

**2020**  
CONSOLIDATED  
NON-FINANCIAL  
DISCLOSURE

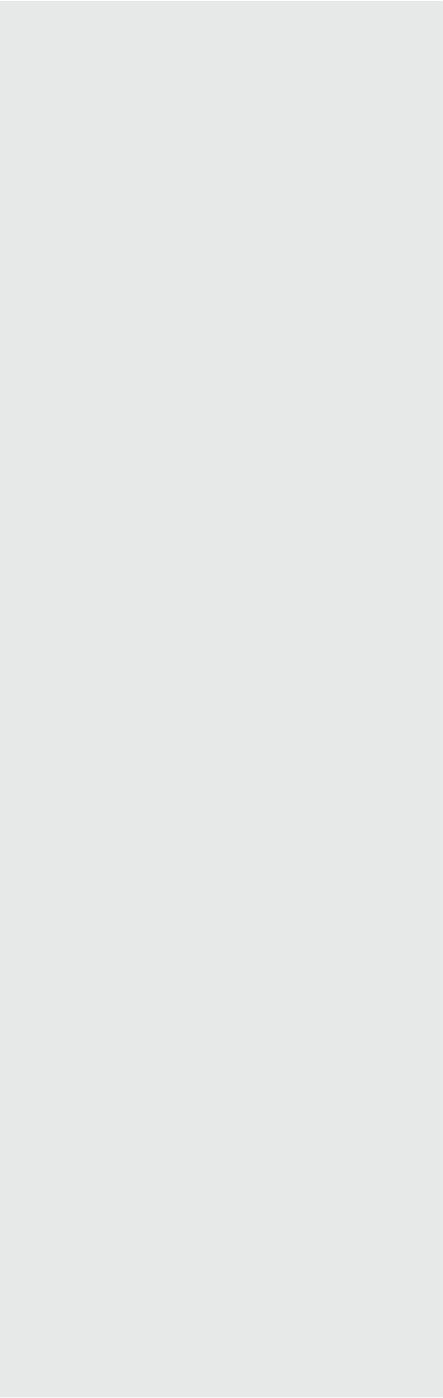
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# 2020 Consolidated non-financial disclosure

Pursuant to article 3 and article 4 of Legislative Decree No. 254 of 2016





# Consolidated non-financial disclosure

# EDISON PROFILE AND MAIN ACTIVITIES

## COMPANY PROFILE

Edison is one of the leading energy operators in Italy and in Europe: it commenced business 137 years ago and is today one of the top Italian operators. Inspired by the principles of sustainability and innovation, it drove forward the electrification of the Italian energy system. Its vision is to become a leader in the energy transition and a responsible energy operator.

The progressive digitalisation of products and services, growing attention on the environment and the effects of climate change and the widespread sensitivity to more sustainable economic models today require an evolution in our way of doing business. In this dynamic and continuously evolving context, Edison has decided to take an active role in supporting the energy transition and generating energy, both by investing in renewable energies and through natural gas. This commitment is also reflected downstream of its value chain, proposing smart and competitive solutions to its customers through integrated, efficient and innovative energy and environmental services.

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

## DESCRIPTION OF THE BUSINESS ACTIVITIES

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

- production of electricity with a highly efficient and diversified set of power plants, comprising thermoelectric, hydroelectric, wind and solar plants;
- sale of electricity and gas and value added services to all market segments (industry, SME and retail) and services and infrastructure for sustainable mobility, including therein small scale LNG (liquefied natural gas);
- provision of energy services and environmental services on a large scale, for the different markets: tertiary, business and public administration;
- import and sale of electricity and gas in the wholesale markets, in Italy and Greece;
- procurement, exploration, production and sale of natural gas and crude oil (hydrocarbons), with a presence in Italy, Europe and in the Mediterranean basin with natural gas and crude oil exploration and production concessions and permits.

As regards the latter activity, in December 2020, Edison completed the sale of Edison & Exploration S.p.A. (E&P) to Energean, in which almost all activities in the E&P sector had previously been concentrated. This transaction reflects Edison's exit strategy from the exploration and production of hydrocarbons to focus, also through the release of the resources, on the development of renewable energies and energy efficiency, in line with the national decarbonisation targets.

In addition, Edison announced the signing of the agreement with Sval Energi for the sale of 100% of Edison Norge AS, which controls the group's hydrocarbon exploration and production activities located in Norway, which were excluded from the scope of the sale of Edison E&P to Energean.

In 2020, Edison finalised its Strategic Plan, defining the positioning in the various businesses, placing the central focus on the energy transition, redeveloping Edison's vision of the future and proposing innovative models capable of actively support carbon reduction targets.

The strategic vision is focused primarily on electricity production and on services for the end customers to be provided through significant development of renewable sources (mainly photovoltaic and wind power), supported by gas generation, which is essential to phase out coal, integrate renewable energies and ensure the adequacy of the electrical network. Therefore, in respect of growth in gas plants, the commitment to the 2030 targets is confirmed, relating to the reduction of specific emissions from generation facilities to 260 gCO<sub>2</sub>/KWh and 40% of production from renewable sources.

There are three main industrial tools for achieving growth for Edison: the consolidation of the core-business, growth in businesses for energy transition and experimentation with the technologies of the future (hydrogen, smart city, etc.):

- Power generation: calls for strong development in photovoltaic plants and capacity from wind farms, aiming to become one of the main players in the sector by 2030, as well as the experimentation and installation of storage systems (pumping and electrochemical batteries) and flexibility resources, by integrating, through the increasingly greater involvement of energy management, efficient gas plants with a view to guaranteeing the adequacy and safety of the system;
- Downstream: calls for the reinforcement of activities linked to the sale of commodities (gas and electricity, also boosting the combined offering of the two) and value-added services as well as a focus on the sale of energy efficiency services to end customers and the Public Administration (B2C, B2B and B2G); in particular, by developing high-yield co-generation solutions, sustainable mobility and rooftop photovoltaics for self-consumption;
- Gas: this remains an essential energy source for the transition; the aim is to develop not only greater flexibility in the portfolio of long-term contracts, but a greater commitment to green uses, through the development of small scale LNG infrastructures, biogas production and the experimentation of hydrogen systems to promote decarbonisation of end uses (industry and transport).

In June 2020, EPER (Edison Partecipazioni Energie Rinnovabili S.r.l.), the company that historically managed Edison's wind assets, was merged with EDF EN Italia, creating the new company Edison Renewables. In July 2020, EDF EN Services Italia also became part of Edison Renewables, which today manages a portfolio of approximately 1 GW of installed power, incorporating wind and photovoltaic. Through this project, Edison intends to continue to become better established in the renewables segment through internal development as well as external growth.

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

## Electric power generation

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

Edison produces the bulk of its energy from plants powered by natural gas which guarantee system stability and contribute to the Italian project for phasing out coal-powered plants. A significant portion of electricity produced by Edison comes from renewable sources (RES), primarily from wind and hydroelectric plants (both large plants and mini-hydro plants), as well as photovoltaics. Edison intends to make its ongoing commitment to the production of energy from renewable sources concrete by reaching the objective of increasing this production to 40% by the end of 2030.

In the wind sector, the medium-term objective is to further increase the current portfolio by 920 MW, through the development of new projects, reaching 1,022 MW in 2023. E2i, company

whose activities are consolidated in Edison, will exceed 665 MW installed upon the upcoming entry into operation of all the plants constructed (45.5 MW, replacing existing capacity) through the incentives of the 2016 auctions. The company has similar growth objectives as regards photovoltaic power, where the current 86 MW will be increased to 304 MW in 2023.

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

Edison is also continuing with activities to optimise its production plants, in order to improve the efficiency and performances, including environmental, of its plants.

### Net electricity production (GRI Standard EU2 - OG3)

	Unit of measurement	2018	2019	2020
<b>Edison production</b>	<b>thousands of GJ</b>	<b>70,920</b>	<b>77,224</b>	<b>67,819</b>
Thermoelectric energy	thousands of GJ	56,224	60,068	50,023
- of which from combined cycle	thousands of GJ	54,326	58,458	48,721
Renewable energy	thousands of GJ	14,696	17,156	17,797
- of which hydroelectric energy	thousands of GJ	11,106	11,504	11,524
- of which wind power	thousands of GJ	3,395	5,431	5,825
- of which electric power from other renewable sources	thousands of GJ	195	222	448
<b>Share of energy produced from renewable sources</b>	<b>%</b>	<b>21</b>	<b>22</b>	<b>26</b>

### Sale of electric power and gas and energy and environmental services

Edison is active in the sale of electricity, gas and value-added services to all market segments, from major industry to domestic customers, with custom solutions. The commercial activity and customer relations take place through different channels, including sales agencies, branches and call centres, with a special focus on the development of the digital channel.

Edison puts the customers at the centre of its activities with the aim of meeting their needs and anticipating their requirements, proposing personalised, competitive offers integrated with innovative services. In 2020, Edison has more than 1.5 million clients globally, of which 0.9 million for the Company's gas service and 0.7 for the power services.

As part of its provision of energy services, Edison has adopted a business model based on sharing the value created: in partnership with its customers, whether they are residential, business, cities or regions, the company offers customised services that boost the efficiency of their activities and, depending on the proposed business model, can even contribute to their economic results by helping them to achieve energy savings. In that sense, it intends to maintain high service quality and reliability to safeguard its economic value. The EPCs (Energy Performance Contracts) typical of the energy efficiency market are based precisely on this approach, freeing the customer from all organisational, financial and management obligations.

Today, the services portfolio includes:

- energy optimisation to reduce consumption for equal output of the production processes while improving service quality;
- on-site energy production, with low or no environmental impact systems, such as photovoltaic, high yield co-generation, etc.;

- construction of projects on the territory, starting from the analysis of opportunities to boost the efficiency of resources and ending with the construction of projects with stakeholders: Edison supports local businesses in seeking out specific solutions to meet their needs, using the offer of a plurality of energy and environmental services as a lever and putting its skills at the service of the energy strategy of local authorities and local energy system planning;
- building energy upgrades, which analyse in depth the typical operational aspects of condominium energy upgrades. In this regard, Edison uses BIM (Building Information Modelling) systems capable of reducing the timing and costs of implementing efficiency interventions and guaranteeing efficient management throughout their life cycle, thanks to information digitalisation;
- coverage along the entire value chain of the environmental services of consulting, studies and designs, clean-ups, monitoring, sampling and analysis of environmental matrices, waste management, waste water treatment;
- energy consultancy in the field of energy management systems (ISO 50001), in the management of energy efficiency and environmental certificates and in in-house and external training for customers and partners.

## Import and sale of gas in the wholesale markets

In the gas market, Edison is the second Italian operator in terms of gas imports in 2020, with a portfolio of long-term contracts for around 11.4 billion cubic metres per year, of which 5 imported via pipeline from Algeria, Russia and Libya, and 6.4 billion via ship from Qatar. Once it arrives in Italy, the natural gas is sold in the wholesale market, for civil and industrial uses, to thermoelectric customers, for the generation of electricity and gas, and for self-consumption at power stations. Edison also manages regulated activities relating to the distribution of natural gas and its storage underground in Italy. Abroad, Edison is taking part in several infrastructure projects for the creation of transport capacity between Greece and Bulgaria, with the IGB project that is currently ongoing, and between the Levantine fields and Europe with the Eastmed-Poseidon project.

The company has also launched the first small-scale LNG integrated logistics chain that will contribute to the sustainability in the heavy road and maritime transports. The new company Depositi Italiani GNL was incorporated in 2018 with the partner company PIR (Petroliфера Italo Rumena) for the building and management, in Ravenna, of the first LNG coastal depot, which led to the start of construction works in January 2019 and will enter into operation in 2021. Despite the COVID-19 emergency, the date of the commercial launch of activities is still expected to be the same as of today.

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

## Exploration and production of hydrocarbons

Edison E&P has long operated throughout the oil&gas business segment, starting from exploration and production activities that are distributed mainly in Italy, Egypt, the Mediterranean Basin and the North Sea. As already outlined, the sale of Edison & Exploration S.p.A. (E&P) to Energean was

completed in December 2020. Moreover, the sales agreement with Sval Energi for purchasing Edison Norge AS in relation to E&P's action in Norway was signed. In the short-term, Edison aims to invest the resources made available by the sale of these assets in Italy, reinforcing the growth plan for its strategic areas: the generation of energy from renewable sources and latest-generation gas, services to customers, energy efficiency and sustainable mobility.

# THE MATERIAL ISSUES

## MATERIALITY ANALYSIS

In 2020, Edison updated the method of defining its materiality analysis, geared towards dialogue and sharing of priorities between stakeholders and the company's top management. The objective of the analysis was to identify the strategic themes relating to sustainability, therefore focusing the report on its activities, within its Non-Financial Disclosure, on the burning sustainability issues for the company and its stakeholders. Indeed, the results of the materiality analysis represent the scope on which to focus risk mapping and the reporting of mitigation actions required by Legislative Decree 254/06, at the same time providing important information about the topics that should be addressed within the company's sustainability strategy.

The analysis started with the outcomes of the process carried out in 2019 and was appropriately developed and updated by taking into consideration:

- the results of the benchmark activities which involved Edison's principal peers;
- an analysis of the web press review and media sentiment analysis, targeted at identifying the main critical themes subject to public opinion;
- an analysis of the main megatrends for the energy sector through a semantic aggregation of the themes that have emerged and a relevance assessment for Edison;
- an analysis of the perception of the priority topics for external stakeholders, carried out through a workshop with the Stakeholder Advisory Board (SAB), aimed at prioritising the relevant topics for Edison's stakeholders.
- an analysis of the perception of the priority topics for the company, through a dedicated workshop with Edison's top management, similar to the activity carried out with the Stakeholder Advisory Board.

### Edison's material issues

The update of the 2020 materiality analysis was an important opportunity for listening to stakeholders, which allowed Edison to expand the scope of the discussion to the external perception of the company's sustainability profile and to future opportunities.

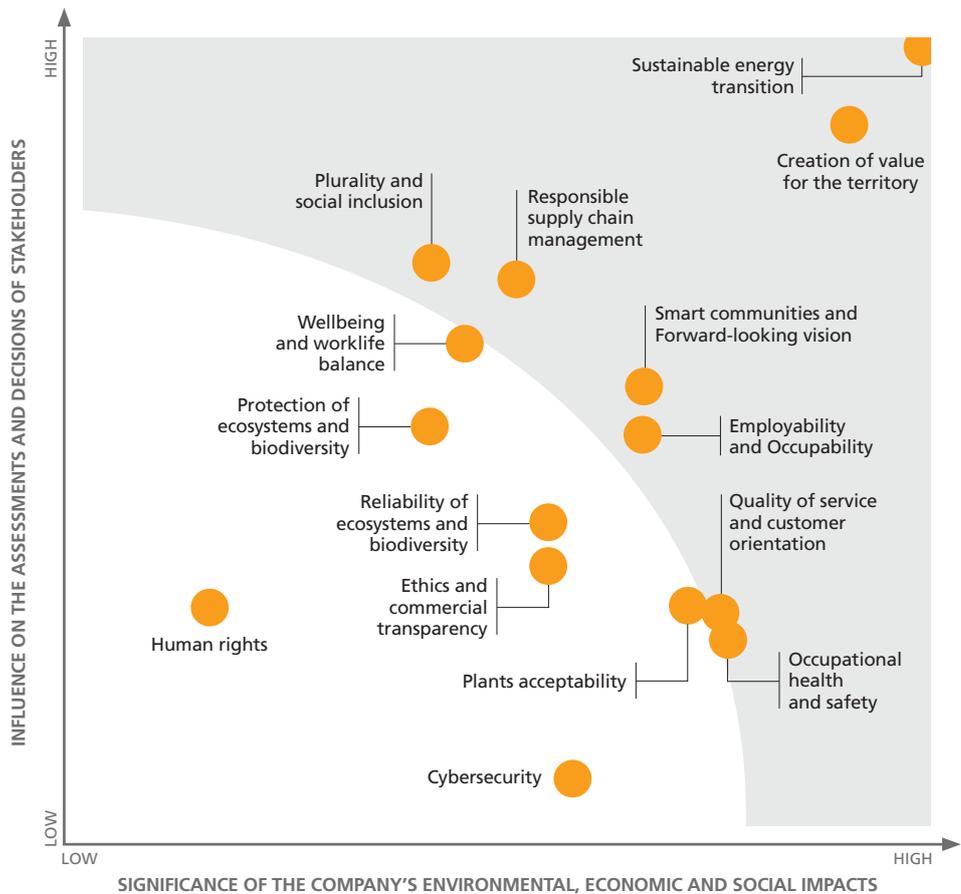
This year, the materiality analysis involved the new Stakeholder Advisory Board (SAB), a permanent Committee composed of 13 members selected on the basis of their personal and professional backgrounds, belonging to different categories of stakeholders, who engage in dialogue directly with the Chief Executive Officer on sustainability matters. The SAB has a three-year mandate and is committed to meeting between twice and four times a year, picking up the baton from the SDGs@Edison panel and providing solid and structured support to the Chief Executive Officer in devising effective responses to the global and local sustainable development challenges.

The new panel meets the needs for a range of different perspectives, evolution and innovation inherent in the sustainability process undertaken by Edison and will have a threefold mission:

- supporting the company in identifying and updating the most important sustainability issues, by analysing how these combine with the main national and international trends to give rise to challenges and opportunities;
- examining the strategies, problems and actions taken by Edison or highlighted by the Committee regarding material issues;
- formulating recommendations and suggestions regarding the strategies adopted for the purpose of making them increasingly more tailored to the needs of the company and its stakeholders.

The collection and analysis of the results of the workshop dedicated to the SAB has made it possible, together with the evaluations of the top management, to identify 15 issues, 8 of them being material issues, which have been reported in Edison’s Materiality Matrix, approved by the Board of Directors on December 7, 2020.

## MATERIALITY MATRIX



In this regard, it is important to stress that the most important issue that emerged from the analysis related to the sustainable energy transition, a primary strategic objective which Edison is pursuing. In addition, with a view to updating the materiality matrix, Edison saw fit not to incorporate, with respect to the 2019 matrix, the theme “Business responsibility and integrity”, given common to and ascertained in each company area and, therefore, not able to be encapsulated in a single material theme.

Edison’s material themes are described below:

Smart community and forward-looking vision

Innovation starts with improvement in the quality of people’s lives and incorporates the contribution to the sustainable development of local areas according to the smart city or, better still, smart community concept: we are talking about the evolution of a city/ community in which the sustainable mix of technologies, energy, mobility, infrastructures and skills is able to meet citizens’ needs in a smart fashion. In order to fully capitalise on these opportunities, comprehensive education is essential, with a focus on fully-informed consumption, environmental sensitivity and the attitude to change, by investing in the relationship with young people and involving customers and the population to encourage a responsible business attitude and to collect as many stimuli as possible.

Creation of value for the territory	Creating value for the local area in which the company operates means generating shared value and downstream activities by creating direct local jobs and employing local suppliers to maintain production plants in order to promote development of the local business fabric. Giving back value and contributing to the development of the local area also incorporates discussions and, in some cases, interaction with the Public Administration, plus continuous and transparent dialogue, sharing of skills and support for social initiatives and the enhancement of cultural heritage. This enables the company to firmly establish itself in the social fabric of the areas in which it operates, becoming a reference point and promoting inclusive and sustainable growth.
Responsible supply chain management	The job of a company that promotes sustainable development is also to create valuable partnerships, by encouraging the adoption of shared principles between all entities involved in its supply chain. This becomes a priority especially in the energy sector, where the constant expansion in the portfolio of services offered prompts companies to engage in dialogue with an increasingly broader and more varied range of partners. In practice, this must translate to the adoption of commercial partner selection policies based on fair and transparent processes which make provision for the integration of sustainability criteria but also to the promotion of social responsibility practices by partners.
Employability and occupability	Companies that operate in the energy sector are facing a gradual transformation of both the methods of energy production and procurement, and their business models and solutions offered to end consumers: this means a transformation of company organisations and updating and development of the technical and managerial skills distributed to all personnel who operate in the sector. The effective management of strategic-planning initiatives targeted at promoting people's up-skilling and re-skilling processes becomes, at the same time, essential for supporting the ongoing company transformations, ensuring company competitiveness and protecting people's employability for their whole professional lives.
Plurality and social inclusion	The protection and promotion of plurality must simultaneously follow a two-pronged strategy: on the one hand, the enhancement and promotion of working conditions that allows each employee to show their talent and actively participate in the company projects and social life and, on the other, the promotion of the ability to listen and gather food for thought from the market and from stakeholders to respond to the needs of a constantly evolving society in which working in partnership to achieve these common objectives become indispensable. In this context, it becomes of central importance to interpret the concept of inclusion not only as an internal company value, but also as a principle that governs external relations, from commercial activities, supporting the needs of customers and partners, to responsibility to the most vulnerable categories.
Quality of service and customer orientation	The challenge for companies that deal with energy is to design, create and manage solutions to support customers in their daily life. The success of a company also depends on care for the customer and, above all, on immaterial aspects related to quality of the service and its perception. This pushes energy companies to integrate, both vis-à-vis residential customers and businesses, all additional services needed to ensure their loyalty. At the same time, it is important that no one is left behind, by creating, for example, both physical and on-line contact points.
Occupational health and safety	Reinforcing the culture of risk prevention and assessment is a key commitment for companies operating in the energy sector. Personal health and safety and the quality of the working environment, in fact, can be a decisive factor in influencing staff motivation and engagement and the continuity of production processes. The protection of health and safety involves an accurate assessment of the risks connected with plant management, adequate technical training, targeted controls, audit activities aimed at preventing the risk of accidents and appropriate instruments for managing potential crises resulting from industrial incidents. In addition, it is essential to develop a widespread culture of workplace health and safety as a value and factor of individual and collective responsibility, also extended to third party partner companies.
Sustainable energy transition	Climate change is an element that concerns the whole society and the economic system and, in particular, companies that produce energy. So they must adopt policies and strategies aimed at monitoring and managing their plants in terms of energy consumption and the emissions produced. Mitigation of the effects is achieved through initiatives aimed at supporting the green energy transition and the development of reduced environmental impact production systems such as those that use natural gas. It is also important to promote research and innovation, especially in the thermoelectric field, and create new solutions to adapt to changes in natural ecosystems. At the same time, energy infrastructures must be increasingly more resilient and capable of maintaining energy production and distribution active even during emergencies, guaranteeing the continued provision of essential services.

## EDISON AND THE COVID-19 EMERGENCY

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The COVID-19 pandemic is an element that has heavily impacted the company, its activities and its relations with stakeholders in 2020.

Despite the emergency, Edison has ensured the continuity of an essential service like that of energy, at the same time guaranteeing the safety of its people. In addition, the company has continued all the initiatives launched thanks to the extension of work activity in smart working mode. At the same time, it has attempted to respond to the needs of customers most in difficulty and the requirements of the local community with a number of initiatives.

The effects and the company's response to this situation are described in various parts of this document, in relation to the reference theme addressed in the individual paragraphs:

- Corporate model for the management and organisation of business activities - Risk management
  - Personnel management - Workplace health and safety;
  - Relations with customers - Service quality and focus on customers
  - The relations with local communities - Edison has a close relationship with stakeholders during the Covid emergency - Social inclusion
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## EDISON'S SUSTAINABILITY POLICY

Edison promotes development and sustainable economic growth, also through its involvement in and commitment to the United Nations Global Compact, sharing and applying its 10 fundamental principles regarding human rights, work standards, environmental protection and anti-corruption.

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

The Sustainability Policy therefore states the company's desire to act responsibly with respect to the ecosystem (economic, human and environmental) of reference, committing to adopting a challenging sustainability plan and an integrated and structured approach, which views sustainability as a business and value creation tool.

## Edison's contribution to the SDGs



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

Tackling climate change, by focussing on the development of renewable energies, on the use of gas as a transition source, on the proposal of integrated and innovative energy services targeted at energy efficiency and on the promotion of sustainable mobility also through the use of biogas and bio-methane and LNG, is central to Edison's policy (SDGs 7 and 13).

Aware of the impacts of its production activities, Edison's attention is particularly focused on the protection of the environment and the health of local communities, progressively improving process efficiency and reducing the effects of its activities on people and habitats, thanks to the use of the best technologies and detailed certification processes for all of its plants. Edison sees conservation and the enhancement of biodiversity and ecosystems as an essential component of its industrial approach, as well as its dialogue with local communities (SDGs 9, 14, 15).

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

Empowerment of the people who work at Edison is achieved by promoting an inclusive environment that favours plurality, activates employment initiatives, fosters collaboration and the expression of each person's talent, the sharing of skills and the protection of the health and safety of employees (SDGs 4, 5, 8).

The enabling factor of each action is dialogue with stakeholders and shared planning. For this reason, in order to further solidify its social commitment and close relations with local communities, Edison undertakes projects promoting inclusion, education, culture and social innovation, as fundamental levers for the construction of an environment targeted at sustainable development (SDGs 4, 12 and 17).

## THE SUSTAINABILITY POLICY TARGETS

POLICY	KPI	Unit of measurement	2020	2019	2018	2017
<b>Sustainability of company processes</b>						
<b>DIGITAL TARGET:</b> at least 30 digital transformation projects within 2021	Projects implemented in the year (EESM area)	no.	10	10	7	n.a.
	Projects implemented in the year (Digital area)	no.	6	5	3	n.a.
	Total projects implemented	no.	41	25	10	n.a.
<b>Fight climate change</b>						
<b>RENEWABLE SOURCES TARGET:</b> 40% of the energy produced from renewable sources by 2030	Production from renewable sources	%	26	22	21	16
	<b>CO<sub>2</sub> TARGET:</b> specific CO <sub>2</sub> emission of the power generation down to 0.26 g/kWh by 2030	Specific CO <sub>2</sub> emissions	kg/kWh	0.268	0.2716	0.2936
<b>People and skills as a platform for growth</b>						
<b>INCLUSION TARGET:</b> at least 2,000 employees engaged in inclusion projects by 2021	Employees involved in inclusion projects and initiatives	no.	223	1,019	835	n.a.
	Overall total	no.	2,077	1,854	835	
<b>COLLABORATION TARGET:</b> at least 70% of the employees engages in the employment of social collaboration tools	Users who use social collaboration tools	%	76.33	n.a.	n.a.	n.a.
	<b>DIVERSITY TARGET:</b> balanced pipeline finalized to promote the applications for the managerial roles, in order to enhance the female presence	Women participating in management assessment (figure over the three-year period)	%		29%	
Women in upper management (average population in the three-year period)		%		27.1%		n.a.
Pipeline balancing ratio					1.09	

POLICY	KPI	Unit of measurement	2020	2019	2018	2017
<b>Close to the customers and territories</b>						
<b>SMART BUILDING TARGET:</b> at least 30 smart building planning initiatives made via the BIM innovative system by 2021	Projects with BIM system implemented in the year	no.	12	2	9	n.a.
	Total BIM projects	no.	23	11	9	n.a.
<b>CUSTOMER RELATIONSHIP TARGET:</b> reach a high client satisfaction through time (NPS value >6) and promote the employee-client relation through a net of at least 400 local contact point by 2021	NPS Index	no.	19.9	18.3	6.3	14.00
	Contact point balance in the year	no.	249	167	154	n.d.
	Total contact points opened	no.	613	364	266	n.d.
<b>Sustainable manufacturing and biodiversity</b>						
<b>TARGET:</b> carry out at least 3 initiatives for safeguarding the habitat and valorizing the biodiversity, co-designed with the local stakeholders by 2023. These will also be identified through a mapping of the existing sites and the developing sites' weaknesses	Sites analysed in the mapping	no.	200	n.a.	n.a.	n.a.
	Initiatives co-designed	no.		n.a.	n.a.	n.a.
	Initiatives launched	no.		n.a.	n.a.	n.a.
<b>Discussion with the stakeholders and shared design</b>						
<b>STAKEHOLDER ENGAGEMENT TARGET:</b> the stakeholder panel SDGs@Edison has to hold at least 2 meetings per year, of which at least one has to be located in the territories of interest	Annual meetings of the stakeholder panel	no.	3	2	2	
	- of which in the areas of interest	no.	0	2	2	

## DIALOGUE WITH THE STAKEHOLDERS AND INSTITUTIONS

As a strategic player in the energy sector, Edison engages in important dialogue with national and European institutions which, over the course of the years, has enabled the company to be perceived as a reliable, transparent stakeholder by the reference players, and capable of offering an authoritative point of view during political and public debating of the various energy matters.

Thanks to a multi-level approach and the construction of structured debate with representatives from the institutions, the world of politics, think tanks, industry and consumer associations, Edison can today rely on an extensive perimeter of relations, which guarantees the company the opportunity to make its voice heard in the increasingly broader arena of discussion on policy matters and energy transition, hence being able to adequately promote its strategic guidelines and offer the system its vision of the future of the energy system.

Hence, as already outlined in the Sustainability Policy, Edison therefore adopts an approach that leans towards consolidating continuous dialogue with all stakeholders, both nationally and at European and local level, as an enabling factor of business processes.

In carrying out its activities, Edison dialogues, interacts and collaborates with a number of stakeholders, who represent valuable contact points for the definition of the different business guidelines. In particular, the company's main stakeholders include: Employees and Associates, Trade Union Organisations, Suppliers, Customers, Commercial Agencies and Intermediaries, Institutions and Public Administration (PA), Trade Associations, Consumer Associations, Regulatory Bodies, Schools and Universities, Local Authorities and Local Areas.

A list of the main Associations and Organisation with whom Edison collaborates is provided below:

National associations	European associations	Organisations that deal with sustainability and corporate social responsibility
Confindustria	Eurelectric	Global Compact Network Italia
Confindustria Energia	Eurogas	Fondazione Sodalitas
Elettricità futura	GLE-European association of renewable and low-carbon gases infrastructure operators	Elettrici Senza Frontiere (electrical workers without borders)
Assolombarda	EFET-European Federation of Energy Traders	Centro per la cultura d'impresa (Centre for Business Culture)
MOTUS E	EASEE-GAS streaming the gas business	CSR Manager Network
Anev (Italian Wind Energy Association)	GII-Gruppo di Iniziativa Italiana (Italian Initiative Group)	ASVIS (Alleanza Italiana per lo Sviluppo Sostenibile - Italian Alliance for Sustainable Development)
Unindustria	Business Europe	SDSN Italia (Sustainable Development Solutions Network)
AIRI (Italian Association for Industrial Research)	IAP-Industrial Advisory Panel	Organisations representing the commitment of the new generations
IGas Energy	EEMG-European Energy Mediator Group	
AEIT - (Italian Association of Electrotechnics, Electronics, Automation, Computer Science and Telecommunications)		
AIGET - (Italian Association of Energy Wholesalers and Traders)		
Assocostieri		
CEI - (Italian Electrotechnical Committee)		
Energia Libera		
Consumers Forum		
Transnational associations	International organisations	Think Tanks
OME-Observatoire Méditerranéen de l'Energie	Energy Charter Treaty (IAP)	IAI - (International Affairs Institute)
WEC Italia	Energy Community	ISPI - (Institute for International Political Studies)
		Florence School of Regulation
		Aspen Institute
		SAFE
		BREC- Brussels energy club
		LIMES
		Fondazione nuovi mecenati (new sponsors foundation)
		Civita
		GLOBE - (National Climate Association)
		I-COM - (Institute for Competitiveness)

Edison has also always been committed to strengthening stakeholder engagement and dialogue, by fostering and participating in dialogue with various stakeholders on sustainable development issues.

As regards these initiatives and partnerships, we should point out:

- Fortune Sustainability Forum on topics of integration between renewable energy sources, technological development and ethics, with a specific focus on the financial and social impacts of current and future choices;
- Trevi energy days, with meetings and debate with parliamentary associates, which addressed all the themes of energy transition and decarbonisation;
- participation in the “Diplomacy Festival” in October, now in its eleventh edition and supported by the Ministry of Foreign Affairs;
- the Italian presidency of the G20 for 2021 represents a unique opportunity to promote our country’s role in guiding the discussion on how to support growth after the recent health crisis. ISPI will have the honour of supporting the Italian Government in this process as National Coordinator of the T20. Think20 – Italy 2021, which will involve Edison, will have the objective of combining the contribution from political and diplomatic experts regarding the central theme “Planet People Prosperity”;
- also in 2020, Edison was present at the 8th edition of the CSR and Social Innovation Show at the Bocconi University, taking part in group discussions on the role of companies in sustainable development, in particular on matters of the protection of biodiversity and enhancement of plurality;
- on July 6, Edison hosted the fifth Business & SDGs High Level Meeting of Global Compact Network Italia where experiences and actions were discussed and shared, aimed at promoting full participation of the female universe in working and economic life at all levels;
- the Webinar with IAI on the Green New Deal was held on July 7, which saw the participation of S. Grassi, Head of Cabinet to K. Simson;
- the 5th edition of the ITALIAN BUSINESS & SDGs ANNUAL FORUM on the topic of the “just transition”, considering four key aspects: environment and agriculture, energy, work and inclusion and governance. At this forum, Edison was rewarded for its significant commitment to promoting the sustainability goals and principles defined by the United Nations;
- presentation, on November 16, of the IPSOS survey on young people and their future in the context of the pandemic. The project falls under the third edition of the Italian-French Dialogue for Europe, promoted by the Italian Luiss Guido Carli University of Rome and the French University SciencesPo - Paris Institute for Political Studies, in collaboration with The European House - Ambrosetti.

# CORPORATE MODEL FOR THE MANAGEMENT AND ORGANISATION OF BUSINESS ACTIVITIES

## EDISON'S GOVERNANCE

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

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

Edison's governance system is based on the traditional organisational model, which makes provision for the distinction between administration bodies and the control body. It makes provision for the Shareholders' Meeting, the Board of Directors, the Board of Statutory Auditors, the Independent Auditors and the 231 Oversight Board.

Edison respects current sector regulations and the laws applicable to a listed issuer. It also observes the recommendations of the Governance Code which it voluntarily follows and considers the best practices adopted at national and international level.

The Board of Directors acts through the Chief Executive Officer (CEO), a role held since July 1, 2019, by Nicola Monti, and the directors with powers of representation. The Control and Risk Committee, the Compensation Committee and the Related Party Transactions Committee are established within the Board of Directors, providing assistance and support to it.

Edison's management structure is guided by an Executive Committee chaired by the CEO and composed of the heads of the various Divisions (Comex), managerial committees supporting top management and the Internal Auditing Department, which reports directly to the Board of Directors and supports the company management. The Comex also guides the organisational renewal process: to facilitate the resilience of the business model with respect to changes in scenario and to enhance the collective intelligence on which the company relies.

Edison also operates through subsidiaries, almost all of which subject to management and coordination, joint ventures and associated companies.

## Sustainability governance

The aspects regarding sustainability are monitored by the Control and Risk Board Committee which carries out the function of support to the Board of Directors, which is responsible for approving the Non-Financial Disclosure, the targets relating to the sustainability policy and the strategic guidelines.

The Sustainability and CSR Department, which conceptualises, proposes and manages the sustainability plan and associated initiatives, is represented in the Comex by the head of the Sustainability, Institutions and Regulation Division. The Comex provides instructions, shares projects and verifies the results achieved.

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

## THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

Edison's internal control and risk management system is composed of tools, organisational structures, company procedures and rules that allow healthy, correct company management consistent with the strategic and operating objectives, in observance of the applicable laws and regulations (compliance) of correct and transparent internal and market disclosures (reporting), and makes it possible to prevent and limit the consequences of unexpected results.

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

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

The Code of Ethics and the 231 Model are periodically reviewed and updated over time, to guarantee their adequacy with respect to legislative developments as well as organisational changes. The latest version was adopted by the Company's Board of Directors in December 2020, also in consideration of the introduction of tax offences to the catalogue of 231 offences. The 231 Model is distributed and disclosed through continuous personnel information and training activities, provided in e-learning mode as well as through classroom courses. A specific procedure for reporting potential violations (whistleblowing) guarantees respect for the Code of Ethics and the 231 Model.

The Oversight Board, appointed by the BoD and to which it reports on a half-yearly basis on the activities carried out, ensures the updating and correct functioning of the 231 Model.

### Audit activities

Internal auditing activities may concern all company areas and also regard environmental aspects, worker health and safety and themes connected with the 231 Model. They are performed in support of the Board of Directors, the Control and Risk Committee, the Oversight Board and the management. Together with the whistleblowing system, they represent the main monitoring and control tool.

## RISK MANAGEMENT

Edison's integrated business risk management model is based on the Enterprise Risk Management (ERM) international principles and COSO (Committee of Sponsoring Organisations of the Treadway Commission) Framework specifically. The ERM model aims to adopt a complete and unitary vision and, at the same time, to safeguard the principle of organisational independence of the system of identifying, assessing, managing and monitoring the company's priority risks.

In this way, it is possible to assess in advance the potential negative consequences linked to the risks identified and undertake suitable actions to mitigate them.

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

The risks and relative mitigation actions are identified by the heads of the various business units according to their own areas of responsibility through a Risk Self Assessment process. The results of the process are consolidated at central level in a map classifying the risks based on a scale of priority and aggregating them to facilitate the coordination of mitigation plans for integrated management. The results of the annual internal control system self-assessment process, with an increasing focus on the risk areas connected to ESG topics, have become an integral part of the process of updating the 2020 Risk Map and are qualified within specific "meta-risks".

In this regard, an update of the assessment of the risks and opportunities linked to climate change has been prepared, although this has a different impact from a timing perspective than the other risks represented in the map. In 2020, the risk generated by the COVID-19 pandemic was added, with significant importance for the 2020 Risk Map, due to the considerable influence on the management of company activities and owing to the possibility that the problem may persist in 2021.\*

## Risks - Energy Transition

At risk level, the most significant risk that today undermines the attainment of the national energy transition targets is connected with the lengthy authorisation processes for new large renewable power plants. In particular, in some regions, the legislation makes provision for substantial limits on the possibility of building new plants, further reducing the possibility of achieving the growth objectives established by the PNIEC. Another important risk for Edison concerns the maintenance of hydroelectric concessions which, in the event in which they are not renewed, wholly or partly, would influence Edison's market positioning.

Another relevant risk concerns the safety and continuity of the electrical supply, caused by the increase in non-programmable renewable sources, which, simultaneously could drastically reduce market prices in the time brackets with greater photovoltaic production. In order to guarantee the profitability of power plants also in the medium/long-term and accelerate investments in the energy transition, constant adjustments to the market and the incentives system are necessary. Edison provides support to the regulatory bodies in this regard. In addition, in order to improve flexibility, Edison has launched activities in preparation for the development of centralised storage and hydroelectric pumping systems.

The risks associated with the production of energy from thermoelectric plants are related to market trends, the cost of fuel, taxation on emissions and the risk of premature obsolescence owing to regulatory trends driven by environmental requirements. The early end-of-life of older thermal assets is due primarily to two reasons: to market trends, or the replacement with more efficient and modern systems and technologies, and to environmental legislation which imposes their exit from said market. In order to ensure it is highly competitive, Edison is investing not

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\* for more information on the impact on company performance due to events generated by COVID-19, please refer to the section "1.5 COVID-19" of the Consolidated Financial Statements.

only in the efficiency of its current thermoelectric power plants, but also in the design and construction of new plants with latest-generation technologies.

The gas sector will also need to be transformed, to continue to play an active role in the energy transition. For this reason, Edison is taking steps to contribute to the development of alternative gases, such as biogas, bioLNG and hydrogen.

On the downstream side, the greater risk lies in the need to convert the consumption of its customers from gas to electricity (gas-to-power shift). Edison supports this conversion with a broad portfolio of value-added services, such as roof photovoltaic systems, electric mobility and storage system.

## **Risks - Environmental Aspects**

From the point of view of risks related to climate change, with a view to business continuity, the risks associated with possible damages to infrastructure caused by extreme weather events, like floods, droughts and extreme temperature fluctuations are significant, which may compromise the natural and hydro-geological conditions of the various geographical areas and therefore may trigger potential damages to Edison's infrastructure, which may result in prolonged interruptions to production or the provision of services.

Water crises are also relevant, which involve a reduction in water availability and which, therefore, influence the production of energy from hydroelectric power, generating competition in the levels of use of water resources between industrial production, agricultural use and use for drinking water.

Other risks identified in relation to environmental aspects are the loss of biodiversity as a result of the impacts deriving from the construction of new plants, malfunctioning or leaks of polluting substances into the environment and the non-compliance with the legislation relating to waste disposal and the management of hazardous substances, which may result in substantial damages to the ecosystem.

In order to manage these risks, Edison promotes processes that prefer waste recovery over disposal as much as possible. In addition, it participates in round-table discussions on drought and multi-purpose plant use and is committed to the management of risks relating to the loss of biodiversity through studies and in-depth analyses of the areas closest to the plants.

In light of the possibility of a large-scale industrial accident, Edison has drafted "Company crisis management guidelines", which define the operating methods for the coordination of company crisis information, decision-making and management. This document is periodically updated in relation to the evolution of the company. The regulations guide the management of all those cases that may arise from any type of unpredictable or unplanned events which, owing to their type or scope of impact, and real or perceived gravity or duration, require intervention to protect the people who work for Edison, the local community and, more generally speaking, the tangible and intangible assets, or which compromise or may potentially put at risk the company's operating capacity and image.

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

## **Risks - Management of personnel and health and safety**

Based on the current phase of profound change in the business profile and in the professional make-up and geographic location of employees, which augments the impact of the digital

transformation, the main risks linked to the sphere of Edison personnel and employee management relate to the attraction and management of talented personnel, the retention of the people who fill key roles at the company and maintenance and development of technical and managerial skills, fundamental for working effectively in remote mode and fully capitalising on the potential offered by the new digital technologies.

In addition, the unique and extraordinary situation stemming from the ongoing pandemic requires significant attention to be focussed on the management and assessment of risks linked to employee motivation and active engagement. These aspects must be evaluated together with the intangible profiles that more generally characterise identity and a sense of belonging as part of a new work organisation model that will come about after the Covid emergency. These profiles take on greater significance for recently acquired personnel as a result of corporate transactions committed to integration processes and for young new hires from the market.

Therefore, it is important to direct, continue and reinforce company management initiatives geared towards:

- continuing to implement specific training programmes for the development of new digital skills at basic level distributed to all personnel (Energy Gate Programme) and at more advanced and specialist level for the professional categories more heavily impacted by the new technologies (Digital Academy Programme);
- attracting and retaining qualified and highly specialised personnel in a highly competitive market context and subject to constant change, by fully developing all the initiatives proposed with the new Employer branding Platform launched in 2020;
- implement and continue with all initiatives launched to support personnel in adopting new management and organisational practices connected with remote work (Smart Working Programme) and supporting their motivation also through active involvement in internal and external company transformation and innovation projects and processes, and in the sustainability initiatives promoted by the company in the local area;
- maintaining significant company attention on work-life balance initiatives and those involving support for essential personal needs (Edison per Te and Work Life Balance Programmes).

The risks linked to the health and safety of employees and workers of contractors are connected with operations and/or failure to comply with company, national and international regulations in this area. These risks are managed by developing projects for protection and promotion based on technical and behavioural training programmes, targeted controls and audits, intended to raise the awareness of the employees of the company as well as contractors.

Another significant risk for employee health and safety is related to extreme weather events. In fact, the majority of company plants are situated in open-air locations and, therefore, may be exposed to bad weather, gusts of wind, extreme temperatures and other weather situations which could put worker safety at risk.

Lastly, these risks are augmented by those directly related to the COVID-19 pandemic, which are reflected in the protection of the health and safety of Edison's employees and associates. These risks were managed in 2020 through a specific crisis organisation at central level, as set forth in the specific emergency management procedure, which allowed the company to minimise the impact on personnel and ensure business continuity. However, the protraction of the emergency situation will be further evaluated and managed from the perspective of the different aspects resulting from the post-emergency phase and the resulting evolution of the organisation of work.

## Risks - Customers

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

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

On the Business side, the principal risks highlighted concern the possibility of bankruptcy, and subsequent non-payment, of some large customers, which has made the planning of an allocation to an unbudgeted provision necessary.

## Risks - Supply chain

The construction of long-term relationships with every player in the supply chain is capable, on the one hand, of guaranteeing stability in the procurement process and, on the other, also stimulating the growth of the company and the community. In the absence of these aspects, which may result in the supplier being unable to fulfil its obligations, damaging the quality of the service, the risk of business continuity may emerge.

Edison also works with suppliers that guarantee the highest health and safety standards, respect for human rights, the fight against corruption and respect for the environment. The supplier selection and qualification process protects Edison from risks relating to the health and safety of the workers of contracting companies and from the social, environmental and reputational risks connected with irresponsible supply chain management.

## Risks - Relations with local communities

The risks that arise from the relationship with the local communities have been identified as little or insufficient local stakeholder engagement, which may have negative impacts on upstream and downstream business in the value chain, impacts in terms of the company's reputation and on the development of new infrastructure, for example, with the non-acceptance of new plants by the local communities, delays in project implementation times and the risk of regulatory changes.

Another risk concerns the safety of local communities and is connected with the company's local operating activities (industrial accident risks). As of today, Edison's plants have been fully accepted in the local community, thanks to the company's transparent conduct and the attention to/dialogue with local stakeholders, also during the procedures of review of the Integrated Environmental Authorisations.

## Non-financial risks and the relative mitigation actions

Areas of Legislative Decree 254/16	Material themes of 2020 NFD	Risks	
Environmental aspects	Sustainable energy transition	Risks for the non-attainment of green targets, linked to the non-renewal of hydroelectric concessions and delay/difficulty in the construction of new plants	
		Operational and non-compliance risks	
		Risks relating to the European economic and political context	
		Risks relating to climate change	
Social aspects	quality of service and customer orientation	Risks linked to the COVID-19 pandemic	
		Risks relating to the security of data, the IT network and production sites	
	Risks of profitability and growth of integrated services		
	Market risks		
	Non-compliance and reputational risks		
Creation of value for the territory	Responsible supply chain management	Operational risks	
		Reputational risk	
		Risks relating to the Italian economic and political context	
Smart communities and forward-looking vision	Responsible supply chain management	Business continuity risks	
		Risks of non-compliance, unethical behaviour and reputational risks	
Aspects relating to personnel	Employability and Occupability	Risks relating to the adequacy of ICT solutions	
		Operational risks	
		Reputational risk	
	Plurality and social inclusion	Employability and Occupability	Risks for the COVID-19 pandemic
			Risk relating to attracting and hiring new talents
Occupational health and safety	Employability and Occupability	Risk relating to employee motivation and involvement	
		Risk relating to the maintenance and development of skills	
Health and safety	Occupational health and safety	Risk of non-compliance and unethical behaviour	
		Risk relating to employee motivation and involvement	
		Risks for the COVID-19 pandemic	
Fight against active and passive corruption	-	Risks relating to weather events and catastrophes	
		Risk of non-compliance and unethical behaviour	
Human rights	-	Operational risks	
		Risk of non-compliance and unethical behaviour	

## PREVENTION OF ACTIVE AND PASSIVE CORRUPTION

Edison promotes the fight against fraud and corruption, by taking a “zero tolerance” approach to them in any form. This concept is reaffirmed in both the Code of Ethics and in the Anti-Corruption Guidelines adopted. This commitment applies both towards employees and towards third parties, through the appropriate preventive measures, a disciplinary system and with the establishment of specific “ethical” contractual clauses.

“Non-compliance” with external regulations and company regulations and policies, which may entail benefits for the company or for individuals, may compromise business integrity in addition to the company's reputation and image. The potential emergence of unlawful and fraudulent conduct, deriving from actions not compliant with regulations, is tackled through the spread and promotion of the company's system of ethics and values. The focus on disseminating these company programmes also regards new hires, as well as the personnel of newly acquired companies, as part of defined development and external growth plans.

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

- **Code of Ethics**, built around three values - Respect, Integrity and Responsibility - lays out the principles, rules and basic standards of conduct for the fair and transparent running of company activities, characterising Edison's way of doing business;
- **The 231 Organisation and Management Model**, consisting of a comprehensive set of principles, rules and instructions regarding the management and control of company processes susceptible to criminal liability. In particular, as part of the fight against active and passive corruption, specific decision-making protocols have been adopted which govern areas at direct risk vis-à-vis the public administration and private entities and a series of protocols relating to the management of cross-company operating activities;
- **Anti-Corruption Guidelines**, which constitute a summary of the control principles and the rules of conduct set forth in the Code of Ethics and the 231 Model with a specific focus on the main business areas at risk of active and passive corruption. Furthermore, they illustrate the principles, obligations and prohibitions with which business conduct must align in the areas of activity identified as most sensitive;
- **Integrity Checks Guidelines**, an operational instrument to assess the reputational reliability of the third parties with which Edison has business dealings. The purpose of the Integrity Check Guidelines is to provide methodological support for the execution of integrity checks with respect to third parties, both preventively, prior to the signing of any contractual commitments with them, and periodically during monitoring, to verify that the integrity requirements are continuously met over the course of the business;
- **Anti-fraud Policy**, which operationally outlines the key steps of the fraud-risk management programme;
- **Whistleblowing Policy**, published on the company website, which governs the methods for sending, receiving, managing and processing reports received regarding irregularities, and the whistleblowing system, which envisages the possibility of using a secure, technologically advanced IT platform also accessible by parties outside the company organisation;
- identification of specific **Compliance Officers** (Strategic and Operational), with the responsibility of promoting guidelines and policies with respect to topics of business ethics and compliance, including the fight against fraud and corruption;
- **e-learning courses** dedicated to the promotion, knowledge and dissemination of the company prevention and control system in the ethics & compliance domain;

- **commitment of the top management** to communications surrounding topics inherent in the fight against fraud and corruption.

In 2020, the training offering, which can be used in e-learning mode by all employees, was further improved. An on-line module dedicated to the 231 offence of “trafficking of illicit influences” was actually introduced, which outlines the additions made to the 231 Model and to the Code of Ethics in this regard at the end of 2019. Through practical cases, the course shows the interrelationships between the offence of “trafficking of illicit influences” and other alleged acts of corruption, focussing on the unique characteristics of each one.

In addition, since 2016, Edison has partnered with Transparency International Italia and in particular it actively participates in activities promoted by the Business Integrity Forum, for dissemination of the themes of legality, integrity and transparency as instruments and tools for promoting a good reputation and confidence in relations with stakeholders. In October 2020, Edison took part in the BIFLAB 2020 promoted by Transparency International Italia, in collaboration with the Sant’Anna School of Advanced Studies of Pisa, participating in the “Whistleblowing and acknowledgement of EU Directive 1937/2019” round table group, focussed on the European whistleblowing directive, which introduces a very detailed regulation for the private sector.

In 2020, and indeed over the last three years, no episodes of corruption were reported.

## **TAXATION APPROACH AND FISCAL GOVERNANCE, RISK MANAGEMENT AND CONTROL**

The Edison Group, in line with the national and international trends, has also further solidified and formalized its Internal Control and Risk Management System in terms of fiscal matters. It did so by adopting, throughout the course of 2018, a Tax Control Framework that allows a structured approach for the detection, assessment, management and active control of the fiscal risk and that introduces a Group Tax Policy.

The Tax Control Framework (hereafter also TCF) has been validated by the COMEX in the first semester of 2018. It was approved by Edison’s Control and Risk Committee and its establishment has been notified to the Board of Directors of the parent company Edison S.p.A. Following these actions, the publication of the General Provision n. 6/18 was executed through the signature of the CEO that made the system operational.

The Tax Control Framework adopted by Edison is the set of principles, regulations and company procedures executed by the Organizational Units in order to identify and manage the fiscal risks and taxation in general, and it is composed by:

- A Tax Policy which defines the fundamental principles and guidelines of the tax strategy adopted by Edison
- A General Rule that defines the guidelines that must be applied within the Edison Group, identifying the roles and the responsibilities in respect to the TCF and taxation
- A system of Risk & Controls Matrices that for each process identified as fiscally relevant describes the potential fiscal risks in relation to the process and the control tools established for mitigating those risks
- An information flow system between Group Organizational Units and Edison S.p.A.’s Accounting & Tax Directorate, integrated to a process of a period quarterly monitoring. The system is aligned with the accounting management model under law 262/2005, for the purpose of verifying the TCF’s adequacy and effective application

The Tax Policy adopted by the Group is in line with what has been established in the Edison’s Code of Ethics and it plans to promote the development of a company culture within the firm. This aims to lead to a proper management of the fiscal variable and a correct fulfilment of the obligations – required by the law – to take part in the public expenditure in order to contribute to the creation of value for all the stakeholders, in particular for the employees and the collaborators, the shareholders and the institutional partners.

The Tax Policy is based on four fundamental principles:

- the Company culture: Edison is committed to promote the transmission and development, throughout time, of a company culture geared to manage and prevent fiscal risks, and to lead to a full collaboration between the Tax Affairs Department and the Directorates/ business Department
- Tax compliance: by executing its commercial and financial strategies, the Group is committed to formally and substantially respecting the laws, the regulations, and the provisions that can be applied in the light of the practices and of the law belonging to the geographical areas where the Group operates.
- Tax risk management: the Group adopts tools and procedure apt to promote the timely identification and management of fiscal risks activities, that could occur also in the processes managed day by day by the line functions, and not only by the mere tax compliance management.
- Management of relations with tax authorities: in the management of the relations with Italian and foreign tax authorities, Edison is committed to maintain a collaborative and transparent behavior in order to ensure constructive relationships and to minimize possible disputes.

In addition to the Tax Policy and in order to have an higher operational level, the General Norm–GN “TCF - Operational Application mode” aims at a) defining the roles and responsibilities of the Organizational Units engaged in the activity of assessment, management, and control of tax risks; b) describing the main characteristics of the tax control system, in order to integrate its fundamental principles and the objectives present in the Internal Control and Risk Management System. In particular, it aims at describing the integration modalities with the Accounting Control System under law. 262/2005 adopted by Edison and other models; c) defining the management operating procedures in order to guarantee the achievement of the Tax Policy’s two fundamental objectives: the efficient management of the Group’s taxation and the tax-compliance; d) encouraging the spread and development over time of a corporate culture based on the prevention of tax risk and full cooperation between the Tax Affairs Department and the Directorates / support and business Departments.

The GN also states that the TCF’s forecasts had to be applied to all the processes fiscally relevant for the Group, be them managed directly from the parent company or by the subsidiaries, as well as by all the Directorates/ Divisions / Business Unit, even if these may not be directly held responsible for the management of tax obligations.

As part of the quarterly monitoring activities adopted for the TCF, the Operational Units involved in the management of tax relevant processes are responsible for the adequacy and effective application of the controls in place on these processes. The Units operate with the support of previously established Focal Points, as part of the more general Control system, internally or otherwise specifically identified and communicated to the Accounting & Tax Directorate. The actual implementation of tax relevant controls, identified and updated periodically, must be formally certified as part of the quarterly monitoring by the responsibilities of the Units.

In any case, also the other Operational Unites not directly involved in the monitoring systems are required to report to the functions in charge of the Accounting & Tax Directorate (Tax Affairs and Processes and Compliance) any organizational changes or changes in operations such as to determine potential tax impacts. Similarly to the Accounting Control Model, the outcomes of the quarterly monitoring- processes are submitted to the Control and Risk Committee of Edison and the Internal Audit Department has the duty to evaluate, through periodical testing activities, the efficacy and the actual implementation of the TCF and of the processes and monitoring established.

Lastly, it is important to mention that after the transfer of the hydrocarbon activities related to Exploration and Production, Edison Group carries out the great majority of its operations in Italy. Nonetheless, as in the previous years, and in accordance with the regulations in force related to the provisions of the Country by Country Report – CBCR, Edison Group provides its French parent company EDF SA with all the information of other taxes jurisdictions’ in respect to Italy, where it carried out (ad it does so residually) its activities in compliance with the necessary communications at European level.

## ENVIRONMENTAL ASPECTS

The environmental impacts of Edison's activities are mitigated through initiatives aimed at supporting the green energy transition and the development of reduced environmental impact production systems. The group promotes research and innovation, especially in the energy field, with the objective of finding new solutions to adapt to changes in natural ecosystems. At the same time, Edison's priorities include making its energy infrastructures increasingly more resilient and capable of maintaining energy production active, including during emergencies, guaranteeing the continued provision of essential services.

### ENERGY TRANSITION

The main actions taken by Edison in 2020 in the energy transition domain to protect the environment and cut emissions concerned:

- development of the LNG value chain and production of biogas;
- internal consumption reduction initiatives;
- initiatives connected with the improvement in energy efficiency;
- development of new renewable energy plants;
- sustainable mobility.

Edison believes that gas can contribute to the energy transition, but always with a view to accelerating the attainment of the 2050 carbon neutrality targets. Edison has also set the target of reaching 40% of production from renewable sources by 2030 and 260 gCO<sub>2</sub>e/kWh of specific emissions from power plants. In order to reach these challenging objectives, Edison has decided to invest in a selected number of high-efficiency combined cycles (H-class CCGT) in order to boost the flexibility of the electrical network and decided to invest in green gases like biomethane and bioLNG.

Today, Edison is the second wind operator in Italy and has set the target of being one of the leading renewable energy operators in 2030 by launching an ambitious photovoltaic development plan. As regards the thermoelectric sector, the company has a production system based on combined cycles powered by natural gas, i.e. the fossil fuel which has a lower environmental impact and lower CO<sub>2</sub> footprint. By taking this approach, Edison sets the objective of verifying and developing innovative technologies for existing plants and for the construction of new installations.

In this regard, the European Bank supports Edison's green investment plan with new funding of 450 million euros, recognising Edison as one of the main players in the energy transition in Italy. The European Investment Bank (EIB) entered into two distinct transactions with the Group: a Green Framework Loan of 300 million euros for the development of projects in energy efficiency and in the renewables sector throughout the country, and a loan of 150 million euros to upgrade the power plant in Marghera (Venice) to a latest generation gas-fuelled combined cycle plant. The Green Framework Loan is the first transaction of its type in Italy financed by the EIB. By contrast, the Marghera Levante plant is a new latest generation gas-fuelled combined cycle plant which replaces the old thermoelectric power plant in the process of being decommissioned. This plant will have a total electrical power of 780 MW, an energy yield of 63%, specific CO<sub>2</sub> emissions of less than 40% with respect to the average of national thermoelectric plants and more than 70% lower NO<sub>x</sub> emissions.

### Development of the LNG value chain and production of biogas

These activities are augmented by the small-scale sustainable mobility project, whose objective is the replacement of traditional fossil fuels with liquefied natural gas (LNG), in both land and

sea transport. The areas isolated from the methane pipeline network also draw benefits from the project. The LNG coastal depot of Ravenna, in fact, will make it possible to avoid 6 million tonnes of CO<sub>2</sub> over its entire life cycle, aside from the fact that LNG enables NOx emissions to be halved and emissions of SOx and particulate (PM) to be almost eliminated. The Small-Scale LNG coastal depot system is incorporated in a strategic context to reach the long-term target of the COP 21 of Paris (International Climate Conference in Paris, 2015) of the reduction of greenhouse gases and, more generally, to reduce the environmental impact on the earth.

In acknowledging the European Directive DAFI (Deployment of Alternative Fuels Infrastructure - Legislative Decree 257 of December 16, 2016), the Italian Parliament also outlined two ambitious objectives in the transport sector for 2030, which sees LNG storage infrastructures as strategic assets:

- contribution of LNG for 50% of maritime consumption;
- contribution of LNG for 30% of road transport.

Therefore, the provisions of the decree aim to promote the creation of storage facilities that allow the distributors of LNG, intended for transport and industrial uses, to procure supplies from Italy rather than from foreign depots (France, Spain and Belgium), as normally happens.

## ELEMENTS OF THE EDISON PROJECT ALONG THE SSLNG VALUE CHAIN

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Edison's SSLNG project makes provision for the creation of an integrated system of LNG coastal depots and dedicated small ships. The project involves LNG imported from countries of origin and unloaded to regasification terminals in the Mediterranean being subsequently withdrawn using a system of dedicated ships to transport it to the coastal depots. From the coastal depots, the LNG will then be withdrawn by tankers to be distributed to the refuelling stations throughout Italy or bunkers for the refuelling of LNG-powered ships. The choice of location to install the depots guarantees the availability of LNG throughout the whole of Italy and promotes the industrial and commercial development of the ports directly involved in the completion of the work, as well as the environmental benefit in line with the national and international emissions reduction targets.

Aside from the environmental benefits linked with the use of LNG powered heavy vehicles and vessels, the project may have positive impacts on the area in which each depot is built, in terms of business and job opportunities:

- the availability of an LNG supply infrastructure in the port represents a hub especially attractive for the traffic of lower impact ships that cross the Mediterranean (cruise ships, ferries and goods), incentivising the tourist and commercial sectors, with presumable positive repercussions also for the shipyards present in the area, especially for the port;
- the depot will make it possible to provide LNG for land-based transport at more competitive prices, favouring the use of lower environmental impact vehicles;
- it may trigger investments in service stations, whose presence is limited today, especially in southern Italy;

The positive effects are already noticeable in the case of Ravenna, where roughly 47% of the cost of the work resulted to be contracted to local firms. Furthermore, the positive effects on the activities of the local service sector are evident, if we consider that the project has a duration of roughly three years and has reached a maximum of 170 workers in the peak period.

In 2020, the joint project of Edison and Kuwait Petroleum Italia (Q8) for a Small Scale coastal LNG (Liquefied Natural Gas) depot at Darsena Petroli in the Port of Naples was presented to the public.

More specifically, Edison has launched a project which provides for the procurement, sea transport, storage in the appropriate depots, distribution and delivery of LNG for end uses connected to heavy and maritime transport. Effectively, the first integrated small-scale LNG logistics chain was launched in 2018 following the incorporation of the new company Depositi Italiani GNL with the partner company PIR (Petrolifera Italo Rumena) for the construction and management of the first LNG coastal depot in Ravenna. This is the first in a system of coastal depots, which will start to operate in 2021, and will have a storage capacity of 20,000 cubic meters, making LNG available in Italy to fuel at least 12,000 trucks and up to 43 ferries a year. The validity of the organisation adopted and the choice of partner has been evident during the COVID-19 emergency; in fact, despite the difficulties and the 6-week shutdown of the Ravenna site, the date of the commercial launch of activities is today expected to still be the same.

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

Sersys Ambiente has acquired in July-August 2020 the full ownership of the companies 'CEA Biogas Srl' and 'Ambyenta Srl'. CEA Biogas owns and manages a plant located in Caivano (province of Naples), producing biogas used for the generation of electricity to be fed into the national grid. Biogas is produced starting from the treatment of the Organic Fraction of Municipal Solid Waste. The total authorized capacity of the plant is equal to 36,000 tons of incoming material. Ambyenta Srl owns a plant located in the Municipality of Zinasco (province of Pavia); also in this case the plant produces biogas deriving from the treatment of Organic Fraction of Municipal Solid Waste, used for the purposes of electricity production. The authorized capacity of the plant is equal to 30,000 tons of input.

## **Internal consumption reduction initiatives**

As regards the reduction in internal consumption, note should be taken of the following initiatives targeted at sustainability in ordinary office and personnel activities, and in particular:

- adoption of LED lighting in all offices;
- the adoption of water dispensers to reduce the consumption of plastic bottles;
- the installation of a bike rack in the garage for the use of bicycles in the Milan headquarters;
- the reduction of emissions due to employee work travel through an increase in smart working, video and conference calls and agreements with other companies to implement corporate car sharing and community travel initiatives;
- the creation of electric mobility solutions capable of improving sustainability through the conversion of company combustion engine vehicle fleets into electric vehicles (fleet audit) and the installation of charging stations.

## **Initiatives connected with the improvement in energy efficiency**

As regards waste management and optimisation of the use of resources, in 2020, Edison implemented a medium/long-term project aimed at modernising and replacing the Fenice Poland plants, in order to substitute the use of coal with gas. In addition, Edison is implementing the first two class H combined cycle installations in Europe: Marghera Levante (see above) and Presenzano. In relation to the light pollution of the thermoelectric power plants, an improvement plan is in progress with the start date set for 2021.

In addition to this, in relation to energy efficiency, Edison adopts the best available technologies and promotes projects to modernise its plants:

- as regards the Comiso 2 power plant, power generation with gas produced directly by the power plant is at the study phase;
- the Garaguso power plant resumed production, replacing the existing motor compressor with an electrical compressor with oil-free technology in order to reduce 100% of the emissions deriving from the motor compressor;
- by contrast, at the Larino power plant, all asbestos roofs have been replaced.

Edison constantly conducts emergency simulations in order to prevent and/or mitigate possible incidents and involves its sub-contractors during briefings focussed on the protection of the environment and through the sharing of operating relations for the purpose of specific maintenance work.

## Management and certification systems

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

In general, Edison's Environment Policy contains principles and commitments that the company assumes for managing and mitigating the impacts of its activities on the environment. The Policy is signed by the Group Chief Executive Officer and consists of three key principles:

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

Edison adopts integrated management systems compliant with international reference standards to maintain oversight over environmental aspects, continuous performance improvement and therefore risk reduction. These schemes are compliant with the 14001 standard for the environment, and 45001 (18001 until its full replacement) standard for health and safety. During the year, the planned certification visits were carried out, both renewal and supervision, on the environmental, health and safety management systems by the accredited bodies, as were those for the other certification schemes relating to quality (9001), energy (50001), ESCO energy services (11352) and social responsibility (SA8000) where applied. In addition, the Power Asset Division's operating sites and some sites of Edison Stocaggio and the E&P Division hold the EMAS environmental registration.

## Development of new renewable energy plants

As regards photovoltaic power, since 2019, Edison has been taking huge steps in this sector with a portfolio of projects realised not just on areas for agricultural use, but also on industrial areas or disused quarries that allow the re-use and reconversion of production areas. In 2020 Edison has filed about 200 MW of authorisation applications, during the year also the construction work in Capo di Agira (4.5 MW) was started, and the Aidone site (44 MW) was opened following the closing of the purchase of the company MF Energy, holder of the authorization for the construction and operation of the plant .

In the wind sector, through the investee company E2i, Edison is completing full reconstructions in Abruzzo in the wind farms of Castiglione Messer Marino (IR3, 13.2 MW) and Roccapinalveti (IR4, 29.7 MW), in the province of Chieti. In addition, the site was opened for the full reconstruction of the Casone Romano (2.6 MW) wind farm in the province of Foggia. Another objective in this

sector concerns the obtainment of the PAUR (Single Regional Authorisation Measure) Decree for the Mazara del Vallo 2 (28.8 MW) greenfield project, for which opening of the site is imminent.

With a view to efficiency of the use of renewable energy sources, from 2015, E2i has been the promoter of the "Charter for sustainable wind power renewal", to which other operators and the associations ANEV and Elettricità Futura, Legambiente and ANCI have signed up. The Charter identifies the operating rules and best practices to promote the effectiveness and optimisation in the projects for the upgrading of the existing wind farms in Italy. All this can be achieved through the adoption of modern wind turbines, bigger and improved by decades of technological development, capable of boosting productivity and efficiency by respecting the principles of environmental protection, care for the landscape and local area development.

The Charter for sustainable wind power renewal promotes the full reconstructions of existing wind farms and is based on the following principles:

- Enhancement of the wind natural resource in already operational sites: modern increasingly bigger wind turbines are able to best take advantage of the wind resource and provide greater support to the electrical network;
- Optimal use of the territory and maximisation of use of existing infrastructural installations: the replacement of obsolete plants with new generation ones makes it possible to make as much use of existing infrastructures as possible;
- Containment and mitigation of the environmental impacts in all phases of the process: environmental restorations and monitoring of flora and fauna help to integrate wind production activities with the environment in which the plants are incorporated;
- Continued relationship with the local area, the institutions and the local communities: *it is fundamental to make communities take part in the "wind experience" as much as possible: social and cultural information and initiatives are the main channels*.

As regards the hydroelectric sector, Edison continues to develop mini-hydro plants through M&A initiatives and organic growth. In 2020, the authorisation process was completed for an AU (single authorisation) in Val D'Aosta for the Saint Barth plant (1 MW), whose site opening is expected in March 2021; the change of AU of the new design of the hydroelectric plant in the Municipality of Quassolo in Piedmont (3MW) is also at the completion phase.

With a view to the constant increase in renewable energy production, in 2020, Edison created some tools that, by using machine learning data and algorithms, make it possible to optimise the performances of wind assets, by identifying and promptly reporting any malfunctions.

In addition, in view of the introduction in Italy of the continuous trading market, which will involve significant changes to the flexibility market, Edison has employed a system for forecasting the short-term production of wind assets (0-6 hours), which supports the day-ahead forecast tools, further improved thanks to the use of field data.

The same type of applications of production optimisation and forecasts will be implemented in 2021 on the Group's photovoltaic plants.

## SUSTAINABLE MOBILITY

Also this year, also in line with the company policy of focussing heavily on the environment, Edison proposes a series of initiatives in support of sustainable mobility. In fact, for Edison, gas and electrical mobility represent an important lever to become a leader in the energy transition. The main activities launched or continued in 2020 in this domain concern:

- Plug&Go Business which offers the residential market the possibility of using the electric car rental service, installation of charging stations at homes and a bonus of 180 euros (equivalent to one year of electrical charging);
- Edison Sun&Go, created from the synergy between MySun Business (photovoltaic and storage systems) and Plug&Go Business (electric mobility and recharging systems), enables

companies to select cutting edge products designed for savings and to sustainably achieve energy independence;

- Partnership with Toyota/Lexus for the electrification of all Italian dealerships;
- Edison started to explore the theme of electric micro-mobility and, in collaboration with the Milan Polytechnic, launched the design of an electric scooter prototype that meets advanced security and reliability criteria;
- Business advisory services: an end-to-end service that ranges from the fleet of electric vehicles to the design, installation and maintenance of charging stations;
- The range of electric mobility solutions was expanded for public transport services in large metropolitan areas;
- Edison decided to develop, together with Sigeric Servizi per il Turismo, a programme for the development and support of sustainable mobility and cycling tourism in Lunigiana, the sector in which Sigeric has operated for many years. The project made it possible to increase the fleet of e-bikes for hire for local discovery tours, and free excursions will also be organised for students to combine discovering nature with physical activity and visits to Edison's historic plants;
- The objective of the small-scale project already mentioned previously for sustainable mobility will be to reduce LNG emissions with respect to traditional fossil fuels in both land and sea transport;
- the internal electric mobility project has allowed the company to further cut emissions of pollutants and CO<sub>2</sub>. Thanks to the PWEV100 project, Edison aims to reach 100% electric vehicles by the end of 2030 and, as of today, the list of Edison vehicles includes an increasingly greater portion of electric and hybrid machines (7.4%);
- Activities are also being implemented involving the installation for electric charging stations for vehicles and wall boxes both in the main Headquarters and Edison's sites, and at the homes of the group's employees;
- As regards the Turin offices, a fleet of electric vehicles has been introduced and electric charging stations for vehicles and wall boxes. Specific electric transport services have also been launched in Turin for transfers from the Porta Susa station to the Rivoli HQ;
- Thanks to the collaboration between Lidl, IVECO, LC3 and Edison, the first vehicles powered by biomethane were presented in January. Lidl's new green fleet will be used for the restocking of sales points in northern Italy. Thanks to biomethane, CO<sub>2</sub> emissions will be reduced by 95% and there will be a circular use of resources.

## ENVIRONMENT PROTECTION AND BIODIVERSITY

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

The work started in 2019 on the back of the specific meetings on the subject and a focus group that involved representatives from the divisions concerned with the matter of protection, led to the definition of the specific target on biodiversity: "By the end of 2023, at least 3 initiatives to protect habitats and enhance biodiversity, co-designed with local stakeholders, also identified by mapping the vulnerability of existing sites and those in development".

In 2020, a mapping of ecological vulnerability and biodiversity risk in Edison's power generation sites was concluded, which involved more than 200 thermoelectric, hydroelectric, wind and photovoltaic plants.

The analysis, involved the thermoelectric, photovoltaic, wind and hydroelectric plants, and it has entirely been carried out in the GIS environment - *Geographic Information System* – creating an accessible database that can be integrated and updated.

For each production plant a biodiversity profile has been created, questioning the most influential indirect resources within a 10 km buffer (the Study Area within which look for information related to the expected biodiversity), as well as the most updated resources in terms of biodiversity as a group of 3 information plan:

- animal and plant species;
- scientifically recognized habitats and biomes;
- protected natural areas;

For each information level, descriptors of ecological vulnerability and risk to biodiversity have been identified:

- measuring the proximity / remoteness of any area subject to protection;
- measurement of the percentage area of valuable habitats (S%) within the area of study;
- relative wealth percentage of threatened species (IUCN red list).

As part of the actions for protection of the soil, 2020 saw a continuation of the dismantling of the Sarmato site and so, also the general activities involving constant monitoring of the contamination of the local areas. In addition, it should be noted that all chemical products are stored in containment basins.

During the year, Edison continued characterisation, safety assurance and environmental remediation work on sites in the industrial areas potentially polluted by industrial initiatives carried out in the past by businesses that were part of the former Montedison Group, sold a long time ago and/or closed. In this regard, it should be noted that, in the Dogaletto (VE) site, phase 2 of the Environmental Remediation Operating Project approved is in the process of being executed.

In addition, water table treatment activities continued at the Correzzana, Melegnano, Massa and San Giuliano sites and land remediation continued at the Legnago site.

As regards the National Interest Site of Bussi, it should be noted that:

- prevention measures are in progress on the Piano d'Orta site as well as the preparatory activities for the execution of the activities incorporated in the section of the Environmental Remediation Operating Project;
- safety assurance activities were carried out in areas 2 A and 2b and the surrounding areas;
- for the Tre Monti area, technical round table groups were held to define the activities to be carried out and prevention measures continued. Thanks to the obtainment of the authorisations for activation of the plants, activities were launched in preparation for environmental remediation work.

In addition, note that on July 19, 2018 the Public Prosecutor of Potenza ordered the seizure of the hydraulic barrier of the Rendina Ambiente (Melfi) WTE plant due to the alleged contamination of the groundwater and presumed hazard to public health. The provision of the Public Prosecutor of Potenza contained in particular, the application of a precautionary prohibiting measure against the Chief Executive Officer of Rendina Ambiente and the appointment of a commissioner for the management of the hydraulic barrier. On July 31, 2018, the Court of Review revoked the seizure provisions as well as the precautionary prohibiting measures, as the company was able to demonstrate the absence of contamination of the drinking water. The Public Ministry submitted an appeal against the decision of the Court of Review and, the Court of Cassation, at the hearing on January 11, 2019, rejected the appeals of the Public Prosecutor, upholding the decision of the Court.

Lastly, it should be noted that Edison replaced the Eni Group in safety assurance and environmental remediation activities on some sub areas that are part of the National Interest Site of Mantua, where Montedison managed an important petrochemical plant up until 1989.\*

In addition, with reference to the activities transferred by Edison in 2020, following the visit by ISPRA to the Vega offshore platform as part of the controls on the Integrated Environmental Authorisation, three cases were recorded in which the authorised limits were exceeded. Therefore, works were carried out to restore two of the three parameters identified within the limits and authorisation requests were presented and equipment purchases formalised to carry out the major modification works targeted at also bringing the third parameter back inside the authorised limits.

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\* for further information please refer to the sections "8. ACTIVITIES NON ENERGY" and "9. NON-ENERGY ASSETS", of the consolidated and separate financial statements, respectively.

## PERSONNEL MANAGEMENT

Edison considers human capital one of the main sources of the creation of value and competitive advantage: for this reason, it supports and develops the personal growth of its staff by promoting their professional development, conditions aimed at ensuring a work-life balance, policies targeted at active involvement in innovation and development initiatives and participation in the company social life and external communities.

The transformation that is taking hold in the energy sector also involves significant organisational changes, and an evolution of the professional and managerial skills needed to support the competitiveness of the company and people's employability over time throughout their whole working lives.

In order to support and accompany people during this transformation process, some time ago, Edison launched extensive training programmes that involve all company personnel aimed, in particular, at:

- supporting and instilling in people a fully-informed and dynamic attitude to dealing with change;
- enhancing technical and managerial skills, with a special focus on new skills connected with the development of digital technologies.

At the same time, today, inclusion of diversity and the protection of plurality are proving to be, increasingly more, a fundamental competitive lever and an important value for attracting and retaining the new generations in particular. In accordance with the guidelines suggested by the international policies and conventions, therefore, Edison operates with the constant objective of nurturing the talent of each staff member, offering an inclusive and stimulating work environment and continuing with activities and programmes relating to diversity and inclusion, the active involvement of people in the processes and main transformation and innovation initiatives developed in the company and with the communities of civil society in the areas in which it operates.

In 2020, the COVID-19 emergency accentuated the company's focus not only on the protection and prevention of people's health, but also on practical and innovative earnings support initiatives for workers whose job was put on hold and due to the inability to access emergency smart working. At the same time, the number of people operating in smart working mode was increased significantly (more than 50% of the total workforce), and corporate communication initiatives disseminated to all levels were also ramped up, also remotely, with the objective of maintaining an open channel of listening and communication between the company and its personnel and preserving the company community and social life element, albeit under the distancing conditions imposed by the pandemic emergency.

Programmes and initiatives focussing on personal needs, both from a company welfare services perspective, and in terms of people's work-life balance, were also confirmed - where compatible with the pandemic situation - or repositioned to accurately meet people's specific needs in the context of the extraordinary ongoing situation.

As at December 31, 2020, the total number of Group employees was 4,762 (of which 1,012 women and 3,750 men), augmented by 91 external associates (44 interns and 47 temporary staff) for a total workforce of 4,853 people, of which 1,051 women and 3,802 men. With reference to the breakdown of employees by professional category, as at December 31, 2020, roughly 37% is accounted for by the category of production staff and 43% by office staff. By contrast, the middle managers and managers category accounts for 16% and 4% of total employees respectively.

As regards the protection of employment, as at December 31, 2020, Edison registered 4,684 employees on permanent contracts, or roughly 98% of total employees.

## EMPLOYEE ENGAGEMENT

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

Despite the fact that it was not possible to forge ahead with some initiatives due to the difficult events of this year, Edison implemented new projects in order to maintain and reinforce the intense activity of inclusion, integration and involvement of employees, by taking advantage of innovative methods of interaction capable of overcoming the even more challenging limits of physical distance in consideration of the effects of the pandemic on the organisation of work.

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

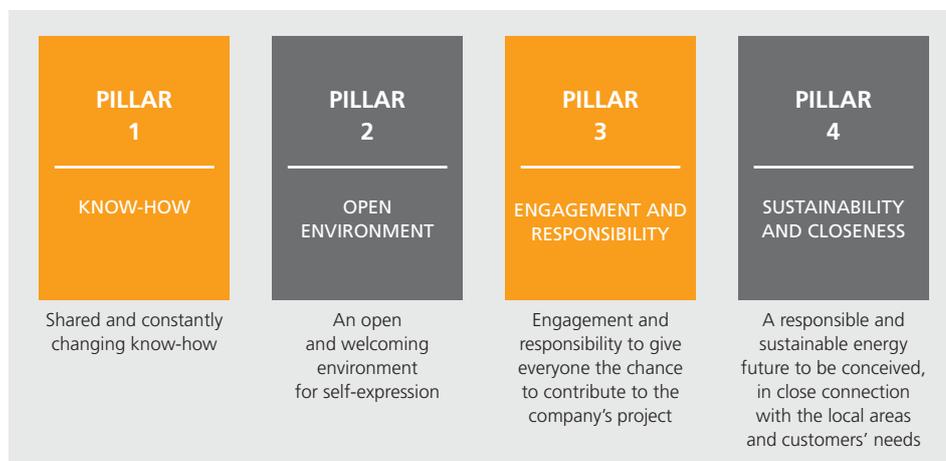
With the Edison Live format, Edison's internal communication department launched, during the full lockdown, a video channel to strengthen the links between Edison's employees by speaking to each other. Edison Live was also evidence of the initiatives actually implemented in support of associations benefiting from Edison donations and the funds collected through the Employee Solidarity Fund, set up during the health emergency. The video channel registered a total of 12,533 views including: the "work in the times of coronavirus" video, video messages from members of the Comex, video clips "happy times" and video stories on the employee solidarity fund.

The "our professions" web series, which presents 36 episodes published on the intranet between January and March 2020, received a total of 11,156 views. The full digital event to celebrate together at the end of the year, "Edison Natale Digitale" (Edison Digital Christmas), saw 2,784 people sign up and 2,500 connections during the evening, with a diverse distribution of participants throughout the country.

Since 2012, Edison, with the support of a specialised international company, has measured the motivation and level of engagement of its employees through "MyEDF", an annual survey of the environment managed at Group level. The survey is extremely well-structured, with high levels of participation, standing at 80% in 2020. Based on the indications provided by employees, this tool helps to define and implement specific action plans for the development and continuous improvement of the company and its management practices.

## Values and company culture

The year 2020 was also characterised by the launch of a new Employer Value Proposition, an authentic promise by the organisation and the people already part of it, to be a valuable employer both for the people already employed in the company, and those who choose to join. Edison's Value Manifesto is composed of 4 pillars that define the qualities and priorities that the company has identified as hallmarks of daily work activity:



## PLURALITY AND INCLUSION

The desire to promote an inclusive work environment is a concrete commitment for Edison as also shown in the sustainability targets dedicated to this theme and the process that the Plurality and Inclusion group has continued to implement at the company since 2017.

As pointed out previously, the events of 2020 have impacted the methods of interaction between the company's personnel, by contrast favouring a rapid extension of the use of social collaboration tools (as shown by the level of attainment of the dedicated sustainability target) which has enabled, nonetheless, the implementation of some initiatives, including remotely.

The main projects targeted at employees include:

- The new edition of the Mentorship process: a process in which senior management shares its experience, know-how and insight to support colleagues growing in the company. In 2020, an experimental cross-mentoring process was launched, bringing young and senior mentors together to discuss Edison's role as a leader in the energy transition and a responsible operator. In 2020, 42 people took part in the programme (including the couples from the experimental process);
- The Cross Generation Bridge project: a project for the exchange and intergenerational interaction between people who have been with the company for over 20 years and Young Community Members with less than a year of experience, which saw 22 people take part. Senior professionals shared their knowledge, experience and organisational culture, while their younger colleagues shared their vision of the world, working and their digital skills.
- Again as part of the initiatives on plurality and inclusion, and with specific reference to the enhancement of gender diversity, a training course was created with Ambrosetti on inclusive negotiations which involved a group of middle managers.
- One of the webinars of the new training schedule "Cookies for the mind" was dedicated to inclusive language in digital meetings. Approximately 50 employees participated in the go-live.

The meetings on the topic held in 2020, which involved internal and external stakeholders, were as follows:

- The last meeting of the SDG@Edison panel (first sustainability panel set up in 2018) in February 2020 with the Chief Executive Officer regarding inclusion and plurality as competitive factors in the energy transition: a reflection on the added value that an inclusive approach can generate for the company and for the community which the company is part of. Some members of the panel and experts on the subject took part in the meeting.
- Webinar on diversity: On September 8, Edison hosted the webinar *Sostenibilità Oggi*

(Sustainability Today), created in collaboration with DiverCity Magazine, which brought together for discussion Edison, Sanofi, Global Compact Italia Foundation, Confederazione Parkinson Italia, Associazione Parks liberi e uguali and the Comitato #DateciVoce, established during the lockdown to promote a female presence in the decision-making scenarios as regards the response to the pandemic.

- This year, Edison hosted the annual *CEO Meeting of the Global Compact Italian network*, focussed on the theme of SDG number 5 relating to gender equality. The discussion centred on the role that companies must fulfil in encouraging and supporting the presence of women and their careers in the world of work and, in general, disseminating this extremely important topic in the community.
- For the fifth year in a row, Edison sponsored *Il Tempo delle Donne*, an initiative organised by the newspaper *Corriere della Sera* to exchange ideas and reflect on gender equality. This year's topic was the "regeneration" that a crisis can trigger, with special focus on the role that women and young people can play. In the "Garage of ideas", male and female philosophers, scientists, innovators, experts in technology, society and customs, students, teachers and professionals all took the floor to discuss and debate the prospects of the future.

Monitoring of the company objective of plurality and inclusion continued in 2020, through a dedicated dashboard, whose indicators are also partly reported in this document.

As regards the enhancement of diversity, in 2020, Edison employed 1,012 women, or more than 21% of total employees.

A total of 57% of Edison's employees fall into the 30-50 year old bracket, by contrast employees over 50 make up 36% of the total, with the remaining 7% composed of employees under the age of 30.

In 2020, and indeed over the last three years, no instances of discrimination were reported.

## PERSONNEL TRAINING AND DEVELOPMENT

Through continuous technical-professional and managerial training processes, Edison supports the development of its personnel in order to guarantee their employability and develop the competitive skills to achieve business results. In 2020, Edison provided 146,537 total training hours (down by 31% compared to the total training hours provided in 2019), for an average of 26 hours per employee.

In 2020, Edison strengthened the initiatives aimed at supporting the processes of up-skilling and acquisition of expertise connected with the use of new technologies, as described in more detail in the chapter relating to the development of digital skills.

Also this year, technical-professional training continues to be at the heart of the Business Divisions' training investments and in 2020, Edison provided a training plan of 146,537 hours that has involved roughly 80% of the company population, at a cost of around 7,815,000 euros, financed in part by using the training account of the interprofessional funds *Fondimpresa* and *Fondirigenti*, for a total amount of 379,429 €.

The ongoing pandemic emergency led to a reduction in training activities, which meant their educational method was redesigned, preferring integrated educational solutions, in person and remotely, whenever the personnel safety conditions allowed it.

Managerial training was largely provided digitally. The Group managerial training offer was provided during the year, which was redesigned with the objective of developing mindsets consistent with the new business strategy; in particular, personnel engagement and development, entrepreneurship and courage to take risks, innovation, customer and local area centrality and

collaboration. On the whole, more than twenty-five training sessions were provided, in which over two hundred company managers took part.

The sessions also involved both middle and senior managers, also with the objective of fostering integration with the company's management that has joined the Group in more recent times.

The follow-up to the Leading People, Leading Business training course, dedicated to recently appointed managers, was designed and provided, partly in digital mode, partly in person. Many Group managers participated in the webinars of the network of the Permanent Updating of Ambrosetti, which presented management and economy topics, and which recorded a high level of interest, even considering the period of significant disruption that we are experiencing. All Group managers also continued to have access to the professional updating webinars organised by the The Ruling Companies network.

In addition, the Performance Management model was redesigned, consistent with the new Group Leadership model, and a communication campaign was created, which involved all company managers.

Specific training initiatives dedicated to developing professionals continued, as part of the individual growth plans defined following specific assessments. Furthermore, the fourth edition of Expo Edison dedicated to new Group personnel was also implemented in digital mode in 2020.

The new digital "Cookies" platform was launched in 2020: five webinars lasting a couple of hours aimed at making daily work life more efficient. Webinars were held during the year on the management of e-mails, on how to effectively create a presentation, on the use of Power Point and LinkedIn and, lastly, on the inclusive management of meetings. All training material was uploaded to the e-learning platform so people can benefit from it asynchronously.

## **Prizes and awards**

For the sixth year in a row Edison received the Top Employers Italia award, the certification of quality and excellence guaranteed by the Top Employer Institute, an independent international organisation which analyses more than 2,500 companies worldwide on an annual basis. This recognition confirmed Edison's constant improvement towards levels of excellence in the processes of Talent acquisition, on-Boarding, career management and work conditions and environment and corporate social responsibility.

In addition, Edison received the Universum Talent 2020 - Italy's Most Attractive Employers award, for the Utilities category, awarded thanks to the opinions expressed by almost 36,500 young people from 39 Italian universities. Again with Universum, in 2020, Edison was ranked second among companies with a significant awareness of STEM according to the opinion of almost 12,000 professionals, graduates with at least one year's of working experience and up to a maximum of five.

In 2020, Edison received the Potential Park recognition as one of the best companies in the Italian landscape for Employer Branding and Digital Communication policies relating to the Candidate Experience.

Lastly, in the Italy's Best Employers 2021 search created by Statista for Corriere.it, which involved more than 12 thousand employees, Edison topped the podium in the energy and utilities sector as the perfect company to work for.

## Digital skills

As regards trade academies, the *Edison Digital Academy* was launched in 2020: a permanent training programme, developed in collaboration with Talent Garden, which aims to accelerate the digital transformation of the company by focussing on the enhancement of personal skills and the growth of a digital culture.

In the first twelve months of training, the programme will involve around 150 employees from all company areas and, in subsequent years, will aim to include an increasingly greater number of employees. The initial course is structured into seven master classes dedicated to strategic company themes, such as artificial intelligence and transformations that it will introduce to the energy sector, the areas of application of the internet of things and the importance of conceiving and designing products and services tailored to the user.

The master classes launched in 2020, also through the use of remote learning included: *User Experience & Customer Journey*, *Digital Product Management*, *Growth Hacking Mindset*, *From data to decision*, *AI for business*, *Smart Objects & IoT*. The Academy also avails itself of a scientific committee, composed of company experts and qualified experts from the scientific community and the world of digital start-ups, involved in defining the guidelines of the useful contents for the micro-design of the individual initiatives and for the active participation in the training sessions through lectures and testimonies.

The digital culture is promoted internally through a number of initiatives. For example, with Digital Breakfasts, informal events open to the entire company population which aim to arouse curiosity and awareness of digital matters and innovation through prominent external testimonies, in some cases also from actual situations far removed from the typical area of operations of the company. This is a highly appreciated format, with roughly 100 people taking part in the event on average, which was fully digitalised in webinar format from February due to the restrictions connected with the health emergency.

Edison has also developed the platform Digital Training MyLA - My Learning Area, an environment integrated with the Edison intranet that allows all employees to access e-learning courses and the new content added. In particular, the contents dedicated to HSE, Compliance and digital skills development were enhanced. The contents dedicated to compliance were expanded by the courses dedicated to the Trafficking of illicit influences and Anti-trust; the first addresses the pillars of the Anti-trust regulation and the second the prohibited conduct in relation to the new 231 offence of "Trafficking of illicit influences".

On the topic of development of digital skills, a training course was created composed of six sessions dedicated to the subject of Cybersecurity, with the goal of developing technical skills to protect employees and the company from the risk of cyber-fraud, to train employees on recognising suspicious digital communications.

A video was made available dedicated to the use of the main company social collaboration tool - Teams - and the Digital Education Energy Gate course was completed for the Energy and Environmental Services Division.

Edison then launched a new Digital Empowerment project targeted at revamping and reactivating the community of company Digital Sherpas in order to further disseminate the adoption of digital skills through an approach that integrates not only conventional training but reverse mentoring methods.

## The Young Community and the growth of the new generations

Edison's focus on new graduates starts from Selection: the structure of the so-called talent acquisition process, in fact, was recently fine-tuned and aims to hire people in the company that share Edison's values and have the energy and desire to help achieve the company's

objectives. The attention to the training and development of these members of personnel was also continuous in 2020.

In 2020, the training programme dedicated to the Young Community had to transform to digital all training programmes on cross-company skills such as the Mini Master in Economics. YC Meet Ups were created in 2020, digital meetings to provide young people with a vision of the company and the topical issues through monthly meetings with in-house colleagues and external experts. Two "Exploring Edison" workshops were established, projects launched by the Top Management which, during the year, took part in the creation of the E-Deas platform, the creator of Edison's business ideas, and created a services dashboard for the management of the company community in which they take part, with the goal of making the training and development programme transparent and engaging.

Again in 2020, the Edison Energy Camp was digitalised, the intensive training programme on energy which involved Edison's Young Community and 30 university students from various Italian universities (Luiss, Turin Polytechnic, Bari Polytechnic, Milan Polytechnic, Catholic University of the Sacred Heart). The scheduling went from the normal one week to two weeks full time, again enriched by contributions from the WEC (World Energy Council Italia Services), testimonies from professionals from other companies, advisory services and institutions.

## COMPANY WELFARE

Through the company welfare programme "Edison per te", the company meets the personal needs of its employees with services and opportunities regarding family matters - particularly for the management of children, health, sports and well-being, leisure time and savings. As of 2019, the programme is being progressively extended to employees of the Companies that joined Edison more recently.

As part of the programme, also in 2020, continuing the approach adopted in previous years, the health prevention campaign was offered to employees.

In 2020, among those who were already offered the various welfare services, roughly 70% of the Group's Italian employees, 3,052 people, took direct advantage and, on average, each employee enjoyed nearly 6.7 different services.

Across all Edison companies, for the various professional and contractual levels, forms of supplementary pension and health care services are provided, and in 2017, Edison also introduced the option of converting contractual performance bonuses into welfare services in nearly all Group companies. Company welfare agreements and initiatives are being gradually and progressively activated in the various newly-acquired companies as well.

In 2020, 23% of the employees covered by the energy national collective bargaining agreements (CCNL) and 33% of the employees in Energy and Environmental Service Management areas covered by the metal-mechanics national collective bargaining agreement converted their performance bonus into supplementary pension contributions and/or welfare reimbursements and services.

For many years now, Edison has sponsored study grants abroad for the children of employees from all Group companies, through the Intercultura Onlus Foundation. In 2020, 24 young people were awarded a study grant for a study period abroad, varying from one month to a whole school year. The pandemic caused by COVID-19 limited the departures: also for the greater safety of the young people, in 2020, 4 set off for study periods abroad for one year, one quarter and one two-month period, while in 2021, the remaining 20 young people will set off for summer periods abroad and a 6-month stay.

For the children of employees, Edison started a course of Orientation to University and Work with Jointly, a partner specialised in these sensitive areas. In 2020, the activity involved 75 young boys and girls from Higher Secondary Schools in a structured course of 5 months. In addition, a digital Edison class was organised with 70 children of employees between the ages of 19 and 26, to help them focus on the world of work (in collaboration with HRC Digital Generations).

## Industrial relations

All Group employees are covered by the national collective bargaining agreement and 25% of Edison's employees are members of trade unions. Edison pursues constant interaction and dialogue with workers' representatives at European, national and local level.

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

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

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

The management of the pandemic emergency involved regular meetings throughout the whole of 2020 with the reference national Trade Union Organisations and company representatives at central and regional level.

The meetings with the trade unions and the agreements reached made a significant contribution to the management of the impact generated by the pandemic emergency, both from the perspective of the protection of workers' health and safety, and in terms of identifying the conditions and tools to ensure, where possible, the continuity of all business activities. In addition, through the corporate agreements reached, the emergency income support instruments introduced at national level for those unable to work or incapable of accessing smart working were reinforced, also through the experimental introduction of new provisions, such as the transfer of holidays for solidarity purposes between employees. These initiatives were supplemented by a financial contribution provided by the company. This set of instruments has made it possible to minimise the use of the COVID-19 Redundancy Fund and supplement the income of the workers involved.

## OCCUPATIONAL HEALTH AND SAFETY

Edison considers the prevention of the workplace health and safety of its employees, the people who work for third party companies and, where relevant, the people who live in the areas surrounding its plants and company sites to be of priority importance, by eliminating the relevant risks or reducing them as much as possible.

In that regard, Edison is equipped with an organisation that makes provision for roles and responsibilities which are formalised at all levels, in order to ensure the maximum level of management and control of all company processes and the associated specific activities which may have an impact on the matters of protection of health and safety. The coordination of said organisation is ensured not only by the figures set forth in the national and/or local regulations, but by the HSEQ professional family, which is present extensively across all company organisations and sites. It guarantees monitoring of the homogeneous application of the principles and commitments identified centrally, by maintaining a focus on the unique local characteristics and, if necessary, integrating with the initiatives set within the context of the different types of sites in which work activity is carried out.

More specifically, Edison guarantees, through centralised guidelines, the systematic adoption of the themes of health and safety at Edison Group level, which is structured operationally into systems for the management of the individual company sections (divisions, management units or legal entities). These systems are applied in compliance with the international reference regulations such as: OHSAS 18001 until its complete replacement with standard UNI EN ISO 45001 (replacement expected in March 2021 but extended until the subsequent month of September due to the health emergency) and supplemented, where possible, with similar environmental regulations: UNI EN ISO 14001, UNI EN ISO 50001, EMAS registration.

At Edison, in addition, the principles and commitments for eliminating or reducing the workplace risks are outlined in the Edison Environment, Health and Safety Policy signed by the Chief Executive Officer in 2017, referred to in the Code of Ethics and in the organisational models set forth in regulation 231. The key principles which make up Edison's Policy on health and safety are: the widespread responsibility within the entire organisation, the commitment of all stakeholders to participating in the implementation of the organisational model adopted, the concept of continuous improvement as a constant objective of company action and attention to the sharing of information and best practices.

As regards the objectives regarding workplace health and safety, Edison shares the objectives identified by the EDF Group (some of which related to specific indicators):

- objective relating to the frequency of work-related accidents (LTIR – Lost Time Incident Rate) set at 1.6 for the end of 2020 for company employees, and at 2.3 for global personnel including those of external firms;
- objective of reaching, by the end of 2020, a rate of absenteeism due to illness of 8.6 days/person per year;

These indicators are monitored monthly and analysed in conjunction with four-monthly meetings of the Group's select health and safety committee, in which Edison is represented by the corporate HSEQ manager. In addition to these indicators, Edison, at Group level, has defined a work-related accident frequency (LTIR) target of 1.8 for 2021, excluding E&P activities.

At a Group level, 2020 closed with an overall Lost Time Index Rate (LTIR), E&P activities included, that is 1.7 (calculated as the weighted average between the Group's employees and third party workers) higher than 1.3 in 2019. More specifically, the LTIR for company employees closed at 1.4, essentially in line with the 2019 figure (1.3), while that of employees of contractor companies stood at 2.2, a worse figure than 2019 (1.3). Data refer to the calculation methodology adopted by EDF. It specifies that, for what concerns the requirements of the Global Reporting Initiative, related data are disclosed in the section ANNEXES.

The results show, therefore, that the trend from the previous year was bucked, in particular as regard those relating to personnel of external firms, even though it is still at a prominent position within the national industrial level.

In 2020, unfortunately a fatal event was also recorded, relating to a workplace accident at Fenice's Mirafiori site, which involved a person from an external firm. Even though the authority did not involve the Group in any investigation, analyses regarding the event were carried out. Those led to the identification of areas for improvement in the suppliers' qualification process.

As part of its management system, each company organisation verifies, at least on an annual basis, the progress status of its improvement programmes as well as its objectives. At Edison Group level, the overall management system is re-examined in order to verify the effectiveness of the organisational model. In this regard, a select HSEQ committee has been defined, which includes the HSEQ managers of the divisions/management units/legal entities, with the task of monitoring the results and analysing all events which may lead to change management regarding health and safety. This committee meets at least monthly.

The main initiatives implemented or launched in 2020 regarding the topic of "Workplace health and safety" included:

- the continuation of the activities set out in the 2018-2020 road-map in line with the strategic objectives of the EDF Group;
- the launch of new on-site safety tutoring projects at the operating management units and the main sites, accompanied by similar initiatives that make provision for work risk awareness initiatives, also through the establishment of recognition and challenges, the collection of situations of insecurity and the contribution to the disclosure of HPE (High Potential Events) and LSR (Life Saving Rules) of the Group;
- Edison's confirmation of its participation in the Safety Week of the EDF Group dedicated to the management of external firms;
- the continuation of health prevention programmes, through the prevention campaigns offered to employees;
- as part of the digitalisation of health and safety processes, in 2020, the extension of the tool dedicated to the assessment of the risks of interference with external firms was completed;
- the computerised tool for health management was also completed, in respect of which a pilot project will be launched in 2021 at the management offices and in some power generation management sites;
- the feasibility study will be completed for the digitalisation of the work permit and the associated plant safety assurance.

Edison provided a computerised tool (ESI WEB) for risk assessment which enables a systematic approach to the process, based on the potential and the foreseeable damage. All people who access this system and use it have received specific training and are supported centrally by the HSEQ function. This tool takes the following elements into consideration in the evaluation processes: the activities of all people who have access to the workplace, human behaviour, skills and other human factors, the dangers identified that originated outside the workplaces with the potential to cause damage to the health and safety of the people under the control of the organisation in the workplace and the design of work areas, processes, installations, machinery/ systems, operating procedures and the organisation of work, including their adjustment to human capabilities.

The process of evaluation of interference between the risks of Edison's activities and those of its external companies is carried out through the DUVRI (single document on the assessment of risk from interference), which will be digitalised by the end of 2020 as part of the ESI WEB tool already used to evaluate the risks of the duties of Edison's personnel.

Edison believes that its culture of safety can be further developed through the responsible participation and involvement of all members of the company. Therefore, to this end, it encourages the people who work for and with it to report any situations of insecurity or improvement.

Each organisation, as part of its health and safety management system, provides tools for the collection of these reports which are tracked and analysed to validate their feasibility and implement them. There are specific projects that call for shared participation, which also provide for recognition for the best ideas or best results. In fact, shared oversight is a principle pursued in the EDF Group, indeed to develop widespread health and safety leadership.

For this reason, the representatives of workers' health and safety are also an integral part of the organisational model and participate in periodic reviews of the management systems.

In the event of the reporting of potentially hazardous events, Edison not only analyses its causes and identifies the appropriate corrective actions, but sends said information to the EDF Group, as part of the HPE (High Potential Events) project, so the lesson learned can be shared.

As part of the emergency procedures defined for each company site, Edison guarantees quick intervention and ensures the protection of its workers, those of external firms and of third parties who are guests or who live in the areas surrounding said sites.

Each incident that occurs at Edison is managed according to a specific company procedure. The company procedures make provision for responsibilities, methods and tools for managing and analysing all incidents that occur. In particular, provision is made for an incident analysis method (CAPIRE '*understand*' method) which involves the participation of all people who may be involved or who have knowledge of the process or the activities relating to the event. This method is applied, in particular, to the most significant incidents.

The application of a systemic model and of widespread responsibility makes it possible to guarantee constant interaction between management and the workers. This guarantees transparent management of matters of health and safety, also confirmed by the high level of perception measured periodically as part of the MyEDF survey on Edison health and safety processes by employees.

As regards workplace medicine services, the health surveillance process, created in compliance with the applicable legislation, is detailed in a specific company guideline. The competent doctors appointed by the individual organisations, and coordinated by the coordinating doctors of the management offices as well as the corporate HSEQ manager, actively participate in health management and are important components of the health and safety management systems, taking part in the evaluation process and in any other situation in which their role may be relevant. Each worker has access to the internal health service, being able to request support, advice and medical visits on request.

In 2020, the role of the doctors in the company took on particular significance due to the COVID-19 emergency. In particular, they were a reference for the corporate crisis unit and for the employees and managers in the application of preventive measures in order to limit the transmission of the virus in Edison's sites as much as possible. Particular support was provided in the analysis of the use of methods for screening the company population and during the course of the campaign of administration of rapid antigen tests launched in November.

In addition, in relation to the COVID-19 emergency, screening of the administration of rapid antigen tests was launched in November on a voluntary basis for all employees and the external firms with a continuous presence at company sites, repeated every fortnight as an additional prevention and control measure in order to contain the pandemic.

The pandemic management characterised the whole 2020 period, and it was handled by the company central crisis response unit, in coordination with all private management.

A constant channel of communications with all employees was established, devising institutional messages in order to forward the decisions that were taken, and to guide the behaviours. All the precautionary and prevention measures of organisational, operational, and hygienic-sanitary nature were arranged, taking into account the specificities of the company business. A support channel was made available to all employees to address specific cases, via the crisis response unit and the company healthcare coordination. Appropriate communications were also drawn up with suppliers and clients. The preventive measures adopted by the company allowed to guarantee the management in the field of the operational activities related to the functioning of electricity and hydrocarbon generating plants, and of the storage and distribution of gas to national consumers, as well as those activities considered quintessential for assuring the operational functioning of the healthcare facilities, without any interruption during the pandemic management period. The functional activities that guarantee the customer service management were provided without any disservice, given that the activity was executed, working remotely, directly by the partners that manage the call centers. The activity of developing new initiatives in the main company yards continued to be carried out without any particular criticalities as well, apart from the two-months period when the lockdown had a greater intensity, during March and April.

Tools are in place for coordination between the company and workers' representatives. At EDF Group level, opportunities for dialogue on health and safety have been established with a body representing workers, in which Edison employees take part. In addition, in 2020, the CUN (Single National Committee), which includes the representatives of all workers of company management units, jointly with the company management responsible for industrial relations and HSEQ periodically conducted in-depth analysis of the matters relating to management of the pandemic emergency. Agreements were also formalised in this area on prevention, organisational and management measures, as well as on the emergency use of smart working.

Edison ensures all the necessary professional training as a result of the assessment of the risks of each individual job. In fact, provision is made for the periodic training of managerial roles, as employers, safety managers and supervisors, and for those who deal with prevention and protection service, workers' representatives and those responsible for first aid and emergencies. In 2020, the proposed training also included themes connected with the COVID-19 emergency, structured differently depending on the recipient. With this in mind, by way of an example, an e-learning refresher course on health and safety matters was prepared, which tackled the issue of employee well-being during "next normal" times.

Lastly, in 2020, as part of the emergency management of COVID-19, Edison prepared a process of communication with its suppliers and customers in order to govern, fully transparently and immediately, any situations related to transmission of the virus.

## RELATIONS WITH CUSTOMERS

The challenge for companies that deal with energy is to design, create and manage solutions to support customers in their daily life.

Now like never before is it evident that the success of a company depends on care for the customer - not just on the supply of energy - but also and, above all on intangible aspects related to service quality and its perception. This pushes energy companies to integrate, both vis-à-vis residential customers and businesses, all additional services needed to ensure their loyalty such as, for example, quick maintenance, but also insurance services and the construction of photovoltaic plants. Edison also creates personalised services for the Business segment, based on the specific requirements of customers; for this reason, Edison views the customer relationship as a factor with an important social value and impact and associates to this aspect the material theme of the "quality of the service and customer orientation".

Edison operates in both the free market, where there is fierce competition between operators, and in the gas protection service, where instead the energy price is defined by the ARERA (Regulatory Authority for Energy, Networks and the Environment). The process of deregulation of the retail energy markets will be completed by 2021 for SMEs and by 2022 for the residential segment and micro-firms. Edison is ready to take advantage of this opportunity, contributing to the creation of a fair and balanced market that places the consumer at the centre.

In 2020, one year early, Edison reached the objective of 400 physical points in its areas served, which represent an important channel for contact with and the offering of services to customers less inclined to rely on digital services for product purchase and advisory services.

In addition, this year, Edison Energia is confirmed at the top of the reliability index in the Altroconsumo ranking. The survey examined 21 operators at national level and analysed the overall quality of the service offered, such as satisfaction in the interaction with the customer (call centre and on-line tools) and, in particular, the ability to resolve criticalities, the general supply conditions and bill transparency.

As regards initiatives carried out on behalf of customers, over the course of 2020, Edison activated new high-value projects, including:

- integration of the offering of services involving the energy redevelopment of buildings belonging to both public and private customers;
- the implementation of smart audit projects aimed at optimising energy use through monitoring of the withdrawal profile;
- the launch of the energy upgrade of public real estate assets
- with a special focus on digital techniques and the IoT;
- the creation of electric mobility solutions capable of improving customer sustainability through a detailed analysis for the conversion of company combustion engine vehicle fleets into electric vehicles (fleet audit), corporate car sharing initiatives and the installation of charging stations at businesses and in the tertiary sector;
- the creation of initiatives that provide for the presence of digital metering points and the subsequent use of the data to devise machine learning algorithms aimed at optimising the performances of the assets fitted with sensors.
- The design and creation of a new user experience which, through the insertion of QR codes on paper documents, allows customers to pay their bills and reminders using various digital options. In fact, to allow the secure payment of bills, new payment methods have been activated such as Satispay, Paypal, prepaid credit cards, Google Pay and Apple Pay.

- The creation of algorithms for managing defaulting customers by distinguishing the causes that led to the default and putting in place a data-driven, personalised and effective strategy.

## SALE OF ELECTRICITY, GAS AND VALUE-ADDED SERVICES

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

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

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

The range of solutions currently offered includes:

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

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

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

Business customers (large industrial customers) generally need customised products and services to meet their specific needs. This is why an offer has been formalised for the purchase of "green" gas, by offsetting CO<sub>2</sub> emissions with voluntary credits.

Edison also participates in the Settlement Service, an out-of-court protection tool established by ARERA (Regulatory Authority for Energy, Networks and the Environment) with the Single Buyer to facilitate the settlement of disputes between customers and electricity and natural gas operators ([www.conciliazione.energia.it](http://www.conciliazione.energia.it)).

### EU 3 - Number of customers broken down by type (millions)

Type of user	2018			2019			2020		
	Type of service			Type of service			Type of service		
	Distribution/ transport	Sale	Total	Distribution/ transport	Sale	Total	Distribution/ transport	Sale	Total
Gas	n.a.	0.94	0.94	n.a.	0.89	0.89	n.a.	0.87	0.87
Power	n.a.	0.66	0.66	n.a.	0.62	0.62	n.a.	0.66	0.66
<b>Total</b>	n.a.	1.59	1.59	n.a.	1.52	1.52	n.a.	1.53	1.53

## INNOVATION AT THE SERVICE OF CUSTOMERS

The common feature of all the technological topics of Edison's Research, Development & Technical Innovation (RD&TI) department is the focus on sustainability. In particular, the activities relating to the Smart Home and the IoT are clearly focussed on the more informed use of energy and improvement of the quality of home life for people of all ages.

Edison's RD&TI department explores and tests the most advanced technologies both for e-mobility and the generation of photovoltaic energy, energy storage and the production of hydrogen to support the energy transition and decarbonisation.

In 2020, Edison confirmed its capacity to innovate by strengthening its portfolio of new services and products with cutting edge solutions characterised, as always, by their extremely affordable nature.

These include the two versions of the Energy Control Service:

- Energy Control Light, the service available on Edison's website that helps customers best understand the characteristics and amount of their consumption and give them advice on which household appliances/equipment or domestic activities are the most costly for them.
- Energy Control Gold which offers additional services like Energy Control kit and the monitoring of consumption in real time.

In order to best serve its customers, Edison's New Business team works to define, develop and launch innovative products and services. The methodology adopted for the development of these new businesses is borrowed from the start-up world and aims for the agile development of products and services in constant contact with customers, in order to come up with an attractive offer for the market as quickly as possible.

In collaboration with the different Group divisions and companies, the New Business team has incubated initiatives in 2020 ranging from services for the home to individual services, to Industry 4.0 proposals.

Indeed as a result of the collaboration between New Business and Edison Energia, EdisonRisolve was established in 2020, a suite of services for the home centred on satisfying customers' domestic needs and desires. The suite includes laundry, domestic cleaning, repairs to household appliances and systems, space-saving solutions and advice on home renovations.

Starting from next year, the availability of these innovative services, for now still in the test phase in some areas, will be extended to new areas and the suite of services will be further expanded.

In 2020, some advanced analytics tools were adopted to support marketing activities in the G&P Market area. These concern artificial intelligence models, which can be consulted through a simple and intuitive interface, in order to direct, in a targeted manner, commercial actions solely at the customers identified as potentially interested, subsequently limiting unwanted commercial pressure on the entire customer base.

## QUALITY OF SERVICE AND CUSTOMER ORIENTATION

Edison has always been committed to offering affordable and high-quality services to its customers, with the goal of also quickly and effectively resolving any criticalities that may emerge. Transparency, correctness and clarity in information and conduct, attention to sales personnel training are key elements in strengthening the relationship built on trust between Edison and its consumers.

This domain incorporates the partnership between Edison and BNL Gruppo BNP Paribas, established to offer an ecosystem of green services to customers in order to incentivise sustainable choices: from the supply of renewable energy to the financing of self-production plants and energy efficiency systems, also included in the home mortgage.

Thanks to Assistenza Casa, in addition, Edison's customers can now access unlimited assistance services for unforeseen events, installation and maintenance of efficient products for heating and cooling the home, installation of photovoltaic power, batteries and wall boxes for recharging electric cars.

This company providing assistance services to domestic systems, condominiums and small companies today has more than 50 employees and a network of 1,400 craftsmen and craftswomen in Italy.

As confirmation of the attention to the needs of customers and the continuous efforts to improve Edison's customer experience, Edison also proposes EdisonVille: it is based on the strategy of progress marketing, which progressively supports Edison's relationship with customers by mapping and analysing their behaviours in real time, using big data and smart data to promote personalised communications capable of understanding the consumer's needs and expectations, which surprise them and connect them to the brand.

As regards the retail area, Edison has a policy for the granting of extensions (repayment plans) both for cycle bills but, especially, for anomalous bills/adjustments. In the March-June 2020 period, the number of repayment plans rose considerably to meet customers' requirements. In order to ease the burden on those customers worst affected by the health crisis and the shutdown of activities across the country, Edison Energia – the Group's company dedicated to the sale of electricity, natural gas and services to domestic and business customers – launched the "Edison per l'Italia" [Edison for Italy] plan in April 2020. In particular, in addition to the measures introduced by the competent authorities, for the April-May lockdown period, Edison decided to defer bill payments to June for all our customers experiencing financial difficulty, all over the country, such as, for example, self-employed people, small businesses and workers receiving redundancy payments. This initiative was also extended to all residential customers over the age of 65 who pay their bills in person at the post office, so they could stay home and avoid the risk of infection. The initiative concerned roughly 200,000 customers and around 500 customers in financial difficulty (redundancy fund) to whom a dedicated assistance service was offered.

As proof of the recognition of medical and nursing staff, Edison's customers belonging to these categories were able to request a gift of their choice to best recharge their batteries mentally and physically.

As with all other types of complaint, Edison employs a specialist group that handles all phone complaints from customers relating to the offer applied, both via written and phone channels. When the customer contacts Edison Energia complaining of any type of problems (both written and phone channels), he/she is re-contacted by the specialist group responsible for finding the best solution based on the customer's needs and expectations.

Edison manages disconnections due to default for all customer segments, not only in compliance with the ARERA provisions, but by also informing customers before formal notices and suspensions by sms/e-mail in relation to their accounting position.

This is augmented by a check on a representative sample of customers supplied, who have made a written or phone complaint, in order to evaluate the actual quality of the handling.

In the case of the management of disconnections due to default and reactivations, Edison is structured with a group dedicated to handling relations with the DL (works managers) in order to guarantee priority management with respect to other technical services.

In order to obtain the recovery of a specific credit for each type of customer, as confirmation of the attention to said customer, machine learning algorithms have been studied which make it possible to identify clusters of payment behaviour and indicate the most effective action that determines the payment of the unpaid amount, avoiding unnecessary reminders and reducing the credit recovery process costs.

In 2020, none of the following were verified:

- episodes of non-compliance with the regulations and/or codes of self-regulation regarding marketing communications, including advertising, promotion and sponsorships;
- episodes of non-compliance with laws and/or regulations regarding the supply and use of services.

## Dialogue with consumer associations

To monitor and remain regularly updated on the definition of regulations concerning its commercial activities, Edison engages in constant relations with the Government bodies, Parliament, the European Commission, the European Parliament and the Council of Europe, the independent national (Regulatory Authority for Energy, Networks and the Environment and Antitrust Authority) and European authorities, diplomatic missions and sector and consumer associations.

In 2020, Eurelectric launched a new initiative: the publication of a "Supplier Declaration", or a genuine Manifesto promoting the image and role of electricity sale companies with the main European stakeholders, both institutions and consumers. In the Declaration, the electricity sellers demonstrate their understanding of the needs of consumers (highlighted through a series of workshops organised in 8 European countries, Italy included, through Elettività Futura) and are committed to some concrete measures of support for these consumers in the complex phase of energy transition. The main commitments promoted by the initiative: enabling consumers for the energy transition by promoting innovative solutions, like those that allow better management of energy consumption (demand response) and efficient technologies such as charging stations for mobility and energy storage; targeting a transition that is economically affordable and inclusive; improving the user experience with the energy supplier, simply increasing services.

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

The company has signed the "Voluntary self-regulation protocol to prevent unrequested electricity and natural gas activations and contracts", which requires the establishment of a joint Observatory between businesses and consumer groups. The Observatory is responsible for guaranteeing compliance with provisions and assessing the results of the monitoring of reports, participation in the process of verification of the recognition of the measures to be implemented in case of non-compliance, and also handling Protocol updating.

The Edison ADR (Alternative Dispute Resolution) Body with the Associations of Consumers of the National Council of Consumers and Users (CNCU) promptly manages any disputes, guaranteeing transparency and impartiality, with no cost for the consumer and making it possible to anticipate any criticalities that may emerge from the contractual relationship, strengthening Edison's relationship with its customers (<https://organismoadr.edisonenergia.it/>).

Edison has also established a channel of contact dedicated to Consumer Associations to effectively and quickly respond to any customer problems addressed to the Consumer Associations.

During the year, the company also started a new project in collaboration with consumer groups for the promotion of sustainable consumption, supporting initiatives associated with the 8 objectives of the Sustainability Manifesto and the relative UN targets.

Some of the topics addressed included: turning attention towards the less aware consumer; preventing the waste of goods and resources, in this case energy; redesigning cities, infrastructure and public services in terms of efficiency and energy sustainability. The project, based on the use of new digital technologies as tools to facilitate responsible consumption behaviours, aimed at young people in middle schools, aims to reach, through them, their households and communities (see Energy Experience 4.0 - Relationship with Local Communities chapter).

During the health emergency, the Manifesto for the energy of the future, the initiative created by free market companies and consumer associations with the objective of promoting the completion of the energy market deregulation process, created a guidebook which gathered together, in a clear and simple fashion for the consumer, the group of measures and actions in favour of energy market consumers during the health and economic crisis caused by the COVID-19 virus.

## THE RELATIONSHIP WITH LOCAL COMMUNITIES

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

From this perspective, the creation of value for the local area in which it operates means creating direct local jobs and downstream activities relating to the employment of local suppliers. At the same time, it is important to work to improve people's quality of life through an approach geared towards stimulating shared solutions according to the smart community, a place where sustainable and "smart" decisions are made by all stakeholders and the services can have both an individual and a collective dimension. In order to fully capitalise on these opportunities, it is crucial, first and foremost, to invest in the relationship with the new generations and involve customers, the third sector and, more generally speaking, the population in order to encourage a responsible and proactive attitude.

Giving back value and contributing to the development of the local area also incorporates discussions and, in some cases, interaction with the Public Administration, plus continuous and transparent dialogue, sharing of skills and support for social initiatives and the enhancement of cultural heritage. This, in fact, enables the company to firmly establish itself in the social fabric of the areas in which it operates, becoming a reference point and promoting inclusive and sustainable growth.

In this regard, Edison constantly meets with public and private stakeholders in the local area, establishing collaborations and discussion groups focussed on the themes of environmental sustainability and innovation, aimed at both training and increasing the awareness of stakeholders and implementing effective processes of co-design of solutions to meet the needs expressed by said stakeholders, in order to highlight and capitalise on the innovative potential inherent in the local communities and turn all this into concrete business projects and initiatives.

As part of the administrative procedures for the issuing of authorisations for the construction and operation of plants, the environmental compensation measures are defined with the Municipalities concerned by the projects in respect of the applicable regulation (Legislative Decree no. 387/2003, art. 12, paragraph 6 and Ministerial Decree MiSE (Ministry of Economic Development) September 10, 2010 - Annex 2, so-called National Guidelines, and Legislative Decree no. 55/2002).

Transparency, respect for the protocols in relations with third parties and the maintenance of economically sound management, are the fundamental prerogative that guides the company's actions that, when possible, prefers the involvement of local companies and personnel in the development, construction and management phases.

As regards sponsorships, membership fees and charitable donations, an internal policy ensures the utmost transparency in the planning, authorisation and management phase, guarantees the correct alignment between the company's strategic priorities, the various types of company businesses, the regional, national or international support requirements and the final destination of the resources. The Executive Committee shares with the reference areas (Communication and External Relations Department and Sustainability, Institutions and Regulation Division) the intervention priorities, based on which the various proposed initiatives are then defined, quantified and grouped together. The Sponsorships - Contributions - Charitable donations Steering Committee evaluates

projects and supports the Executive Committee in finalising the company masterplan dedicated to sponsorships, membership fees and charitable donations, and monitoring actual spending and the overall effectiveness of the proposals endorsed. Lastly, the Executive Committee validates and approves the masterplan of sponsorship and contribution proposals.

In 2020, Edison allocated more than 6.2 million euros to support local activities through sponsorships, donations and investments. The graphs relating to type and areas of Edison intervention, are reported below:

## EDISON WITH A CLOSE RELATIONSHIP TO STAKEHOLDERS DURING THE COVID EMERGENCY

During the health emergency, Edison has met the needs of all its stakeholders by guaranteeing the continuation of an essential and instrumental service like the supply of energy (through the full operations of its 200 power plants and the activities of energy services and the supply of energy in its customers' sites) and, at the same time, the maximum safety for its personnel.

Thanks to the hard work of the people on the front line, Edison has guaranteed the full operational continuity and satisfaction of the requirements of 67 hospitals and 462 healthcare facilities across the country, as well as supporting them in the construction of new treatment areas, such as infectious disease, emergency care, intensive and sub-intensive care units.

The company has supported its most vulnerable customers with the project "Edison per l'Italia" (Edison for Italy) described in the chapter RELATIONS WITH CUSTOMERS. Looking at the community as a whole, the company also launched an internal fundraising campaign to which all its employees could contribute by donating part of their salary. The initiative was launched with a voluntary cut from the compensation of the executive committee and subsequently extended to all personnel. The crowdfunding launched by Edison's employees helped collect roughly 200 thousand euros in two weeks, a figure that the energy company doubled, bringing it to 400 thousand euros to be earmarked for projects involving immediate and practical aid for families and local communities, such as mutual aid for the most vulnerable segments of the population and home delivery of basic necessities. The fundraising augmented the donation of roughly 2 million euros already disbursed by Edison at the start of the emergency to support the construction of the Fiera Milano hospital and help the healthcare facilities in the local areas hit hardest in Lombardy, Piedmont, Campania and Basilicata, and to help the research of the Sacco Hospital in Milan on diagnostic and therapeutic strategies to tackle COVID-19.

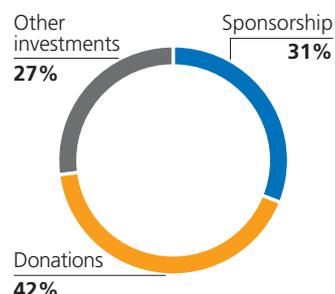
The aid recipients included the Veneto Region and the Campania Region, the latter amongst the Southern regions most struck by the pandemic, and Cervello Hospital in Palermo.

Edison also provided support to local communities to help them tackle the health emergency through the supply of personal protective equipment and donations, and supported activities geared towards responses to the emergency promoted by some of the historically backed non-profit associations.

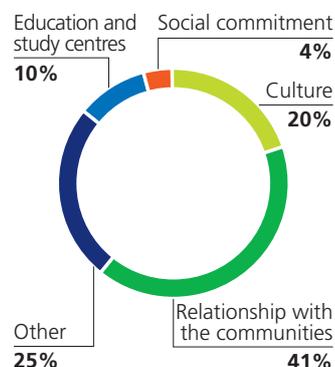
## RELATIONS WITH THE INSTITUTIONS AND LOCAL ASSOCIATIONS

The development of the synergy with the local areas starts from the local productive fabric which, thanks to listening to needs, can be supported by Edison to create a sustainable virtuous circle which starts from the sharing of skills and ends with the co-design and synergy for the creation of economic and social value. An important element is the engagement of the local

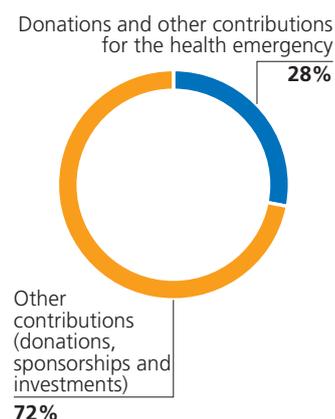
### CONTRIBUTIONS: TYPOLOGY



### CONTRIBUTIONS: AREAS OF INTERVENTION



### PERCENTAGE OF DONATIONS AND OTHER CONTRIBUTIONS TO THE COVID EMERGENCY



institutions for connecting business and administration to have an overall vision of the system and of the opportunities for development of the local area that takes account of the unique characteristics and the associated needs.

In that sense, the network of Confindustria associations represents an interesting stakeholder. Edison also identifies significant local trade associations with whom to engage in dialogue and define a process of collaboration, which can breathe life into discussion groups and work groups regarding issues affecting multiple business segments connected to sustainability, energy and innovation, for the benefit of the local economic fabric.

The group participates in 26 local Confindustria associations in: Piedmont, Lombardy, Trentino-Alto Adige, Veneto, Friuli Venezia-Giulia, Emilia-Romagna, Tuscany, Umbria, the Marches, Lazio, Abruzzo, Molise, Campania, Puglia, Basilicata, Calabria and Sicily.

In particular, in 2020, the Progetto Puglia (Project Puglia) was implemented, considered a pilot project which saw the development of a consolidated relationship between the Confindustria associations of Bari, Barletta, Foggia and Brindisi, with the goal of encouraging and consolidating the synergies of the businesses involved (EESS, G&PMarket, FR, SSLNG). The prime objective is a sector analysis of the competitiveness of Puglia companies carried out by the Polytechnics of Milan and Bari and in collaboration with the Edison Foundation. The results of the study were presented in January 2021 with the involvement of the local institutions and all companies in the local areas with the goal, on the one hand, of highlighting the areas of improvement in relation to energy consumption and energy efficiency and, on the other, creating b2b round table groups between the Edison business and companies for the development of new opportunities. The Project will be monitored to verify its effectiveness and replicated to other regions if it is successful.

## **INNOVATION AT EDISON FOR THE AREA AND THE LOCAL COMMUNITY**

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

The Edison Group has launched many initiatives in this area and it should be noted that, in 2020:

- Edison also continued to participate in the Smart City fund managed by Idivest and focused on investing in start-ups in smart energy, smart building & industry, new mobility and enabling technologies in Europe, North America, Israel and Asia. The agreement affords Edison the opportunity to co-invest in attractive start-ups and involves a commitment on the part of Idivest to promote the Italian innovation ecosystem, by investing in one or more innovative Italian companies and/or start-ups. Starting from the deal flow generated by the fund, some collaborations between Edison and certain start-ups have been initiated;
- Edison continued its partnership with the Polytechnics of Milan and Turin and local institutions which, in 2019, translated to the opening of a new research and innovation space: "Officine Edison". Officine Edison Milano is located on the campus of the Milan Bovisa Polytechnic and Officine Edison Torino is part of the Energy Centre. The project objective is to promote an innovation ecosystem whose main players are universities, start-ups and businesses that promote the development of solutions in the field of sustainable growth, digitalisation and energy transition at all levels;
- Edison also took part, as partner company, in the Open Innovation project organised by ELIS, a training centre that deals with bridging the gap between young people and the job market, aimed at the recruitment and selection of start-ups in various areas (this description, if considered important, is analysed in depth to be communicated externally).

- Edison took part in the OSMOSE project (Optimal System of flexibility solutions for European Electricity), part of the Horizon 2020 programme, aiming to test new flexibility resources for the electrical system, including industrial electricity demand (demand side management) and generation from renewables (wind).
- The installation at an Edison site of an integrated system consisting of photovoltaics, a battery and a recharging system for electric vehicles;
- Management of various projects relating to the theme of hydrogen, applied for the decarbonisation of transport (train, buses and heavy vehicles) in industry and electric generation;
- Development of the digital tool SmartLand presented at UrbaLab by AnciLab, which develops the open source data that characterise the residential buildings in the Lombardy municipalities, in order to initiate dialogue with the municipalities to raise their awareness of the importance of using data innovatively to direct local policies and launch joint experimentation;
- Participation in the Ecohitech Award 2020 contest, the first and most important Italian award that rewards the excellence of companies and public authorities for the development of innovative projects that make our cities more efficient, safer and more habitable, and services and technologies designed for the good of citizens. Edison is ranked in first place for the PoC developed with the digital platform City Platform in Turin. This digital “scenario” simulation tool developed last year in collaboration with EDF R&D/EIFER aims to describe Edison’s expertise in the management and creation of tools which can help public administrations with regional planning or also private operators/developers in the regeneration of urban areas;
- Smart Benches: thanks to the valuable collaboration with the Municipal Administrations of Sondrio and Chiavenna, Edison installed charging stations in the two cities. Ecosustainable, technological and useful, the efficient solar-powered benches are available to all passers-by who want to take a break and at the same time recharge their mobile phone or any other device;
- Charging stations on the Milan M2 line: Edison inaugurated a new public service in Milan M2 subway stations to fill up on energy even while travelling. The company has installed 20 charging stations in the M2 green line stations with the highest number of travellers, at the Porta Genova, Cadorna, Porta Garibaldi, Stazione Centrale and Piola stops. The service, created in collaboration with IGPDecaux and ATM, enables passengers to easily charge their mobile devices at no cost. The project is the first of this type in a European subway and the result of attention to urban mobility combined with Edison’s wealth of experience in providing the territory with increasingly more innovative and sustainable solutions with the opportunity to increase people’s awareness of an increasingly more responsible use of energy;
- Thanks to the partnership between Edison and METRON, Edison Analytics powered by METRON was created, a digital offer that takes advantage of the already existing sources of data in Italian companies to pinpoint opportunities for energy optimisation, leading to savings of up to 14% in energy spending. This energy consumption monitoring and optimisation solution which exploits digitalisation and artificial intelligence meets the ever growing needs of Italian companies to be efficient in order to boost their competitiveness.
- The process automation activities launched in 2019 continued. In 2020, more than 15 Robotic Process Automation (RPA) solutions were created and released, which made it possible not only to reduce external costs and human errors, but also to free up resources which could be dedicated to higher value added activities. Automation is an area of innovation for which Edison has sketched out a clear roadmap and, in 2020, new intelligent automation (Natural Language Process, lowcode/no code platforms, etc.) projects were launched.

Various data-driven projects have been identified and created aimed at the development of tools that allow the company to be more efficient and provide useful services to the entire community: thanks to these, in fact, it will be possible to offer solutions that enhance the customer’s experience, but also manage energy consumption, production and supply in an increasingly more efficient manner, contributing to the stability of the system and to the overall reduction in CO<sub>2</sub> emissions. In particular, the following initiatives should be noted:

- Analysis and monitoring of the performances of wind turbines and thermoelectric power plants;
- Forecast of production from solar plants over different time periods (also in anticipation of the start of the continuous trading market);
- Optimisation of electricity consumption of the storage hub, in order to boost operating efficiency and the competitiveness of the offer;
- Improvement in the short-term predictive capacity of gas demand;
- Increase in the centrality of retail customers thanks to improvement in the credit recovery process;
- Digitalisation of payments and improvement in the experience during the onboarding phase (first entirely design-drive project).

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## ENERGY SERVICES FOR THE BENEFIT OF THE LOCAL AREA

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Edison is committed to promoting forms of self-production and energy efficiency with low environmental impact sources and technologies also at the industrial sites of its customers and at public administration buildings. The group also promotes the use of efficient district heating systems (from woody biomass), with clear environmental benefits with respect to traditional forms of decentralised energy production and benefits for the local area such as the development of the forest wood chain, hydro-geological control and economic development.

For this reason, experimentation was launched regarding local self-production (self-consumption in collective form) in a building in which Edison already operates. As regards the public tertiary sector, by contrast, various low-carbon projects have been implemented in terms of building upgrade and maintenance. These projects consist of the replacement of existing installations with other more efficient and sustainable ones (use of RES system).

Edison is also active at institutional level for the development of policies that can facilitate the dissemination of business models that enhance the efficient consumption of resources and for forms of collective self-consumption and energy communities. Both configurations are today, in fact, still at the experimental phase from a legislative and regulatory point of view and are unanimously considered an energy transition tool.

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## THE CREATION OF NEW SKILLS - CITIES AND COMMUNITIES

Edison believes that regular dialogue with its stakeholders represents, increasingly more, an element capable of opening the company to collective intelligence, allowing extensive skills and know-how to contribute to the growth of the local community and the company itself based on collaboration. For this reason, Edison creates collaboration and discussion groups focussed on the themes of environmental sustainability and innovation in order to train and increase the awareness of its stakeholders, by creating new skills and implementing effective co-design processes.

As regards the initiatives created or launched in 2020 for the local community in this domain, Edison is committed to the following activities:

- UrbaLab workshop of AnciLab: 5 focus meetings and dialogue on technological and organisational areas, opportunities for access to loans, best practices and innovative communication methods for Smart Cities and Smart Lands, whose key players are the municipalities of Lombardy, in which Edison has participated as technical partner;
- participation in the “Il cantiere della rigenerazione urbana” (urban regeneration project), a training process composed of four training modules aimed at professionals, institutional players and entrepreneurs in the Milan metropolitan area called to engage in dialogue for the construction of a useful “toolbox” for tackling urban regeneration processes;

- International Smart Cities School: Edison's participation in the School organised by the University of Cagliari, which proposes to promote the development of smart, sustainable and resilient cities through the most suitable technologies according to a strategic and systemic vision. In addition, the School aims to create an ecosystem of academies, institutions and businesses to create networking opportunities to promote effective exchanges and transfer of know-how. The School's target is public officials, graduates and professionals and is based on a design-thinking approach integrated with lessons and practical illustrations of cases. Edison supported the initiative;
- participation in awareness-raising and training events as part of Project SpreKo. The project is incorporated in the 12 goals of the UN 2030 Agenda: "Responsible consumption and production - Guaranteeing sustainable production and consumption models", identifying three specific areas of intervention: promotion of knowledge of social, environmental and economic advantages of sustainable and responsible consumption; support for the correct reuse, recycling, and conferral of end-of-life products; development of a culture of volunteering and active citizenship, especially among young people;
- development of a virtual energy community project to increase the awareness of users of the condominium "Ai Tigli" and citizens on the responsible and innovative use of energy and collecting information to be shared with the legislator to support it in defining the national regulatory framework;
- support for the second edition of the "School on well-being and sustainability of cities 2020", organised by the Italian Alliance for Sustainable Development (ASviS) in collaboration with "Milan 2046" (Workshop on the future of the city promoted by the Presidency of the Municipal Council), with the participation of eight universities from the Milan area (Bicocca, Bocconi, Catholic University of the Sacred Heart, Humanitas, IULM, State University, Polytechnic, San Raffaele) and the ENI Enrico Mattei Foundation (Feem). The initiative, dedicated to local municipal administrations, teachers, students completing their post-graduate studies and associations that deal with regional policies, aims to provide high-profile training and qualification on the themes of well-being and sustainability, with particular attention to the future of cities, by adopting a vision centred on improving people's overall well-being, capable of identifying the objectives to pursue and know the tools to adopt.

## THE CREATION OF NEW SKILLS - NEW GENERATIONS

Edison, with the intention of raising the awareness of and training its stakeholders, has, for many years, participated with enthusiasm and attention, in a number of activities that concern the world of education in order to create new skills and implement effective processes of co-design and development of young talents.

The numerous initiatives created or launched in 2020 vis-à-vis universities and younger students include:

- project with the Milan Polytechnic on Smart Cities – oriented towards IT engineering, telematics, management students regarding smart city projects and the necessary skills;
- Work-School E-Mob course to introduce 11 schools to the subject of electric mobility and sustainability through a series of on-line video lessons created by 10 young people from the Young Community;
- Work-School course on STEM topics in order to disseminate the technical-scientific-mathematical culture in secondary schools in which attempts are made at reducing gender prejudices;
- In 2020, Edison, thanks to the work of the Digital department, launched some collaborations with training institutions (Polytechnic of Turin, Polytechnic of Milan, Cefriel, etc.) involving young students in some projects that will then form the object of their degree or master's thesis;
- as regards the university world, in 2020, Edison established two study grants offered by Mr. Fossati, a former company employee, and disbursed four study grants for thesis in memory of Mr. Priori, all earmarked for worthy students from the Polytechnic of Milan, the Polytechnic of Turin and the University of Padua;

- this year, obviously, the usual job fairs that are held at the universities became “Virtual Career Days”, augmented by other “on Virtual Campus” activities of attraction and guidance, such as: Progetto Orientamento al Lavoro (Project Job Guidance), InCompany, Mock Interviews, CV Advice, trade guidance meetings, and in particular on Smart Cities and the trades of Automation Engineering, and took part in the “Guess My Job, Women in Technical Roles” initiative (with the objective of guiding young women into technical-scientific professions);
- Edison confirmed the third edition of the EdiSondrio project for the school aimed at students in their final three years at the Technical-Industrial Enea Mattei Institute of Sondrio. The initiative brings together the school and the world of employment through an innovative educational method based on the awareness that practical experience helps to consolidate the knowledge acquired in school and evaluating young people’s attitudes in the field. Launched in 2017, Edison’s project for the school is incorporated in the courses for soft skills and guidance (PCTO) aimed at young people in their last three years and saw around 250 students take part;
- Edison, together with the Interculture Association - a non-profit organisation, a leader for many years in the field of intercultural school exchanges - provided a broad offering of study grants to reward the most high-achieving and worthy young boys and girls who live in the local areas in which the hydroelectric plants are constructed. As already in 2019, also in 2020, many young people won study grants for a summer or annual experience by responding to the Edison-plants call for applications. Due to COVID, some start dates were suspended and put back to 2021; three young people, however, started the 2020/2021 school year in Ireland and Denmark;
- In 2020, Edison created various “work experience” and guidance courses both for high schools and Technical Institutes, including the following, for example:
  - “Deploy Your Talent”, a project promoted by the Sodalitas Foundation that aims to promote the diffusion of studies in technical-scientific disciplines and to overcome the gender stereotypes that characterise them. Edison participated with a class from the Natta High School in Milan;
  - “Tuned On Edison”, a course designed and managed by the young people of Edison’s Young Community to disseminate the energy culture and help people find out about the roles and activities within the company, augmented, despite the lockdown, by professional testimonials and guidance, project work and tutorship courses, all naturally in digital mode;
- participation as lecturers in the School lessons and workshop of the Alta Scuola Politecnica (Polytechnic High School) entitled “Decision making for changing cities”. The objective of the School is to examine in depth students’ understanding of decision-making processes in complex contexts. Special emphasis is focussed on the use of decision-making support systems that help decision makers and the interested parties to choose the sustainability actions and policies;
- Edison also launched a new edutainment project in collaboration with the consumer associations, in order to spread a culture of sustainable consumption among children, teachers and local communities. The project stems from the more extensive Energy Experience 4.0 format developed together with The Fab Lab. Thanks to the use of new digital technologies (3D printers, program cards etc.) and targeted training, children and young people can imagine and design new solutions for the responsible use of energy;
- since 2019, Edison has actively supported professional training courses for maintenance personnel certified in wind farms and photovoltaic power plants promoted by the ELIS association (Sun Academy and Wind Academy through the investee e2i). This year, Edison, together with this educational non-profit company which is directed at young people, professionals and companies in order to bridge the school-job gap, youth unemployment and contributing to the sustainable development of organisations, participated in the training project for RES plant engineers.
- 2020 Edition of Edison Energy Camp (see the Young Community and the growth in new generations)

## ALONGSIDE CULTURAL EXCELLENCE FOR ENERGY EFFICIENCY AND THE PROMOTION OF EFFECTIVE PROCESSES

The sustainability of the energy transition is also based on the adoption of measures to increase energy efficiency in the final uses of energy and the promotion of self-consumption. Edison, which has always committed to supporting culture and excellence, has rolled out initiatives in recent years to promote sustainability in theatre, film and music. The company shares its skills supporting cultural entities for the more efficient management of energy and processes, with a view to generating a positive environmental and social impact on the reference communities.

Therefore, in 2020, the following activities were carried out:

- Teatro alla Scala: Edison, which is a supporting member of the Teatro alla Scala, launched an energy efficiency project a few years ago focussing on the Theatre's assets. The Theatre Museum and the former Ansaldo workshop, the heart of the craft departments, were the first areas to be subject to redevelopment works. This year, the project concentrated on the historical parts of the Theatre, where the replacement of lighting systems in the foyers, in the galleries foyers and in the stage corridors will enable a reduction of more than 80% in consumption. To complete the redevelopment works, a new lighting system was created for the Abanella Rehearsal Rooms, which will guarantee a saving of more than 50% of energy consumption. For more than ten years, Edison makes the evening of 7 December zero emissions, a commitment it also confirmed, this year, on the occasion of the opening gala of the artistic season of the main Milan theatre;
- FAI: Edison is a partner of FAI - Italian Environment Fund - with an Italian cultural heritage regeneration project aimed at asset efficiency: an initiative to strengthen relations with the local area regarding the sustainability of the Foundation's historical and artistic heritage. The efficiency project has, up to now, made provision for the replacement of the Villa Panza lighting system in Varese and the completion of the efficiency work started in 2019 at the Milan office of FAI, under which the stage lights in the structure will be replaced. To complete the work, the installation of electric car charging stations in some parking areas of the Foundation, available to numerous FAI visitors and employees and the provision of an electric car for internal FAI use. Thanks to the development of a plan for the improvement of the energy performances of FAI's historic buildings, it will be possible to reinforce the process already launched by the Fund and generate notable benefits for the environment, by lowering energy consumption, atmospheric emissions of CO<sub>2</sub> and energy bill spending by as much as more than 15% and even up to 30%;
- Also in 2020, Edison opened the doors of its Foro Bonaparte building in Milan and a plant to visitors, in this case the Cedegolo hydroelectric plant, designed by Giò Ponti. More than 1,000 visitors were welcomed to the Edison Building and more than 250 to the plant over two weekends to avoid gatherings, with exclusive entry for a fixed number of people based on prior booking;
- Biennale di Venezia (Venice Biennial): after having conducted an energy audit in 2018 on the Exhibition's main higher energy-intensive facilities and those with a greater impact in order to identify, thanks to the IoT and advanced modelling techniques, the improvement actions in terms of the energy consumption of the Exhibition, in 2020, Edison implemented an efficiency initiative in Corderie dell'Arsenale, significantly reducing the facility's energy consumption. The project preserves the original industrial aesthetics of this splendid fourteenth century building consisting of a 320 metre long body divided into three naves, each with two rows of columns supporting two galleries covering the side naves, once used for the spinning of ropes. The revamping project will be inaugurated during the 17th International Architecture Exhibition. The adopted solution enables a reduction of over 70% in electricity consumption and avoids the emission of 22 tons of CO<sub>2</sub> per year into the atmosphere;

- Egyptian Museum of Turin: in 2019, a joint process was launched for museum sustainability which merges with the museum body's GreenME project. The project continued in 2020;
- Turin and Piedmont Film commission: also in 2020, support continued with the adoption of the award guidelines and criteria for sustainable film production supported by the local agency. These guidelines are prepared on the basis of Edison's experience acquired over the years through the Edison Green Movie project, the protocol for sustainable film productions, this year applied to the film "Il grande passo" by A. Padovan, with Giuseppe Battiston and Stefano Fresi, produced by Ipotesi Cinema, Stemal Entertainment and Rai Cinema.

## SOCIAL INCLUSION

Edison has supported various social projects for many years, which have offered and offer, in some cases, also the possibility of volunteering for company employees; in this regard, the following were continued or launched in 2020:

- Since 2016, Edison has supported the "Comunità Sant'Egidio" in its projects targeted at integration and through the voluntary commitment of colleagues at the Caffè dell'Amicizia in Milan and Casa Famiglia S. Francesco d'Assisi in Rome. In 2020, the company renewed its support for the actions implemented by the community during the COVID emergency, in particular for people with no fixed abode, for domestic assistance activities and for the first aid phone guidance service;
- since 2009, Edison has collaborated with the Fondazione Banco Alimentare (Food Bank Foundation) by participating in the food bank's "Siticibo" project, which prevents food waste by collecting leftovers from company canteens and distributing them to the city's soup kitchens. In 2020, the company supported Banco Alimentare in the daily distribution of food directly door-to-door reaching, in particular, families with children who have been the most affected by the COVID emergency;
- for 12 years, Edison has supported, in particular, Rugby Milano, with initiatives aimed at promoting the integration of inmates at the Beccaria and San Vittore detention centres in Milan and the Bollate prison. This year, the group supported the "Quarto tempo" project: athletes, their families, coaches and fans of the club, which has over 650 registered members, took action by joining AiutArci a Milano, which distributes meals, medicine and a friendly word to those most in need. They also planned free, safe summer camps in which 100 children took part per week between July and August and developed the Rugby Web platform to continue the teamwork with training, chats and therapy to help parents in these difficult times. The club also decided to continue with its "in prison" commitment, so that inmates do not have to go without the club's support during this difficult time;
- The contribution of Edison's people is made not only of generosity, but also of experience and professionalism. For this reason, for a few years, Edison has participated in the Associazione Elettrici Senza Frontiere, composed of volunteer employees and retired personnel of companies in the electricity sector; the association periodically organises missions geared towards access to energy in developing countries, suspended in 2020 due to the pandemic;
- Edison also supports Flying Angels, a non-profit initiatives for the air transport of children that need treatment.

## REGIONAL REPORTS

In 2020, the socio-economic-environmental impact on the local areas of hydroelectric generation was measured, which led to the creation of Regional Reports (the analysis has concerned up to now the Valtellina and Valchiavenna area, plus the Val Camonica and Val Caffaro area, and will continue in 2021 with other areas of electricity generation). The objective of these reports is to convey to the local areas Edison's presence through macro-indicators on the economic downstream activities, on shared projects or projects requested up to now by local stakeholders,

and environmental indicators. Edison has, for this reason, overseen the creation of regional booklets that are physically distributed, as a genuine snapshot of the value and the positive savings that Edison generates every year in the local area and gives back to the local communities that house its hydroelectric power plants. The regional booklets were promoted with a social campaign on IG via accounts from Edison's personnel. In fact, the protagonists in the videos were colleagues who work at the plants in those regions, to describe their commitment and their contribution to the well-being of the local community and the protection of those locations.

## OTHER INITIATIVES IN THE LOCAL AREAS

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- Sponsorship of Edison Renewables relating to the construction of a helipad in the Municipality of Castiglione Messer Marino (where a wind farm is present); this initiative will benefit the entire mountain community, in the event of necessity, for the arrival of the air ambulance (in particular during the winter period) or the Fire Brigade or the Civil Defence Department;
  - support to the third sector: through the Fondazione Costruiamo il Futuro (Let's Build the Future Foundation), Edison paid out 26 bonuses in cash to support the initiatives and projects implemented by associations in the third sector in the hydroelectric territories of Valtellina and Valchiavenna (SO); almost 150 companies in the local area took part in the call for bids.
  - in Piedmont, in the territory of Canavese, a campaign was launched which involves the dissemination of Edison services and the opening of sales points with the engagement of small and medium enterprises in the energy field;
  - in Turin, the Segnali d'Italia initiative was conceived and promoted by Edison and IGPDcaux - an Italian company of the global JCDecaux Group and a leader in external communication - which recounts the little known realities in the Turin area of the craftsmen and women, entrepreneurs, associations and non-profit initiatives of the third sector, the people and companies that have managed to design and implement effective and useful actions for the local community. In 2020, Edison proposed to IGPDcaux that the initiative be continued and developed, by launching a process that will bring it to all the main territorial entities of the country at the heart of the national economy.
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# MANAGEMENT OF THE SUPPLY CHAIN AND PROTECTION OF HUMAN RIGHTS

## PROTECTION OF HUMAN RIGHTS

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

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

In particular, reference is made to the following aspects:

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

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

The Group considers respect for human rights a prerequisite for all its activities and prohibits any violation of these rights. Edison supports the international commitments of the United Nations for the protection and defence of human rights and undertakes to apply the principles sanctioned by the fundamental conventions of the International Labour Organisation.

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

Edison expressed its commitment to safeguard human rights in several documents:

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

In addition, through the signing of the UN Global Compact, Edison reiterates its commitment to implementing, disseminating and promoting the 10 Universal Principles forming the basis of the UN initiative.

At the phase of renewal of the trade union agreement relating to the “System of Representation” with particular reference to the energy sector, which took place in 2019, Edison and the workers’ representatives (national, regional and corporate trade union organisations) reached an agreement which expressly reconfirms that the founding values of Edison’s relational system are:

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

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

## RELATIONS WITH SUPPLIERS

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

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

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

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

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

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

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

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

As regards the specific policies or regulations adopted, the process of supplier selection and qualification is contained in General Regulation 92/2014, which describes the Processes for the Procurement of goods, services, works, detailing their general principles, policies and fundamental responsibilities, as well as the operating methods and responsibilities.

Lastly, the suppliers that operate at the sites and offices of the Group must read and accept General Regulation 92/1992, which contains the Group Regulations regarding safety, workplace hygiene and protection of the environment for companies, freelance workers and service providers.

## MANAGEMENT OF THE COVID-19 EMERGENCY IN RELATIONS WITH SUPPLIERS

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In 2020, as part of the emergency management of COVID-19, Edison prepared a process of communication with its suppliers and customers in order to govern any situations linked to transmission of the virus fully transparently and immediately. This approach was shared with all parties that interact with company business and made it possible to help contain the epidemiological scenario within and outside the company.

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In 2020, Edison has a total of 4,098 suppliers in the portal, for a total expenditure amount of 972.84 million euros (of which 98% of local suppliers and 2% of foreign suppliers). A total of 85% (825.62 million euros) of the total value of purchases is accounted for by the overall value of supplies assigned to qualified suppliers.

### Local suppliers

Reports are collected relating to the presence of local suppliers for the involvement in tenders for the award of activities, especially in the civil domain, to be carried out at the plants. As part of the development of renewable energy plants, a certain number of local technical firms are normally involved from the design phase, follow-up during the authorisation processes, as well as the co-interaction and support with relations with the administrations. The Hydroelectric Department has identified a tool for local supplier loyalty and growth, through which, in respect of the provisions of the protocols connected with regulation 231 and the Code of Ethics, long-term partnership contracts are stipulated.

## A NOTE ON METHODOLOGY

Edison, despite being included in the consolidated non-financial statement (“Non-Financial Performance”) of its parent company EDF - Électricité de France SA, decided not to avail of the exemption provided for by the article 6, paragraph 2, letter a) of Decree No. 254/2016 and to prepare its own Non-Financial Disclosure in accordance with the provisions of the Decree in the interests of providing the proper and effective level of communication and transparency to the market and its stakeholders. This consolidated Non-Financial Disclosure of Edison as at December 31, 2020 is therefore prepared in accordance with the provisions of Decree No. 254 and constitutes a separate document from the Report on Operations, but it is nonetheless an integral part of the documentation pertaining to the 2020 financial statements. The Non-Financial Disclosure is therefore to be considered a supplement which completes the Report on Operations and additional documentation regarding the financial statements.

The contents of this document were identified through a process of updating of the materiality analysis, through which material themes for Edison and its stakeholders were identified, to the extent needed to ensure an understanding of the company business, its performance, its results and the impact of the company (see paragraph “Material issues”).

The reporting period runs from January 1 to December 31, 2020, the data relating to the two previous years are reported, where available, solely for comparative purposes in order to make it easier to understand the trend in the Group’s activities.

The perimeter of the data and of the social and environmental information includes all companies consolidated on a line-by-line basis by the parent company Edison S.p.A.; in this regard, please refer to the Edison Group’s Consolidated Financial Statements. Please refer to said Report for details of changes in the corporate perimeter occurred during the reporting period. Specifically, for what concerns the activities of Edison & Exploration S.p.A., a company sold in December 2020 and that gathered almost all the totality of the E&P sector’s activities, it is important to specify that the data of the activities related to this company converge in the consolidated data flow (from January, 1<sup>st</sup> to December, 31<sup>st</sup>, 2020) related to the environmental impacts and the human resources training that were recorded in this Document.

Any additional perimeter limitations are specified in the individual chapters; however, these do not limit an understanding of the Group’s activities and the impact generated by the Group.

In order to correctly represent the Group’s performances, the use of estimates was limited as much as possible; where use has been made of them, these are based on the best methodologies available and reported accordingly.

With reference to the significant changes relating to the equity investments held in 2020, it should be noted that December 2020 saw the completion of the sale of Edison Exploration and Production S.p.A. (E&P) and its equity investments in the hydrocarbons exploration and production sector (oil and natural gas).

This report has been prepared in accordance with the GRI Standards: Core option. In addition, the “Electric Utilities Sector Supplement” and the “Oil and Gas Sector Supplement”, defined by the GRI in 2013, were taken into consideration.

In relation to human rights, albeit the matter does not fall under the material aspects for Edison, the document explains the commitment to the protection of human rights as indicated in the paragraph "Protection of Human Rights". Furthermore, Edison subscribes to the principles of the UN Global Compact relating to human rights and work, the protection of the environment and anti-corruption, the principles also referenced in the Code of Ethics.

This document was presented for approval by Edison S.p.A.'s Board of Directors on February 17, 2020.

This document is subject to a limited examination (limited assurance engagement according to the criteria indicated in standard ISAE 3000 Revised) by KPMG S.p.A.

The NFD is published in the "Sustainability" section of the Company's Website ([www.edison.it](http://www.edison.it))

# ANNEXES

## EDISON'S PERFORMANCES

The reporting period goes from January, 1<sup>st</sup> to December, 31<sup>st</sup>, 2020, the data related to the two previous years are reported for comparative purposes only, in order to simplify the comprehension of the Group activities' performance. In case data were not available due to the update of the relevant indicator, or to the data unavailability, data related to previous years were not reported or the wording "n.a." was utilized.

### EU 27 - Quantity of service interruptions due to non-payment, divided into duration of the interruptions and legislative regime

2018									
Duration between disconnection and payment					Duration between payment and reconnection				
<48 hours	48 hours - 1 week	1 week - 1 month	1 month - 1 year	> 1 year	Total	<48 hours	48 hours - 1 week	> 1 week	Total
5,020	578	2,221	818	0	8,637	8,480	111	46	8,637
2019									
Duration between disconnection and payment					Duration between payment and reconnection				
<48 hours	48 hours - 1 week	1 week - 1 month	1 month - 1 year	> 1 year	Total	<48 hours	48 hours - 1 week	> 1 week	Total
2,083	1,281	1,380	750	0	5,494	5,361	81	52	5,494
2020									
Duration between disconnection and payment					Durata tra pagamento e riconnessione				
<48 hours	48 hours - 1 week	1 week - 1 month	1 month - 1 year	> 1 year	Total	<48 hours	48 hours - 1 week	> 1 week	Total
1,016	401	544	259	-	2,220	2,173	40	7	2,220

### Complaints rate

(%)	2018	2019	2020
Electricity services	60%	65%	75%
Natural gas services	70%	64%	58%
Monthly average data	60%	65%	67%

### GRI 102-9 Supply chain

	2019	2020
<b>Local suppliers</b>		
Total number of suppliers engaged by the organisation	n.d.	3,043
Estimated number of suppliers throughout the entire supply chain	n.d.	n.d.
<b>Foreign suppliers</b>		
Total number of suppliers engaged by the organisation	n.d.	276
Estimated number of suppliers throughout the entire supply chain	n.d.	n.d.

## GRI 204-1 Proportion of expenditure on local suppliers

	2018		2019		2020	
	Expenditure (millions of euros)	%	Expenditure (millions of euros)	%	Expenditure (millions of euros)	%
Expenditure on suppliers	456.46		905.04		972.84	
- suppliers in Italy	418.12	92%	832.64	92%	951.59	98%
- foreign suppliers	38.34	8%	72.40	8%	21.25	2%

## Supplier vetting and screening

	2018		2019		2020	
	Spesa (milioni di euro)	%	Spesa (milioni di euro)	%	Spesa (milioni di euro)	%
Number of qualified suppliers	5.143		4101		4.098	
Total value of supplies	456.46		905.04		972.84	
- of which subject to qualification	414.28	91%	820.4	91%	825.62	85%

## Internal Audit activities

	2018	2019	2020
<b>Total number of audits conducted by business area</b>			
- Corporate & IT	8	10	12
- Exploration & Production	2	2	3
- Gas Midstream, Energy Management & Optimisation	1	3	3
- Power Asset Management	2	5	2
- Gas & Power Market	10	5	5
- Energy & Environmental Services	0	14	6
<b>Total number of audits conducted by thematic area</b>			
231 Model Compliance	n.d.	14	7
262 Model Compliance	n.d.	2	1
Contract Management	n.d.	1	1
Privacy	n.d.	1	1
Purchasing - suppliers (Supply chain)	n.d.	2	2
DEP. Hydroelectric and Renewable Sources Development	n.d.	1	2
DEP. SME Market	n.d.	1	2
DEP. Residential Market	n.d.	1	2
DEP. Retail Services Delivery	n.d.	2	2
Energy Management BU	n.d.	1	1
Gas Supply, Ptf. Management & Logistics BU	n.d.	1	2
Governance ICT	n.d.	2	1
Security and ICT infrastructure	n.d.	3	4
Auditing and/or checks of whistleblowing reports	n.d.	3	5

## Reports received by the Oversight Boards

	2018	2019	2020
For presumed violations of the Code of Ethics and/or the Organisational Model pursuant to Leg. Dec. No. 231	4	3	5

**GRI 205-2 Total number and percentage of members of the governance body to whom the organisation's anti-corruption policies and procedures were communicated (with respect to the training on Organisational Model 231)**

No. people	2018	2019	2020
Members of the governance body who received communication	9	9	9
Total members of the governance body	9	9	9
% participation	100%	100%	100%

**GRI 205-2 Total number and percentage of employees to whom the organisation's anti-corruption policies and procedures were communicated (with respect to the training on Organisational Model 231)**

No. people	2018	2019	2020
Managers who received communication	n.d.	n.d.	186
% communication	n.d.	n.d.	100%
Middle managers who received communication	n.d.	n.d.	718
% communication	n.d.	n.d.	97%
Office staff who received communication	n.d.	n.d.	1,907
% communication	n.d.	n.d.	92%
Production staff who received communication	n.d.	n.d.	1,197
% communication	n.d.	n.d.	68%

**GRI 205-2 Total number and percentage of employees to whom the organisation's policies and procedures regarding Legislative Decree 231/01 were communicated**

No. people	2018	2019	2020
Managers who received communication	n.d.	n.d.	186
% communication	n.d.	n.d.	100%
Middle managers who received communication	n.d.	n.d.	718
% communication	n.d.	n.d.	97%
Office staff who received communication	n.d.	n.d.	1,901
% communication	n.d.	n.d.	92%
Production staff who received communication	n.d.	n.d.	1,197
% communication	n.d.	n.d.	68%

**GRI 205-2 Total number and percentage of employees to whom the organisation's Code of Ethics policies and procedures were communicated (with respect to the training on Organisational Model 231)**

No. people	2018	2019	2020
Managers who received communication	n.d.	n.d.	186
% communication	n.d.	n.d.	100%
Middle managers who received communication	n.d.	n.d.	718
% communication	n.d.	n.d.	97%
Office staff who received communication	n.d.	n.d.	1,898
% communication	n.d.	n.d.	92%
Production staff who received communication	n.d.	n.d.	1,197
% communication	n.d.	n.d.	68%

**GRI 205-2 Total number and percentage of employees to whom the organisation's policies and procedures on the trafficking of illicit influences were communicated (with respect to the training on Organisational Model 231)**

No. people	2018	2019	2020
Managers who received communication	n.d.	n.d.	186
% communication	n.d.	n.d.	100%
Middle managers who received communication	n.d.	n.d.	718
% communication	n.d.	n.d.	97%
Office staff who received communication	n.d.	n.d.	1,898
% communication	n.d.	n.d.	92%
Production staff who received communication	n.d.	n.d.	1,197
% communication	n.d.	n.d.	68%

**GRI 205-2 Total number and percentage of members of the governance body who received training on anti-corruption, broken down by employee category (with respect to the training on Organisational Model 231)**

No. people	2018	2019	2020
Managers who received training	9	9	9
Total members of the governance body	9	9	9
% participation	100%	100%	100%

**GRI 205-2 Total number and percentage of employees who received training on anti-corruption, broken down by employee category (with respect to the training on Organisational Model 231)**

No. people	2018	2019	2020
Managers who received communication	n.d.	n.d.	7
% communication	n.d.	n.d.	4%
Middle managers who received communication	n.d.	n.d.	50
% communication	n.d.	n.d.	7%
Office staff who received communication	n.d.	n.d.	192
% communication	n.d.	n.d.	9%
Production staff who received communication	n.d.	n.d.	163
% communication	n.d.	n.d.	9%
Employees who received training	821	459	412
% participation	15%	8%	9%

**GRI 205-2 Total number and percentage of employees who received training on Legislative Decree 231/01, broken down by employee category**

No. people	2018	2019	2020
Managers who received communication	n.d.	n.d.	33
% communication	n.d.	n.d.	18%
Middle managers who received communication	n.d.	n.d.	151
% communication	n.d.	n.d.	20%
Office staff who received communication	n.d.	n.d.	495
% communication	n.d.	n.d.	24%
Production staff who received training	n.d.	n.d.	171
% communication	n.d.	n.d.	10%
Employees who received training	592	907	850
% participation	11%	16%	18%

**GRI 205-2 Total number and percentage of employees who received training on the Code of Ethics, broken down by employee category (with respect to the training on Organisational Model 231)**

No. people	2018	2019	2020
Managers who received communication	n.d.	n.d.	8
% communication	n.d.	n.d.	4%
Middle managers who received communication	n.d.	n.d.	38
% communication	n.d.	n.d.	5%
Office staff who received communication	n.d.	n.d.	170
% communication	n.d.	n.d.	8%
Production staff who received communication	n.d.	n.d.	132
% communication	n.d.	n.d.	7%
Employees who received training	789	393	348
% participation	15%	7%	7%

**GRI 205-2 Numero totale e percentuale di dipendenti che hanno ricevuto formazione in materia di traffico di influenze illecite, suddivisi per categoria di dipendenti (nell'ambito della formazione sul Modello 231)**

No. people	2018	2019	2020
Managers who received communication	n.d.	n.d.	29
% communication	n.d.	n.d.	16%
Middle managers who received communication	n.d.	n.d.	169
% communication	n.d.	n.d.	23%
Office staff who received communication	n.d.	n.d.	640
% communication	n.d.	n.d.	31%
Production staff who received communication	n.d.	n.d.	206
% communication	n.d.	n.d.	12%
Employees who received training	n.d.	n.d.	1,044
% participation	n.d.	n.d.	22%

**GRI 205-2 Total number and percentage of commercial partners to whom the organisation's anti-corruption policies and procedures were communicated, broken down by type of commercial partner**

No. commercial partners	2018	2019	2020
Commercial partners that received communication	890	1,057	1,133
% participation	n.d.	n.d.	34%

### GRI 405-1 Breakdown of personnel by employee category, by gender

	Unit of measurement	2019	2020
Managers	n.	241	186
- men	n.	205	150
- women	n.	36	36
Middle managers	n.	1,004	741
- men	n.	754	516
- women	n.	250	225
Office staff	n.	2,557	2,070
- men	n.	1,773	1,344
- women	n.	784	726
Production staff	n.	1,829	1,765
- men	n.	1,795	1,740
- women	n.	34	25
<b>Total</b>	<b>n.</b>	<b>5,631</b>	<b>4,762</b>
- men	n.	4,527	3,750
- women	n.	1,104	1,012

### GRI 405-1 Breakdown of personnel by employee category, by vulnerable categories

	Unit of measurement	2019	2020
Managers	n.	241	186
- of which protected categories (disabled + other categories)	n.	1	-
Quadri	n.	1,004	741
- of which protected categories (disabled + other categories)	n.	17	7
Office staff	n.	2,557	2,070
- of which protected categories (disabled + other categories)	n.	102	100
Production staff	n.	1,829	1,765
- of which protected categories (disabled + other categories)	n.	68	62
<b>Total</b>	<b>n.</b>	<b>5,631</b>	<b>4,762</b>
- of which protected categories (disabled + other categories)	n.	200	169

### GRI 405-1 Breakdown of personnel by employee category, by gender (%)

	Unit of measurement	2019	2020
Managers			
- men	%	85	81
- women	%	15	19
Middle managers			
- men	%	75	70
- women	%	25	30
Office staff			
- men	%	69	65
- women	%	31	35
Production staff			
- men	%	98	99
- women	%	2	1
<b>Total</b>			
- men	%	80	79
- women	%	20	21

### GRI 405-1 Breakdown of personnel by employee category, by vulnerable categories (%)

	Unit of measurement	2019	2020
Managers			
- of which protected categories	%	0	0
Middle managers			
- of which protected categories	%	2	1
Office staff			
- of which protected categories	%	4	5
Production staff			
- of which protected categories	%	4	4
<b>Total</b>			
- of which protected categories	%	4	4

### GRI 405-1 Breakdown of personnel by employee category, by age bracket

	Unit of measurement	2019	2020
Managers	n.	241	186
- of which < 30 years old	n.	-	-
- of which between 30 and 50 years old	n.	79	57
- of which > 50 years old	n.	162	129
Middle managers	n.	1,004	741
- of which < 30 years old	n.	-	1
- of which between 30 and 50 years old	n.	601	484
- of which > 50 years old	n.	403	256
Office staff	n.	2,557	2,070
- of which < 30 years old	n.	225	206
- of which between 30 and 50 years old	n.	1,693	1,307
- of which > 50 years old	n.	639	557
Production staff	n.	1,829	1,765
- of which < 30 years old	n.	165	131
- of which between 30 and 50 years old	n.	930	865
- of which > 50 years old	n.	734	769
<b>Total</b>	<b>n.</b>	<b>5,631</b>	<b>4,762</b>
- of which < 30 years old	n.	390	338
- of which between 30 and 50 years old	n.	3,303	2,713
- of which > 50 years old	n.	1,938	1,711

### GRI 405-1 Breakdown of personnel by employee category, by age bracket (%)

	Unit of measurement	2019	2020
Managers			
- of which < 30 years old	%	0	0
- of which between 30 and 50 years old	%	33	31
- of which > 50 years old	%	67	69
Middle managers			
- of which < 30 years old	%	0	0
- of which between 30 and 50 years old	%	60	65
- of which > 50 years old	%	40	35
Office staff			
- of which < 30 years old	%	9	10
- of which between 30 and 50 years old	%	66	63
- of which > 50 years old	%	25	27
Production staff			
- of which < 30 years old	%	9	7
- of which between 30 and 50 years old	%	51	49
- of which > 50 years old	%	40	44
<b>Total</b>			
- of which < 30 years old	%	7	7
- of which between 30 and 50 years old	%	59	57
- of which > 50 years old	%	34	36

### GRI 102-8 Employees by employment contract (permanent and fixed-term), by gender

	Unit of measurement	2019	2020
Permanent	n.	5,481	4,684
- men	n.	4,408	3,700
- women	n.	1,073	984
Fixed-term	n.	150	78
- men	n.	119	50
- women	n.	31	28
<b>Total</b>	<b>n.</b>	<b>5,631</b>	<b>4,762</b>
- men	n.	4,527	3,750
- women	n.	1,104	1,012

### GRI 102-8 Employees by employment contract (permanent and fixed-term), by geographical area

	Unit of measurement	2019	2020
Permanent	n.	5,481	4,684
- abroad	n.	1,370	653
Fixed-term	n.	150	78
- abroad	n.	72	34
<b>Total</b>	<b>n.</b>	<b>5,631</b>	<b>4,762</b>
- abroad	n.	1,442	687

### GRI 102-8 Employees by employment type (full time and part-time), by gender

	Unit of measurement	2019	2020
Full-time employees	n.	5,485	4,624
- men	n.	4,505	3,732
- women	n.	980	892
Part-time employees	n.	146	138
- men	n.	22	18
- women	n.	124	120
<b>Total</b>	<b>n.</b>	<b>5,631</b>	<b>4,762</b>
- men		4,527	3,750
- women	n.	1,104	1,012

### GRI 102-8 Non-employee workers

	Unit of measurement	2019	2020
Stagisti	n.	39	44
- men	n.	26	25
- women	n.	13	19
Somministrati	n.	42	47
- men	n.	25	27
- women	n.	17	20
<b>Total</b>	<b>n.</b>	<b>81</b>	<b>91</b>
- men	n.	51	52
- women	n.	30	39

### GRI 404-1 Training hours provided by employee category

	Unit of measurement	2019	2020
Managers	n.	7,276	6,009
- men	n.	5,531	4,551
- women	n.	1,744	1,455
Middle managers	n.	50,125	30,746
- men	n.	35,868	22,224
- women	n.	14,257	8,522
Office staff	n.	95,218	70,792
- men	n.	64,980	47,847
- women	n.	30,237	22,945
Production staff	n.	58,978	38,990
- men	n.	58,435	38,770
- women	n.	543	220
<b>Total</b>	<b>n.</b>	<b>211,597</b>	<b>146,537</b>
- men	n.	164,817	113,392
- women	n.	46,780	33,142

### GRI 404-1 Average hours of training per employee, by gender

	Unit of measurement	2019	2020
Managers	n.	30	23
- men	n.	27	21
- women	n.	48	35
Middle managers	n.	50	30
- men	n.	48	29
- women	n.	57	33
Office staff	n.	37	28
- men	n.	37	28
- women	n.	39	29
Production staff	n.	32	21
- men	n.	33	21
- women	n.	16	7
<b>Total</b>	<b>n.</b>	<b>38</b>	<b>26</b>
- men	n.	36	25
- women	n.	42	30

### GRI 404-3 Employees who received an annual review

	Unit of measurement	2019	2020
Managers	n.	214	251
- men	n.	180	211
- women	n.	34	40
Middle managers	n.	889	1,003
- men	n.	672	752
- women	n.	217	251
Office staff	n.	2,224	2,428
- men	n.	1,655	1,665
- women	n.	569	762
Production staff	n.	1,397	1,750
- men	n.	1,366	1,721
- women	n.	31	29
<b>Total</b>	<b>n.</b>	<b>4,724</b>	<b>5,432</b>
- men	n.	3,873	4,350
- women	n.	951	1,082

### GRI 404-3 Employees who received an annual review (%)

	Unit of measurement	2019	2020
Managers	%	89	98
- men	%	88	98
- women	%	94	98
Middle managers	%	89	98
- men	%	89	98
- women	%	87	98
Office staff	%	87	96
- men	%	93	96
- women	%	73	96
Production staff	%	76	93
- men	%	76	93
- women	%	91	94
<b>Total</b>	<b>%</b>	<b>84</b>	<b>96</b>
men	%	86	95
- women	%	86	96

### Return to work and retention rates after parental leave, by gender

	Unit of measurement	2019*	2020
Employees entitled to parental leave	n.	4.879	4.945
- women	n.	915	1.035
- men	n.	3.964	3.910
Employees who took parental leave	n.	161	99
- women	n.	134	94
- men	n.	27	5
Employees whose parental leave ended in the year	n.	35	59
- women	n.	33	54
- men	n.	2	5
Employees whose parental leave ended in the year and who returned to work	n.	35	59
- women	n.	33	54
- men	n.	2	5
<b>Total retention rate</b>	<b>%</b>	<b>100</b>	<b>100</b>
<b>Retention rate for women</b>	<b>%</b>	<b>100</b>	<b>100</b>

\* For comparative purposes, the 2019 data relating to Group parental leave were re-stated, following the expansion in the scope of the data relating to the foreign companies of the EESM Division. For the data previously published, please refer to the NFD 2019, published in the Sustainability section of the site [www.edison.it](http://www.edison.it).

### GRI 102-41 Collective bargaining agreements

	Unit of measurement	2019	2020
Employees covered by the national bargaining agreement	n.	5,631	4,762
Employees who are members of a trade union	n.	1,996	1,171
Employees covered by the national bargaining agreement	%	100	100
Employees who are members of a trade union	%	35	25

### GRI 405 -2 Ratio between basic salary and remuneration of women with respect to men

	Unit of measurement	2019	2020
<b>Top Management*</b>			
Remuneration ratio of women to men (%)	%	n.d.	n.d.
Age ratio of women to men (average years)	n.	n.d.	n.d.
<b>Management</b>			
Remuneration ratio of women to men (%)	%	97	95
Age ratio of women to men (average years)	n.	1.9	2.1
<b>Professional</b>			
Remuneration ratio of women to men (%)	%	95	95
Age ratio of women to men (average years)	n.	2.8	2.0
<b>Office staff</b>			
Remuneration ratio of women to men (%)	%	91	91
Age ratio of women to men (average years)	n.	1.9	1.8
<b>Production staff*</b>			
Remuneration ratio of women to men (%)	%	n.d.	n.d.
Age ratio of women to men (average years)	n.	n.d.	n.d.

\* With reference to the ratio between basic salary of women with respect to men for the "Production staff" and "Top management" categories, data are not relevant for the KPI's calculation, considering the low numerical representativeness in those categories of the female gender. In addition, data do not include local employees of foreign sites or employees of Italian companies not on the centralised payroll system.

### GRI 403-9 Workplace injuries to Group employees

Group employees	2018	2019	2020
Number of workplace injuries recorded	11	20	15
- of which, number of deaths following workplace injuries	-	-	-
- of which, workplace injuries with serious consequences (excluding death)	-	-	-

### GRI 403-9 Hours worked by Group employees

Employees	2018	2019	2020
Hours worked	8,938,990	9,927,027	9,746,043

### GRI 403-9 Injury rate and deaths of Group workers

Employees	2018	2019	2020
Rate of workplace injuries recorded	1.2	2.0	1.5
Death rates due to workplace injuries	0.0	0.0	0.,0
Rate of workplace serious injuries	0.0	0.0	0.0

The work-related injury rates are based on a million hours worked and are calculated as the number of recordable work-related injuries, multiplied by 1,000,000, divided by the number of hours worked.

### GRI 403-9 Workplace injuries to external workers

External workers	2018	2019	2020
Number of workplace injuries recorded	9	7	14
- of which, number of deaths following workplace injuries	-	-	-
- of which, workplace injuries with serious consequences (excluding death)	-	-	-

### GRI 403-9 Hours worked by external workers

External workers	2018	2019	2020
Hours worked	4,535,884	5,276,218	6,026,528

### GRI 403-9 Injury rate and deaths of external workers

External workers	2018	2019	2020
Rate of workplace injuries recorded	2.0	1.3	2.3
Death rates due to workplace injuries	0.0	0.0	0.0
Rate of workplace serious injuries	0.0	0.0	0.0

The work-related injury rates are based on a million hours worked and are calculated as the number of recordable work-related injuries, multiplied by 1,000,000, divided by the number of hours worked.

### HSE management systems

	Unit of measurement	2018	2019	2020
<b>Sites covered by ISO 14001 management systems</b>				
Electricity operations and energy services	%	96	88	98
Hydrocarbon operations	%	100	100	100
<b>Sites covered by EMAS management systems</b>				
Electricity operations	%	55	51	45
Hydrocarbon operations	%	13	9	9
<b>Sites covered by OHSAS 18001 management systems</b>				
Electricity operations	%	96	95	95
Hydrocarbon operations	%	100	100	100
<b>Sites covered by ISO 50001 management systems</b>				
Energy services	%	n.d.	43	44

### Inspections - Italy

	Unit of measurement	2018	2019	2020
By the local health unit, ARPA (Regional Environmental Protection Agency) and the municipal, provincial and regional authorities	n.	211	74	92
Other	n.	192	74	54
<b>Total inspections</b>	<b>n.</b>	<b>403</b>	<b>148</b>	<b>146</b>

### Health care

	Unit of measurement	2018	2019	2020
Medical examinations provided	n.	2,249	3,108	2,571

## OG1 Volume of reserves and production of hydrocarbons

Type of user	Unit of measurement	2018			2019			2020		
		Quantity of hydrocarbons			Quantity of hydrocarbons			Quantity of hydrocarbons		
		National	International	Total	National	International	Total	National	International	Total
<b>Production of hydrocarbons</b>										
Liquids	Thousands of barrels	1,664	2,349	4,013	1,669	1,974	3,642	1,457	1,532	2,990
<i>Crude oil</i>	Thousands of barrels	1,664	2,349	4,013	1,669	1,974	3,642	1,457	1,532	2,990
Gas	Millions of cubic metres	361	1,902	2,263	346	1,785	2,132	277	1,283	1,560
<i>Natural gas</i>	Millions of cubic metres	361	1,902	2,263	346	1,785	2,132	277	1,283	1,560
<b>Hydrocarbon reserves</b>										
<b>Total</b>	Billions of cubic metres equivalent	n.d.	n.d.	34.1	n.d.	n.d.	26.,8	n.d.	5.6	5.6

## OG6 Volumes of hydrocarbons subjected to flaring and venting

Typology of hydrocarbons	2018		2019		2020	
	Energy amount		Energy amount		Energy amount	
	Unit of measure	Volume	Unit of measure	Volume	Unit of measure	Volume
Volume	million m <sup>3</sup>	6.612	milioni di m <sup>3</sup>	6.701	milioni di m <sup>3</sup>	6.868
- of which flaring	million m <sup>3</sup>	6.612	milioni di m <sup>3</sup>	6.701	milioni di m <sup>3</sup>	6.868
Flaring-related emissions	ton CO <sub>2</sub>	13,279	ton CO <sub>2</sub>	13,047	ton CO <sub>2</sub>	13,353

## GRI 302 -1 Energy consumed inside the organisation

	Unit of measurement	2018	2019	2020
<b>Non-renewable fuels</b>				
Natural gas	thousands of GJ	122,539	128,152	103,651
- of which for production of electricity	thousands of GJ	120,852	126,153	101,742
- of which for auxiliary consumption	thousands of GJ	1,683	1,988	1,892
- of which for heating	thousands of GJ	4	11	17
Diesel	thousands of GJ	270	323	204
Petrol	thousands of GJ	5	5	2
Fuel oil	thousands of GJ	137	135	155
Coal	thousands of GJ	3,125	2,802	1,568
<b>Non-renewable electricity</b>				
Electricity acquired from non-renewable sources	thousands of GJ	n.d.	77,248	64,160
Electricity acquired from non-renewable sources and sold to third parties	thousands of GJ	n.d.	66,090	63,328
Electricity acquired from non-renewable sources and consumed internally	thousands of GJ	1,435	1,597	1,309
<b>District heating</b>				
District heating acquired from non-renewable sources	thousands of GJ	n.d.	3	3
<b>Energy consumption from non-renewable sources</b>	thousands of GJ	<b>n.d.</b>	<b>142,579</b>	<b>106,416</b>
<b>Renewable fuels</b>				
Wood (chips)	thousands of GJ	54	2	6
Walnut tree bark	thousands of GJ	2.638	131	336
Dried wood chips	thousands of GJ	0	0	6
Biogas	thousands of GJ	0	0	60
<b>Renewable electricity</b>				
Electricity acquired from renewable sources	thousands of GJ	n.d.	10,140	9,716
Electricity acquired from renewable sources and sold to third parties	thousands of GJ	n.d.	10,140	9,716
Electricity self-produced and self-consumed from renewable sources	thousands of GJ	166	821	1.102
<b>Energy consumption from renewable sources</b>	thousands of GJ	<b>2.857</b>	<b>953</b>	<b>1.511</b>

### 302 -5 Reduction in energy requirements of products and services

	Unit of measurement	2018	2019	2020
Reduction in electricity consumption*	thousands of GJ	n.d.	66	40
Reduction in natural gas consumption*	thousands of GJ	n.d.	2,093	3,296
Other reductions	Tep (toe)	n.d.	25,030	180

\* Reduction obtained with respect to situation prior to intervention or reference that would have been obtained with systems/technologies that, at the date of implementation of the project, constituted the standard market offer in technological terms and/or minimum standard set by the legislation in relation to the operating conditions set forth in the post-intervention configuration.

### GRI 305 Emissions generated by the organisation

	Unit of measurement	2018	2019	2020
GRI 305-1: Direct emissions of GHG (Scope 1)	tCO <sub>2</sub>	7,108,743	7,308,411	6,202,817
- of which CO <sub>2</sub> for the production of electricity and thermal energy	tCO <sub>2</sub>	6,968,615	7,146,246	6,049,525
GRI 305-2: Indirect emissions of GHG (Scope 2) - location based	tCO <sub>2</sub>	n.d.	126,567	70,946
GRI 305-2: Indirect emissions of GHG (Scope 2) - market based	tCO <sub>2</sub>	n.d.	178,403	107,761
GRI 305-3: Indirect emissions of GHG (Scope 3)	tCO <sub>2</sub>	n.d.	11,924	27,707
- of which CO <sub>2</sub> for business travel	tCO <sub>2</sub>	n.d.	2,576	786
- of which CO <sub>2</sub> for waste disposal	tCO <sub>2</sub>	n.d.	9,348	27,310

### GRI 305-4 Carbon intensity

	Unit of measurement	2018	2019	2020
Intensity of emissions (electricity and thermal energy)	g/kWh	293.6	281.2	268.5
Intensity of emissions (thermoelectric and thermal energy produced)	g/kWh	355.4	350.5	351.2

### GRI 305-7 Total atmospheric emissions

	Unit of measurement	2018	2019	2020
NOx	t	4,069	3,637	2,873
SOx	t	924	718	560
CO	t	1,260	1,752	1,709
Particulates	t	142	143	95

### EU2- OG3 Net electricity production

	Unit of measurement	2018	2019	2020
Thermoelectric energy	thousands of GJ	56,224	60,068	50,023
- of which combined-cycle	thousands of GJ	54,326	58,458	48,721
Renewable energy	thousands of GJ	14,696	17,156	17,797
- of which hydroelectric energy	thousands of GJ	11,106	11,503	11,524
- of which wind power	thousands of GJ	3,395	5,431	5,825
- of which electricity from other renewable sources (photovoltaic and biomass)	thousands of GJ	195	222	448
<b>Total production*</b>	thousands of GJ	<b>70,920</b>	<b>77,224</b>	<b>67,819</b>
Share of energy produced from renewable sources	%	21%	22%	26%

\* All net electricity produced is sold to third parties

## THE MATERIAL ISSUES AND REFERENCE SCOPES

The table below presents the material themes identified by Edison S.p.A., related to the GRI Standards and the GRI G4 Electric Utilities and Oil and Gas Sector Supplement Guidelines outlined in this Report. For these issues, the column “Perimeter of material themes” shows the entities that can generate an impact with respect to each theme, both within and outside the Group. In addition, the column “Type of impact” also indicates the role of Edison S.p.A. in relation to the impact generated with respect to each material theme.

Material issues	Scope of material themes			Reconciliation with GRI topics
	Where the impact takes place	Edison involvement	Stakeholder concerned	
Sustainable energy transition	Edison Group	Generated by the Edison Group and directly related to its activities	All	- GRI 302 Energy - GRI 305 Emissions - GRI 3 Energy - GRI 6 Effluents and waste
Quality of service and customer orientation	Edison Group	Generated by the Edison Group and directly related to its activities	Customers, Agencies and commercial intermediaries	- EU 27 Access - GRI 417 Marketing and labelling
Creation of value for the territory	Edison Group	Generated by the Edison Group and directly related to its activities	All	N/A
Responsible supply chain management	Edison Group	Generated by the Edison Group and directly related through a business relationship	Suppliers	- GRI 204 Supply procedures - GRI 205 Anti-corruption
Employability and occupability	Edison Group	Generated by the Edison Group	Employees and associates, Trade Union Organisations	- GRI 404 Training and education
Occupational health and safety	Edison Group	Generated by the Edison Group	Employees and associates, Trade Union Organisations, Suppliers	- GRI 403 Health and safety at work
Plurality and social inclusion	Edison Group	Generated by the Edison Group	Employees and associates, Trade Union Organisations	- GRI 405 Diversity and equal opportunity - GRI 406: Non-discrimination
Smart communities and forward-looking vision	Edison Group	Generated by the Edison Group	Local areas, Customers	N/A

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# REPORT OF THE INDEPENDENT AUDITORS



KPMG S.p.A.  
Revisione e organizzazione contabile  
Via Vittor Pisani, 25  
20124 MILANO MI  
Telefono +39 02 6763.1  
Email [it-fmauditaly@kpmg.it](mailto:it-fmauditaly@kpmg.it)  
PEC [kpmgspace@pec.kpmg.it](mailto:kpmgspace@pec.kpmg.it)

(Translation from the Italian original which remains the definitive version)

## **Independent auditors' report on the consolidated non-financial statement pursuant to article 3.10 of Legislative decree no. 254 of 30 December 2016 and article 5 of the Consob Regulation adopted with Resolution no. 20267 of 18 January 2018**

*To the board of directors of  
Edison S.p.A.*

Pursuant to article 3.10 of Legislative decree no. 254 of 30 December 2016 (the "decree") and article 5 of the Consob (the Italian Commission for listed companies and the stock exchange) Regulation adopted with Resolution no. 20267 of 18 January 2018, we have been engaged to perform a limited assurance engagement on the 2020 consolidated non-financial statement of Edison S.p.A. (the "parent") and its subsidiaries (together, the "group") prepared in accordance with article 4 of the decree and approved by the board of directors on 17 February 2021 (the "NFS").

### ***Responsibilities of the parent's directors and board of statutory auditors ("Collegio Sindacale") for the NFS***

The directors are responsible for the preparation of an NFS in accordance with articles 3 and 4 of the decree and the "Global Reporting Initiative Sustainability Reporting Standards" issued by GRI - Global Reporting Initiative (the "GRI Standards"), which they have identified as the reporting standards.

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

Moreover, the directors are responsible for the identification of the content of the NFS, considering the aspects indicated in article 3.1 of the decree and the group's business and characteristics, to the extent necessary to enable an understanding of the group's business, performance, results and the impacts it generates.

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Registro Imprese Milano Monza Brianza Lodi  
e Codice Fiscale N. 0079900159  
R.E.A. Milano N. 512867  
Partita IVA 00709600159  
VAT number IT00709600159  
Sede legale: Via Vittor Pisani, 25  
20124 Milano MI ITALIA



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The directors' responsibility also includes the design of an internal model for the management and organisation of the group's activities, as well as, with reference to the aspects identified and disclosed in the NFS, the group's policies and the identification and management of the risks generated or borne.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, compliance with the decree's provisions.

#### *Auditors' independence and quality control*

We are independent in compliance with the independence and all other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Our company applies International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintains a system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

#### *Auditors' responsibility*

Our responsibility is to express a conclusion, based on the procedures performed, about the compliance of the NFS with the requirements of the decree and the GRI Standards. We carried out our work in accordance with the criteria established by "International Standard on Assurance Engagements 3000 (revised) - Assurance Engagements other than Audits or Reviews of Historical Financial Information" ("ISAE 3000 revised"), issued by the International Auditing and Assurance Standards Board applicable to limited assurance engagements. This standard requires that we plan and perform the engagement to obtain limited assurance about whether the NFS is free from material misstatement. A limited assurance engagement is less in scope than a reasonable assurance engagement carried out in accordance with ISAE 3000 revised, and consequently does not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures we performed on the NFS are based on our professional judgement and include inquiries, primarily of the parent's and its subsidiaries' personnel responsible for the preparation of the information presented in the NFS, documental analyses, recalculations and other evidence gathering procedures, as appropriate.

Specifically, we carried out the following procedures

1. Analysing the material aspects based on the group's business and characteristics disclosed in the NFS, in order to assess the reasonableness of the identification process adopted on the basis of the provisions of article 3 of the decree and taking into account the reporting standards applied.
2. Analysing and assessing the identification criteria for the reporting scope, in order to check their compliance with the decree.
3. Comparing the financial disclosures presented in the NFS with those included in the group's consolidated financial statements.



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4. Gaining an understanding of the following:

- the group's business management and organisational model, with reference to the management of the aspects set out in article 3 of the Decree;
- the entity's policies in connection with the aspects set out in article 3 of the Decree, the achieved results and the related key performance indicators;
- the main risks generated or borne in connection with the aspects set out in article 3 of the Decree.

Moreover, we checked the above against the disclosures presented in the NFS and carried out the procedures described in point 5.a).

5. Understanding the processes underlying the generation, recording and management of the significant qualitative and quantitative information disclosed in the NFS.

Specifically, we held interviews and discussions with the management personnel of Edison S.p.A., Fenice Qualità per l'Ambiente S.p.A. and Edison Stoccaggio S.p.A.. We also performed selected procedures on documentation to gather information on the processes and procedures used to gather, combine, process and transmit non-financial data and information to the office that prepares the NFS.

Furthermore, with respect to significant information, considering the group's business and characteristics:

- at parent and subsidiaries level:
  - a) we held interviews and obtained supporting documentation to check the qualitative information presented in the NFS and, specifically, the business model, the policies applied and main risks for consistency with available evidence,
  - b) we carried out analytical and limited procedures to check, on a sample basis, the correct aggregation of data in the quantitative information;
- we visited the Altomonte (CS) and Collalto (Susegana, TV) sites, which we have selected on the basis of their business, contribution to the key performance indicators at consolidated level and location, to meet their management and obtain documentary evidence supporting the correct application of the procedures and methods used to calculate the indicators.

**Conclusion**

Based on the procedures performed, nothing has come to our attention that causes us to believe that the 2020 consolidated non-financial statement of the Edison Group has not been prepared, in all material respects, in accordance with the requirements of articles 3 and 4 of the decree and the GRI Standards.



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***Other matters***

Other auditors performed a limited assurance engagement on the group's 2019 and 2018 consolidated non-financial statements and expressed an unqualified conclusion thereon on 26 April 2020 and 20 April 2019, respectively.

Milan, 25 February 2021

KPMG S.p.A.

(signed on the original)

Umberto Scaccabarozzi  
Director of Audit

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and Tax I.D. No. 06722600019  
VAT No. 08263330014  
REA Milan No. 1698754  
edison@pec.edison.it

