

# RELATED PARTY TRANSACTIONS

## ACEA GROUP AND ROMA CAPITALE

Trading relations between ACEA Group companies and Roma Capitale include the supply of electricity and water and provision of services to the Municipality.

Among the principal services are the management, maintenance and upgrading of public lighting facilities and, with regard to environmental-water services, the maintenance of fountains and drinking fountains, the additional water service, as well as contract work. Such relations are governed by appropriate service contracts and the supply of water and electricity is subject to the current market tariffs adjusted for supply conditions.

It is pointed out that ACEA and ACEA Ato2, respectively, provide public lighting and integrated water services under the terms of two thirty-year concession agreements. Further details are provided in the section "Service concession arrangements".

With regard to public lighting, the Group provides public lighting services on an exclusive basis within the Rome area. As part of the thirty-year free concession granted by the Municipality of Rome in 1998, the economic terms of the concession services are currently governed by a service contract signed by the parties, effective as of May 2005 until the concession expiry (31 December 2027). On 15 March 2011, ACEA and Roma Capitale signed a supplemental agreement effective from the beginning of the year.

The supplements regard the following elements:

- alignment of the term of the service contract with the expiry of the concession (2027), given that the contract is merely additional to the agreement;
- annual update of the compensation concerning consumption of electricity and maintenance;
- annual increase in the lump-sum payment with regard to the new lighting points installed.

Furthermore, the investments required for the service may be (i) applied for and funded by the Municipal Authorities or (ii) financed by ACES: in the first case, such works will be paid based on a price list agreed by the parties (and subject to review every two years) and will result in a percentage decrease in the ordinary fee. In the second case, the Municipality is not bound to pay a surcharge; however, ACEA will be awarded all or part of the savings expected in both energy and economic terms according to pre-established methods.

Moreover, it has been established that qualitative/quantitative parameters shall be renegotiated in 2018.

Upon natural or early expiry, ACEA will be awarded an allowance corresponding to the

residual carrying amount, which will be paid by the Municipality or the incoming operator if this obligation is expressly set out in the call for tenders for the selection of the new operator. The contract sets out a list of events that represent a reason of early termination of the concession and/or resolution of contract by the will of the parties. Among these events, reference is made to newly arising needs attributable to the public interest including that set out in Article 23 *bis* of Law Decree 112/2008 repealed following the referenda of 12 and 13 June 2011, on the basis of which ACEA has the right to receive an allowance according to the discounted result of a defined percentage of the annual contractual amount multiplied by the number of years until expiry of the concession.

Based on the fact that the supplementary agreement exceeds the reference thresholds set out by the Company with regard to Related Party Transactions, it was analysed by the Board of Directors and approved during the meeting held on 1 February 2011, having obtained the favourable opinion of the Committee for Related Party Transactions.

The current contract, as amended by the supplemental agreement, involves a lump-sum payment as compensation for ordinary operations, ongoing and extraordinary maintenance and the supply of electricity. The amount accrued at 31 December 2014, calculated on the basis of lighting points as at 31 December 2013, amounted to 54.1 million euros and is billed in monthly instalments with payment set at 60 days.

The new constructions and investments contribute to the increase in the lump-sum figure due to the annual accrual calculated according to the capital allowance mechanism envisaged for the plants underlying the specific operation as well as the percentage reduction of the ordinary fee due from Roma Capitale, the amount of which is defined in the technical-economic project document.

A variable interest rate is applied to the invested capital.

It is pointed out that as a Local Authority, Roma Capitale has the power to regulate municipal taxes and duties that the Group companies are required to pay and which fall under its territorial jurisdiction. However, the Group is not solely liable for any such taxes and duties with respect to other companies operating in the municipality. The reciprocal receivables and payables – with regard to payment terms and conditions – are governed by each single contract:

- for the public lighting service contract, payment shall be made within sixty days of receipt of the invoice and, in case of delayed payment, the legal interest rate will be applied

for the first sixty days, after which the default interest rate will be applied, as set out from year to year by a Decree of the Ministry of Public Works and the Ministry of Economy and Finance,

- with reference to all other service contracts, the payment term for Roma Capitale as regards service contracts is sixty days from receipt of invoice, and in the case of late payment the parties have agreed to apply the current bank rate at the time.
- for the supply of electricity and water to Roma Capitale (solely with reference to regulated market users), it is envisaged that Roma Capitale makes an advance payment of 90% within 40 days of receiving a summary list of the bills issued by Group companies. Moreover, Roma Capitale must settle the remaining balance by June of the following year. In the case of late payment for electricity or water, interest is payable to the extent permitted under the terms of prevailing AEEG provisions,
- the prices applied to sales of electricity to free market users are in line with the commercial policies of Acea Energia. Payment terms are sixty days and, in case of delay, a default interest rate will be applied,
- the terms of payment for the ACEA Group relating to fees for the water services concession and the rental on its head office premises are set at thirty days from receipt of the invoice, and in the case of late payment interest shall be paid in accordance with the current bank rate at the time.

The electricity sales contract terminated on 28 February 2015

For further information regarding relations between the ACEA Group and Roma Capitale, reference should be made to the disclosures regarding receivables and payables vis à vis the Parent Company in note 23.b of this document.

The following table shows details of revenues and costs at 31 December 2014 of the ACEA Group (compared to those for the same period of the previous year) deriving from the most significant financial relations.

€ thousand	REVENUE		COSTS	
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
Water supply	34,693	31,277	0	0
Electricity supply	31,948	33,082	0	0
Public Lighting service contract	53,557	53,203	0	0
Interest on Public Lighting contract	3,164	538	0	0
Water service maintenance contract	289	585	0	0
Monumental fountain service contract	289	585	0	0
Concession fee	0	0	20,391	20,303
Rental expenses	0	0	115	154
<b>Taxes and duties</b>	<b>0</b>	<b>0</b>	<b>2,923</b>	<b>5,454</b>

During the year 2014, Roma Capitale and ACEA offset 163,970 thousand euros. Reference should be made to note 23 for details on the impact of these transactions, while the table below summarises the changes in receivables and payables.

€ thousand	31.12.2013	COLLECTIONS/ PAYMENTS	ACCRUALS 2014	31.12.2014
Receivables	154,026	(163,970)	172,217	162,273
Payables	120,527	(163,970)	163,332	119,888

## ACEA GROUP AND ROMA CAPITALE GROUP

Anche con Società, Aziende Speciali o Enti The ACEA Group also maintains trading relations with other companies, special companies and entities owned by Roma Capitale, concerning the supply of electricity and water.

The supply of services to entities owned by the Roma Capitale Group is conducted on an arm's length basis. The prices applied to sales of electricity to free market users are in line with the sales policies of Acea Energia.

With regard to the supply of electricity, please note that ATAC is no longer supplied by Acea Energia

with effect from 1 February 2012.

The following table shows the most significant amounts of revenues, costs, receivables and payables deriving from relations between the ACEA Group and entities owned by the Roma Capitale Group

€ thousand	31.12.2014	31.12.2014	31.12.2014	31.12.2014
ROMA CAPITALE GROUP	TRADE PAYABLES	COSTS	TRADE RECEIVABLES	REVENUE
TRAMBUS	28	0	0	0
AMA S.p.A.	1,449	1,495	6,235	10,126
ATAC S.p.A.	105	478	39,727	3,037
AZIENDA PALAEXPO'	0	0	725	970
MUSICA PER ROMA	49	40	179	112
RISORSE PER ROMA R.P.R. S.p.A.	0	0	260	135
Bioparco S.p.A.	0	0	10	354
ROMA METROPOLITANE S.R.L.	0	42	1,062	378
INVESTIMENTI S.p.A.	0	0	3	0
ROMA MULTISERVIZI S.p.A.	1,060	1,495	1	1
ZETEMA PROGETTO CULTURA S.R.L.	610	0	21	130
FONDAZIONE CINEMA PER ROMA	101	100	0	0
MET.RO.	18	1	0	0
FARMACAP	0	0	2	0
AEQUA ROMA	0	0	40	0
ATAC PATRIMONIO SRL	0	0	50	28
FARMACOSOCIOSANITARIA	0	0	2	290
FIERA ROMA SRL	0	0	807	996
ROMA SERVIZI PER LA MOBILITA'	0	0	26	49
LE ASSICURAZIONI DI ROMA	0	0	9	0
HANDICAP DOPO DI NOI ONLUS	0	0	1	0
<b>Total Roma Capitale Group</b>	<b>3,421</b>	<b>3,650</b>	<b>49,162</b>	<b>16,606</b>

## ACEA GROUP AND MAIN ASSOCIATES

Up until 31 December 2011, i.e. the natural expiry date of the business unit lease, the company **Marco Polo** carried out facility management services. From 1 January 2012 the aforementioned business unit returned to ACEA, including the staff and the facility management activities involved. Marco Polo was converted into a limited liability company and was placed in liquidation as of 8 May 2013.

The following table shows amounts (thousands of euros) for revenues, costs, receivables and payables deriving from relations between the ACEA Group and the company Marco Polo.

€ thousand	REVENUE	COSTS	RECEIVABLES	PAYABLES
	31.12.2014	31.12.2014	31.12.2014	31.12.2014
Marco Polo	256	0	2,340	24

## ACEA GROUP AND MAIN COMPANIES OF THE SUEZ ENVIRONMENT GROUP

At the reporting date, essentially all purchase and supply agreements signed under the terms of the 2010 Framework Agreement had expired.

## ACEA GROUP AND MAJOR COMPANIES OF THE CALTAGIRONE GROUP

The ACEA Group also maintains trading relations with Caltagirone subsidiaries or associates, concerning the supply of electricity and water. The supply of services to entities owned by this company is conducted on an arm's length basis. The prices applied to sales of electricity to free market users are in line with the sales policies of Acea Energia.

The following table shows amounts for the more important equity and economic relations between the ACEA Group and entities owned by the Caltagirone Group at 31 December 2014.

€ thousand	31.12.2014	31.12.2014	31.12.2014	31.12.2014
CALTAGIRONE GROUP	TRADE PAYABLES	COSTS	TRADE RECEIVABLES	REVENUE
Total Caltagirone Group	4,280	3,256	8,722	37,831

## LIST OF SIGNIFICANT RELATED PARTIES TRANSACTIONS

**Transactions examined and excluded from application of the OPC Procedure; since their amount exceed the threshold of major significance, these transactions, although excluded, are subject to disclosure**

**Acea Energia/ACEA Ato2:** an Addendum was signed to bring the supply contract into line with

AEEGSI requirements, according to which the integrated water service operator must be held harmless from the risk of having to pay a price for the supply higher than the maximum allowed price acknowledged for the tariff.

**Transaction examined in the OPC Procedure; since it is defined as being of major significant also apart from the amount:**

"Project LED", notified to the OPC Committee on 5 November 2014 as a disclosure in compliance

with paragraph 6.2.1 (Negotiation Phase) of the OPC Procedure. The transaction could be considered as being of major relevance, although the declared values do not exceed the required threshold, since it is part of a broader contract with Roma Capitale for the Public Lighting service). The draft contract, in the form of draft "Executive Act", revised and corrected by ACEA, is being examined by Roma Capitale. There follows the percentage weight of transactions with related parties on the statement of financial position, the income statement and the cash flow statement.

## IMPACT ON STATEMENT OF FINANCIAL POSITION

€ thousand	31.12.2014	OF WHICH WITH RELATED PARTIES	% WEIGHT	31.12.2013 RESTATED	OF WHICH WITH RELATED PARTIES	% WEIGHT
Financial assets	34,290	32,580	95.0%	34,788	32,328	92.9%
Trade receivables	1,259,920	159,362	12.6%	1,346,556	156,892	11.7%
Current financial assets	92,130	72,134	78.3%	118,302	60,983	51.5%
Trade payables	1,249,366	130,872	10.5%	1,207,601	105,821	8.8%
Borrowings	189,957	8,229	4.3%	599,869	32,984	5.5%

## IMPACT ON INCOME STATEMENT

€ thousand	31.12.2014	OF WHICH WITH RELATED PARTIES	% WEIGHT	31.12.2013 RESTATED	OF WHICH WITH RELATED PARTIES	% WEIGHT
Consolidated net revenue	3,038,253	203,943	6.7%	3,289,015	150,058	4.6%
Consolidated operating costs	2,339,311	28,248	1.2%	2,643,996	26,358	1.0%
Total financial (expense)/ income	(101,178)	3,065	(3.0%)	(99,302)	144	(0.1%)

## IMPACT ON CASH FLOW STATEMENT

€ thousand	31.12.2014	OF WHICH WITH RELATED PARTIES	% WEIGHT	31.12.2013 RESTATED	OF WHICH WITH RELATED PARTIES	% WEIGHT
Increase in current receivables	(15,958)	(2,469)	15.5%	(118,891)	(34,634)	29.1%
increase /decrease in current payables	38,657	25,052	64.8%	76,812	46,769	60.9%
Proceeds/payments deriving from other financial investments	27,616	11,403	41.3%	32,041	(11,257)	(35.1%)
Dividends received	51	51	100.0%	0	0	0.0%
Decrease/increase in other short-term borrowings	(411,842)	(24,755)	6.0%	(223,112)	31,927	(14.3%)
Dividends paid	(43,852)	(43,852)	100.0%	(77,434)	(77,434)	100.0%