

**SHORT VERSION**

# SUSTAINABILITY REPORT

## 2017

Source of growth



The 2017 Sustainability Report has been reviewed by the auditing company, BDO Italia S.p.A., and can be viewed at the website <http://bs.romagnacque.it>

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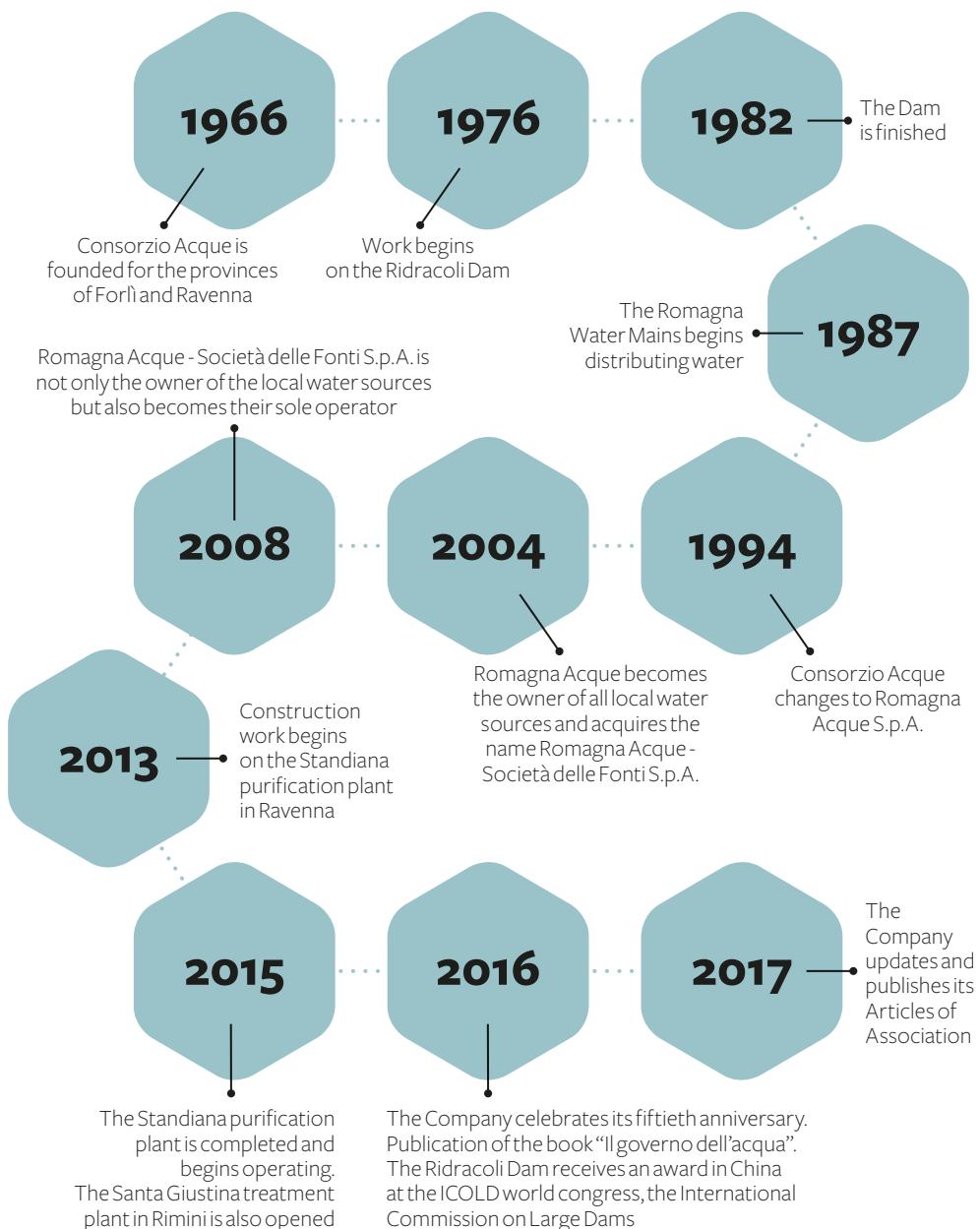
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**Romagna Acque**  
Società delle Fonti

Certified Company  
Management Systems ISO9001/ISO 14001/  
OHSAS 18001/ISO 50001



LIFE, WELL-BEING, ENVIRONMENT, BALANCE, OPPORTUNITY: **WITH WATER, EVERYTHING FLOURISHES.** EVERY DROP **IS A SOURCE OF GROWTH,** NOURISHING THE DEVELOPMENT OF OUR EARTH AND OUR VERY BEING.

**Its nature reflects our identity.** As **owners and operators of all of the sources of drinking water in Romagna**, we have always been committed:

**"TO GUARANTEE THE RIGHT QUANTITY AND QUALITY OF WATER ALL THROUGHOUT THE YEAR FOR THE ENTIRE ROMAGNA REGION, WHILE PROTECTING THE ENVIRONMENT AND WATER RESOURCES AND ENSURING LOW RATES".**

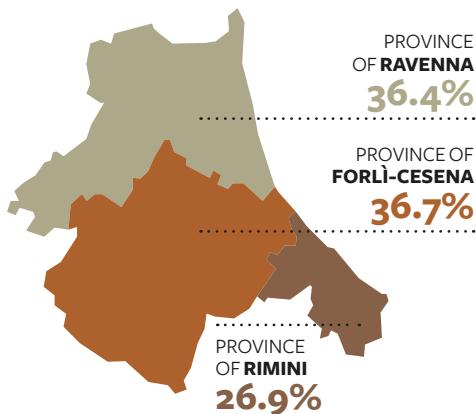
**For more than 50 years, this has been the mission** that has guided us in managing water resources with a watchful eye over every aspect, making us **the wellspring of a world of values** for people and for the region. This is how we work, as a limited company with wholly public capital and in synergy with all the subjects involved in the Integrated Water System, so as to **cover almost all the residential water requirement for the region of Romagna.**

Within the Integrated Water System, our role is the producer and wholesale supplier of water resources, Hera S.p.A. is the distributor to the end user, while other subjects regulate, plan and control the entire service across the region.

The agreement entrusting the management of drinking water sources in Romagna to our Company is valid for the **period 2009-2023**.

## OUR SHAREHOLDERS

**As of 31/12/2017, Romagna Acque has 49 Shareholders.** The structure meets the requirements of totally public share capital and includes, either directly or through publicly controlled companies, the Municipalities and Provinces of the three relevant regional areas - **Forlì-Cesena, Ravenna and Rimini.**



## COMPANY POSITIONS AS OF 31.12.2017

### Board of Directors

Chairman: Tonino Bernabé

Vice Chairman: Fabio Pezzi

Managing Director: Andrea Gambi

Directors: Rita Marzanati, Ilaria Morigi

### Board of Statutory Auditors

Chairman: Alder Abbondanza

Standing Auditors: Mattia Maracci, Lea Mazzotti

Alternate Auditors: Alessandra Baroni, Simone Tordi

## WHAT WE DO

We work with a unique and precious resource to guarantee a **service that is essential for life** every single day.

**WE PRODUCE AND SUPPLY WHOLESALE DRINKING WATER TO OUR REGION THROUGH THE OPTIMAL MANAGEMENT OF THE SOURCES AND PLANTS PRESENT IN ALL THREE PROVINCES OF ROMAGNA.**

The most important source is the artificial reservoir of the **Ridracoli Dam**, which meets **about 50% of the total requirement**, alongside **many other local sources**, including surface water and groundwater, throughout the region.

Therefore, we have always worked taking a **vast scale approach**, pioneering a concept now adopted by many public and private companies.



## OUR KEY NUMBERS

ROMAGNA ACQUE  
SOCIETÀ DELLE FONTI S.P.A.

**115,428,870**

m<sup>3</sup> water  
distributed  
in 2017



**1,100,000**

People residents  
and tourists served

**100%**

Total residential  
requirement met

**155**

Employees as of  
31/12/2017



**604 km**

Length of the water  
supply network

## THE WHOLESALE WATER RATE



397 km in operation, plus approximately 207 km of pipelines serving Local Sources: the infrastructural system we manage, represented primarily by the **Romagna Water Mains, is a total of roughly 604 km long**. The water main system is formed of **facilities for water collection**

(catchment), **the subsequent treatment** (purification or other intermediate processes) **and therefore the delivery**, in certain cases also through transit in storage tanks (adduction), **to the water service operator**, which organises the subsequent distribution to the end user.

**71% OF THE EARTH'S SURFACE AREA IS COVERED IN WATER,  
BUT ONLY 1% OF IT IS POTENTIALLY AVAILABLE FOR RESIDENTIAL,  
IRRIGATION AND INDUSTRIAL USES.**

**Water is an asset that we must manage and protect with the utmost responsibility,** ethics and transparency, while focusing on wide-ranging aspects. To protect the region, we work to **preserve the groundwater** by privileging the withdrawal of the resources from **surface sources for at least 70% of the water delivered to the mains.**

For this purpose, the modern **Standiana** purification plant in Ravenna is **particularly strategic**, as it enables us to **better diversify sources** and **more easily handle many of the drought events** that have been impacting our region with greater frequency. In fact, the plant provides more high-quality drinking water than is required thanks to **ultrafiltration** technologies.

We dedicate continuous resources to guarantee **the excellent quality of the water we distribute, over 50% of which comes from protected areas.** We adopt **effecti-**

**ve and safe purification processes** and conduct **more than 300,000 analyses per year**, while also implementing an **integrated control system throughout the drinking water supply chain** in line with the most recent regulations on the matter.

The quality of the water keeps pace with **the quality of our service**. Indeed, **operational continuity** is one of our top commitments, because we need to guarantee the availability of good water, now and in the future. From this perspective, **we dedicate resources to research** and we plan **continuous investments to handle future scenarios** and the challenges of climate change, all the while pursuing **continuous improvement**.

With the same orientation, we nurture the **capacity to network** with all our Stakeholders so we can steer our principles and actions according to a **sustainable approach** in all areas, economic, environmental and social.

#### SOURCES OF WATER DISTRIBUTED

Source / Year	2015	2016	2017
From Ridracoli	50%	49%	40%
From groundwater	28%	24%	30%
From surface and river-bed underflows	22%	27%	30%
<b>Total m<sup>3</sup> of water abstracted</b>	<b>112,230,108</b>	<b>112,320,897</b>	<b>117,173,033</b>
<b>Total m<sup>3</sup> of water consumed in purification processes</b>	<b>1,503,935</b>	<b>1,343,337</b>	<b>1,744,163</b>
<b>Total m<sup>3</sup> of water supplied</b>	<b>110,726,173</b>	<b>110,977,560</b>	<b>115,428,870</b>

# SUSTAINABILITY REPORT 2017

## MAP OF PRINCIPLES



## FROM PRINCIPLES TO ACTIONS



## SUSTAINABILITY IS AT THE HEART OF A SERVICE LIKE OURS, WHICH IS INDISPENSABLE TO LIFE.

Indeed, supplying drinking water means that we impact the world around us, and with this awareness we deploy **initiatives and projects to act with a fair and balanced approach in all aspects: economic, environmental and social**, in line with many of the **objectives identified by the UN in its 2030 Agenda for Sustainable Development**.

### ECONOMIC Aspect

**"WATER IS NOT A COMMERCIAL PRODUCT LIKE ANY OTHER BUT, RATHER, A HERITAGE WHICH MUST BE PROTECTED, DEFENDED AND TREATED AS SUCH."**

EUROPEAN DIRECTIVE 2000/60/EC



### ENVIRONMENTAL Aspect

**WATER IS OUR EARTH'S LIFELOOD AND MUST BE PROTECTED** along with the places where we obtain it. Respect for the environment must be at the root of every decision and strategy concerning the production of drinking water.



### SOCIAL Aspect

**WATER IS A VITAL ASSET FOR EVERY COMMUNITY AND FOR THE ENTIRE PLANET.** Its management concerns and involves a range of stakeholders, with which we need to cultivate a synergistic exchange to optimise service.



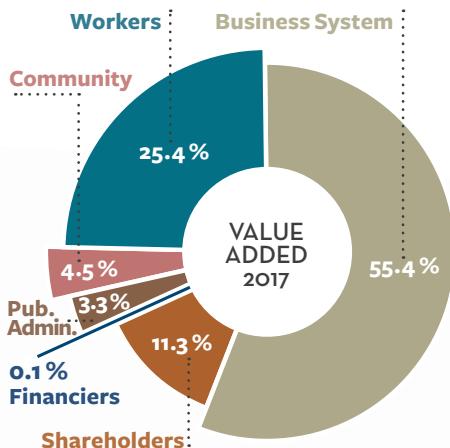
# ECONOMIC ASPECT

## THE DISTRIBUTION OF VALUE ADDED

Value added helps determine **how much wealth has been generated by the Company, how it was generated and how it is distributed.**

It is a tool that lets us **re-read the Financial Statement from the Stakeholders' perspective.**

The **total gross value** added generated in 2017 for Stakeholders was **€34.8 million.**

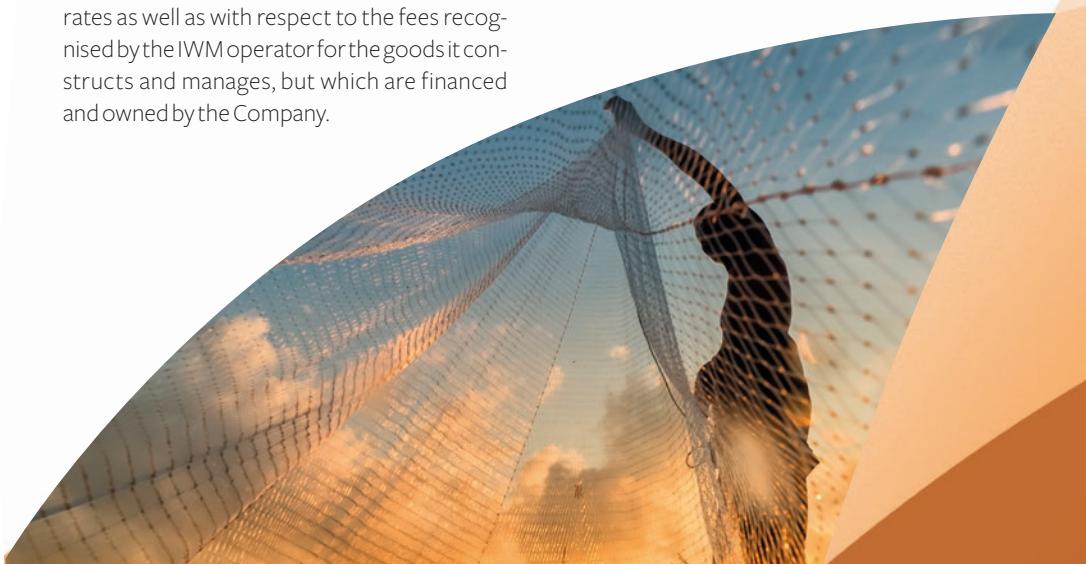


**€1.7 MILLION OF VALUE ADDED** WAS DISTRIBUTED TO THE **COMMUNITY**.

**The Company also turns down its shares of revenues** as concerns wholesale water rates as well as with respect to the fees recognised by the IWM operator for the goods it constructs and manages, but which are financed and owned by the Company.

It thus contributes to **reducing rates** and generating **immediate savings for end users.** This is simply a “different way” of distributing value added.

**The Company turned down €21 million** in 2015-2017 **to help lower rates for end users.**



## THE INVESTMENT PLAN

The Romagna Acque Investment Plan is based on **three sections that reflect the main sectors of activity**:

- **wholesale water supply;**
- **the financing of IWM work carried out and run by the IWM operator;**
- **the production of electricity from renewable sources.**

A fourth sector regards “common services”, i.e., those goods which are instrumental to all activities (e.g., the Company’s new headquarters).



**€18.3 MILLION WAS INVESTED IN 2017, UP ROUGHLY €6.4 MILLION FROM THE PREVIOUS YEAR.**

INVESTMENTS (in Euros)	2015	2016	2017
Goods for wholesale water supply	9,578,668	5,374,394	3,517,758
Goods provided for a fee to the IWM operator	7,786,596	4,119,362	10,252,834
Goods for the production and sale of electricity	942,753	1,126,385	166,899
Common services	1,536,443	1,129,942	4,257,842
Other goods	404,139	186,442	96,988
<b>TOTAL TANGIBLE + INTANGIBLE ASSETS</b>	<b>20,248,601</b>	<b>11,936,525</b>	<b>18,292,321</b>

Source: Financial statement (including investments in tangible and intangible assets and excluding financial investments).



### INVESTMENTS IN WHOLESALE WATER SUPPLY

**€3.5 million** of total investments made were in wholesale water supply.



### INVESTMENTS IN GOODS FOR THE PRODUCTION AND SALE OF ELECTRICITY

**€0.2 million** of investments were made in this sector in 2017 and involved primarily the **initiation of ordinary operations for the new hydroelectric plant at the Faenza tank.**



### INVESTMENTS IN GOODS PROVIDED FOR A FEE TO THE IWM OPERATOR

**€10.3 million** of investments were made in this sector in 2017, accounting for approximately 57% of the total.



### INVESTMENTS IN COMMON SERVICES

**€4.3 million** of investments were made in this sector in 2017 and primarily involved continuing work on the new Company headquarters.

# ENVIRONMENTAL ASPECT

## WATER RESOURCE MANAGEMENT STRATEGIES

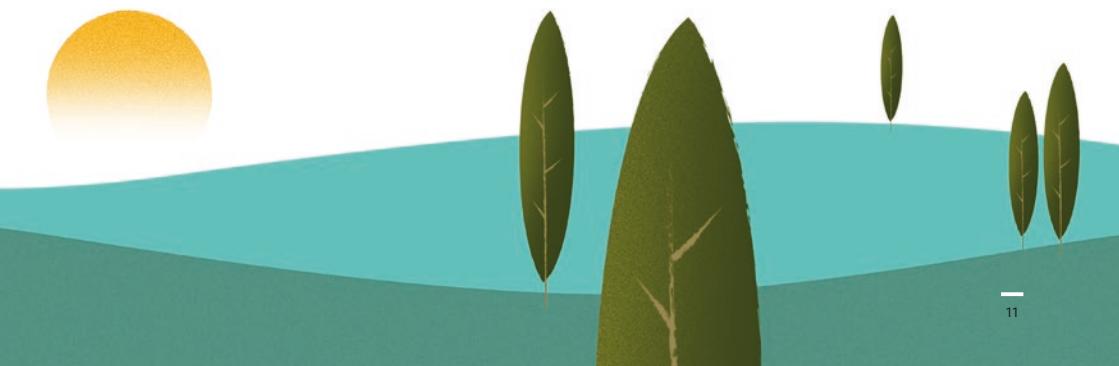
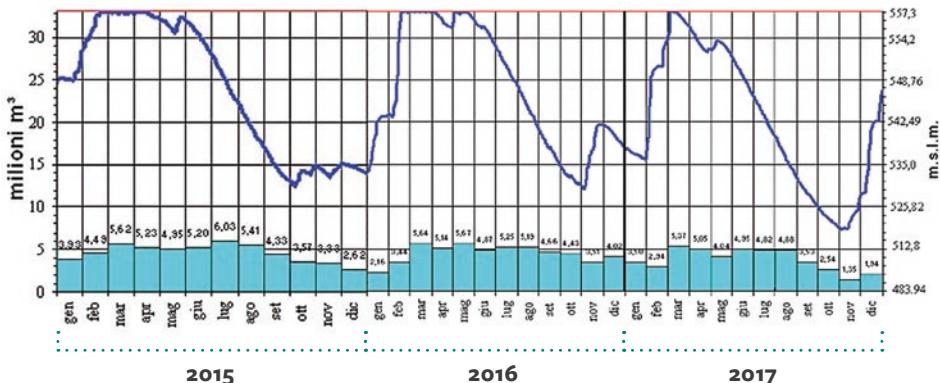
In recent years, **climate change has been changing levels of rainfall significantly**, and it is necessary **to optimise water resource management strategies in light of this trend**.

As can be seen in the graph concerning Ridracoli Dam reservoir volume trends, while initially during the year there were two periods of maximum water levels, in the spring and in the autumn, we are now witnessing a **shift of rainfall towards only the spring**.

To deal with all of this and with what was defined as one of the hottest and driest years ever recorded to date, **in 2017 it was necessary to rely on every type of source present in the region**.

The **Standiana purification plant** in Ravenna also proved to be highly important, as it made it possible to **use the volume held in the Ridracoli Dam reservoir as efficiently as possible**.

Reservoir graph – 2015-2017 trends – Ridracoli Dam



## WATER SOURCES AND PURIFICATION PLANTS

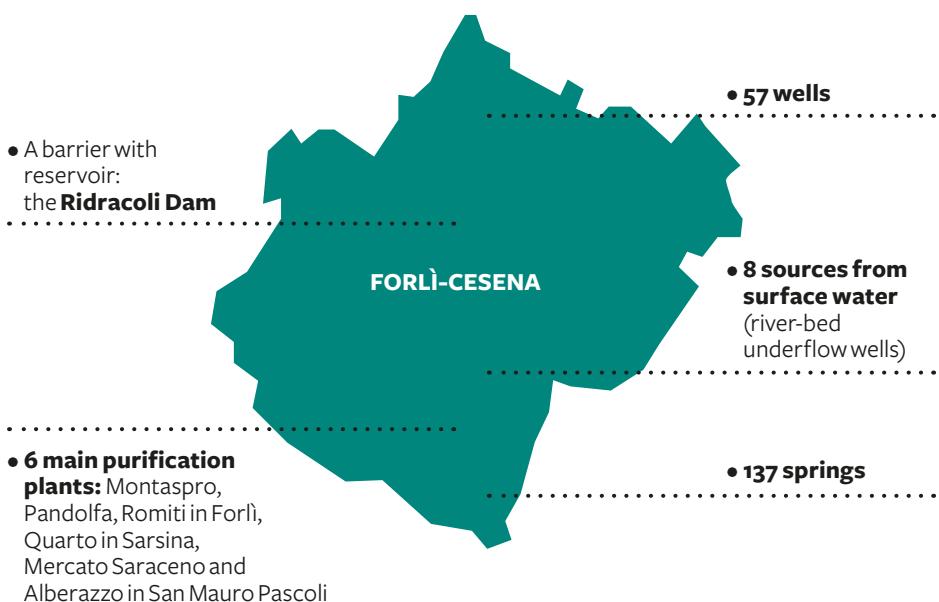
Romagna Acque produces drinking water from various different sources (from surface water and groundwater) and in varying amounts, scattered across every province in the region. Both in terms of its history and supply, **the most important source by far is the Ridracoli Dam**, the construction of which began in the Seventies to the south of the village of the same name in the upper Bidente valley. **Alongside this source, which still produces half the region's drinking water requirements on**

**average, there are many others**, all owned and run by Romagna Acque.

More specifically, there are **various types of sources: primarily groundwater in the area around Rimini and surface water around Ravenna, while both are used across the areas of Forlì and Cesena**.

Every type of water has different organoleptic properties and is treated in plants at various points across the region of Romagna.

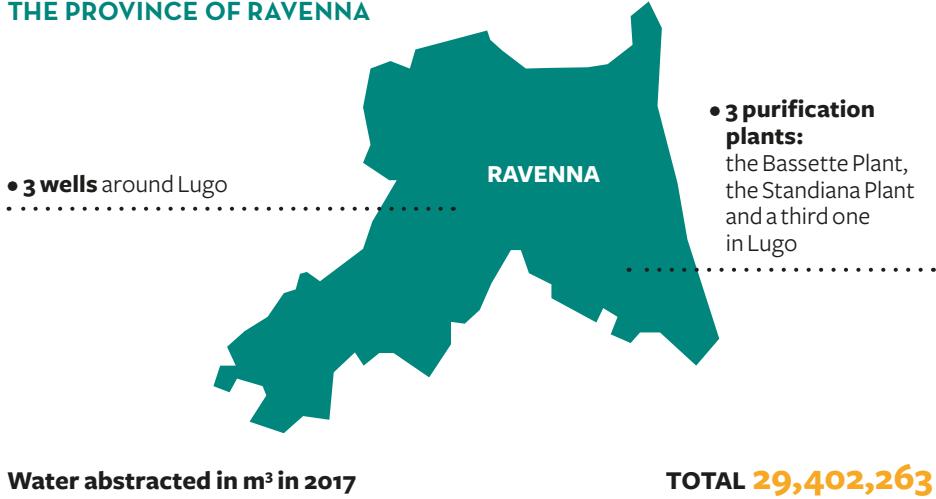
## THE PROVINCE OF FORLÌ-CESENA



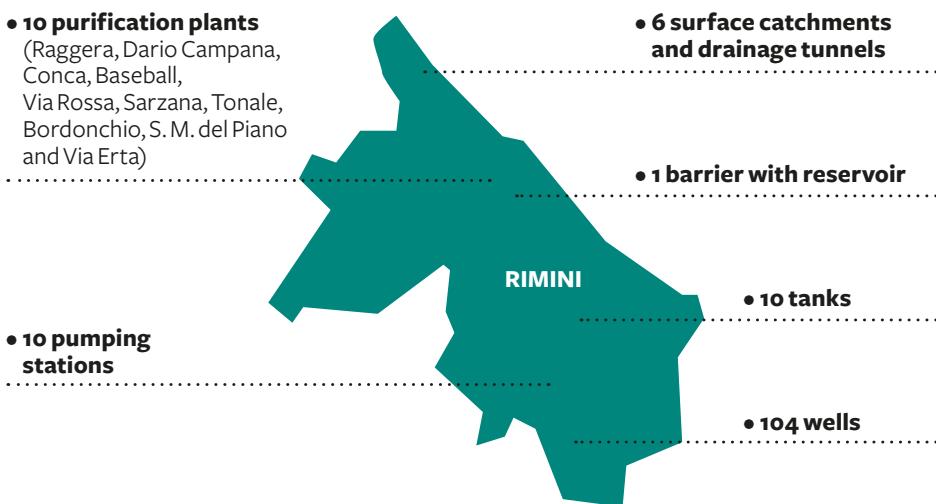
Water abstracted in m<sup>3</sup> in 2017

**TOTAL 60,278,380**

## THE PROVINCE OF RAVENNA



## THE PROVINCE OF RIMINI



## THE PRODUCTION OF ENERGY FROM RENEWABLE SOURCES

The underlying principles of a community's strategic energy choices should essentially help achieve goals such as:

- **the rational use of energy to achieve the greatest energy saving possible;**
- **the use of renewable sources.**

In light of this, Romagna Acque launched an investment plan some time ago aimed at ensuring **an increase in the amount of self-produced energy from renewable sources and a subsequent improvement in environmental sustainability** of water production, along with an efficiency plan to reduce energy consumption.



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THE COMPANY HAS SET ITSELF THE MAJOR GOAL OF ACHIEVING  
AN **ENERGY DEPENDENCE COEFFICIENT OF 0.6 BY 2018.**

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FOR ROMAGNA ACQUE, **THE PRODUCTION OF ENERGY FROM RENEWABLE SOURCES IS POSSIBLE THANKS TO:**

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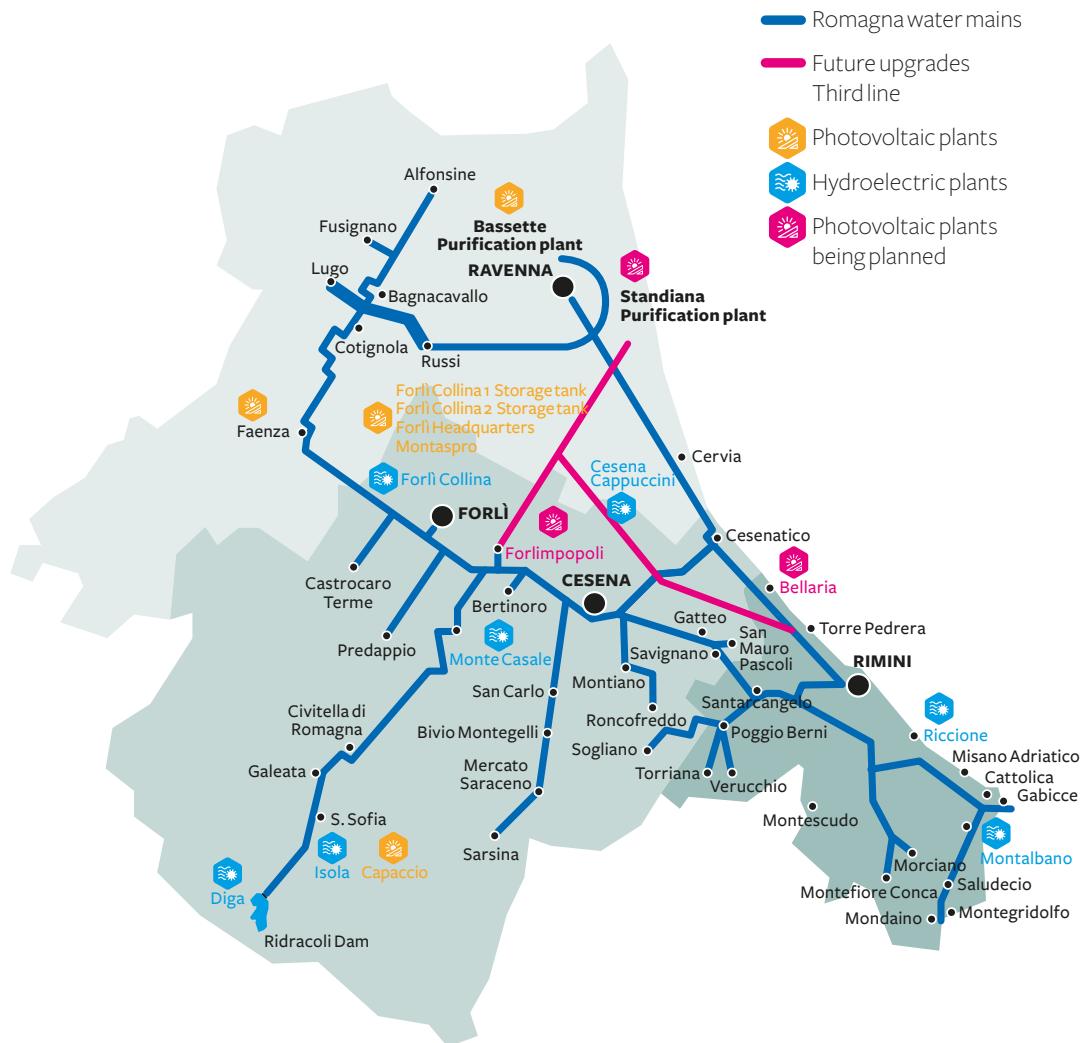


**HYDROELECTRIC PLANTS**  
that use waterfalls



**PHOTOVOLTAIC PLANTS**  
located in the distribution network

## HYDROELECTRIC AND PHOTOVOLTAIC PRODUCTION PLANTS



AN ENERGY DEPENDENCE COEFFICIENT OF 0.718

WAS ACHIEVED IN 2017.

## ANALYSES AND CONTROLS: WATER QUALITY



**10,865**  
SAMPLES ANALYSED IN 2017



**395,063**  
ANALYSES CONDUCTED IN 2017

The water quality checks carried out by the Romagna Acque laboratories are based on **careful selection of the control points and sampling frequencies**. They aim to ensure that the water which is abstracted, treated and supplied from the mains does not contain any substances or micro-organisms harmful to human health.

**All the water distributed is thoroughly checked to ensure it complies with the strict requirements** laid down by existing Italian legislation, **Ministerial Decree of 16**

**June 2017**, which amends annexes II and III of Legislative Decree No. 31/2001, on the quality of water intended for human consumption.

Certified in accordance with UNI EN ISO 9001:2008 for many years now, **the Romagna Acque laboratories, making up a multi-site laboratory, have obtained accreditation in compliance with the UNI CEI EN ISO/IEC 17025:2005 standard**, confirming the high level of their technical resources, staff skills and the management system, so as to guarantee accurate and reliable data as well as results.

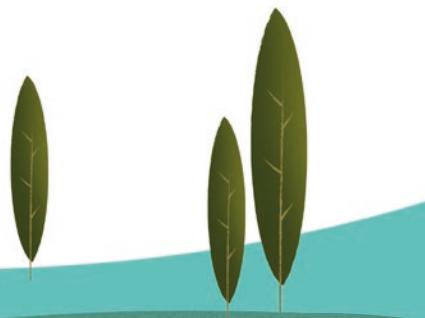
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**THE WATER PRODUCED AND DISTRIBUTED** BY THE ROMAGNA ACQUE PURIFICATION PLANTS HAS EXCELLENT CHARACTERISTICS AND CAN BE **CLASSIFIED AS LOW MINERAL<sup>1</sup>** (CAPACCIO AND STANDIANA) **AND MINERAL<sup>2</sup>** (BASSETTE).

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<sup>1</sup> Low mineral (or slightly mineral) water: under Italian law (Legislative Decree No. 105/1992) water is defined as low mineral water if it contains between 50 and 500 mg/l of dissolved solids.

<sup>2</sup> Mineral water: under Italian law (Legislative Decree No. 105/1992) water is defined as mineral water if it contains between 500 and 1,500 mg/l of dissolved solids.



**Comparison between the average values of the water produced in purification plants at Standiana, Bassette (Ravenna) and Capaccio (Santa Sofia) in 2017 and mineral waters**

2017	Legal limits under Legislative Decree 31/2001	Mineral Waters* (min-max)	Min-max values CAPACCIO	Min-max values STANDIANA	Min-max values BASSETTE
pH	6.5-9.5	5.8-8.4	7.6-8.0	7.3-8.4	7.4-8.2
Specific electrical conductivity at 20°C	2,500	n.d.	312-384	298-614	332-1,148
Total hardness (°F)	15-50**	1-77	17.2-19.8	13.3-26.9	14.9-36.9
Total dissolved solids dried at 180°C (mg/L)	1,500**	21.4-955	218-269	209-430	232-804
Ammonium (mg/L)	0.5	n.d.	<0.05	<0.05-0.20	<0.05-0.40
Sodium (mg/L)	200	0.2-47.9	6.7-13.1	14.4-49.5	17.2-140
Nitrates (mg/L)	50	n.d.	0.7-2.8	2.8-17.8	2.3-30.7
Nitrites (mg/L)	0.1	n.d.	<0.01-0.01	<0.01	<0.01-0.05
Chlorides (mg/L)	250	0.3-78.7	9.3-17.6	25.0-75.7	23.9-172.7
Calcium (mg/L)	-	1.4-287	50.2-58.0	38.6-67.7	44.0-98.3
Manganese (mg/L)	50	n.d.	<1-9.0	<1-7.7	<1-6.2

Source: Water Quality Control Service

\*\* Recommended values under Legislative Decree 31/2001.

\*The “Mineral waters (min-max)” values available have been taken from a recent study conducted by the “Altroconsumo” journal (No 261, July/August 2012) on a sample of 40 mineral waters on sale, except for pH and chlorides, which have been taken from the 2012 Sustainability Report of the Hera S.p.A. Group and determined based on the labels of 17 mineral waters widely available on the market.



# SOCIAL ASPECT

## THE DIALOGUE WITH STAKEHOLDERS

With the constant involvement of the various stakeholders, a veritable **network of synergistic exchange** is created with the development of a **dialogue policy** to meet individual needs and, therefore, the cultivation of a **higher level of sharing of the objectives pursued and the results achieved** by the Company.

ITS ABILITY TO DEAL WITH **STAKEHOLDERS** SO IT CAN SHARE DECISIONS IN THE UTMOST **TRANSPARENCY AND TRUST** IS A PRIMARY OBJECTIVE FOR ROMAGNA ACQUE.





## SHAREHOLDERS

(Romagna institutions)

**Municipalities, Provinces and their Companies which manage investments in external companies** are the primary Shareholders of Romagna Acque. The Company dedicates the utmost attention and transparency to its Shareholders, also by adopting an approach of direct involvement.



## CLIENT

Due to the specific sector in which it operates, the Company fundamentally interacts with a **single client**, **Hera S.p.A.**, the IWM operator, **which absorbs roughly 99% of the water production**. The fundamental objective of the Company is to satisfy both explicit and implicit client requirements, **to guarantee the proper management of the entire process and satisfy end users**.



## SUPPLIERS

For Romagna Acque, it is fundamental to establish a **fair contractual relationship** with its suppliers to obtain reciprocal benefits, while taking a fair and balanced approach.



## FINANCIERS

Romagna Acque sees financial operators primarily as **subjects with which it can optimise the use of financial resources**, by engaging in relationships with the utmost transparency.



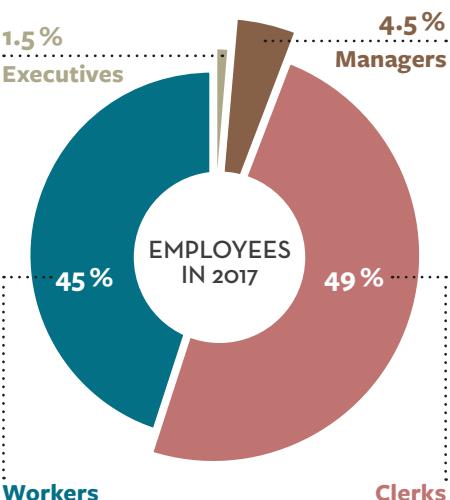
## INSTITUTIONS

With its actions, Romagna Acque **engages with a range of institutional players** such as regulatory control bodies, the Region, research institutions and government administrations, implementing a policy of close collaboration.



## EMPLOYEES

Romagna Acque is aware that **its employees are highly valuable assets** and is committed to optimising **occupational health and safety, enhances skills, promotes career development** and **supports compatibility between the various professional skills and potential, equal opportunities and accurate performance assessment** on the basis of objective criteria.





## INTERNS

Every year, Romagna Acque welcomes many interns in different areas and at various levels. In 2017, **30 students were hosted**, who participated in a total of **4,751 internship hours**.



## COMMUNITY

Working in close contact with the institutions representing its reference region, Romagna Acque maintains **transparent and constructive dialogue**. The solutions sought out are thus increasingly targeted at the needs of Municipalities and therefore of citizens, the end users of the service.

## WORKER SAFETY

Managing safety at Romagna Acque has always meant guaranteeing that all staff (employees of the Company, third-party businesses and visitors to production plants) **have working conditions and environments that not only meet existing legislation**, but are also **as comfortable as possible and therefore help keep accidents under control**, both in terms of numbers and seriousness.

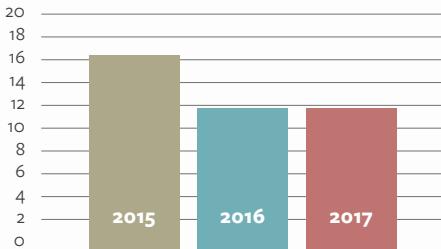
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THE INJURY FREQUENCY RATE  
WAS UNCHANGED  
COMPARED WITH 2016.

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### Frequency rate\* for reported cases

= No. of injuries / Worked hours X  $10^6$



\* Rate calculated in accordance with UNI 7249-2007 standards



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**ABOUT 34% OF THE TOTAL TRAINING PROVIDED TO ROMAGNA ACQUE EMPLOYEES IN 2017 COVERED INFORMATION AND SAFETY.**

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The Company has committed for some time now to developing and maintaining a robust **culture of health and safety** and from this perspective, **training represents a key factor**.

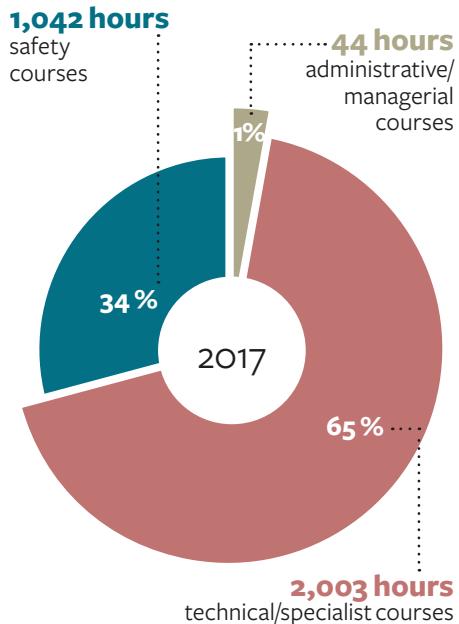
The Company is committed to **ensuring that all employees receive training** which, in addition to safety, also addresses administrative/managerial and technical/specialist aspects.

The planning for the training starts from the needs identified annually by each area and department. It is then developed into a **Training Plan** which is monitored to ensure that the various planned activities and their costs are carried out properly.

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**3,089 hours**  
TOTAL TRAINING IN 2017

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**A LANDING PAD FOR THE HELICOPTER EMERGENCY MEDICAL SERVICE**

The topic of safety in the areas where Romagna Acque operates is at the very heart of ongoing Company initiatives and important partnerships with the law enforcement authorities and associations responsible for regional control. From this perspective, the Company, SAER, the Municipality of Santa Sofia and the 118 emergency medical servi-

ces hotline have partnered to **activate a landing pad for the helicopter emergency medical service outside the Capaccio water purification plant**. This is a beneficial location logically speaking, as it also allows for the quick arrival of ambulances and may be of significant help when it is necessary to transport people who are injured or in other emergency situations into the valley from the mountains or the Casentino Forests.

## INFRASTRUCTURE SAFETY, TECHNOLOGICAL INNOVATION AND HEALTH



**Various vehicles in the Company fleet are equipped with devices to support worker safety**, allowing the driver to request assistance in the event of an emergency.



A pilot project was launched at the **Ridracoli Dam** for the **use of drones** to inspect the barrier and prevent any risks regarding direct access.



Throughout 2017, the “**FIT TEST**” **continued and was completed to ensure the correct use of PPE** for, in particular, staff who reported certain potential critical issues.

### ETHICS AND TRANSPARENCY

In carrying out our activities, we have always conducted ourselves in accordance with **rigorous ethical principles** ratified in specific documents, particularly the **Code of Ethics**.

In more recent years, we have adopted new policies consistent with new regulatory obligations concerning anti-corruption and transparency, such as the **Organisation and Management Model, in addition to the Three-Year Corruption Prevention and Transparency Plan**.



## RESEARCH ACTIVITIES

In light of its history, role and size, **Romagna Acque** represents **one of the most important socioeconomic institutions** in the romagna region, playing a **leading role in research as well**.

Thanks to increasingly frequent and meaningful collaborations with major Italian institu-

tions, both academic and not, **the Company is committed to wide-ranging research, tackling issues not just directly linked to drinking water but also to subjects such as hydro-geological safety, environmental sustainability**, as well as protecting and enhancing the region.



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ROMAGNA ACQUE HAS ALWAYS BEEN A **DYNAMIC, FORWARD-THINKING COMPANY**, WITH **FORESIGHT PLAYING AN IMPLICIT ROLE IN ITS MISSION**.



CLARITY AND LUCIDITY,  
DETERMINATION AND CONSISTENCY:  
THIS IS HOW WE HAVE ALWAYS WORKED,  
THIS IS HOW WE LOOK TO THE FUTURE.

A FUTURE ABUNDANT IN CHALLENGES,  
WHICH REQUIRE THE SYNERGISTIC  
COMMITMENT OF EVERYONE  
INVOLVED TO OPTIMISE OUR CAPACITY  
TO INVEST IN THE FUTURE.

SO THAT WATER MAY CONTINUE TO BE  
THE SOURCE OF GROWTH  
FOR THE WORLD AROUND US.



**SEDE LEGALE**

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