

**SUSTAINABILITY** AT THE  
**CORE**

Our shared value

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**FALCK RENEWABLES**

 GRUPPOFALCK



It is not only **what** we do that matters,  
but also **how** we do it,  
and the **values** that we embrace.

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# LETTER FROM THE CHAIRMAN AND THE MANAGING DIRECTOR



The fight against climate change – with the 2015 Paris Agreement and the guidelines defined by the recent COP24 in Katowice – the push towards decarbonisation and technological development driven by digitalisation are rapidly changing the mix of energy sources we use, redesigning our economic system. The energy (particularly renewable energy) production and use industry is one of the sectors that are undergoing the most noticeable changes. In this rapidly evolving context, we at Falck Renewables are adopting a proactive strategy of generating energy from renewable sources, optimising the allocation of capital between the company's assets, energy services for end users and the development of new production projects from clean sources, facilitating decarbonisation and intergenerational equity. In our strategy, digital plays an increasingly important role in supporting the Group's core processes and establishing its competitive advantage. Above all, when we focus on the value generation process, it is essential that the interests of the ownership intersect with those of the other stakeholders.

This alignment – together with a shared vision of doing business – creates the right long-term conditions for improving sustainability performance, while simultaneously strengthening our business. Through our activities we transform different types of capital; some of which are tangible and measurable, while others are less so but no less important.

We at Falck Renewables are adopting a proactive strategy of generating energy from renewable sources, optimising the allocation of capital between the company's assets, energy services for end users and the development of new production projects from clean sources, facilitating decarbonisation and intergenerational equity.

**Economic capital** – the most tangible – is the basis of our approach, since only strong value generation makes it possible to redistribute this value. We work to achieve the best balance between Capex and Opex, relying on updated financial instruments and aiming to have an impact on investors guided by ethical factors.

**Relational social capital** – consisting of reputation, history and credibility – allows us to be welcomed in the territories in which we operate. We want to continue to pursue common goals with local

communities and to make sure that we leave part of the value where it is generated.

**Natural capital** refers to our ecological footprint, both locally and globally. The renewable energy industry already contributes to environmental protection by avoiding greenhouse gas emissions and minimising pollution from energy generation. However, we are committed to going even further by adopting the most advanced practices to avoid or compensate for the environmental impact that we produce with our activities, particularly during plant construction.

**Human capital** – the people who work with us and their values, experience and expertise – is a major factor in our success. It is not simply a set of skills or knowledge, but also a shared spirit and approach defined by the same behaviours and goals. We work to maintain strong internal cohesion not only through financial incentives and corporate well-being, but also by promoting distinct values.

We believe that the best corporate performance can be achieved through the sustainable combination of all these capitals. This publication describes, from a sustainability perspective, the economic, environmental and social results that we have achieved, with particular attention to specific impacts on local communities and in global terms. These results are our contribution to the creation of a better world for us and our children.

**ENRICO FALCK**  
Chairman

**TONI VOLPE**  
Managing Director

**€335.9 million**  
REVENUE

**€191.5 million**  
EBITDA

**€164.7 million**  
ADDED VALUE<sup>1</sup>  
DISTRIBUTED TO  
STAKEHOLDERS

ACQUISITION OF  
OF ENERGY TEAM **51%**

a leading company in Italy in  
consumption control and flexibility  
management services in the  
electricity markets

THROUGH THE  
VECTOR CUATRO  
SUBSIDIARY

ACQUISITION OF **100%**  
OF WINDFOR SRL

a leading company in Italy in  
technical advisory services for  
the wind power industry

**+20.5 MW**

TOTAL INSTALLED  
WIND AND  
PHOTOVOLTAIC POWER  
COMPARED TO 2017

(+148.4 MW since 2016)

**933.5 MW**

TOTAL INSTALLED  
CAPACITY

wind 769.9 MW | solar 128.6 MW  
WtE 20 MW | biomass 15 MW

**2.4 GW**

TOTAL MANAGED  
CAPACITY<sup>2</sup>

**867,818 tCO<sub>2</sub>**

AVOIDED THANKS  
TO WIND AND  
PHOTOVOLTAIC  
GENERATION<sup>3</sup>

**2,187 GWh**

TOTAL ENERGY  
PRODUCTION

**460**

NUMBER OF  
EMPLOYEES

**+31.1%** **+39.8%**

compared to  
2017 compared to  
2016

**€515,000**

THE VALUE OF THE  
ENERGY EFFICIENCY  
CERTIFICATES MANAGED  
IN THE PORTFOLIO

**1,941**

TOTAL HOURS OF  
TRAINING PROVIDED TO  
GROUP EMPLOYEES

**€174 million<sup>4</sup>**

THE SOCIAL COST OF  
BLACKOUTS AVOIDED BY  
THE ELECTRICITY  
SYSTEM

in Italy in 2018, thanks to  
interruptibility services

**€1.2 million**

THE VALUE OF BENEFIT  
SCHEMES IN THE UK<sup>5</sup>

**£962,000**

INTEREST PAID TO THE  
5 LOCAL COOPERATIVES  
IN THE UK<sup>5</sup>

Total of 3,207 participants  
in the cooperatives

PROPORTION OF  
WOMEN

**42%** IN THE BoD

<sup>1</sup>A parameter that indicates how the organisation has created and distributed wealth to collaborators (salaries and social security contributions), shareholders (operating profit/loss), creditors (banks and financial institutions) and central and local public administrations (taxes, duties, levies and environmental compensation).

<sup>2</sup>Asset management services provided by the Vector Cuatro subsidiary.

<sup>3</sup>Calculated using the factors published by Terna based on ISPRA data for electricity production in Italy; the factors published in the JRC "Technical Report 2017" for the UK, France and Spain; the factors published by the US Environmental Protection Agency for the United States.

<sup>4</sup>This figure is calculated as the market share of Energy Team and its consortia - 68.5% - multiplied by the social cost of the mechanism.

<sup>5</sup>Parameters that indicate the contribution to the development of the local communities (benefit scheme) and the interest paid to cooperatives participating in financing plants in the UK (cooperative scheme). These schemes are described in the paragraph "The involvement of local communities and protection of the environment", on p. 25.



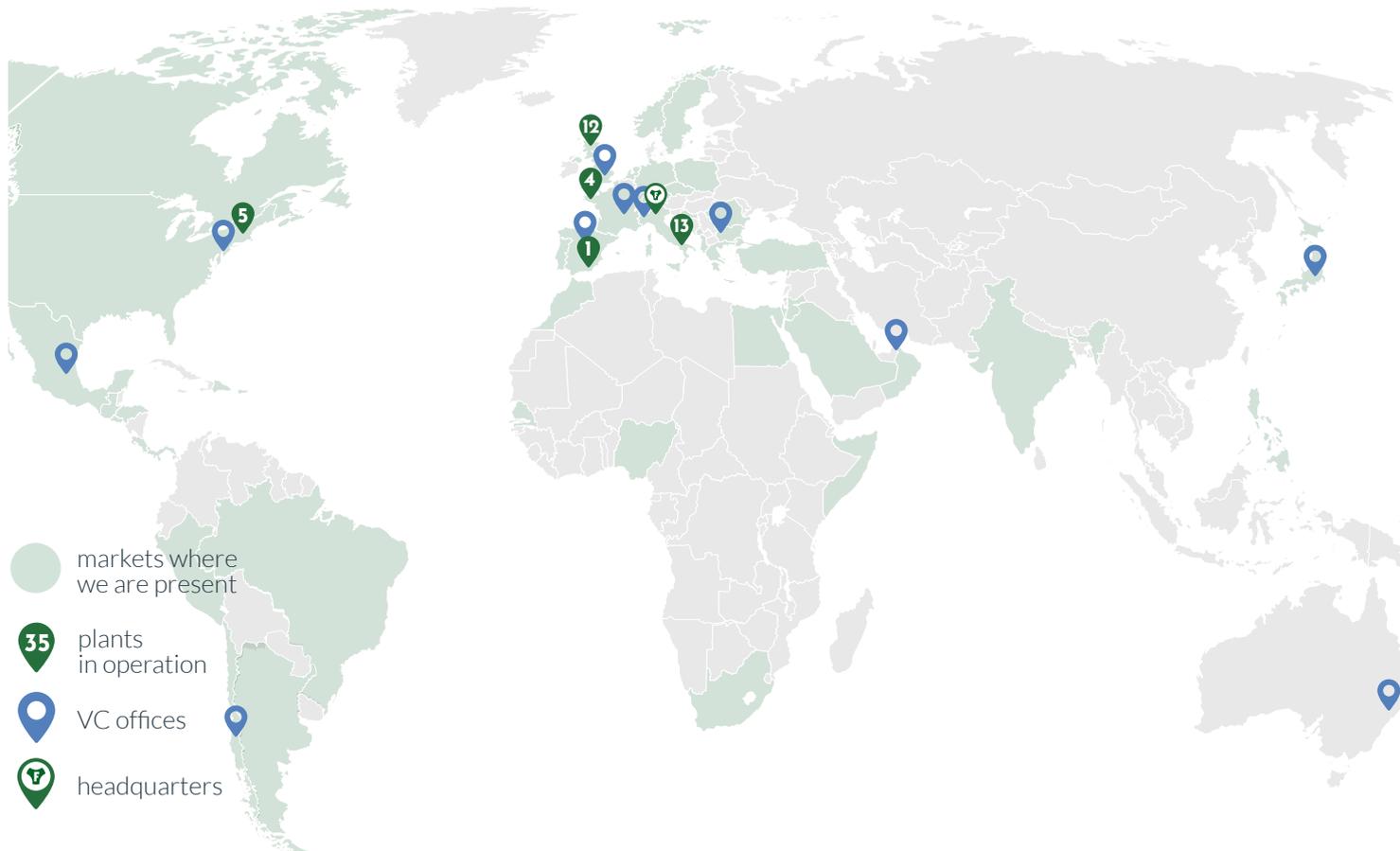
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# PROFILE OF THE FALCK RENEWABLES GROUP

More than just clean energy: we want to be a leader in energy transition and to promote the sustainable development of the areas in which we operate, leveraging our assets and the services that we provide and acting on our values.

We are an international *pure play* in the field of renewable energy, focused on the development, design, construction and management of electricity production plants. We also provide highly specialized energy management and downstream services to energy producers and consumers, while also drawing on our expertise for the technical and administrative management of third-party assets.

## WHERE WE OPERATE: OUR INTERNATIONAL PRESENCE



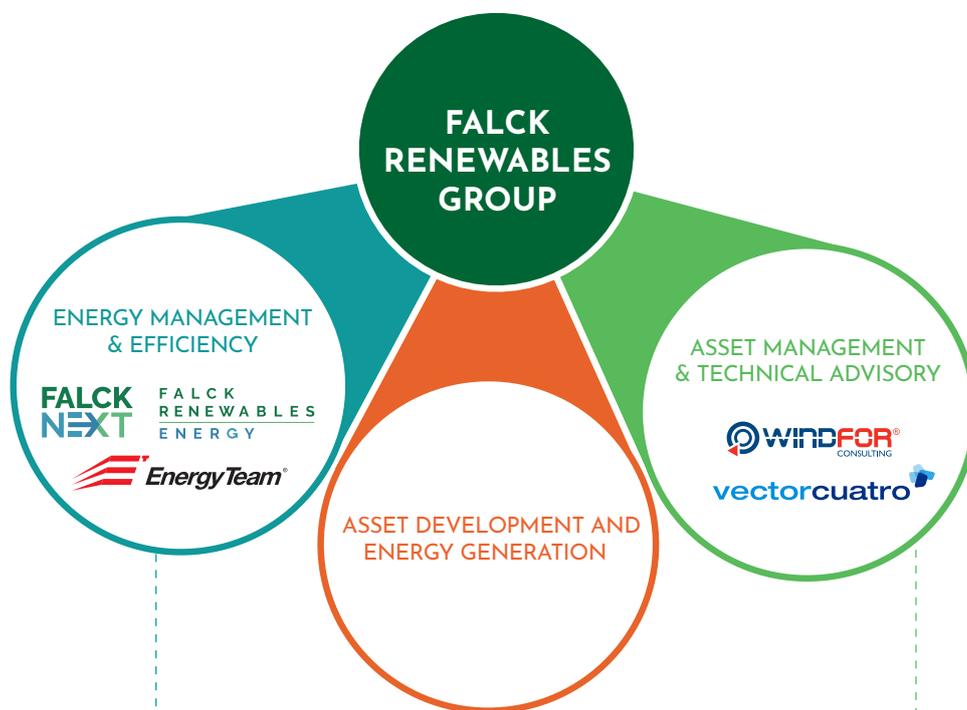
**2.4 GW**  
ASSETS UNDER MANAGEMENT

**53 GW**  
TECHNICAL SERVICES

**4.6 GW**  
TRANSACTION SERVICES

	Installed capacity in MW			
Italy	<b>342.7</b>	291.6	16.1	35
France	<b>42</b>	42		
Spain	<b>23.3</b>	23.3		
UK	<b>413</b>	413		
USA	<b>112.5</b>		112.5	
<b>Total</b>	<b>933.5</b>	<b>769.9</b>	<b>128.6</b>	<b>35</b>

## THE GROUP'S ACTIVITIES



Our services:

**1 TWh**  
**ENERGY MANAGEMENT**  
 dispatching of energy produced by renewable assets for energy aggregators

**1,500 CLIENTS**  
**METERING, DEMAND RESPONSE**  
 metering services, management of demand response services

**2.4 GW**  
**ASSETS UNDER MANAGEMENT**  
 management of SPVs and optimisation of project performance

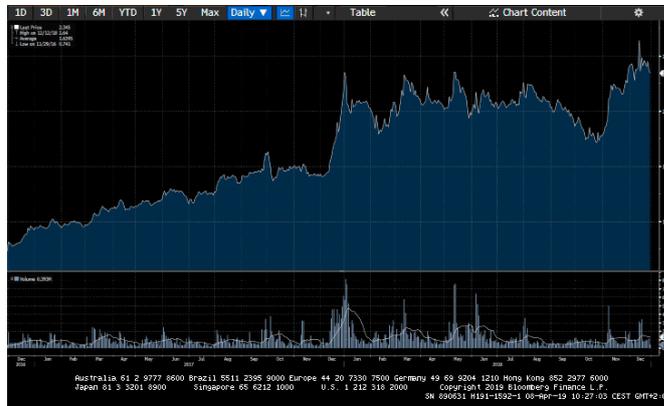
**53 GW**  
**TECHNICAL ADVISORY**  
 engineering consultancy on all technical aspects during project development and commissioning

**4.6 GW**  
**TRANSACTION ADVISORY**  
 investment analysis and financial model for transactions relating to renewable projects, legal support for investment decisions and due diligence for renewable energy projects

# SHAREHOLDERS

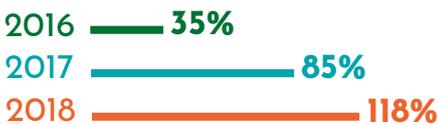
We are listed on the Milan Stock Exchange in the STAR segment and included in the FTSE Italia Mid Cap index. We ensure the highest transparency in relations with investors and with all operators in the market and the financial community. Every year, on Capital Markets Day, we present our plans and objectives to shareholders and to the market in order to allow evaluation of value creation levers and to provide an update regarding the new challenges that lie ahead. We also compile and publish quarterly interim management reports.

## Share price performance 29/11/16(\*\*) - 31/12/18



Source Bloomberg - (\*\*) on Capital Markets Day 2016.

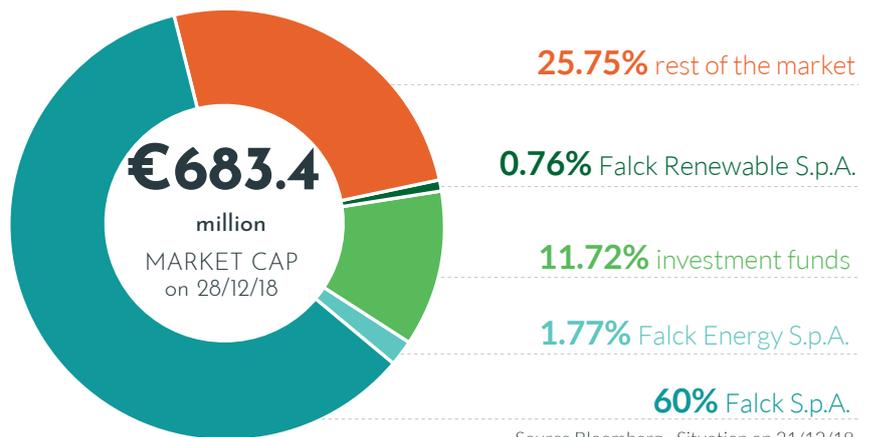
## Ratio between number of shares traded in the year and total number of shares(\*)



(\*)The total number of shares is 291,413,891.



## Shareholders divided by type



Source Bloomberg - Situation on 31/12/18.

## A constant dialogue with the financial community

Our Investor Relator maintains a continuous and productive dialogue with institutional investors, shareholders and other players in the financial world, placing increasing emphasis on matters relating to the sustainability of our business. In 2018, we also took part in a large financial communication activities program, consisting of 18 main events, divided as follows:

- Quarterly conference calls with analysts
- Events organised by finance brokers (Frankfurt, Milan, Paris, Vienna and Madrid)
- Institutional road shows in Milan, London, Oslo and New York
- Borsa Italiana STAR Conference (Milan and London)
- Infrastructure Day, Borsa Italiana (Milan)
- Italian Investment Conference, Kepler Cheuvreux/Unicredit (Milan)
- Italian Sustainability Day, Borsa Italiana (Milan)

Furthermore, in 2018, doubling our efforts compared to the previous year, we held 140 meetings with potential investors. This figure rises to 169 if we include meetings with analysts and brokers. The following equity research companies follow our stock: Banca Akros, Equita, Fidentiis, Intermonte and Kepler Cheuvreux.

## A COMPANY HISTORY IN STEP WITH SUSTAINABLE DEVELOPMENT

Our road to sustainable development is founded on an innovative approach to business that is able to successfully interpret market needs. This transformation has led Falck S.p.A. - the Group that controls and coordinates Falck Renewables - to change its core business from steel production to renewable energy production.

In 1906, the Falck Group was founded in Sesto San Giovanni (Milan) with the name Società Anonima Acciaierie e Ferriere Lombarde. It soon became a leading steel producer and a point of reference for the Italian industry.

The **Group was among the first in Italy to build plants for producing electricity through hydropower**, designed to ensure the operation of the steel mills.

In 1962, the Group operated **15 hydropower plants - mainly with seasonal dams - and a thermal power station**, served by a **medium and high voltage** network of around **900 km**. In 1963, the Group, now listed on the Milan Stock Exchange, employed 16,000 people.

Alongside the construction of production facilities, the company created a vast program of social and welfare support for its employees and their families.

Due to the structural crisis of the steel industry, from the mid-1970s to the 1990s the Group gradually shifted the focus of its activities towards the environment and **energy** production, including **renewable energy**.

The Group began an extensive program in the thermoelectric sector, developing combined cycle cogeneration plants for industrial uses and district heating.

### FROM STEEL TO RENEWABLE ENERGY

1906-1970

1970-2000

### THE EVOLUTION OF SUSTAINABILITY

In 1987, the World Commission for Environment and Development defined sustainability in the Brundtland report, which describes the global environment and development situation.

In 1992, at the UN Conference on Environment and Development, sustainability was defined as an integrated concept with environmental, economic and social sustainability.

In 1997, the Kyoto Protocol, an international treaty that aims to limit and reduce greenhouse gas emissions into the atmosphere, was signed by more than 180 countries.





In 2002, the Falck Group's **Actelios** company, which focuses on the renewable energy market, was founded and listed on the Milan Stock Exchange.

In 2010, all the Falck Group's renewable energy production activities were consolidated within Actelios, which changed its name to **Falck Renewables S.p.A.**, becoming one of the most important pure plays in the industry.

In 2014, through the acquisition of Vector Cuatro, Falck Renewables entered the market of **asset management** and **technical advisory** services for photovoltaic and wind power plants.

Based on its experiences, the Group further diversified its business – thanks to the acquisition of Energy Team and to the creation of the Falck Next ESCO in 2018 – with **energy management** and **energy efficiency** services.

Today, Falck Renewables is listed in the STAR segment of the Milan Stock Exchange and is included in the FTSE Italia Mid Cap index.

## 2000-2010

In September 2000, the UN member states decided to commit to the 8 Millennium Development Goals.

## 2010-TODAY

In 2012, the new UN Conference on Sustainable Development decided to update the MDGs, adopting 17 Sustainable Development Goals.



# 02

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## OUR LONG-TERM IMPACT

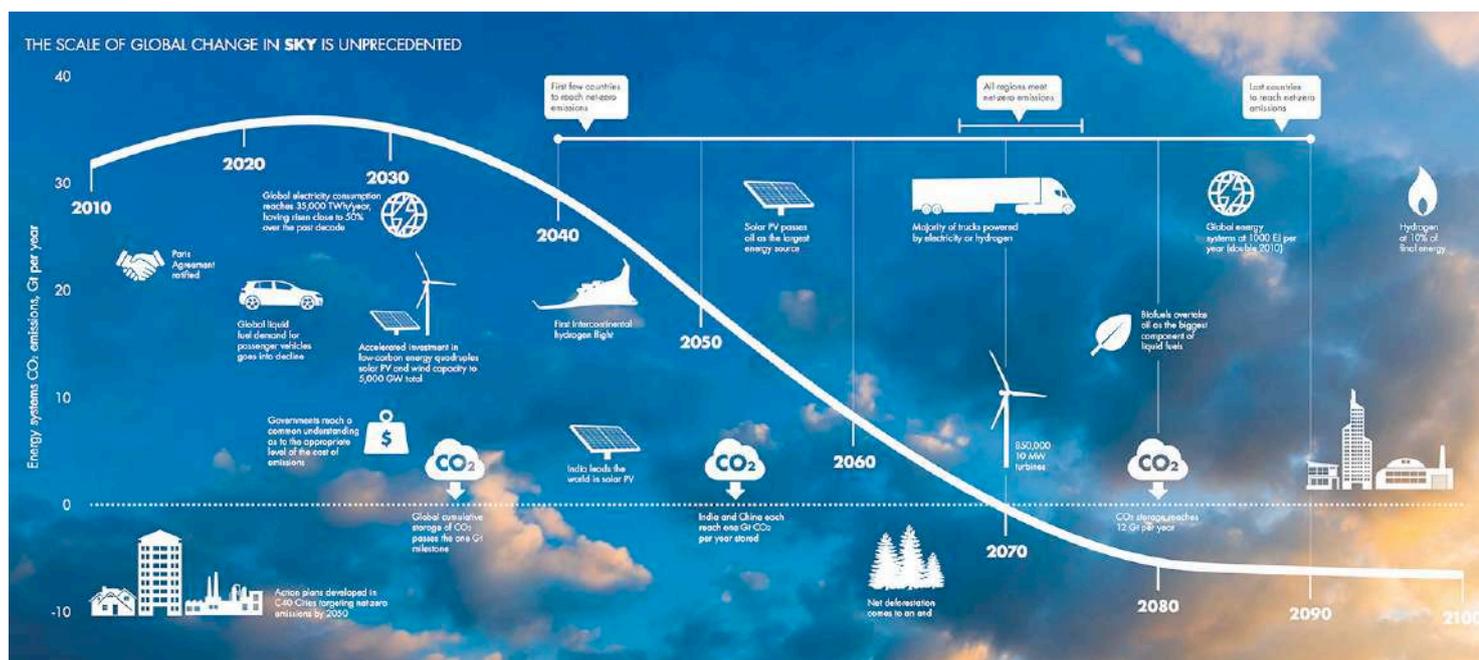
We want to create shared value for our shareholders and our stakeholders and to have an impact on the system and on local communities.



International energy scenarios (see Shell's Sky scenario) strongly agree on the fact that complete decarbonisation of the sector must take place well before the end of this century in order to reduce the planet's temperature rise to an acceptable level. Today, the renewable energy sector is following this course, moving from incentivised growth to growth driven by an evolved, conscious demand for green consumption at market prices. While, as expected, the reduction of incentives poses new challenges, the renewables still have the advantage of being linked to a free and locally accessible source - even if it is non-programmable - which guarantees stable production costs and independence from other exogenous factors, such as the volatility of fossil fuels or the costs of environmental contamination. Today's challenge is to find long-term buyers with PPA (Power Purchase Agreement) contracts, who are willing to pay for energy at set prices, allowing plant owners to repay their

investment and to generate profit. In this sense, the more technology improves and spreads, the more its industrial cost decreases, which in turn benefits consumers. Indeed, the advantage of a price linked to the cost of production/investment entirely benefits the community, reducing energy expenditure and CO<sub>2</sub> emissions per capita when buyers act on an ethical or cooperative basis, as in the case of virtual self-consumption systems (Virtual Net Metering). This is the kind of buyer that we want to create a special dialogue with. We take the same approach towards the supply of advanced services (asset management, energy efficiency, flexibility services) to our customers, whether they are businesses, institutions, plant owners, citizens or the electrical grid. We want to ensure that the benefits of sustainable energy are amplified by our operational excellence, enabled by the effectiveness of digitalisation. Ultimately, customers do not buy energy from us, but sustainable, green consumption that is more efficient

and has less externalities on the electric system. We believe that renewable resources are also very valuable for communities and we see our presence in the area as an opportunity for the sustainable development of these places. In the United Kingdom, we have created a structured, innovative model for sharing value with local communities, which goes beyond the traditional compensatory approach in favour of a new, generative and redistributive approach. Our goal from now on is to progressively adopt this model in the other countries in which we operate. From an environmental perspective, we aim to minimise the impact of the entire life cycle of the plants, adopting advanced sustainable practices for management of construction sites and assets. At the same time, concerned about the intensifying effects of climate change, we intend to explore the feasibility of new investments in the decarbonisation sector.



Source: Shell's Sky scenario.

Finally, we intend to attract talent and to become an employer chosen by those who care about making the world a better place to live in. We have started to move in this direction by offering continuous professional development courses, adopting corporate welfare policies geared around well-being and work-life balance, while also focusing on gender and cultural diversity. We want to continue to strengthen these aspects, creating a cohesive set of common values and behaviours. All these aspects, together with awareness of the impact that our business has on the environment and society, constitute our concrete contribution to the achievement

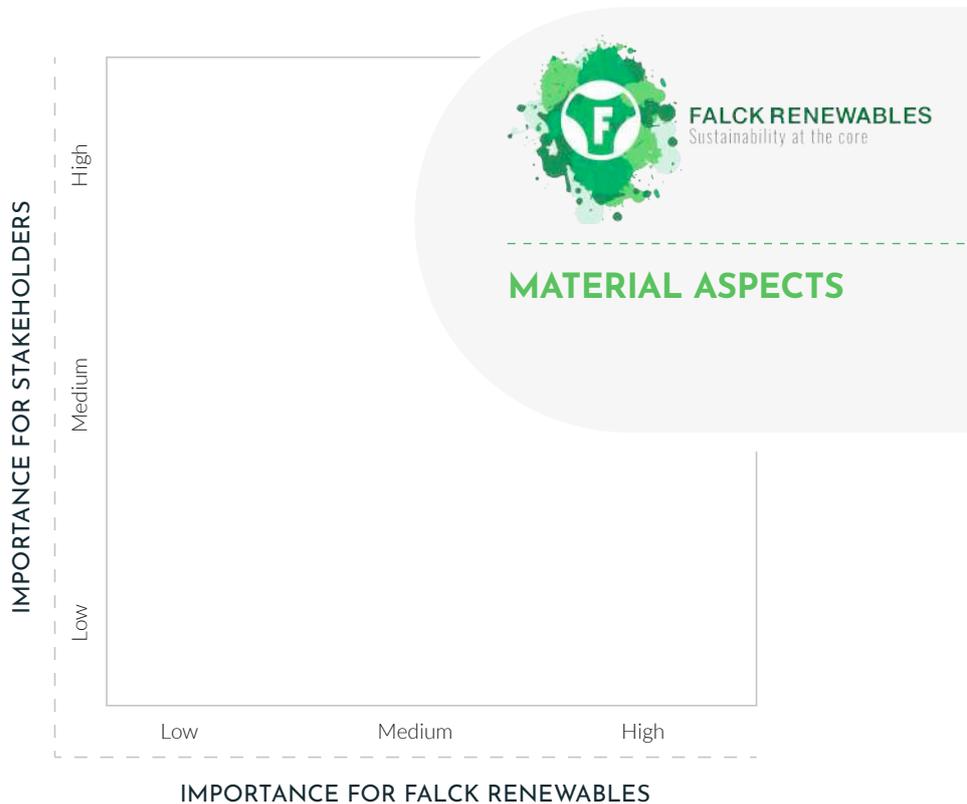
of 9 Sustainable Development Goals set in the United Nations’ 2030 Agenda for Sustainable Development. We have measured this contribution with several impact indicators and we have reported it here.

## SUSTAINABLE DEVELOPMENT GOALS



## MATERIALITY ANALYSIS

To generate the stated impact, we are working on concrete actions to transform the four capitals (economic, social/relational, natural and human) that best represent us. To this end, with the involvement of our management, a materiality analysis was carried out, consisting of a series of assessments to highlight the sustainability issues that are most relevant to the company’s activities. The result, shown in the matrix, quantifies the importance of the issues on two axes, also taking into consideration the perspective of the company’s external stakeholders. Our sustainable actions and the impact that they have had on (tangible and intangible) aspects of our business, together with the commitments which we have decided to make in this regard, are described in the next section and divided into the four capitals that concern us.



## FALCK RENEWABLES STAKEHOLDERS

The main Falck Renewables stakeholder categories have been identified with the direct contribution of the company's departments, which have provided mapping of the existing relationships.



### ECONOMIC CAPITAL

- creation of long-term economic value
- development of advanced businesses and innovation
- business integrity
- corporate governance
- risk analysis and management
- relations with regulatory authorities



### RELATIONAL SOCIAL CAPITAL

- relations with communities and local development
- development of a responsible market for renewable energy
- supply chain management



### NATURAL CAPITAL

- environmental, resource and energy management

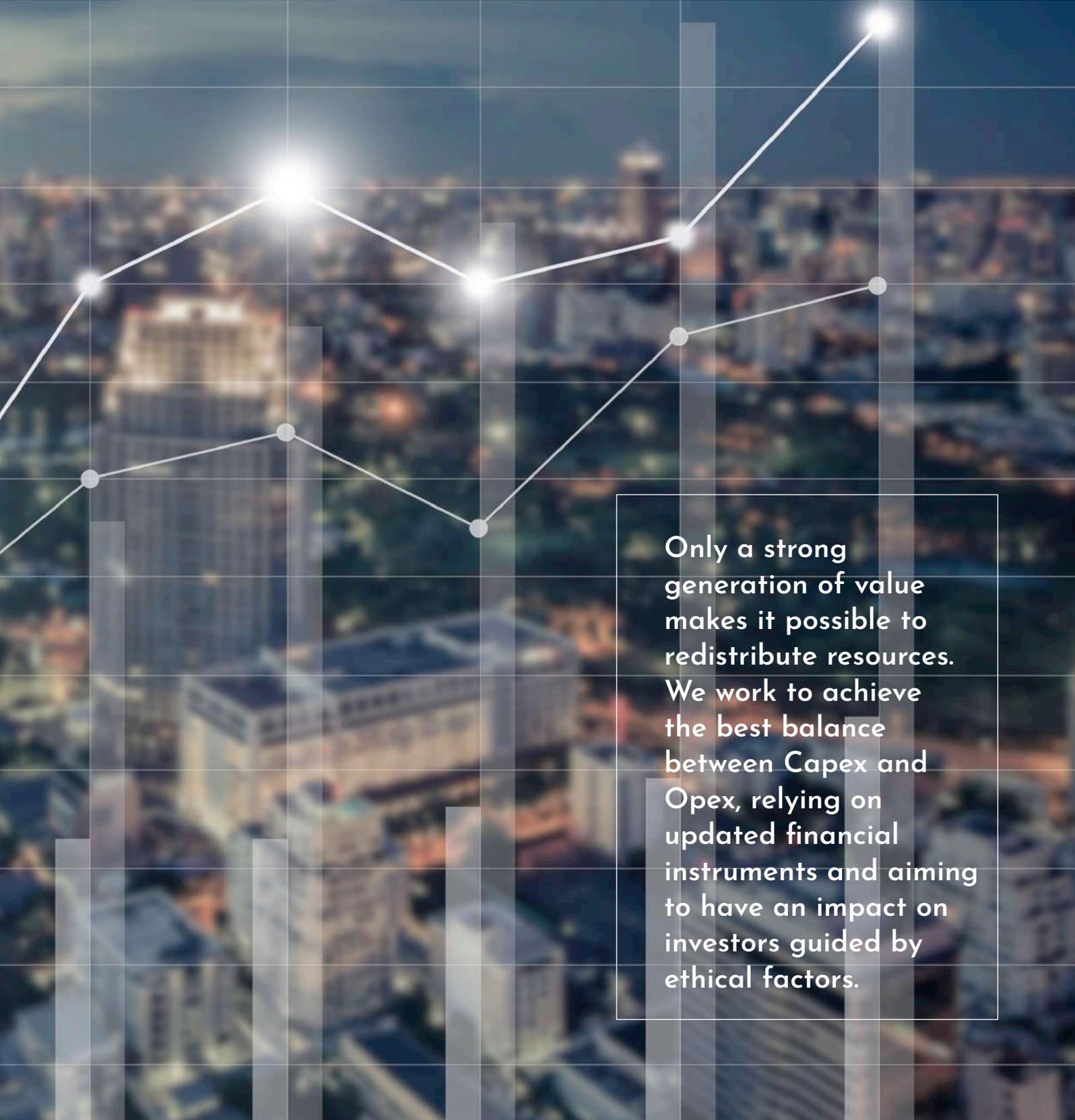


### HUMAN CAPITAL

- worker health and safety
- human resources development

# 03

## ECONOMIC CAPITAL



Only a strong generation of value makes it possible to redistribute resources. We work to achieve the best balance between Capex and Opex, relying on updated financial instruments and aiming to have an impact on investors guided by ethical factors.

# CREATION OF LONG-TERM ECONOMIC VALUE

Following the geographic and business activity diversification that characterized the 2016-2018 period, we are now optimising the allocation of capital between the company's assets, services, business development and digitalisation with the aim of focusing on the current and prospective activities with the greatest economic value, maintaining a balanced approach to risk.

Our strategy focuses on:

- sustainable development of new facilities (greenfield assets) in the solar and wind power sectors
- plant management through a digital platform with advanced features which, through the optimisation of production data, maximises performance
- energy sales with long-term contracts (PPA)

- assistance to industrial customers and public administrations for the supply of green energy directly from the market or from plants developed on their behalf
- support for customers' investment decisions to improve their energy consumption, to reduce costs and to generate additional revenue streams from participation in energy markets
- investments in digitalisation that create a competitive advantage in terms of flexibility and efficiency.

## STRATEGIC GUIDELINES FOR BUSINESS SECTORS

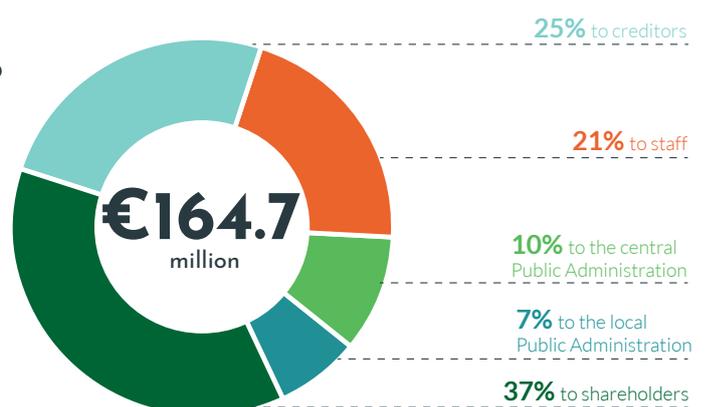


We maintain constant relations with industry institutions and authorities, through engagement activities and national and European collaboration. In 2018, we contributed to the debate on the Clean Energy for All Europeans package, in particular to the drafting of the new European Directive on Renewables (REDII) and to its amendments. We hypothesised extending the definition of self-consumer to those who do not have their own space for the installation of self-production plants (in line with the American model of Virtual Net Metering), a proposal that has been accepted and integrated into the REDII. The Directive, which raises the European 2030 target for renewables to 32%, was approved by the European Parliament in November 2018. We also regularly attend 3 working groups organized by Wind Europe, the European association of wind power operators: the Markets & Regulation, Stable Frameworks and Sustainability groups.

We are also a member of the main electrical associations in Italy: ANIE (National Federation of Electrotechnical and Electronics Companies), ANEV (Italian Wind Energy Association) and Elettricità Futura. Since 2016, we have participated in the Self-consumption and Energy Efficiency Table, a regulatory and communication consultancy project promoted by Elemens and Public Affairs Advisors.

The economic wealth generated, calculated through the added value distribution method, is not only intended to make a return on capital, but also to remunerate staff, creditors and central and local public administrations. In 2018, the added value distributed to these stakeholders was around €164 million (+40.5% compared to 2017 and + 87.8% compared to 2016).

### Added value distributed to stakeholders





## IMPACT INDICATORS

**€164.7 million**  
added value distributed to stakeholders

**56%**  
of orders to local suppliers equal to  
**€110.8 million**

**€32.5 million**  
the economic impact of Falck Renewables' presence in the UK in 2018

(\*)Partly as a result of the acquisitions that took place in 2018.

## DEVELOPMENT OF ADVANCED BUSINESSES AND INNOVATION

We have chosen to diversify our offer by specialising in the provision of new, increasingly advanced services. Digital innovation is the main driver behind this development. Our investment in this regard focuses on 4 main areas:

**01 digitalisation as a connector between producer and consumer**  
with the creation of a platform for monitoring and improving energy consumption

**02 creation of a digital infrastructure**  
that is scalable and secure

**03 digitalisation of asset management services**  
through the development of a platform that integrates advanced features (advanced analytics, production forecasting, market analysis and portfolio management) with the aim of measuring return on investment, using production data in the best possible way and improving the integration of downstream processes

**04 digital transformation of internal company processes**  
to make them efficient and to enable a competitive time-to-market

# CORPORATE GOVERNANCE AT THE SERVICE OF VALUE CREATION

Governance facilitates value creation. It contributes to determining the conditions for correct, appropriate interaction between the company and its relevant context.

Our corporate governance is based on the provisions of the law and the articles of association, supplemented by best practice principles contained in the Corporate Governance Code for listed Companies.

The company's Board of Directors (BoD), composed of 12 members, guarantees the performance of its duties in compliance with the Code of Ethics and the Organisation and Management Model pursuant to

Italian Legislative Decree 231/2001, to the provisions of the articles of association and to the principles of good governance and management. The BoD is supported by the Advisory Board, a committee composed of 5 internal members (3 independent directors with competence in the sector, plus the Chairman and Managing Director) tasked with the role of advising on emerging issues or matters relevant to the company mission. Further advisory roles are entrusted to the Control, Risks and Sustainability Committee and the Human Resources and Appointments Committee, which are composed of independent members with specific expertise. The

Board of Statutory Auditors and the Supervisory Board carry out the duties prescribed by law.

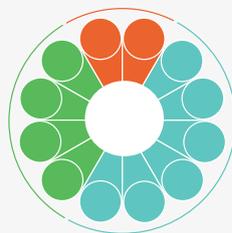
The Group's majority shareholder is Falck S.p.A., which belongs to the Falck family. Some of its members are part of the BoD of Falck Renewables, including the Chairman. All the managerial positions, however, including that of the Managing Director, are occupied by professionals with proven competence. We have identified sustainability as one of the distinctive elements of our value proposition. Consequently, care and supervision of this element has been entrusted to the highest corporate governance bodies.

## BoD information

### Composition of the BoD

**Enrico Falck:** chairman  
**Guido Corbetta:** vice chairman  
**Toni Volpe:** managing director

**Federico Falck:** director  
**Elisabetta Falck:** director  
**Elisabetta Caldera:** independent director pursuant to the T.U.F. and the Code of Conduct  
**Libero Milone:** independent director pursuant to the T.U.F. and the Code of Conduct  
**Barbara Poggiali:** independent director pursuant to the T.U.F. and the Code of Conduct  
**Paolo Pietrogrande:** independent director pursuant to the T.U.F. and the Code of Conduct  
**Georgina Grenon:** independent director pursuant to the T.U.F. and the Code of Conduct  
**Marta Dassù:** independent director pursuant to the T.U.F. and the Code of Conduct  
**Filippo Marchi:** Director



Executive Directors  
 Non-executive Directors  
 Independent Directors

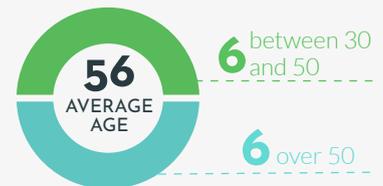


12 BoD meetings per year

### BoD responsibilities

- ● ● ● 4 ENERGY MARKET
- ● 2 INDUSTRIAL SECTOR
- ● 2 INSTITUTIONAL AND ACADEMIC SECTOR
- 1 CORPORATE CONTROL AND GOVERNANCE SYSTEMS
- 1 VARIOUS RESPONSIBILITIES

### Composition of the BoD by age groups

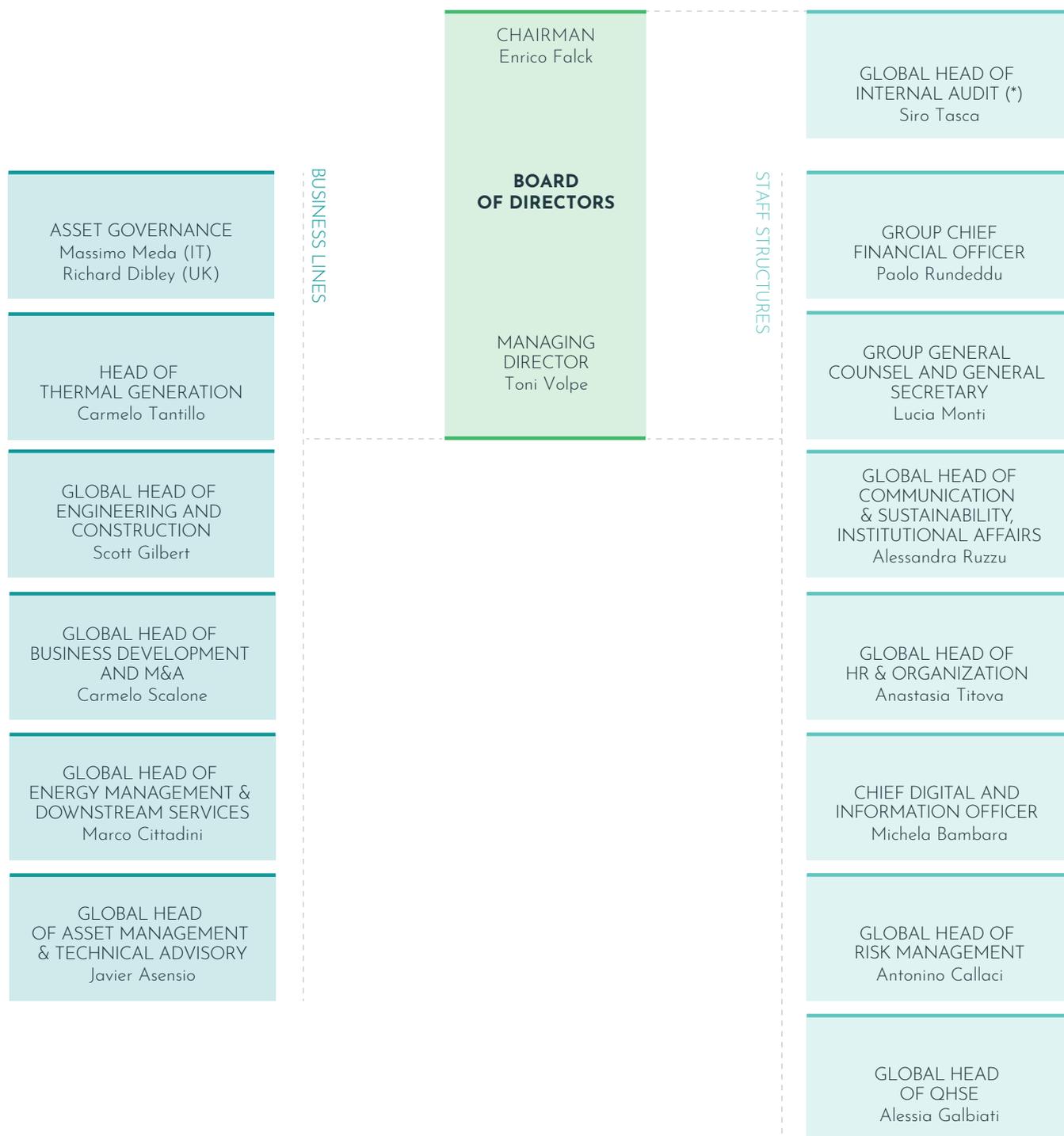


5 women



6 independent members

## A STREAMLINED AND FOCUSED ORGANISATIONAL STRUCTURE



(\*) The Internal Audit structure reports hierarchically to the BoD, which gives the Chairman a mandate to coordinate the operation of this function.

# BUSINESS INTEGRITY

We believe that ethical business management is a key component of sustainable growth. Our ethical culture and strategic thinking are formalised in the Code of Ethics, which contains the principles, commitments and responsibilities that employees and contractors are required to respect. Our approach to compliance is structured around a set of restrictive

voluntary instruments, which guarantee effective compliance with the regulations in force for each country. The Code of Ethics applies to Falck Renewables' subsidiaries and affiliates and is an integral part of the Organisation and Management Model of the Group's Italian companies, of the Manual De Prevención Y Detección De Delitos De Conformidad Con Lo Establecido

En El Código Penal with regard to Spain, and of the Compliance Programme that foreign companies refer to in relation to anti-corruption legislation. With regard to respect for human rights throughout the supply chain, the Group's UK subsidiaries are committed to the Modern Slavery and Human Trafficking Statement.

## A FOCUS ON PEOPLE

respect for fundamental human rights, protection of moral integrity and guarantee of equal opportunities, both within and outside the Group

## OPEN DIALOGUE

with all the stakeholders in the area (population, institutions and entities)

## MAXIMUM MARKET COMPETITIVENESS

namely investment in research aimed at developing safe, reliable and effective technologies

## PROTECTION OF ENVIRONMENTAL HERITAGE

as the underlying principle of the Group's ethic approach

## INTEGRITY HONESTY FAIRNESS TRANSPARENCY

in order to consolidate, with all stakeholders, the Group's reputation as a serious, reliable and professional partner

## EFFICIENT AND EFFECTIVE MANAGEMENT

also pursued through adequate control processes, through certification of companies, assurance and maintenance of environmental parameters and reliable performance over time

## THE PRINCIPLES OF THE CODE OF ETHICS

Commitment to operate in

## COMPLIANCE WITH CURRENT REGULATIONS

applying available technologies and preserving the environment for future generations

## HUMAN RESOURCES DEVELOPMENT

through the development of every employee's skills, abilities and talent, according to a policy of merit and equal opportunities, in an environment that strongly fosters communication and cooperation at all levels

## PERMANENT INNOVATION

namely investment in research aimed at developing safe, reliable and effective technologies

## Whistleblowing

The Global Head of Internal Audit is responsible for management of reports of violations of laws, regulations, internal procedures, principles and ethical standards. The Whistleblowing Portal has been active since 2017. It can be accessed via intranet and internet to make reports, including anonymously, and to monitor the progress of the procedure. In 2018, only one report was received, relating to an alleged violation of the Code of Ethics. Subsequent checks revealed no evidence of unethical behaviour.

## RISK ANALYSIS AND MANAGEMENT

Falck Renewables has set up a system that defines rules, procedures and organisational structures for identifying, measuring, monitoring and managing the risks to which the Group is exposed, called the “Internal Control and Risk Management System”.

The BoD, supported by the Control, Risk and Sustainability Committee, plays a guiding role and assesses the adequacy of the system, while the MD oversees its implementation and maintenance. The corporate Risk Management structure identifies, assesses and prioritises risks and contributes to the development of actions for their management, through an Enterprise Risk Management framework that integrates the relationship between strategy, risk and company performance. This structure reports directly to the MD.

The methodology, developed around 4 pillars (risk appetite, risk assessment, risk management and risk reporting), incorporates new analysis technologies, such as greater use of data analytics to support the decision-making process, in order to further align company performance and risk indicators, allowing strategic supervisory bodies (BoD) and management bodies (MD and top

management) to assess and manage uncertainty (from which risks and opportunities derive) more effectively and consciously, with the aim of

continuously improving the company’s ability to create sustainable value for the various stakeholders.

### SUSTAINABILITY RISKS



#### ECONOMIC CAPITAL

- **commodity risk:** the Group is exposed to the price risk of traded commodities and to the volume risk of electricity produced by wind or solar power plants, which depends on the availability of natural resources.
- **country risk:** potential impact on business development (current and prospective markets) due to the emergence of risks linked to the political and economic climate, natural events and regulatory changes.



#### RELATIONAL AND SOCIAL CAPITAL

- **reputational risk:** risk linked to unfavourable internal/external events that may negatively impact the Group’s reputation, with possible repercussions on the share price and/or acceptance by local communities.



#### NATURAL CAPITAL

- **operational risk and QHSE compliance risk<sup>6</sup>:** risk of non-compliance with authorisations and local regulations required by legislation on quality, health, safety and the environment or risk of the plants’ operational malfunction and consequent environmental impact.



#### HUMAN CAPITAL

- **recruitment and retention risk:** risk of not being able to attract and retain the most competent, knowledgeable and talented professionals available on the labour market.

<sup>6</sup>Quality, Health, Safety and Environment.

# OUR COMMITMENT

## ECONOMIC CAPITAL: MATERIAL ASPECTS AND OBJECTIVES



### CREATION OF LONG-TERM ECONOMIC VALUE

geographical diversification of assets

balancing of asset types

business diversification towards the sustainable consumption services sector

### RELATIONS WITH REGULATORY AUTHORITIES



develop proposals for improving the efficiency of the markets that we are involved in, with attention to local energy communities and collective self-production



### DEVELOPMENT OF ADVANCED BUSINESSES AND INNOVATION

further growth in the services sector

continued investment in digitalisation

PPA market growth

creation of synergies between traditional technical activities and new services

research technical knowledge and experience on the market and create new skills, including digital and agile working methods



### BUSINESS INTEGRITY

spread a highly ethical culture inside and outside the Group

### CORPORATE GOVERNANCE



entrust supervision of sustainability actions to the Group's highest governance structures

### RISK ANALYSIS AND MANAGEMENT

optimise the financial community's perception of corporate risk

predictability and reliability of financial targets and reporting



# 04

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## RELATIONAL SOCIAL CAPITAL AND NATURAL CAPITAL



We want to continue to pursue common goals with local communities and to make sure that we leave part of the value where it is generated. We adopt the most advanced practices to avoid or compensate for the environmental impact that we cause with our activities.

# INVOLVEMENT OF LOCAL COMMUNITIES

Attention to the impact caused in the areas in which we operate and in local communities that welcome us is central to our way of understanding business. Our relationship with the local area is what most characterizes our approach to sustainability, which aims to generate shared economic and social value while also preserving the surrounding environment, throughout all phases of a power plant life cycle. This is even more important in view of the long-term vision that Falck Renewables has set itself as an investor and operator of its plants during their useful life (20-35 years). **Location choices** irreversibly determine the investment's risk/return ratio. These depend on the area's characteristics and the availability

of resources. Therefore, not only is plenty of sun or wind needed, but also social and institutional conditions that guarantee efficient and non-confrontational business management.

Seeking the **consensus** of those who live near the plant is an act of respect and responsibility towards the local area and a guarantee for the continuity of our business. Dialogue and prior analysis of the community's willingness to cooperate creates the right conditions for a constructive, transparent and fair relationship, reducing the risk of conflict in the long term. The first approach with local groups is through sharing of the Sustainability Charter, the business card with which we present and declare our social,

environmental and educational commitment.

## Our commitment to communities: the Sustainability Charter

### COMMUNITY DEVELOPMENT

- 01.** we promote the local workforce and local suppliers
- 02.** we welcome community participation in our activities, including through cooperative financing of our plants
- 03.** we support local community development initiatives – whether they are social, educational, environmental or infrastructure projects – and encourage communities to share adopted practices

### TRAINING AND EDUCATION

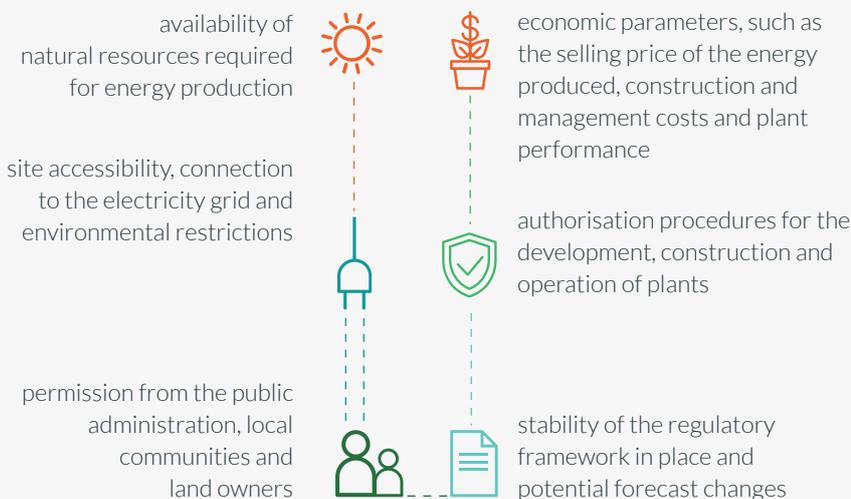
- 04.** we share our experiences and best practices regarding sustainable energy to raise awareness of its importance

### ENVIRONMENTAL PROTECTION

- 05.** we work to ensure that all our activities have minimal impact on the environment

## THE 6 GUIDELINES WHEN CHOOSING A LOCATION

The following aspects are taken into consideration when choosing the location of the plants:





## IMPACT INDICATORS

**471.1 tNO<sub>x</sub>**  
**141.9 tSO<sub>x</sub>**  
**189.8 tCO**  
**11.3 tPM<sub>10</sub>**

Air pollution avoided thanks to total wind and photovoltaic power production(\*)

**€2.8 million**

allocated to environmental restoration or compensatory activities

**867,800 tCO<sub>2</sub>**

GHG emissions avoided(\*\*)

**2,187 GWh**

total renewable energy production

(\*) Calculated using the factors published by Terna based on ISPRA data for electricity production in Italy.  
 (\*\*) Calculated using the factors published by Terna based on ISPRA data for electricity production in Italy; the factors published in the JRC “Technical Report 2017” for the UK, France and Spain; the factors published by the US Environmental Protection Agency for the United States.

Once the site has been identified and the rules of engagement with local actors have been established, the **construction of the plant** begins, starting from the area’s infrastructure, from the transport of the materials and from the provision of buildings to accommodate the workers. Every step is agreed with the local authorities and planned to minimise negative consequences on the environment and community. Dialogue channels are opened with local stakeholders through the creation of a *Construction liaison group* to communicate with local residents and to collect reports on any critical aspects of the activities.

To minimise the environmental impact of our activities, we implement a series of actions which, in line with the Group’s QHSE Policy, can be

summarised into 4 main areas:

1. prevention and, where this is not possible, minimisation of air, water, soil and groundwater contamination;
  2. protection of biodiversity;
  3. control of noise pollution;
  4. optimisation of the use of resources in our operations, through adoption, where possible, of the 3R approach
- In order to push our environmental standards beyond legal requirements, we also have interviews in the supply process, rewarding suppliers with a better ESG performance.

We consider our presence in an area as a sustainable development factor for the communities and companies located close to our plants. Where possible, we offer local residents employment opportunities in side services, such as, for example,

construction of access roads to the plants, progress monitoring of the plants and ensure protected area requirements are respected. Furthermore, we opt for a short supply chain whenever our needs can be met by local companies. When commissioning the construction of a new plant, we organise a Contractors Open Day in the area, during which we communicate to local companies our needs and our standards in terms of supply of goods or services. For us, relying on a short supply chain means reduced supply costs, better integration in the local community and reduction of our environmental impact. This also allows us to distribute more of the economic value generated by our presence in the area.

In the United Kingdom, where we began to develop our wind farms in 2004, we have adopted **a structured model to involve local communities**, which promotes sharing of benefits through 3 methods:

### BENEFIT SCHEME

In areas where one of our plants is located, we annually donate to a non-profit trust fund (known as a *benefit trust*) a sum calculated in relation to the size of the plant. This fund is directly and independently managed by the local community, in line with our sustainability principles, to support initiatives for the community. Thus, a broad range of bottom-up activities are financed, including cultural, educational, recreational, health-related, environmental awareness-raising and sustainable energy enhancement initiatives.

### COOPERATIVE SCHEME (BENCOM)

15 years ago we pioneered an investment method that allows a local community to finance our local energy plant through a specially established cooperative (formally called *BenCom – Benefit for the Community*). The residents, members of the BenCom, purchase a share of the plant’s funding with individual holdings. Every year we return interest on the funding to the cooperatives, partly calculated based on the sale of energy, generating economic value for the investors.

### SEPARATE OWNERSHIP SCHEME

We offer the local community the opportunity to purchase a wind turbine from the local plant. Local residents thus become the owners of a wind turbine we manage, from which they receive the proceeds from the sale of the electricity produced.

In view of the positive impact of these measures in the United Kingdom, we have set ourselves the goal of **replicating this local community involvement model**, adapting it in countries where we are building new plants (in particular Norway, Sweden and Spain).

## Cultivating local talent and facilitating entry into the labour market

In 2018, we created a program centred around our wind farms in the UK designed to support students who want to train in the renewable technologies field.

Looking ahead, to help bridge the gap between labour supply and demand in the places where our plants are located, we intend to leverage relations with our business partners (such as wind turbine suppliers) to involve the young talents we support in their selection processes.



## CASE STUDY

### Earlsburn wind farm in Scotland

Since 2007, the Earlsburn wind farm, located in Stirlingshire (UK), with 15 turbines and a total capacity of 37.5 MW, has met the energy needs of around 25,000 families. Through a benefit scheme, we offer an annual royalty shared among 4 local communities to fund high-impact social projects. Additionally, we have launched a separate ownership scheme with the inhabitants of the village of Fintry, which has 700 residents. Together with the Fintry Renewable Energy Enterprise (FREE), we have signed an agreement for the inclusion in the wind farm of a turbine owned by the local community. This allows the revenue that derives from the plant's activity to be shared with the residents of Fintry, who reuse this sum to fund energy

sustainability initiatives to create a sustainable zero-emission community. The most recent activities involved:

- the installation of a biomass district heating system owned by the Campsie Glen community for the benefit of 25 families, with savings equal to 112 tCO<sub>2</sub>eq per year
- the launch of a local smart grid project – Smart Fintry – which connects a hundred consumers to small-scale renewable production plants as part of a preferential electricity tariff.

### The Falck Renewables Sustainable Community

In 2018 the first Falck Renewables Sustainable Community Forum was held in Inverness, Scotland, attended by delegations from the many local communities where our 12 UK plants are located. During the event, community delegates discussed the importance of renewable energy for the local economy and shared good management practices for benefit schemes for the development of social projects. Following the Forum, we launched the [www.community.falckrenewables.eu](http://www.community.falckrenewables.eu) portal to give visibility to community projects and also launched 4 new dedicated initiatives:

- a sustainable energy education program for primary schoolchildren and teachers
- a program to support studies in the technical wind power sector
- a competition for the best local project
- a competition to create a new local project on the theme of sustainable energy.



### Our approach in Scandinavia

In Norway and Sweden, we have 4 wind farms under construction for a total of 97 MW of power expected by the end of 2019, and a further 95 MW by the end of 2020. The process of designing, developing and constructing new plants is carried out in close collaboration with local actors. In each project, we include measurement of social, economic and environmental impacts and we hold information meetings with the various stakeholders, involving local companies (over 100 companies took part in the Norwegian Contractors Open Days), collaborating with local universities and establishing benefit funds.

**6.62** GWh

PRODUCTION OF THE COMMUNITY TURBINE IN 2018

**112** tCO<sub>2</sub>eq

GHG EMISSIONS AVOIDED WITH THE CAMPSIE GLEN BIOMASS DISTRICT HEATING SYSTEM

**3,330** tCO<sub>2</sub>

GHG EMISSIONS AVOIDED THANKS TO THE COMMUNITY TURBINE IN 2018

THE POPULATION OF FINTRY IS

**700** PEOPLE

**+100**

COMPANIES PARTICIPATING IN THE CONTRACTORS OPEN DAY IN NORWAY

# PLANT OPERATION

Operation of the plants must be continuous and effective. Every renewable plant, whether it is owned or managed on behalf of third parties, is subject to a preventive maintenance schedule, which optimizes its performance

and minimises the risk of inactivity. Technological innovation plays a fundamental role in efficient asset management. In fact, digitalisation is key to optimizing service-related processes, partly thanks to the use of cutting-edge analytical tools

to monitor energy performance, operations and maintenance activities. During the operation phase, our environmental impact mainly relates to waste-to-energy activities.





## IMPACT INDICATORS

**827**  
visitors to the plants  
in Italy and France

**1** web portal  
dedicated to sustainable  
communities in the UK

**24**  
showcased communities

**4,822**  
portal visits in 6 months

Participation in  
**35** working group  
meetings on  
renewables and  
sustainability in Italy  
and abroad

**€101,000**  
investments in donations  
and sponsorships in local  
communities in Italy

**£20,000** in UK  
**€22,000** in Italy

contributions paid to  
university departments  
and research institutes

**13**  
students benefiting  
from tutorships  
in environmental,  
social and energy  
research projects

**2** events  
organized on energy  
transition issues in  
Italy  
(250 participants)

**5** official  
meetings with local  
communities in the UK,  
Norway and Sweden

**30**  
conferences in which  
Falck Renewables  
participated  
(5,600 participants estimated)

**13,324 MWh**  
the calculated increase in wind power  
and photovoltaic production thanks to  
the management of Vector Cuatro, which  
involves avoided GHG emissions of

**4,146.8 tCO<sub>2</sub>(\*)**

(\*) Calculated using the factors published by Terna based on ISPRA data for electricity production in Italy; the factors published in the JRC “Technical Report 2017” for the UK, France and Spain; the factors published by the US Environmental Protection Agency for the United States; the factors published by the Comisión Reguladora de Energía for Mexico and by the Federation of Electric Power Companies of Japan.

# DEVELOPMENT OF A RESPONSIBLE MARKET FOR RENEWABLE ENERGY

To facilitate the energy transition towards a more distributed, decarbonised and digital model, we increasingly focus on issues of advanced energy management, flexibility and energy efficiency as tools for developing a responsible market for renewable energy.

There are two intervention areas in which we intend to act by developing new services. On the one hand, we want to create synergies with energy communities and other local aggregators. On the other hand, we want to provide increasingly advanced services to promote sustainable consumption of clean energy, with less externalities on the electricity system (asset management, energy efficiency and flexibility services).

In 2018, Falck Next was founded, an energy service company (ESCO) that caters for the public administration and private industrial and tertiary companies that want to reduce their energy consumption through energy redevelopment or the introduction of advanced digital tools (big data analysis and artificial intelligence) for energy efficiency.

In 2018, we also acquired 51% of Energy Team, a leading Italian company in hardware and software metering applications to reduce the consumption of buildings and production plants. This company is distinguished by its work in the field of electrical interruptibility, managing, in special situations of need, the disconnection of energy-intensive users, thus promoting network stability and avoiding potential black-outs.

Energy Team is also active in the demand response sector, where it has developed solutions for Mixed Enabled Virtual Units (UVAM), namely groups of end users for load lowering in the event of potential network imbalances.

The near future will lead to the integration of all these services into a single digital platform, enabling innovative management and marking a further step towards the digital transformation of the sector.

## CASE STUDY

### Power purchase agreement in the United States

We have also been operating in the United States since 2017, with 112.5 MW photovoltaic power installed in Massachusetts and North Carolina. Electricity is sold in different ways in the US: commercial sale, net metering, community solar or power purchase agreement (PPA).

In North Carolina, we have entered into a PPA with local utility Duke Energy Progress. Meanwhile, in 3 of our 4 plants in Massachusetts we provide clean energy through an on-site exchange program (Net Metering Credit program)

to customers such as schools, universities, municipalities and utilities. In particular, the Dartmouth plant powers the Silver Lake School District and the City of Carver. The Leominster plant provides electricity to both the City of Leominster and the Hoosac Water District, while the Palmer Airfield plant supplies Worcester State University and the municipalities of Spencer and Leicester. The Net Metering Credit program provides a percentage of electricity needs to participants, with discounts compared to the retail rates

charged by utilities, clearly benefiting local communities.

Finally, the Middleton plant operates under the SRECI program (Solar Renewable Energy Credit II, sold on the independent energy market) and sells energy to the Middleton Electric Light District (MELD) with a long-term PPA. MELD distributes energy to customers based on a community shared solar agreement, signed by 197 customers (including two large industries), which provides a discount on the electricity bill.



## IMPACT INDICATORS

**197**  
end consumers in energy communities that have signed a PPA and carry out collective self-consumption in the USA

**589,083 MWh**  
the average potential savings of customers with smart meters in Italy

**8,992 MWh**  
the potential savings identified through energy audits carried out in 2018

The benefits of spending reduction thanks to community solar projects impact

**88,230**  
residents

**€515,000**  
the value of the energy efficiency certificates managed in the portfolio

**€174 million**  
the social costs of blackouts avoided by the electricity system thanks to interruptibility services in Italy (\*)

**615.8 GWh**  
the electricity from our plants sold under the PPA regime in the USA and Italy

(\*) This figure is calculated as the market share of Energy Team and its consortia – 68.5% – multiplied by the social cost of the mechanism.



# 05

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## HUMAN CAPITAL



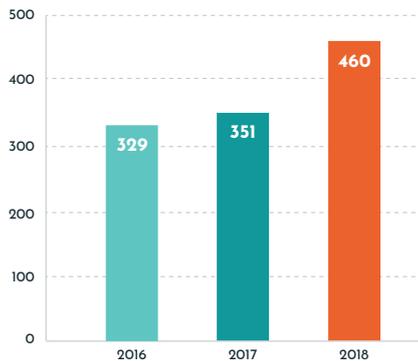
We work to maintain strong internal cohesion not only through financial incentives and corporate well-being, but also by promoting distinct values.

# HUMAN RESOURCES DEVELOPMENT

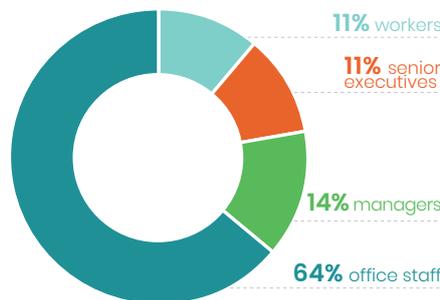
People are the most valuable resource for the growth of our Group and are the real protagonists of change. They add value with their skills and sensitivity and, by creating a bridge with the outside world, they bring the company closer to local stakeholders in the areas where we operate. Our goal is to offer employees and co-workers opportunities for professional growth in a stimulating, peaceful and safe environment. A place where everyone's differences are respected and valued and where teamwork and a culture of action are essential assets for success.

It is with this in mind that, in 2017, thanks to the help of a group of employees, the **ReFalck project** was launched, a new way of looking at and facing everyday working life, with the identification of 8 behaviours to follow to contribute to the Group's sustainable growth. Behaviours that are also referred to in the 5 values identified by the management team in 2018: indeed, cooperation, leadership, open mindedness, playfulness and integrity are the basis of relations within the company.

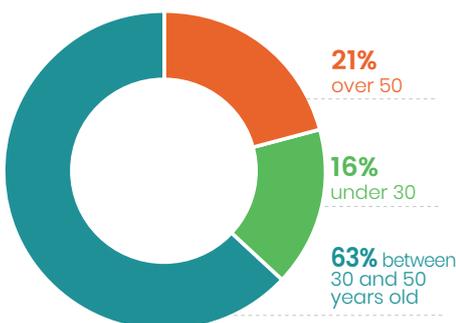
Employees as of 31/12/18



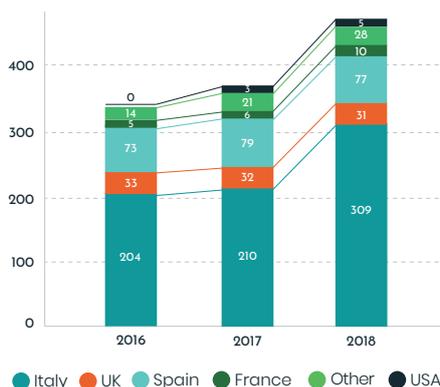
Employees by position (2018)



Employees by age group (2018)



Employees by geographical area as of 31/12/18



## Building a new corporate culture

### CHALLENGE THE STATUS QUO

"Can we do it in a different way that is faster and better?"

### THINK BIG

"Is it challenging and ambitious enough?"

### FIND A WAY TO MAKE IT HAPPEN

"How can we make this happen?"

### SHARE WHAT WE HAVE; INVOLVE PEOPLE WHO KNOW WHAT WE ARE TALKING ABOUT

"Who needs to know?"  
"Who should be involved?"

### GO OUT AND COME BACK WITH NEW IDEAS

"What would the external/internal customer say?"

### SERIOUSLY COMMIT

"Have I honoured my commitments?"

### HELP OTHERS TO BE SUCCESSFUL

"How can I help you to succeed?"  
"How can you help me to succeed?"

### PROTAGONISTS, NOT SPECTATORS

"What prevents me from taking action in person?"  
"What happens if I don't act?"



## EMPLOYEE HEALTH AND SAFETY

Respect for people, enhancement of the environment in which they live and protection of their physical and psychological integrity are values that make us stand out.

Through the Group’s QHSE Policy, we are committed to ensuring integrated management of processes with the aim of minimising the risks for workers’ health and safety.

Safety management systems (BS OHSAS 18001 and UNI EN ISO 45001) are an integral part of our approach to sustainability and ensure optimal work management within the company organisation.

### EMPLOYEES AT THE CENTRE

#### Smart working

In 2018, we launched smart working in our Italian offices (Sesto San Giovanni headquarters, Turin, Milan and Rome) with the aim of meeting colleagues’ work-life balance needs. The pilot project took place from May to December, with 71 participants, split into 41 women and 30 men. The project made it possible to carry out work activities outside the company premises, for a maximum of 2 days a week.

#### Well-being

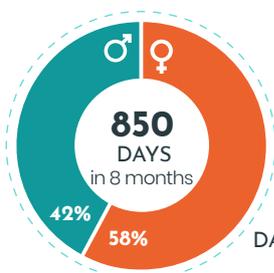
The health and psychological well-being of our employees is paramount. We promote participation in sports events and, in the Sesto San Giovanni headquarters, we provide a wellness area with a gym and sauna, which is used by over half of the employees. The “well-being program” also includes a yoga course, meetings with nutritionists and other appointments with specialists.

#### Sustainable mobility

In order to facilitate the connection between the headquarters and the public transport network, we provide employees at the Sesto San Giovanni offices with a bike-sharing service with 15 bicycles.

**746** HOURS  
OF HEALTH AND SAFETY TRAINING IN 2018

**0**  
INJURIES IN 2018



**1.5**  
DAYS/MONTH  
per person

**22**  
+CO<sub>2</sub>  
EMISSIONS  
AVOIDED



FKR BIKE SHARING FLEET

## Development of human capital: training activities

In 2018, we offered training courses in the following areas:

- managerial training, with courses such as “Public speaking”, “Finance for non-financial managers”, “Chess and management: the right move”
- technical training, through 60 courses provided based on employee requests
- language training, with courses in English, Spanish, Italian and French, 50 participants
- cross training, through the use of the Lynda platform – LinkedIn’s official partner for higher education – with 50 participants
- organization of 40 “Friday Coffees”, internal skills development courses.

To promote inclusion and diversity in the company we are a member of Valore D, an association of companies that promotes gender diversity, supporting employees’ participation in training courses regarding inclusive organisation, corporate welfare and social innovation.

With regard to sustainable development, we have developed with METID, the Polytechnic University of Milan’s e-learning centre, the “Sustainable business in renewable energy”, a MOOC (massive open online course) that aims to enhance our experience in the field of sustainability, promoting skills growth and sharing sustainable development values internally.

Sustainability skills are also a central element in the staff selection process. It is essential for candidates to demonstrate their knowledge – assessed through a questionnaire – on issues of environmental, social and economic sustainability related to the renewable energy business.

## WE CARE:

### employees at the centre of corporate social responsibility

The We Care program, launched by Vector Cuatro and then extended to the entire Group, is a way of engaging employees with the main issues of corporate social responsibility. In 2018, to coincide with the calendar of international events on the environment and sustainability, we promoted various activities that invited employees to behave in a virtuous and responsible way: competitions to reward saving and recycling of resources, information communications on healthy and sustainable lifestyles, corporate volunteering days and initiatives in schools on the importance of renewable energy.

- 04 6 APRIL**  
World Day for Physical Activity
- 27 APRIL**  
World Sun Day
- 05 17 MAY**  
Global Recycling Day
- 06 5 JUNE**  
World Environment Day
- 15 JUNE**  
Global Wind Day
- 07 3 JULY**  
International Plastic Bag Free Day
- 08 19 AUGUST**  
World Humanitarian Day
- 09 22 SEPTEMBER**  
World Car Free Day
- 10 31 OCTOBER**  
World Savings Day
- 11 20 NOVEMBER**  
Universal Children’s Day
- 12 20 DECEMBER**  
International Human Solidarity Day



### IMPACT INDICATORS

**5**

women in the BoD

**7**

average hours of training per employee in 2018

**75%**

of employees were involved in training activities for the development of specific skills

**8**

women involved in Valore D training projects

**20**

average hours of training per female employee

**31%**

of employees are female

# OUR COMMITMENT

## HUMAN CAPITAL: MATERIAL ASPECTS AND OBJECTIVES



### HUMAN RESOURCES DEVELOPMENT

continuous active employee involvement and close relationship between the management and the company

creation of a flat organisational structure, with plenty of room for personal initiative

continuous professional development

consolidation of a welfare policy with a strategic focus on the family, well-being and work-life balance

investment in talent growth and gender and culture diversity

code of ethical conduct based on shared values

recruitment based on skills, behaviours and values

### HEALTH AND SAFETY

continuous monitoring of the application of QHSE standards

greater involvement of staff in QHSE training activities



# APPENDIX

## DATA AND INDICATORS

ADDED VALUE	2016	2017	2018
<b>DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED   GRI 201-1</b>	<b>€K</b>	<b>€K</b>	<b>€K</b>
Sales revenue	249,622	288,619	335,889
Other revenue	7,107	4,524	13,236
Net income / expense from equity management	1,081	2,329	2,742
<b>ECONOMIC VALUE GENERATED</b>	<b>257,810</b>	<b>295,472</b>	<b>351,867</b>
Operating costs (supply of goods and services)	(95,693)	(108,879)	(116,231)
<b>ADDED VALUE</b>	<b>162,117</b>	<b>186,593</b>	<b>235,636</b>
Amortisation and depreciation	(74,432)	(69,358)	(70,958)
<b>ADDED VALUE DISTRIBUTED TO STAKEHOLDERS</b>	<b>87,685</b>	<b>117,235</b>	<b>164,678</b>
to staff (for salaries and social security contributions)	(26,960)	(28,973)	(34,504)
to shareholders (profit/loss for the year)	(1,865)	(31,458)	(60,422)
to creditors (banks and financial institutions) (*)	(41,374)	(35,260)	(40,899)
to the central public administration (current IRES + IRAP)	(17,486)	(10,983)	(16,884)
to the local public administration (environmental compensation, IMU, other local taxes)	-	(10,561)	(11,969)

Dividends paid during the year by the Parent Company €13,093 thousand for 2016; €14,205 thousand for 2017; €15,365 thousand for 2018.

(\*)For interest and charges on debt.

SUPPLIERS		2016	2017	2018	Notes
<b>TOTAL SUPPLIERS</b>	<b>no.</b>	<b>1,015</b>	<b>1,035</b>	<b>1,074</b>	
<b>VALUE AND LOCATION OF SUPPLIES   GRI 204-1</b>					
<b>TOTAL VALUE OF SUPPLIES</b>	<b>€K</b>	<b>108,612</b>	<b>94,857</b>	<b>199,298</b>	
% ordered from local suppliers	%	56%	64%	56%	
<b>Total value of supplies in Italy</b>	<b>€K</b>	<b>64,041</b>	<b>70,319</b>	<b>76,158</b>	
% ordered from local suppliers in Italy	%	68%	67%	64%	"Local" refers to the regional scope
<b>Total value of supplies in UK</b>	<b>€K</b>	<b>41,768</b>	<b>21,073</b>	<b>59,012</b>	
% ordered from local suppliers	%	39%	57%	19%	"Local" refers to the scope of the constituent countries
<b>Total value of supplies in Spain</b>	<b>€K</b>	<b>909.7</b>	<b>1,138.4</b>	<b>929.7</b>	
% ordered from local suppliers	%	78%	74%	74%	"Local" refers to the scope of the autonomous communities
<b>Total value of supplies in France</b>	<b>€K</b>	<b>1,893.4</b>	<b>2,004.6</b>	<b>2,217.2</b>	
% ordered from local suppliers	%	63%	61%	61%	"Local" refers to the regional scope

<b>Total value of supplies in USA</b>	€K	-	<b>322.7</b>	<b>16,263.5</b>	
% ordered from local suppliers	%	-	22%	25%	"Local" refers to the scope of the federal states
<b>Total value of supplies in Sweden and Norway</b>	€K	-	-	<b>44,717</b>	
% ordered from local suppliers	%	-	-	100%	"Local" refers to the national scope

<b>INSTALLED CAPACITY AND PRODUCTION</b>		<b>2016</b>	<b>2017</b>	<b>2018</b>
<b>WIND POWER</b>				
<b>Wind farms</b>	<b>no.</b>	<b>20</b>	<b>21</b>	<b>21</b>
of which in Italy	no.	4	4	4
of which in UK	no.	11	12	12
of which in Spain	no.	1	1	1
of which in France	no.	4	4	4
of which in USA	no.	0	0	0
<b>Number of turbines</b>	<b>no.</b>	<b>382</b>	<b>394</b>	<b>394</b>
<b>Installed capacity</b>	<b>MW</b>	<b>733.9</b>	<b>769.9</b>	<b>769.9</b>
of which in Italy	MW	291.60	291.60	291.60
of which in UK	MW	377.00	413.00	413.00
of which in Spain	MW	23.30	23.30	23.30
of which in France	MW	42.00	42.00	42.00
of which in USA	MW	0	0	0
Equivalent hours (total production / installed power)	h	2,542	2,654	2,841
<b>Average age of wind farms</b>	<b>years</b>	<b>6.7</b>	<b>7.4</b>	<b>8.4</b>
Land occupied by wind farms – Average values	Thousands of conventional m <sup>2</sup> (*)	3,248	3,350	3,350
Installed capacity per unit of land used	W/m <sup>2</sup>	226	229.8	229.8

(\*)The calculation takes into account: 5m wide road, 1.5km distance between two WTGs, 1,000m<sup>2</sup> substation area and 1,000m<sup>2</sup> crane pad.

## PHOTOVOLTAIC

<b>Photovoltaic plants</b>	<b>no.</b>	<b>7</b>	<b>8</b>	<b>12</b>
of which in Italy	no.	7	7	7
of which in UK	no.	0	0	0
of which in Spain	no.	0	0	0
of which in France	no.	0	0	0
of which in USA	no.	0	1	5
<b>Installed capacity</b>	<b>MW</b>	<b>16.1</b>	<b>108.1</b>	<b>128.6</b>
of which in Italy	MW	16.1	16.1	16.1
of which in UK	MW	0	0	0
of which in Spain	MW	0	0	0
of which in France	MW	0	0	0

of which in USA	MW	0	92	112.5
<b>Average age of solar plants</b>	<b>years</b>	<b>7.0</b>	<b>7.0</b>	<b>5.4</b>
Land occupied by solar plants	Thousands of conventional m <sup>2</sup>	513.9	2,865.1	3,624.3
Installed capacity per unit of land used	W/m <sup>2</sup>	31.3	37.7	35.5

## THERMAL

<b>Thermal plants(*)</b>	<b>no.</b>	<b>2</b>	<b>2</b>	<b>2</b>
of which biomass	no.	1	1	1
of which waste-to-energy	no.	1	1	1
<b>Installed capacity</b>	<b>MW</b>	<b>35</b>	<b>35</b>	<b>35</b>
of which biomass	MW	15	15	15
of which waste-to-energy	MW	20	20	20
Land occupied by thermal plants	Thousands of conventional m <sup>2</sup>	107.3	107.3	107.3
Installed capacity per unit of land used	W/m <sup>2</sup>	326	326	326

(\*)The thermal plants are all based in Italy.

## ELECTRICITY PRODUCED

<b>Total production</b>	<b>GWh</b>	<b>1,866</b>	<b>2,043</b>	<b>2,187</b>
<b>Total production from wind farms</b>	<b>MWh</b>	<b>1,627,000.0</b>	<b>1,790,000.0</b>	<b>1,812,000.0</b>
of which in Italy	MWh	662,000	573,000	598,000
of which in UK	MWh	840,000	1,092,000	1,088,000
of which in Spain	MWh	50,000	52,000	50,000
of which in France	MWh	75,000	73,000	76,000
of which in USA	MWh	0	0	0
<b>Total production from photovoltaic plants</b>	<b>MWh</b>	<b>22,000</b>	<b>31,000</b>	<b>171,000</b>
of which in Italy	MWh	22,000	24,000	22,000
of which in UK	MWh	0	0	0
of which in Spain	MWh	0	0	0
of which in France	MWh	0	0	0
of which in USA	MWh	0	7,000	149,000
<b>Total production from thermal energy – biomass</b>	<b>MWh</b>	<b>98,000</b>	<b>110,000</b>	<b>103,000</b>
<b>Total production from thermal energy – waste-to-energy</b>	<b>MWh</b>	<b>119,000</b>	<b>112,000</b>	<b>101,000</b>
Electricity sold	MWh	1,866,000.0	2,043,000.0	2,187,000.0

## PLANT AVAILABILITY (\*)

Availability factor of wind farms	%	<b>97%</b>	<b>95%</b>	<b>95%</b>
Availability factor of photovoltaic plants	%	<b>98%</b>	<b>98%</b>	<b>98%</b>
Availability factor of biomass plants	%	97%	91%	<b>98%</b>
Availability factor of WtE plants	%	91%	91%	91%

(\*)Forced outage of the plants operating in Terna's dispatching services have not been taken into consideration.

## CO<sub>2</sub> AVOIDED | GRI 305-5

<b>Total CO<sub>2</sub> avoided with renewables (wind and photovoltaic power)(*)</b>	<b>tCO<sub>2</sub></b>	<b>661,034</b>	<b>762,217</b>	<b>867,818</b>
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(\*) Calculated using the factors published by Terna based on ISPRA data for electricity production in Italy; the factors published in the JRC "Technical Report 2017" for the UK, France and Spain; the factors published by the US Environmental Protection Agency for the United States.

## CARBON FOOTPRINT(\*) | GRI 305-1, 305-2

CO <sub>2</sub> emissions (scope I)(**)	tCO <sub>2</sub>	128,869.2	120,302.1	113,634.6
of which from renewable sources and waste-to-energy	tCO <sub>2</sub>	128,089.8	119,550.4	112,781.4
of which from waste collection and management	tCO <sub>2</sub>	779.4	751.7	853.2
CO <sub>2</sub> emissions (scope II)(***)	tCO <sub>2</sub>	950.0	1,062.6	792.2
of which from renewable sources and waste-to-energy	tCO <sub>2</sub>	844.9	945.2	662.1
of which from waste collection and management	tCO <sub>2</sub>	105.1	117.4	130.1
<b>Total CO<sub>2</sub> emissions</b>	<b>tCO<sub>2</sub></b>	<b>129,819.2</b>	<b>121,364.7</b>	<b>114,426.8</b>

(\*)Data include emissions from renewables, waste-to-energy and waste collection and management.

(\*\*)Calculated using the emission factors published by MATTM in "National Standards Chart".

(\*\*\*)Calculated using the emission factors published by ISPRA in "Emission factors in electric energy production and consumption in Italy".

ENVIRONMENTAL DATA (RENEWABLES + WASTE-TO-ENERGY)		2016	2017	2018	Notes
<b>MATERIAL CONSUMPTION   GRI 301-1</b>					
Chemicals	t	6,959.5	6,893.5	5,434	Rende, Trezzo
Waste disposed	t	169,857	156,075	145,909	Trezzo
<b>ENERGY CONSUMPTION   GRI 302-1</b>					
Direct consumption of primary energy from renewable sources (A1)	MWh	559,945	591,951	547,069	
of which biomass	MWh	402,868	438,642	409,000	Rende
of which waste (renewable component)(*)	MWh	157,077	153,309	138,069	Trezzo
Direct consumption of primary energy from non-renewable sources (A2)	MWh	165,855	170,672	157,896	
of which natural gas	MWh	4,025	11,733	11,199	Rende
of which diesel	MWh	4,753	5,630	8,628	Trezzo
of which waste (non-renewable component)(*)	MWh	157,077	153,309	138,069	Trezzo
<b>Total direct energy consumption (B=A1+A2)</b>	<b>MWh</b>	<b>725,800</b>	<b>762,623</b>	<b>704,965</b>	
Purchase of electricity (C)	MWh	2,630	2,987	2,093	
of which for powering wind farms	MWh	868	1,052	1,014	
of which for operating the offices	MWh	680	644	609	
of which for powering photovoltaic plants	MWh	248	269	253	
of which for powering thermal plants	MWh	833	1,023	216	
Self-produced and consumed energy (E)	MWh	38,965	32,019	36,858	
of which from renewable sources (F)	MWh	27,189	25,246	26,291	Rende, Trezzo
<b>Total energy consumption (B+C)</b>	<b>MWh</b>	<b>728,430</b>	<b>765,610</b>	<b>707,058</b>	
of which from renewable sources (A1)	MWh	559,945	591,951	547,069	

(\*) Energy from waste refers for 50% to renewable component and for the remaining 50% to non-renewable component, consistently with the ministerial emission factor.

Falck Renewables thermal power plants consists of the biomass plant of Rende (I) and the waste-to-energy plant of Trezzo sull'Adda (I).

## CARBON FOOTPRINT | GRI 305-1, 305-2

CO <sub>2</sub> emissions (scope I)	tCO <sub>2</sub>	128,089.8	119,550.4	112,781.4
CO <sub>2</sub> emissions (scope II)	tCO <sub>2</sub>	844.9	945.2	662.1

<b>Total CO<sub>2</sub> emissions</b>	<b>tCO<sub>2</sub></b>	<b>128,934.7</b>	<b>120,495.6</b>	<b>113,443.5</b>
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### AIR EMISSIONS | GRI 305-7

NO <sub>x</sub>	t	109,694	87,814	78,286	
SO <sub>x</sub>	t	1,618	1,282	3,961	Waste-to-energy
CO	t	7,845	10,699	12,095	

### WATER WITHDRAWN | GRI 303-1

<b>Total water withdrawn</b>	<b>m<sup>3</sup></b>	<b>756,725</b>	<b>872,655</b>	<b>729,240</b>	
of which from surface water (lakes, rivers, etc.)	m <sup>3</sup>	646,146	746,230	614,108	Waste-to-energy
of which from the subsoil	m <sup>3</sup>	77,561	89,516	81,328	
of which from municipal water or other public or private water services	m <sup>3</sup>	33,018	36,909	33,804	

### WATER DISCHARGE | GRI 306-1

<b>Total water discharged</b>	<b>m<sup>3</sup></b>	<b>336,825</b>	<b>366,619</b>	<b>370,227</b>	
of which into surface water (lakes, rivers, etc.)	m <sup>3</sup>	336,224	365,769	368,728	Waste-to-energy
of which into municipal sewers or into other public or private water services	m <sup>3</sup>	601	850	1,499	

### ENVIRONMENTAL COMPLIANCE | GRI 307-1

Sanctions received for non-compliance with environmental regulations(*)	no.	0	0	1
Monetary value of sanctions	€	0	0	6,000
Cases handled with dispute resolution mechanisms	no.	0	0	0

(\*) The penalty imposed due to exceeding the emission limits, caused by the restart of the Trezzo plant following an electrical system fault/blackout. However, it should be noted that the incident did not cause any environmental impact, as evidenced by the ARPA report, which measured the air quality limit values (i.e. presence of carbon monoxide).

ENVIRONMENTAL DATA (WASTE COLLECTION AND TREATMENT)		2016	2017	2018
<b>OPERATIONAL DATA</b>				
Total waste treated	t	57,523	70,239	66,993
of which earth plant	t	26,902	33,786	33,612
of which selection plant	t	30,621	36,453	33,380
<b>MATERIAL CONSUMPTION   GRI 301-1</b>				
Chemicals (reagents for earth plant)	t	459.9	508.8	596.4
<b>ENERGY CONSUMPTION   GRI 302-1</b>				
Direct consumption of primary energy (diesel)	MWh	2942.4	2837.7	3,221.0
Purchase of electricity	MWh	327.1	371	411.1
<b>Total energy consumption</b>	<b>MWh</b>	<b>3,269.5</b>	<b>3,208.7</b>	<b>3,632.1</b>
<b>CARBON FOOTPRINT   GRI 305-1 305-2</b>				
CO <sub>2</sub> emissions (scope I)	tCO <sub>2</sub>	779.4	751.7	853.2
CO <sub>2</sub> emissions (scope II)	tCO <sub>2</sub>	105.1	117.4	130.1
<b>Total CO<sub>2</sub> emissions</b>	<b>tCO<sub>2</sub></b>	<b>884.5</b>	<b>869.1</b>	<b>983.3</b>

## WATER WITHDRAWN | GRI 303-1

Total water withdrawn	m <sup>3</sup>	41,366	40,646	36,364
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## WATER DISCHARGE | GRI 306-1

Total water discharged	m <sup>3</sup>	41,726	38,803	36,004
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## ENVIRONMENTAL COMPLIANCE | GRI 307-1

Sanctions received for non-compliance with environmental laws or regulations	no.	0	0	1
Monetary value of sanctions	€	0	0	6,500
Cases handled with dispute resolution mechanisms	no.	0	0	0

## ENVIRONMENTAL MANAGEMENT

	2016	2017	2018
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### ENVIRONMENTAL AUDITS(\*)

Internal audits(**)	no.	0	0	157
External audits (third-party, for certification renewal, etc.)	no.	6	5	6
<b>Total audits</b>	<b>no.</b>	<b>6</b>	<b>5</b>	<b>163</b>

### EXTERNAL INSPECTIONS

Performed by ASL, ARPA, the municipality, the province, the region and other bodies within Falck Renewables' scope	no.	0	1	2
Others(***)	no.	0	0	1
<b>Total inspections</b>	<b>no.</b>	<b>0</b>	<b>1</b>	<b>3</b>

(\*)The 2016 and 2017 scope concerned Italy, while in 2018 it was extended to the whole Group.

(\*\*)Falck Renewables staff visits for plant monitoring and O&M.

(\*\*\*)The figure includes visits from the O&M services provider.

## EMPLOYMENT

	2016	2017	2018
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### STAFF NUMBERS | GRI 102-8

<b>Total employees as of 31/12</b>	<b>no.</b>	<b>329</b>	<b>351</b>	<b>460</b>
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### EMPLOYEES BY GENDER | GRI 102-8

Men	no.	230	244	318
Women	no.	99	107	142

### EMPLOYEES BY CONTRACT TYPE | GRI 102-8

Permanent contract	no.	317	336	443
Fixed-term contract	no.	12	15	17
Full-time	no.	325	344	454
Part-time	no.	4	7	6
Other (internships, etc.)	no.	2	4	2

### EMPLOYEES BY POSITION | GRI 102-8

Senior managers	no.	36	43	49
Middle managers	no.	27	48	66
White-collar workers	no.	217	206	293
Blue-collar workers	no.	49	54	52

**EMPLOYEES BY AGE GROUP | GRI 405-1**

<30	no.	51	59	74
Between 30 and 50 years old	no.	200	213	291
>50	no.	78	79	95

**EMPLOYEES BY GEOGRAPHICAL AREA | GRI 102-8**

Italy	no.	204	210	309
UK	no.	33	32	31
Spain	no.	73	79	77
France	no.	5	6	10
USA	no.	0	3	5
Other countries (Sweden, Norway, Bulgaria, Japan, Chile, Mexico, UAE)	no.	14	21	28

**FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING AGREEMENTS | GRI 102-41**

Employees covered by a national collective agreement	%	64%	62%	69%
Employees enrolled in a trade union	%	8%	7%	5%

**DIVERSITY | GRI 405-1**

Employees belonging to protected classes	no.	6	8	7
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**NON-DISCRIMINATION | GRI 406-1**

Incidents of discrimination	no.	0	0	0
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**COMPOSITION OF THE BOD | GRI 405-1**

<b>By gender</b>	<b>no.</b>	<b>11</b>	<b>12</b>	<b>12</b>
Men	%	73%	58%	58%
Women	%	27%	42%	42%
<b>By age group</b>				
<30	no.	-	-	-
between 30 and 50	no.	5	6	6
>50	no.	6	6	6
<b>By nationality</b>				
Italy	no.	11	11	11
Argentina	no.	0	1	1

**TRAINING****2016****2017****2018****TRAINING | GRI 404-1**

<b>Total hours</b>	<b>no.</b>	<b>4,053</b>	<b>1,937</b>	<b>1,941</b>
Employees who attended at least one training course	no.	290	303	300

**TRAINING HOURS BY POSITION**

Senior managers	no.	470	162	429
Middle managers	no.	352	235	506
White-collar workers	no.	3,135	1,540	1,006
Blue-collar workers	no.	96	0	0
<b>Average training hours by trained employee</b>	<b>no.</b>	<b>13</b>	<b>6</b>	<b>7</b>

## PERFORMANCE EVALUATION | GRI 404-3

Employees subject to performance evaluation	no.	42	105	118
Senior managers	no.	5	11	9
Middle managers	no.	7	15	15
White-collar workers	no.	28	77	90
Blue-collar workers	no.	2	2	4

## HEALTH AND SAFETY

2016

2017

2018

### WORK-RELATED INJURIES SUFFERED BY FALCK RENEWABLES EMPLOYEES | GRI 403-9

Total injuries	no.	2	3	0
Fatal injuries	no.	0	0	0
Employee injury frequency ratio (per million hours worked)	no.	3.39	5.03	0
Employee fatal injury frequency ratio (per million hours worked)	no.	0	0	0
Serious consequences related to employee injuries frequency ratio (per million hours worked)	no.	0	0	0
Injuries resulting from exposure to chemicals	no.	0	0	0

### HEALTH AND SAFETY MANAGEMENT | GRI 403-8

Employees covered by health and safety management policies or systems	%	100	100	100
Employees covered by externally certified health and safety management policies or systems	%	50.9	49.5	35.8(*)

(\*)The change is due to the acquisition of companies not in possession of certification at the time of purchase.

### WORK-RELATED ILL HEALTH | GRI 403-10

Total employees suffering from work-related ill health	no.	0	0	0
Deaths attributable to work-related ill health	no.	0	0	0

### WORKER TRAINING ON OCCUPATIONAL HEALTH AND SAFETY | GRI 403-5

Total training hours	no.	N.A.	1,546	746
Average training hours	no.	N.A.	4.5	1.7

## COMPLIANCE

2016

2017

2018

### ANTI-CORRUPTION | GRI 205-1

Operations assessed for risk of corruption	Every operation is performed in line with company procedures that may provide for counterparty analysis			
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### COMMUNICATION AND TRAINING ABOUT ANTI-CORRUPTION | GRI 205-2

Members of the BoD who have been notified of anti-corruption policies and procedures		11	12	12
Employees who have been notified of anti-corruption policies and procedures	The documents are made available on the company intranet			
Business partners who have been notified of anti-corruption policies and procedures	All our counterparties are contractually informed of the fact that the group operates in accordance with its Code of Ethics (and 231 Model in Italy)			
Employees who have received training on anti-corruption policies and procedures	no.	216	0	89
Senior managers	no.	6	0	18

Middle managers	no.	0	0	18
White-collar workers	no.	210	0	53
Blue-collar workers	no.	0	0	0

### CONFIRMED INCIDENTS OF CORRUPTION AND ACTIONS TAKEN | GRI 205-3

Confirmed incidents of corruption	no.	0	0	0
Employees who have received disciplinary action (including dismissal) for incidents of corruption	no.	0	0	0
Measures taken against business partners following confirmed incidents of corruption	no.	0	0	0
Proceedings against the organisation or employees for incidents of corruption	no.	0	0	0
Whistleblowing	no.	0	0	1

### ANTI-COMPETITIVE BEHAVIOUR AND ANTI-TRUST | GRI 206-1

Pending or completed legal actions against the company relating to anti-competitive behaviour, anti-trust and monopoly practices	no.	0	0	0
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### HEALTH AND SAFETY OF PRODUCTS | GRI 416-2

Incidents of non-compliance with regulations and/or voluntary codes concerning the health and safety of products and services	%	0	0	0
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### SOCIOECONOMIC COMPLIANCE | GRI 419-1

Sanctions received for non-compliance in the social and economic area	no.	0	0	0
Monetary value of sanctions (€/000)	€	0	0	0
Cases handled with dispute resolution mechanisms	no.	0	0	0

### CUSTOMER PRIVACY | GRI 418-1

Complaints regarding breaches of customer privacy	no.	0	0	0
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## SPONSORSHIP AND INVESTMENT IN THE COMMUNITY(\*)

2016

2017

2018

### TYPE OF INVESTMENT | GRI 203-1

Sponsorship	€	80,245	62,559	62,056
Donations	€	88,000	78,200	38,524
<b>Total investments</b>	<b>€</b>	<b>168,245</b>	<b>140,759</b>	<b>100,580</b>

### INTERVENTION AREAS

Social commitment	€	50,500	42,000	7,900
Environment	€	-	-	-
Local culture and traditions	€	-	-	5,000
Education	€	25,500	27,200	33,056
Sport	€	-	5,872	-
Promotion	€	57,500	60,687	43,000
Other	€	34,745	5,000	11,624.

## DISPUTES WITH THE COMMUNITY

Ongoing civil litigation (**)	no.	1	0	0
	€	600,000	-	-

(\*) The data exclusively refers to the Italian scope.

(\*\*) The dispute refers to compensation requested for violation of the minimum distances planned for the turbines. The company's defence, established in the judgement, was confirmed by the findings of the court-appointed expert witness, pending a hearing on 01/10/19.

## METHODOLOGICAL NOTE

### Reporting standards and consolidation scope and criteria

This document is published as a complete and exhaustive report on the material aspects relating to the Group, for the benefit of all stakeholders. The methodological reference for preparation of the report is the “Consolidated set of GRI Sustainability Reporting Standards 2016” (GRI standards), applied with a “GRI Referenced” adherence level. The content of the document refers to the material aspects of Falck Renewables and the related GRI material topics.

### Consolidation scope and criteria

The document contains data and information referring to the year

ended 31 December 2018. The scope of consolidation corresponds to that of the Financial Report, except where otherwise indicated in the note.

### Reporting process and methods

The process of collecting data and information and drafting this document is coordinated and managed by the Falck Renewables Communication and Sustainability department, in collaboration with the various company departments and associated companies.

The financial, operational and governance data is taken directly from the Financial Report and from the Report on Corporate Governance and Ownership Structure. Environmental data, data on staff and data relating

to other aspects covered in the document are collected directly from the responsible departments.

The calculation methods used to determine the various indicators are shown in the specific relevant paragraphs. To ensure comparability over time of the indicators considered most significant and to give readers a chance to compare the performance achieved, the current values were compared, through the use of charts and tables, with those for the two previous years.

<b>Reporting period</b>	Financial year from 1/1/2018 to 31/12/2018
<b>Frequency</b>	Annual
<b>Last published document</b>	First document Second edition of the first report updated to October 2019 as a result of a process of consolidation and elaboration of some performance data.
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## ACRONYMS AND UNITS OF MEASUREMENT

### Acronyms

**ANIE:** National Federation of Electrotechnical and Electronics Companies

**ANEV:** Italian Wind Energy Association

**ASL:** Local Health Authority

**ARPA:** Regional Environmental Protection Agency

**BS OHSAS:** British Standard Occupational Health and Safety Assessment Series

**C40:** C40 Cities Climate Leadership Group

**Capex:** Capital Expenditure

**BoD:** Board of Directors

**CO<sub>2</sub>:** Carbon Dioxide

**COP24:** 24<sup>th</sup> Conference of the Parties to the United Nations Framework Convention on Climate Change

**UAE:** United Arab Emirates

**EBITDA:** Earnings Before Interest, Tax, Depreciation and Amortisation

**ENEA:** National Agency for New Technologies, Energy and Sustainable Economic Development

**EPC:** Engineering, Procurement and Construction

**ESCO:** Energy Service Company

**ESG:** Environmental, social and governance

**ET:** Energy Team

**FKR:** Falck Renewables

**FTSE:** Financial Times Stock Exchange

**GRI:** Global Reporting Initiative

**GHG:** Greenhouse gases

**IMU:** Unique Municipal Tax

**IRAP:** Regional Tax on Production Activities

**IRES:** Corporate Income Tax

**HR:** Human Resources

**ISO:** International Standard Organisation

**ISPRA:** Italian Institute for Environmental Protection and Research

**JRC:** Joint Research Centre (of the European Commission)

**M&A:** Mergers and Acquisitions

**MD:** Managing Director

**MDGs:** Millennium Development Goals

**MELD:** Middleton Electric Light District

**METID:** Methods and Innovative Technologies for Learning (of the Polytechnic University of Milan)

**MOOC:** Massive Open Online Course

**NOx:** Nitrogen Oxides

**O&M:** Operations and Maintenance

**UN:** United Nations

**Opex:** Operating expenditure

**PM:** particulate matter

**PPA:** Power Purchase Agreement

**PV:** Photovoltaics

**QHSE:** Quality, Health, Safety and Environment

**RED:** Renewable Energy Directive

**S.p.A.:** Joint-stock company

**SDGs:** Sustainable Development Goals

**SOx:** Sulphur Oxides

**SPV:** Special Purpose Vehicle

**SREC:** Solar Renewable Energy Credit

**T.U.F.:** Consolidated Law on Finance

**UK:** United Kingdom

**USA:** United States of America

**UVAM:** Mixed Enabled Virtual Units

**VC:** Vector Cuatro

**WtE:** Waste-to-energy

### Units of measurement

**€:** euro

**EJ:** exajoule

**d:** days

**GT:** gigaton

**GW:** gigawatt

**GWh:** gigawatt hour

**€K:** thousands of euro

**km:** kilometre

**£:** pound

**m<sup>2</sup>:** square metre

**m<sup>3</sup>:** cubic metre

**MW:** megawatt

**MWh:** megawatt hour

**t:** ton

**tCO<sub>2</sub>:** ton of CO<sub>2</sub>

**tCO<sub>2</sub>eq:** ton of CO<sub>2</sub> equivalent

**TWh:** terawatt hour

**W/m<sup>2</sup>:** watt per square metre

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