

## Presentation of 2018 Sustainability Report

*Confirmation of the Group's ability to create value for stakeholders and contribute to achievement of 2030 UN sustainable development goals*

- **Over 2.4 million tonnes of CO2 emissions avoided**
- **87% of energy production from eco-compatible sources (national average 35%)**
- **Separated waste collection at 64.3% (national average 55.5%), already in line with 2035 EU goal**
- **2.5% reduction in water usage thanks to investments and works on water networks**
- **Over 1,300 treatment plants**
- **8% increase in district heating volumes compared to 2017**
- **313 new employees in 2018, 72% of which below 30 years of age**
- **Significant territorial impacts:**
  - **Orders issued for € 725 million (+7% on 2017)**
  - **Over 560 schools involved in sustainability education projects**
  - **Support for over 260 cultural, sporting and environmental initiatives, with investment of over € 9.5 million**

*Reggio Emilia, 07 May 2019* – Iren's 2018 Sustainability Report/Non-Financial Statement has been presented, detailing the economic, environmental and social performance of the Group and representing a tool for monitoring the goals of the 2023 Business Plan, which adopts sustainability as a strategic pillar for development and active dialogue with the territory and all stakeholders.

In the 2023 Business Plan, sustainability is divided into five priority areas: decarbonisation, circular economy, water resources, resilient cities and personnel, elements for which the Iren Group has defined specific goals and targets for concrete results.

In terms of **decarbonisation**, compared to 2017, the Group achieved a 3% reduction both in direct energy consumption, for an overall saving of 558,000 tonnes of oil equivalent, and CO2 emissions deriving from production processes, whilst 2.4 million tonnes of CO2 emissions have been avoided.

Energy production from eco-compatible sources (renewables or equivalent) sits at 87% of total production, against a national average of 35%, generating significant positive effects in terms of reduced emissions. The results are even more significant if we consider the extension of the Group's perimeter, which are partly recognised by the Carbon Disclosure Project 2018, which awarded Iren an A- evaluation, the only multi-utility out of the top ten Italian companies ranked.

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Regarding the **circular economy**, the Group has focused its efforts on increasing separated waste collection, extending the exact pricing system, increasing material recovery and exploiting energy from non-recyclable waste.

More specifically, within the area served by the Group, separated waste collection reached 64.3% at the end of 2018, compared to a national average of 55.5%, and is now in line with the 65% objective set by the European Union for 2035. Some areas, with separated waste collection figures of around 80%, are the best in Italy, as is the growth figure of 7% for separated materials per resident compared to 2017. The door-to-door systems, which were implemented for over 1.4 million residents (+6% compared to 2017), are the most widespread means of separated waste collection from residents, with positive effects on the reduction of waste production and the quality of waste recovered as material. Furthermore, in 2018 energy from waste enabled the production of energy required to meet the annual needs of approximately 210,000 families.

For a sustainable use of **water resources**, Iren Group has focused on the outstanding quality of water networks and on the reduction of water withdrawals from the environment, as well as the increase in treatment system quality. Compared to 2017, thanks to targeted actions, water consumption for production processes has been reduced by 2.5% and water withdrawn from the environment for drinking water distribution has been reduced by 2.5%, with a consequent saving of 400 tonnes of oil equivalent thanks to important investments and works on water networks.

Strengthening and renewal of plants, today numbering over 1,300 has also allowed improvement of the purification capacity and the return of “clean water” to the environment. To this we can add important projects to save resources, for example, recovering treatment water for irrigation, which enabled us to reuse approximately 6 million m<sup>3</sup> of resources (+10% compared to 2017) for high quality crops.

With a view to increasing the **resilience of cities**, in 2018 Iren invested to extend the urban district heating system, reaching 93.7 million m<sup>3</sup> in volumes served, up by 8% compared to 2017, with a subsequent positive impact on city air quality. Due to the modernisation of public street lighting, in medium and large-sized municipalities, local communities have been able to reduce their energy costs and save 3,000 tonnes of oil equivalent (TOE), in addition to a saving of over 1,130 TOE from the redevelopment of the heating systems of 100 public buildings. Finally, an electrical mobility programme has been launched with the IrenGo project, which offers a vast range of services to customers and citizens and contributes to making the company vehicle fleet more sustainable which, compared to 2017, saw the electric vehicle component increase by 55%.

Attention to **personnel** has been confirmed as a central focus for Iren, as demonstrated by 313 new employees (72% under 30 years of age), and a training programme involving nearly 95% of the total more than 7,000 employees, while 300 people have participated in the experimental smart-working project.

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The overall satisfaction rates of customers is particularly significant – reaching 90% also thanks to important investments, equal to € 447 million – with equally significant territorial impacts: in 2018, the Group issued over € 725 million in orders (+7% compared to 2017), it provided over 60 sustainability education projects, involving over 560 schools, and was at the forefront of over 260 cultural, sporting and environmental initiatives, with an investment of over € 9.5 million.

Finally, in 2018 the Group generated and distributed added value of € 1,363 million, up by 7% compared with 2017.

*“Corporate social responsibility is playing an increasingly important role for the competitiveness of businesses” – declared Chairperson **Paolo Peveraro** – “Strengthened by this knowledge, we have confirmed sustainability as a strategic pillar of the Group's 2023 Business Plan: more than half of the € 3 billion total investment over the duration of the plan will be targeted at achievement of UN goals and entirely destined within our territories”.*

*“An integrated and strategic approach to corporate social responsibility” – highlighted Vice Chairperson, **Ettore Rocchi**, Head of Corporate Social Responsibility – “forms the basis of our 2023 Business Plan that commits the Group to a proactive role towards communities and the environment. We believe that the framework of results presented in the 2018 Sustainability Report, has prospective importance on several fronts: it confirms our ability to create value for stakeholders with whom we maintain a close and continuous collaborative relationship, also through the Local Committees, and demonstrates our real contribution to the sustainable development goals of the UN's 2030 Agenda and other national and global policies”.*

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