement through the forumAscolto continued in 2020 with a **new edition of the programme that started in Brescia**. The idea of realizing a forumAscolto in Brescia originated at the end of 2019, in the perspective of contextualizing it within the National and Regional Strategy for Sustainable Development, in order to contribute, from several points of view, to the achievement of the goals of the UN Agenda 2030 and the opportunities offered by recent European policies in the environmental field (Green Deal, Next Generation EU, next European planning).

The organization of the forumAscolto was preceded by a listening action that involved A2A's top management, the Brescia municipal administration and numerous local stakeholders, in order to define the topics to be analyzed during the forum. As a result of the interviews, three key themes emerged, which were then broken down into specific working tables: Energy Transition (Energy efficiency and renewables; Sustainable mobility), Circular Economy (Organic chain and differentiated waste collection; Partnerships with industries), Water (Protection of water resources).

The forum was designed to be conducted in two distinct moments of discussion:

- a first meeting, held on December 15, 2020, with the aim of identifying the needs and priorities for intervention for the sustainable development of the Brescia area;
- a second meeting, held on February 4, 2021, dedicated to identifying the actions and projects to be carried out, in relation to the needs that emerged at the first meeting and the strategic objectives set out in the A2A Business Plan.

Thirty-eight stakeholders took part in the first virtual meeting, signing up for the discussion table most suited to their interests and skills, and each table was moderated by a facilitator and one or more A2A technical experts on the subject. At the end of the meeting, a report summarizing the main points that emerged during the discussions was prepared and sent to all participants. These results were used to organize the second meeting of the forum, aimed at identifying project ideas to be developed, which was attended by 74 stakeholders.

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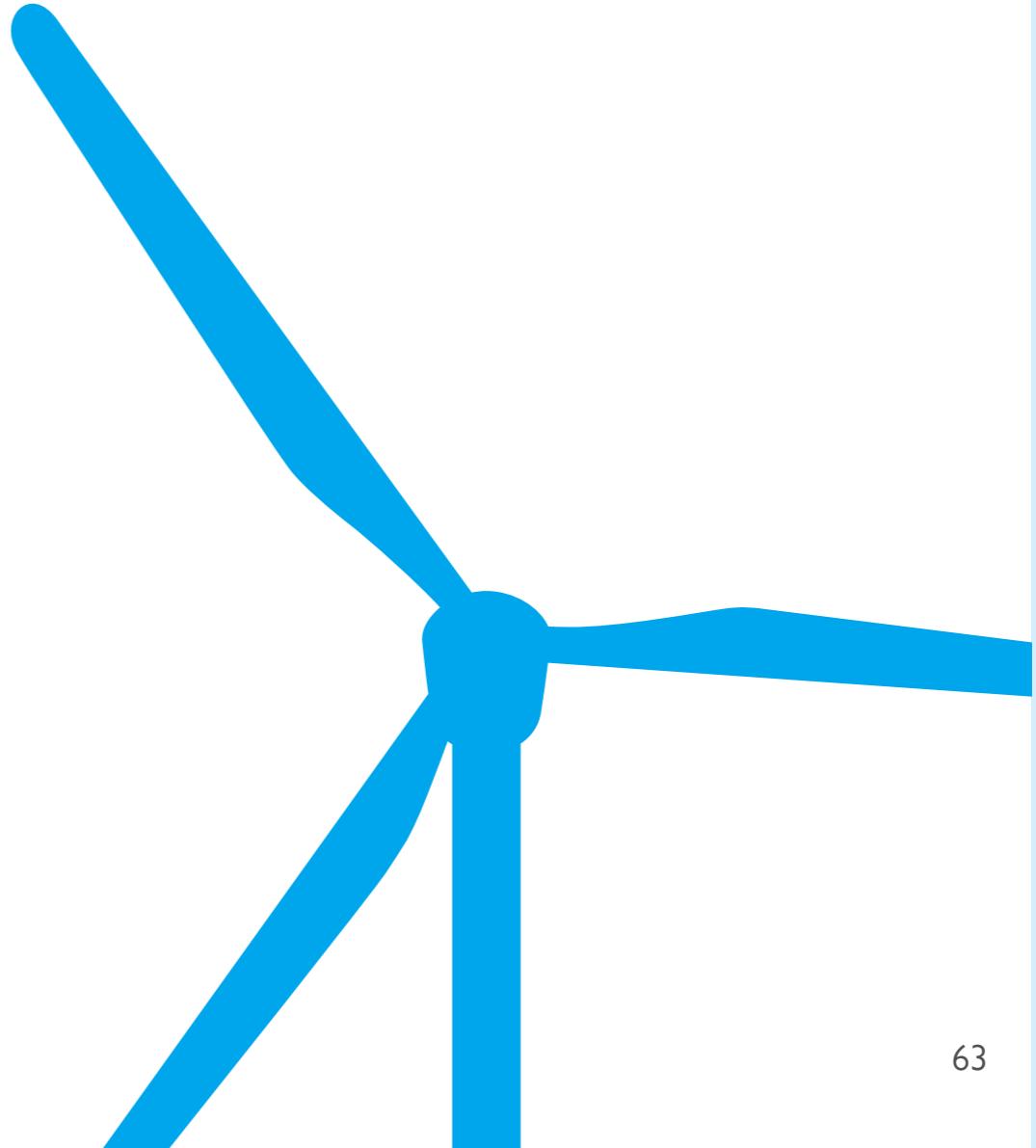
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PROJECTS WINNERS OF THE CALL "creiAMO Piemonte"

Mercato Circolare has embarked on an educational path to raise awareness of circular economy issues dedicated to schools, carried out through multimedia and multidisciplinary workshops. Due to the emergence of the Covid-19 emergency, the activities, designed to be carried out in person, have been reshaped and adapted to remote learning for different school grades. The virtual workshops were carried out between November and December in 4 schools in Fossano (Cn) and Caluso (To), for a total of over 100 students involved. Three 2-hour workshops were held in elementary and middle schools to explore the principles of the circular economy and the behaviours that encourage its spread through the analysis of two fairy tales (The Bremen Musicians by the Brothers Grimm and The Emperor's New Clothes by H. C. Andersen). A 3-hour workshop was carried out in high schools, with different tools to support interaction: the Circular Market app, virtual rooms for group work and interactive boards.

Accademia dello Spettacolo has created a **musical on the theme of energy and environmental sustainability**, which was created from a reworking of the fairy tale "The Bremen Musicians": the protagonists of the fairy tale are four animals discarded by their masters and, in the further on in the show, those discarded become the protagonists of sustainable choices. The company consisted of 23 young artists. The preview was staged on October 25, 2019 at the Alfieri Theatre in Turin, in the presence of over 2,000 young people. The company was invited on November 30 to the Vatican at the Paul VI Hall, to sing some excerpts from the opera, in the presence of 4,000 young people from 47 nations. The event was also broadcast live on TV2000. The musical was finally conveyed in the main schools, also by providing teachers with script and musical bases to realize the work autonomously, in their own institutes and with their students.



4.3 Territorial sustainability reports

In 2020, A2A continued to publish its territorial sustainability reports, created with the aim of enabling all citizens to know and assess the Group's commitment and results in a specific area: Brescia (sixth edition), Valtellina-Valchiavenna (fifth edition), Bergamo (fifth edition), Milan (fourth edition), Friuli Venezia Giulia (fourth edition) and Piedmont (third edition). These documents are drawn up to represent A2A's contribution to the achievement of the UN Sustainable Development Goals for each territory. The reports are available on the website www.a2a.eu with the possibility to download the sustainability KPIs in open format for the last 3 years. An interactive PDF document has also been created for the Brescia and Milan Reports and, for those of Milan and Valtellina and Valchiavenna, a video published on the Group's social channels. In the terri-

torial reports published in 2020, a specific section was dedicated to the numerous initiatives that the Group put in place to deal with the Covid-19 emergency, ensuring the continuity of services in total safety.

Territorial Sustainability Reports are presented through dedicated events, conventions and press conferences, which provide an annual opportunity to meet with stakeholders and local communities. Clearly, the Covid-19 emergency made it difficult to hold in-person events and most meetings were held virtually and were open to all local stakeholders. For the first time, it was also possible to give all employees the opportunity to follow the events via streaming.



A NEW PRESENTATION FORMAT FOR TERRITORIAL SUSTAINABILITY REPORTS: AN OPPORTUNITY TO INVOLVE A WIDER AUDIENCE OF STAKEHOLDERS

Brescia

On July 28, 2020, the presentation of the Brescia Sustainability Report was live-streamed. More than 90 people took part in the event, which was attended by the Chair and Chief Executive Officer of A2A, as well as the Mayor of Brescia and the Councillor for the Environment: 40 participated in person at the Loggia's Vanvitelliano hall, while 50 took part remotely, connecting to the live broadcast.

Bergamo

On September 22, 2020, the presentation of Bergamo's Sustainability Report was live-streamed from the Centro Congressi Giovanni XXIII. More than 60 people took part in the event, which was attended by the Chair and Chief Executive Officer of A2A, as well as the Mayor of Bergamo.

Milan

On October 23, 2020 the Milan Sustainability Report was presented in live streaming on the corriere. it website, registering about 88 thousand single users connected. The event was attended by the Chair and Chief Executive Officer of A2A, the Deputy Mayor of Milan, and Solitaire Townsend, climate optimist and advocate of a positive approach to sustainability. The presentation of the document was followed by a round table, in which the role of Milan as a driver of the transition to a sustainable future was discussed.

Friuli Venezia Giulia

On October 28, 2020 the presentation of the Friuli Venezia Giulia Sustainability Report was live-streamed. The event was attended by the Director of the Generation and Trading BU of A2A, the Delegates of the Rector for Sustainability of the Universities of Udine and Trieste and the Director of the Energy Agency of Friuli Venezia Giulia, who took part in a round table discussion on the document and the path to sustainable development in the region. More than 70 people participated in the virtual event, which was also promoted online among university students.

Valtellina and Valchiavenna

The Sustainability Report of Valtellina and Valchiavenna was presented on November 20, 2020, as part of the Montagna 4.0 FUTUReALPS path, created on the initiative of the Municipality of Bormio and designed and coordinated by Società Economica Valtellinese, with the aim of involving the community to build a shared vision of the future, through the generation of strategic projects for the territory that increase its resilience. In particular, the document and the new initiatives taken by A2A in the field in Valtellina were described by A2A's CSR Manager and the Head of Local Institutional Relations for the North Area and Milan during a conference on the subject of "Sustainable mobility and glocal development: mobility and tourism", broadcast live via streaming on YouTube and Facebook. The launch video of the document was also included in the "Fuori Festival" section of the Sondrio Film Festival.

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4.4 Materiality matrix and analysis

The process of updating the **A2A Group's materiality matrix** is designed to identify the material issues for A2A and its stakeholders.

Compared to last year, the list of topics to be evaluated and the associated declarations have been slightly revised. Specifically, the topic of "Diversity and Corporate Welfare" was separated into two separate aspects: "Diversity and Inclusion" and "Corporate Welfare", making it possible to divide the emphasis between two issues that are acquiring significant importance in the Group's policies and activities. In addition, the classifications of some issues (e.g., circular economy) were revised not only to make them easier to understand for everyone, but also to align them more closely to the specific activities carried out by the Group.

The process thus allowed stakeholders and top management to assess, on a scale from 1 to 5 (where 1 identifies a topic as irrelevant and 5 as strategic), 22 issues that embrace the 6 Capitals and the Group's governance system.

In order to measure the relevance for stakeholders, inside and outside the company, the assessments that emerged from:

- a survey carried out between October and November 2020 by the institute Ipsos (for more details see the dedicated Box) which involved, through online interviews, 840 subjects including citizens, customers, suppliers, institutions, media, political movements, environmental associations, trade associations and consumer associations;
- an online questionnaire given, for the first time, to all employees with a company PC (about 1,500 respondents out of over 6,000 sent), with a focus also on the population of young employees under 35 with high potential (Young Talent).

To measure the **importance for A2A**, an online questionnaire was sent to the first lines of the company.

THE SURVEY ON A2A AND SUSTAINABILITY

As every year, also in 2020, the Group has asked its stakeholders to provide a contribution to the definition of the new materiality matrix, using a well-known research institute for the statistical survey. The questionnaire, which was provided online, as well as including a number of questions to assess the material issues, also included more general sections to understand the perception that stakeholders have of the Group and its activities on the subject of sustainability; the following were also investigated: the spread of knowledge of the sustainable development objectives of the UN 2030 Agenda and A2A's possible contribution to the country's recovery following the Covid-19 emergency. The survey involved 840 people, including Italian residents and customers (aged between 18 and 65), suppliers and opinion leaders (institutions, media, associations, political movements and other opinion leaders active in the provinces of interest and at national level). Although the survey focused on the main areas in which the Group operates (Milan, Brescia, Bergamo, Sondrio, Udine and Friuli Venezia Giulia), it also involved parties outside these areas.

The research shows that A2A generally boasts a good reputation with all the targets interviewed and across the different areas, especially in Brescia. Specifically, the different categories of respondents believe that the Group is competent in its operations, that it is constantly growing and developing and that it offers quality services.

From the point of view of sustainability, assessments were also positive, above all among suppliers and opinion leaders, where favourable opinions reached 80% and 84% respectively; among the general public (including customers), around 6 out of 10 people assessed A2A's approach to sustainability positively.

The UN Sustainable Development Goals are still a distant topic for the population: the proportion of those familiar with this topic is less than 10%, while suppliers and especially opinion leaders have a more solid knowledge of it. Considering their relevance, the objective that everyone thinks is the most important, probably because it is also the one that is talked about the most, is the combat against climate change.

Finally, in the current difficult context generated by the Covid-19 emergency, according to all the targets interviewed, large Italian companies have a relevant role in allowing Italy to recover and restart. A2A too can certainly make its contribution in a number of ways: for everyone by encouraging employment, for customers also by including concessions in their bills and for opinion leaders by providing support for the development of the circular economy.

The results of the analysis were then presented to the Sustainability and Territory Committee and approved at the meeting of the A2A Board of Directors on January 27, 2021, which approved the 2020 materiality matrix of the A2A Group.

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MATERIALITY MATRIX

The new matrix substantially confirms the materiality of all the issues identified and they are confirmed as being the most important issues for both A2A and its stakeholders: "Circular Economy", "Combating climate change" and "Protecting occupational health and safety", all of which are key aspects in the development of the new 10-year Business Plan.

Compared to last year, there was an increase in the relevance of the "Combating climate change" theme, both by external stakeholders and by the Group. In addition, again from A2A's point of view, greater importance was also attributed to the issues of infrastructure and innovation, a clear message of the intention to make investments with a view to continuous improvement and sustainability, but also to the issue of diversity and inclusion as a fundamental pillar of internal policies.

Figure 9 Materiality matrix



| CAPITAL | NO. | TOPICS |
|-----------------------|-----|---|
| Governance | 1 | Ethical conduct |
| Governance | 2 | Sustainability in Governance |
| Governance | 3 | Sustainability risks and opportunities |
| Governance | 4 | Human Rights |
| Financial capital | 5 | Sustainable economic value |
| Manufacturing capital | 6 | Efficient infrastructure management |
| Natural capital | 7 | Circular economy |
| Natural capital | 8 | Efficient water use |
| Natural capital | 9 | Combating climate change |
| Natural capital | 10 | Biodiversity |
| Natural capital | 11 | Quality of distributed water |
| Natural capital | 12 | Sustainable mobility |
| Human capital | 13 | Occupational health and safety |
| Human capital | 14 | Development of human capital |
| Human capital | 15 | Diversity and inclusion |
| Human capital | 16 | Corporate welfare |
| Intellectual capital | 17 | Innovation and smart cities |
| Relational capital | 18 | Responsibility and Safety in the provision of services and products |
| Relational capital | 19 | Quality and innovation in the provision of services and products |
| Relational capital | 20 | Relationship with Group stakeholders |
| Relational capital | 21 | Environmental education |
| Relational capital | 22 | Responsible management of the supply chain |

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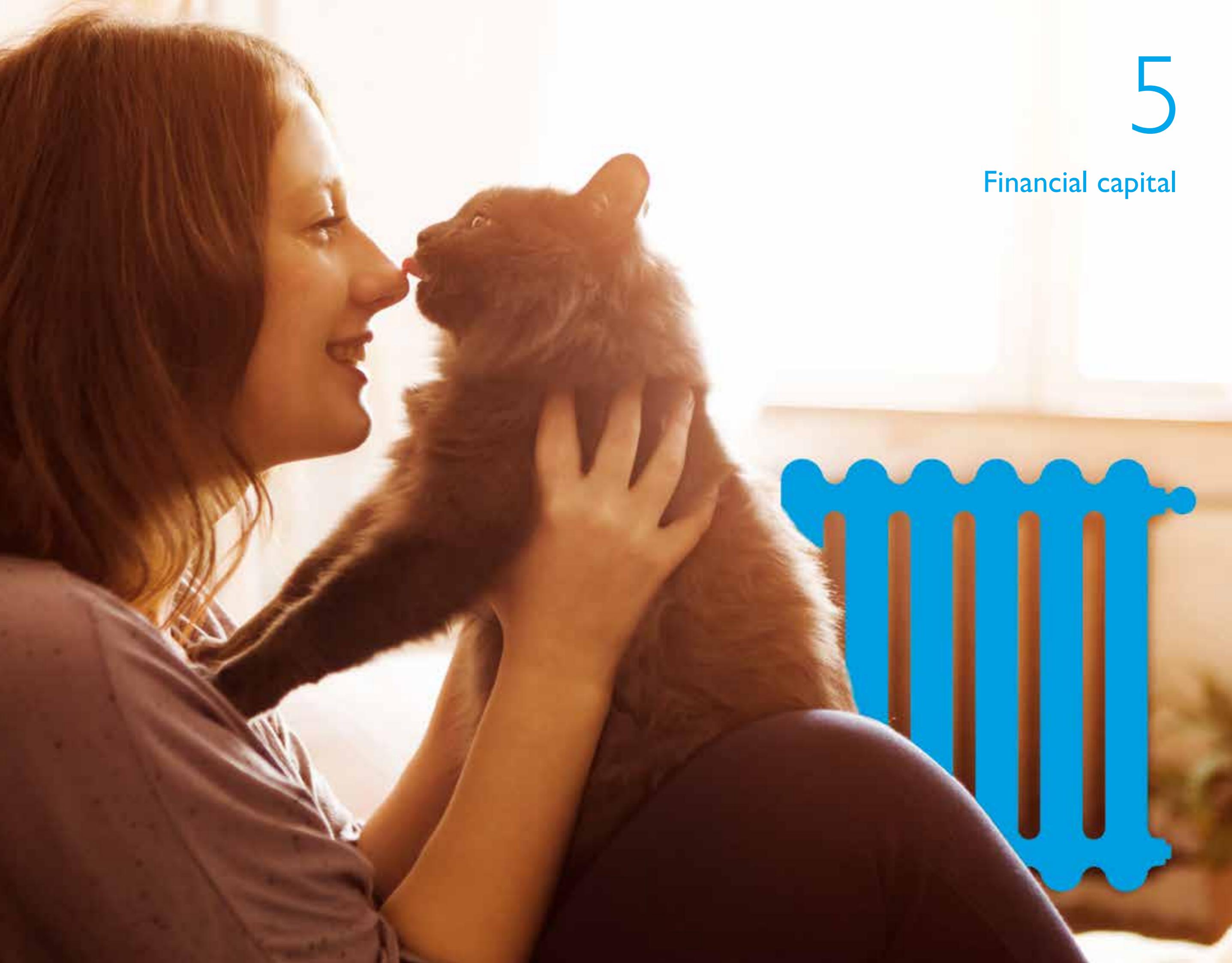
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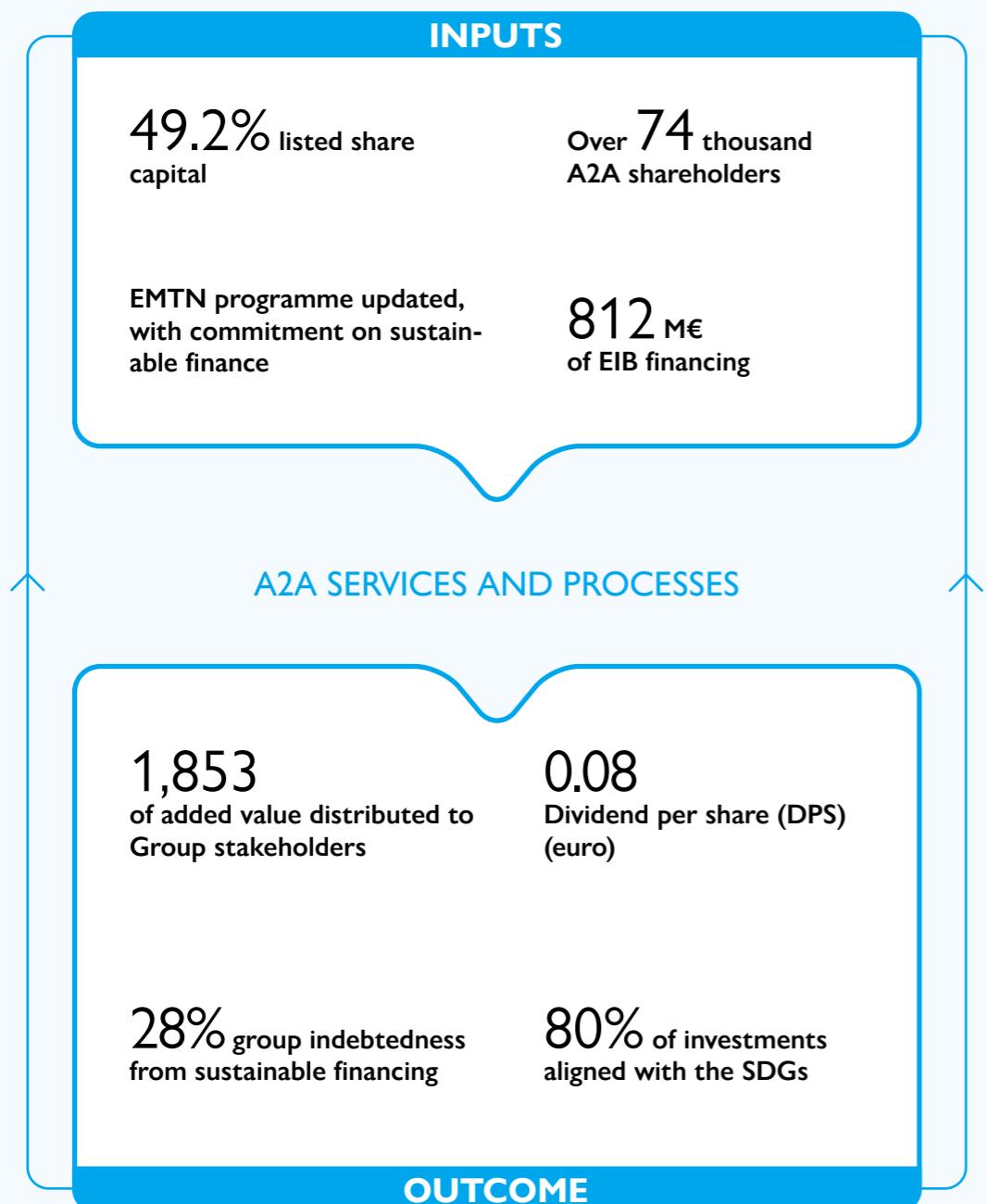
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Financial capital



5

Financial capital



The growth of sustainable investments

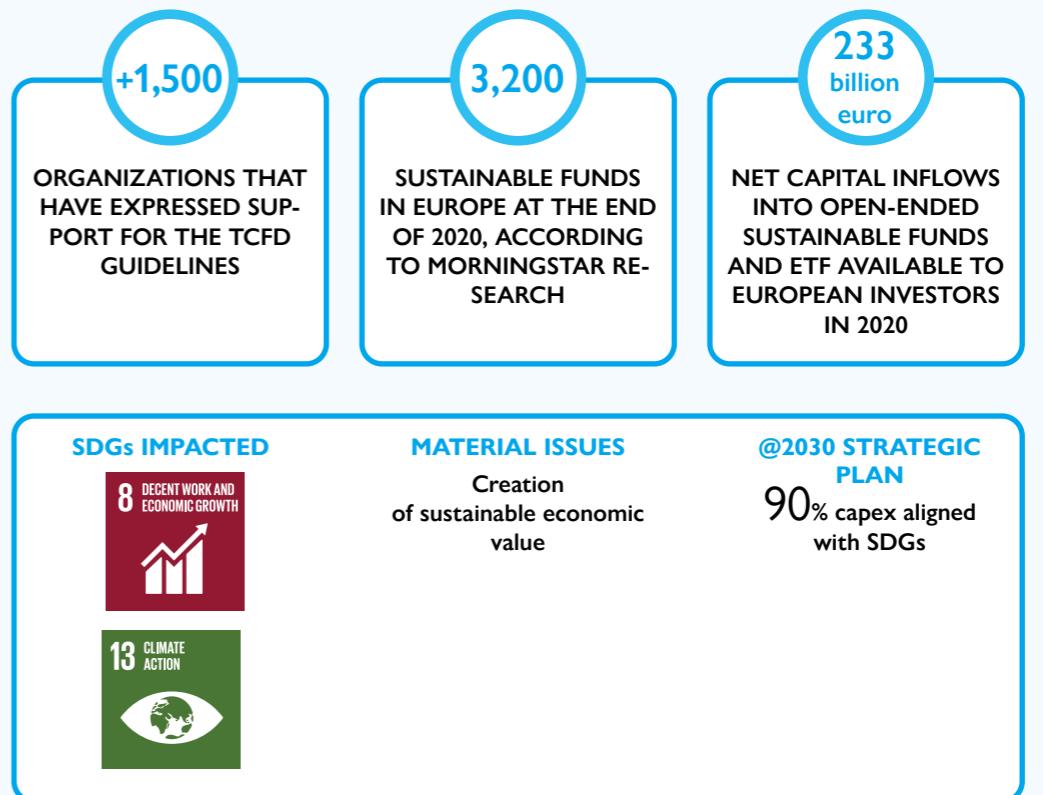
In addition to the pandemic, 2020 was marked by the increasing prominence of ESG issues in companies' analyses. Many investors and other stakeholders have expressed the need for **greater transparency on ESG strategies**, and many companies have sought to dig deeper into their strengths and weaknesses to identify new sources of value creation. In addition, Covid-19 reinforced the belief that companies with concrete sustainability strategies are better equipped to withstand shocks and crises such as the current one; **in fact, the value of ESG indices has outperformed the traditional market**. The issue of climate change and the related strategies of companies to counter it have been placed at the center of the analysis of giants such as Blackrock.

The roadmap "Towards a more resilient, sustainable and equitable Europe" - proposed by the European Commission - clearly indicated the need to react to the crisis with a "Marshall Plan for inclusive and sustainable growth", highlighting in this context the essential role of the European Green Deal. Thus, in July 2020, the 750 billion euro recovery plan called

"Next Generation EU" was approved. In September 2020, the **european taxonomy of sustainable investments** was approved, in which six environmental objectives are identified. It is established that an activity can only be considered "green" and access potential funding if it contributes to at least one of these objectives, without significantly damaging the achievement of any of the others.

The real effectiveness of these first measures will probably be seen in the coming months, with the publication of the final version of the Green Bond Standard and with the green bond market that - in accordance with the criteria of the new taxonomy - will reward and finance only those companies whose activities comply with European strategies. Green bond issuance is now on a clear upward trajectory due to the significant demand for green bonds.

Now more than ever, integrating ESG objectives into business and government strategies can be a critical driver of long-term value creation and success.



SOURCES

<https://www.fsb.org/wp-content/uploads/P291020-1.pdf>
<https://www.morningstar.it/it/news/209420/la-nuova-era-degli-investimenti-in-europa.aspx>

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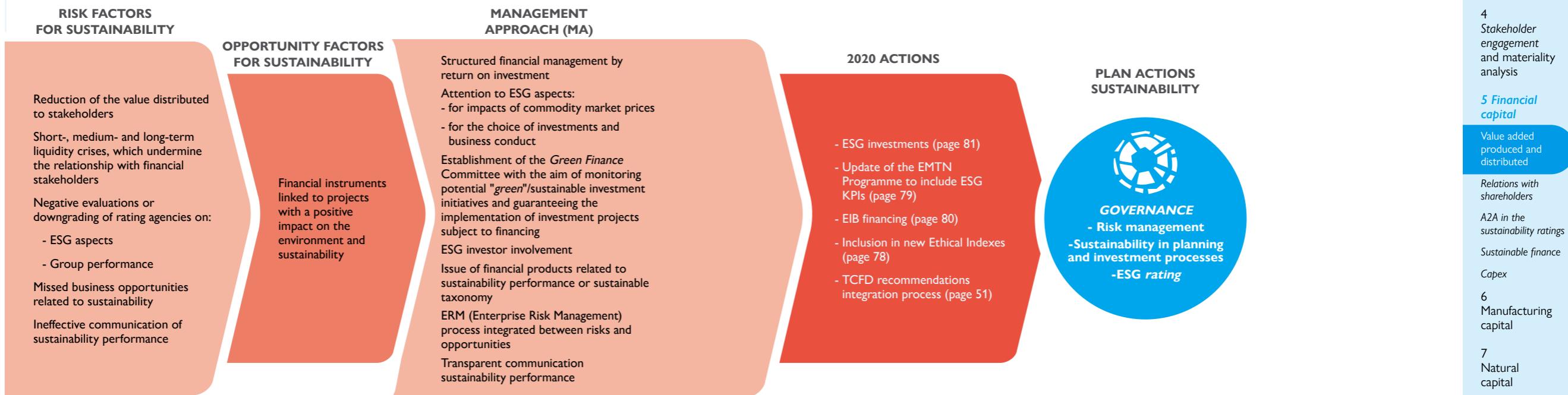
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Financial capital

Creation of sustainable economic value

Promotion of the redistribution to Group stakeholders of the economic value generated, the enhancement of environmental and social aspects to consolidate relations with the financial community, the ability to attract new investors sensitive to sustainability.



It should be noted that at December 31, 2020, the reporting scope of the following chapter is in line with that of the Group's Consolidated Report, thus taking into account the ACSM-AGAM Group, the AEB Group and the companies excluded for other reasons from the Integrated Report. The performance reporting of the ACSM-AGAM Group and AEB are discussed in the Supplement to this document. For more details, please refer to the Consolidated Report at December 31, 2020.

5.1 Value added produced and distributed

Value added is the wealth that the Group generates in the year. It is the difference between revenues on the one hand and the intermediate costs and accessory and extraordinary items on the other. This parameter measures the **financial effect of the business of the A2A Group on its main stakeholders** and therefore the Group's capacity to create value for its stakeholders. To determine the formation of value added, A2A uses the methodology defined Social Accounts Group (Gruppo per il Bilancio Sociale - GBS). In 2020, the gross global value added distributed by

the Group was 1,853 million euro (-3.8% on 2019), slightly down, mainly due to the causes related to the Covid-19 pandemic. Most of this was allocated to company remuneration (678 million euro), staff compensation (526 million euro, up 1% on the previous year) and transfers to the public administration (254 million euro). Transfers to the local community were more or less constant (69 million euro), while the remuneration of risk capital increased steadily (+10.4% compared to 2019).

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5.2 Relations with shareholders

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

Figure 10 A2A shareholding structure (at December 31, 2020)

| | |
|-------------------------|-------|
| Municipality of Milan | 25.0% |
| Municipality of Brescia | 25.0% |
| Treasury shares | 0.8% |
| Market | 49.2% |

A2A has over **74 thousand** shareholders, divided between institutional investors and retail investors. **Institutional investors** hold approximately 35.9% of the share capital (36.6% in 2019). 25.4% of the free float in the hands of institutional investors is held by US investors, 18.8% by Italian investors, 14.1% by UK investors. There are also institutional investors with registered offices in Luxembourg (8.5%), French investors (8.4%), Dutch investors (4.1%) and German investors (3.4%).

The shareholder base includes numerous investors that have signed the *Principles for Responsible Investment* (PRI).

Retail investors total over 72 thousand and together hold 11.6% of share capital (10.7% of 2019). Almost all of the retail shareholding is resident in Italy and in particular, 58.2% in Lombardy. Investors residing in the provinces of Milan and Brescia hold 27% and 13.3%, respectively, of the total retail¹.



¹ The figures have been prepared on the basis of the shareholders' register updated as of the distribution of the dividend on May 20, 2020.

Figure 11 Share indicators

| | 2018 | 2019 | 2020 |
|----------------------------------|-------|--------|-------|
| Dividend per share (DPS) (euro)* | 0.07 | 0.0775 | 0.08 |
| Dividend Yield (DPS/P)** | 4.6% | 4.8% | 6.1% |
| Number of shares (million) | 3,133 | 3,133 | 3,133 |

* Dividend proposed by the Board of Directors

** Calculated on average share price.

A2A in the stock market indices

Among the factors affecting share performance in 2020 were those arising from macro-economic and policy trends, the energy scenario and capital flows on international financial markets. The negative impact of the Covid-19 pandemic was significant, especially in March.

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

- in the first part of the year, uncertainty over governance;
- the growth of the dividend distributed;
- the strategic orientation of the new top management, appointed in May;
- opportunities related to growth in the circular economy and energy transition.

A2A forms part of the following indices: *FTSE MIB*, *STOXX Europe 600*, *STOXX Europe 600 Utilities*, *EURO STOXX*, *EURO STOXX Utilities*, *MSCI Europe Small Cap*, *WisdomTree International Equity*, *S&P Global Mid Small Cap*.

Relations with shareholders and investors

A2A is constantly committed to providing answers as precise and exhaustive as possible to the needs and specific requests of financial stakeholders. To this end, various communication tools and channels are used:

- institutional documentation (Annual Report, Integrated Report, Half-yearly Report, press releases, corporate presentations and meeting documentation); the presentations always include a focus on the effects of Covid-19 and the mitigation initiatives undertaken by A2A, including on ESG issues;
- ad hoc* documentation (*Investor Guidebook* and *Investor Databook*);

- meetings with analysts and investors on the main international financial scenes (road shows, one-to-one meetings, group meetings, conference calls, etc.). Given the pandemic situation, activity continued in 2020 through virtual platforms;
- participation in industry conferences, including the fourth Italian Sustainability Day organised by Borsa Italiana.

The web also represents an effective communication channel with retail investors: the A2A website publishes the answers to the most frequently asked questions (FAQs). Retail investors can contact A2A by e-mail, via the form on the A2A website or by letter. Moreover, new information was added to the *Investor Guidebook*, a document that provides a comprehensive overview of A2A through the use of the main public information available.

The year 2020 was marked by a **significant increase in information requests and questionnaires from ESG investors and analysts**. In addition, the increasing relevance of passively and quantitatively managed funds (e.g. ETF) has led to the need to monitor the accuracy of public financial databases, which are the preferred information channel for this category of funds. In this regard, the *Investor Relations* unit has undertaken a multi-year project to reduce any errors and inconsistencies.

The engagement has continued in a structured manner with the main proxy agencies that provide institutional investors with voting recommendations on the items of the agenda of the Shareholders' Meeting. 3 Proxy Agency published the pre-meeting report. As for the coverage of equity analysts, at the end of 2020, A2A was followed by 8 Italian and international brokers.

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5.3 A2A in the sustainability ratings

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

Responsible investment is implemented with the inclusion on the ethical indexes of listed companies meeting the main criteria of environmental, social and economic responsibility.

The Group is currently listed in the following ESG indices:

- FTSE4Good Index;
- ECPI Low Carbon Italy Equity;
- Ethibel Sustainability Index Excellence Europe;
- EURO STOXX Sustainability Index;
- Euronext Vigeo Index: Eurozone 120;
- Standard Ethics Italian Index.

Since July 2018, A2A has also been included in the **FTSE4 Good Index Series**, the series of ethical indices of FTSE Russel designed to measure the sustainability performance (ESG) of companies in the main world markets.

Since 2018, A2A has decided to request a solicited rating from Standard Ethics in order to

obtain an external and independent assessment of its sustainability performance, based on a structured and validated assessment procedure. In 2020, Standard Ethics confirmed the previous EE rating.

A2A is also included in the Ethibel Excellence Investment Register and in the Ethibel Pioneer Investment Register.

In 2020, A2A confirmed its score of B- on the CDP Water questionnaire, while it obtained a score of A- in the Climate Change assessment, confirming its position as a **leader in the combat against climate change**.

In 2020, the Group also focused on questionnaires related to key issues such as Diversity, to assess its international positioning and any areas for improvement. For the first time, A2A responded to the Refinitiv Diversity & Inclusion assessment and to the questionnaire for inclusion in the Bloomberg Gender Equality Index, which has been carried out since this first attempt.

In addition, A2A participates in the assessments of Vigeo-Eiris, RobecoSAM, Sustainalytics, MSCI and the "Top 100 Green Utilities" (of the Energy Intelligence Group).

5.4 Sustainable finance

Over the past few years, a very strong relationship has developed between finance and sustainability. Not only new financial instruments have been created (e.g. Green, Social, Sustainable Bond, Green Loan, Sustainability-Linked Loan, Sustainability-Linked Bond, EIB subsidised investments), which also include sustainability impacts in their logics, but the assets managed according to sustainable and responsible investment strategies have increased exponentially.

The sustainable finance market experienced significant growth globally in 2020, with ESG bond issuance reaching a record high of over 460 billion dollars, up approximately 46% from 2019. This trend was primarily driven by Sovereign and Supranational Agencies - SSAs. In addition, in the wake of the Covid-19 pandemic, the *Sustainability and Social bond* categories have increased significantly over the past 12 months to account for approximately 47% of the total.

The Group continues to be a member of the **Corporate Forum on Sustainable Finance**, of which it has been a member since 2019. It aims to support and develop sustainable finance as a means of combating climate change and promoting a more sustainable economy through innovative financing instruments. Over the past two years, the **Corporate Forum on Sustainable Finance**, whose members come from 8 countries and 5 business sectors, has responded to seven consultations held by the European Union covering the topics: EU taxonomy, EU standard for green bonds, EU climate benchmarks and ESG disclosure on benchmark indices, renewed EU strategy for sustainable finance and EU review of the Non-Financial Reporting Directive.

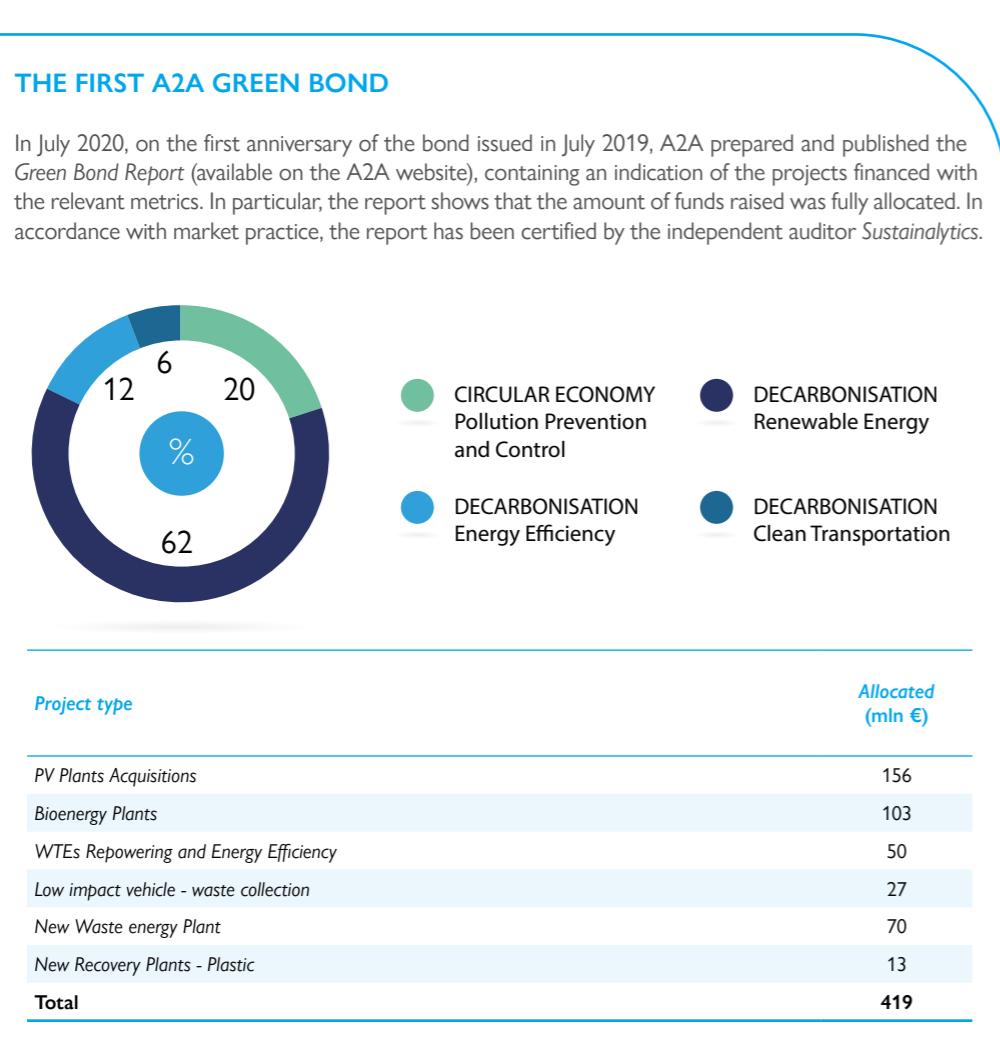
In 2019, the Group adopted a **Green Financing Framework**, aligned with the *Green Bond Principles*.

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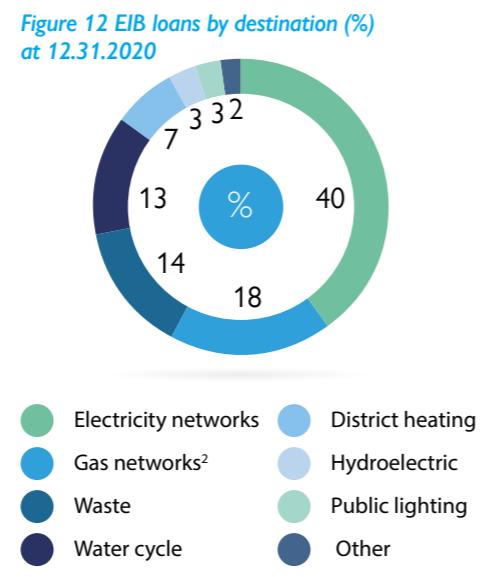
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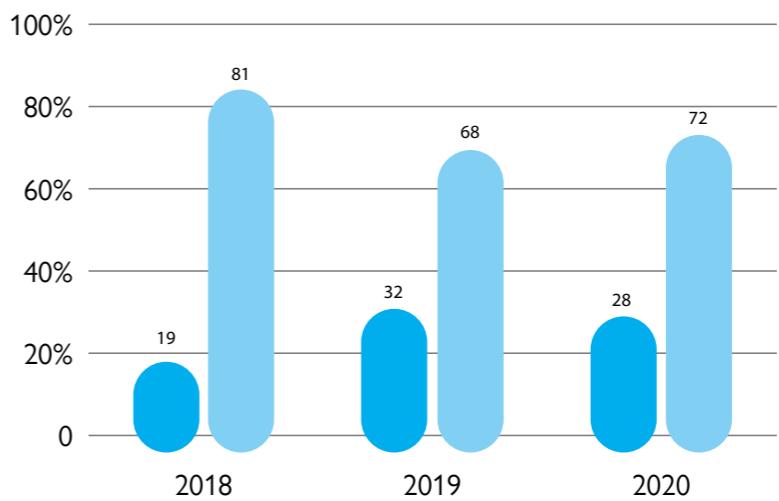
A2A has a solid and long-standing relationship with the **European Investment Bank** (EIB) to support the Group's investment programme.

The European Institute finances **specific investment projects that meet particular sustainability requirements**, applying generally more advantageous economic conditions than the most common forms of financing. The EIB's periodic appraisal and monitoring process includes requests for information, including technical and financial information, and the possibility of inspecting the sites/plants concerned by the projects financed. At December 31, 2020, the value of these loans in the Group amounted to about 812 million euro.



² In November 2019, the EIB announced that it will stop financing fossil fuel projects, including gas, from the end of 2021.

Figure 13 Traditional sources of financing and sustainable sources of financing of the A2A Group in comparison

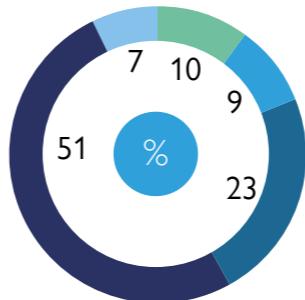


5.5 Capital expenditure

In 2020, the total amount of capital expenditure in the A2A Group was 738 million euro (+18% vs. 2019)³. Of 2020 investments, 80% are aligned with the UN Sustainable Development Goals.

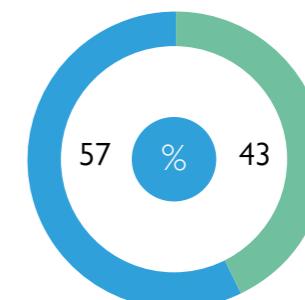
Reformulating the investments according to the logic of the drivers, Circular Economy and Energy Transition, used in the new Strategic Plan, the 2020 capex is broken down as follows:

Figure 14 Capex by Business Unit (%)



- Generation and Trading BU
- Market BU
- Environment BU
- Networks & District Heating BU
- Corporate

Figure 15 Investments by Plan drivers 21-30 (%)



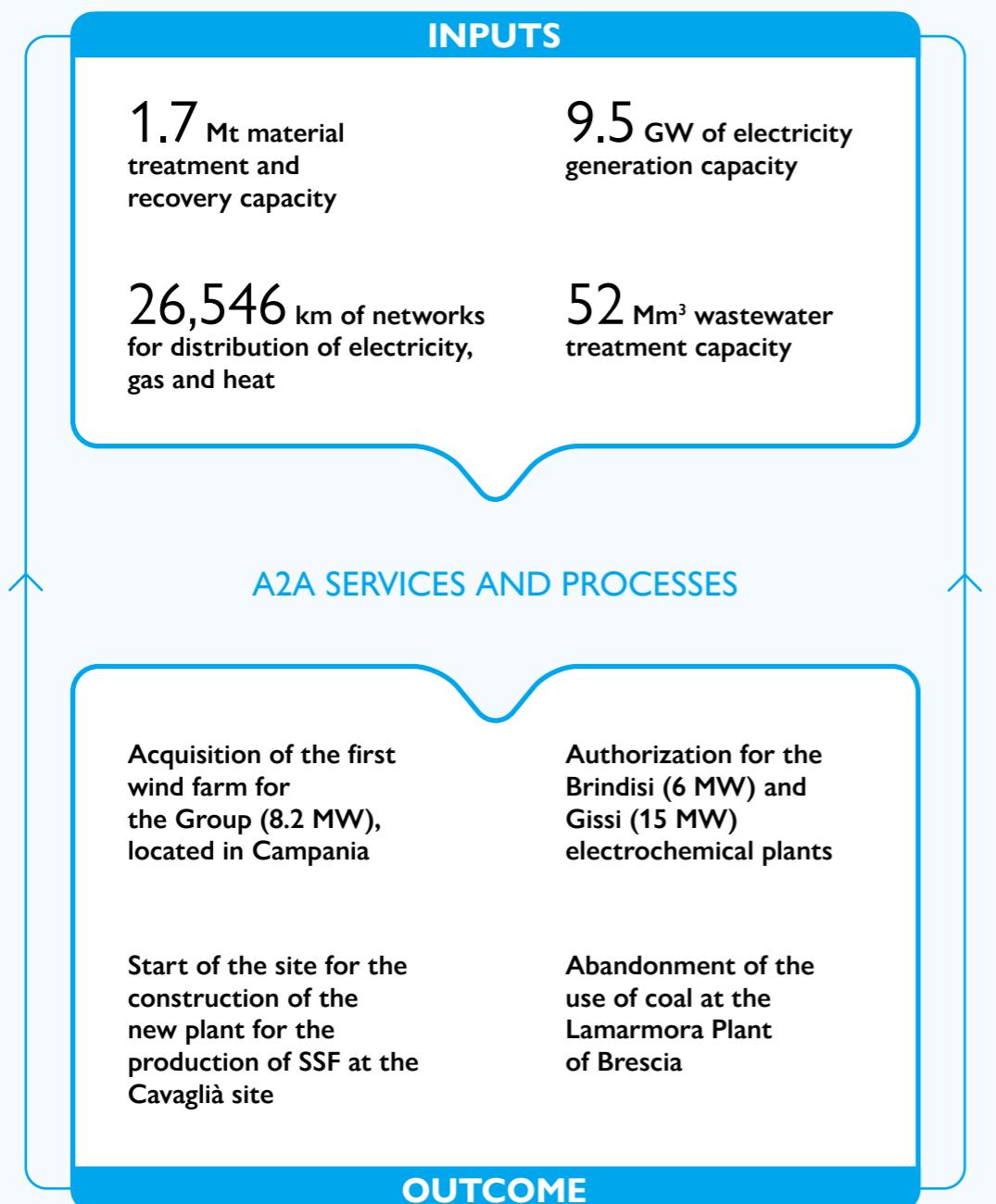
Corporate ICT interventions, in order to allow employees to continue their activities. In line with past years, significant **work** was also carried **out on treatment plants**, with particular reference to the Parona waste-to-energy plant. In line with its strategic line of development of renewable sources and reduction of emissions, in 2020, the Group invested in **new renewable** projects, focusing particularly on the development of photovoltaic plants. In the case of water resources, the largest portion of capital expenditures went to improving, maintaining and securing **hydroelectric plants** as well as developing **new sewer systems**.

³ Net of eliminations

A photograph of a man with a beard and a yellow hard hat, wearing a white t-shirt and blue overalls, working on a piece of machinery. A large, stylized blue hand icon with three fingers is overlaid on the bottom right, pointing towards the man.

Manufacturing capital

Manufacturing capital



The strategic role of multiutilities

Multiutilities play a central role in the sustainable transition process. The areas of activity cover the key dimensions of the transition towards a sustainable development paradigm. Italy, however, has a significant gap compared to European countries, combined with an uneven picture at territorial level.

In the field of **energy production**, for Italy, the share of RES in 2030 – deriving from a subdivision of the overall target among EU Member States – is estimated to be 30% in final consumption, divided as follows: 55% in the electricity sector, 33.9% in the heat sector and 22% in transport. If the trend of the last 5 years is confirmed, the 2030 target is estimated to be missed by more than 7 percentage points. Photovoltaic and wind power are the main RES from which growth is expected from now until 2030: at current rates, the gap in installed capacity is estimated to be about 2,400 MW in 2030 for wind power and over 23,000 MW in 2030 for photovoltaic.

On the **circular economy** front, Italy has a high rate of landfill disposal (21.5%), while the most advanced European countries have achieved sub-

stantial zeroing. The number of waste treatment plants is extremely heterogeneous throughout the country and not necessarily in line with the volume of municipal waste generated by the individual regions. It is estimated that 2.2 million tonnes of municipal waste going to landfill will exceed disposal capacity by the end of 2020, requiring alternative allocation. The incidence of waste at risk of non-allocation on the total amount of municipal waste generated, today 7.3%, could reach 21.4% in 2025.

Italy has an obsolete infrastructural **water network** (60% of the infrastructures are more than 30 years old and 25% more than 60 years old) and half of the water distributed is lost (47.9%, compared to a European average of 23%), with a very heterogeneous situation among the different regions. Italy also has an uneven situation with regard to the capacity to purify and treat wastewater, with an average Italian coverage of 85%. This percentage is further reduced considering not so much capacity as the load treated, reaching 78.5% at Italian level, with negative peaks of 68.9% in the southern regions.



SOURCES

Paper A2A – The European House - Ambrosetti: The key role of multiutilities for the sustainable relaunch of Italian territories.

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The manufacturing capital in the Environment Business Unit

The manufacturing capital in the Generation and Trading Business Unit

The manufacturing capital in the Networks & District Heating Business Unit

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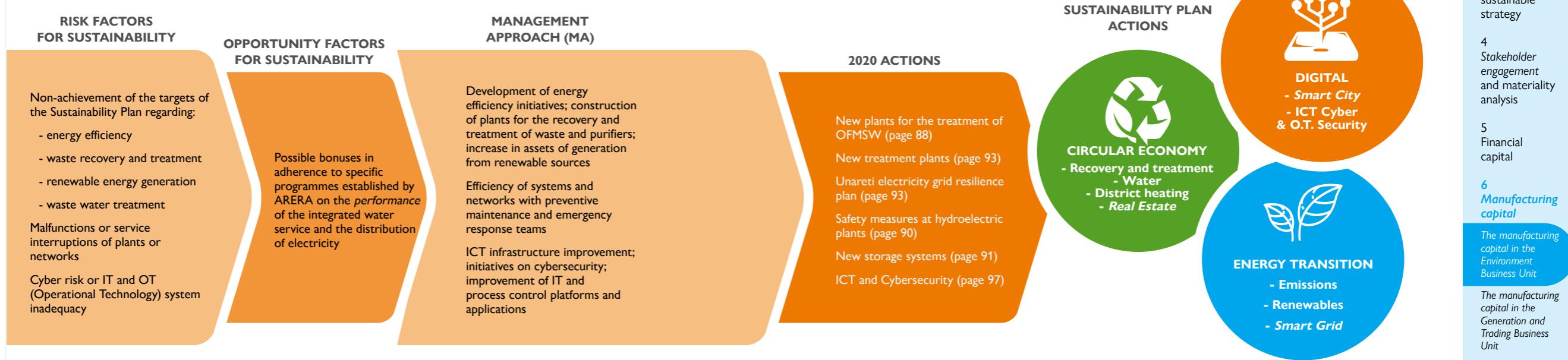
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Manufacturing capital

Efficient management of Group infrastructures

Promotion of technological innovation, improvement of the performance, continuity and reliability of the service, also through the acquisition of new companies that are strategic for the Group; guarantee of high standards of security in the management of IT infrastructures (Cybersecurity).



6.1 The manufacturing capital in the Environment Business Unit

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

Figure 16 Plant types and geographic location of the Environment BU

| PLANT TYPE | NUMBER OF PLANTS | LOCATION | CAPACITY | u.m. |
|---------------------------------|------------------|------------------------------------|-----------|-----------------|
| Material treatment and recovery | 22 | Lombardy Piedmont | 1,683,600 | tonnes/year |
| ITS | 7 | Lombardy Piedmont | 652,000 | tonnes/year |
| Waste-to-energy | 7 | Lombardy | 260 | MW _e |
| | | | 622 | MW _t |
| Landfills (available capacity) | 10 | Emilia - Romagna Lombardy Piedmont | 1 | Mm ³ |
| Biogas production | 18 | Emilia - Romagna Lombardy Piedmont | 22 | MW _e |
| Biomass | 3 | Lombardy Puglia | 27 | MW _e |
| | | | 9 | MW _t |

In all, waste treated in Group plants amounted to about 4.6 million tonnes, of which: 3.6 at the Group's plants (+1.6% compared to 2019) and approximately 1 million at the plants managed on behalf of third parties (Acerra waste-to-energy plant and Caivano plant).

Although there has been a slight but steady increase, the BU's production of both thermal energy and electricity remains stable at 1,288 GWh_e and 1,530 GWh_t respectively. Instead, the portion of waste treated in bio-drying plants remains constant.

Compared to the previous year, the Group has further strengthened its presence along the supply chain, increasing the treatment and material recovery capacity of the BU, thanks to external acquisitions. However, from 2020 onwards there will be a phase of implemen-

tation of "green field" projects that will bring new additional capacity, useful for the recovery of both materials and energy from waste.

In December 2019, A2A Ambiente completed the acquisition of 90% of **Electrometal**, a company specializing in the treatment and recovery of industrial waste, and Areslab, a chemical analysis laboratory, both located in Castegnato in the province of Brescia.

A2A Ambiente's production sites will also be increasingly attentive to aspects of energy efficiency. On the basis of agreements with the ESCo Suncity (a Group company), the latter will install photovoltaic systems on the roofs of A2A Ambiente buildings. The first, in 2020, involved the installation of a 425 kW plant at the Asti glass sorting centre. The energy produced is mainly self-consumed.

A2A AND SUEZ, PARTNERSHIP FOR AN INDUSTRIAL WASTE MANAGEMENT SYSTEM

The A2A Group – through its subsidiary A2A Ambiente – and Suez signed a Memorandum of Understanding aimed at creating a player of excellence for the management of waste from the Italian production and industrial system. The two partners will bring together in the new vehicle their Italian assets in the special hazardous waste sector and premises at foreign plants.

The process initiated by the signing of the MoU will allow the respective competences to be pooled. The collaboration will create an **operator capable of handling over 250,000 tonnes of industrial waste**.

New plants for the treatment of OFMSW and the production of biomethane

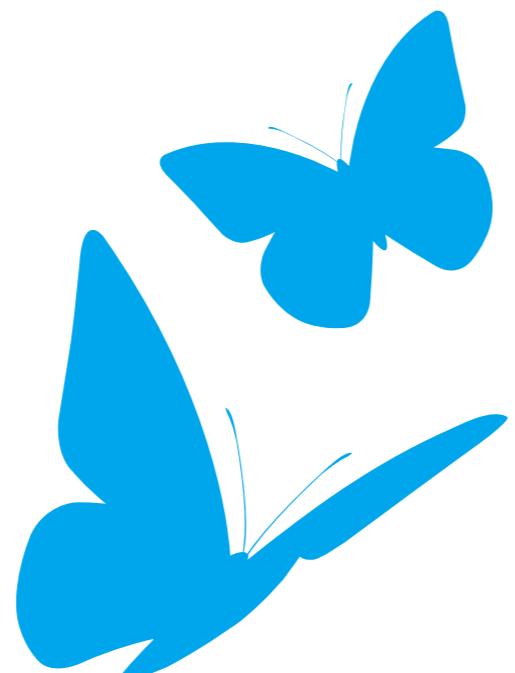
Following the authorization obtained for the construction of two plants for the treatment of the organic fraction of municipal solid waste (OFMSW) at **Lacchiarella (Mi)** and **Cavaglià (Bi)**, the respective sites were opened in 2020. Through the anaerobic digestion of this type of waste, **compost and biomethane will be produced**. The two plants will have a treatment capacity of 100,000 (Lacchiarella) and 55,000 (Cavaglià) tonnes per year. In addition, other initiatives are in the planning stage that aim to achieve, in the years of the 21-30 Strategic Plan, **over one million tonnes of OFMSW treated**. The biomethane produced, fed into the national transport network, is intended for use as a renewable fuel in transport. In this context, the Group's waste collection companies are increasing the percentage of methane vehicles in their fleet from year to year. The biomethane generated by the plants can therefore also be used by company vehicles, creating a **perfect example of circular economy**. Once the development of all projects is complete, the **system will be able to power approximately 900 vehicles**.

The new SSF plant in the centre of Cavaglià

The year 2020 also saw the start of the site for construction of the **new plant for the production of secondary solid fuel (SSF)** at the Cavaglià site.

Using the waste from the sorting of plastic from separate waste collection, which cannot be sent for material recovery, and also some non-differentiated waste, the plant, through optical scanning, mechanical separation and shredding, produces a fuel of variable size (called Plasmix). The latter, according to the "End of Waste" regulations, is no

longer considered waste, but a product, useful for co-combustion in cement factories. This partial **substitution of fossil sources** (fuel oil or coal) helps to reduce the impact of CO₂ emissions from the cement industry.



6.2 The manufacturing capital in the Generation and Trading Business Unit

The Generation and Trading Business Unit is responsible for managing the Group's portfolio of generation plants and for trading in all energy commodities (natural gas, electricity and environmental certificates) on domestic and foreign markets.

The production of electricity (and the balancing of the grid), takes place in an increasingly diversified and sustainable way through different types of plants, whose capacities are shown in the table below.

Figure 17 Plant types and geographic location of the Generation and Trading BU

| PLANT TYPE | NUMBER OF PLANTS | LOCATION | CAPACITY | u.m. |
|--------------------------|------------------|--|----------|-----------------|
| Hydroelectric units | 5 | Lombardy; Friuli Venezia Giulia; Calabria | 2,071 | MW _e |
| Thermoelectric | 9 | Piedmont; Lombardy; Friuli Venezia Giulia; Emilia Romagna; Abruzzo; Puglia; Sicily | 6,896 | MW _e |
| Photovoltaic | 92 | Italy | 99 | MW _e |
| Wind | 1 | Campania | 8 | MW _e |
| Synchronous compensators | 2 | Puglia | 286 | MVar |

In 2020, the BU slightly decreased energy production mainly due to reduced demand, due to the pandemic (-8.3% compared to 2019). The mix of sources used has varied in favour of renewables, but with continued greater use of natural gas from CCGTs than coal and HFO. Hydroelectric production was also slightly down (4,388 GWh), due to reductions in inputs in catchment areas. There was also a marked reduction in the production of the Monfalcone plant (coal-fired) given that it operates for only two months of the year. For the third consecutive year, it is important to note the significant contribution of photovoltaic production (+3.3% compared to 2019), linked to the Group's new strategy in the sector.

The process of change required in recent years in the energy production sector covers many areas: from the transition to low-carbon, to the adaptation to climate change and the needs of the market, to the safety and modernization of the plant fleet.

The decarbonization process, which A2A has already undertaken, requires coal-fired plants to be shut down by 2025. The energy transition envisages that part of the energy previously produced by coal-fired plants will be supplied by **new-generation natural gas-fired plants**, which reach efficiency values of 64%, with an **average CO₂ emission factor lower than 40%** of a coal-fired plant,

and which, also thanks to their flexibility and speed of response, play the role of "enabling systems" or **plants necessary for the development of renewable sources**, with a view to maintaining the security and stability of the electricity production system.

A2A Energie Future submitted, in December 2019, a request for authorization to MATTM for the construction of a high-efficiency combined cycle at both the Monfalcone thermoelectric plant, now operating with coal, and the San Filippo del Mela (ME) plant, currently fuelled by heavy fuel oil. Both projects aim towards ensuring a sustainable future for production sites, significantly reducing the environmental and landscape impact and meeting the reliability and flexibility requirements of the national electricity system. Reference should also be made to page 156 for details of the MoU (*Memorandum of Understanding*) signed by A2A to enable hydrogen technology to be used also at the aforementioned plants.

In addition, A2A Energie Future won the tender called by Terna for the supply, from 2020 onwards, of the **continuous and automatic voltage regulation and stabilization service** by means of absorption/injection of reactive power **for the national transmission grid** in the Brindisi area, **through the installation of two synchronous**

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compensators (machines connected to the electricity grid that produce or absorb reactive power in order to stabilize the grid voltage) at the Brindisi coal-fired plant, which has been out of service since 2012. This service is particularly important due to the increasing weight of renewable sources, which are not programmable and subject to discontinuity in power output. The two Brindisi synchronous compensators entered commercial operation in March and June 2020 respectively, the latter one month ahead of the contractual deadline. The following were also built from scratch: start-up and excitation systems, medium- and low-voltage distribution systems, control and regulation systems for electrical machines, and communication interfaces with Terna.

Also with regard to energy security, **A2A was fully awarded the capacity offered, equal to about 5 GW at national level, in the second capacity market auction** called by Terna for the 2022-2023 delivery year. Both existing and new plants are eligible to participate in the Terna auctions, **provided they are able to comply with certain CO₂ emission limits**. Of the 5 GW of capacity offered, 0.2 GW relates to newly built capacity, thanks to the "**repowering**" of the 800 MW units of the Cassano, Chivasso, Sermide and Piacenza plants.

The Group also **completed the unloading of the first load of liquefied natural gas (LNG)** at the Adriatic LNG terminal in Rovigo. The characteristic of LNG is that it has a reduced volume compared to that which it has in its gaseous state and this allows – while respecting the environment – greater ease of transport and delivery by sea, freeing itself from gas pipelines. In this way, too, A2A contributes to ensuring the country's energy security.

Growth in the photovoltaic sector

As already reiterated in the new 21-30 Strategic Plan and in the policy to reduce emissions, the Group confirms its **intention to grow in the renewables sector, confirming itself as a key player** in the energy transition.

The year 2020 saw a reorganization of A2A Rinnovabili, the Group company that controls all the vehicles holding photovoltaic plants acquired on the secondary market.

At the end of 2019, A2A had also signed a co-development agreement with the Talesun Group, for the **acquisition of a development pipeline of "green field"** photovoltaic projects, for a total capacity of up to 1 GW. This agreement provides for the construction of plants without incentives and will enable A2A to reach almost a third of the target for new renewable installed capacity set in the 2021-2030 ten-year Plan.

In 2020 was the acquisition by A2A Rinnovabili of the **Group's first wind farm**. The plant, located in Campania, has a capacity of 8.2 MW.

Improvement and safety of hydroelectric plants and dams

The constant change of climate in an area at risk of hydrogeology, such as our country, has as its main principle the raising of safety levels for plants most exposed to this risk. Therefore, activities continued in 2020 to guarantee the **safety of dams and plants in extreme hydraulic situations** (floods, flooding events, earthquakes, etc.), through the precise application of procedures defined in accordance with the directives and requirements of the regulations and the Bodies in charge (Ministries, Prefectures, Regions, Civil Protection), verifying its effectiveness on the occasion of real events that occurred during the year.

Moreover, during the year, **work was carried out on the design and implementation of interventions on some dams** (Trepidò, Ambiesta and Orirella) and on the related ancillary works, focused

EXPERIMENTS TO ENSURE HYDRAULIC CONTINUITY ON RIVER SPOEL DERIVATIONS

During the summer period, in Valtellina, checks were carried out on the naturalistic conditions of the Spoel River. The Spoel River is involved in hydroelectric derivations by A2A in Italy and by EKW in Switzerland. The river, in relation to the seasonal climatic trend and the consequent availability of water, has a section in which the flows infiltrate into the sub-bed, thus causing localized and temporary phenomena of "dryness". In recent years, and in particular in the three-year period from 2016 to 2018, the River Spoel has been the subject of a **voluntary experiment by A2A**. It has involved the release, during the summer period, from its intake works of different flows, for a different duration, with the aim of verifying the response of the surface and groundwater flows in the stretch affected by the phenomenon. In 2020, experimentation was repeated, introducing the previously untried variant of differentiated releases. The results obtained from the **2020 experimentation showed complete hydraulic continuity over the period of the releases**, similar to as observed previously.

on the issue of **anti-seismic safety**, as well as on the implementation of remote control systems also through the laying of dedicated fibre optics.

In April 2020, the Group also started the operation of emptying the San Giacomo reservoir, which has a capacity of approximately 60 million cubic metres of water, in order to carry out inspection and maintenance work to clean the submerged hydraulic works, in order to guarantee their security, as well as the functionality of the plant, as provided for by the Management Project.

The new frontier of storage systems

The growing trend of renewable generation plants (intermittent, dispersed and connected to both transport and distribution grids) is challenging the current paradigm of electricity system management, with an increasing risk to the stability, quality and security of the system.

In this context, Terna, as operator of the electricity system, has initiated in agreement with the Regulatory Authority for Energy, Networks and Envi-

ronment (in particular with Resolution 300/2017/R/ee) a **process of gradual opening of the services market to new resources** (loads, production plants from renewable sources, non-relevant or non-qualified cogeneration plants, storage systems, etc.), which calls for a review of grid services and the methods for participating in the dispatching services market (MSD), including through the **definition of pilot projects** aimed at gathering useful elements for an organic reform of this market.

For this reason, in 2020, A2A initiated procedures at the relevant ministries to authorize the **installation of electrochemical storage systems for a portfolio of projects of around 60 MW to be built at sites it owns**. In particular, the first proceedings concerned the Brindisi (6 MW), Gissi (15 MW), San Filippo del Mela (20 MW) and Chivasso (20 MW) sites. The Brindisi and Gissi electrochemical storages obtained the Single Authorization in 2020.

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6.3 The manufacturing capital in the Networks & District Heating Business Unit

The Networks & District Heating Business Unit is responsible for developing and maintaining the electricity, gas, heat and water cycle distribution infrastructure as well as for telecommunications and Smart Cities. The maintenance and evolution of these infrastructures are amongst the key factor necessary to achieve the national and European energy policy goals.

Electricity and natural gas distribution service

The **electricity distribution network** has an extension of 15,472 km in high, medium and low voltage, 87% of which is underground. The network is also supported by 31 primary stations and substations and more than 9,456 secondary stations.

The length of **the gas distribution infrastructure** is 9,852 km in medium and high pressure, with a significant decrease compared to the previous year due to the transfer, in November, of part of the assets to the AEB Group, by virtue of the agreement signed for the merger of the two Groups. The network has 164 primary stations (REMI) and 2,121 secondary stations.

Figure 18 Plants of the Networks & District Heating BU for the distribution of electricity and gas

| NETWORK TYPE | EXTENSION |
|----------------------|--|
| Electricity networks | 15,472 km of which 13,451 km underground |
| Gas networks | 9,852 km |

The electricity distribution activity is managed by Unareti and LD Reti in Lombardy, in the provinces of Milan, Brescia and Cremona. The gas distribution activity is managed by Unareti, LD Reti and ASVT with the most important share of the networks located in Lombardy, in the provinces of Milan, Brescia, Bergamo, Cremona, Lodi and Pavia, and also, with smaller network sections, in Veneto, Trentino, Emilia Romagna, Campania, Abruzzo and Molise.

In 2020, electricity distributed amounted to 10,497 GWh (-9.3% compared to 2019), while gas distribution amounted to 2,300 Mm³, also slightly down compared to the previous year (-2.4% compared to 2019).

Through the subsidiary Retragas S.r.l., the Group also manages the regional transmission of natural gas in Lombardy, Trentino Alto Adige and Piedmont, with more than 407 km network and moving 355 million cubic metres of natural gas each year.

With reference to the **plan to replace new gas meters**, launched in 2015, with the achievement of more than 90% coverage, the Group is effectively in line with the objectives set by the Authority.

With reference to the gas distribution network, the new 21-30 Plan outlines a clear objective of maintenance – with more than 78% of cumulative capex, compared to 22% dedicated to its development – with a view to future qualification for the transport of gas as hydrogen.

TENDER ATEM MILAN 1 – GAS DISTRIBUTION

In September 2020, the Council of State upheld the appeals filed in February 2020 by Unareti and the Municipality of Milan against the sentence of the Lombardy Regional Administrative Court of December 5, 2019, which had led to the annulment of the award by Unareti of the tender for the concession of the natural gas distribution service in the territorial area of "Milan 1 – City and Plant of Milan". The Council of State, on the one hand, rejected the legal and administrative elements that had led the Regional Administrative Court to exclude Unareti (and also to overrule the exclusion of the competitor 2i Rete Gas) from the proceedings and, on the other hand, confirmed the assessments of the tender committee that had awarded the bid (score of 98.2/100).

In 2020, the plan was also effectively launched for the installation of the new 2G smart meters, with **new and improved data acquisition** and **transmission** functions and **network monitoring**, which will allow: **sales companies** to formulate customized offers based on customer consumption and improve processes for billing and management of commercial transactions; **distributors** to promptly identify anomalies on the network; **end customers** themselves, through the UD (user device), easier monitoring of consumption by acquiring greater awareness.

The start of the massive installation activities started in the city of Brescia at the end of July with a total of over 43 thousand new meters replaced. The replacement of approximately 1.1 million meters will be carried out over a period of 15 years (however, massive replacement will be concentrated in the first 5 years) for a cumulative investment of 197 million euro.

UNARETI TESTING THE RESILIENCE OF ELECTRICITY GRIDS AGAINST EXTREME EVENTS RELATED TO CLIMATE CHANGE

The risks to which Unareti is exposed in case of accidental interruptions of the service provided, are related both to the **Physical and Transition climate scenarios** of TCFD Recommendations. The phenomena that have the greatest impact on the likelihood of such risks occurring are as follows:

- **peaks in demand for summer air conditioning as a result of heat waves** (prolonged periods of heat and/or days with very high daytime and night-time temperatures), particularly when these hit densely populated metropolitan areas;
- **flooding caused by heavy rainfall** (water bombs), to which the stations that, in past years, were built underground to optimize the use of public land in the cities are exposed;
- **increased demand for energy** as a result of the dissemination of policies and instruments to encourage energy efficiency and the electrification of services;
- falling tall trees on overhead lines;
- snowfall of particular intensity capable of causing the formation of sleeves of ice or snow (wet snow).

The economic and financial consequences of this risk for Unareti and the Group are related to the possible increase in penalties related to the Quality of Service, also because the Regulatory Authority for Energy, Networks and Environment (ARERA) provides for more restrictive target values in the coming years. In addition, the A2A Group also takes into consideration the possible reputational impacts in relation to the probable increase in the number, duration and territorial extension of the interruptions for the causes mentioned above.

Strategies and management approach

Unareti has prepared a three-year plan to increase the resilience of its networks, which is updated annually. The plan is prepared – **on a voluntary basis** – in accordance with an ARERA program.

With reference to the **risks of interruption due to peaks in demand** on the Milan network, which is the most critical area, the company has completed an extraordinary plan for the remediation of critical components, with more than 10,000 joints being checked or replaced in 2020 alone.

Precisely the study of the "behaviour" of the joints to the change of different environmental parameters is one of the aspects analysed at the new Laboratory of Diagnostic Medium Voltage Cables realized by RSE – Research on the energy system – in collaboration with Unareti and inaugurated in November 2020. RSE laboratories were able to create simulation environments to actually verify what happens in our subsurface, so as to evaluate diagnostic mechanisms that increase even more the resilience of the network.

There are also plans to rationalize the medium-voltage networks and build 9 primary stations and substations. These interventions will achieve structural benefits and mitigate the impact and likelihood of accidental interruptions of the electricity distribution service.

The **flood resiliency program** consists primarily of: bringing underground stations above ground; making embankments on the hatches of underground stations that are not brought above ground; and replacing components that are lower with waterproof components. Unareti is also expanding the remote control system of the stations in order to enhance the possibility of carrying out remote manoeuvres in order to reduce the time required to resume service. With the same aim, the number of emergency response teams was doubled on the days of the year when the city was flooded.

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With reference to the last two "physical" risks listed above (falling trees and the formation of ice sleeves), in the 2020-2021 two-year period, it is planned to carry out **investigation activities using helicopters and drones** (just over 100 km of overhead lines) **in order to identify, along the route of the critical lines, the portions of the network that could be more exposed to the event of falling trees (or ice sleeves)**. For the sections identified as critical, it was decided to intervene by replacing portions of the network made with bare conductors with underground conductors or insulated overhead conductors.

The **capex** foreseen in the Plan presented to ARERA, an integral part of the Unareti Development Plan to increase the resilience of electricity distribution networks, amount to approximately **20 million euro**.

Integrated water service

The A2A Group, through its subsidiaries A2A Ciclo Idrico and ASVT, manages services related to the integrated water cycle in almost the entire province of Brescia.

In all, in 2020 the Group distributed 54 million cubic metres of water. In the municipalities overseen for the sewage and treatment service too, approximately 52 million cubic metres of waste water were treated.

Figure 19 Plants of the Networks & District Heating BU for integrated water service

| PLANT TYPE | EXTENSION |
|--------------------|--------------------|
| Aqueduct network | 4,044 km |
| Sewers network | 3,911 km |
| Purifiers | 59 |
| Treatment capacity | 52 Mm ³ |

Also in 2020, actions continued to achieve the objectives of the Plan that reflect an integrated logic, aimed at improving the entire service in terms of quality of water distributed, reduction of network leaks and extension of the number of citizens served.

Among the many activities implemented to reduce losses (both real and apparent), the **Aquarius project** for the city of Brescia stands out for its highly innovative nature. During 2020, **170 sensors ("noise loggers") were installed in the city centre area**, covering 60 km of the water supply network, **capable of detecting the "noise" of a leak** escaping from a pipe (see also page 155).

As regards the detection of unaccounted for volumes (apparent losses), the installation of meters on fire-fighting utilities continued with an additional 50 units in 2020, with an expected reduction in unaccounted for consumption of about 10,000 m³.

The installation of the new **smart water meters** continued, which in 2020, between A2A Ciclo Idrico and ASVT, reached an overall total of about 52 thousand units compared to a 2020-2024 plan that envisages a total target of about 170,000 smart meters equipped with a transmission module for periodic remote communication of metered data.

With reference to treatment activities, A2A Ciclo Idrico has completed work on the **new treatment plant in the Brescia municipality of San Paolo**, capable of serving 6,000 equivalent inhabitants, which is fully prepared for the doubling of its capacity, since the civil works relating to the second line have also been completed. The **Offlaga treat-**

Figure 20 Plants of the Networks & District Heating BU for district heating service

| NETWORK TYPE | NUMBER OF PLANTS | CAPACITY | u.m. |
|-------------------|------------------|----------|-----------------|
| Cogeneration | 11 | 133 | MW _e |
| | | 716 | MW _t |
| Thermal | 22 | 684 | MW _t |
| Heat exchange | 6 | 224 | MW _t |
| Heat pumps | 2 | 33 | MW _t |
| Heat accumulators | 12 | 654 | MW _t |

ment plants

 were also completed, with a nominal capacity of 8,000 equivalent inhabitants, treated in two twin and interchangeable treatment lines, and the **San Gervasio treatment plant** was upgraded through the installation of a new modular treatment line with MBR technology with a capacity of 1,200 equivalent inhabitants. The modularity of the plant, entirely built in stainless steel, will allow, after the construction of the new final plant, reuse, if needed, on other territorial realities.

In February, ASVT began work on the construction of the **Valtrompsonia district treatment plant**, which will make it possible to overcome the problem of European infringements for the municipalities in the area that are not covered by the treatment service. The treatment plant was designed with particular attention to integration into the existing landscape, minimizing noise, odours and environmental impact, being located under a prefabricated structure covered by a layer of natural greenery. It will also be a state-of-the-art plant from a technological point of view: the treatment process using **membrane technology with ultra-filtration** (MBR) provides one of the highest performance levels. The project envisages a first phase, already underway, which will allow treatment of the wastewater generated by 85,000 equivalent inhabitants, while the second phase of further expansion will be able to serve up to 138,000 equivalent inhabitants. The total investment (first phase plus upgrading) amounts to 36 million euro.

Work also continued on the construction of the sewerage and water supply system for the Calvisano agglomeration, which is expected to be completed by 2023 (at the end of 2020, the project had reached 70% progress).

District heating plants and networks

Through its subsidiaries A2A Calore e Servizi and Linea Green, the Group develops and manages the **district heating plants and network¹** in Milan, Sesto San Giovanni (Mi), Novate (Mi), Cassano d'Adda (Mi), Cologno Monzese (Mi), Brescia, Bovazzo (Bs), Concesio (Bs), Bergamo, Crema (Cr), Cremona, Lodi and Rho (Mi), for a length of over 1,200 km, with a service capacity of 477 thousand equivalent apartments and a volume of 115 million cubic metres served.

In 2020, the distributed heating and cooling energy

stood at a value in line with the previous year of 3,146 GWh_t.

In 2020, A2A Calore e Servizi entered into an agreement with the REA DALMINE industrial plant, owned by Greentech Group, which provides for a 50% increase in the heat available in the district heating network of the city of Bergamo for a total of 90 GWh_t. The recovered heat will be transported to the plant in Via Goltara in Bergamo, where the pumping station of the district heating network will also be upgraded and a new heat storage will be built, for better management of the available heat. All this will make it possible to connect a further 11 thousand equivalent homes in the city's areas, increasing the Bergamo district heating network by over 22 km. In order to encourage the connection of new customers in this area, a very advantageous *ad hoc* offer has been prepared (see page 176). The environmental impacts will also be evident with a reduction in emissions, due to the reduced use of fossil fuels, of about 15 thousand tonnes of CO₂ per year.

In addition, since the end of 2019, a working group has been set up to develop an evolved Decision Support System which, knowing the heating demand, plans the load of the various generation units, in order to maximize the economic margin of the plant while respecting the existing constraints. The system is based on cloud-based optimization of plant, weather and price signals, returning optimized hourly loads for each asset through profit & loss models and machine learning. The pilot, launched in 2020 on the east Milan network, has margins for scalability to all Group plants, which will be tested in 2021. Initial results show a potential increase in plant gross operating margin (MOL) of over 33%, also ensuring optimized system production. See page 155 for further details.

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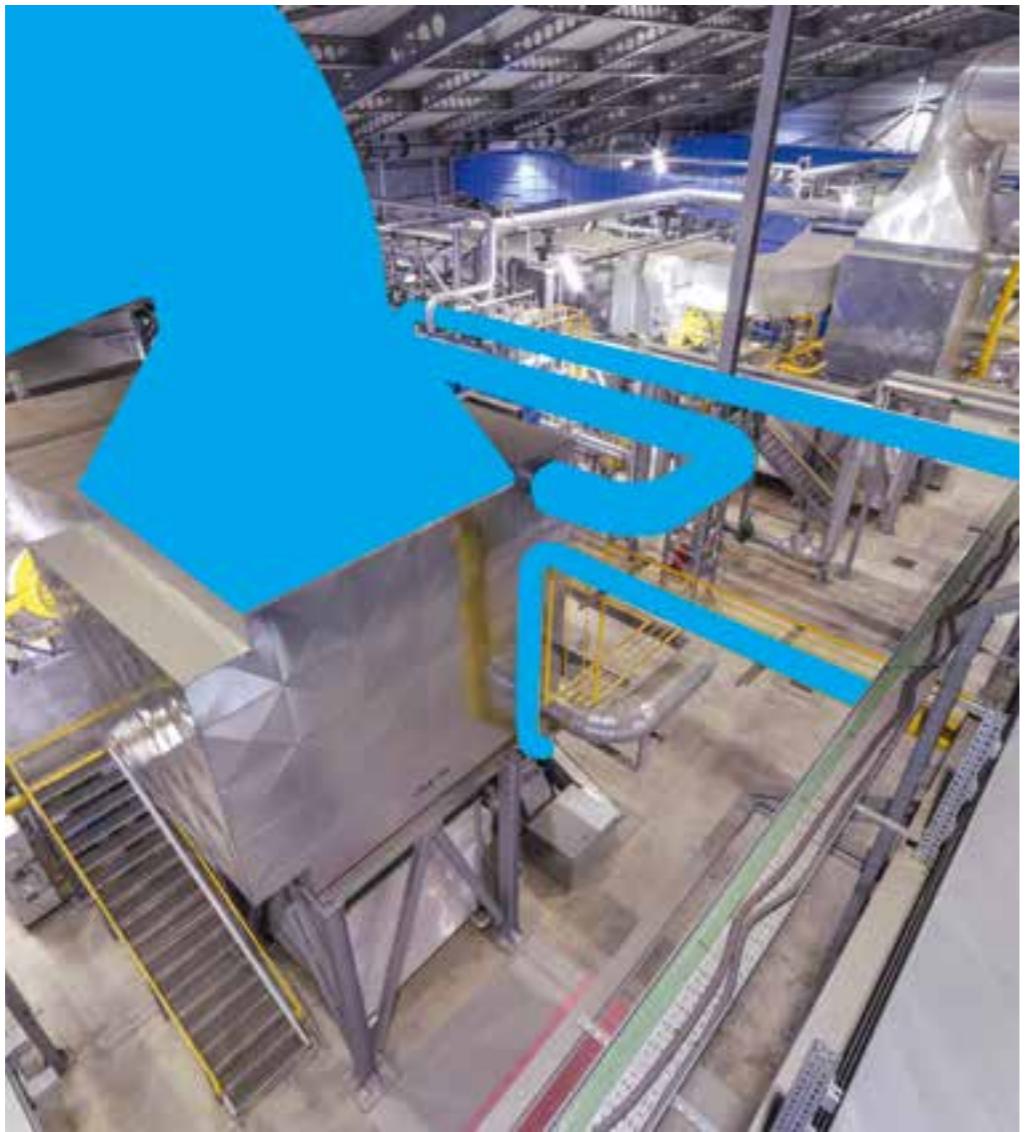
¹ Network consisting of a double pipe for the distribution of heat, in the form of hot or superheated water, located capillary in the urban area.

REVAMPING OF THE FUME TREATMENT PLANT OF THE BRESCIA WASTE-TO-ENERGY PLANT

The project involves the construction of an **innovative system for the treatment of combustion fumes** aimed at **reducing emissions and recovering the residual heat still present in the fumes**. The intervention of integration of the existing filtration system includes the installation of:

- a new state-of-the-art DeNO_x SCR catalytic plant for the abatement of nitrogen oxides with very high efficiency, and a flue gas cleaning tower with further abatement of hydrochloric acid and ammonia;
- a "flue gas condensation" heat recovery section on the purified fumes, which **will be used in the district heating network**.

The intervention, therefore, in addition to increasing the overall energy efficiency of the waste-to-energy plant, will contribute to the reduction of emissions from the district heating system in Brescia. In fact, during the project, it is estimated that the **CO₂ avoided will amount to 185 thousand tonnes per year, in addition to a 50% reduction in nitrogen oxides (NO_x)**.



LOMBHE@T INNOVATIVE PROJECT

A2A Calore e Servizi will participate, thanks to the LombHe@t project, in the Lombardy Region's "Call Hub Ricerca e Innovazione" call, financed with POR FESR 2014-2020 funds. The project, started in December 2019, will run for 30 months and has seen 33 winning excellence initiatives. LombHe@t is based on an **R&D programme aimed at identifying heating solutions with low environmental impact**.

The project, which stands as a pilot example for the decarbonization of the urban fabric, envisages the development of high efficiency technologies that envisage the use of both renewable energy sources, for new and existing buildings, and optimized and efficient district heating on the A2A network in East Milan.

The pilot involves the development of a **heat recovery system from industrial sources and a smart district heating network** (replicable across all networks) for optimized management. In addition, through a self-powered, underground, wireless apparatus with remote data transmission, and thanks to innovative valves and sensors, it will be possible to **monitor operations in real time, improving efficiency and operating conditions, as well as accelerating leak detection**.

Analysis, classification and modelling of the heat demand profiles of users will also be carried out, which will allow the management of the district heating system to be refined in anticipation of future developments. The experimentation will allow validating an economically competitive approach where the urban fabric is densely populated. The first beneficiaries of the experiment will be about 3,000 citizens. Together with industrial partners, Universities and Institutions, technologically advanced vapour compression heat pumps (EHP) and optimal control algorithms will be developed. The experimentation will also include actions to increase energy efficiency, test the use of refrigerants with low environmental impact and reduce noise pollution.

6.4 Cybersecurity

Since 2017, the Group has had an organizational unit dedicated to cybersecurity in order to implement security processes and infrastructures internally. The activities carried out mainly consist in:

- defining IT security policies, processes and standards to be applied within the Group;
- **assessing cybersecurity risk**, defining and monitoring mitigation activities;
- enabling the secure design of services, applications and infrastructures through the Security by Design process, by means of which **security measures are provided commensurate with IT risk**;
- **identifying potential security weaknesses** that, if exploited, would allow to obtain access to A2A Group information, and assess the associated IT risks, identifying and implementing appropriate mitigation actions (Vulnerability Assessment and Penetration Test on critical infrastructures and applications);
- analysing and updating the **access privileges associated with the Group's systems/applications** to ensure that these arrangements are still based on a specific need;
- designing and implementing the infrastructures for the protection of corporate information security, like anti-malware systems on worksta-

tions and networks;

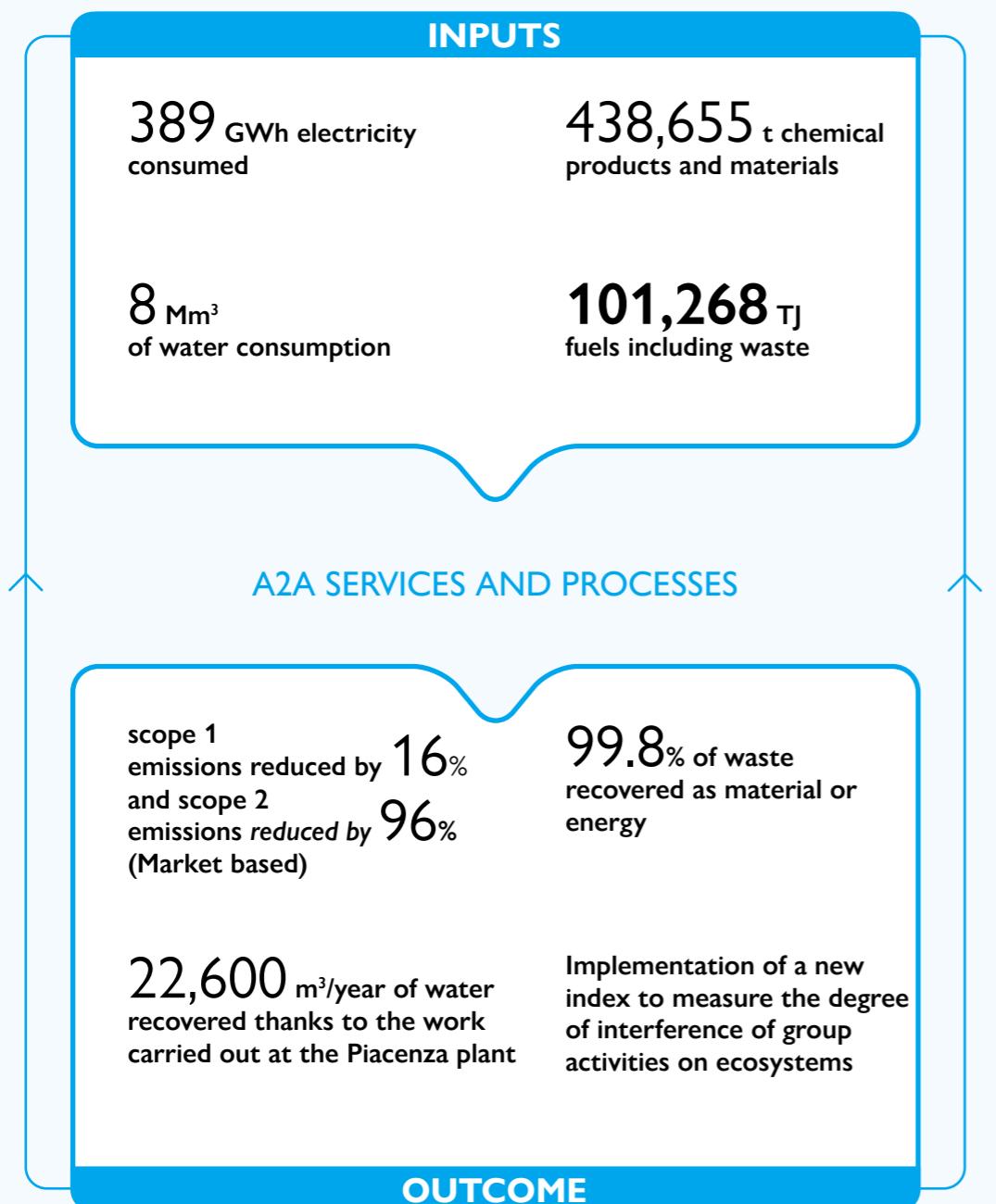
- carrying out continuous monitoring of the Group's security through the Security Operation Center unit, i.e. through proactive analysis of IT security systems and technologies (IPS, firewalls, servers, etc.).

The **monitoring, security and IT incident management service** has evolved into a highly specialized structure, equipped with the best skills, which oversees all areas of Security Operations with an "intelligence driven" logic, also through a team of "white hats" for the execution of active defence activities (security assessment, red teaming, threat hunting).

It should be noted that 143 incidents of high and critical severity were monitored in 2020, none of which was such as to compromise the company's business. Of these, there are 2 cases of data breach managed in a timely manner and with an estimated impact that is not serious for customers. These occurrences, in the cases provided for by law, have been communicated to the relevant authorities and have not given rise to sanctions at the moment.



Natural capital



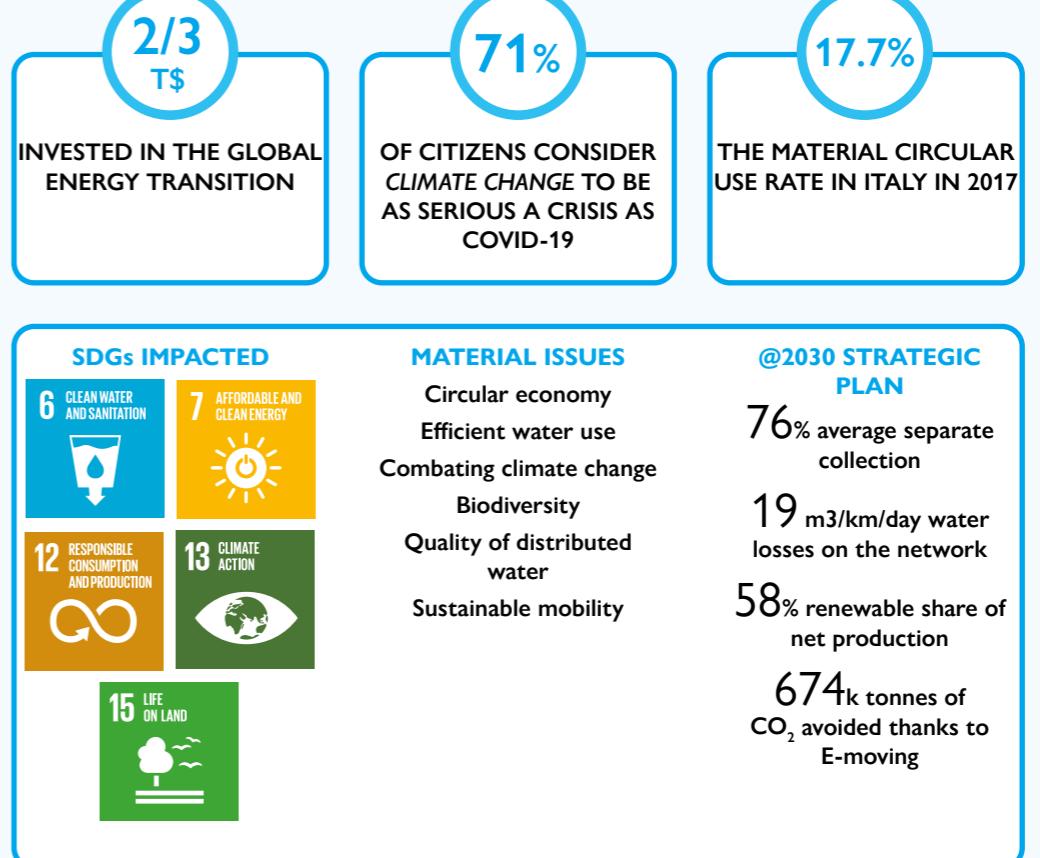
The Green Deal and the EU commitment to carbon neutrality

The year 2020 was a watershed year for European environmental policies. During the year, thanks to the approval of the **EU Green Deal**, work began on proposing the Laws that will characterize the legislative and regulatory framework within which companies will have to operate in the coming years. In fact, the first **European Climate Law** was approved, which aims to transform Europe to make it **climate neutral by 2050**; this means that all EU countries will have to achieve zero net greenhouse gas emissions, mainly by reducing emissions and investing in new green technologies. The Climate Law also set an important interim target for 2030: the reduction of greenhouse gas emissions by at least **55%** from 1990 levels. In addition, the European Union has also presented important Action Plans and Strategies, which represent the European vision for Member States on specific topics, such as the circular economy and hydrogen.

The **European Action Plan for the Circular Economy** aims to transition to a more circular

economy, where the value of products, materials and resources is maintained for as long as possible and waste production is minimized. The Plan includes a roadmap of legislative proposals to be approved over the next few years that will set the framework for circular development of all the Group's business areas. The **European Hydrogen Strategy** aims to promote hydrogen as a key factor in the decarbonization of industry, transport, power generation and construction across Europe. The strategy aims to realize this potential through investment, regulation, market creation, research and innovation.

In a social context heavily affected by the Covid-19 pandemic, the Green Deal could represent a unique **opportunity to relaunch the economy in a "green" perspective** and companies should be ready to seize every development opportunity in line with its ambitious objectives.



SOURCES

<https://www.ipsos.com/sites/default/files/ct/news/documents/2020-04/earth-day-2020-ipsos.pdf>
<https://www.enea.it/it/seguici/pubblicazioni/pdf-volumi/2020/sintesi-rapporto-sulleconomia-circolare-in-italia-2020.pdf>

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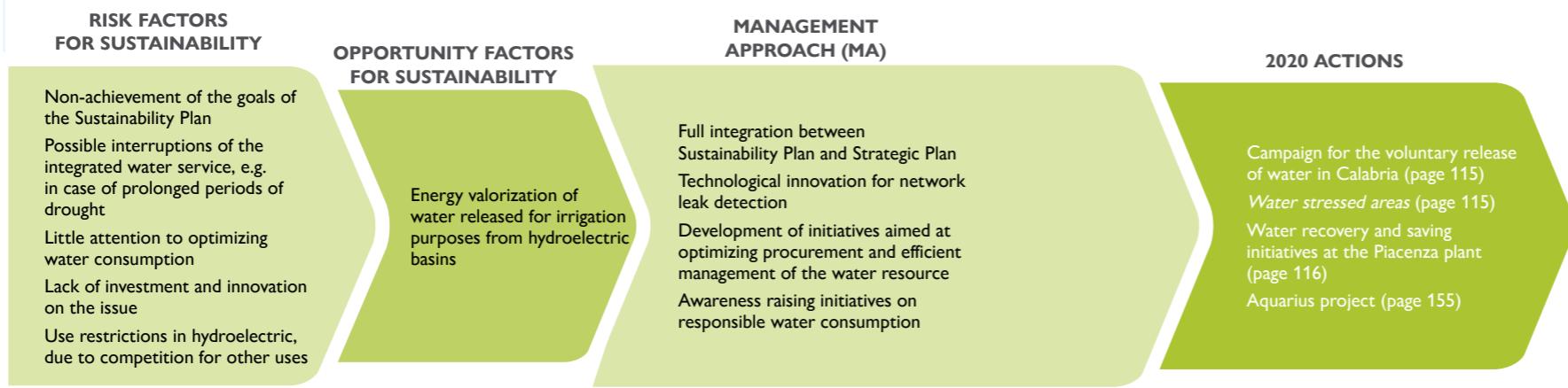
Circular economy

Valorization of waste as recyclable and, where possible, reusable resources in order to minimize the use of landfill sites; development of separate waste collection activities and the capacity to treat collected material to create new items, efficient management of landfills, sludge and wastewater also through the development of technologies for the production of biogas or biomethane; efficient use of all non-renewable resources used in the business.



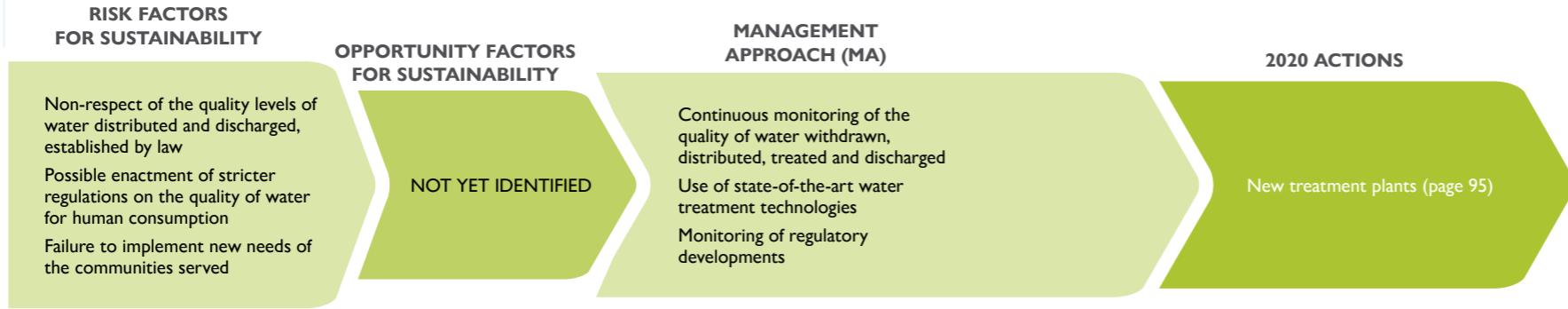
Efficient water use

Reduce water leaks along the distribution network and adopt policies and best practices that facilitate the careful and sustainable consumption of water resources.



Quality of distributed water

Attention to the quality of the water distributed in the various municipalities served by the Group; development of wastewater treatment services with particular attention to the reduction of pollutants.



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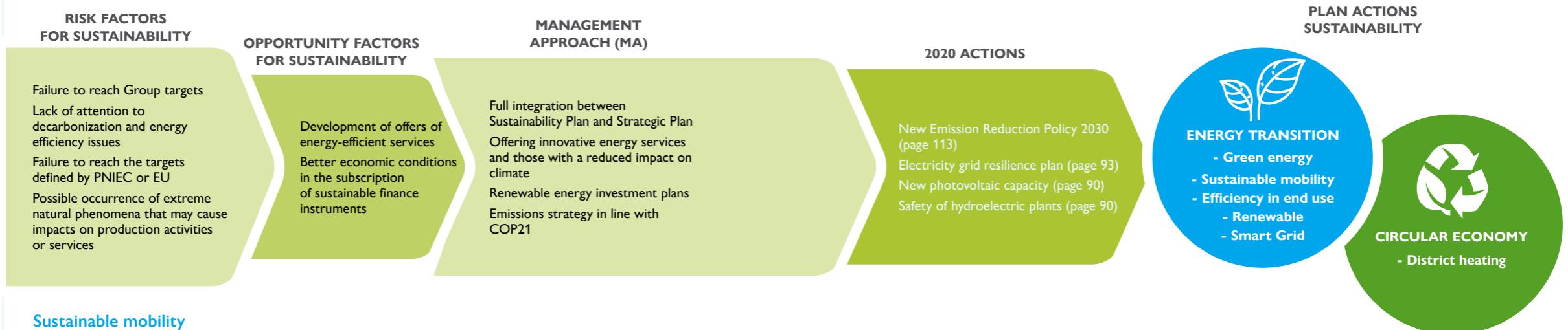
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Combating climate change

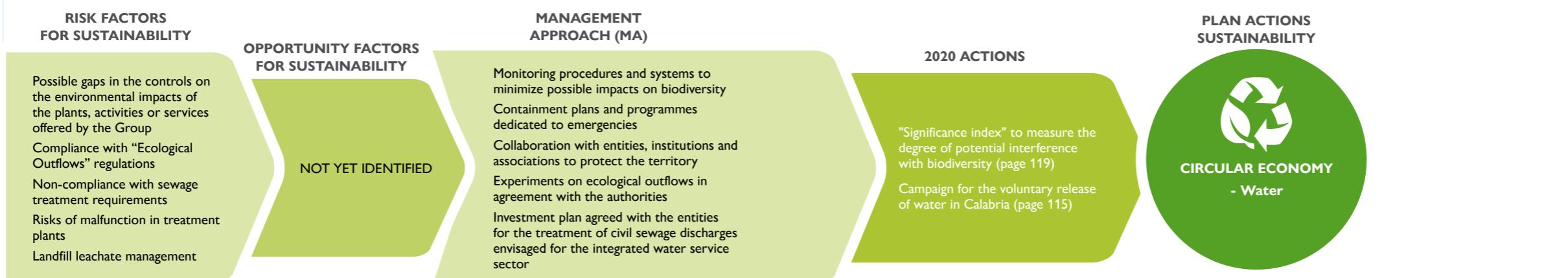
Use of systems to abate and reduce atmospheric emissions and development of renewable energy sources; promotion of energy efficiency initiatives both at the Group's plant and at the plants of our customers; alignment with international objectives to reduce climate-altering emissions (e.g., Paris Agreement).

**Sustainable mobility**

Increasing the efficiency of transport and logistics in everyday operations, with specific reference to limiting the noise and emissions in residential areas during waste collection operations; development of infrastructures to promote new electric and sustainable mobility.

**Protection of biodiversity**

Safeguarding the landscape heritage and the territories in which the Group's plants or sites are present, also thanks to analyses and monitoring with a view to minimizing the impacts on biodiversity and the most important habitats



7.1 - Circular economy

The Group, for the type of services it offers, is strongly called upon to respect the principles of the so-called Circular Economy, a term and philosophy that aims to minimize the use of virgin material.

The Environment BU plays a fundamental role in this area: in fact, the collection, transport and treatment services for urban and special waste are carried out at the delicate end-of-life phase for products used for domestic and industrial activities, allowing, with appropriate treatments, the material to be returned to the cycle, thus reducing

the demand for virgin raw materials. In the case of waste that originates in the domestic environment, separate waste collection makes it possible to recover as materials a consistent portion of glass, plastic, paper, cardboard, organic material and to valorize energetically the fractions that cannot be recovered as materials.

Close collaboration with the municipal administrations and the involvement of citizens through initiatives and campaigns make it possible to improve the efficiency of the collection and sorting service every year.

Figure 21 Separate waste collection*

| | 2018 | | 2019 | | 2020 | |
|--|------------------------|---------|------------------------|---------|------------------------|---------|
| | Quantity collected (t) | Index % | Quantity collected (t) | Index % | Quantity collected (t) | Index % |
| Bergamo | 45,536 | 71.4% | 44,401 | 71.3% | 42,583 | 73.1% |
| Brescia | 83,869 | 73.0% | 82,369 | 72.2% | 80,117 | 72.4% |
| Como | 29,168 | 71.8% | 29,639 | 70.3% | 25,996 | 70.4% |
| Cremona | 28,886 | 75.0% | 28,887 | 75.0% | 25,949 | 73.4% |
| Lodi | 14,472 | 74.1% | 15,054 | 75.4% | 14,308 | 76.0% |
| Milan | 415,230 | 59.7% | 431,518 | 61.5% | 379,035 | 62.6% |
| Province of Bergamo | 5,949 | 70.6% | 5,640 | 72.6% | 5,483 | 74.9% |
| Province of Brescia | 175,434 | 77.8% | 170,297 | 77.7% | 169,681 | 77.6% |
| Province of Como | n.a. | n.a. | 10,371 | 79.8% | 60,182 | 80.0% |
| Province of Cremona | 58,667 | 80.2% | 61,856 | 80.3% | 8,938 | 79.7% |
| Province of Lodi | 26,193 | 76.3% | 25,012 | 78.4% | 21,307 | 78.1% |
| Province of Mantua | 33,700 | 87.8% | 33,879 | 87.8% | 33,733 | 87.5% |
| Province of Milan | 106,160 | 66.2% | 97,275 | 67.4% | 95,207 | 67.6% |
| Liguria (Rapallo, Zoagli and Chiavari) | n.r. | n.r. | 9,922 | 58.5% | 19,403 | 65.2% |
| Total/average | 1,023,265 | 67.6% | 1,046,118 | 68.4% | 981,921 | 69.4% |

* The data refers to only the municipalities where A2A is the sole party assigned the service and for the entire year; a further 36,182 t of separated fractions was collected in the other municipalities. The quantity collected and differentiated collection rate have been calculated on the basis of the indications of the Res. by the Reg. Council (Lombardy) no. X/6511 of April 21, 2017.

Generally speaking, the pandemic situation and the consequent drop in consumption led to an overall decrease in the amount of waste produced and therefore collected by the Group companies, both non-differentiated and differentiated. Exceptions are the more recently acquired territories (Como and Liguria), where the gradual penetration of the activity has led to an increase in the quantities collected.

Among all the capitals, Milan still stands out for the quantities collected, which in 2020, saw a significant increase in the index of separate collection (+1.1 percentage points). The city now ranks among the top international metropolises with the best performance in separate waste collection.

Among medium-sized cities, Bergamo stands out,

where differentiated waste collection increased by 1.8 percentage points, while the other cities were substantially stable, with the exception of Cremona, which recorded a drop due to management problems in the acute phase of the pandemic, with an increase in non-differentiated waste.

In 2020, Aprica extended its urban hygiene service to Chiavari (GE) and it is precisely in the municipalities managed in Liguria that the greatest increase in differentiated waste collection is recorded, rising from 58.5% in 2019 to 65.2% in 2020 (+6.7 percentage points).

The average separate waste collection of all the municipalities managed by the Group increased by 1 percentage point to 69.4%, despite the increase in non-differentiated waste such as surgical masks, due to the pandemic.

THE ENVIRONMENTAL METER

In order to make a concrete assessment of the environmental benefits generated by virtuous urban waste management, the Municipality of Milan, CONAI, A2A Ambiente, AMSA and AMAT have created a **meter that quantifies the positive environmental impact of differentiated waste collection and recycling and recovery activities**, compared with the (negative) **impact** generated by waste disposal in landfills.

For the creation of the Environmental Meter it was decided to use an approach that followed the **Life Cycle Assessment (LCA)** methodology, where the scope of analysis starts from the moment a product becomes waste (i.e. from the moment it is thrown into the collection containers) until the waste is transformed into "second raw material" or used for energy purposes. The different phases of analysis refer to collection, transfer, transport to the selection plants and finally, to treatment/recovery activities.

The output of the Environmental Meter consists of a panel of **indicators that quantify the environmental benefits generated by the process**, including: CO₂ emissions avoided and a representation of the regeneration potential of materials sent for recovery (with the production of secondary raw materials from waste such as plastic, paper, glass, organic) through their conversion into objects of common use (re-products).

With the second edition of 2020, which refers to the values of the year 2019, the Environmental Meter has highlighted how the **activity of waste collection and treatment has allowed a saving of**: 2.6 million water, 2,400 GWh and over 127,500 tonnes of raw materials. In terms of climate benefits, an estimated 457 thousand tonnes of CO₂ have been avoided.

↗ For more information, see <https://www.amsa.it/progetti/contatore-ambientale>

Currently the Italian average of separate waste collection stands at about 61%, with an effective recycling rate of about 45%. In the areas where A2A is responsible for the collection of urban waste, almost all (99.8%) of the waste is recovered as a material or energy.

Figure 1 Final destination of municipal waste collected

| | |
|-------------------|-------|
| Material recovery | 69.5% |
| Energy recovery | 30.3% |
| Disposal | 0.2% |

The activities aimed at recovering materials carried out within A2A Ambiente plants made it possible in 2020 to obtain more than **367,000 tonnes of secondary raw material and around 36,300 tonnes of highly sorted plastic waste ready for grinding and extrusion in external plants** where the so-called **pellets** (the raw material for printing) are produced.

The secondary raw material, also deriving from "end of waste" processes, coming out of the recovery plants of the Environment BU is made up of paper and cardboard, selected glass scraps and recycled aggregates from street sweeping earth

(gravel and sand of various granulometry), as well as compost deriving mainly from mowing and pruning. Overall, there was an increase in production of 3.9%, mainly due to the greater quantity of compost produced by the Bedizzole plant and paper from the Novate plant.

The increase in the quantity of plastic waste sent for recovery, equal to 73% more than the previous year, is mainly due to the full operation of the Muggiano plant. According to a first evaluation, based both on literature and production data of the Cavaglià and Muggiano plants, the plastic recovery implemented in the two plants in 2020 allowed a saving of about 50,000 m³ of water and 47,000 tonnes of carbon dioxide, compared to the production of a similar virgin raw material from oil.

In the 21-30 Strategic Plan, the Group plans to **further expand its plant capacity for material recovery by more than 1 million tonnes**, through the acquisition or construction of dedicated plants (mainly paper and organic).

Similar attention is paid by the Group to the management of waste **produced** by its activities at the plants of the Environment BU or third parties. The Waste Business Unit, due to the ash produced by waste combustion and leachate from mostly

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post-management landfills, produced 585,540 tonnes of non-hazardous waste (+19.3% compared to 2019) and 113,944 tonnes (-1.1%) of hazardous waste. The recovery percentage of 46.5% of the total is largely due to leachate and aqueous solutions which, although treated in treatment plants that recover the aqueous matrix, are considered to be sent for disposal. The increase in non-hazardous waste produced is attributable to a greater quantity of ash produced, due to the entry into service of new plants and increased operation of waste-to-energy plants.

For A2A, the approach to circularity is not resolved solely with the waste management sector, although this is important and central to the economy of the areas in which it operates. The European waste management hierarchy puts prevention first, i.e. choosing operating methods that reduce waste production from the outset. In the Networks & District Heating BU, prevention is implemented through the evaluation of material removed from network maintenance and the consequent **reuse of materials that are still suitable and functional**. In the Generation and Trading BU, for several years now, the flue gas desulphurization gypsums produced by the Monfalcone plant have been managed as by-products, thanks to a careful operation to guarantee the environmental regulatory requirements and the rigorous chemical and physical characteristics required by the technical standards of the sector, to be **used directly in cement plants as raw materials**.

In addition, the lower production from fossil sources, due to the abandonment of coal as fuel at the Lamarmora plant in Brescia, which took place in March 2020 as part of the Group's decarbonization plan, and the suspension of production at the Monfalcone plant, led to a **further reduction in the amount of non-hazardous waste produced**.

The waste produced solely by the Networks & District Heating BU amounted to a total of 36,304 tonnes (-3.3% compared to 2019), of which 467 tonnes were hazardous with a significant increase (+40% compared to 2019) caused by the extraordinary change of meters in favour of smart meters

(see page 92). Discarded equipment was in any case sent to authorized disassembly and recovery plants. The overall recovery percentage stands at 82%.

For the Generation BU, total waste production amounted to 40,155 tonnes (+29% compared to 2019), of which 23,953 tonnes of non-hazardous waste (-14% compared to 2019) and 16,202 tonnes of hazardous waste sent for disposal (of which 12,797 tonnes due to extraordinary tank and network cleaning operations at the San Filippo del Mela plant), with a consequent reduction in the overall recovery percentage, which for 2020 stands at 54.2%, compared to 79.6% in 2019.



THE INTEGRATED ENERGY AND ENVIRONMENT SYSTEM, AN EXAMPLE OF CIRCULARITY IN THE CITY OF BRESCIA

Can different activities be combined to maximize opportunities for the environment and the area? The Environment BU and the Networks & District Heating BU are doing just that, with an intervention that, starting from the reduction of emissions from the Brescia waste-to-energy plant, will make it possible to reduce the emissions and consumption of primary resources of the overall urban district heating system.

The project will be implemented through the revamping of the flue gas treatment plant of the Brescia waste-to-energy plant, which will involve the construction of an **innovative system for the treatment of combustion fumes aimed at reducing emissions and recovering the residual heat still present in the fumes**.

The intervention of integration of the existing filtration system includes the installation of:

- a new state-of-the-art DeNO_x SCR catalytic plant for the abatement of nitrogen oxides with very high efficiency and a flue gas cleaning tower with further abatement of hydrochloric acid and ammonia;
- a "flue gas condensation" heat recovery section on the purified fumes, which **will be used in the district heating network**.

The intervention, therefore, will increase the overall energy efficiency of the waste-to-energy plant, and contribute to the reduction of emissions from the district heating system in Brescia. In fact, during the project, it is estimated that the CO_2 avoided will amount to 185 thousand tonnes per year, in addition to a 50% reduction in nitrogen oxides (NOx).

The initiative is part of the Networks & District Heating BU programme to increase the share of heat for district heating from renewable sources and heat recovery. Currently, this figure stands at 50%. However, by 2030, the Group aims to reach 73%, well above the targets set by the PNIEC.

Assessment of the circularity of Group processes

As mentioned, the circularity issue does not end with waste recovery. It is also important to assess a product, a service or the activity of a production sector or a company through its entire life cycle, including phases such as design, supply of raw materials, useful life, energy consumption, reparability or modularity/interchangeability and the effective reuse of materials and end-of-life impacts. With reference to circularity assessments, the Group responded to the **Circularities questionnaire, promoted by the Ellen Mc Arthur Foundation** which, although experimental and still in the evaluation phase, provides a circularity score.

More specific and focused on a single sector, that of the integrated water service, was the evaluation carried out as part of the **RIECCO project** promoted by the Chamber of Commerce of Milan, Monza and Brianza Lodi in collaboration with the Sant'Anna School of Advanced Studies of Pisa (see box below). The final stage of the training path was completed through the use of the **check-up tool** developed by the Sant'Anna School, applied to A2A Ciclo Idrico and Azienda Servizi Valtrompia (ASVT).

The analysis was broken down into the procurement, design, production, logistics, use/operating, waste management and asset management phases, yielding an overall positive result for both A2A Ciclo Idrico and ASVT, with an average circularity index between the two companies of around 70%, which places them in the "proactive" bracket.

The strengths identified are the high rate of waste recycling (90% for A2A Ciclo Idrico), the use of non-virgin raw materials such as alumina sulphate (6,800 t/year), a by-product used for the abatement of phosphorous in treatment plants, the practice of regenerating activated carbon used in drinking water treatment and the reuse and optimization of the packaging of water treatment products.

Areas for improvement were also identified, which the companies took as a useful starting point for future implementation: energy savings in lighting and the opportunity for greater integration of circularity considerations into process design.

Evaluation experience has shown the usefulness of this type of tool, the extension of which to other Group companies is being studied.

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THE RIECCO PROJECT FOR MEASURING THE CIRCULARITY OF COMPANIES

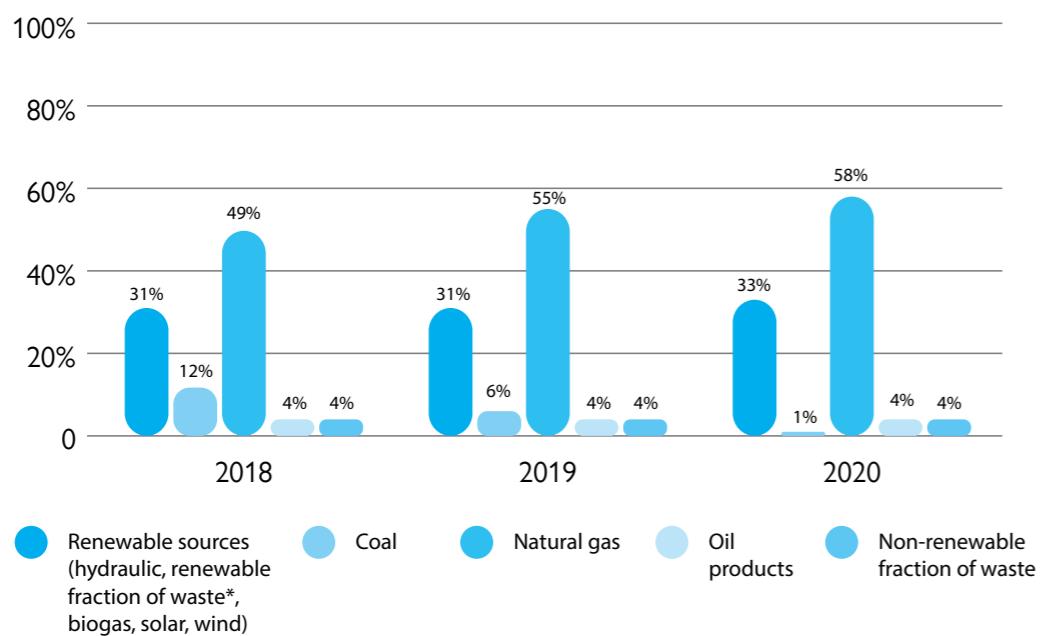
The Chamber of Commerce of Milan, Monza and Brianza Lodi in collaboration with the Institute of Management of the Sant'Anna School of Advanced Studies of Pisa has created the RIECCO project, a technical-scientific path to bring companies closer to the circular economy, which has seen the participation of over 50 companies. The path has provided three steps: information and training on the *Circular Economy*; working tables to identify actions in the sector to maximize circularity; individual support to each company through analysis of the level of circularity. During the training sessions, **some tools to measure the circularity of a product, a process and a company were presented**; among these, a specific tool developed by the Sant'Anna School of Advanced Studies of Pisa, called *Check-up tool*, which was used in the final check-up phase for the participating companies. For the participating companies this path was an opportunity to become aware of the level of circularity and identify actions aimed at improving it.

7.2 Energy transition

The energy transition from fossil fuels to renewable sources is a necessary step to achieve Italian and European objectives related to decarbonization and reduction of emissions. The Group is implementing several initiatives to contribute to this transition, **focusing mainly on the growth of renewables and supporting the flexibility needs of the electricity system**. The development of renewable sources, which according to the Plan's objective will contribute to 58% of the Group's energy production by 2030, will focus on solar and wind technologies.

In 2020, the Group's overall electricity production saw a **higher contribution from renewable sources than in 2019**, thanks in part to the acquisition of biomass-fired plants and the simultaneous reduction in the use of coal, which was definitively abandoned for cogeneration production and will be eliminated in the coming years.

Figure 22 Electricity produced by type of source*



* For non-hazardous waste, a renewable fraction of 51% was assumed (ref. Decree of the Ministry of Economic Development of December 18, 2008). Consequently, the non-renewable fraction was assumed to be 49%.

In addition, there was a slight decrease (-3% compared to 2019) in hydroelectric production, due to the lower hydraulicity of the year, while photovoltaic production increased by 3%. On the other hand, the use of natural gas remained virtually unchanged (-1%).

Electricity generation through waste and biomass valorization and through biogas combustion increased by 8% compared to 2019, due to the acquisition of a new biomass plant. The heat fed into district heating networks by these plants increased by 2% compared to 2019.

Figure 23 Energy produced by waste and biogas valorization on total energy produced

| | 2018 | 2019 | 2020 |
|----------------|------|------|------|
| Thermal energy | 55% | 58% | 59% |
| Electricity | 7.2% | 7.1% | 8.4% |

The environmental consequences of the choices made with regard to energy sources concern first and foremost the atmospheric matrix: in 2020, the trend in emissions, always contained at the lowest possible levels thanks to combustion technologies and abatement systems, saw a general decrease in macro-pollutants. The reduction is due not only to lower energy production, but also to the type of fuel mix and production efficiency. In particular, the **reduced use of coal and heavy fuel oil** resulted in a significant reduction in specific emissions (mass of substance emitted per unit of electricity produced) of SO₂ (-37%), powders (-24%) and NO_x (-14%). The decrease in specific NO_x emissions is less pronounced, since these substances are also emitted by combined-cycle plants fired with natural gas, whose production has remained virtually unchanged, albeit characterized by greater efficiency.

Figure 24 Specific emission factors per unit of electricity and thermal energy fed into the grid t/GWh

| | 2018 | 2019 | 2020 |
|-----------------|-------|-------|-------|
| SO ₂ | 0.068 | 0.047 | 0.029 |
| NO _x | 0.162 | 0.146 | 0.126 |
| Powders | 0.006 | 0.003 | 0.002 |

FURTHER ACCELERATION TOWARDS EVEN MORE SUSTAINABLE DISTRICT HEATING IN BRESCIA

In 2020, A2A further accelerated its path towards the decarbonization of the energy system, **deciding to phase-out from coal at the Lamarmora plant in Brescia well in advance**. This decision benefits from the accelerated progress of **investments already made for the construction of thermal storages and projects for the recovery of additional heat from industrial activities**.

Further investments are planned for the Brescia district heating system over the next few years, mainly in the following projects:

- **increase in thermal storages**, in addition to those already built at the Lamarmora plant, with two more systems of 2,200 cubic metres, each with a capacity of 95 MWh, which will be built at the North plant, bringing the total heating capacity of Brescia to around 550 MWh;
- **construction of a 250 KW photovoltaic system at the Lamarmora plant**, covering an area of 1,500 square metres, to power the district heating pumps and reduce consumption;
- **expansion of the flue gas treatment system (DeNOx) at the waste-to-energy plant**: a new high-efficiency system will go into operation this year to further reduce nitrogen oxides, which are already well below legal limits;
- **recovery of heat from the fumes of the neighbouring waste-to-energy plant** (see box on page 109): the site is scheduled to open in the middle of this year, with activation of the first line in the 2021 heating season and expected completion in the 2022 heating season.

The Brescia district heating system has been recognized by the European Commission as an example of excellence at European level: among the key success factors are, among others, environmental sustainability, since the system avoids every year the emission into the atmosphere of more than 400 thousand tonnes of CO₂ and the consumption of more than 150 thousand tonnes of oil equivalent.

The reduction in energy production and the different composition of the fuel mix also led to a **reduction in climate-altering emissions**: in 2020, the thermoelectric sector produced about 19% less absolute CO₂ emissions than the previous year, while district heating and cogeneration activities reduced emissions by about 12%. On the other hand, CO₂ emissions from waste-to-energy and waste treatment processes remained virtually unchanged.

Figure 25 CO₂ emissions from combustion processes (t)

| | 2018 | 2019 | 2020 |
|--------------------------------|-----------|-----------|-----------|
| Generation and Trading BU | 5,700,406 | 5,228,056 | 4,260,787 |
| Networks & District Heating BU | 392,712 | 377,631 | 329,704 |
| Environment BU | 1,209,825 | 1,163,222 | 1,141,439 |

The Group's CO₂ emission factor stood at 310 g/kWh, a reduction of around 10% compared with the previous year, while the emission factor relating to thermoelectric production fell to a value of 436 g/kWh, which is better than the average factor for the national thermoelectric fleet for 2019 (446 g/kWh)¹.

In 2020, all indicators relating to greenhouse gas emissions improved, linked to both direct and indirect emissions and the Group's value chain.

Figure 26 Greenhouse gas emissions declaration² - tonnes of CO₂eq

| | 2018 | 2019 | 2020 |
|---|-----------|-----------|-----------|
| Direct greenhouse gas emissions - Scope 1 (tCO ₂ eq) | 7,491,395 | 6,948,463 | 5,855,402 |
| Indirect greenhouse gas emissions - Scope 2 (tCO ₂ eq) | | | |
| Location based* | 109,807 | 108,073 | 107,439 |
| Market based* | n.a. | 175,234 | 6,948 |
| Other indirect greenhouse gas emissions - Scope 3 (tCO ₂ eq) | 1,677,882 | 1,616,284 | 1,464,134 |

* See note on page 36 of the Supplement to this document.

It should be noted that direct GHG emissions (Scope 1), in addition to emissions linked to the combustion processes of fuels and the non-renewable part of waste, also include

- the **biogas escaping capture in landfills**, which in 2020, decreased by about 40% also due to decreasing degradation processes in landfills in post-operational management;
- **natural gas leaking from networks**, the value of which was affected by a less precise detection of leaks caused by the Covid-19 emergency situation and the consequent reduction in field activities;
- **emissions from the vehicle fleet**, which decreased substantially due to a lower use of vehicles, but also **due to the greater use of methane-powered vehicles**, to the detriment of those powered by diesel;
- emissions deriving from **accidental leaks of fluorinated greenhouse gases** from air-conditioning equipment and electrical switches, the value of which is insignificant and varies over time due to its accidental nature, increased by 5% from 2,712 to 2,850 tonnes.

Figure 27 Emissions from the vehicle fleet, by fuel type

| | 2018 | 2019 | 2020 |
|---------------------------------------|--------|--------|--------|
| Group vehicle emissions | 50,455 | 51,514 | 47,755 |
| Breakdown of emissions by fuel | | | |
| Petrol | 3% | 3% | 3% |
| Diesel | 83% | 80% | 78% |
| Methane | 14% | 17% | 19% |

The commitment to decarbonization has also taken concrete form in the purchase of "green" energy for intra-Group consumption. From January 2020, in fact, **the supply of 100% renewable electricity certified by the "GO" (Guarantee of Origin) commenced for all the A2A Group's sites**, thereby generating a considerable reduction in indirect CO₂ emissions (Scope 2), which are still associated with the few sites acquired during the year for which this type of supply is not yet active.

26 Group plants are subjected to *Emissions Trading Scheme*, with a share of emission allowances of 52,646 tonnes of CO₂eq.

¹ Elaboration on ISPRA data, Report 317/2020 and TERNA data, Statistical Report 2019. The documents report the most recent data available.

² CO₂ emissions from combustion processes, vehicle use, methane dispersed from landfills, natural gas leaks from distribution networks, fluorinated gases and ozone leakage.

³ Includes the categories of the GHG Protocol - "Purchased goods and services" and the "Fuel and energy-related activities not included in Scope 1 or Scope 2".

The reduction in energy production from fossil sources has also led to a reduction in CO₂ emissions associated with the supply of fuels and combustibles (included in Scope 3), which have fallen by around 20%.

Figure 28 - Scope 3 emissions - purchase of combustibles and fuels (tCO₂eq)

| | 2018 | 2019 | 2020 |
|---------------------|---------|---------|---------|
| tCO ₂ eq | 933,332 | 853,467 | 695,408 |

A2A CO₂ EMISSION REDUCTION OBJECTIVES IN LINE WITH THE SCIENCE BASED TARGET INITIATIVE (SBTi)

On March 2, 2020, SBTi declared A2A's direct and indirect CO₂ emission reduction targets (Scope 1-2) aligned with the reductions required to keep global warming below 2°C.

With the update of the new Strategic Plan, A2A has updated its CO₂ reduction target for 2030, keeping it basically in line with the commitment communicated to the Science-based Targets Initiative. The maintenance of the emission trajectory was made possible thanks to the close collaboration between the Sustainability Development, Planning and Control and Strategy functions during the phases of setting up and defining the new ten-year Plan. In fact, the Group expects to achieve an emission factor close to 226 gCO₂/kWh, which gives it greater confidence in achieving the Science-based target (emission factor by 2030 equal to 230 gCO₂/kWh).

Figure 29 SBTi Target Emission Factor

| | 2017 | 2018 | 2019 | 2020 | 2030 Plan Objective | 2030 SBT Objective |
|-----------------------|------|------|------|------|---------------------|--------------------|
| gCO ₂ /kWh | 425 | 384 | 345 | 310 | 226 | 230 |

The Group's commitment to combating climate change is demonstrated by the near-zeroing of Scope 2 emissions, four years ahead of schedule.

Still to date, the Group is the only multi-utility at Italian level recognized target alignment by SBTi.

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The growth of renewable sources and the efficiency of energy production have contributed to avoiding both the emission of significant quantities of carbon dioxide into the atmosphere and the consumption of equally significant portions of primary energy (expressed in tonnes of oil equivalent), compared to energy production with non-renewable, non-cogenerative sources and with an emission factor equal to the average Italian plant fleet. The energy recovery of waste, which would otherwise be disposed of in landfills, has also made it possible to avoid releasing significant quantities of carbon dioxide into the atmosphere. Overall, in 2020, the use of waste-to-energy, production from renewable sources and cogeneration made it possible to avoid the production of **4 million tonnes of CO₂** and save **1.2 million TOE** of primary energy.

7.3 A2A commitment to sustainable water management

The Group is aware of the importance of sustainable management of water resources, which are increasingly subject to anthropogenic pressures that result in consumption and alterations to the qualitative characteristics of water.

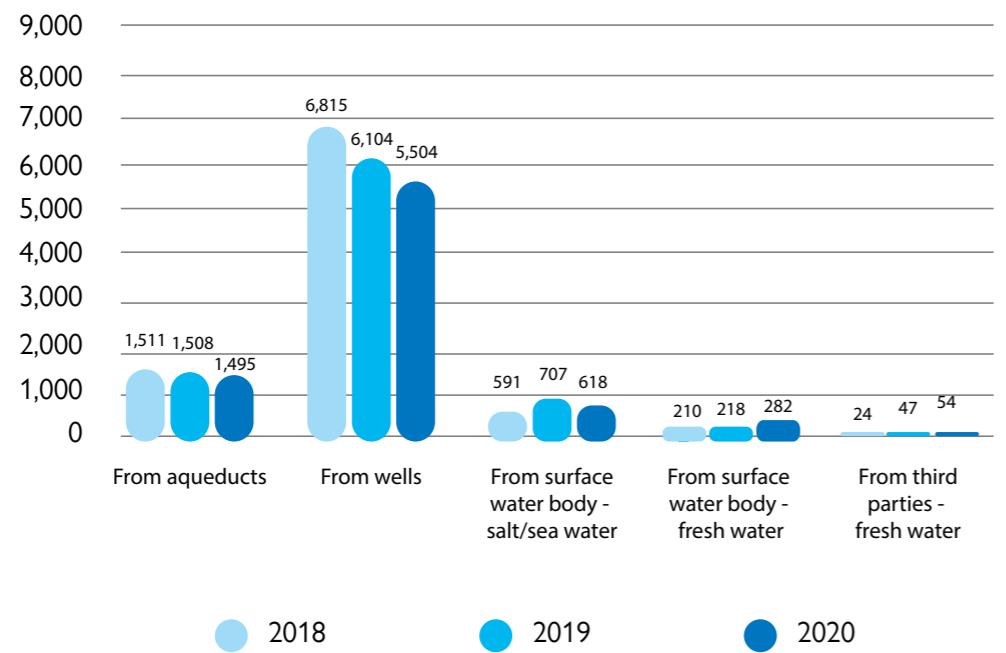
In order to reduce their consumption, the companies in the A2A Group adopt the **recovery of process water and rainwater**, the latter for the irrigation of green areas, the filling of fire fighting tanks and the recycling of washing water. Cooling water is returned in its entirety to the same water bodies from which it was withdrawn and with

the same quality characteristics, except for a rise in temperature, in any case lower than the applicable limits.

At hydroelectric plants, water used to operate the plants and produce energy is withdrawn in a manner that ensures **compliance with the Minimum Vital Flow (MVF) - Ecological Flow**, to protect river habitats, and is **returned with the same quality characteristics**.

In 2020, the Group's water consumption was approximately 8 million m³, down 8% on 2019.

Figure 30 Consumption of water resources by type - (thousands m³)



Sustainability in the management of water resources also means maintaining a **greater level of control over water withdrawals in water-stressed areas, impacted** by: scarcity of fresh water available; possible complexity in water extraction and distribution to users; water quality characteristics. Taking as reference the indications of the "Aquaduct" tool of the *World Research Institute*, the plants in Sicily, Calabria, Abruzzo and, for the integrated water service, the network in the Lombardy mountain municipalities, located in Valsabbia (BS), were identified as "critical". It should be noted that the classification of water stress area conferred to the Region of Sicily depends on the scarce availability of fresh water; therefore, the salt water withdrawals made by the San Filippo del Mela plant do not negatively impact the availability of the resource. On the other hand, withdrawals for hydroelectric production in the Calabria Region are an element of attention for the local communities and A2A, and are managed using dedicated methods, as shown in the box below. Finally, the classification of Valsabbia municipalities as water stress areas is justified by the fact that water resource withdrawals come from springs, for which a constant availability of water is not guaranteed. In these areas, there was a **22% reduction in consumption from aqueducts** in 2020, almost exclusively for sanitation purposes. There was also a **14% reduction in withdrawals from the consortium's treatment plant at the Gissi power plant** and a **13% reduction in withdrawals from surface water bodies for the San Filippo del Mela power plant**. In Calabria, the amount of water diverted and returned for hydroelectric generation also decreased by 37%. However, this reduction was due to lower production.

Withdrawals

In 2020, about 3.1 billion m³ of water, withdrawn from surface water bodies, was used for hydroelectric purposes. The total volume of water released for Minimum Vital Flow shows an increase of 2% compared to 2019, mainly due to the quantities released in the Calabria Region, which has initiated a project to increase Ecological Flow (see box below).

CAMPAIGN FOR THE VOLUNTARY RELEASE OF WATER IN COMPLIANCE WITH THE MVF IN CALABRIA

In 2020, a **proposal** was submitted to the Calabria Region and the District Basin Authority of the Southern Apennines **to start the campaign for the voluntary release of water in compliance with the regulations on Ecological Flow** downstream of the intake works relating to the A2A plants located in the region. The experimentation, through a site-specific approach, aims at a release value such as to contribute to the achievement of the most challenging objectives provided by the Directive 2000/60/EC through the definition of the parameters of Ecological Flow considering, at the same time, the importance of the production of electricity from renewable sources.

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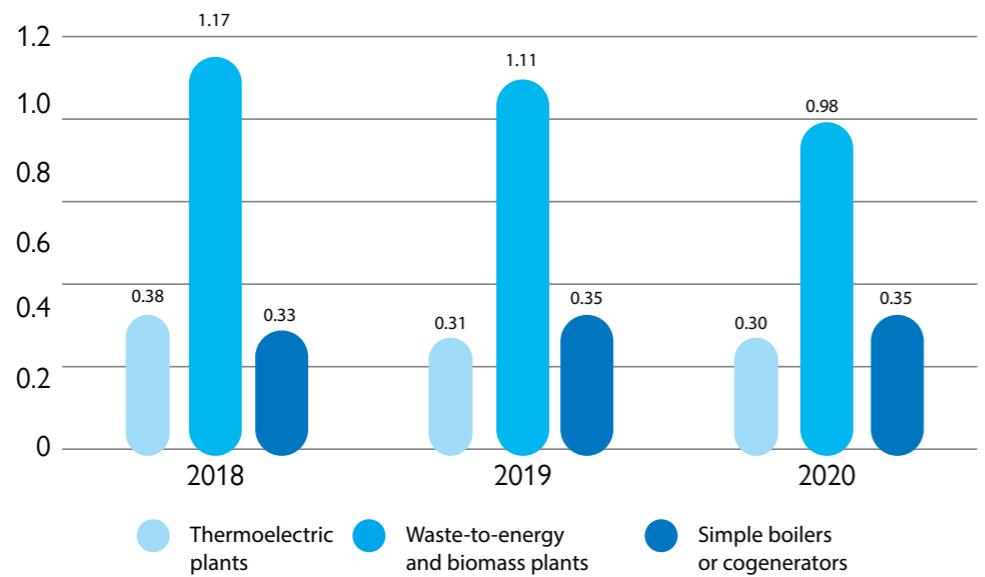
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For the reporting year, attention was also paid to the water consumption used per unit of energy produced at the Group's plants. Consumption for this purpose at thermoelectric and cogeneration plants was in line with the previous year. On the

other hand, the amount of water used per unit of energy produced in waste-to-energy plants decreased (-12% compared to 2019).

Figure 31 Water used per unit of energy produced (m³/MWh)



In the Group, water is also a fundamental resource for cooling purposes and for vapour condensation in thermoelectric power plants: however, it is returned to the water body with the same quality characteristics, except for a slight increase in temperature.

WATER RECOVERY AND SAVING INITIATIVES AT THE PIACENZA PLANT

In 2020, at the Piacenza power plant, interventions were promoted to recover and save water. The first focused on the **capture of water used by the cooling systems of the offices**, initially channelled to the drain, now instead recovered in the industrial water cycle. The total volume will be measured by a volumetric meter that will count the actual groundwater recovery. It is estimated that a volume of approximately 22,600 m³/year will be recovered. The second intervention involved the **installation of solenoid valves to prevent the flow of water during the inactivity phases of the plant**.

The consumption of water resources is also a relevant aspect for the cooling of combustion ashes at the Group's waste-to-energy plants. This process is in addition to other uses by the Environment BU, in the plants and activities for street cleaning, or for washing sweeping earth and vehicles used for services to citizens.

In 2020, there was a reduction compared to 2019, of almost 13% in the amount of water procured by the Environment BU, standing at a total of 3.2 million cubic metres of water withdrawn. Of this consumption, 85% is made up of water withdrawn from wells and only 15% is made up of water from aqueducts, in order to minimize the consumption of "precious" water. The decrease in withdrawals for the reporting year was due to a reduction in the need to replenish evaporated water for plant cooling, but also to a reduced need for demineralized water due to fewer accidental shutdowns.

Lastly, water is used to cool electrical stations, as part of energy distribution and at the heat production plants of the Networks & District Heating BU, for which, for the reporting year, process consumption amounted to 1.4 million cubic meters. Compared with the previous year, this figure, which also includes water used for sanitary purposes, increased by 7%, due to the increased use of cooling water at electrical stations.

In addition, the increase in production recorded in 2020 at the Canavese power plant resulted in a 27% increase in cooling water returned to the aquifer.

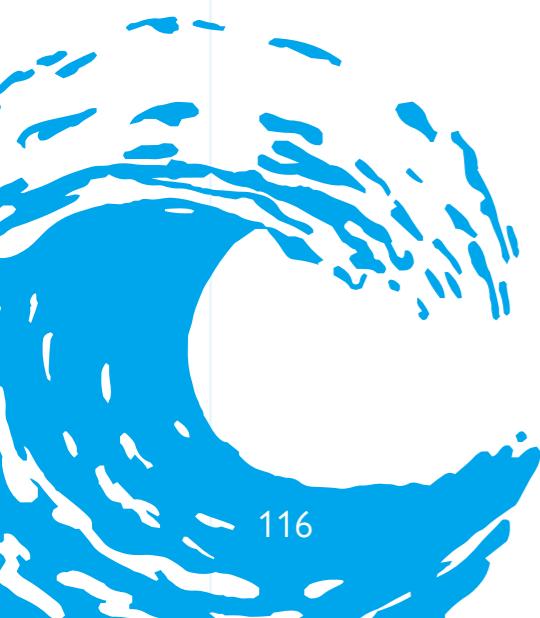
Effluents

With regard to the discharge of wastewater that cannot be reused in the production cycles and that cannot be recovered, the Group guarantees **careful monitoring of the volumes discharged** and of the relative polluting loads, in compliance with regulatory and authorization requirements.

The Environment BU industrial wastewater discharges increased by 15% compared to 2019, totalling 2.2 million m³. This increase is due to a 30% increase in discharges into surface water bodies, justified by the full operation of the Gerenzano plant, which treats groundwater and leachate. On the other hand, industrial discharges into the sewer system decreased by 22%, due to a reduction in discharges from the Brescia waste-to-energy plant and all of AMSA activities.

The industrial discharges of the Networks & District Heating BU, including those related to the provision of the integrated water service, amounted to 537 thousand m³ (-8% compared to 2019), with an organic load contributed to the environment that remained very modest (approximately 0.9 t of BOD). The percentage of water recovered in the production cycle remained unchanged from the previous year (0.8%).

Industrial effluents of the Generation BU recorded an overall reduction of 3%, to which the lower volume of water discharged by the Monfalcone and San Filippo del Mela power plants contributed significantly, mainly due to their reduced operation.



Integrated Water Service:

The Group also manages the integrated water service in Brescia and its province. In order to ensure efficient management of the service, the priority objective is to maximize water distribution, containing losses and guaranteeing the quality levels of water for human consumption.

The water withdrawal for water distribution in 2020 was 92 million m³, a value reduced by 1% compared to the previous year. The quantity of water supplied was in line with the previous year, totalling 54 million m³. Network losses, including unaccounted-for water, still represent a significant volume, amounting to almost 36 million m³. This has decreased by 3% compared to 2019, thus highlighting an improvement in network management in line with the Plan's objectives.

In order to guarantee the quality of the water distributed, almost 4,024 controls were run per million m³ of water supplied, corresponding to 11,222 (-16% compared to 2019) samples taken and 219,240 (-22%) parameters analyzed. The reduction in the number of controls was due both to a decrease in the number of analyses carried out due to the Covid-19 emergency and to the elimination of some parameters no longer found in primary waters.

THE WATER DIRECTIVE

Respecting and maintaining the quality objectives of the water treated, purified and distributed by the Group is the starting point for businessmanagement that will increasingly tend to ensure adherence to the principles on which the European Directive 2020/2184 on drinking water, in force since 1/12/2021, is based.

This directive introduces a new risk-based approach to water safety for assessing the chemical parameters of drinking water and new monitoring methods and frequencies in relation to the level of risk determined.

The Directive also sets the ambitious goal of **extending and promoting universal access to drinking water**, and furthermore, requires **transparency in the information provided to users**, also with regard to the treatments to which water is subjected, as well as **periodic reassessment of the parameters and/or limits to be monitored** in order to guarantee the pursuit of water quality objectives.

Furthermore, great importance is given to verifying the quality of materials in contact with water and of reagents and filtering media used for drinking water treatment, in order to ensure safe and uniform validation criteria throughout the European Union.

Finally, the Directive provides for an assessment of loss levels and potential improvements, to be developed over a 7-year time horizon.

The Group's commitment to achieving European water resource objectives is also reflected in the **operation of wastewater treatment processes**. Pollutant loads entering the treatment plants were significantly reduced in 2020 compared to previous years. In particular, COD decreased by 17%, BOD by 23% and phosphorus by 17%.

However, fluctuations in the load did not affect the purification performance, which maintained a medium-high standard, as can be seen from the table below:

Figure 32 Purification performance

| | 2018 | 2019 | 2020 |
|----------|------|------|------|
| COD | 94% | 92% | 90% |
| BOD | 98% | 97% | 96% |
| Nitrogen | 65% | 68% | 69% |
| Phosphor | 79% | 77% | 74% |

7.4 Protection of biodiversity

Analyses of the potential interference of the A2A Group's activities with the system of protected areas, namely with sites belonging to the Natura 2000 Network, IBA (Important Bird and Biodiversity Area) areas, or even areas considered important habitats for the conservation of populations of wild birds, nature reserves, natural monuments (individual elements or areas characterized by a particular natural or scientific value that makes them the subject of protection) were concluded in 2020.

From the first mapping phase, it emerged that

Figure 33 Group sites and activities with interference on protected areas

| | number of directly interfering sites/networks | activities performed | interfering area surface/interfering network stretch length | type of protected areas |
|----------|---|---------------------------------|---|---|
| Sites | 4 | hydroelectric production | 1,005 km ² | Natura 2000 network IBA National network (EUAP) |
| Networks | 3 | distribution of gas/electricity | 289 km | Natura 2000 network IBA National network (EUAP) |

Following the mapping of the plants and networks, a "relevance index" was developed to measure the degree of potential interference that the activities could have on the ecosystems, due to the proximity and peculiarities of the habitats present in the protected areas. In this way, the most sensitive areas were highlighted.

Starting with these results, but moving in the direction of a broader issue of protection, **studies have been launched to identify possible actions to protect biodiversity**, in addition to those already implemented at the production sites.

Six sites have been identified where it is possible to carry out an intervention, chosen not because they are directly affected by the activities of the A2A Group but because they correspond to areas subject to protection, of high ecological value and with the possibility of intervention to improve the ecosystems. For these areas, pre-feasibility analyses are underway for projects concerning the creation of ecological corridors, the restoration of habitats, the monitoring of particular species of protected fauna, the prevention of the risk of electrocution of birdlife, and information and awareness actions.

out of a total of 120 Group sites and networks analyzed, 45 have potential interference with the system of protected areas, which not only takes into account criteria of adjacency or overlap, but also wider areas of possible influence. Of these 45 sites, 4 are located within protected areas and 3 are networks that have stretches in protected areas.

The following is a summary of the information relating to these sites and networks, updated from 2019 following the change in ownership of a plant that is no longer under A2A control.

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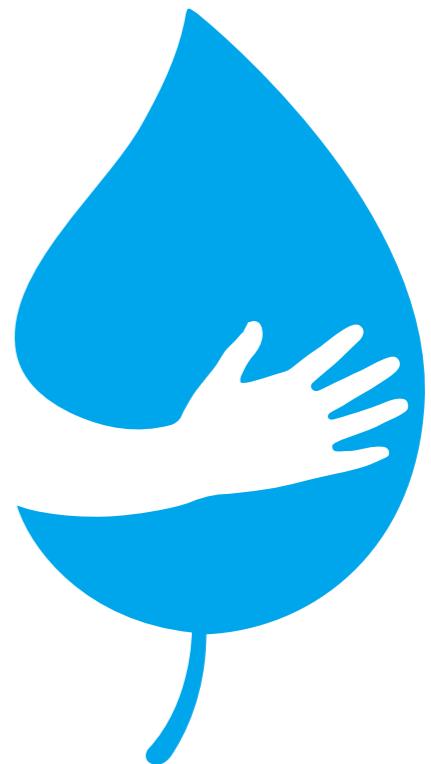
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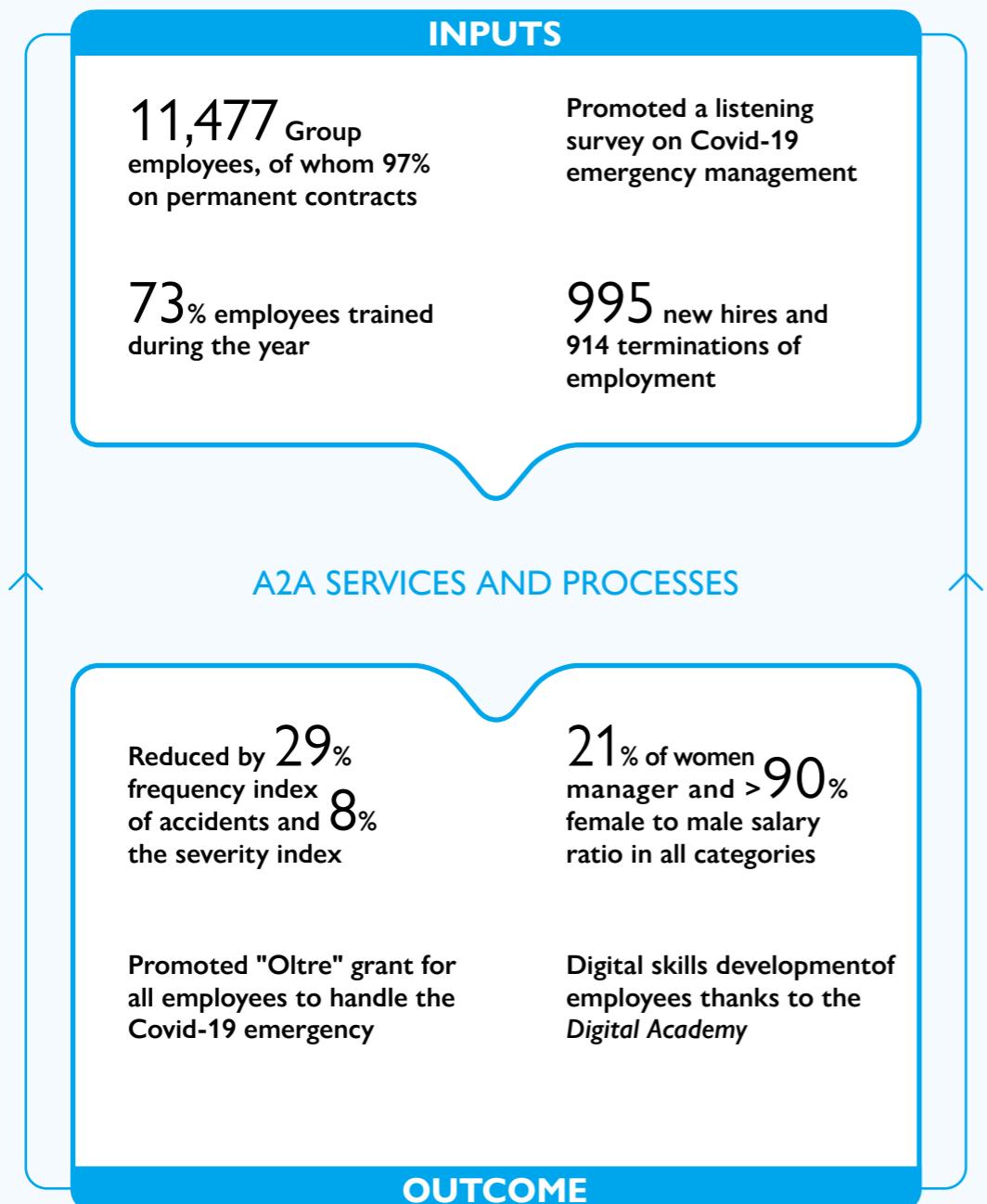
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Human capital



The Covid Emergency and Diversity

The year 2020 was - for companies around the world - a very complex year in labour and human resources management, due to the **Covid-19 emergency** and the restrictions and consequences that came with it. In fact, companies found themselves having to manage many new problems (contagions, swabs, quarantine and illness for employees, remote work, redundancies, etc.) that inevitably required a surplus of energy and new tools. From the workers' point of view, a similarly complex situation emerged, in which concerns about health and physical safety were mixed with fears of losing economic well-being, the psychological impact of isolation, and the difficulty of adapting to new family dynamics (e.g. managing children's distance learning).

The good news is that companies and workers are quickly adapting to find common, shared solutions to the critical issues of these months (remote working, accelerating innovation, new support networks that respond to people's needs). This situation has given businesses the opportunity to

create new skills that will be critical to post-pandemic competitiveness: being more digital and data-driven, having more variable cost structures and more agile operations.

Among the aspects to be strongly considered in the definition of new models of people management, particular attention should be paid to the **issue of diversity**, including gender diversity, since the health and socio-economic consequences of the pandemic are disproportionately affecting the female gender. In this regard, in November 2020, the European Union presented its **Action Plan on Gender Equality and Women's Empowerment** for the period 2021-2025 (GAP III), which aims to address the structural causes of gender-based inequality and discrimination, including by promoting the economic and social empowerment of women. In particular, with regard to the world of work, the European strategy aims to ensure equal treatment, promote work-life balance and improve access to childcare and other care services.



SOURCES

https://ec.europa.eu/commission/presscorner/detail/it/IP_20_2184
https://ec.europa.eu/info/sites/info/files/aid_development_cooperation_fundamental_rights/gender_equality_strategy_factsheet_it.pdf
<https://www.mckinsey.com/featured-insights/diversity-and-inclusion/diversity-wins-how-inclusion-matters#>

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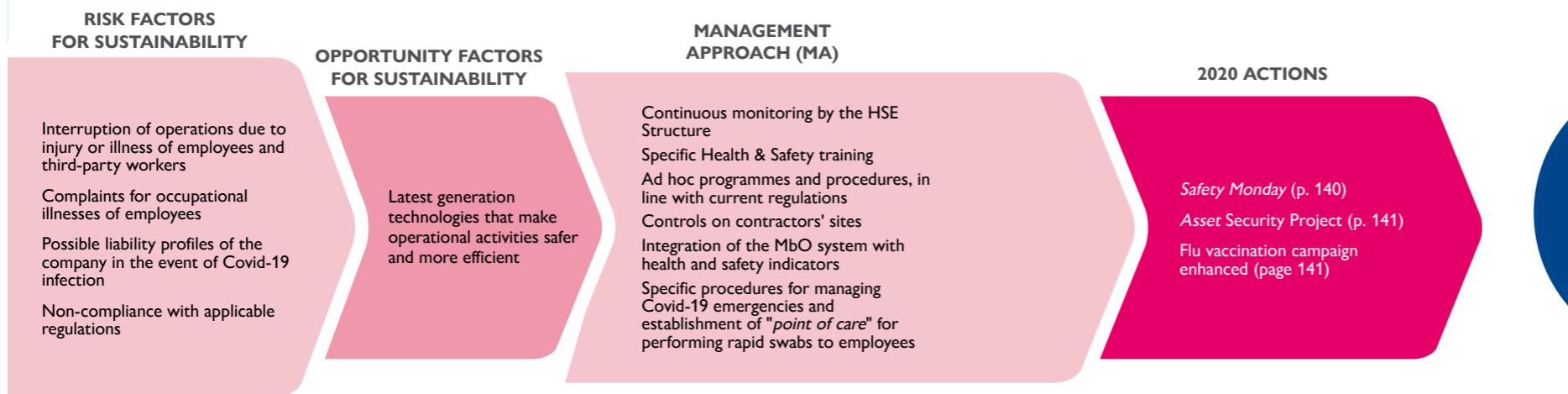
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Human capital

Protection of occupational health and safety

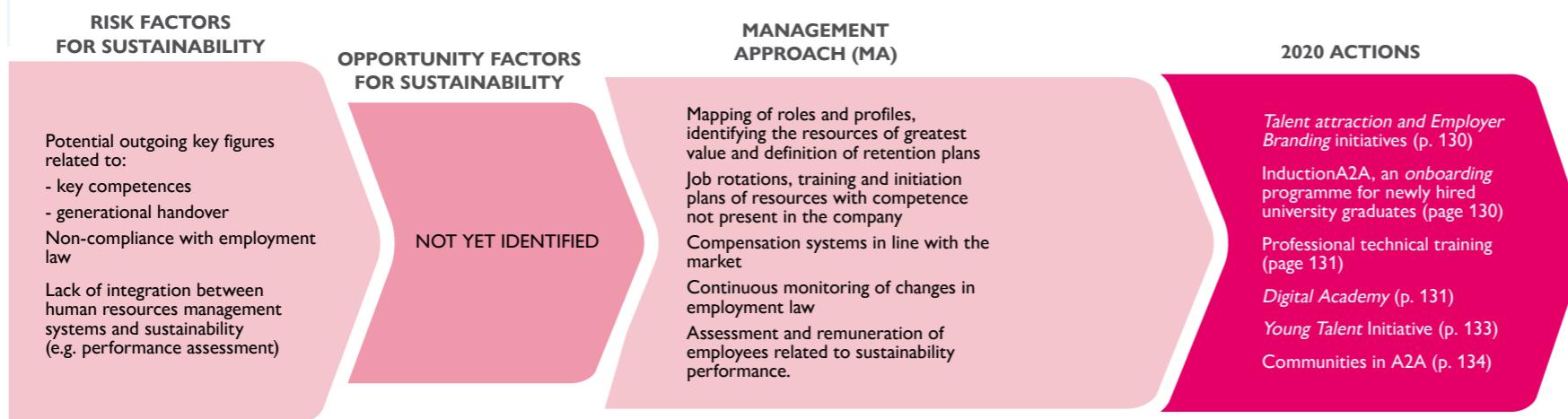
Promotion of practices and systems for the management of occupational health and safety, monitoring of incidents and prevention measures, also through dedicated training, for both employees and contractors.

**PLAN ACTIONS SUSTAINABILITY****PEOPLE INNOVATION**

- Health and safety

Development of human capital

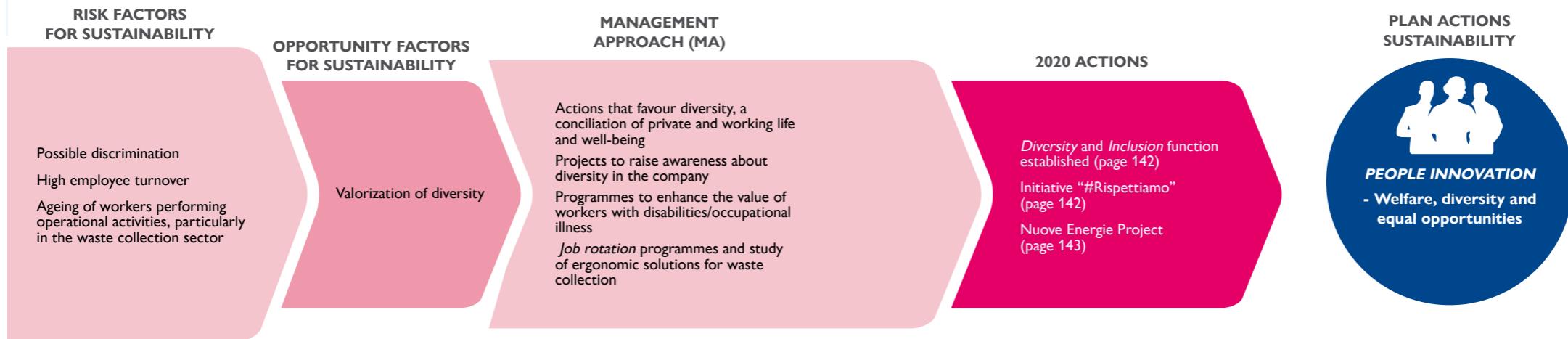
Promotion of professional development and attraction and retention of talents; creation of development and training opportunities aiming to strengthen technical, managerial and organizational skills of employees; activation of structured systems for listening to employees, promoting dialogue and collaboration initiatives.

**PLAN ACTIONS SUSTAINABILITY****PEOPLE INNOVATION**

- MbO and performance Management
- Training
- Internal engagement
- Organization Wellness

Diversity and inclusion

Commitment to the development of an inclusive culture and work environment, valuing the principle of equal treatment of all colleagues based on professional skills and abilities. Development and promotion of an integrated approach to human resources management, through appropriate practices and working conditions to ensure equal opportunities for all employees in all forms.



Corporate welfare

Policies to promote the personal, family and work well-being of employees that, also through income support initiatives, are aimed at optimizing the reconciliation of private and professional life, fostering engagement, improving the work environment and developing a culture of well-being.



8.1 People and their value

A2A places human capital at the centre of its business strategy, considering people as the main strategic lever for achieving its business objectives and **creating shared value**. For this reason, the Group has defined and included in its Strategic Plan to 2030 a **people strategy** oriented towards enhancing the potential and skills of all Group employees.



The motto of the **people strategy** is "**Energize People**" and is based on 5 pillars: **Envision**, **Engage**, **Enable**, **Execute**, and **Evolve**.

ENVISION: The future starts every day. A2A thinks about the changes of tomorrow, designing them from now, in order to make people's experience in A2A as inclusive, satisfying and sustainable as possible. The Group rewards the results and contribution of employees by involving them and listening to their opinion on team performance.

ENGAGE: the Group delivers its services through the involvement it creates in its teams. A2A managers are the coaches who lead the team to the achievement of common long-term goals.

ENABLE: technology pervades the Group's reality, building a company that has employee at its core and that allows exploiting the power of data and digital to deliver the highest quality and most efficient experience, in which colleagues can be key players.

EXECUTE: A2A is organized in such a way to be increasingly faster and more effective, measuring what is of value and removing complexity from the way of working. Business decisions are based on clear KPIs and data.

EVOLVE: the Group develops its people to take them to their maximum. Plan together a path that starts from recruitment and leads employees to express themselves at their best throughout their experience in A2A. Self-development and know-how is encouraged to keep up with a changing world.

8.2 Responsible management of human capital

In a year characterized by great instability and uncertainty, the Group demonstrated its ability to adapt very quickly to the new working methods required by the health emergency situation. **Business continuity** was in fact ensured thanks to the collaboration between various company functions, which guaranteed, on the one hand, the safety of workers and, on the other, the continuation of activities and services.

At December 31, 2020, there **were 11,477 people employed by the A2A Group** (+2% compared to 2019), of whom 17% were women and 10% were under 30 years old. Work stability remains a Group prerogative: **97% of employees are hired on permanent contracts; just 3% are on fixed-term contracts**. In 2020, there are 1,972 women in the Group, 17% of the entire population and 21% of the managers are women.

In order to guarantee the safety of its workers and at the same time ensure the continuation of its activities, it has been necessary to substantially review the working methods of A2A people. At operational level, the Group has succeeded in a short period of time in providing 40% of its employees with the necessary means to carry on their work remotely, activating a plan to strengthen and accelerate the **digital transformation** process.

The adoption of this new method has, on the other hand, also raised challenges and critical issues, which A2A has rapidly intercepted by activating a new channel for listening to its people, which is fundamental for defining and developing action plans relating to the new working methods. In fact, the worker **listening survey** for 2020 focused precisely on remote work and **the impact it has generated in both work and private life**. Based on the assessment model developed by the Smart Working Observatory of the Milan Polytechnic, the survey was therefore constructed to respond to A2A specific needs. About 4,500 people were surveyed (with a redemption of 58%) through questions on three dimensions: organization, relationship and well-being. The survey made it possible to identify any technological and organizational criticalities and, subsequently, to structure support actions and training interventions. Since mid-March, in fact, a training course dedicated to all remote workers has been activated, with informative video briefs on all three dimensions analyzed in the **survey**, however with particular focus on Well-being, IT and Cybersecurity. Video briefs on emergency management, work-life balance and mindfulness were also produced.

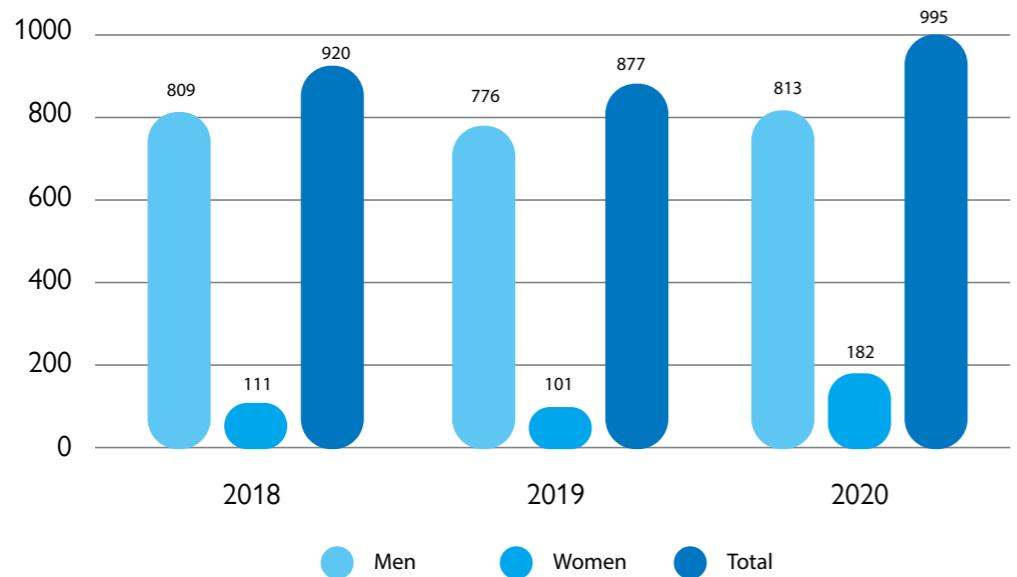


Recruitment

During 2020, despite the emergency period, **talent attraction** and **employer branding** activities within the A2A Group did not stop. During the year, selection interviews were largely conducted through video conferencing platforms and recorded video interview tools.

There were **995 new hires** compared to 914 terminations, an increase of +13.5% in total hires compared to the previous year. In 2020, the percentage of hires as a percentage of the total workforce is 8.7% and, considering the three-year period, the **percentage of female hires as a percentage of the total workforce has steadily increased, reaching 9.23% in 2020.**

Figure 34 Recruitment trends, by gender



Thanks also to collaborations with universities, schools and research entities, in 2020, 36 internships and 31 apprenticeships were activated. The events with the universities actually continued in the form of virtual meetings, and through the 24 online events held, A2A managers met numerous students, providing them with an orientation on the Group's various functions.

InductionA2A, the A2A Group's onboarding programme for new graduate recruits, also continued in 2020. The fifth edition, which involved over **100 new recruits**, was held entirely online and began with a part dedicated to getting to know the Group and its *people management* projects, to fa-

cilitate awareness of the Group's managerial model and promote a sense of identity and belonging. This was followed by a moment of deeper reflection on the Group's reference culture. The second part of the programme was structured differently depending on the target audience: for senior professionals the focus was on the ability to innovate and evolve continuously, while for younger people there was a self-empowerment course to discover their own potential and transversal skills. Assessment activities also continued for young engineers to be included in the technical functions, again using live platforms, which allowed candidates to be involved in various role-plays, teamwork and business cases.

Training

In 2020, despite the difficulties related to the health emergency, more than **148 thousand hours of training** were provided, mostly in e-learning mode, for an average of 13 hours per capita. Overall, 73% of Group employees received training during the year. Compared to last year, participation in training courses increased by 82%, while the number of hours decreased by 27%. This reduction can be attributed to the fact that the courses were provided online, therefore designed with a shorter duration than those provided in previous years in the classroom.

For training activities, the 2020 investment, including all Group companies, amounts to approximately 1.4 million euro.

The Group, through the various **upskilling** and **reskilling** activities, encourages the updating of the skills of its human capital, inviting its workers to develop their skills and manage their professional growth.

As far as **professional technical training** is concerned, A2A has carried forward the **lean six sigma green belt** project, the theoretical and practical training programme for the application of the **lean** philosophy and methods, to develop people in the company who can foster operational excellence and trigger "continuous improvement". Designed for a specific part of the company population, the **EGE course** is instead aimed at acquiring the preparation to then obtain a certification in expert in energy management. A training programme on the information and geographic system used to create **ArcGIS** maps was started for employees of the Networks & District Heating Business Unit.

As in previous years, part of the management training was dedicated to developing the **digital** skills of employees. During the year, a survey was carried

out to identify the **"Digital DNA"** of employees hired after the first edition. In addition, the **A2A Digital Academy**, i.e. the course dedicated to raising awareness of the issues of digital transformation, has been enhanced with new content. Ap-

proximately 4,000 employees have been mapped for their aptitude with respect to the various components of the expected digital profile; by administering the survey, a profile has been defined and communicated in real time and, consistent with it, some indications on how to contribute to the innovation or digital transformation of the company. In fact, the survey returned the Group's digital identity, which made it possible to segment employees on the level of **digital readiness**. Subsequently, three training paths were launched based on people's digital and innovation skills: "Warm up", dedicated to all colleagues who need to "warm up their muscles well" on digital and innovation issues, but also for all those who want to keep fit; the "Get Fit" path, a more intense training, dedicated to colleagues who have already demonstrated a good predisposition and a high interest in these issues, but also open to those with advanced skills; the "Advanced" path, the training dedicated to more experienced colleagues, those who have demonstrated an excellent orientation to digital and innovation, curious and always looking for something new. The contents of the **Digital Academy** were also promoted with a **community game**.

The **Digital Academy** programme covered the following topics: cybersecurity, customer experience & customer centricity and data driven analysis & decision making - artificial intelligence.

Among the management training initiatives launched in 2020, "**La palestra dei comportamenti**" (the Behaviour Gym) was also launched. The programme consists of short online courses to train the "soft" skills referred to in the A2A managerial model.

COURSE TO BECOME INTERNAL TEACHERS

Also with a view to developing skills, in 2020, a process of mapping out skills of transversal interest was launched in order to identify possible internal teachers suitable to start **training for the role "in house"**. The added value of this project is certainly the knowledge sharing and the provision of training interventions that can be increasingly closer to the specific business needs. The theoretical treatment can be accompanied by practical exercises on business cases brought by the employees themselves and the testimonies of internal teachers provide participants with the correct tools to be able to operate better in the company in their role. In addition, there is the possibility of having an internal reference (expert in the field) to whom questions can be submitted even after the training has been provided. The "in house" training project is supported by various programmes, such as: the "**Classroom management for internal trainers**" course, on topics aimed at supporting colleagues in the creation of a distance learning lesson; a course on **communication issues**, which provides for the acquisition of practical tools to increase communication effectiveness by recognizing different communication styles.

Lastly, an asynchronous **English-language** training course was launched in 2020 on topics related to role training, specific to professional families. The courses were identified on the basis of the competencies of the **IDENTITA2A** professional model (see page 153) and following the analysis of the different needs of the areas involved. The project, in its pilot phase, has seen a strong collaboration with the managers of the training recipients, who, together with the training team, have had the opportunity to view the contents, choose them, define the timing of delivery based on the needs of the structures involved and design methods to support the training path, such as, for example, moments of sharing in plenary and the application of knowledge acquired on real projects.

Development

In 2020, individual **developmentinterviews** continued to be conducted with HR business partners on the occasion of professional developments of colleagues linked to the assumption of responsibility and appointment to the appointment of Middle Manager. The interviews were preceded by a brief *assessment light* phase, through the provision of a self-empowerment test, which allowed people to self-assess their managerial skills and receive a

summary picture with their areas of strength and improvement.

In order to develop its people, the Group has defined a **performance management** process that involves executive, middle managers and employees across the Group. The process envisages that, during the phases of assigning objectives (for executives, middle managers and managers) and finalizing the assessment, the first step is given to each employee to encourage proactivity, awareness and a responsible approach to self-development. In the self-proposal phase of the goals, it is also possible to select from a *library of sustainability goals*. It is at the end of the evaluation phase that the **feedback interview** phase begins: a key moment in the relationship between manager and employee that allows concrete development actions to be set up for continuous improvement. With this in mind, the "**Anytime Feedback**" pilot project was launched at the end of 2020, offering the possibility of exchanging continuous feedback between managers and employees and between colleagues. The project involved about 800 people and will continue in 2021, with the aim of nurturing the culture of feedback in the company and facilitating dialogue between people with a view to continuous improvement.

YOUNG TALENT

In 2020, the **Young Talent** programme continued, a *talent management* programme of training, listening and engagement actions for over 150 young people with potential in the Group. At the beginning of 2020, work groups were set up with a number of young talents, with the aim of creating a programme in line with their needs, in a co-design logic, and the **Young Talent Academy Online** was created, an e-learning area consisting of 5 training fields, for a total of 26 courses on hard and soft skills, considered key by the *Community*. The "**Webinar Newsroom**" project involved the creation of ten webinars held by management on topics of general interest, pre-selected by the young talent community through a survey, with the opportunity to interact directly with top managers. Significant focus was also placed on the performance evaluation process, involving the young talent community in some overall reflections, resulting in the creation of a pilot on continuous feedback. In general, the **Young Talent** programme also promotes development actions aimed at helping people acquire transversal skills through internal job rotation opportunities and project experiences outside their own sphere. In fact, individual interviews continued with each young talent with the aim of gathering some reflections and expectations regarding the skills acquired and the future development path.

8.2.2 Internal communication

A2A informs and listens to all the Group's employees by means of multi-channel communication: online, through the corporate Intranet (news, videos, storytelling, breaking news, service notices, community, desktop personalization, webinars, emails, DEM) and offline through leaflets, questionnaires, bulletin board communications and text messages. The emergency situation, however, required the Group to enter an extraordinary mode of communication, accelerating the digitalization path already undertaken by the Group, making communication more digital oriented, timely and addressed to all. Right from the start of the pandemic, A2A provided an immediate response to the need for internal and external information by setting up a central committee and a committee for each business structure, with the task of overseeing and promptly communicating any new internal information or Prime Ministerial Decree (DPCM). Thus, the need arose for new storytelling, identifying a different narrative style and tone of voice for each employee cluster. With the aim of reinforcing the sense of safety, increasing the sense of belonging and making consistent requests to employees, stories were created to make people feel part of a community, through positive stories and conveying closeness to the employees themselves, as well as sending numerous "good practice" communications on how to manage everyday life during the emergency phase (such as the correct use of PPE).

Digital tools are increasingly confirmed as the main communication channels for reaching employees in a timely manner, involving them, for example, in *virtual meetings*. On July 28, 2020, the

first "*Virtual meeting*" with the **Chair and CEO** was organized, dedicated to the Group's Management, with over 1,000 colleagues connected, who were able to interact with the top management through a Q&A session.

The Group's first *full digital convention* was held on January 20 and 21, 2021, with the aim of telling A2A employees about the **2021-2030 Strategic Plan**. Numerous changes were explored, including a real paradigm shift for the Group, which formally committed to becoming a "*Life Company*". As a concrete gesture of the launch of the plan and in confirmation of its new commitment as a "*Life Company*", A2A planted, in collaboration with the **Treedom** association, 100 papaya trees to populate a forest in Africa, which will enable it to absorb an **average of around 10 Kg** of CO₂ per year. During the two days of the convention, vertical issues relating to the businesses were analyzed, including them within the pillars of the Plan and answering questions from colleagues. The talks were given by the CEO, the Chair and the Group's directors, supported by colleagues from the business, thanks also to the participation of sector journalists from the main national newspapers. Guests of the two days: **Anna Grassellino**, director national quantum information science SQMS center head of superconducting quantum materials and systems division (SQMS), **Joseph Stiglitz**, Nobel prize in economics in 2001 and **Oscar Farinetti**, entrepreneur and founder of the Eataly chain.



COMMUNITY INCONTRIAMOCI INA2A

IncontriamociINA2A is the new community, launched in mid-May 2020 and open to all colleagues who have access to the company Intranet (about 7,500 employees). A virtual community to recreate those moments of meeting among colleagues that the Covid-19 emergency has cancelled in the traditional ways, but that are instead essential in everyday work. The community is divided into 5 thematic areas (sport, cooking, networking, art and culture and social commitment) on which to exchange information and opinions. Between May and December 2020, there were about 28,000 views, and there were about 50 active discussions.

8.2.3 Welfare

The A2A Group is committed to promoting the **well-being** of its people and **organization**, seeking to integrate working life with the daily and subjective needs of each employee. In 2020, the Group seized the opportunities of the legislative provisions that allow the introduction of new facilities for the development of corporate welfare, integrating the initiatives.

In 2020, welfare activities focused on employee organization, family and well-being:

- **family environment:** among the various measures aimed at supporting families, there is the daycare **and nursery school** at the A2A headquarters in Brescia available for the children of the Group's employees and those of other affiliated companies. During 2020, there were 13 children of employees enrolled in daycare and 18 in nursery school. In 2020, moreover, in collaboration with Centro ELIS in Rome, A2A organized online digital laboratories for the children of employees, the "**Tech Camps**", to bring the youngest members of staff closer to the world of technology and offer a recreational activity during the lockdown. Different types of workshops were held, each with different content and topics according to the age of the participants, starting from 6 years old. Enrolment in a course required attendance at three meetings. Six workshops were carried out, involving 132 girls/boys and their parents;
- **employee well-being:** in 2020, also in response to the pandemic, the **social-psychological** assistance service became available online, involving the entire company population;
- **mobility:** also for 2020, advantageous rates have been applied for the purchase by employees of season passes for local public transport. In 2020, 1,109 season passes were activated;
- **organizational area:** in terms of work-life balance, the Group granted 377 part-time jobs in 2020, 69% of which to women. A total of 480 parental leaves have been agreed, 14% less than 2019. 95% of the people granted parental leave in 2020 returned to work in the same year. In Italy, the law provides for 5 months of maternity leave. However, the Group, in order to meet the needs of its employees, offers an extra month of maternity leave compared to national standards.

A2A has also confirmed the possibility of converting the result bonus into a **welfare credit** for 2020. A real value that increases the purchasing power of individuals, allowing them to choose services and benefits ranging from reimbursement of expenses for the education of children to babysitting, from gym subscriptions to health and home care for elderly relatives. It is also possible to take advantage of a study and work orientation service (for employees' children) and access the network for the purchase of health care services (check-ups). In continuation of last year, it offered an additional share of 15% of the amount converted and spent. The programme is managed through a dedicated portal with five main areas: family, health, savings, time for you, well-being.

The new **healthcare** system, created through a shared pathway by the A2A bilateral governing body, started in 2020. The new system was designed to provide an immediate and concrete response to Group employees and their families by offering supplementary benefits to the National Health Service. The initiative involved 4,600 member employees who, during 2020, put about 4,000 family members on coverage against more than 13,000 requests.



COVID: INSURANCE POLICY FOR EMPLOYEES

Given the period of emergency caused by the spread of the Covid-19 virus, A2A has signed up all employees to the **OLTRE** grant, concrete support in the event of infection with the Covid-19 virus, which provides recognition of daily allowances for hospitalization and post-hospitalization, reimbursement of healthcare costs, payment of benefits incurred by the employee due to infection with the Covid-19 Coronavirus diagnosed in Italy, as well as social and family support services. In line with the Group's initiatives, the LGH Group has also activated economic protection and insurance coverage tools for employees in the event of infection by Covid-19. In addition, pre-decease insurance coverage was also extended to employees covered by the Environment and Commerce Collective Bargaining Agreement, introduced unilaterally by the company to protect employees and their families.

In addition to the measures already in place to protect workers in an exceptional context such as the current one, LGH has made available a subsidy to support workers for days of hospitalization with the National Health Service - including post-intensive care - economic coverage and benefits for the family. There is also the possibility of transferring the benefit to dependent family members. In addition, LGH has extended the policy for the protection of dependants in the event of the death of an employee to all employees who did not hold this policy. The LGH Group has also opened up the possibility for its employees, who can contribute voluntarily, to donate hours of pay to hospitals in southern Lombardy.

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8.2.4 Trade union agreements

Relations of all A2A Group employees are regulated by National Collective Bargaining Agreements ("CCNL").

In 2020 too, multiple trade union agreements were stipulated, divided into those of a transversal nature to Group companies and other specific ones of some realities. The following are the main ones:

- **agreements to regulate emergency situations:** agreements were signed both in the energy and environment areas to define organizational structures in emergency situations and the corresponding treatment;
- **agreement on emergency management tools:** the agreement identified a number of tools useful for managing labour relations during the delicate phase of the health emergency;
- **agreement for the establishment of the Observatory on work Inclusion:** the agreement establishes a system of information and dialogue of company initiatives undertaken to promote the better work inclusion of people with disabilities or suffering from serious or progressive pathologies;
- **emergency agile work:** the agreement defined the management issues related to agile work during the emergency phase, adapting the rules already in place at the Group;
- **agreement on body cameras:** the agreement identified the *body camera* as the best way to guarantee the highest level of operator safety during audits for the entire Group, ensuring the quality and completeness of information.

8.2.5 Remuneration

A2A pays its employees salaries that are consistent with market standards and with internal remuneration practices that guarantee an adequate level of both external competitiveness and internal fairness. In defining the type of contract and salary, A2A complies scrupulously with Italian legislation, which excludes any distinction of gender in remuneration. In particular, at the end of the 2020 salary review, an in-depth analysis was carried out **on the gender balance** of remuneration measures, structuring an action plan on the basis of the results to further neutralize the differences between men and women. As in previous years, the differences in average remuneration within the different qualifications are minor. The change in the figure for executives is related to a turnover phenomenon.

Figure 35 Average salary of men/woman by category

| Category | 2018 Men/ women | 2019 Men/ women | 2020 Men/ women |
|----------------------|-----------------------|-----------------------|-----------------------|
| Managers | 102.7% | 103.4% | 97.7% |
| Middle Managers | 95.7% | 95.4% | 94.4% |
| White-collar workers | 90.4% | 91.3% | 90.5% |
| Blue-collar workers | 95.8% | 96.4% | 95.2% |

The Group's remuneration policy is mainly conceived to acknowledge and optimize the commitment, constant achievement of results, competences and behaviour of employees in line with the Group's Managerial Model and to guarantee the correct remuneration positioning of people in connection with their duties. For all employees, remuneration is structured into fixed and variable monetary components and provides for a package of benefits in support of income or similar such additions (medical and social security insurance, projects and initiatives for employees and their families, promotions and benefits of various types). The variable monetary component is based on systems of a direct connection between company performance and individual performance ("MbO") or on discretionary mechanisms for the recognition of working performance and conduct in terms of "one-off" bonuses.

In 2020, despite the effects of uncertainty connected with the pandemic crisis context, considering that the A2A Group's people have maintained stable productivity levels both with traditional working methods and with **smart working**, the remuneration policy process, which took place in the second half of the year, was confirmed, maintaining the **bonus** payment **in 2020** and postponing the interventions on the fixed over 2021. The entire process was carried out with the support of a dedicated company software (**SmartPeopleA2A**) that allowed for the direct involvement of all managers and greater sharing of pay decisions, confirming the path towards digitalization of the Group's human resources processes.

The **MbO** (*Management by Objective*) process, which was launched at the beginning of the year as per standard, was affected by a slowdown linked to the pandemic emergency, but was anyway concluded with only a slight revision of the objectives and targets. In this way, A2A has confirmed the importance of formalized incentive processes in increasing the closeness of employees to the Group's objectives and incentivizing each worker towards the achievement of corporate results. In 2020, the number of people involved reached **100% of managers, 37% of middle managers and 2% of employees**.

In line with the objectives of **sustainable growth**, also extraordinary **incentive** plans continued for the sale of energy efficiency services and incentives aimed at the achievement of the objectives of optimizing smart city technologies.

The variable remuneration system is also supplemented by a collective incentive tool (**results bonus**), which is based on Group productivity and profitability goals, aimed at guaranteeing the involvement of all staff, including those not assigned MbOs, in company performance. In line with current legislation and following an agreement with the workers' representatives, also in 2020, all employees were given the opportunity to convert part of the performance bonus into services through a special welfare platform. The results achieved were positive in line with those of the sector.

Finally, in order to encourage the implementation of the initiatives of the Sustainability Plan defined by the Group, a structured model of **sustainability objectives** was confirmed in the **management incentive systems**, **increasing their relative weight**. This system will be further strengthened during 2021 also in relation to the new Strategic Plan.

8.3 Occupational health and safety

The Group has defined an **organizational model** for **health and safety**, with the aim of guaranteeing the appropriate allocation of risk management responsibilities to company figures with adequate managerial, decision-making, technical/functional and financial autonomy and to allow the identification, at the various levels, of company figures and structures to which the tasks of guidance, coordination and control of health and safety management activities are delegated.

This model is described in a Group Guideline for the implementation, at individual companies, of management systems for the safety and health of workers, in line with the international standard UNI ISO 45001:2018 and with the Organization and Management Model (MOG) pursuant to Legislative Decree 231/01. The implementation and internal verification of **Health and Safety Management Systems** covers 99% of the company population, all activities and all workplaces of the Group. This system has been audited by certification bodies and certified as compliant with the relevant standards.

For the Group, each individual worker is called upon to contribute to the effectiveness and improvement of the health and safety management system by carrying out their activities in compliance with the provisions of company rules and regulations, providing feedback as part of the participation and consultation process and proactively reporting dangerous situations or areas for improvement through the channels made available by the company.

Through meetings, working groups, surveys and focus groups, every worker is involved, consulted and made aware of these issues.

All companies of the A2A Group organize, during the year, regular meetings with the Employer, Appointed Physician, the Prevention and Protection Service Manager and the Workers' Safety Representative in representation of all workers, during which the following matters are discussed:

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

During the emergency phase, **compulsory training** activities continued in compliance with current regulations, through the provision of online courses for all employees with company devices and access to the Intranet. When permitted, courses were reactivated in person in total safety through: the promotion of the correct use of PPE (e.g., "mask use" video prior to each lesson and practice on holding), compliance with distancing following space assessments, sanitization during drills, use of new electronic devices for training. Technical solutions are also being explored to enable distance delivery of training requiring practical exercises.

COVID EMERGENCY MANAGEMENT

Since the start of the Covid-19 emergency, the A2A Group has set up a **Committee** that is coordinated by *Group Security* and has the objective of monitoring, governing and directing the Group's actions connected with the emergency. At the same time, **Business Continuity Committees** have been set up at each **Business Unit**, which meet periodically and have the objective of guaranteeing the continuity of service provision, implementing the Guidelines issued by the Covid-19 Management Committee.

In addition, a specific Joint Committee with the trade unions (A2A Group Committee) has been set up to define and check the application, across all the Group's companies, of the guidelines and measures for combating and containing the spread of the Covid-19 virus in the workplace.

The main initiatives undertaken during the management of the emergency for employees of the A2A Group include the following:

- definition of a **Group Guideline** for the management of the Coronavirus emergency ("Guideline for addressing the "new normal") which defines, in accordance with current regulations, the mitigation measures, during phase 2, designed to ensure the continuation of the services provided by the Group companies and at the same time, the maximum protection of the health and safety of the workers of the companies themselves;
- protocols for the management of **in situquarantine** for asymptomatic workers in essential services who have come into close contact with individuals who tested positive;
- establishment of a **victims' fund and an insurance policy** for employees affected by the emergency and their families;
- definition of a protocol for **rapid swabs and related point of care** in the logic of emergency intervention;
- Implementation of a **digital platform for workers to report symptoms**, positivity and other updates on Covid-19;
- protocols for **screening workers returning** from periods of extended absence or illness;
- definition of a **control checklist** for the **access of external workers** to company sites and indications for limiting interference between employees and external personnel at plants;
- drafting of **FAQs for employees** and implementation of the related communication plan;
- constant **benchmarking** with other companies and trade associations to compare **best practices** and approaches adopted.

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8.3 Occupational safety

The **monitoring** of occupational safety aspects is ensured by **ARIAL** (Applicativo Rischio Ambiente e Lavoro), the application used by the Group to manage environmental, health and safety aspects. The tool allows the creation of customized risk assessment documents in a simple and guided way, so that the initial risk level and the residual risk level following the application of the specific prevention and protection measures are evident, with a clear and traceable approval process; the system also allows the management of PPE, safety training and health surveillance, as well as the management of chemical products and controls on safety-critical equipment. ARIAL is also used to **record** and **classify** unsafe conditions and accidental events reported by workers (accidents, near misses and injuries to employees and third-party workers), a classification that is made according to a level of severity based on the potential and/or actual effects of the event.

In the event of accidents with a first prognosis of more than 30 days and/or of reports/near misses related to certain hazards (electrocution, fall from height/cavity, fire, fall of materials from height, activities in confined spaces, bursting of pressurized equipment, i.e. the most significant risks in the various activities of Group companies), a **specific investigation** is carried out to identify the factors contributing to the event by analyzing aspects related to any failed defences, errors and violations committed, the workplace and work organization. The aim of the survey is to define improvement actions, also included in ARIAL, to which priorities, deadlines and responsibilities for implementation are associated. In support of the survey, a report and a specific document called "Lesson Learned" are prepared with the aim of sharing the analysis of the event and the actions taken in other areas of the Group.

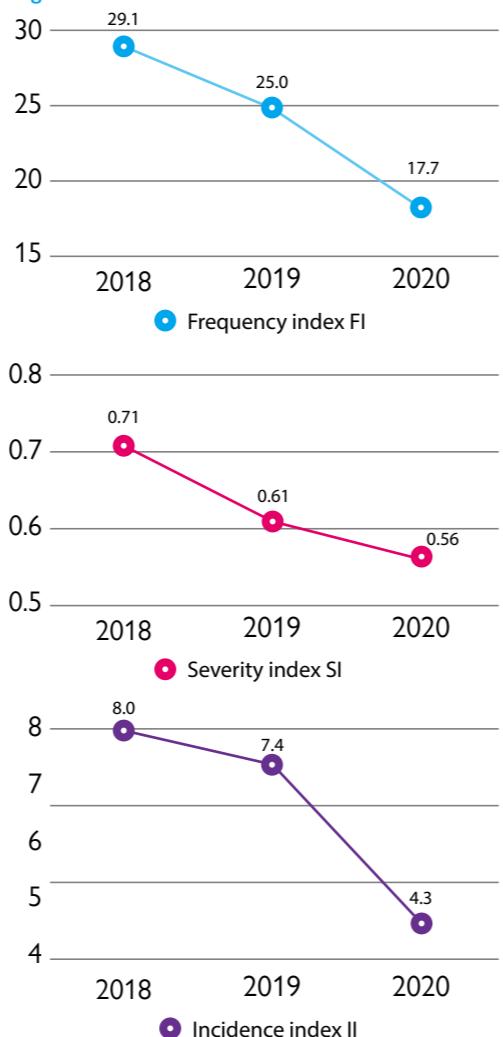
In view of the complexity and frequency of regulatory updates during the emergency period, an **archive of HSE obligations** applicable to the Group's companies has been created and made available to HSE structures and Employers, where the relevant extensions and deadlines are tracked. The archive is kept constantly updated in relation to the contents of the national and regional regulations issued and each fulfilment, extension or deadline is described and categorized with an indication of the BU/company potentially impacted. In order to allow the operational lines to always have evidence of the requirements applicable at the time, the duration of the validity of each tracked element is also clearly indicated. The archive is updated in relation to each measure with HSE impact issued at national or regional level and is cir-

culated fortnightly to all recipients (or immediately downstream of significant measures).

Safety Monday continued in 2020, an initiative that aims to promote a true culture of safety, tackling specific issues that may affect work activities in an agile manner, using unconventional communication systems and languages that also affect the emotional sphere, a fundamental element for modifying unsafe behaviour. Publication on the Intranet occurs every first Monday of the month for a new stage in the journey to safety.

Compared to 2019, injuries decreased by 30% to 325 in 2020, resulting in a 29% decrease in the frequency index and an 8% decrease in the severity index. These reductions are, in large part, attributable to the Covid-19 emergency.

Figure 36 Accident indices



With regard to workers of contractors, **22 accidents** were recorded during 2020, of which **2 severe**¹. The frequency index stands at 7.47 compared to the severity index of 0.25. Given the ongoing Covid-19 emergency, during 2020, health and safety awareness initiatives with contractors have been postponed: in fact, the hours of training carried out have decreased by 78% compared to 2019.

PROCESS OF REPORTING INCIDENTS

The analysis and assessment of **reports** and incidents are key tools for monitoring and identifying areas for improvement in the HSE risk management system. As part of the HSE awareness projects over the last two years, a lot of effort has gone into reporting incidents, particularly near misses and unsafe conditions for both people and the environment. This led to the implementation of reporting within the ARIAL system and the consequent revision of the procedure for the "Communication and Management of Incidents". In 2020, an analysis of the data collected within ARIAL was carried out in order to monitor the process, identifying areas of risk and recurring cases in order to define improvement actions. With this aim, a reporting system has been made available to HSE colleagues and employer lines, in order to implement continuous improvement through the analysis and monitoring of data related to incidents and reports that everyone can communicate.

ASSET SECURITY PILOT PROJECT

The verification of **regulatory compliance of machinery and equipment** is an aspect of particular importance for prevention in terms of occupational health and safety and, for this reason, the employer must adopt objective tools that can provide support in the process of risk assessment. In 2020, a work group was established to carry out a pilot project with the aim of improving and making more objective the assessment of machinery and equipment installed at two power plants of the Generation and Trading BU, verifying their compliance with the requirements of Legislative Decree 81/08, with a particular focus on equipment manufactured before the entry into force of Directive 95/16/EC (Machinery Directive). The results of the analysis carried out have led to the definition of a plan of activities to achieve even higher levels of plant safety, to guarantee greater protection for workers and with a view to continuous improvement of health and safety conditions in the workplace. The process started with the pilot project will subsequently be extended to all the Group's operating companies.

8.3.2 Occupational health

The Group constantly monitors, through health monitoring, the health of workers in relation to the specific risk for the various tasks present at the workplace.

The health protocol is a set of instrumental and laboratory tests and examinations, the frequency and content of which are established by the Group's doctors with the guidance and coordination of

the Health Unit and according to quality standards shared with university structures.

The clinical examinations are carried out mainly by external structures whose service is assigned through a system of tenders the specifications of which define the services and the relative level of service to be provided.

The economic costs of health surveillance are borne by the employer.

The health surveillance service is offered mainly in the approximately **65 medical units distributed throughout national territory**, and with authorised external facilities. In 2020, more than 7,000 medical examinations of fitness for the job and more than 2,700 drug tests were carried out, in addition to **13,000 checks** in accordance with health protocols. The appointed physicians also carried out more than 100 site inspections at the workplaces.

At December 31, 2020, there were 12 cases of occupational illnesses recorded by the Group, the main types of which included diseases of the osseomuscular system and asbestos-related illnesses.

Health promotion initiatives continued during 2020. In particular, in view of the spread of the Covid-19 pandemic, the flu vaccination campaign was enhanced and this year, despite the scarcity of available doses, all workers who requested it were able to get vaccinated. More than 1,700 vaccinations were administered, whereas in previous years the figure was between 600 and 800.

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¹ Severe accident: Injury resulting in death, hospitalization with a reserved prognosis or first prognosis of more than 40 days.

8.4 Diversity and inclusion

The Group's approach to diversity and inclusion is based on the principles of integrity and protection of the individual within the work environment, ensured through the **Group's Code of Ethics**. Through the Code of Ethics, in fact, A2A undertakes to guarantee its employees a **climate of mutual respect for the dignity, honour and reputation** of each individual, preventing insulting, discriminatory or defamatory attitudes and openly condemning any **mobbing, harassment of any kind or unjustified attempts to hinder** the professional prospects of others. Within the Group, anyone who believes to have been **subjected to harassment and/or discrimination** may make a report, which is promptly taken into consideration and assessed.

The commitment of A2A to fostering inclusion and enhancing diversity also took concrete form in the signing in 2019 of the "**Patto Utilitalia - La Diversità fa la Differenza**" (**Utilitalia Pact - Diversity makes a Difference**), as well as its membership since 2015 with **Valore D**, an association of businesses committed to gender balance in organizations in our country. In 2018 **A2A adhered to the Manifesto promoted by Valore D**, a 9-point policy document to promote female employment and gender equity as a factor of innovation and growth for companies.

In 2020, the Group set up the "**Diversity and Inclusion**" department, which aims to design, develop and promote projects to foster and encourage a culture that values the full expression of individual characteristics and an increasingly inclusive work environment.

8.4.1 Gender diversity

The Group has been implementing concrete initiatives to support this issue for years, adopting measures to promote **equal treatment** and **opportunities between genders** within the entire corporate organization. During the year, the selection policy was updated to specify that, where possible, the presence of women in the pool of candidates is guaranteed.

Already since 2018, the Group has been operating the **GEA2A (Gender Equality in A2A)** programme, dedicated to the empowerment and development of female leadership, which aims to develop transversal actions to value genders, setting well-defined objectives, raising employee awareness, thanks to the work of transversal groups made up of women and men ambassadors: the **GEAgents**. In 2019, the GEA project was implemented continuing and intensifying its activities on the adoption of measures to promote equal opportunities, with a programme that envisages a "systemic" approach to the issue, through the activation of a multiplicity of "levers" that accompany the fundamental issues of the employee's corporate life: from the candidate selection phase, to awareness raising during the induction phase, to female talent and role model projects, to *ad hoc* training programmes for all managers. The project involved 53 people, both men and women, from across the Group. The GEA project continued into 2020 and the **GEAgents** were involved in an empowerment path, with the aim of creating awareness of unconscious bias and coaching leadership behaviours to influence cultural change, until an action plan was identified.

The Group has also renewed its commitment to targeting technical professions and breaking gender stereotypes for a **more inclusive work environment**. Since 2018, A2A has been involved in the **Elis Sistema Scuola Impresa** project, aimed at training young people and creating the human capital of tomorrow's country, with specific attention to girls and their access to professions in male-dominated sectors. In the two-year period 2019-2020, **Inspirational talks** were carried out by the **7 Role Models** of A2A, carrying out a total of 9 meetings and reaching 288 students, in addition to the creation of online videos usable from the EDUTV platform (see page 195). **Role models** are people who motivate and encourage people to follow their own inclinations, to become what they want to be, inspiring young people to make a difference, to overcome their limitations and to think big about their future. As of December 2020, there are 22 **Role Models** identified among the **GEAgents**

working in the technical field. After initial training, their commitment will continue the following year, with testimonies in schools to inspire professional choices.

AMSA also launched the **#Rispettiamo (Let's respect)** initiative, which is part of the GEA project and is aimed at promoting and building a culture of respect based on common values in all company relationships, enhancing the plurality/heterogeneity present in the company and strengthening the feeling of belonging among employees. Online focus groups have been set up, involving around 50 AMSA employees across roles, seniority and gender, 16 *Ambassadors* have made a concrete contribution to supporting and conveying the values of the project to all AMSA employees and around 400 people (300 from operating areas and 100 office staff) have been involved in a training activity. A common path to work on three main aspects: awareness, sharing and evolution and to develop the culture of respect.

In 2021, the Group officially joined the **Bloomberg Gender Equality Index** (see page 78).

8.4.2 Disability

In the A2A Group, there are 399 people with disabilities or invalidities, of whom 88 are women and 311 are men. The Group is in full compliance with the obligations of Law 68/99, which establishes to a defined extent the compulsory employment of people with disabilities.

Including disabled people, however, also means being able to ensure that tools and methods are in place to facilitate effective employment. For this reason, the Group, by developing the logic acquired in the project F.A.S.I. - Formazione Accompagnamento Sensibilizzazione Inclusione (Training, Accompaniment, Awareness, Inclusion), promoted by AFOL, to which it had previously adhered, designed the "**Nuove Energie**" project in the early months of 2020 with the aim of defining an organizational model of disability management to facilitate the involvement of people with disabilities in company projects. The project, suspended due to the pandemic, will resume in 2021 with the administration of survey questionnaires to both managers and workers with disabilities to identify a targeted action plan. In October 2020, an agreement was signed with the national trade unions aimed, among other things, at setting up a bilateral observatory as a valuable tool for sharing and monitoring the initiative.

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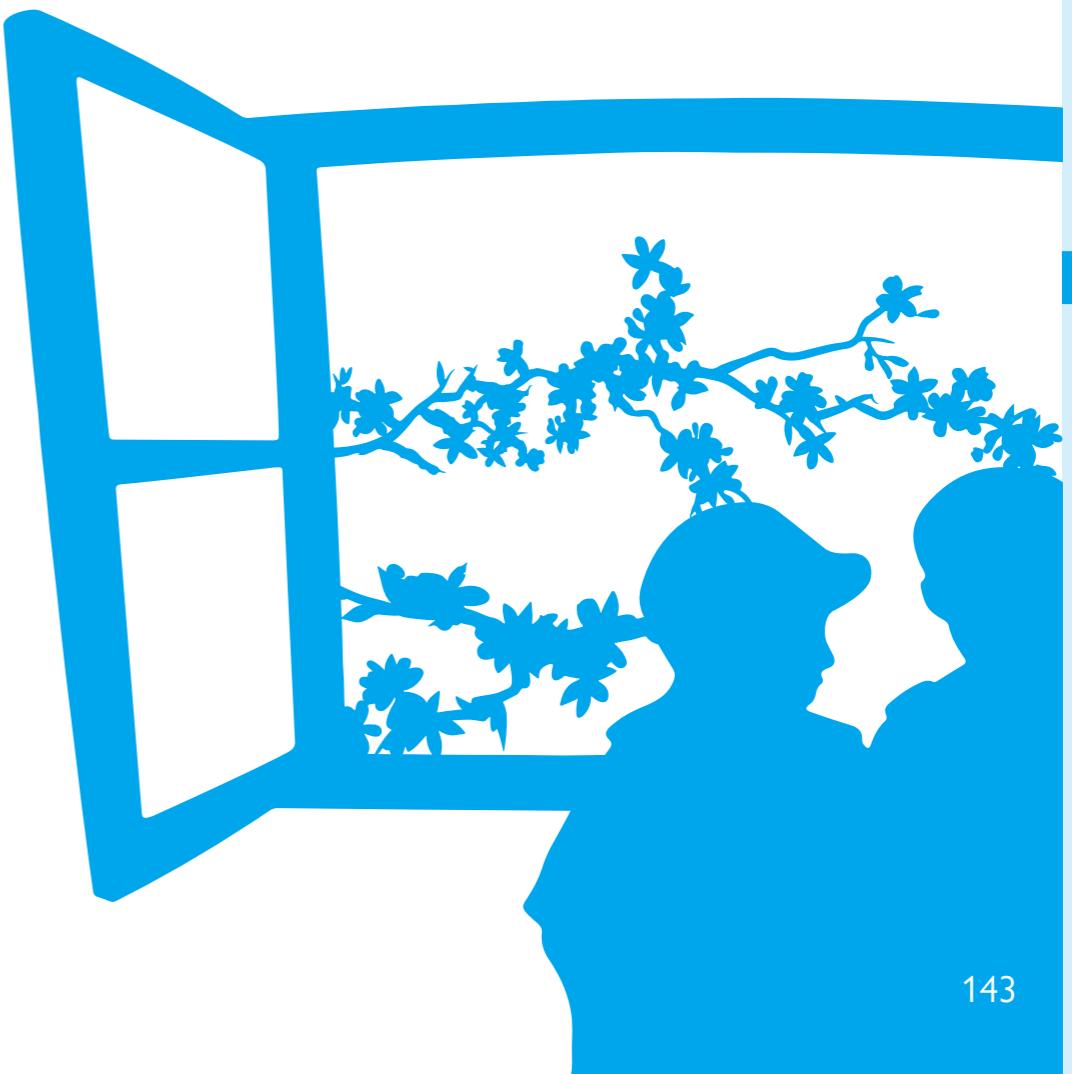
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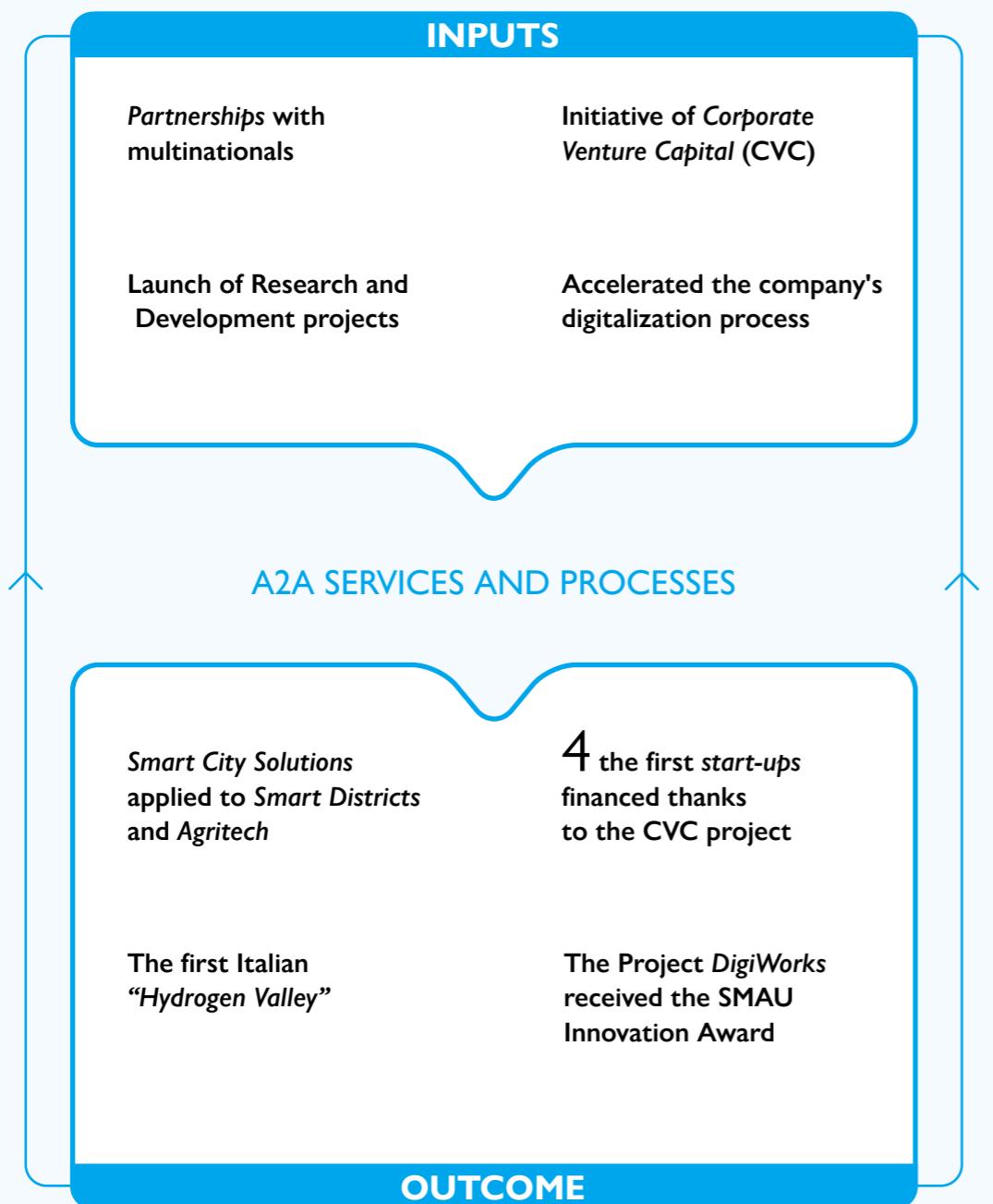
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Intellectual capital

Intellectual capital



Innovation and digital transformation

The smart city theme is not new, but the pandemic and the approval of the European Green Deal have certainly accelerated the process of making cities smarter, more digital and also capable of reacting effectively in emergency situations. In many ways, the construction of the city of the future today resides in the ability of multiutilities to re-imagine energy production, mobility (from public transport to car sharing), waste and water management in an innovative and smart way, maintaining a dynamic balance between current and prospective needs of the territory, economy and technological change. From a more corporate point of view, the Covid-19 emergency, and above all the effects that have resulted from it, has led companies to accelerate their digitalization processes and to focus more on those areas that have proved to be strategic in the management of the emergency. The *Excelsior* survey by Unioncamere and Anpal estimates, in fact, that there are more than one million companies in Italy that are accelerating on the digitalization front, investing in particular in 3 areas: technology, new organizational models and new business models. With reference to technology, compared to the pre-Covid situation, there is a growing interest among companies in the adoption of new solutions to improve cybersecurity (Cybersecurity and



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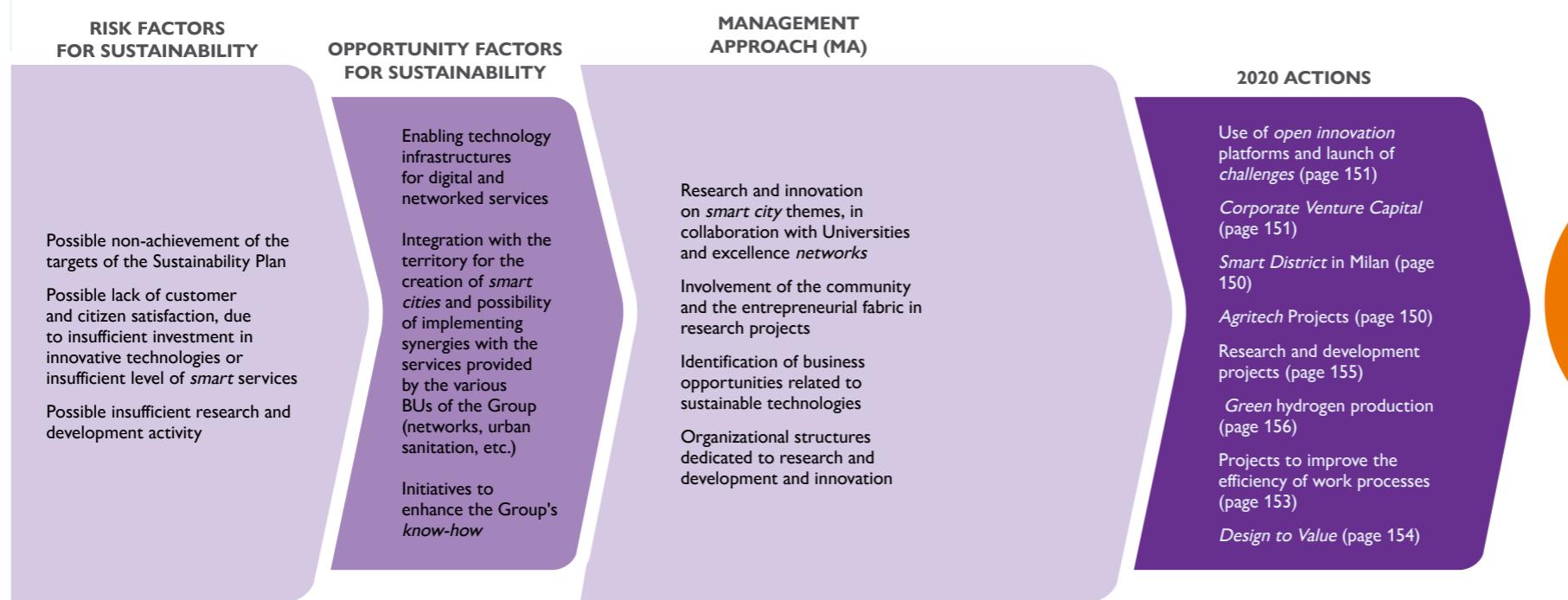
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Technological innovation and smart cities

Optimization of Group competences and know-how through research and development activities to stimulate a continuous evolution of services and infrastructures, contributing towards the development and creation of the smart city of the future, which integrates all energy, environment, water, heat, networks and optic fibre services in a single centre.



9.1 A2A Smart City

The A2A Group, through its subsidiary A2A Smart City, develops smart, innovative and digital solutions both in the urban sphere, to improve the liveability of neighbourhoods and cities, and in the agricultural sphere, to enable more sustainable production that saves pollutants and resources through the use of technology.

The technologies of A2A Smart City

LoRaWAN® Ecosystem

A smart city is a city in which a multiplicity of devices work together to make cities smarter through the use of technology. LoRaWAN® is a network protocol, which empowers cities to do so by enabling long-range connectivity for Internet of Things (IoT) devices in an efficient, scalable, flexible and streamlined manner. To contribute to the deployment of these devices in cities in 2020, A2A Smart City and the company DEKRA have signed a part-

nership agreement aimed at simplifying and accelerating the design and certification process for devices using the LoRaWAN® network. The project therefore offers companies a solution to accelerate time to market by providing the assurance that the devices designed and marketed will fully meet LoRaWAN® security features, operating as intended in any network condition.

IoT&Security for infrastructures

Developing and integrating IoT&Security services for infrastructures, cities and districts is the goal of the new partnership with the multinational Rina signed in December 2020. The idea is to combine the technological skills of A2A Smart City with the engineering skills of the partner, in order to strengthen the Group's position in the complex

market of infrastructure and transport, through interventions to improve the efficiency of Italian infrastructure assets (bridges, dams, viaducts, etc.) in compliance with regulatory standards, quality and safety checks, cost control and project timing.

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A2A Smart City solutions

A2A Smart City contributes to the design of innovative solutions to improve housing sustainability both in terms of safety and liveability and in terms of energy efficiency. In residential areas, in fact, it realizes and installs energy, acoustic and environmental monitoring systems, electric recharge, trackers, health assistance call buttons in common areas, smart lighting and irrigation. By way of example, A2A Smart City has designed and implemented the entire smart section with particular reference to safety, energy saving and innovative services in various newly built residential districts in Milan: Figino, Cenni, Merezze, Moneta, Rizzoli, Quintiliano for a total of over 1,500 housing units. In addition, in the *City Life* district in Milan, the company designed and built a smart security system for common areas based on intelligent video surveillance, SOS stations and Wi-Fi area with the Open Wi-Fi of the Municipality of Milan.

A2A Smart City also contributes to the creation of smart districts, a sort of city within the city, which manages resources intelligently, aims to become economically sustainable and energy self-sufficient, and is attentive to the quality of life and the needs of the citizens who live there every day.

For example, the **Smart District Uptown – Cascina Merlata** is the result of a partnership between A2A Smart City and twelve other economic entities active in the area. It is a project that is part of broader urban redevelopment of an area northwest of the city of Milan, of about 900,000 m², inspired by the international model of the wellbeing city and based on the principles of sustainability, thanks to buildings with zero impact materials, services dedicated to people and innovation.

Agritech

Enhancing local agri-food traditions with environmentally friendly farming practices, cutting-edge strategies and innovative technologies is one of the activities undertaken by the Group in recent years.

A2A Smart City, thanks to its experience in the field of proximal sensors, offers in fact a complete

solution for the advanced monitoring of soil parameters, measuring leaf wetness, air and soil temperature. The combination of the monitored data, with those obtained from the weather forecast, allows to obtain a powerful tool that helps companies, in a logic oriented to sustainability, to optimize production, with significant savings in time and costs.

Among the projects carried out in the agricultural field, **Around the Ground** has been awarded by Coldiretti Brescia with the **Oscar Green 2020**: it is an experimental project, realized in partnership with different entities of the entrepreneurial world of viticulture, oenology and cultivation in Brescia, which guarantees benefits in terms of water saving and management of treatments with fertilizers and pesticides, through technological innovation and digitalization.

The **Franciacorta Consortium**, for example, has decided to create a new agro-meteorological network that is much denser and able to give information on weather events in real time, through sensors that transmit via LoRaWAN® network. This choice is once again dedicated to environmental protection, providing a decision support tool to optimize treatments. In this case too, A2A Smart City's intervention concerned the activation of a monitoring service aimed at collecting meteorological data (air temperature and humidity, rain gauge and dew point) and data relating to the soil (temperature and humidity), necessary for determining the soil's capacity to store water and thus making it possible to control the vigour of the vines. Today, thanks to a data collection platform, the Consortium and the wineries can consult fundamental data in real time in order to define precise interventions on crops, optimizing the use of water resources, fertilizers and pesticides.

Also at the **Consorzio Casalasco del Pomodoro**, thanks to the moisture sensors and a monitoring platform installed by A2A Smart City together with IBF Servizi S.p.A., it is now possible to have precise and representative data of the field and the crop at all times, to monitor the water content of the soil and optimize irrigation, with an important saving in water resources.

9.2 Open Innovation

Open Innovation means creating a real ecosystem of innovation, made up of entities internal and external to the Group, to originate a "flow of knowledge" functional to innovation itself.

In order to enable the open innovation model and make it truly effective, the Group has chosen to equip itself with a shared platform through which employees, start-ups, companies and the world of research can contribute to creating value for the areas in which A2A operates. The platform allows

launching idea generation, campaigns or hackathons but also managing end to end the development of different activities concerning the innovation function.

For this reason, the Group has created a true virtuous process of innovation generation and management that has allowed building strong relationships with important entities of the ecosystem such as incubators/accelerators, innovation hubs, Universities, Research Centres and Venture Capitalists.

CORPORATE VENTURE CAPITAL

Corporate Venture Capital (CVC) initiative was created with the aim to encourage the Group's innovation through investments in start-ups with high potential. A2A aims, in fact, to identify innovative technologies and business models to strengthen its core business, support its evolution and generate value for the Group and for the areas in which it operates. The circular economy, energy transition, mobility and new technologies to build the cities of the future are some of the areas of investment in the CVC programme, which sees the participation in the project of 360 Capital, the leading Italian and European player in venture capital, and the Politecnico di Milano with the fund Poli360, which leverages on the Technology Transfer Office and the incubator Polihub. The first investments in 2020 were:

Greyparrot

Greyparrot, a UK start-up, has developed a computer vision-based solution that integrates artificial intelligence and data analytics: the software automatically identifies different types of waste and also provides information on composition. The start-up is already signing agreements with major international players in the sector and has also won "The Europas Awards 2020" for the category "Hottest Climate/GreenTech Start-up". Greyparrot, whose software is currently being tested at the A2A plastics sorting and treatment plant in Muggiano (MI), was chosen because it will offer the **possibility of implementing digitalization and automation of waste cycle processes**, further improving the efficiency of the collection and separation process.

Hades

Hades, a Swiss start-up linked to the University of Zurich, has developed a computer vision-based solution for the inspection of wastewater networks. Using an artificial intelligence model, it is able to identify and locate leaks, breaks and cracks along the network, **enabling predictive maintenance and savings of up to 40% on repairs and upgrades**. Contracts with major European municipalities and utilities are already in place for the start-up.

Circular Materials

Circular Materials, an Italian company based in Milan, has patented a **technology for the removal of heavy and precious metals from industrial wastewater with a view to the circular economy**. The plant developed by the start-up effectively recovers metals (arsenic, cadmium, nickel, zinc, copper, mercury, gold, silver, etc.) so that they are not dispersed into the environment and can once again generate value. The technology adopted also allows a drastic reduction in treatment costs compared to current technologies. The start-up is in the process of forging agreements with leading industry players in Italy and Germany.

Siteflow

Siteflow, based in France, has developed software for the digitalization of maintenance processes in large production facilities. The solution **improves shared operating standards for managing scheduled maintenance, producing audit documentation and enhancing a centralized digital database**, while also promoting collaboration between various professionals. To date, the start-up's customers include some of the leading players in the nuclear, oil & gas and construction sectors.

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Plug and Play – Sustainability batch

With a view to further strengthening and developing the Group's ability to intercept valuable solutions in the field of sustainability, A2A has joined the Plug&Play scouting programme as an anchor partner of the first Hub on "Sustainability". Plug & Play is one of the most relevant start-up accelerators in the world (4th in the *Forbes* world *ranking*), as well as being a Venture Capital operator in the seed field (over 730 investments in its portfolio, 60 exits and participations for 7 billion dollars). Since the start of the programme in February 2020, A2A has met with more than 180 start-ups from around the world and initiated several trials.

Innovation broker

To maximize the reach of the challenges, A2A leverages on innovation brokers, open innovation platforms, which enable the Group to connect with a pool of creative people from all over the world. One example is *Innocentive*, a platform with a community of about 400,000 solvers.

Two challenges were initiated during 2020:

- the **WtE Challenge**, aimed at finding a partner to develop a system to optimize the performance and efficiency of waste-to-energy plants by reducing the variation in the calorific value of waste fed into the incinerator. The objective is to allow optimized combustion of waste in the boiler, thus ensuring a higher production of electricity, a reduction in operating costs and lower CO emissions into the atmosphere;
- the **Networks & District Heating BUCHallenge**, aimed at finding new projects for the development of compact underground electrical substations for urban areas.

Call for Ideas

The A2A *Call for Ideas* initiative has been created with the aim of accelerating the process of the emergence of ideas and valuable projects in support of the Group's strategic objectives by means of tools and methods that stimulate the inclusive involvement of all the Group's people from a Corporate Intrapreneurship perspective, so that each employee may feel that they are an active part of the change and have the means to undertake it, with a contribution developed and cultivated by individuals, to the benefit of all.

The emergence of talents and the contamination between the different souls of the Group will be objectives and direct consequences of the success of the initiative. In addition, the enhancement of virtuous behaviour by participants will be an indispensable element to effectively reward the efforts

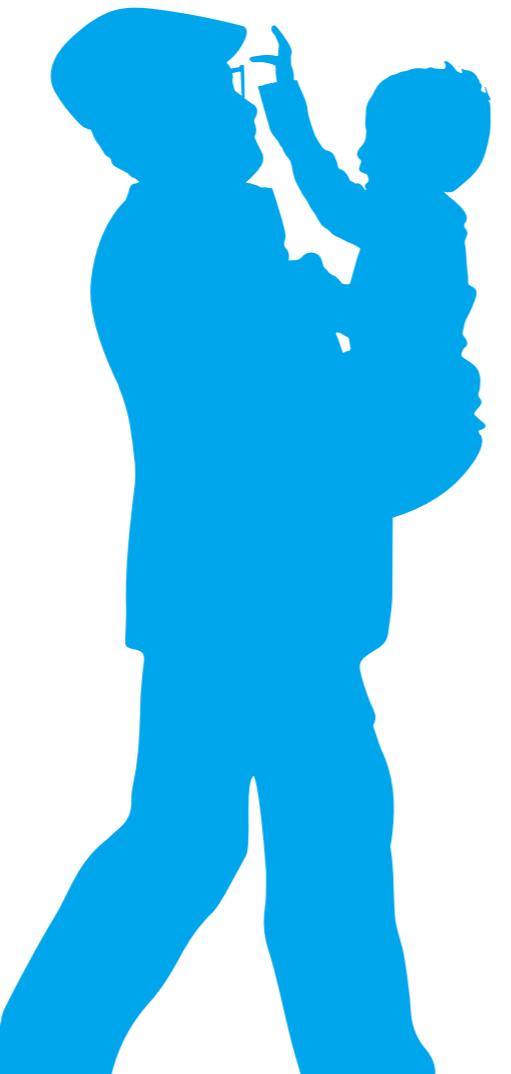
of participants and spread the culture of innovation in a pervasive and continuous way.

The initiative is managed through the A2A innovation portal, to enable the community of employees to be reached quickly, and is structured in 3 phases:

- collection of ideas: concluded in December with the generation of more than 500 ideas that will continue in subsequent phases;
- development of ideas: enrichment of 320 ideas through a structured path in 7 steps, to elaborate the key information for the development of a concept;
- final selection.

The event will conclude in 2021 with a pitch session in which scores will be awarded by a jury of excellence consisting of CEO, Chairman, Top Management and external advisors in line with the finalist ideas. Winners will then be announced and final prizes awarded.

Finally, to realize the winning ideas, there will be a venture building process in which the teams will be followed and accompanied in a process of coaching, mentorship and support to incubate and implement the selected initiatives.



9.3 Knowledge spillover

The search for innovative and technologically advanced solutions affects all areas of the Group and is aimed at improving both the products/services offered to end customers and the working methods of all the resources employed by the various Business Units.



ONA2A

With a view to the continuous improvement of the Group's work in a multi-business entity such as that of the A2A Group, it becomes important to identify individual and specific development actions for each professional area. For this reason, the **ONA2A** project was carried out with the objective of defining a map of reports on the level of collaboration existing between different points of the organization, verifying the effectiveness of the inclusion of new roles and new organizational/re-organizational structures and analysing the impacts of remote work on collaboration, with a view to developing new normality. In October, a survey was carried out on the Group's entire email population (about 7,000 people) and more than 25 Focus Groups/meetings were held with the various stakeholders to interpret the maps and the evidence emerging from the analyses. Concluded in January 2021, final reports with evidence and analysis suggestions were shared with the various function managers. In addition, an internal Group competence centre on ONA methodologies has been set up and the definition of the action plan is underway.

IDENTITA2A

In 2020, the **IDENTITA2A** project was promoted, on the effective, innovative and agile management of the Group's roles and skills. In the first phase, the Group's new professional model was defined, divided into families, sub-families, roles, associated key technical skills and the related governance was defined. The model was then validated by the Corporate and BU structures and entered into the SmartPeople system. Change management activities involving cascading to managers and communication initiatives aimed at accompanying the open-

ing of the model to employees and managers for 2021 are underway.

People Analytics

The project aims, with an articulated roadmap, to develop a tool to support the decisions of the HR management and the business, through the definition of data analytics.

This system will progressively integrate not only the personal, contractual and organizational data of employees but also all the data of the individual HR processes (selection, development, training, etc.), in order to produce advanced reporting with processing times that allow a data driven approach. October 2020 saw the completion of the first step in the integration of personal, contractual and organizational data, as well as data relating to remote working, with the release, as part of the HR pilot, of the supporting reports.

Dynamic Sizing

With the aim of objectively estimating the growth of the workforce, a sizing tool was designed within UNARETI. The tool is able to increase managers' awareness of the work allocation of their resources through simulations and "data driven" planning. Thanks to this model, it was possible to estimate the growth of the workforce to 2030 and efficiency levers were identified for the optimization of business processes. It is planned to disseminate the tool at corporate level to support the implementation of new organizational structures and the drafting of budgets.

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A2A and TEDx

In 2020, A2A was the main partner of "Countdown", the project promoted by TEDxMilano in collaboration with Future Stewards, an international coalition working on climate change issues.

The initiative has one strong goal: to accelerate the implementation of solutions to the climate crisis by turning ideas into concrete actions. The project aims to contribute to building a better future for society by promoting practices that focus on reducing greenhouse gas emissions by 50% by 2030, an essential first step towards a safer and cleaner planet.

During the event there were important speakers from the Italian and international scene: scientists, entrepreneurs, innovators, activists, politicians, architects and artists gave their contribution for concrete solutions to protect the planet and its population, offering useful ideas to stimulate action by world leaders and all citizens.

Design To Value

In 2020, a working group with more than 50 colleagues from the Networks & District Heating BU and the Supply Chain function reviewed 3 specific projects relating to the integrated water cycle, electricity distribution and district heating, through the application of the Design to Value (DtV) methodology, with the aim of optimizing investments, reducing operating costs and increasing plant performance. Specifically, the selected projects were:

- revamping of the Verziano treatment plant;
- construction of the new "Comasina" primary station;
- district cooling plant as part of the "SEI Milano" project.

In addition to the important economic benefit that can be obtained by focusing the investment on the aspects with the greatest added value, in fact, colleagues have also worked to optimize other parameters, in particular those of environmental impact, such as energy efficiency, production from renewable sources, CO₂ emissions and the use of environmentally sustainable components.

Another fundamental characteristic of the project, which makes it particularly avant-garde, is its replicability. The expertise acquired and the solutions identified can be transferred and applied to other

projects with similar characteristics, enhancing the optimization of investments in the medium-long term. Some of the main benefits achieved in the projects are summarized below.

Verziano treatment plant

Optimization through 30 initiatives identified on the basis of the key dimensions of the DtV such as technological innovation (e.g. photovoltaic panels, MABR4 for oxygen diffusion, sludge hydrolysis), redesign of specifications (e.g. civil works, compartmentalization of tanks) and revision of supply mechanisms, with an overall impact estimated at 14,000 tons less of CO₂ equivalent per year and 8.6 million euro saved, to be re-invested in other projects of the water cycle or in potential further tariff reduction.

Primary stations

Identified and evaluated more than 40 optimization initiatives such as technology innovation, specification redesign and revision of delivery mechanisms. For the 9 stations in the perimeter, on the basis of the applicability of the individual initiatives, Opex savings of approximately 7 million euro over 30 years and a reduction of 270 tonnes per year of CO₂ equivalent are hypothesized (-22% compared to the initial scenario).

District cooling

Identified more than 20 capex optimization initiatives, which achieved the goal of reducing SEI Milano's investment by more than 25%, with the possibility of achieving a reduction of 3 thousand tons of CO₂ equivalent per year from an extension to scale of district cooling projects (equivalent to about 10 km² of forest to absorb CO₂).

At the end of the Design to Value process, which lasted about 5 months, some of the colleagues who actively participated in the process received a certificate of recognition of the objectives achieved: 10 colleagues were awarded the DtV Practitioner level and 8 were awarded the DtV Specialist level.

9.4 Research and Development Projects

The search for innovative and technologically advanced solutions involves all areas of the Group's activities and is aimed at improving both the health and wellbeing of its workers and the sustainability and efficiency of the various A2A Business Units.

Waste Analytics

This project involves the testing of a system for the automatic, real-time monitoring of waste flows within the plastic separation plants. Specifically, the proposed system consists of a set of cameras, a computer vision model based on artificial intelligence and a dashboard for managing and sharing the data acquired during monitoring. The objective is to create continuous and real-time analytics with respect to materials in transit on plant conveyor belts. This will allow increasing the level of knowledge of plant operation, improving its operation and sorting capacity, in order to intercept more plastic flows for selective recycling. This project reflects the Group's ongoing commitment to the valorization of waste from a circular economy perspective.

Exoskeletons

A2A has always paid particular attention to the health and wellbeing of the workers involved in its various business areas. With this in mind, the Group is constantly evaluating new technologies to reduce the physical impact and fatigue resulting from sustained and repeated efforts over time. Therefore, a trial was conducted to evaluate the benefits provided by an exoskeleton for upper body support. This was first employed in typical environmental sector operations, both in waste collection and street sweeping, and then to support operators working in vehicle workshops. The success of this test will lead in the coming months to the continuous use of exoskeletons for some tasks carried out within the AMSA departments, in accordance with a strategy to improve the ergonomic conditions of workers in the most critical operations.

Aquarius Project

In 2020, the project was launched for early detection of water leaks using a widespread network of non-invasive sensors and a dedicated processing platform. The noise signals picked up by the sensor network are analysed with specific correlation algo-

rithms, allowing a broken or deteriorated pipe to be located within a few days. This initiative brings a significant advantage in terms of readiness over traditional systematic search methods, which require extended time frames and guarantee only spot inspections. The project has already seen an important deployment phase in the water district of the historic city centre of Brescia (with 170 sensors installed) and will be extended in 2021 to other districts of the Municipality of Brescia and the municipalities of Botticino, Lonato and Montichiari.

Optimal Dispatcher

The forecast of thermal demand on the district heating network and advanced dispatching processes are fundamental to privilege production from renewable sources (or with lower environmental impact), contain CO₂ emissions and maximize plant marginality. Through the development of dedicated tools based on machine learning tools and mixed non-linear programming techniques, an important optimization margin has been found in the dispatching of production machines on the Milan-East and Brescia networks. By 2021, the Canavese and Lamarmora plants will be equipped with an innovative dispatching system that will guarantee savings of up to 10,000 tons of CO₂ and an increase in plant margins of more than 200,000 euro a year.

MINERVA PROJECT

Launched in early 2020, the Minerva project, led by LGH, aims to develop innovative services to support community and territorial resilience strategies. The idea is to use urban hygiene collection vehicles as real digital sentinels, thanks to the use of technologies linked to the world of IoT (Internet of Things) and artificial intelligence, in order to preventively monitor the levels of pollutants in the atmosphere with on-board sensors, increase the levels of separate waste collection by introducing new models in the circular economy, and finally reduce incorrect behaviour by "observing" the presence of waste on the roadside.

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9.5 Hydrogen

The Group's role as Italy's second largest electricity producer in terms of installed capacity and its established experience in the circular economy allow it to offer various solutions for the production of green hydrogen. For this reason, in 2020, the Group formalized its intention to develop the potential of this resource by entering into agreements with **SNAM**, **ARDIAN** and **FNM**.

In September 2020, Snam and A2A signed a Memorandum of Understanding for technological cooperation to study projects aimed at developing the use of hydrogen. The cooperation, to be carried out in compliance with the relevant legislative and regulatory framework, will focus first of all on the study, analysis and feasibility assessment of projects for the conversion of A2A thermoelectric power plants from coal to natural gas, hydrogen or natural gas/hydrogen mixtures. The two companies will also study solutions aimed at retrofitting A2A existing combined cycle gas turbines for hydrogen or natural gas/hydrogen mixtures and initiatives aimed at producing, storing and transporting hydrogen from renewable sources and modifying A2A gas distribution infrastructure to make it "hydrogen ready".

The Group has also signed a Memorandum of Understanding with the private investment company ARDIAN, with the aim of selecting the most suitable sites for an integration between existing renewable energy plants and hydrogen production units. Different plant configurations for a significant use of green hydrogen will be evaluated in order to identify a real pilot plant that both parties may decide to develop in the next phase of the partnership.

Finally, FNM, A2A and Snam have signed a Memorandum of Understanding to give further impetus to the development of green hydrogen mobility in Lombardy. The plan, called H2iseO, will allow creating in the Sebino area and in Valcamonica the first Italian "Hydrogen Valley", providing it, starting from 2023, with a fleet of hydrogen trains and related infrastructure. In particular, FNM, A2A and Snam, each for their own areas of expertise, will collaborate in the creation of a production and refuelling system for the new clean energy trains, which will be purchased by FNM. By 2025, the hydrogen solution will also be extended to local public transport, with about 40 vehicles managed in Valcamonica by FNMAutoservizi (a company 100% owned by FNM), with the possibility of opening up to freight logistics as well.



9.6 Digitalization

A2A has not been found unprepared to face the current crisis thanks to the digitalization process already established and begun several years ago, which has not only enabled new opportunities for sustainability but also a diversification of the offer and services proposed by the Group.

Webform digital quotes

For some time now, A2A has been engaged in a process of digitalization of all the Group's assets, which from an operational point of view has also involved operations and communication channels with customers.

Thanks to a new platform, active since December 2020, many services (e.g. contract management, quote requests, information requests) are available online.

The channel also allows online payment by credit card, but also the inclusion of requests for quotes: at 12/31/2020, about 40% of quotes were requested via webform.

Workers management portal

Digitalization for the Group is an urgent need for change at all levels and business processes. Thanks to this drive, in 2020, Unareti received the SMAU Innovation Award, awarded to companies for the implementation of innovation projects that trigger a virtuous process of comparison and contamination of good practices.

The Group company was awarded for *DigiWorks*, a project aimed at simplifying business processes through the digitalization of all phases of sites, from design to construction, up to accounting and final testing. The project is part of a wider process of dematerialization, with the aim of using less material and energy, as well as speeding up procedures, thanks to the rapid sharing of documents and reports. A saving of 13,000 kg of paper is expected, corresponding to 12,350 kg of CO₂.



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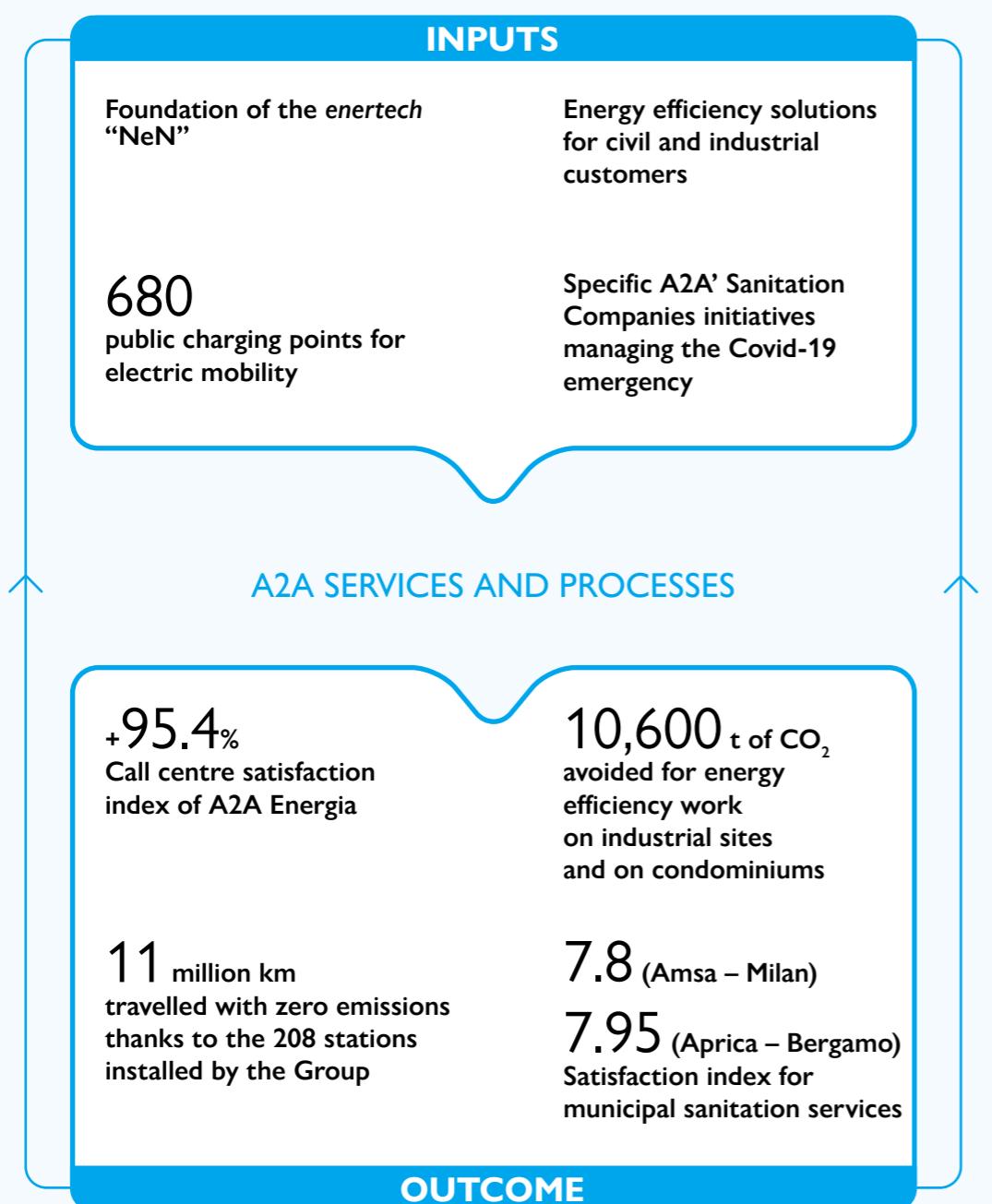
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10.1 Relations with customers



The impact of the pandemic on energy consumption and waste production

The pandemic had unprecedented effects on the global system in all areas of activities of a multiutility. In 2020, in fact, there has been a very important reduction in energy requirements, as a result of the fall in GDP, industrial production and mobility. Final energy consumption was reduced by 10% compared to 2019. While about 80% of this decline is related to the decline in the consumption of petroleum products in transport, a significant drop is also seen in the consumption of electricity and gas (more than 2.5 Mtoe less than in 2019).

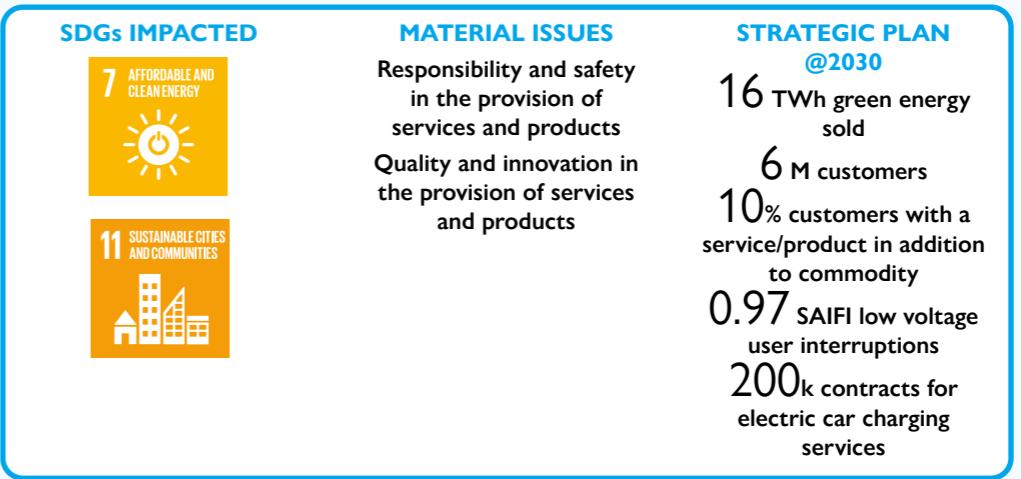
The Covid-19 pandemic has helped accelerate the transition to cleaner mobility in cities: as car traffic declines during the lockdown, more space is given to soft mobility, bicycles and pedestrians, and more attention is paid to e-mobility. According to Transport & Environment estimates, electric vehicles will reach 10% of the European market in 2020 (from 3% in 2019) and 15% in 2021. However, for the spread of the electric car, a process of digital transformation is essential, capable of connecting and integrating all transport systems and energy distribution.

On the commercial side, the energy market, which has always been highly developed on push distribution channels, has suffered from the new corpo-

rate model that Covid has imposed. Energy sales companies have moved towards multi-channel dynamics, to exploit all contact opportunities and increase interactions with their customers. In this context, too, digitalization will be key. The restrictions of the Covid-19 pandemic also affected waste management. According to the Report "L'Italia del riciclo 2020", which analysed the first nine months of 2020, the trend of separate collections was uneven: if between March and May there were significant reductions, more than 20% compared to the same period in 2019, between June and August, the drop is reduced to 10-20% compared to the previous year. Clearly, the greatest reductions were recorded in municipalities with a high tourist vocation. The collection performance of the individual supply chains in 2020 also showed varying trends: the data for the first four months of 2020 show an increase in the separate collection of household packaging waste also due to the increase in online trade. Significant reductions (more than 10%) were recorded in all sectors linked to deliveries to the recycling centres (WEEE and wood packaging) and in those linked to industrial and commercial activities.



* assigned to the CONAI system



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- <https://www.enea.it/Stampa/comunicati/energia-analisi-enea-calò-record-di-consumi-10-ed-emissioni-12-nel-2020>
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- https://www.fondazionevilupposostenibile.org/wp-content/uploads/dlm_uploads/Italia-del-riciclo-2020-Rapporto.pdf

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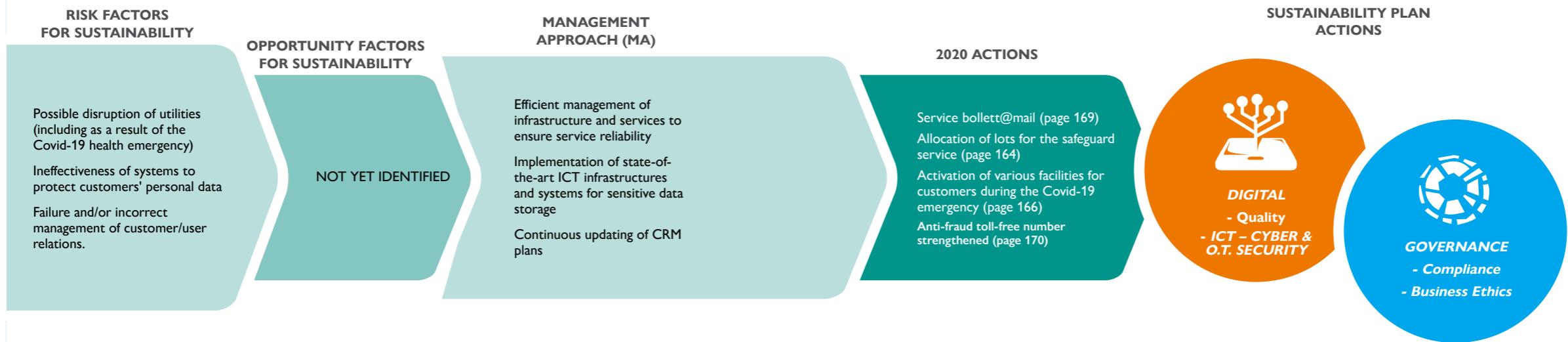
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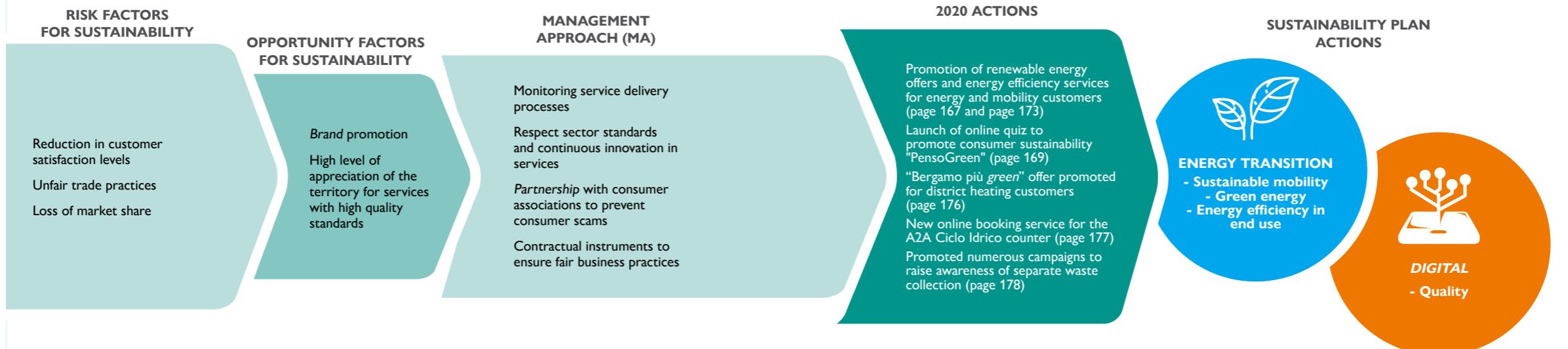
Responsibility and Safety in the provision of services and products

Ensure safety and reliability in the provision of services and development of emergency management plans aimed at preventing and/or mitigating potential external factors that could compromise the continuity of services.



Quality and innovation in the provision of services and products

Promote high quality services and the ability to meet customer expectations through good communication and marketing practices (including data protection) and new digital services.



10.1.1 Relations with customers of the Market BU

A2A establishes its role as a *Life Company* committing itself to providing quality products and services. The Group maintains a transparent and reliable relationship with its customers through its **Market Business Unit**, which includes A2A Energia S.p.A, A2A Energy Solutions S.r.l., A2A Illuminazione Pubblica S.r.l. (until November 1, 2020) and Yada Energia S.r.l. (from January 2021), with all related subsidiaries and associates. The Business Unit was established with the aim of being a leading player in interpreting the energy needs of households, businesses and cities, offering effective, innovative and sustainable solutions and ensuring the highest standards of quality in sales and customer service. The Market BU operates nationwide with a portfolio of offerings for all customer segments ranging from electricity and natural gas supplies, to products and solutions for energy efficiency, e-mobility and public lighting.

Electricity and gas sales service

A2A Energia is the **sales company** of the Market Business Unit, which together with its subsidiaries and associates, sells electricity and natural gas, as well as related products and services, including heating, cooling and lighting systems. The company operates on the national territory with the aim of strengthening its role as a reference player in the target areas by expanding its offer portfolio to domestic customers, condominiums, businesses and public administration, proposing new products and services (VAS, Value-Added Services) related to the sale of natural gas and electricity, and enhancing the fairness and transparency of commercial relationships and service excellence.

In addition, in recent years, A2A Energia has been involved in corporate transactions and commercial development strategies that have enabled it to strengthen its customer portfolio in areas contiguous to the Group's historical areas.

At the end of November 2020, the company was awarded major tenders of national significance. In particular, A2A Energia was awarded two lots in the tender to identify the operators of the safeguard service for 2021 and 2022, for a total volume of approximately 700 GWh/year. The lots concern the regions of Lombardy (lot 2) and Tuscany, Marche, Sardinia (lot 4), with only one lot managed in the two-year period 2019 and 2020 (Tuscany, Marche, Umbria). The allocation to A2A Energia corresponds to an associated turnover of approximately 140 million euro on an annual basis.

In 2020, 1,883 million cubic meters of natural gas and 14,016 GWh of electricity were sold in total.

In line with the previous year, there was an increase of 65% in the large electricity customers segment, resulting in a significant increase in total electricity sold. The number of total customers for the electricity sales service increased by 8%, while for the gas sector, the trend did not change.

In line with the provisions of the Strategic Plan, as at December 31, 2020, about 891 thousand electric power contracts on the free market and 699 thousand natural gas contracts on the free gas market had been reached.

Figure 37 Number of Customers. analysed by type

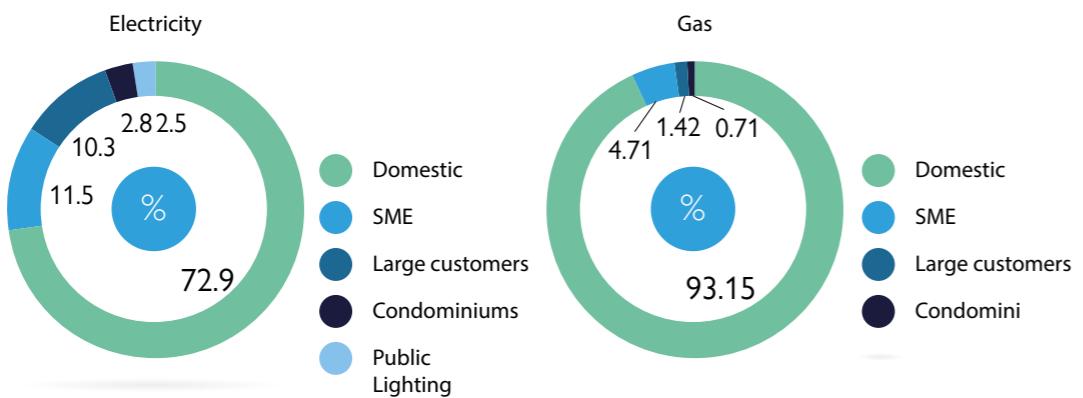
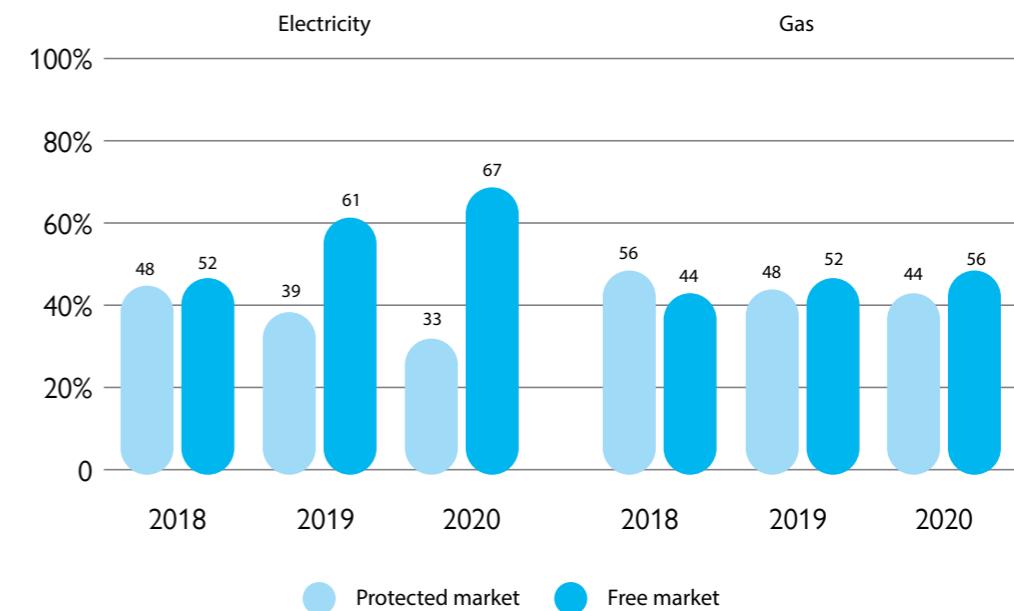


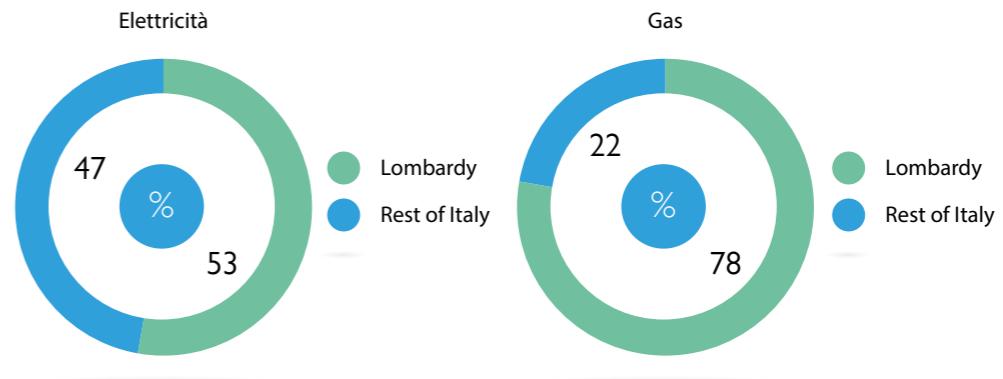
Figure 38 Number of electricity supply contracts by type of market

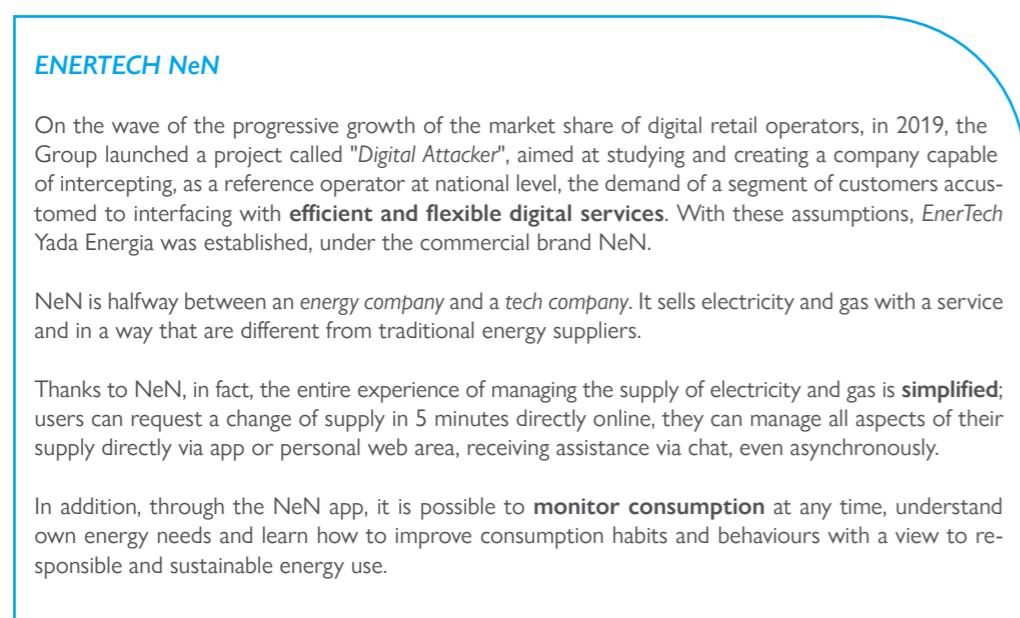


The Market Business Unit, continuing its policy of growth also outside its historical territories, consolidated in 2020 an **important increase in the shares of electricity** sold outside Lombardy (47% compared to 35% in 2019).

The following is a breakdown of volumes at Group level.

Figure 39 Geographic breakdown of sales volumes 2020





Communication campaigns

In response to the emergency context that began in 2020, A2A Energia launched a communication campaign with the well-known claim "**Restiamo a casa insieme**" (Let's stay home together), a message which, by emphasising the concept of being close to people, aims to reiterate the relationship of trust that binds A2A Energia to its customers, the attention paid to their needs always with the excellence and quality of the service, despite the critical situation linked to the pandemic. The message indicates and confirms the digital and traditional contact channels (toll-free number) made available by the Group and the facilities linked to bills in compliance with government and sector authority regulations.

Numerous press releases by A2A Energia in 2020 linked to the Covid-19 emergency (the first one published on 03/12/2020) with the introduction of concessions for customers in difficult situations:

- interruption of suspension of supplies due to arrears;
- suspended the sending of payment requests;
- swiftly notified customers of its willingness to agree any measures necessary in terms of relief and instalment plans and invited customers to only call in regard to urgent requests;
- provided for the non-application of interest for late payments in certain phases of 2020 with notices to customers on the website and messages recorded in the IVR of the toll-free number.

In line with stakeholder expectations, the company implemented a multi-channel communication plan (Web – Facebook – letters), introducing "**solidarity**" initiatives to manage the emergency with special facilities and maximising the use of online services:

- activation of the Bollett@mail service to all free market customers with a valid e-mail address;
- activation of the "Notification of bill issue via e-mail", an additional service to the sending of the bill;
- for every online electricity and gas subscription, in the period 05/08/2020-06/08/2020, A2A Energia made a donation to the Banco dell'Energia (Energy Bank) to help families in difficulty due to the Covid-19 emergency.

Certified green energy from renewable sources

For the Group, being a *Life Company* also means valuing customers who are committed to reducing their impact on the planet by choosing an increasingly sustainable style of energy consumption. The entire portfolio of offers for the **residential segment** has consisted of **100% certified green energy since 2018**. During the year, Group companies sold 3,858 GWh of green energy, a significant increase over 2019 (+69%). In particular, the offers of A2A Energia that promote green energy are identified by the "Energia A2A Rinnovabile 100%" registered trademark, which ensures respect for the environment.

In 2020, A2A Energia also signed an agreement for the supply of 100% green energy for the companies of the A2A Group, thus confirming the commitment of the entire Group to generating a positive impact on the quality of life of people and the planet.

Figure 40 Green energy sold and breakdown by market segment (in % and in GWh)

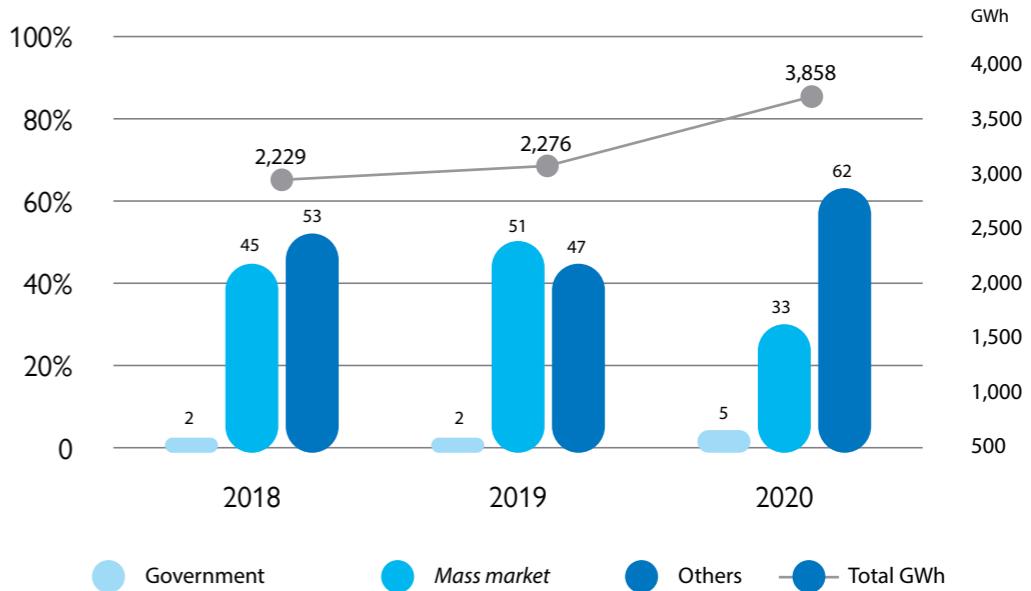
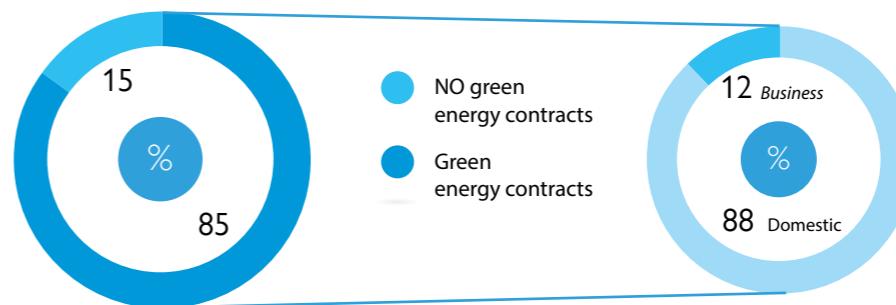


Figure 41 Distribution of mass market green energy by segment



Offers for more responsible and sustainable energy consumption

In line with the market, A2A Energia promotes responsible use of energy through the promotion of highly energy-efficient products and solutions or with assistance services to improve the lives of their customers.

In fact, the deals promoted in 2020 include some new services in the price of energy and gas. For example, the **Bundle offer** provides home care and boiler maintenance service, while the **Salutea2a** product offers customers the opportunity to receive up to six services per year per household, including telephone medical advice, dispatch of medication, home nursing care, dispatch of a professional at home and ambulance transport service.

In addition, a wide range of offers is always available to best meet the needs of environmentally sensitive residential and business customers.

The Group also has new contractual formulas for professionals and small businesses: the **Esclusiva2a Business** and **Smart Business** offers are both green and provide, respectively, indexed pricing and fixed pricing, to meet all needs.

The "**La Foresta di A2A Energia**" initiative also continues, in collaboration with *Treedom*, which enables customers to adopt a tree in Kenya to support the communities of small local producers, reduce CO₂ emissions and contribute to reforestation around the world. At present, "La Foresta di A2A Energia" (A2A Energia Forest) has 5,030 trees with a saving of over a million kilograms of CO₂.

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From September 2020, A2A Energia is promoting the **ARIAPURA2A** offer, reserved for its customers and which allows them to receive, with payment in instalments on their bills, *Natede by Vitesy*, an air purifier for indoors, consisting of a 100% *made in Italy* recycled plastic vase working on an electricity supply.

An overview of all the **green** services offered by the Company is available on the **A2A Energia dedicated web page**.

For more information: <https://casa.a2aenergia.eu/green>

Contact channels and transparent communication with customers

For the companies of the Business Unit, being one of Italy's largest multiutilities, listening to its stakeholders and taking care of its customers means not limiting merely to the supply of electricity and natural gas, but also developing all aspects related to that service, making it of excellent quality and responsive to the different needs and expectations of all stakeholders.

Among the many services that distinguish the quality relationship with its customers are the development of contact channels, interactive bill browsing tools and numerous energy supply offers with specific customizations.

In accordance with its Code of Ethics, the Group considers the loyalty and trust of its customers as a defining value and as its own asset, for the protection of which it establishes easily accessible channels of dialogue, ensuring complete and immediately comprehensible information and cultivating relations with institutions representing consumers. A2A Energia meets the needs of its customers by offering a complete and multi-channel listening service, through physical counters, SpazioA2A stores, call centres, social channels (facebook page), whatsapp and the call-back service available on the website.

In a context of profound transformation, also due to the health emergency, in order to maintain its leadership in customer satisfaction, the Group is

evolving towards increasingly digital logics. A2A Energia in fact activated in 2018 a programme of complete **redesign and replacement of the company's information systems**, with the aim of extending the digital channel aimed at end customers to the entire product catalogue, integrating it with *apps* to support sales and that can be easily used by the end customer. The complete redesign programme brings benefits to all stakeholders: A2A employees, customers and potential customers. In fact, thanks to the wealth of functionality of the new information systems already in use, the resources assigned to the contact channels (such as call centre consultants and territorial agents) had access to their operations remotely in smart working mode, ensuring the continuity of all customer assistance services from the start of the health emergency. Digital channels allow customers to access services both in self-service mode and through the assistance of consultants who can be reached by phone, email, chat and facebook. In addition, the Group offers support by seamlessly integrating the different channels. In fact, the request initiated through a digital channel, such as the web page, can be completed through another channel, such as the counter or call centre, without the need to repeatedly provide the same data and information.

Already since 2019, there has been a strong acceleration in the signing of new free market contracts through digital channels, thanks to the revision of signing processes, the timely monitoring of sales KPIs and the optimization of digital communication strategies. New partnerships have also been entered into with *remote sellers* and buyers, aimed at boosting the digital presence of A2A Energia and the performance of its campaigns. The reorganization and revision of processes have made it possible to double the number of contracts signed digitally in recent years compared with previous years.

A2A Energia traditional channels continue to be widely used. In 2020, the **Call Centre** received a total of more than 2 million calls, 1.2 million of which were handled by operators, and the **commercial counters** welcomed more than 134,000 visitors with an average waiting time of 5 minutes and 30 seconds.

In addition, the expansion of A2A Energia physical points throughout the territory continued with the aim of informing consumers about the changes taking place in the energy markets and promoting the subscription of free market offers. During the year, two new **SpazioA2A** stores were opened, one in Milan in the Bonola shopping centre, and the other in Pavia, contributing to building an increasingly widespread sales channel.

Billing tools

The process of digitalizing billing tools for customers continued in 2020.

In 2020, A2A Energia, together with its investee sales companies and considering Yada Energia, issued 12.7 million bills. The **Bollett@mail service reached approximately 940,000 subscriptions** (75.3% more than the previous year). In continuity with the past years, the significant decrease in the number of pages in bills, thanks to the 2.0 bill format, and the adhesion to the digital bill service have allowed to save about 291 trees. A2A Energia also continues to promote **Bolletta Free**, the service available in the Customer Area that allows **interacting with your bill from any device** (PC, tablet and smartphone).

Using the dedicated section of the web page, A2A Energia customers can choose from a variety of ways to pay their bills. In addition to direct debiting from your current account, it is possible to pay online via the Customer Area of the A2A Energia website, bank transfer, internet banking, bank app or Sisalpay. In 2020, the most widely used method, in continuity with previous years, remains SEPA direct debit (56% of total payments); with reference to other payment methods, on the other hand, there was an increase in the use of bank transfers to the detriment of those with pre-marked postal slips.

PENSO GREEN

For A2A Energia, attention to the environment is a concrete commitment. This is why **PensoGreen** was created, an online quiz that rewards the ability to act every day thinking about the good of the Earth. The quiz is designed primarily for families with children attending primary and secondary schools. However, there are no restrictions to participation.

The topics covered are: green energy, energy efficiency and all-round sustainable living. The quiz, accompanied by a manual available online, aims to **spread the culture of sustainability**, proposing, in child-friendly language, examples of small daily gestures to be adopted at home to protect the environment.

The prize is a three-month subscription to the scientific *edutainment* app *Smart Tale*, with an entry into the final draw for a kit of electric scooters.

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A2A Energia customers, with a now consolidated process, can collect a reimbursement directly on their current account, without time constraints and without the need to go to the bank, by means of a bank transfer or *Plick*, an innovative and completely digital service that transforms a credit note into a direct transfer to their current account in a few simple steps, without the need to install any app. In 2020, the reimbursement method through vouchers was also consolidated: this is an additional digital reimbursement channel, dedicated to individual customers with a free market supply contract, which allows them to cash in their credit notes in the form of vouchers for purchases online or at the points of sale of over one hundred brands.

A2A Energia makes more channels available for communicating the meter reading and having a bill that is more consistent with consumption. In fact, it is possible to communicate meter readings online in the Customer Area, via SMS or by calling the toll-free number with automatic service, available 7 days a week.

In line with the trend that now sees most of the Italian population oriented to multi-channels, A2A Energia customers confirm their propensity to use the web with **over 7 million visits** for 2020, with an increase in registrations in the Customer Area, and with the activation of the *bolletta@mail* service, which nearly doubled compared to the previous year.

Figure 42 Number of electricity and gas contracts with the Bollett@mail service

| | 2018 | 2019 | 2020 |
|--------------|----------------|----------------|----------------|
| A2A Energia | 367,018 | 458,659 | 916,534 |
| Linea Più* | 66,315 | 76,122 | - |
| Lumenergia | - | 1,362 | 1,457 |
| ASM Energia | - | - | 4,971 |
| Yada Energia | - | - | 16,629 |
| Total | 433,333 | 536,143 | 939,591 |

* From May 1, 2019, Linea Più was incorporated into A2A Energia. As a result of this transaction, since 2019, the figures of Linea Più have been included in the figures of A2A Energia.

Service accessibility

A2A Energia has always been close to the less well-off citizens, on the one hand acting in compliance with the provisions of the regulation of the energy sector and on the other, through corporate initiatives aimed at guaranteeing and disseminating equal access to energy.

For several years in Italy, there has been a facilitation on electricity and gas bills for domestic customers in **economic difficulty**. For the electricity sector, there is also a **bonus** to support people suffering from serious illnesses and forced to use equipment necessary to maintain life powered by electricity.

The facilitation is financed by state resources and consists of a **bonus** paid in the bill, which varies depending on income and the number of members of the household.

The **Social Bonus** for families in **economic difficulty** is available to all domestic customers who have an electricity supply in their home. In 2020, the Group awarded the **gas bonus** to **25,935 customers** and the **electricity bonus** to **29,559 customers**.

During the year, the **electricity bonus** dedicated to people with **physical disabilities** was issued to **1,543 customers**.

The **Banco dell'Energia (Energy Bank)** project (see page 191) continued with great commitment in 2020, aimed not only at A2A Energia customers but also at citizens, companies and employees of A2A Group companies, who can make donations to the less well-off through various methods of

payment (post office bill, utility bill, bank transfer or credit card). During 2020, for each online activation of an offer chosen from A2A Click, ExtraA2A, Prezzo Chiaro, Passione Inter, A2A Energia donated 50 euro to needy families for the Covid-19 emergency.

Consumer protection

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

In the area of consumer protection, the **"anti-fraud" toll-free number**, active since 2012, was strengthened during 2020 thanks to the "Acciuffa la truffa" (Catch the scam) project, carried out in collaboration with some consumer associations. Hours of operation have been increased by approximately 15 hours per week, allowing more calls to be received than in previous years. The service received 4,362 calls, of which 940 related to unfair commercial practices by known operators and 1,272 by unknown companies. The remaining ones refer to requests for information of various kinds.

Customer satisfaction

In order to improve the quality of the services offered and in a logic of continuous improvement of its work, A2A Energia constantly monitors, using various instruments, the customer satisfaction of its customers who use the services through the various contact channels.

Cerved survey

The 13th edition of the Cerved Energy Monitor, which compares the performance of the main competitors in the market for domestic users, sees A2A Energia in third place in terms of the Customer Satisfaction Index for both electricity and gas. This result enables A2A Energia to position itself among the top players in the sector for the domestic target.

Free market customer survey

The annual customer satisfaction survey on the free Mass Market involved a sample of 4,887 A2A Energia customers, by means of telephone and online interviews carried out with the support of the CFI Group research institute. The overall score of 74.3 once again places A2A Energia at a very positive level of satisfaction (above the threshold of 70 points), supported by the fact that the survey was carried out in July in the post-lockdown period.

Call centre survey

At the end of 2020, ARERA published the results for 2019 on the degree of customer satisfaction with the operation of the call centre. A2A Energia was excellent, remaining 3.4 percentage points above the national average. In particular, the satisfaction index was 2.8% higher than the national average for the clarity of answers and 4.7% higher for the ability to solve problems in the shortest possible time.

Figure 43 ARERA survey – quality of service Call Centre 2019

| | Contribution ("weight") to the indicator | A2A Call Centre Energy | Total (national average) | Difference % |
|--|--|------------------------|--------------------------|--------------|
| Simplicity of the automatic answering system for being able to speak with the operator | 18.1% | 97.1% | 95.7% | |
| Waiting time to speak with the operator | 2.1% | 96.0% | 95.1% | |
| Courtesy of operators | 11.5% | 98.0% | 96.1% | +1.9% |
| Clarity of answers | 28.0% | 95.5% | 92.7% | +2.8% |
| Ability to resolve the problem in the shortest time possible | 40.3% | 93.3% | 88.6% | +4.7% |
| CSI Indicator – Customer Satisfaction Index | | 95.4% | 92.0% | +3.4% |

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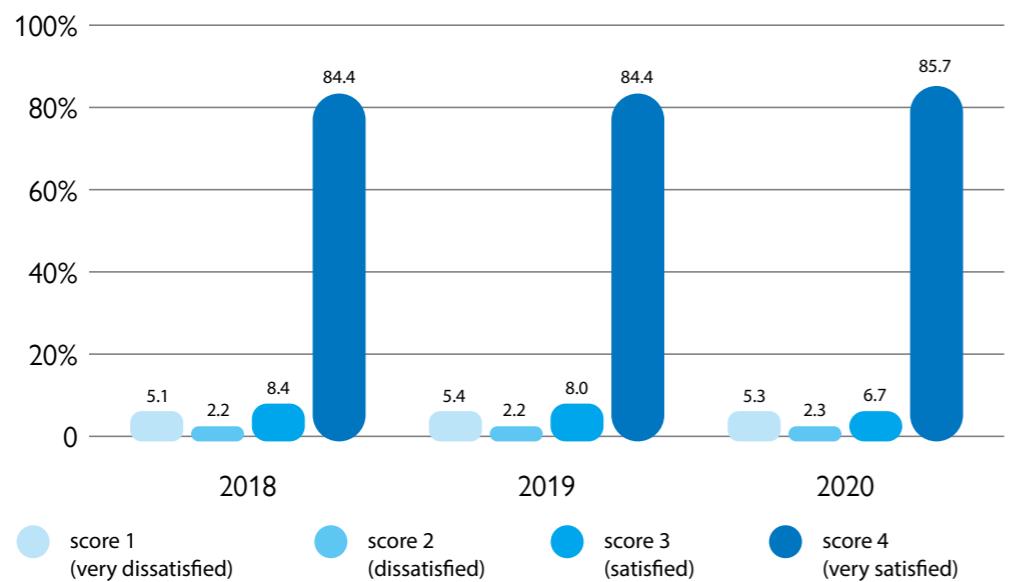
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After call survey

The customer satisfaction index at the end of the use of the A2A Energia Call Centre service was also recorded for 2020. The results were excellent: 85.7% of customers said they were very satisfied with the service they used.

Figure 44 Customer satisfaction after a call to the call centre (percentage on assessments recorded)



Satisfaction and quality of branches

As a result of the lockdown period, there was a significant reduction in counter flows during 2020. Despite the difficult situation, the **score was positive**: 99.60% of customers are satisfied with the service provided by A2A Energia counters (+0.9 percentage points compared to 2019).

Satisfaction survey on customer experience

Confirming its constant attention to listening to customers, A2A Energia explored the experience it has of the main contact channels (call centre, counter, forms and chat on the website) also in 2020.

During the year, it conducted hot surveys, interviewing customers within a week of their most recent contact with A2A Energia, on three topics: the first activation of a supply, the transfer of a contract and the request for information on the bill.

From the first and second analysis, the **experience of customers was excellent** on all the contact channels made available, both traditional and digital: they found it easy to get in touch with A2A Energia

Figure 45 Customer satisfaction on the services provided at A2A ENERGIA counters

| | 2018 | 2019 | 2020 |
|----------|--------|--------|--------|
| Positive | 98.30% | 98.70% | 99.60% |
| Negative | 1.70% | 1.30% | 0.40% |

and declared to be completely satisfied with the handling of their request. THEY ARE loyal and inclined to recommend A2A Energia. From the third analysis, a generally positive experience emerged from customers, who found it easy to contact A2A Energia, and – although compared with their expectations, the experience via the digital channel was considered improvable – they declared to be loyal and inclined to recommend A2A Energia. Comments on the digital channel were carefully considered and offered useful insights into how to target the redesign of the model of care offered through the website, which is currently being finalized.

Energy efficiency and mobility

A2A, through its subsidiary A2A Energy Solutions, proposes itself as a partner for businesses, condominiums and Public Administration to create solutions that promote energy saving, sustainability, comfort and electric mobility.

Energy efficiency

A2A Energy Solutions proposes itself as an ESCo and technological partner of companies, designing and implementing work through Energy Performance Contract (EPC), operational rental, implementation of tools to encourage the rational use of energy and energy management activities. Thanks to specialized consultants who help in the analysis of the different energy situations and in the identification of the solutions to be implemented, each project is the result of a careful process of analysis of the customer's energy needs in order to define solutions that are as tailor-made as possible.

For condominiums and the tertiary sector, 15 contracts were signed in 2020 that will contribute significantly to the reduction of CO₂ emissions into the atmosphere. The energy efficiency interventions have mainly concerned the city of Milan and for the most part, are aimed at reducing the consumption of thermal energy through the replacement of the heating system, with an estimated overall saving of 314 tonnes of CO₂. The first contracts concerning the installation of heat pumps and photovoltaic panels were also launched in 2020.

With 4.1 million euro spent and with a total of 3.9 MW of installed capacity, **12 projects of operational rental of photovoltaic systems** were carried out in 2020. The operational rental allows having a photovoltaic plant, without directly supporting the purchase cost, but paying a periodic fee. The rental contract has an approximate duration of 10 years and, at the end of the contract, the customer has the right to acquire the plant at no additional cost. For companies, this solution has several advantages, including: savings on bills, relief from tax charges and responsibility for managing insurance coverage costs, maintenance and administrative requirements.

On the other hand, there were **22 projects with installation of photovoltaic systems with incentives**, for a total of 13.36 million euro invested and 11.8 MW of installed power. On August 9, 2019, the new Ministerial Decree on incentives for renewable electricity sources was published, intro-

ducing new incentive mechanisms for newly built photovoltaic, on-shore wind, hydro and sewage gas plants.

The construction of plants in Ministerial Decree RES 1 is proposed to **customers as a replacement for roofs of buildings and rural buildings on which the complete removal of eternit or asbestos can be carried out**, as it allows, in addition to the removal of hazardous materials, the possibility of exploiting the energy produced for self-consumption, with an attractive fixed price for 20 years on the surplus of energy produced.

In 2020, **3 EPC contracts were signed**, with an investment of 2.6 million euro with 2.7 MW of installed capacity.

In Asti, at the Group's plant that recovers glass urban waste from separate waste collection, a photovoltaic plant has been built in "Full Service" operational rental mode (see also page 87). Thanks to the 1,269 modules installed on the roof, 85% of the energy needed to transform the recovered glass into an End of Waste (EoW) material is self-produced. The annual reduction in on-site withdrawal is approximately 437,000 kWh.

In addition, during 2020, **15 energy efficiency works were carried out for condominiums**, of which 12 involved the replacement of central heating units, 2 installations of heat pumps and 1 installation of a photovoltaic system. The emissions avoided for these works are 340 tonnes of CO₂ equivalent per year.

E-moving

Since 2010, with the E-moving project, A2A has developed a network of over 680 public charging points for electric vehicles. All the infrastructures integrated in the A2A E-moving circuit are new generation, allow two electric vehicles to be recharged at the same time and are powered by 100% renewable green energy, certified by the "Energia A2A Rinnovabile 100%" trademark.

In 2020, following the Memorandum of Understanding signed between the Municipality of Concesio and A2A Energy Solutions, 4 new quick charge infrastructures (*simultaneous charging of two electric vehicles on both sides in alternating current up to 22 kW*) were installed in the Brescia area.

A new city network dedicated to e-mobility was also inaugurated in Crema in 2020, with 5 recharging infrastructures, one of which is a fast charge type and another four are quick charge type.

An agreement was also signed between the Municipality of Carugate and A2A for the creation of a recharging network of 7 stations and the management of the service for 8 years. The agreement provides for the installation and management of 1 multi-standard fast charge station (simultaneous charging of two electric vehicles, one of which on the DC side up to 50 kW and the other on the AC side up to 22 kW) and 6 quick charge stations integrated into the A2A E-moving circuit.

The new stations of Concesio and Crema are added, along with the charging points for quadricycles and electric car sharing, to those installed in Milan, Brescia, Valtellina, and Monfalcone, for a total of 208 stations of which 26 fast charge.

Despite the lockdown, energy delivered during the year increased by 8% compared to 2019. In 2020, the service **provided 120,000 recharges** for a total of 1.7 GWh (6.0 TJ), corresponding to **11.1 million km travelled with zero emissions, saving over 1,000 tonnes of CO₂**.

In addition, the activity of involving the main players in the e-mobility sector continues with the aim of building widespread alliances and guaranteeing the central role of A2A in defining strategies for the development of electric mobility in Milan and Lombardy. The main aim is to "create a system", building solid and lasting relationships with all the operators in the sector (first and foremost the automotive sector), with the aim of formulating policy proposals to be submitted to the public decision-maker and promoting a model of excellence in Lombardy. The following projects were also carried out in collaboration with consumer associations:



CODICI Project "Polo Positivo: una mobilità più ecologica è possibile (Positive Centre: greener mobility is possible)"

With the aim of contributing to the dissemination and knowledge of the use of electric means of individual and shared transport, Codici Lombardia, in collaboration with La Casa del Consumatore, Assoutenti Lombardia and Codacons Lombardia, have realized the project "Polo Positivo" (Positive Centre), articulated in the following phases:

- 1) study and analysis of sustainable mobility from multiple aspects, with the identification of strengths and weaknesses;
- 2) test drives on site in three Lombardy regional capitals to verify a series of qualitative and quantitative elements of the cars (performance, consumption, efficiency, etc.);
- 3) production and dissemination on the social communication channels of a video tutorial that shares the realization of the project;
- 4) final conference for the presentation of the initiative entitled "Una mobilità più ecologica è possibile" (Greener mobility is possible), held in September in Baggero (CO).

Codacons Project "Be smart – drive electric"

With the intention to promote new sustainable lifestyles, a collaboration was created with Codacons on the subject of electric mobility. The project, launched in 2020 and not yet completed, has two main actions:

- 1) a sample survey, aimed at analysing if and how widespread the sensitivity towards the issue of electric mobility is;
- 2) a round table with experts and stakeholders, aimed at presenting the data emerging from the survey and comparing different experiences and future perspectives.

Public lighting

A2A Illuminazione Pubblica is the Group company that deals directly with the design, construction and maintenance of public lighting systems, guaranteeing, through the use of the latest technology, a reduction in energy consumption, the containment of light pollution and respect for the environment.

All new systems are made by installing lighting fixtures capable of offering performances in compliance with the regulations that prohibit the emission of light upwards to **eliminate the effects of light pollution**.

In 2020, A2A Illuminazione Pubblica took over the management of public lighting in Cologno Monzese. The **efficiency plan in the Municipality of Cologno** includes:

- the replacement of about 4,500 lighting fixtures that do not comply with the Regional Law for the containment of light pollution and energy saving with high-efficiency street, furnishing and decorative products equipped with LED sources;
- the redistribution and recalibration of the luminous fluxes installed, with colorimetric manage-

ment of the areas through preferential paths by using sources of different colour temperatures (2,200K, 3,000K, 4,000K);

- the replacement of 178 traffic lights currently not equipped with LED sources, with new lights equipped with energy-efficient LED modules.

These works, which will be completed in the first half of 2021, will lead to significant energy savings compared to current consumption, quantifiable at over 76%.

Work also began in 2020 on the total renovation of the lighting in Viale Ungheria in Milan. The project foresees the increase of the number of light poles, from about 60 to 120, with different heights, from 4 to 10 meters, to better illuminate the road and sidewalks regardless of the state of maintenance of the vegetation, very impactful in this area.

It should be noted that from November 1, 2020, with the implementation of the consolidation process of the AEB Group within the A2A Group, the share capital of the company A2A Illuminazione Pubblica became 100% owned by AEB S.p.A.

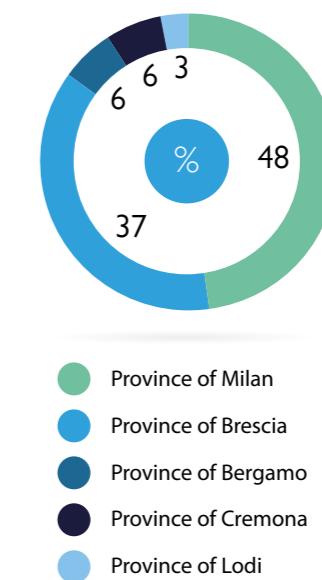
10.1.2 Relations with customers of the district heating service

The Group designs, builds and manages the production, distribution and supply of heat from **district heating**, adopting the most innovative, efficient and environmentally friendly technologies and management methods. District heating is a safe, clean, effective and cost-efficient system that, in addition to eliminating emissions near the places where people live and work, significantly reduces operating costs compared to traditional heating systems.

Through its subsidiary A2A Calore & Servizi, the Group manages district heating in the cities of Milan, Sesto San Giovanni (Mi), Novate (Mi), Cassano d'Adda (Mi), Brescia, Bovezzo (Bs), Concesio (Bs) and Bergamo; from January 31, 2020, A2A Calore & Servizi will also operate in the municipality of Cologno Monzese. Through the company Linea Green, it manages district heating in the cities of Lodi, Cremona, Crema (Cr) and Rho (Mi).

This service is currently delivered to over 26,200 users (individual residential units in the case of independent heating or whole buildings in the case of centralised heating), for a total served volume of approximately 115 million cubic meters.

Figure 46 Geographical distribution of the volume served by district heating



- Province of Milan
- Province of Brescia
- Province of Bergamo
- Province of Cremona
- Province of Lodi

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In 2020, to encourage the development of district heating in the city of Bergamo, A2A Calore & Servizi entered into an agreement with REA Dalmine, a company owned by Greentesis Group. Thanks to the agreement, it will be possible to increase by 50% the heat available in the Bergamo district heating network, recovering it from the Dalmine waste-to-energy plant. A "Bergamo più green" offer has been implemented for all buildings with a central heating system that can be connected to the district heating network in the development areas. New customers are offered free of charge the realization of all connection works, including the installation of the heat exchange substation and its heat exchanger and the reconnection to the existing secondary system. Among the benefits, there is also a tax credit granted to the customer directly in the bill: a tax reduction linked to the amount of "renewable" heat used by the system and generated by the energy recovery of the biodegradable portion of waste. It is also possible to choose the "Ambiente sicuro" formula, entrusting A2A Calore & Servizi with the reclamation of the premises where the systems are located, freeing the condominium from materials that are hazardous to health, such as asbestos and fav, with a "turnkey" formula. The "Ambiente Sicuro" commercial proposal is also extended to the development areas of the district heating network in the city of Milan.

In addition, as part of the decarbonization of the urban fabric, A2A Calore & Servizi has carried out the **LombHe@t** project (see page 97), with the aim of identifying heating solutions with low environmental impact. In particular, through the devel-

opment of a heat recovery system from industrial sources and an intelligent district heating network, optimized and highly efficient management is possible.

Quality of services provided and attention to customers

A2A Calore & Servizi operates in accordance with the standards indicated by the Regulatory Authority for Energy, Networks and Environment (ARERA) in Resolution 661/2018 on the regulation of commercial quality.

Also in 2020, the company continued to organize the "T-lab" meetings, a format of courses on district heating with the aim of training and informing not only customers, but also citizens and operators in the sector on the **good use of the district heating service**, more efficient plant **maintenance** and **new technologies**. The courses have been designed for 4 types of target: heating system maintenance technicians (maintenance), condominium administrators (managers), end customers (customers), architects and engineers (designers). Several meetings were organized in 2020: for example, with the National Association of Builders (ANCE) of Brescia, a technical visit was organized to the district cooling pavilion on the heat storage system of the North Plant; with ANCE Bergamo, a **webinar** was organized on the **potential of district heating in Bergamo** and also an institutional visit to the new district heating pumping station in Via Cilea.

SMART GRID Banco energETICO (ETHICAL Energy Bank)

The project was created to develop increasingly innovative and intelligent systems that recover energy from production sites with subsequent distribution at reduced prices to the weaker segments of the population. A2A Calore & Servizi, in collaboration with Alfa Acciai S.p.A., the University of Brescia and DH-PLANET S.r.l., have set themselves the objective of developing an innovative and efficient system for recovering energy from industrial heat waste deriving from the Alfa Acciai production site. The **energy recovered will then be fed into the neighbouring district heating network already serving the city of Brescia at controlled prices**. The project in fact envisages the setting up of an **Ethical Energy Bank**, managed by A2A Calore & Servizi, in favour of the weaker sections of the population.

10.1.3 Relations with customers of the integrated water service

A2A Ciclo Idrico and ASVT manage the services connected with the Group's integrated water cycle, handling the supply, treatment, distribution, transport and sale of water in the province of Brescia.

In 2020, there were **222,451** users connected to the **aqueduct** service, **667,736** inhabitants connected to the **sewerage** system and **562,631** those served by the **treatment**.

The drinking water distribution service was not interrupted in 2020, except for some segments that were disconnected to allow for the repair of accidental failures.

Quality of services provided and attention to customers

The quality of the Group's Integrated Water Service is regulated by the ARERA, which monitors certain parameters, including those relating to the emergency telephone service and the time of arrival at the place of call for alerts relating to dangerous situations, setting general standards of contractual quality.

The emergency telephone service for reporting inefficiencies, irregularities or interruptions in supply is free of charge from fixed and mobile networks and active 24 hours a day, every day of the year. The service provides, if necessary, instructions on

the conduct to be adopted immediately to protect their own and others' safety, pending the arrival of the emergency team. The Group provides various channels, as well as informative materials, to communicate with citizens. In 2020, the A2A Ciclo Idrico call centre service processed 161 thousand calls (41 thousand more than 209), maintaining excellent service quality levels with an average wait time of 177 seconds (152 in 2019).

Since December 2020, for A2A Ciclo Idrico the **new online booking service** for the counters has been active on the website, thus avoiding queues and waits, and therefore assemblages. Thanks to this service, both private individuals and companies and professionals will be able to choose the date and time of their appointments for all kinds of requests: contract management, requests for quotes, consumption checks, waste card collection, but also general information. After completing the booking process, a confirmation email will be received containing the QRcode to be presented on the day of the appointment in order to check in at the dedicated totems. This is an additional service which, in this period of the spread of the Covid-19 pandemic, allows A2A customers and staff to manage appointments and all the needs of users safely and with the appropriate distancing, avoiding waiting at the offices.

Figure 47 General indicators of the emergency service

| 2020 | Standard | A2A Ciclo Idrico | | ASVT | |
|---|--------------|---------------------------------------|---------------------|---------------------------------------|---------------------|
| | | Cases that comply with the standard % | Actual average time | Cases that comply with the standard % | Actual average time |
| Response time to emergency call | ≤120 seconds | 91.55 | 64 sec | 93.34% | 52 sec |
| Arrival time at the place of emergency call | 3 hours | 97.48 | 1:19 (h:mm) | 100% | 00:47 (h:mm) |

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10.1.4 Relations with customers of the municipal sanitation service

Through the companies AMSA, APRICA and Linea Gestioni, the Group manages the municipal sanitation services of 108 municipalities, for a total of more than 3.5 million citizens served, in the provinces of Milan, Brescia, Bergamo, Como, Lodi, Lecco, Monza and Brianza, Mantua, Cremona and Genoa.

Promotion initiatives for separate waste collection

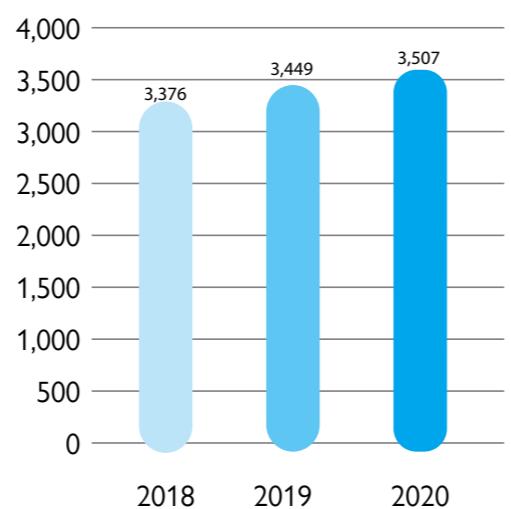
In order to obtain high levels of separate waste collection, in addition to an adequate service, it is necessary to support and encourage correct behaviour on the part of citizens also through initiatives and information campaigns that are able to effectively reach the population.

In fact, the Group's focus on good practices and the circular economy is also evident in its activities to provide information and raise awareness among citizens.

The Group's environmental hygiene companies create new (for new areas) or periodically update **separate waste collection guides**. These documents contain advice and suggestions for reducing the production of waste in the home, precise indications for separating and disposing of the various fractions of waste correctly and practical information on all the accessory services (collection centres, collection of bulky waste, special collections such as green waste, hazardous waste, exhausted oils, batteries, medicines) that complete the range of services that Amsa and Aprica make available to municipalities. The document is completed by a specific section called "**dove lo butto**" (where do I throw it) that summarizes the correct destination for the vast majority of waste that can be produced in the home (over 600 items).

During 2020, **new guides for the municipalities of Milan, Rapallo, Chiavari and 7 other municipalities** were produced and massively distributed. In particular, more than 700,000 copies of the Milan guide were distributed, reaching everyone in the city. **Annual collection calendars** have also been produced for the municipalities of Saronno and Buccinasco: each monthly page deals with specific

Figure 48 Total number of users of the municipal hygiene services (thousands)



aspects of the municipal sanitation service, suggesting to citizens how to carry out good waste separation.

All the projects carried out by Amsa and Aprica are supported by communication activities and public awareness. Among the main 2020 campaigns:

- **the communication campaign to improve the quality of plastic** collected in Milan, with the aim of making people aware of certain categories of waste normally thrown into plastic containers, but which should instead be disposed of differently;
- **the campaign on the correct disposal of packaging cartons**, which has been steadily increasing in recent years due to the explosion of e-commerce, and to promote the collection of cartons in condominiums;
- **the information campaign, launched on social channels** in the areas served by APRICA, on the damage caused by cigarette butts abandoned on the ground, urging disposal in street bins.

Lastly, in the city of Bergamo, APRICA launched an important project on the distribution of sacks: the physical distribution of sacks, which was carried out annually, was discontinued in favour of the **installation of 15 automatic dispensers of sacks** for plastic and non-differentiated waste in various parts of the city. The aim of the project is to encourage the reduction of non-differentiated waste by measuring the number of bags collected annually from each user.

AMSA has decided to activate all the services available for waste management in the **new REDO Milan area**, transforming it into a "model" area. This was followed by an extensive information campaign with customized tools for each target: linguistic and cultural mediators for foreigners, specific activities for young people, tutoring and acknowledgement of responsibility of users. Among the first initiatives, developed in a manner compatible with the restrictions related to the health emergency, a webinar that involved, with the support of REDO and Poliedra representatives, current and future residents on the topic of separation of household waste, with an initial focus on waste produced during the moving phase. Specifically, the "**Trasloco sostenibile**" (Sustainable Moving) manual was

developed and distributed digitally to residents, to raise awareness of the opportunities to reuse and recycle materials in the home before moving and the most correct way to dispose of what cannot be reused.

In 2020, A2A and **Amazon** signed an **agreement to convey information about the search engine "Dovelobutto" through the voice assistant Alexa**. Citizens who do not know how to dispose of certain types of waste can query Alexa and get useful information with respect to sorting and recycling.

Also in 2020, **the collaboration was created between A2A and Deliveroo**. The project, in line with the Strategic Plan drawn up with the Municipality of Milan and the Municipality of Brescia, was created with the aim of **increasing and improving separate waste collection, starting with information and environmental education for citizens and commercial users in Milan and Brescia**. During the year, AMSA and APRICA in Milan and Brescia delivered 20,000 leaflets directly to consumers and to the 32 restaurants involved in the project.

COVID-19 MANAGEMENT

For the purposes of managing the Covid-19 emergency, AMSA and APRICA carried out a number of extraordinary initiatives, planned in response to government provisions and requests from municipal administrations. In particular, the services carried out concerned the areas of Como, Bergamo, Brescia and Milan.

Between March and May, a **new street washing service was introduced**, using a vehicle that sprayed the city streets with a solution of sodium hypochlorite diluted with water. In Milan, the service, which was carried out in two cycles, covered a total of 2,500 km, with a daily average of 150 km, in Bergamo a total of 320 km, in Brescia 150 km and in Como all the roads in the city.

Also for the management of public green areas, an **extraordinary washing of the play areas in public parks** was organized. In particular, the service was carried out at sites identified by the municipalities (at 400 areas in Milan, 50 in Bergamo and 145 in Brescia). At the end of the service, a sign was placed indicating the sanitized area.

The service of delivering bins and collecting waste from nursing homes or Covid facilities WAS organized in a specific way. The service, which is still active at present, is carried out by each of AMSA four operating departments by means of a team of non-differentiated waste collectors made up of dedicated personnel, provided with suitable Personal Protection Equipment. In the users identified, hospital facilities with specific Covid departments and hotels/quarantine reception centres defined by the Municipality of Milan, separate waste collection was suspended, in line with the indications of the Istituto Superiore di Sanità (National Health Institute), and a supply of bins for non-differentiated waste collection was provided.

AMSA has **offered a service for the homeless, who are unable to use the toilets in the premises closed as a result of the health emergency, by positioning mobile toilets in 13 locations** identified by the Municipal Administration.

With the support of specialized companies, APRICA **sanitized** roadside bins using an atomiser that sprayed a solution of quaternary ammonium salts and hydrogen peroxide.

Quality of services provided and attention to customers

The services offered are regulated by a specific **Service Charter**, which describes the terms, methods and quality of services offered to citizens in the municipalities served.

As regards the call centre service, despite the high number of calls (over 400 thousand in total), customer satisfaction levels are very high.

Figure 49 Call centre quality indicators

| AMSA | APRICA |
|--|--------|
| Accessibility of lines and services (time when line is free vs operator presence time) | 100% |
| Accessibility of lines and services (time when line is free vs operator presence time) | 28 |
| Percentage of successful calls | 98% |
| Accessibility of lines and services (time when line is free vs operator presence time) | 100% |
| Average waiting time (minutes seconds) | 107 |
| Percentage of successful calls | 88% |

Through the Customer Centre Ambiente, AMSA and APRICA manage contacts from traditional channels (e-mail, fax) and from new digital channels (website and app). Most of these contacts in 2020, provide a written response to the customer; the Customer Centre Ambiente, after interfacing if necessary with the relevant operational departments, issued more than 10 thousand responses mainly sent via web channel, app. In addition, AMSA and APRICA provide an outbound call (recall) service for users who have not been able to get in immediate contact with telephone operators. By selecting the appropriate key, customers can leave their phone number and be contacted within a few hours. The service is used and much appreciated and has allowed more than 22 thousand recalls throughout 2020.

Customer satisfaction survey on AMSA services

Also in 2020, a Customer Satisfaction survey was carried out on the services that Amsa offers to citizens, managed directly by the Municipality of Milan, according to the provisions of the current service contract.

The survey, administered by telephone to 4,135 residents in Milan, was carried out with the aim of verifying the level of satisfaction with the services provided and identifying strengths and possible areas for improvement. AMSA overall performance is appreciated by 92% of the Milan population and confirms last year's average rating: 7.8 on the classic scale from 1 to 10. The relationship between citizens and AMSA takes place almost exclusively remotely through the toll-free number and the website. The toll-free number left 9 out of 10 users satisfied, with an

average score of 8.2, and the website is also appreciated with an average score of 7.2.

Every year the satisfaction of the commercial operators of Milan is also investigated. In this case, 200 interviews were conducted with representatives of different sectors of activity (hotel services, bars, restaurants, retail/wholesale and industry/production activities). The overall satisfaction with the services offered by AMSA was 7.8 (average rating). AMSA also investigated the level of satisfaction of the citizens of the 14 neighbouring municipalities served who promote with an average score of 8.1 (on a scale of 1 to 10) the work of cleaning and waste collection, equaling the excellent assessment expressed in 2019 (see assessments on page 66 of the Supplement).

Customer satisfaction survey Bergamo

Also this year, the usual biennial Customer Satisfaction survey has been carried out in Bergamo, in order to understand the satisfaction of citizens and businesses about the services offered by APRICA. In addition to satisfaction with the service as a whole, satisfaction was measured for individual aspects (7.95 on a scale of 1 to 10): waste collection, recycling and street cleaning. The research serves to monitor the evolution of citizen satisfaction over time and to establish priorities for intervention with a view to continuous improvement. Both domestic (1,000 interviews) and commercial (300 interviews) users were involved, by means of CATI (Computer Aided Telephone Interviewing) interviews, administered by means of a structured questionnaire with closed and open questions, aimed at exploring the reasons leading to the different score (see the results in detail on page 66 of the Supplement).

10.1.5 Fairness and transparency in customer relations

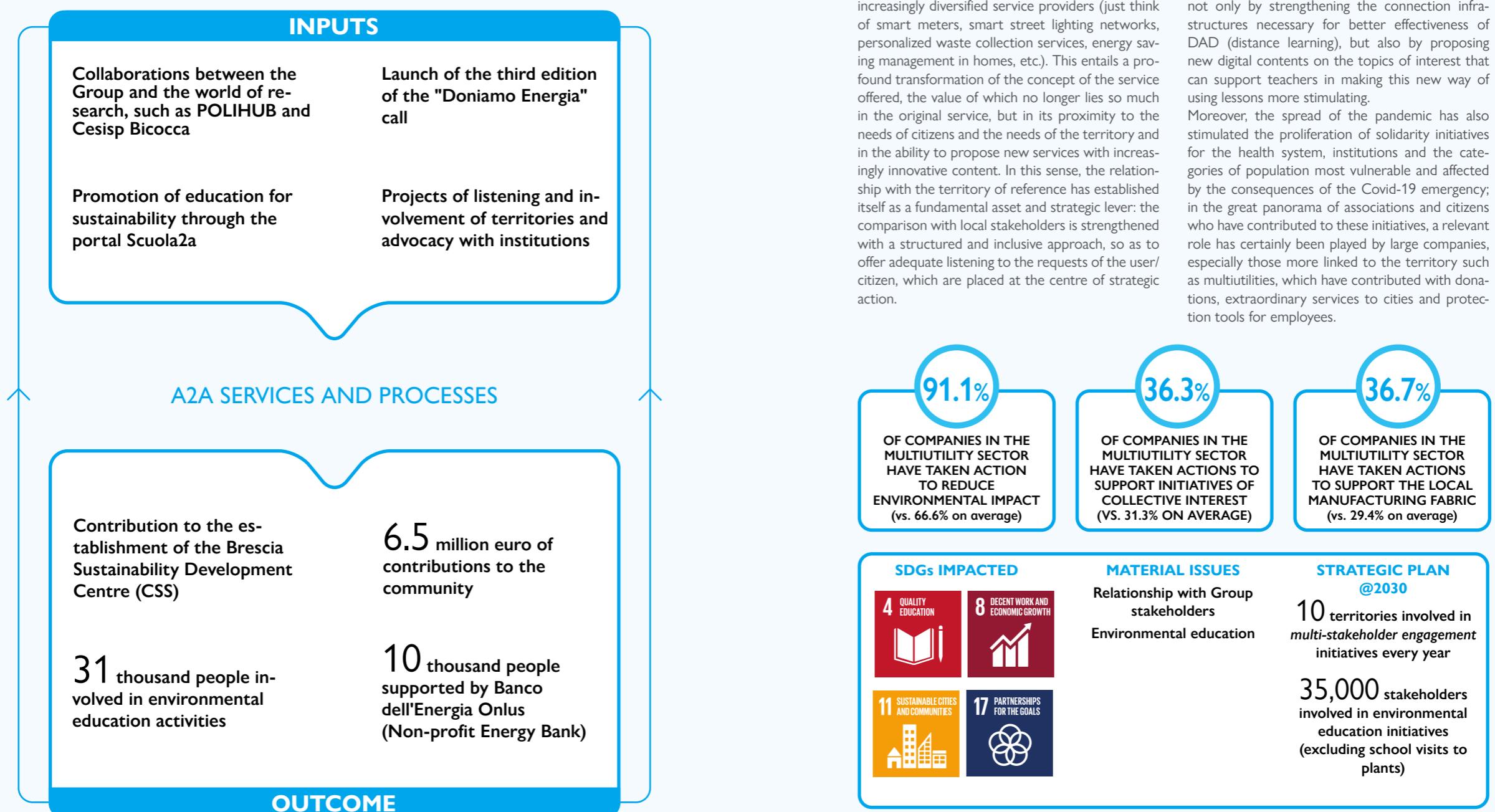
In 2020, the Group did not receive any sanctions for non-conformity with laws or regulations relating to the supply and related services, for marketing, sponsorship and communication activities.

The three proceedings initiated against Group companies by ARERA and AGCM during 2019 were closed by the end of that year.

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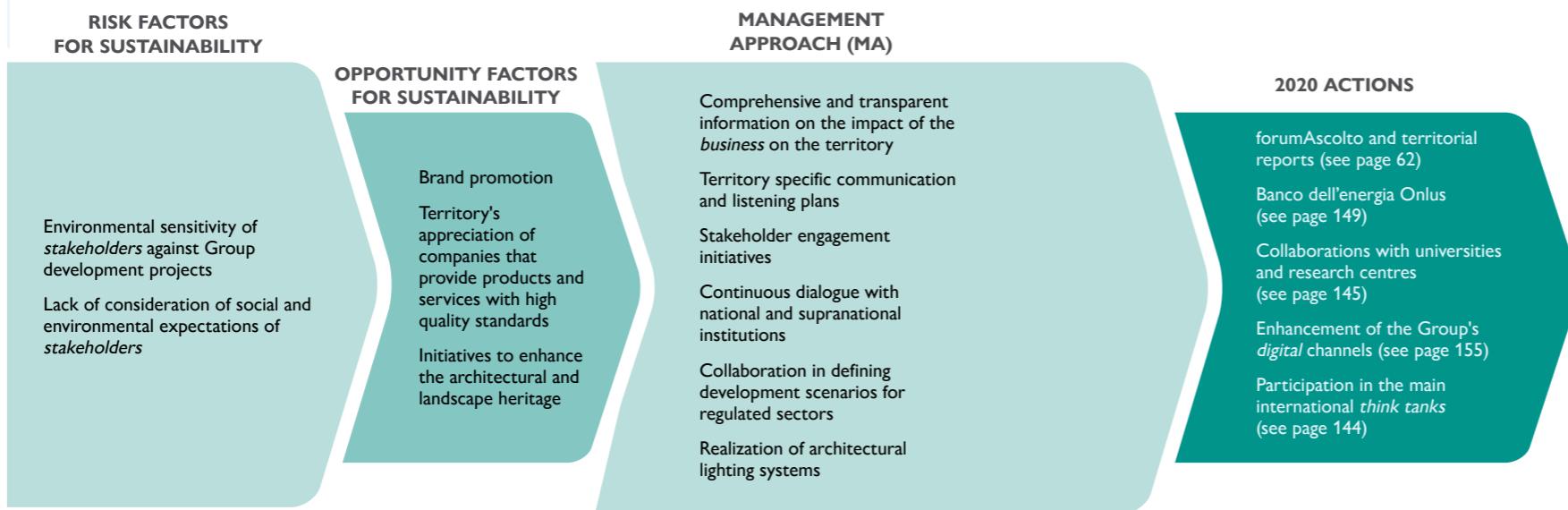
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Relationship with Group stakeholders

Means development of business activities in complete respect of stakeholders, also thanks to transparent communication and full collaboration; participation in round tables with entities and institutions able to influence national and international strategies; promotion of projects for the creation of shared value in the territory and local communities (e.g. urban regeneration activities); identification of needs and necessities of stakeholders and project activities that can effectively meet their needs (e.g. social needs).



SUSTAINABILITY PLAN ACTIONS



Active local and environmental education

Sensitisation of the local community to a responsible use of resources, energy and the importance of re-using materials so as to minimize waste; promotion of environmental education initiatives (e.g. schools), of active citizenship and knowledge of Group activities, including through the organisation of tours to plants.



SUSTAINABILITY PLAN ACTIONS



10.2.1 Relations with entities and institutions

The role and nature of the A2A business require constant dialogue and a comparison of notes with national and European institutions, regional authorities and local entities. Relations with bodies and institutions are managed in compliance with A2A's Code of Ethics.

In 2020, the main topics covered were:

- **positioning** of the new top management and the related new plan guidelines towards institutional and association decision-makers;
- monitoring of **European legislation** in the areas of competence;
- representation of the **main dossiers** of interest to the Group to the new national and local institutional representatives;
- monitoring and proposals on the legislation for the renewal of **hydroelectric concessions** in Italy (hearing on the bill submitted by the Friuli Venezia Giulia Regional Council, together with other operators in the sector and the Mountain Communities);
- regulations on the exceeding of the **protected** market on the electricity and gas market;
- proposed legislation on the **water cycle**;
- discipline of **end of waste**;
- **capacity market**;

A2A has actively participated in the most important think tanks at national level, including, by way of example: Ambrosetti, ISPI, Aspen Institute, SAFE and I-com, with the aim of **fostering the development of opportunities and strategies through the political, economic, environmental and social analysis of the contexts in which it operates**.

TRADE ASSOCIATIONS

A2A adheres to more than 100 various trade associations, including:

- **AIRU** (Italian municipal heating association), which aims to promote and disseminate the application and innovation of territorial energy plants, in the sector of district heating and district cooling. Lorenzo Spadoni, CEO of the AEB Group, is president of AIRU;
- **CEWEP** (Confederation of European Waste-to-Energy Plants), the association that brings together the operators of Waste-to-Energy (incineration with energy recovery) plants;
- **EUROELECTRIC**, the sector association representing the common interests of the European energy industry;
- **Confindustria** and, in particular, **Elettricità Futura**, in which the A2A CEO is Deputy Chair, **Assolombarda** and **Green Economy Network**, the network promoted to create opportunities for the exchange of information and commercial agreements between businesses offering products, technologies and services for environmental and energy sustainability;
- **Utilitalia**, the Federation of companies operating in the public services of water, the environment, electricity and gas. The Chair of A2A holds the position of Deputy Chair of the Association.

10.2.2 Collaborations with Universities and Research Centres

Collaboration between the Group and the world of research enables A2A to have at its disposal the innovative and cutting-edge skills of the university world for its areas of activity and experimentation, and the universities to have a university experience that is more oriented towards the world of work.

The study of the Environmental Defence Fund

In July 2020, in the offices of A2A, was the presentation of the first results of the study by Amici della Terra, in collaboration with the *Environmental Defense Fund*, an American environmental association, and with the participation of Unareti for A2A, on the methane emissions of the natural gas chain in Italy. The report, in addition to providing a state of the art of the situation in Italy, aims to propose market instruments for the **reduction of methane emissions in the natural gas supply chain**.

Cesisp Bicocca

In 2020, the second edition of the research project "Measuring the objectives of the circular economy in urban centres" was promoted, which stems from the collaboration between CESISP – Centro Studi in Economia e Regolazione dei Servizi, dell'Industria e del Settore Pubblico (Study Centre in Economics and Regulation of Services, Industry and the Public Sector) of the University of Milan Bicocca – and the A2A Group. Given the centrality of urban contexts in the dissemination of circular economy models, CESISP has updated for the second year **the research project for the construction, mapping and comparison of the degree of urban circularity in the main Italian cities**. This project has not been limited to a mere classification exercise, but is intended to be one of **the evaluation tools useful for the environmental policies of urban centres**. What emerges is a "circular triangle" consisting of Lombardy, Triveneto area and Emilia Romagna, where the results are encouraging and values are about twice as high as those found in Southern Italy.

Politecnico di Milano – Polihub

The project, which aims to **identify new technologies and innovative business models**, involves the collaboration of 360 Capital, the main Italian and European venture capital player, and the Politecnico di Milano with the Poli360 fund, which

leverages the *Technology Transfer Office* and the *Polihub* incubator. The Group encourages innovation by investing in high-potential start-ups through its Corporate Venture Capital initiative (see page 151).

The European House – Ambrosetti

Presented during the *Forum* in Cernobbio the project "The key role of *multiutilities* for the sustainable relaunch of Italian territories", carried out by *The European House – Ambrosetti* in collaboration with A2A. The study provides a snapshot of the country and its various territorial systems in three key areas for sustainable transition: energy, environment and water cycle. The **gaps that the Italian territories have today with respect to the European best practices** have been **highlighted**, but also the systemic criticalities (such as the authorization procedures for new *utility-scale* plants for the generation of electricity from renewable sources and the **gap** for more effective waste management) which, if not properly addressed, could compromise the achievement of the targets set by the country.

A steering committee for sustainable development is created in Brescia

In November 2020, A2A signed a partnership agreement with the University of Brescia, the Brescia Chamber of Commerce, Industry, Crafts and Agriculture, Confindustria Brescia and UBI-Fondazione CAB to **set up a Sustainability Development Centre** (CSS), with the sponsorship of the Municipality and Province of Brescia. The objective of the collaboration is to **accelerate the concrete and transversal implementation of the principle of sustainability in the processes, services and activities of Brescia**, laying the foundations for Brescia to be fully recognized as a sustainable model of development and innovation. The Sustainability Development Centre will be primarily responsible for **preparing and monitoring the implementation of the Territorial Strategy for Sustainable Development** (STSvS), an organic plan for sustainable development on a provincial scale that identifies functional territorial objectives to achieve the targets of the UN 2030 Agenda and those of the National and Regional Strategy. A team of researchers, technicians and experts will focus on defining the STSvS and implementing specific system projects.

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10.2.3 A2A and the regulation stakeholders

The A2A Group operates in contexts in which regulation by independent administrative Authorities plays a fundamental role in promoting competition and protecting consumers and users. In addition to these more traditional objectives, there is an increasing need to direct the services carried out in the energy transition and environmental sectors towards targets consistent with the decarbonization path, making regulation an integral and enabling part of the sustainability path of these sectors.

The Group adopts a **regulatory risk monitoring and management policy** in order to adapt its industrial strategies to the opportunities and constraints of the national and Community framework on public services and competition. The monitoring consists of an oversight system, structured into several levels, which involves first and foremost collaborative and loyal dialogue with the institutions including: Regulation Authority for Energy, Networks and Environment (ARERA), the Antitrust Authority (AGCM) and local sector technicians, and the active participation in Trade Associations and working groups established by these entities. The issues of euro-unitary derivation are also monitored, through participation in the relevant Community Associations (including Eurelectric and Cedec), so as to know "in advance" what will be transposed into Italian law.

In recent years, the Group has been actively involved in the definition of the *National Integrated Climate Energy Plan* (PNIEC), which contains the country's decarbonization trajectory and 2030 targets for renewable sources, energy efficiency and greenhouse gas emissions, expressing its position in favour of ambitious objectives that are consistent with the EU *Clean Energy Package* on an ongoing basis at national and EU associations and at conventions and meetings on these issues (mainly at university and industry think tanks).

This commitment was further strengthened in 2020, particularly following the presentation of the Green Deal by the newly established Von der Leyen Commission, which launched numerous initiatives with the goal of making the EU climate neutral by 2050: these include the adoption of the taxonomy for sustainable investments, and the "system integration", "energy community" and "renovation wave" initiatives. The emphasis on these policy actions and the holistic approach of the *Green Deal* were fully shared by the Group, which organized a special internal cross-departmental discussion (*Regulatory Breakfast, September 2020*) and provided suggestions and proposals directly

and/or through the representative associations for the definition of a gradual but irreversible transition path capable of generating positive externalities for the economy and employment.

A2A has therefore played an active role in the transition to the new energy paradigm and circular economy, promoting the enhancement of industrial assets and technological innovation projects. In the many occasions of dialogue and interaction with institutions and other stakeholders, this activity has taken the form of monitoring the national framework that will have to make the EU objectives achievable. Specifically, the main issues of interest in the energy transition were addressed through regulatory and policy proposals, including the following:

- revision of the **electricity market design** for more efficient integration of renewable generation;
- with regard to the promotion of **renewable sources and efficient consumption configurations**, the evolution of the regulations and the application of the so-called Ministerial Decree RES 1, also supporting the Group's initiatives in expressing the need for greater certainty and timeliness in authorization processes;
- resolution of the difficulties affecting the **White Certificates mechanism**, which will have to be addressed by a special ministerial decree on energy efficiency, which is being defined for the new regulatory period (2021-2024);
- need for a stable and certain framework for initiatives which, as in the case of **biomethane** production, represent essential drivers for decarbonization and circularity;
- regulatory and tariff mechanisms to support investments in **upgrading and digitalization of distribution networks**;
- boosting the development of **electric mobility** through an active role in the infrastructure of public recharging and in the provision of the necessary services for users;
- participation in **innovative projects** (e.g., Terna pilot projects on synchronous compensators in Brindisi and on virtual production/consumption units) and in analyses of projects that can contribute both to the decarbonization of generation facilities and the provision of useful services to the national electricity grid.

Particularly with regard to "frontier" issues, the Group has been involved in technical working groups and public hearings within the Ministry and ARERA, where emerging issues such as the devel-

opment of the national hydrogen supply chain downstream of the MiSE National Strategy are addressed.

A2A also strongly adhered to the circular economy objectives and contributed to the identification of a framework of virtuous rules for businesses and citizens. The Group's commitment in this sector was particularly evident in the contributions made, individually or as part of associations, to the issues relating to the resolution of the deadlock in the so-called *end-of-waste* regulations, as the key to the development of the recovery chains, and the new ARERA regulations on the integrated waste cycle.

The same approach of attention to environmental aspects and opportunities for infrastructure adaptation has also permeated the engagement activities in the water service, where the work of making users aware of the role of ARERA regulations and the need for industrial management of the service to achieve environmental objectives appears particularly relevant.

Finally, the Group undertook to help disseminate the regulatory culture internally and externally, as a driver for innovation and transparency of services. Monitoring and control tools (such as the Regulatory Review prepared every six months or the Regulatory Agenda drawn up at the same time as the Budget/Plan) have been implemented internally and are constantly updated in order to consider the potential impact of regulation on Group companies and to ensure constant dialogue with the Business Units.

In 2020, a year marked by the pandemic emergency, adherence to the culture of regulation was more important than ever in order to guarantee the continuity of the services provided in conditions of safety for users and consumers, as well as for Group workers. Dialogue with the relevant institutions, in order to promptly identify the best ways to manage the problems that have arisen as a result of the extraordinary situation that has arisen, has proved to be the decisive factor in ensuring the maintenance of quantitative and qualitative standards of services that, particularly during the lockdown period, have become even more essential for citizens.

10.2.4 A2A and relations with Territorial Committees and Associations

Advocacy actions on the territories

In order to maintain constant dialogue with the population in the main areas in which A2A is present with plants or services, specific meetings are regularly organized, reserved for representatives of consumer and environmental associations and committees, for the presentation and in-depth study of initiatives and projects concerning all Group companies.

As part of the innovation projects linked to the decarbonization objectives for the San Filippo del Mela and Monfalcone power plants, meetings continued, also online, with the aim of exploring the conversion projects by A2A technicians and to gather suggestions and concrete initiatives to be taken in the area from stakeholders.

In November 2020, a Memorandum of Understanding was signed between A2A, Legambiente Sicilia, Sicindustria and the Municipality of San Filippo del Mela, aimed at raising awareness in the area of the **problem of asbestos** and proposing solutions that together develop renewable energy.

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As part of the initiatives put in place to raise the awareness of the population, a meeting was held organized by Sicindustria and dedicated to companies in the area, where A2A Energy Solutions presented proposals for energy efficiency, in particular the company's experience in the construction of photovoltaic plants for new buildings to replace the roofs of buildings with the removal of asbestos.

Moreover, with the territorial consumer associations and local administrations, round tables are underway for the drafting of the **"Quality charters of the environmental sanitation services"** in the municipalities where AMSA and APRICA operate.

In 2020, the coordination of activities related to the out-of-court dispute resolution protocol (ADR – Alternative Dispute Resolution) for joint settlements and the management of the conciliation secretariat for the ARERA Conciliation Service managed by Acquirente Unico also continued.

ADR – Alternative Dispute Resolution

With reference to **conciliation** requests, in 2020 was the continuation of activities started with the **Memorandum of Understanding signed in 2016 between A2A and the national consumer associations for the promotion of joint multi-service conciliation, aimed at ensuring an amicable settlement of any disputes (ADR)** that may arise between consumers and A2A in respect of the supply and distribution of gas, electricity, water service and district heating.

According to that introduced by the Integrated Conciliation Act (TICO) approved by ARERA, as from January 2017, electricity and gas customers, domestic and otherwise, must obligatorily apply for conciliation (ADR) to settle any disputes not set-

tled through complaints made to operators before referring to the ordinary judge. The attempt at **obligatory conciliation can be exercised through the bodies provided for by the TICO, including the A2A – Consumer Associations ADR Body**, Chambers of Commerce and other ARERA recognized bodies.

With regard to **joint conciliations**, in 2020, the number of cases received decreased by 40% compared to the previous year, probably due to the closure of many offices of consumer associations caused by the pandemic and the consequent lack of assistance to consumers who prefer to handle cases *face-to-face*.

In total, the conciliation secretariat of **the A2A – Consumers Association ADR Body** received 31 requests on behalf of gas, electricity and water customers, of which 21 concerned A2A Energia, 8 A2A Ciclo Idrico and 2 Unareti, linked mainly to the metering of consumption and billing.

With regard to the **ARERA Conciliation Service managed by Acquirente Unico**, requests have decreased by 2%; here too, the probable causes are to be found in the current pandemic, which has had a negative impact, albeit to a lesser extent than in the case of joint conciliations, since this tool is managed entirely *online*. The number of files received was 122, of which: 88 concerning A2A Energia, 17 A2A Ciclo Idrico, 1 Azienda Servizi Valtrompia, 1 LDRETI and 13 Unareti.

Unareti also received **127 summonses** compulsory as technical aide, essential to the correct, effective processing of the disputes for conciliations started by customers of the various sales companies.

Finally, as in previous years, in coordination with other ADR bodies, online training courses were organized for energy and water conciliators coordinated by Consumers' Forum.

BANCO DELL'ENERGIA ONLUS

In 2020, 16 projects were launched, winners of the second edition of the "Doniamo Energia" tender promoted in collaboration with the Cariplo Foundation, with **the aim of assisting families in vulnerable social and economic positions throughout Lombardy**. The first two editions of the tender, for which Banco dell'Energia raised a total of 2 million euro, doubled by the Cariplo Foundation, **allowed the selected bodies to intercept fragile people at an early stage and facilitate their reactivation**, supporting them in paying for urgent expenses (such as the bills of any energy operator), however trying to provide broader responses that take into account the issues related to work and social ties. **In 2018, a total of 10,000 people were supported who were able to count on personalized paths and initiatives to overcome the situation of temporary difficulties, strengthen relevant relationships within their own community and when possible, take action to "return" to the benefit of the community.**

Most of the projects involved low-income households, at risk of slipping into poverty and with a high percentage of dependent minors (43%), which represent the primary target of the tender. Some projects, in particular, were heavily targeted at single women with children.

In order to allow an in-depth analysis of the data, the tenders also provided for careful **monitoring**, from which it emerged that the economic indices concerning employment and resources (debt, income and access to structural aid) of the families involved all **improved significantly**.

The third edition of the tender was also launched, reserved for networks supported in the two previous editions, and therefore already able to intervene quickly to respond to families who suddenly slipped into poverty following **the**

Covid-19 emergency in the Lombardy region, one of the most affected in terms of contagion. 17 projects were selected, with a significant enlargement of the network of collaboration between the institutions and an even greater expected result in terms of effectiveness, by virtue of the experience already gained in the two previous editions.

Fundraising is always active and aimed at all citizens, companies, A2A Energia customers and employees of Group companies. The latter, in particular, gave a very positive response to the numerous fundraising campaigns proposed during the year, giving a sign of sensitivity and sharing the great social value of the initiative. Instead, thanks to the donation of Amazon vouchers by A2A Energia, Banco was able to thank the Group's employees who had made a donation, with a gift that could be chosen from a special catalogue.

The technical partner of the tender "Doniamo Energia" is RSE S.p.A. (Ricerca sul Sistema Energetico), with which Banco dell'Energia has organized a series of **training sessions** on the subject of energy and dedicated to all the entities connected to the networks of the winning projects and their operators.

Banco dell'Energia was also **Charity partner of the "Walking Day"** held in Milan on October 18, 2020: a solidarity walk, organized in Parco Sempione, which allowed raising funds through a minimum donation, in favour of Banco, for each member, and which was successful with the involvement of many participants, despite the moment of emergency.

For more information
www.bancodelenergia.it

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10.2.5 Responsible investments in the community

Support for the many activities and initiatives with a social purpose allow the Group to work closely with its communities of reference. **Investing responsibly** for the community is one of the pillars of the A2A Sustainability Plan.

In 2020, the **Group's total investments in the community came to approximately 6.5 million euro** including contributions made in sponsorships, donations and support of the Group Foundations (AEM Foundation and ASM Foundation), up over the previous year, **mainly thanks to the disbursements related to the health emergency**.

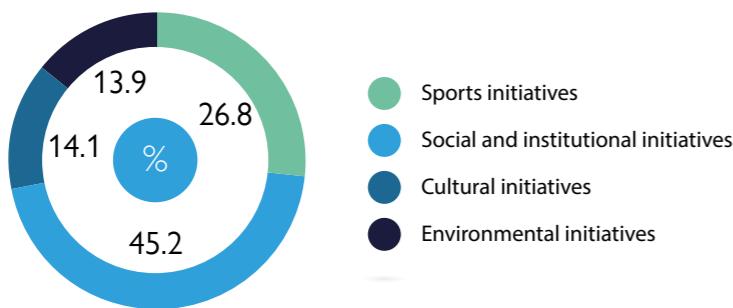
Sponsorships of sports, social, environmental and cultural activities in favour of the territory come to about 763 thousand euro.

A2A'S FOUNDATIONS

The **AEM Foundation** has always been committed to supporting scientific research, training and the development of innovative knowledge and skills in the field of energy and environmental sustainability throughout Lombardy and in particular in the areas of Milan and Valtellina. The **ASM Foundation** is based in the territories of Brescia and Bergamo, supporting the activities dedicated to social aspects, the promotion of art and culture, as well as support for training and environmental protection.

For more information visit the websites <https://www.fondazioneaem.it/> and <https://www.fondasm.it/>

Figure 50 Breakdown of sponsorships by area of activity



Also in 2020, there were numerous sponsorships of national and international events dedicated to energy issues, with a focus on climate policies and sustainability issues, such as **the National Conference on Energy Efficiency 2020**, **the Italian Energy Summit**, **the Uni Cig Forum "Il sistema Multi-Gas La forza dell'Energia"** (The Multi-Gas system The power of Energy) and **the second edition of the Forum "Sicilia QualEnergia"**.

A2A also sponsored many events dedicated to waste management and technological innovations in the circular economy, such as the **"Ecoforum Rifiuti Lombardia"** (Ecoforum Waste Lombardy) conference, the promotion of circular energy and the **"Zero sprechi"** (Zero waste) campaign, the **"Puliamo il Mondo"** (Let's clean the world) initiative in Milan by Legambiente Lombardia Onlus and the **"Sicilia Munnizza Free"** (Sicily waste free) campaign.

There were many sponsorships of events dedicated to discussions and in-depth analysis of issues related to new technologies that make it possible to design lighting that is increasingly effective, flexible, dynamic, energy efficient and of high quality. The Group sponsored the **"XIX Congresso Nazionale AIDI – La luce tra cultura e innovazione nell'era digitale"** (XIX AIDI National Congress – Light between culture and innovation in the digital era) and continued its technical sponsorship of the lighting of the **Belvedere of Palazzo Lombardia**.

The A2A Group's main cultural and sports sponsorships in 2020 include the **Magna Graecia Film Festival**, the thirty-second **Villa Arconati Festival**, the **Lega Basket Serie A** sports season, the fifty-second edition of the **Barcolana**, and the **Energy2Run Giro dei laghi di Canzano**.

A2A'S COMMITMENT IN PERÙ

In 2007, a collaboration began between the A2A Group and the movement of Catholic volunteers, mainly from Lombardy, **"Operazione Mato Grosso"** (OMG), to help the poorest people in South America.

In 2012, combining the **OMG** great social vocation with the technical know-how of A2A people, the **Huallin Hydroelectric Plant** was designed and built, which serves numerous villages and towns in the Conchucos valleys, in a remote and underdeveloped area of the Andes. The hydroelectric plant is located in the **Peruvian Andes**, between 3,000 and 4,000 meters of altitude, and is a plant with a power of about **3,000 kW**, obtained using a hydraulic jump of about 130 m on the **river Potaca**.

In 2020, the need arose to continue with the development of the initiative. In September and October, A2A carried out the first step of the second phase of the project, **improving the distribution of energy from the power plant to the area to be served**. In addition, the Group's technicians and engineers plan to contribute to the design of a **new production unit for the plant, which involves a second derivation on the Vesuvius river**, with a hydraulic jump of 100 m, also with a capacity of about **3,000 kW**.

The Group does not make any contributions directly or indirectly to any political party, movement, political and trade union organisation and committee, nor to their representatives or candidates, in Italy and abroad, apart from contributions due in accordance with specific regulations.

Scholarships

In addition to sponsorships, there are other initiatives aimed at contributing to the sustainable development of the territories in which the Group operates. These include allocations of **scholarships to students**. Also this year, A2A, in collaboration with the Intercultura Foundation, has made available 25 scholarships for 4-week summer programmes abroad, giving the winners the opportunity to stay and attend language courses in Europe, America or Asia. Among the destinations of the year: China, India, Japan, Argentina and Canada. In addition, A2A and LGH are committed to supporting their employees by providing scholarships for children. In 2020, A2A awarded scholarships to the 100 most deserving students, children of colleagues from Bergamo and Brescia, for the school results obtained (25 students from the lower middle school, 50 from the upper middle school and 25 for graduation were awarded). Due to the ongoing pandemic, 2020 scholarship recipients will be able to study abroad possibly in the summer of 2021.

Civil Protection

Also this year, the Group's Civil Protection Volunteers Association gave its contribution to the community. The year 2020 was full of initiatives aimed in particular at **coping with the Covid-19 emergency, through the supply of medical equipment to hospitals in Milan and the management and orientation of passenger flows in the FS and underground stations of Milan and Brescia**, in coordination with the National Department and the Civil Protection of the Lombardy Region.

In addition, the Association, together with CCV Milano and the Association "Pane Quotidiano", has provided for the logistical management and distribution of foodstuffs to the less well-off.

In February 2020, a refresher course was organized for mayors and public administrators of the Province of Sondrio entitled "Institutions in the values of Civil Protection in light of Legislative Decree 1/2018: new Civil Protection Code", thanks to the collaboration between the association UNCEM – Lombardy delegation – and the ODV Volunteers Association of Civil Protection of the Group.

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SOME INITIATIVES OF THE A2A GROUP FOR THE COMMUNITY

In this delicate period of emergency due to Covid-19, the Group wanted to be concretely present, supporting both the associations engaged in supporting the economically more fragile people and the hospitals in the front line of the emergency management.

A2A has decided to take an **active part in supporting the most affected areas through a donation of 2 million euro**, divided between:

- Mutual Aid Fund of the Municipality of Milan;
- Fund for families set up by the Municipality of Brescia SOStieni Brescia – Aiuta le famiglie in difficoltà;
- through Cesvi of Bergamo, the Papa Giovanni XXIII Hospital, a reference point for the Bergamo area in the combat against Covid-19.

A further contribution was allocated to the Ospedale Fiera Milano managed by the Fondazione IRCCS Ca' Grande Ospedale Maggiore Policlinico, as a contribution to support the overhead costs of the facility.

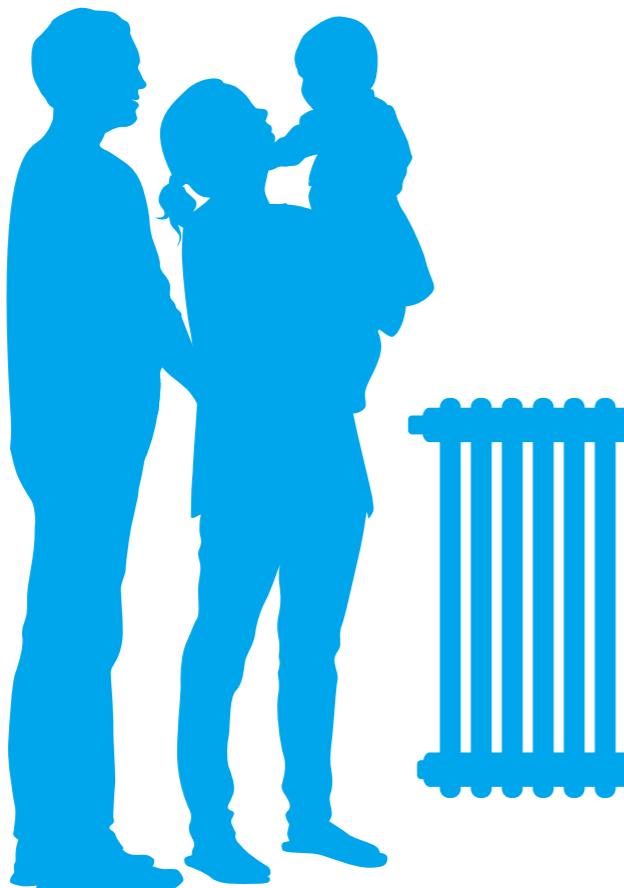
In addition to the donations, the Group wanted to be close to the territory also in other occasions that gave the opportunity to bring a message of hope and thanks to all those realities and territories strongly affected by the pandemic. In memory of all the victims of Covid-19, A2A and the Teatro alla Scala in Milan have decided to or-

ganize a moment of meditation and sharing. The initiative was held on September 4, 2020 in the Duomo of Milan and saw the performance of Giuseppe Verdi's *Messa da Requiem* conducted by Maestro Riccardo Chailly with the Orchestra and Choir of the Teatro alla Scala. The event was also attended by the President of the Republic Sergio Mattarella, the Archbishop of Milan Monsignor Mario Delpini, and the Mayor of Milan and President of the Fondazione Teatro alla Scala Giuseppe Sala.

Aware of the fact that Christmas 2020 could not be like all the others, A2A wanted to bring its message of closeness to the citizens of Milan and Brescia through two initiatives.

In Milan, the Group took part in the Municipality's project "Il Natale degli alberi" (The Christmas of trees). Thanks to its "Albero di luce" (Tree of light), installed in an important place in Milan (Piazza Sempione), A2A wanted to express all the positive energy of the capital, sharing with the city its values of proximity, solidarity and sustainability.

In Brescia, a new project linked to light has been dedicated to the city: Largo Formontone, Palazzo Loggia and the Tosio Martinengo Art Gallery were "dressed" in new light, through architectural projections and background music, to wish the citizens of Brescia a Merry Christmas and a peaceful 2021.



10.2.6 Education and training

For years, A2A has been developing sustainability education projects and initiatives aimed at raising the awareness and involvement of the new generations on environmental issues and the Sustainable Development Goals in the United Nations 2030 Agenda.

Despite the context, 2020 represented an opportunity for Scuola2a to further invest in training and initiatives aimed at teachers in virtual form. **The Scuola2a portal has seen a 143% increase in subscribers, reaching a total of about 1,700**, thanks also to a greater investment in *digital marketing* tools dedicated to the school world, such as a monthly newsletter for updates and information on educational projects and targeted social campaigns. The lockdown periods (in particular the first one, between February and July) pushed schools first of all to move teaching from in person to the digital plan, implementing the tool of DAD (distance learning) in all school levels. This paradigm shift has led to a change in the proposals of Scuola2a, which, while having to suspend guided tours of the facilities, has not reduced its range of offers. During the year, the **EduTV** platform saw the publication of several webinars, talks and other video content with useful tools for teachers.

In 2020, **more than 31,000 people** were involved in environmental and sustainability education activities.

Agenda 2030: a map to navigate the present

To raise teachers' awareness of the fundamental Sustainable Development Goals, Scuola2a has organized a series of 10 webinars dedicated to each school level, from preschool to second-grade secondary school, between November 2020 and January 2021. The collaboration with the well-known presenter, writer and science journalist Cristina

Gabetti in the role of speaker and the possibility for teachers to see training certified have been very successful, bringing the average participation to over 70 people per event.

A2A talents at the disposal of schools

In addition to the webinars on the 2030 Agenda, Scuola2a published new video contributions, in which some employees shared their know-how for the benefit of students and teachers. The series of videos dedicated to PCTOs (Pathways for Transversal Skills and Orientation) touched on various topics related to job orientation and the acquisition of professional skills. With the **A2ATalks** project, A2A technicians have made complex concepts linked to issues such as the energy transition, the circular economy, the latest generation of district heating and sustainable mobility accessible. The company's history and its relationship with the territory and the community were also highlighted through a series of events in collaboration with AEM Foundation, including its industrial archaeological heritage and its important photographic archive.

Educational evidence: Missione Terra – Global Goal Protocol

In 2020, the educational test aimed at primary and secondary schools of first and second grade of the national territory was dedicated to **objective no. 4 of the United Nations 2030 Agenda: Quality Education**. The classes involved were asked to explore this Sustainable Development Goal and create a free paper on the theme of the right to study in all its forms. It involved the participation of 72 Italian schools, producing 185 works, with 12 winners, divided in the three school grades and awarded with vouchers for the purchase of teaching materials. In addition, 9 educational workshops were held, involving over 330 students from primary and first-grade secondary schools throughout Italy.

Figure 51 Other environmental education activities

| Initiative | Description | Area of reference | Participations |
|--|--|--|--|
| SCUOLA ZOO video strategy | In order to raise awareness among second-grade secondary school students, A2A has developed, with the group of Scuolazoo (the web portal that is well known and appreciated by this target) a series of videos made with a tone of voice close to Generation Z (from 14 to 18), on issues and problems related to the preservation of our planet through campaigns on Instagram, YouTube and video briefs published on Edu TV. | Web | Instagram 4 posts/3 stories 281,543 views 26,454 likes YouTube 7,450 views 641 likes |
| Ciak l'ambiente | Film review on environmental sustainability aimed at primary and secondary school classes of first and second grade. | Web | 125 participating classes |
| Project "Scuole in Mostra" (Schools in Exhibition) | A training programme dedicated to the primary schools of Acerra, which provided environmental education in the presence of all participating classes. | Acerra | 16 meetings 500 pupils involved |
| Environmental education meetings | In Bergamo and Como, the meetings focused on separate waste collection and, in particular, on single-use plastic waste, while in the other provinces they mainly dealt with energy and the environment. | Bergamo, Como, Brescia, Mantua, Crema, Cremona, Lodi | 7,356 participants |
| E_mob 2020 | Streaming educational intervention aimed at secondary schools, entitled A2A actions for the sustainability of cities and mobility, as part of e_mob 2020 (Festival of Electric Mobility) | Web | 50 participants |
| Installation of environmental sensors in schools | The pilot project saw the installation of environmental sensors in some classrooms of primary and first-grade secondary schools in Brescia, with the aim of improving indoor air quality and energy efficiency in classrooms, as well as providing an advanced digital teaching tool for environmental education. | Brescia | 10 classes 4 schools |
| Distribution of water bottles | To complete the initiative launched dedicated to first-grade secondary schools in 2019, over 10,000 plastic-free water bottles were distributed to primary schools in the Municipality of Brescia. | Brescia | 49 schools |

AMBIENTE SCUOLA

#Ambientescuola is an awareness-raising campaign by **Amsa and A2A, IN COLLABORATION WITH THE MUNICIPALITY OF MILAN**, aimed at Milanese schools on the issues of **separate waste collection** and more generally on the development of **environmental awareness**, to contribute to the achievement of some of the 17 Sustainable Development Goals (SDGs) defined by the United Nations.

The project, extended to all first-grade secondary schools in the city, has seen the organization of 60 meetings with more than 1,000 participants, including teachers and ATA staff, and 1,700 kits distributed. The initiative included:

- training meetings for teaching and non-teaching staff;
- distribution to all classes involved of a kit consisting of containers for separate waste collection (paper/cardboard and plastic/metals), a brochure "Il nuovo valore delle cose" (The new value of things) and a poster "Dove lo butto" (Where do I throw it);
- creative contest "Un murale per l'ambiente" (A mural for the environment), which asked students to draw sketches for the creation of 3 murals on the themes of separate waste collection, climate change and food waste.

The contest saw the participation of 80 classes, presenting a total of 261 work. The three winning classes were offered an eco-design workshop, at the end of which the mural was created inside their school.

10.2.7 External communication

During 2020, **Press Office** activity produced a total of 373 communications to the media, up 5% on the previous year. 90% of the communications were given out as press releases and notes with the remaining 10% taking the form of letters. In 2020, there were 230 opportunities to meet with journalists, amongst interviews and one-to-one dialogues, press conferences and press visits.

The A2A Group is present on the following **social channels**: Facebook, LinkedIn and Twitter. Communication through the 9 active social profiles, with a fan base of over 260,000 users, up 22% compared to 2019, allows more direct contact with citizens and customers, informing them about central issues for the Group such as, for example, the circular economy, the smart city and energy saving. In addition, it is possible to initiate social media caring flows to promptly intercept the needs and reports to be transmitted to Customer Care channels: a total of approximately 5,000 requests received from users have been resolved. Finally, the activity allows to know and collect the main topics discussed on the web, taking cues to design new services and products.

The year 2020 was characterized by various interventions on the Group's digital properties, in both an evolutionary and reactive logic, to meet the communication needs arising from the health emergency. The corporate website (www.a2a.eu) has been the subject of an important intervention to give ample

space to the discovery of A2A Territorial Reports through the creation of a dedicated section that allows access to the information pages of each account in terms of sustainability performance, SDGs objectives and territorial projects carried out by the Group.

The AMSA and APRICA sites, on the other hand, have been upgraded with a view to accessibility through interventions dedicated to visually impaired people. In addition, the Puliama app has been characterized by the inclusion of a new feature that allows the reporting of missing items as part of "Dove lo butto?", the feature that guides citizens in the proper disposal of waste according to the object to be thrown away.

With regard to activities concerning the management of the Covid emergency, a new section of the Group's website dedicated to digital and telephone contact channels for citizens has been created, and access to a platform for online booking of appointments at local counters has been activated.

The AMSA and APRICA websites have also undergone numerous editorial and structural changes to facilitate the use of information and notices specific to each municipality. In particular, news and infographic were produced to guide citizens in the correct collection of waste during the period of the health emergency linked to Covid-19, and daily updates were published on any changes in service in the area due to the emergency.

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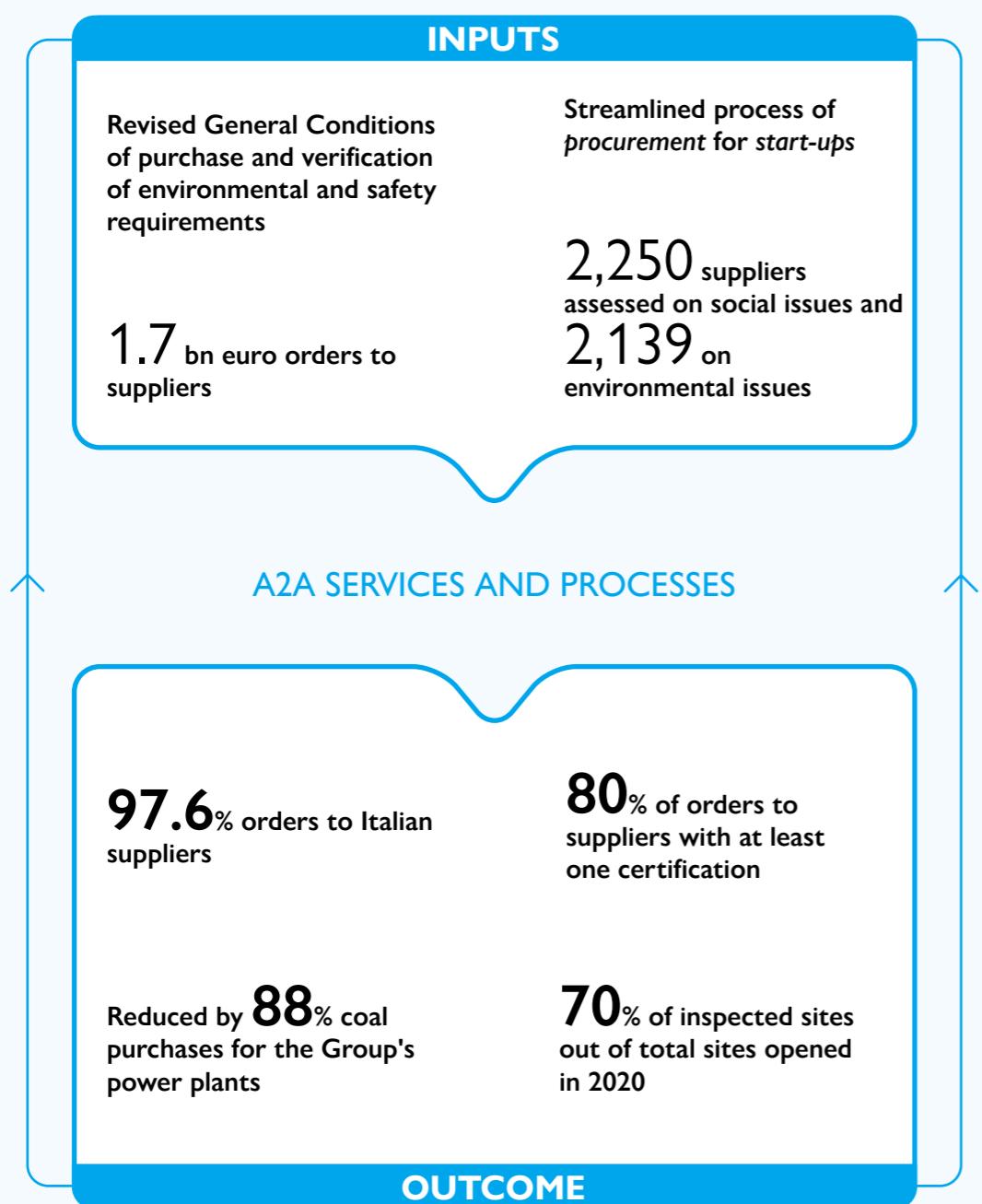
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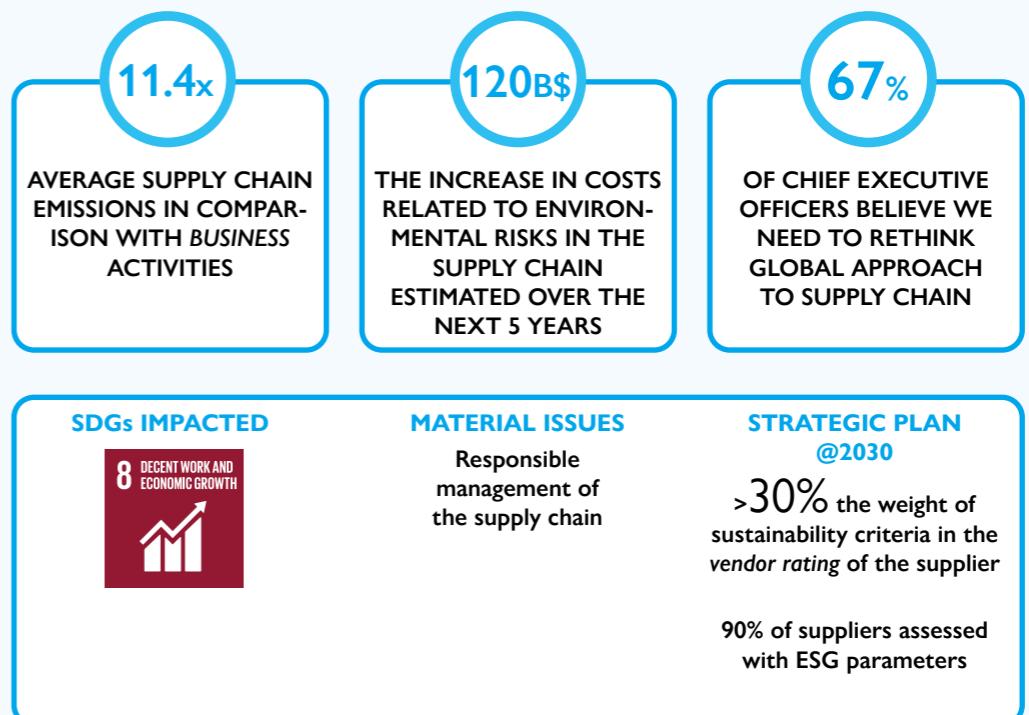


Responsibility to the supply chain

Supply chain relationships have become an indispensable factor and a significant source of value creation and innovation. However, supply chains can reach a very high degree of complexity and result in a degree of opacity over the entire process. Transparency about whole supply chain awareness is an increasingly mainstream issue, and one that is under increasing scrutiny in major international ESG assessments. In fact, through its suppliers the company exposes itself to possible hidden risks that are difficult to control, related to compliance with environmental regulations, human rights violations and corruption.

With reference to the impact on climate change, a study by Trucost highlights, in different sectors, the weight of the supply chain's impact on the environment compared to direct operations: for utilities, the weight is less than 10%, for the financial and food sector the weight increases up to 98%.

According to the SDGs Global Report 2020, from 2010 to date, only 20% of electronic products have been recycled, which still shows a lack of attention to the inclusion of "eco-design" and LCA (Life-Cycle Assessment) criteria in the purchasing process (as



SOURCES

UNPRI Study - Managing esg risk in the supply chains of private companies and assets
CDP Supply Chain Report 2020
KPMG 2020 – CEO Outlook

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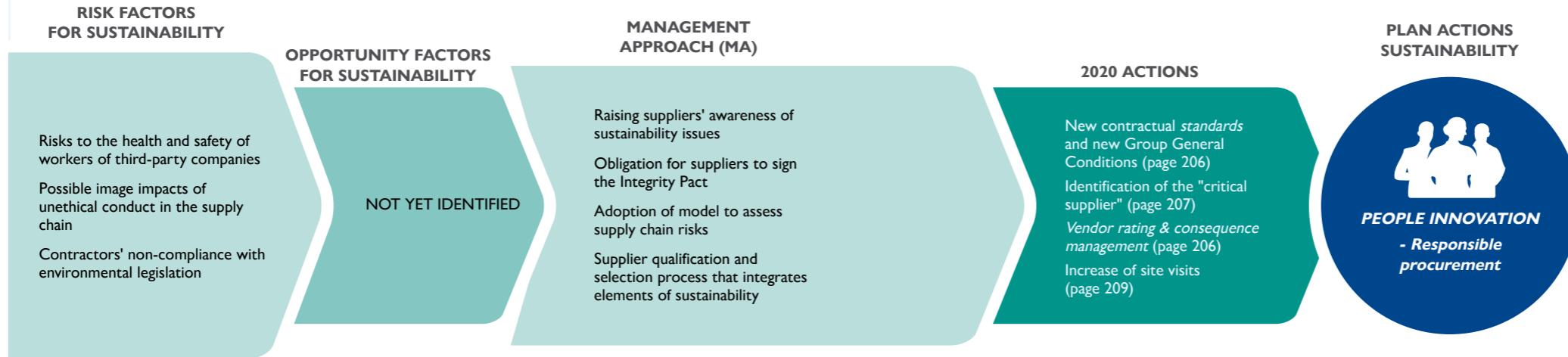
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Responsible management of the supply chain

Adoption of supplier, collaborator and commercial partner selection policies to ensure that they apply fair, transparent processes integrating sustainability criteria; the promotion of social responsibility practices amongst suppliers, stimulating the improvement to reliability and safety in supplying services.



In 2020, **12,542 orders** were issued by Group companies for supplies, services or works, for a total amount of about **1.7 billion euro**, of which **97.6%** for **Italian suppliers**¹. In 2020, 69% of orders was awarded by tender.

Figure 52 Order value by Business Unit

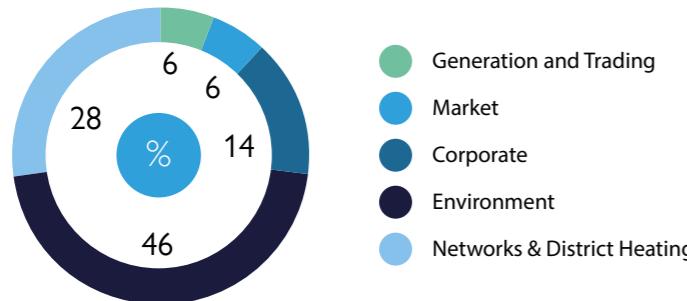
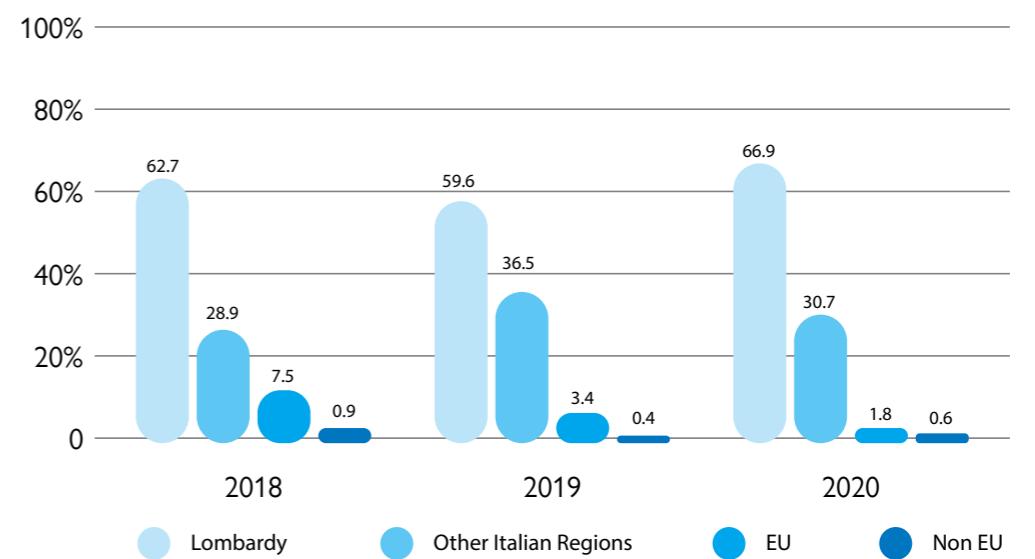


Figure 53 Breakdown of orders by geographical area



¹ There are other types for A2A (Delocalized, Direct, Decentralized, OIA/CIA) of which 4,413 documents were issued for a total value of 137 million euro.

10.3.1 Responsible management of the supply chain

The Group operates on the territory with the support of suppliers that apply high standards in terms of staff health and safety and environmental protection. For this purpose, A2A has for years adopted a specific system for ascertaining the suitability of suppliers, so as to be able to ensure the existence of technical, reputational and economic-financial capabilities. The **qualification process, regulated by an internal procedure, is fully compliant with the requirements of the law and the Group's Code of Ethics** (in compliance with the organizational model pursuant to Legislative Decree 231/2001). In the selection and qualification of suppliers A2A is open to all companies interested in participating in tenders called by the Group, ensuring the maintenance of a Vendor List organized by product category. In addition to technical and financial assessments, the supplier qualification process, for product categories that have been identified as being significant in terms of safety and the environment, also includes **verification of specific environmental and safety requirements, the validity of any certifications/registrations required and the supplier's accident indices**. On-site verification of the declared requirements may also be carried out. Audits may also be requested in the event of serious non-conformities emerging during the execution of contracts, in order to identify the causes of non-performance, therefore exploring critical areas and the identification of improvement actions.

For some product sectors, suppliers are assessed not only according to social-environmental, economic-financial and technical criteria, but also in relation to their reputational risks, with the

assignment of an **Integrity Risk Rating**, the positive rating of which determines permanence in the register. Companies wishing to be accredited on A2A's Supplier Portal are required to sign the Integrity Pact; failure to do so makes it impossible for the supplier to request registration.

Each qualified supplier is given a global score, calculated as a weighted average of:

- **Vendor Rating Provisional**, calculated on the basis of information collected during qualification (certifications obtained, financial rating, etc.);
- **Vendor Rating Final**, obtained from the evaluation of performance in the execution of the contract.

The global score of the supplier has acquired, over time, an increasingly relevant weight for the definition of the **Vendor List** to be invited to tender or during the process of awarding the tender itself.

In 2020, the project to update the Vendor Rating methodology was completed. The Sustainability Plan provides for **an increase in the weight of ESG criteria within the vendor rating**, with the aim of giving these aspects an increasingly greater weight in the total assessment.

The qualification obtained is valid for 36 months; however, if the global score assigned to a supplier reveals criticalities, A2A reserves the right to take steps such as suspending qualification or starting an audit.

NEW GENERAL CONDITIONS AND NEW CONTRACTUAL STANDARDS

During 2020, the project involving a significant revision of the documentation used in contractual relationships with the Group's suppliers was also completed. In fact, the **General Purchase Conditions** for contracts, various services, supplies, professional services and the purchase of goods and services in the field of information technology have been revised and updated with the latest regulatory amendments. New contractual standards have also been introduced that allow significant uniformity in the documents issued to suppliers and a reduction in the time required to issue them.

In 2020, 3,018 suppliers had at least one quality, environment and safety certification, 1,113 of which were activated with at least one order.

The **value of orders issued** by the A2A Group to suppliers with at least one certification amounts to approximately **80%** of the total value.

During the qualification processes for registration or renewal, 2,250 suppliers were evaluated on social issues and 2,139 on environmental issues.

Figure 54 Qualified A2A Group suppliers by certification held

| | 2018 | 2019 | 2020 |
|--|--------------|--------------|--------------|
| ISO9001 | 2,103 | 1,721 | 2,239 |
| ISO14001 | 633 | 593 | 731 |
| OHSAS18001 | 611 | 507 | 640 |
| SA8000 | 51 | 142 | 192 |
| Respondents to the TenP (Global Compact) questionnaire | 166 | 188 | 223 |
| Total suppliers with at least one certification | 2,306 | 2,767 | 3,018 |
| of which activated with order | 1,144 | 1,092 | 1,113 |

In this context, in order to mitigate supply chain risks, **A2A has also identified those who may be considered "critical suppliers"**, namely all those parties who may cause with high probability a negative impact on the Group due to social, environmental and/or economic misconduct. Relevant criteria that identify such suppliers are determined by:

- worsening of the economic/financial conditions highlighted by info-providers;
- rating of ineligibility following the reputational checks carried out (including violations and measures with an impact on safety and the environment);
- serious contractual and/or compliance violations.

Two levels of risk are also identified to which **specific measures** correspond: the first level

"*Watchlist*", in which the supplier under temporary observation may participate in tenders and stipulate new contracts, but the choice must be duly justified, and the "*Blacklist*" level, where the supplier is prohibited from participating in tenders and submitting new applications for qualification.

In 2020, 113 critical suppliers were assessed, of which 32 through the analysis of their Integrity Pacts and 81 on which reputational due diligence was carried out. Compared to these ratings, 51% of suppliers were placed on the *watch list* and 4% on the *black list*.

Among the company's strategic processes, in addition to those already described, the focus is on strengthening the **purchasing planning processes** also with a view to **responsible procurement**, in order to guarantee the best quality and operational effectiveness in line with the strategic plan.

INNOVATION PROCUREMENT

Over the years, the Group has come into contact with numerous start-ups, managing to develop more than 70 concrete projects. In order to encourage collaborations with newly created projects, during 2020, the Group undertook to make the procurement process dedicated to start-up projects as streamlined as possible, becoming a point of reference in Italy for its ability to listen, involve, experiment and guide. In fact, the "*start-up kit*" has been finalized, which makes it possible to have: a completely digital collaborative process, the contractualization of the relationship with A2A within a week and specifically defined payment terms.

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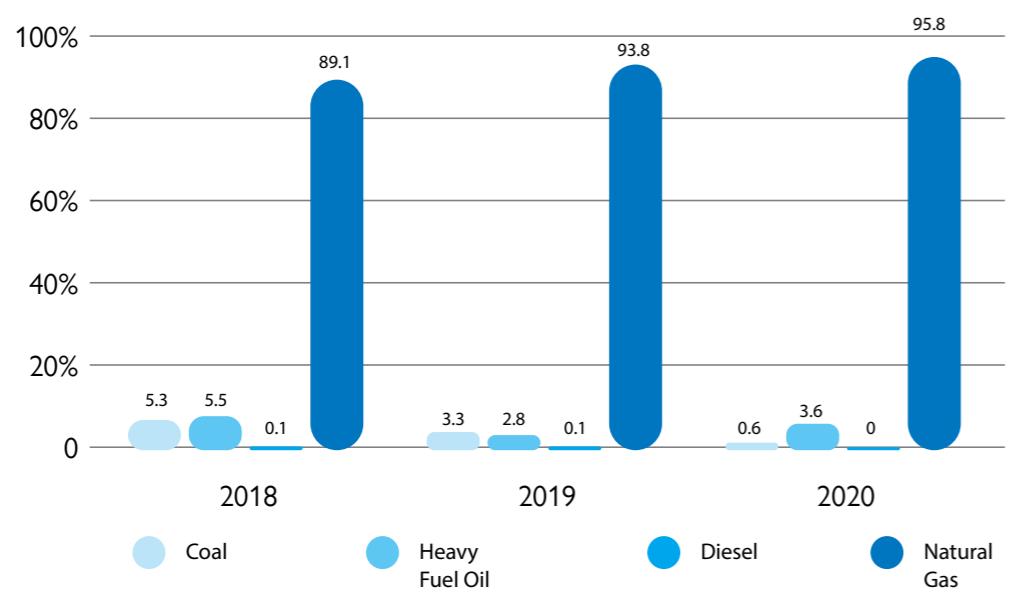
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10.3.2 Fuel suppliers

In addition to expenditure on supplies, works and services, approximately **1.2 billion euro was spent to purchase fuels** (96% of which was natural gas) used by the Group's power plants or delivered to end customers. Thanks to the A2A decarbonization plan, coal purchases have fallen by 88% in 2020 and, together with diesel, represent less than 1% of orders.

Figure 55 Value of orders issued by fuel type



10.3.3 Site management

Attention to safety in the workplace, not only in its own activities, but throughout the supply chain, is increasingly an issue of fundamental importance for the Group. For this reason, A2A, and in particular, the Networks & District Heating BU, began in 2016 to carry out rigorous checks on compliance with the tender specifications and on compliance with the provisions on occupational health and safety (Legislative Decree 81/2008) and environment (Legislative Decree 152/2006).

In 2020, the Group carried out inspections on 69 contractors and 31 subcontractors (+15% compared to 2019), the percentage of sites inspected nearly doubled, from 23% in 2019 to 70% of the total sites opened in 2020.

Figure 56 Site inspections - summary

| | 2018 | 2019 | 2020 |
|--|---|---|---|
| Number of inspections carried out | 1,682 | 2,453 | 3,961 |
| No. of checks performed | 25,612 | 72,416 | 118,450 |
| of which compliant | 90% | 98% | 99% |
| Companies concerned | Unareti, A2A Ciclo Idrico, A2A Calore & Servizi | Unareti, A2A Ciclo Idrico, A2A Calore & Servizi | Unareti, A2A Ciclo Idrico, A2A Calore & Servizi |
| Areas concerned | Province: Milan, Bergamo and Brescia | Bergamo provinces and municipalities in the Po and Abruzzo areas | Milan, Brescia and Bergamo provinces and municipalities in the Po and Abruzzo areas |
| Corrective actions planned | Constant information on the results of inspections to all parties concerned. | Constant information on the results of inspections to all parties concerned. | Constant information on the results of inspections to all parties concerned. |
| No. of corrective actions taken | 83 | 238 | 138 |
| Results expected | Minimise anomalies with a consequent improvement to safety, reduction in environmental impacts, improvement in quality of works and guarantee of complete compliance with current standards | Minimise anomalies with a consequent improvement to safety, reduction in environmental impacts, improvement in quality of works and guarantee of complete compliance with current standards | Minimise anomalies with a consequent improvement to safety, reduction in environmental impacts, improvement in quality of works and guarantee of complete compliance with current standards |

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Independent auditors' report on the consolidated disclosure of non-financial information in accordance with Article 3, par. 10, of Legislative Decree 254/2016 and with Article 5 of CONSOB Regulation adopted with Resolution n. 20267 of January 18, 2018 (Translation from the original Italian text)

To the Board of Directors of
A2A S.p.A.

We have been appointed to perform a limited assurance engagement pursuant to Article 3, paragraph 10, of Legislative Decree 30 December 2016, n. 254 (hereinafter "Decree") and article 5 of CONSOB Regulation adopted with Resolution 20267/2018, on the consolidated disclosure of non-financial information of A2A S.p.A. and its subsidiaries (hereinafter "A2A Group" or "Group") for the year ended on December 31, 2020 in accordance with article 4 of the Decree approved by the Board of Directors on March 18, 2021 (hereinafter "DNF").

Responsibilities of Directors and Board of Statutory Auditors for the DNF

The Directors are responsible for the preparation of the DNF in accordance with the requirements of articles 3 and 4 of the Decree and the "Global Reporting Initiative Sustainability Reporting Standards" defined by GRI - Global Reporting Initiative (hereinafter "GRI Standards"), identified by them as a reporting standard.

The Directors are also responsible, within the terms provided by law, for that part of internal control that they consider necessary in order to allow the preparation of the DNF that is free from material misstatements caused by fraud or not intentional behaviors or events.

The Directors are also responsible for identifying the contents of the DNF within the matters mentioned in article 3, par. 1, of the Decree, considering the business and the characteristics of the Group and to the extent deemed necessary to ensure the understanding of the Group's business, its performance, its results and its impact.

The Directors are also responsible for defining the Group's management and organization business model, as well as with reference to the matters identified and reported in the DNF, for the policies applied by the Group and for identifying and managing the risks generated or incurred by the Group.

The Board of Statutory Auditors is responsible, within the terms provided by the law, for overseeing the compliance with the requirements of the Decree.

Auditors' independence and quality control

We are independent in accordance with the ethics and independence principles of the Code of Ethics for Professional Accountants issued by the *International Ethics Standards Board for Accountants*, based on fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality and professional behavior. Our audit firm applies the *International Standard on Quality Control 1 (ISQC Italia 1)* and, as a result, maintains a quality control system that includes documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable laws and regulations.

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Iscritta alla S.O. del Registro delle Imprese presso la C.C.I.A.A. di Roma
Codice Fiscale e numero di iscrizione 004580007584 - numero I.E. 2500004
P.IVA 038811231003
Iscritta al Registro Revenuti Legati al n. 70045 Pubblicato sulla G.U. Suppl. 13 - IV Serie Speciale del 1/12/1000
Iscritta al Registro Spese di gestione della società di revisione
Consulenti di progettazione n. 2 Giornata n. 10321 da 10/11/1991
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Auditors' responsibility

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

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

In particular, we have performed the following procedures:

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

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

5. understanding of the processes that lead to the generation, detection and management of significant qualitative and quantitative information included in the DNF. In particular, we have conducted interviews and discussions with the management of A2A S.p.A. and with the personnel of Linea Group Holding S.p.A., A2A Gencogas S.p.A., A2A Ambiente S.p.A. and Acsm-Agam S.p.A., and we have performed limited documentary evidence procedures, in order to collect information about the processes and procedures that support the collection, aggregation, processing and transmission of non-financial data and information to the management responsible for the preparation of the DNF.

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

- at Group level
 - a) with reference to the qualitative information included in the DNF, and in particular to the business model, policies implemented and main risks, we carried out inquiries and acquired supporting documentation to verify its consistency with the available evidence;
 - b) with reference to quantitative information, we have performed both analytical procedures and limited assurance procedures to ascertain on a sample basis the correct aggregation of data.
- for Linea Group Holding S.p.A. (Crema cogeneration plant), A2A Gencogas S.p.A. (Gissi thermoelectric power plant) and A2A Ambiente S.p.A. (Corteolona waste-to-energy plant), that we have selected based on their activities, relevance to the consolidated performance indicators and location, we have carried out remote interviews during which we have had discussions with management and have obtained evidence about the appropriate application of the procedures and the calculation methods used to determine the indicators.

Conclusions

Based on the procedures performed, nothing has come to our attention that causes us to believe that the DNF of the A2A Group for the year ended on December 31, 2020 has not been prepared, in all material aspects, in accordance with the requirements of articles 3 and 4 of the Decree and the GRI Standards.

Milan, April 01, 2021

EY S.p.A.
Paolo Zocchi
(Auditor)

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

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* Consolidated Financial Statements 2020 - Annex 3. List of companies included in the Consolidated Financial Statements.

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| Governance Governance model of the organization in relation to climate change risks and opportunities | <ul style="list-style-type: none"> a. Describe the Board's oversight of climate change risks and opportunities <ul style="list-style-type: none"> - Roles and responsibilities for climate change mitigation page 24 b. Describe the role of management in assessing and managing the risks and opportunities associated with climate change <ul style="list-style-type: none"> - Roles and responsibilities for climate change mitigation page 24 | |
| Strategy Current or potential impacts of climate change risks and opportunities on the organization's business, strategy and financial planning | <ul style="list-style-type: none"> a. Describe the risks and opportunities related to climate change that the organization has identified in the short, medium and long term <ul style="list-style-type: none"> - Management of climate risks and opportunities in the A2A Group pages 51-57 b. Describe the impact of climate change risks and opportunities on the organization's business, strategy and financial planning. <ul style="list-style-type: none"> - The A2A Strategy pages 40-41 - Managing climate change in the A2A strategy page 50 c. Describe the resilience of the organization's strategy, considering different climate-related scenarios, including a scenario of 2°C or less <ul style="list-style-type: none"> - The A2A Strategy pages 40-41 - Background information and scenarios pages 35-36 - The European and national strategy pages 37-39 | |
| Risk Management Process for the identification, assessment and management of risks connected with climate change | <ul style="list-style-type: none"> a. Describe the organization's processes for identifying and assessing climate change risks <ul style="list-style-type: none"> - Analysis and management of risks and opportunities pages 28-31 - Managing climate change in the A2A strategy page 50 b. Describe the organization's processes for managing climate change risks <ul style="list-style-type: none"> - Analysis and management of risks and opportunities pages 28-31 - Managing climate change in the A2A strategy page 50 - Natural Capital pages 104-105 - Energy Transition pages 110-113 c. Describe how the processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management <ul style="list-style-type: none"> - Analysis and management of risks and opportunities pages 28-31 - Managing climate change in the A2A strategy page 50 | |
| Metrics and targets Metrics and targets used by the organization to assess and manage relevant risks and opportunities related to climate change | <ul style="list-style-type: none"> a. Disclose the metrics used by the organization to assess climate change risks and opportunities in line with its strategy and risk management process <ul style="list-style-type: none"> - Management of climate risks and opportunities in the A2A Group pages 51-57 b. Disclose Scope 1, Scope 2 and Scope 3 greenhouse gas (GHG) emissions, and related risks <ul style="list-style-type: none"> - Energy Transition pages 110-113 c. Describe the objectives used by the organization to manage climate change risks and opportunities and performance against the objectives <ul style="list-style-type: none"> - Energy Transition pages 44-45 | |

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We would like to thank all our colleagues of A2A who worked on the preparation of this Report.

Graphic design and layout:

SERVICEPLAN
MERCURIO GP

Printing:

AGEMA S.p.A.



Milan, April 2021



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