



# Sustainability Policy



# Sustainability Policy



# Table of contents

Purpose and target audience of the policy	3
Edison's purpose	3
Sustainability for Edison	3
Edison's commitment to sustainability	4
Edison for the transition	5
Sustainability governance	5
The axes of sustainability for Edison	7
Climate Action	7
Human capital and inclusion	8
Value for customers, local areas and sustainable economic development	8
Natural capital and landscape	9
Long-term sustainability goals	10

## Purpose and target audience of the policy

The purpose of this Sustainability Policy is to **communicate**, both within the Company and to its **stakeholders**, the **fundamental principles for the performance of corporate and business activities** through which Edison's **commitment** and **attention** to **environmental, social and governance issues is expressed, in full consistency with the principles and values of the Company's Code of Ethics**.

The Sustainability Policy has been drafted in line with the **231 Organization, Management and Control Model**, the **Health and Safety, Environment, Quality and Sustainable Energy Policy** and Edison's various policies in force, as well as with best practices on issues such as sustainability in finance and investment, sustainable procurement, plurality and inclusion and stakeholder dialogue and engagement.

The **target audience** of the Sustainability Policy encompasses **all Edison Group companies and all stakeholders**, who are called upon to **respect the principles** set forth in this document and to put them into practice across all areas in which they operate.

In order to reinforce awareness and consolidate the **dissemination** of sustainable action, this Policy will be available on company communication channels, including the **website** and **intranet** in the respective Sustainability sections.

## Edison's purpose

Edison intends to lead Italy's energy transition to help protect the planet and improve people's quality of life.

## Sustainability for Edison

Edison considers the generation of value to be the company's permanent objective and believes that it must be long-lasting, i.e., repeatable over time, and sustainable, so based on the responsible use of resources.

The process of generating value must sustainably remunerate all factors of production, starting with labour, and in this function industry represents an asset that Society has an interest in preserving and promoting, just as industry cannot disregard the broader interests of the society in which it operates and the human and natural needs of the environment around it.

From this perspective, the role of business no longer consists only of the allocation of capital for the achievement of a specific economic objective, but of the ability to simultaneously satisfy the needs and demands of all stakeholders, whose expectations and value judgements characterize the level of civilization and progress of the society in which the business operates.

In light of the above, for Edison, **Sustainability is the set of choices and behaviours that enable the company to pursue its corporate purpose while also ensuring long-term profitability and competitiveness and also taking into consideration the interests of all stakeholders**<sup>1</sup>.

## Edison's commitment to sustainability

As a **responsible operator**, Edison considers **sustainable success** and **ESG (Environmental, Social and Governance) criteria** to be fundamental levers for **value creation** in the medium to long term and crucial elements in taking **strategic and operational decisions**.

The company works towards the continuous **integration of sustainability principles** within the **corporate structure** and the **business model**, as well as in **day-to-day activities**, with **the aim of guiding the sustainable energy transition of customers, suppliers and communities**.

Edison's commitment is inspired by the **Sustainable Development Goals (SDGs)** approved by the **United Nations**, to which the Company contributes through the strategic guidelines outlined in its Sustainability Plan and through every aspect of its business operations.

In addition, the Sustainability Policy is based on the **ten principles**, defined within the framework of the **United Nations Global Compact**, relating to human rights, labour standards, environmental protection and the fight against corruption. Edison also reaffirms its commitment to implementing, disseminating and promoting the ten universal principles through its membership as founder, since 2005, in the UN Global Compact Network Italy.

Edison's sustainable action is based on the **core principles that govern the performance of all activities**, which are considered **pre-requisites and enabling factors**. **Business Ethics are foundational**: indeed, the Company considers compliance with the regulatory framework and ethical and moral standards as identified in the Company's Code of Ethics to be fundamental and systematically invests in a culture of integrity, including through the continuous training of management, employees and suppliers. The Company ensures respect for **Human Rights** connected to the personal sphere, labour - by not allowing any form of discrimination - and environmental protection linked to its activities, in compliance with the International Labour Organization (ILO) Declaration on Fundamental Principles and Rights at Work. It is also committed to guaranteeing **Sustainability in Governance**, integrating ESG issues and sustainability commitments into its governance structure and medium to long-term strategic objectives, as well as **Sustainability in Finance and Investment**, strengthening the Group's focus on environmentally and socially sustainable financial instruments and investments that generate value for the reference stakeholders. **Innovation and Digitalization**, also through research, are factors enabling the increased efficiency and expansion of business activities, as well as the optimization of the management of its infrastructure and the increasing sustainability of the solutions it offers. The company also promotes **stakeholder**

<sup>1</sup> ComEx of June 25, 2021, incorporated into the 2021 Corporate Governance Report and NFD

**dialogue and engagement** in order to understand and respond to stakeholder expectations, create lasting relationships and pursue concrete and shared sustainable development goals.

Finally, Edison is committed to measuring the **impact** that its activities may have on the economy, the environment and people, also considering respect for human rights, in order to understand and act on the levers to minimize the negative impacts and maximize the positive ones generated by its actions.

At the same time, in order to transparently **report** on its performance to all stakeholders, Edison is committed to publishing its Non-Financial Document (NFD) every year, at the same time as the Financial Statements.

Aware of the importance of a holistic approach to sustainable development and the joint commitment of the Group and its stakeholders, Edison is committed to ensuring the **broadest possible dissemination** of its **Sustainability Policy** through the use of appropriate **information and training tools**, and aspires to increase the attention and commitment of all stakeholders to environmental, social and governance issues.

## Edison for the transition

The company is committed to the **sustainable energy transition**, which is taking shape through the development of low-carbon energies and green gases, the promotion of the production and use of renewable energies and flexibility solutions, support to residential, industrial and public administration customers in decarbonization, the monitoring and reduction of climate-altering emissions and the promotion of sustainable mobility.

Furthermore, on the basis of a principle of technological neutrality aimed at decarbonization, Edison firmly believes in a **socially responsible transition**, which it puts into practice by promoting sustainable energy spending and combating energy poverty, developing and updating people's skills, responsibly managing its supply chain, respecting human rights in all of its forms and contributing to social innovation, also through the EOS - Edison Orizzonte Sociale Foundation.

## Sustainability governance

Specific sustainability governance responsibilities lie with the **Board of Directors** which, supported by the Chief Executive Officer, the Control and Risk Committee and the Sustainability Division, defines strategic guidelines, identifies medium/long-term goals and approves the Sustainability Plan of the Company and the Group in line with the achievement of Sustainable Success, also with regard to ESG matters and the relative business model.

The Board of Directors has entrusted the **CEO** with a number of specific powers in the realm of sustainability, including proposing to the Board of Directors the sustainability strategy and targets and the Sustainability Plan and monitoring/controlling its implementation once approved, overseeing ESG performance

reporting and the relative disclosure, promoting dialogue and engagement with the relevant stakeholders and adopting the Sustainability Policy.

The **Control, Risk and Sustainability Committee** plays an investigative and propositional role vis-à-vis the Board of Directors with regard to the Internal Control and Risk Management System, including as regards ESG issues, and periodic financial and non-financial reporting.

The **Sustainability Division** aims to guide (i.e., provide current and prospective contextual elements underlying decisions) and develop sustainability at corporate level, also promoting internal inclusion, and coordinating the initiatives managed, through focal points and dedicated teams from the corporate divisions, both in ordinary business activities and in projects under development, in the various territories where the Company operates. It also supports the Sustainability Management Committee in managing relationships with the various company stakeholders and ensures the coordination of the contributions and proposals of the Divisions to sustainability processes and projects.

Together with the **Sustainability Management Committee** (Committee supporting the CEO in the management and implementation of ESG issues), all of the above-mentioned stakeholders are involved in complying with the commitments set forth in this document, ensuring and periodically verifying that it is adequately disseminated within Edison and to all stakeholders, as well as implemented and updated, when appropriate, to reflect ongoing developments in the ESG sphere and the evolution of best practices and sector trends.

Working alongside the CEO and the Chief Sustainability Officer is the **Stakeholder Advisory Board (SAB)**, a committee made up of members external to the company representing different categories of stakeholders, with a view to supporting the company in identifying the most important sustainability issues amongst those deemed material, focusing on challenges and opportunities for Edison and making recommendations and suggestions on strategies and developments.

In the pursuit of the goal of making sustainability more widespread, the Sustainability Division makes use of the **Sustainability Network** consisting of focal points from the different business functions.

In 2021 Edison also launched the **EOS - Edison Orizzonte Sociale Foundation**, to direct its activities with respect to civil society, the cultural world and the third sector, promoting initiatives on Sustainability issues in terms of Corporate Social Responsibility. The Foundation indeed formulates and promotes initiatives, projects and proposals relating to responsibility and social and cultural growth in the contexts and places where the company operates, also thanks to the active engagement of colleagues in volunteer activities and project participation.

## The axes of sustainability for Edison

In particular, the Sustainability Policy is based on four axes that reflect the Group's culture and business objectives:

- Climate Action: action against climate change with a view to promoting decarbonization
- Human Capital and Inclusion: developing human capital and promoting diversity and inclusion
- Value for Customers, Local Areas and Sustainable Economic Development: creation of value for customers and local areas and promotion of sustainable economic development
- Natural Capital and Landscape: preservation and protection of natural capital and the landscape

For each axis, the eight SDGs to which Edison contributes through its actions have been identified, in addition to those specifically adopted by the EOS Foundation, for an overall total of eleven.



### Climate action

For an energy operator such as Edison, **climate action** and **combatting Climate Change** as defined by **SDG 13** has a dual significance. On one hand, Edison is committed to **mitigating** the environmental impacts of its activities on the climate through the development and management of production systems with reduced climate-altering emissions, supported by research and innovation into the best available technologies, as well as offering the most efficient solutions and technologies to its industrial, residential and public administration customers aimed at energy optimization and the progressive decarbonization of consumption in a process of support throughout the ecological transition.

On the other, Edison is committed to **adaptation** - aimed at making infrastructures increasingly resilient and capable of remaining available even in times of climate emergency, guaranteeing the uninterrupted provision of essential services, as well as contributing to mitigating the effects of climate change in the areas where it has a presence with its assets.

The commitment to **clean and affordable energy** defined in **SDG 7** drives Edison towards cost-effective, reliable and sustainable systems with continuous investments in increasingly efficient production technologies with a reduced environmental impact.

Edison's climate action tools include: the production of energy from renewable sources and from highly efficient and flexible thermoelectric cogeneration plants, the development of the green gas business segment, as well as the promotion of energy optimization and decarbonization solutions for customers, together with monitoring and the commitment to the reduction of climate-altering emissions.



## Human capital and inclusion

Edison considers **human capital** to be a key element of its social responsibility as well as decisive for the creation of long-term value, even more so at a time of great transformation in the energy sector. It therefore promotes the maintenance of **high levels of employability**, supports and enhances the **internal growth of its resources and their skills**, pays close attention to **diversity and inclusion** aspects and promotes **well-being at work**, meeting the commitment of **SDGs 5 and 8**. **Health and safety** in the workplace, for employees and workers throughout the entire value chain, is a priority and an ongoing commitment.

Edison's human capital and inclusion action tools are: policies, practices, management systems and training activities to ensure a safe workplace; human resource up-skilling and re-skilling through the continuous adaptation of training activities; combating all forms of discrimination and promoting an inclusive, equitable and stimulating environment capable of guaranteeing work-life balance.



## Value for customers, local areas and sustainable economic development

**Customer proximity**, central to Edison's vision of sustainability, takes shape in the relationship of trust established through transparency, fairness and reliability that continues in a **long-term partnership**. The company's commitment to accompanying and encouraging its customers, partners and suppliers on a path of sustainability towards responsible and efficient production and consumption with a reduced environmental impact, also thanks to innovation, contributes to improving residents' quality of life and creating added value for its supply chain and the system. The communities in which Edison operates are the fulcrum of its commitment to a shared and widespread path of sustainability through which to build **economic and social development**. This is in line with **SDGs 8, 9, 11, and 12**.

The following are the instruments of Edison's action aimed at creating value for customers, local areas and sustainable economic development: building a valuable and long-term relationship with its customers by providing accessible, quality and value-added services, also through the network of technical partners, and accompanying households, businesses and the Public Administration in a path of decarbonization and sustainable mobility that entails improving people's quality of life and increasing industrial competitiveness; adopting policies to diversify supply sources and technologies; listening to and involving stakeholders; contributing to the sustainable development of territories and communities; and, lastly, responsibly managing the supply chain.



## Natural capital and landscape










Recognizing the vital value that **ecosystems** have for the well-being of communities and for the balance of the entire planet, and in line with **SDG 15**, Edison **respects and protects biodiversity** through a proactive approach that translates not only into compliance with current environmental regulations, but also the promotion of initiatives and activities aimed at protecting the environment and local species. Edison also takes care to ensure that its plants are developed consistent with landscape, perceptive and cultural values, and is committed to ensuring that the **landscape**, integrated with the theme of energy, is an element of value in the development of the local areas in which it operates.

Edison's natural capital and the landscape action tools include: respecting natural resources and reducing their consumption throughout the entire plant lifecycle; environmental monitoring to understand biodiversity and verify the impacts generated on local areas; minimizing its ecological footprint also thanks to recourse to the circular economy and effective waste management; contributing to the environmental regeneration of local areas; initiatives to raise awareness and protect biodiversity as well as focus on the landscape; adopting environmental management and certification systems.



# Long-term sustainability goals

The **multi-year sustainability objectives** are identified in coherence with the strategic planning process and define, for each area of activity, the sustainable development targets that characterize it in the **medium to long term**; defined in 2021 with the intention of guiding the company's ambitions to 2030 and generating a concrete impact towards the energy transition, they are consistent with the four axes of the company's Sustainability Policy.

AXES	OBJECTIVES		UNIT OF MEASUREMENT	DATA FROM 2021	DATA FROM 2022	MILESTONE	FINAL TARGET	SDGS	MATERIAL MACRO-TOPICS
Climate Action	GHG emission intensity		gCO <sub>2</sub> /kWh	271	293	-	230 at 2030	 	Renewable sources, low-carbon energy and customer support in decarbonization  Climate Change
	RES installed capacity		GW	1.967	2.081	-	5 at 2030		
	% RES out of total production		%	27%	17%	-	40% at 2030		
	Biomethane/biogas plants		Number	4 (2 in production, 2 in authorization)	5 (2 in conversion, 2 in authorization, 1 under construction)	-	10 at 2030		
Human capital and inclusion	Balanced Human Capital Development Pipeline		Balanced D/U ratio	1.03	1.06	-	> 1	 	Workplace health and safety for workers and suppliers  Well-being, development and inclusion
	3-year average IF index (injury frequency employees + companies)		Group and external workers	2019-2021 three-year average: 2 Year 2021: 1.7	2020-2022 three-year average: 1.9 year Year 2022: 1.9 Construction sites: 0.3	-	< 2		
	Sustainable corporate culture (initiatives)		% Employees involved	N/A (action plan starting from 2022)	24%	70% at 2025	100% at 2030		
Value for customers, local areas and sustainable economic	CEO meetings with Stakeholder Advisory Board (SAB)		No. Annual meetings	3	3	3	3 until 2023	   	Service quality and focus on customers  Value creation for the local area and communities  Responsible management of the supply chain  Infrastructure reliability and vulnerability to cybercrime
	Value for	New residential offers 100% green	Offers in acquisition	Gas & Power residential offers 100% renewable from January 2022	100%	-	100% at 2022		
		New installers (as a vehicle for proximity, green solutions and local economic development)	% vs 2021*	1,974	2,381 (+ 34%)	+ 15% at 2023	+ 30% at 2025		
		Residential customers with low carbon solutions	% vs acquired customers 2021**	31,422	51,578 (+85%)	+ 30% at 2023	doubling at 2025		
		Proximity to PA	Number of PPPs (signed partnerships)	0	7	-	15 at 2030		
		Low carbon self-production industrial customers	Additional MW vs 2021	Baseline: 87 MW	140 (+53 in 2022)	-	+ 250		
	Value for local areas	New sustainable businesses (H <sub>2</sub> , urban regeneration, etc.)	CAPEX value of initiatives (millions of euros)	0	23.5	-	100 million euros		
		Heavy duty transport and maritime mobility	NOx SOx reduction vs. traditional engines	Depot active for an insignificant amount of time (October 2021)	Reporting premature given the initial phase of activities at the Ravenna LNG depot	-	< 60% NOx < 90% SOx		
		Local community involvement (projects for local areas)	% Poli grid scale	53%	60%	70% at 2025	100% at 2030		
Natural capital and landscape	Biodiversity projects		Number of projects	1	3 of which 2 in 2022	-	3 at 2025		Natural resources, ecosystems and biodiversity  Landscape
	Landscape enhancement projects		Number of projects	0	1	-	3 at 2025		

**Nicola Monti**  
CEO of Edison

October 2022



