A2A S.p.A.

Report of the supervisory board to shareholders on the supervisory activity performed in 2011

(pursuant to article 153, paragraph 1 of Legislative Decree no. 58 of February 24, 1998 and article 20, paragraph 1(i) of the Bylaws)

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Shareholders,

On the conclusion of the three year mandate conferred on A2A's Supervisory Board under the resolution adopted by shareholders in general meeting on June 3, 2009, the Supervisory Board has finalized the mechanisms by which the dual system of administration and control adopted by A2A works and has made this fully operational, laying the foundations for reaching full efficiency in the governance of the Group.

The Supervisory Board and the Management Board will conclude their role at the shareholders' meeting called to adopt the resolution on the proposal to pay a dividend for 2011, planned to be held on May 29 this year. The roles, functions and responsibilities of the two bodies are set out in the Bylaws and described in detail in the Report on Corporate Governance and Ownership Structure for the year ended December 31, 2011.

The Supervisory Board indeed, the body responsible for the Company's control function and also has functions of strategic direction consistent with the provisions of the Company's Bylaws and with sub paragraphs c) and f bis) of article 2409-terdecies of the Italian civil code.

The initiation, supervision and coordination of the work of the Supervisory Board are guaranteed, pursuant to article 21 of the Bylaws, by the figure of the Chairman, who oversees and coordinates the proper functioning of the Board and performs a proactive role in ensuring the connection with the work carried out by the Management Board. In addition, the Chairman has power of initiative as far as the activities of the Supervisory Board are concerned on matters of strategy and control, presenting proposals to the Board, in connection with the strategic operations approved by the Management Board, and proposals relating to the control of the way the Company is managed.

For the purpose of organizing its work in the most effective manner, in compliance with the requirements of the Bylaws and the Borsa Italiana Corporate Governance Code, the Supervisory Board has adopted an internal organization through which the Board is arranged in Committees, which are set up in response to the need to support the Board in going into detail on specific matters and carrying out preliminary investigation work on the subjects for which it is responsible.

Again on the subject of supervision, the Supervisory Board has allocated the functions specified in article 19 (Internal control and audit committee) of Legislative Decree no. 39 of January 27, 2010 to the Internal Control Committee, as these functions can only be assigned to the Supervisory Board if the functions specified in article 2409-terdecies, paragraph 1f bis) of the Italian civil code have not been assigned to the Board. Similarly, the functions of the Related Party Committee within the meaning of the related Consob Regulation have been assigned to the Internal Control Committee.

The organizational model adopted by the Supervisory Board is completed with the structure known as the General Secretariat of the Supervisory Board which assists the Board, its Chairman, its Deputy Chairman and its Committees in performing their work.

In full compliance with the Bylaws and current legislation, the Supervisory Board has a set of regulations (the "Regulation") which governs the way it works and operates.

This report has been prepared - in compliance with the requirements of article 153 of Legislative Decree no. 58/98 (the Consolidated Finance Law or "TUF") and pursuant to article 20, paragraph 1i) of the Bylaws - by the Supervisory Board, which reports to the shareholders' general meeting called pursuant to article 2364-bis of the Italian civil code on the supervisory activity carried out in 2011, on any omissions and on any illegal acts. These activities have also been carried out with the support of the Committees set up within the Board, and in particular the Internal Control Committee, taking also into account the "Codes of Conduct" recommended by the National Council of Accountants and Accounting Experts (namely *Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili*).

The document provides a summary of the supervisory activities carried out, together with a detailed account prepared as specified in Consob Communication no. 1025564 of April 6, 2001, integrated by the additional information that the Supervisory Board would like to provide to the shareholders' meeting regarding its strategic direction activities.

Summary of supervisory activities

During the year ended December 31, 2011 the Supervisory Board carried out the supervisory activities as specified by law. Specifically, pursuant to the combined provisions of article 149, paragraph 1 of Legislative Decree no. 58 of February 24, 1998 and article 19, paragraph 1 of Legislative Decree no. 39 of January 27, 2010, the Supervisory Board, also with the support of the Committees set up within the Board:

- it obtained information from the Management Board, whose meetings were attended by the Chairman and Deputy Chairman of the Supervisory Board within the terms of the Bylaws, on the work it had performed and with focus on the more important transactions and operations of an economic, capital or financial nature of the Company and its Subsidiaries, or which regarded their assets and liabilities, in compliance with the requested frequency and the requirements of article 150, paragraph 1 of the TUF;
- it obtained knowledge of and supervised, within the scope of its responsibility, the extent to which the Company complied with the law, its Bylaws and its memorandum of association. It held regular meetings with the General Managers of the Corporate and Market Area and the Technical-Operations Area and the main business functions in order to understand the operational methods used to ensure that laws and regulations are complied with at the individual organizational units they are responsible for;
- it supervised compliance with the principles of proper management and the adequacy of the organizational structure and the instructions given by the Parent Company to its Subsidiaries to ensure that Subsidiaries provide on time to the Company all the information necessary to fulfill the communication obligations required by law, through direct observation, the acquisition of information and regular meetings with the General Managers of the Corporate and Market Area and the Technical-Operations Area, the Head of Internal Control, the Head of the Internal Audit Department, the Monitoring Body pursuant to Legislative Decree no.231/01, the Manager Responsible for the Preparation of Corporate Accounting Documents and the Independent Auditors, PricewaterhouseCoopers S.p.A.;
- it supervised the adequacy of the internal control and administrative-accounting systems, as well as the reliability of the latter in correctly representing operations, through regular

meetings with the Head of Internal Control, the Head of Internal Audit Department, the Manager Responsible for the Preparation of Corporate Accounting Documents, the Function Heads, the Control Bodies of the main Group companies and the Independent Auditors, as well as by examining the documents prepared by them;

- it supervised, through the Internal Control Committee, the financial reporting process, the effectiveness of the internal audit and risk management systems, the legal audit of the annual and consolidated financial statements and the independence of the legal auditors;
- it supervised the correct implementation of the corporate governance rules laid down in the Corporate Governance Code for listed companies promoted by Borsa Italiana;
- it supervised the adequacy of the instructions issued by the Company to its subsidiaries to enable the Company to satisfy the market disclosure obligations required by law on a regular basis;
- it verified that the main transactions carried out by the Company with related parties are suitably indicated in the section "Note on related party transactions" included in the notes to the annual consolidated financial report and to the separate financial statements and that these transactions are identified on the basis of international accounting standards and in compliance with the provisions issued by Consob on this matter.

In addition, including with respect to the specific responsibilities assigned to it by law and by the Bylaws concerning the approval of the separate and consolidated financial statements, the Supervisory Board notes that:

- on March 23, 2012 the Management Board reviewed and approved the draft of teh separate and consolidated financial statements for 2011 and the proposal for the allocation of profits, which together with the related annual consolidated financial report for 2011 and Report on Operations, were put at the disposal of the Supervisory Board at its meeting of March 29, 2012;
- it acknowledges the resolution of March 23, 2012 whereby the Management Board approved the Report on Corporate Governance and Ownership Structure and that it approved it in turn at its meeting of March 29, 2012;
- it verified, with the support of the Internal Control Committee, the compliance with laws and regulations concerning (i) the preparation and lay-out of the financial statement formats, (ii) the formation of the financial statements, as well as (iii) the further accompanying documents, including the information relating to ownership structures pursuant to article 123-bis of the TUF;
- it has verified, with the support of the Internal Control Committee, that the Report on Operations for 2011 complies with the current laws and regulations and provides an exhaustive and clear representation of the economic, capital and financial position of the Company and the Group as well as operations during the year;

- it has analyzed, with the support of the Internal Control Committee, the main elements that characterize the impairment process as implemented by the A2A Group, in compliance with the requirements of IAS 36, in respect of the impairment test procedure adopted and the information provided in the notes;
- the Chairman of the Supervisory Board, on behalf of the Board, and the Manager Responsible for the Preparation of Corporate Accounting Documents have made the representations required pursuant to article 154-bis, paragraph 5 of Legislative Decree no. 58/98 (TUF);
- on April 4, 2012 the Independent Auditors PricewaterhouseCoopers S.p.A. issued their reports on the separate and consolidated financial statements for the year ended December 31, 2011 which contain no remarks;
- on April 19, 2012 the Independent Auditors PricewaterhouseCoopers S.p.A. issued their report pursuant to article 19, paragraph 3 of Legislative Decree no. 39/10, from which no significant weaknesses emerged in the system of internal control in relation to the financial reporting process;
- on April 19, 2012 the Independent Auditors PricewaterhouseCoopers S.p.A. issued a statement of independence pursuant to article 17, paragraph 9 of Legislative Decree no. 39/10;
- with a resolution dated April 26, 2012 it approved the separate and consolidated financial statements of A2A for the year ended December 31, 2011, consisting of primary financial statements and consolidated accounting statements, accounting statements pursuant to Consob Resolution no. 17221 of March 12, 2010 and notes, together with the 2011 Report on Operations.

The Supervisory Board notes that within the sphere of activities described above no significant matters emerged in performing its supervisory work that require to be reported to the Regulatory Authorities or mentioned in this Report.

Detailed report on supervisory activities

Transactions and operations of importance from a capital, economic or financial standpoint and strategic direction activities

Transactions of major importance from a capital, economic or financial standpoint

1. The Supervisory Board has received adequate information from the Management Board, also by attending its meetings, about the activities it performed and the general trend of operations and the business outlook, supervising transactions and operations by having the most importance from an economic, capital of financial standpoint that were carried out by the Company or its Subsidiaries, as defined in the Report on Operations for 2011. These transactions and operations were conducted in compliance with the law and the Bylaws and are not manifestly imprudent or risky, in conflict of interest, in contrast to the resolutions adopted by the shareholders' meeting or such as to jeopardize business assets. Given that the corporate operations described in the section 'Significant events during the year' of the Report on Operations, consisting of i) the merger of A2A Servizi al Cliente, Asmea Srl and Bas Omniservizi Srl into A2A Energia S.p.A. and ii) the contribution of the Water Cycle Business Unit of A2A S.p.A. and the business of Asmea dedicated to water cycle customers to A2A Ciclo Idrico SpA, have already been described in the Report of the Oversight Body as per article 153 of the TUF for 2010, it is considered appropriate to highlight the reorganization of the investment in Edison S.p.A, through Delmi, and in Edipower S.p.A. in this present report.

   In 2011, at meetings with the Chairman of the Management Board and the General Manager of the Corporate and Market Area and on certain occasions also at joint meetings with the Management Board, the Supervisory Board took sight of and analyzed the assumptions regarding the plan for a possible reorganization of the investment in Edison, constantly monitoring the changes emerging from talks and negotiations with Electricité De France (hereafter EDF) and the Delmi shareholders. More specifically, the Supervisory Board supervised developments of the negotiations, going into the details of the assumptions and contents of the proposed reorganization and monitoring amongst other things the extension of the shareholders' agreements between the parties, subsequently to February 15, 2012.

In this context, on September 28, 2011 the Supervisory Board explicitly instructed its Chairman and Deputy Chairman to ensure that the negotiations corresponded to and were consistent with the strategic directions expressed by the Board and the corporate profile.

On February 15, A2A, Delmi, EDF and Alpiq signed the final agreements envisaged by the preliminary agreement of December 26, 2011. More specifically, on the basis of that latter agreement i) Delmi acquires 70% of Edipower from Edison (50%) and Alpiq (20%) at an overall price of 804 million euro; ii) EDF purchases from Delmi 50% di Transalpina di Energia S.r.l., a company in which it holds the other 50% and which in turn holds 61.3% of the capital with voting rights of Edison S.p.A., at a price of 704 million euro; and iii) Edison and Edipower sign agreements for the supply of gas by Edison for six years, which covers 50% of Edipower's needs, at market prices. The closing is planned to take place not later than June 30, 2012.

The whole operation envisaged by the agreement is directly or indirectly subject to certain conditions precedent: (i) the confirmation by Consob, following an opinion requested by EDF, that the price of the mandatory public tender offer, consequent on the acquisition of the control of Edison by EDF, may not exceed 0.84 euro per share;(ii) the approval of the competent antitrust authorities.

In preparing the consolidated and separate financial statements for 2011, approved on March 23, 2012, and given the decisional process followed by the governance bodies of the companies involved in the reorganization and after assessing that the implementation of the agreement is highly probable, the Management Board, as described into the following section 14, considered as appropriate to account for the effects of these operations in the financial statements for the year ended December 31, 2011 as a single operation, thus enabling the substance of the agreement to be recognized.

At two specific sessions in 2012, the Internal Control Committee met with the Administration Manager and the Manager Responsible for the Preparation of the Company's Corporate Accounting Documents, as well as the Independent Auditors, to review the accounting effects of the operation from an economic and financial standpoint, the appraisal of the external expert engaged by Delmi on the valuation of Edipower, the criteria used and the conditions that led to the operation being considered "highly probable".
The following are noted in connection with the conditions precedent: i) on April 4, 2012 Consob expressed the opinion that the price of 0.84 euro per share indicated by EDF S.A. "does not appear indicative of the actual price agreed by the parties" and recommended a

price for the Edison shares in a range between 0.84 euro and 0.95 euro, indicating in particular the average of 0.89 euro as "a useful reference point for expressing a balance of interests between the two parties"; ii) in a session on April 19, 2012, on the occasion of a meeting dedicated to an update of developments regarding the operation, the Internal Control Committee acquired from the General Manager of the Corporate and Market Area the resolution of the antitrust authority issued on April 11, 2012.
That resolution manifests the authority's wish not to start up an enquiry into the operation regarding a dominant position that may eliminate or reduce competition substantially or in a long-lasting way. As of today the Supervisory Board is not aware of any reply on the operation received from the European Competition Authority; iii) at the same meeting, the Internal Control Committee acquired information on the resolution of April 18, 2012 of the Board of Directors of Delmi which has approved the refinancing plan of 1.2 billion euro as a preliminary to the closing of the acquisition of 70% of Edipower by Edison and Alpiq.
The Board has overseen and will continue to oversee this operation and its developments.

Strategic direction activities

As part of the activities that A2A's Bylaws allocate to the Supervisory Board, the article 20, paragraph 1c), specifies that the Board should fill the function of adopting resolutions to define the general planning and strategic direction of the Company and the Group, on the proposal of the Management Board.
The Supervisory Board's work on business plans is also arranged as a means of exercising its function of supervision and control, with reference to the assessment of the risk profiles that these plans may lead to for the Group.
Therefore, the Supervisory Board, in carrying out 2011's tasks, drew up key recommendations on strategic options for the preparation of the Group's business plan and sent these in advance to the Management Board, providing it with an assessment of the extent to which the lines of direction sent during the previous year have been implemented.
The Edison/Edipower operation, which has required the considerable involvement of management, has in part led to the deferral of work on preparing the business plan.
The Supervisory Board therefore hopes for this plan can be finalized on a timely basis, and then proposed at first to the Supervisory Board and then to shareholders and the market by the Management Board. As far as any developments of the Company are concerned, the Supervisory Board has begun carrying out certain detailed analyses with the technical support of a specialized external advisor.
The recommendations provided by the Management Board regarded first and foremost aspects of an operational- organizational nature since, after noting simplification measures carried out on Group Companies and the conversion of financial investments

into industrial assets, what has been seen are limited measures on the way in which the business Sectors are organized.

In particular, the Supervisory Board pointed out to the management body the importance of (I) rationalizing the business model of the sectors, leveraging off areas of business excellence capable of supporting the Group's growth, with single government of the various areas and relative decisional processes; (ii) pursuing a greater level of aggregation within the sectors, superseding the fragmentation of the industrial part of the companies of the Group; (iii) suitably assessing technology and know-how of key importance; and (iv) maximizing the operational efficiency of the sectors themselves.

The Supervisory Board has similarly provided priority recommendations on the Net Financial Position, calling for further measures aimed at reducing this to ensure that it does not represent a restriction on the Group's growth and development objectives, with specific reference to the potential inherent in the Environment and Heat and Services Sectors.

With regard to the risks and opportunities that arise from a suitable diversification in the Group's businesses between those regulated by the law and those not regulated by the law, the Board stressed the need to plan and assess the possible effects that any changes in legislation and regulations may have on business performance in the business plan.

Abnormal and unusual transactions and regulations

2. No abnormal and/or unusual transactions or operations with third parties or related parties or of an intergroup nature liable to give rise to doubts concerning the accuracy/completeness of the information in the financial statements, conflicts of interest, the safeguarding of the business's assets or the protection of minority interests were identified.

Related party transactions

3. Within the "Note on related party transactions" included in the Notes to the Financial Statements in the annual consolidated financial report and the separate financial statements for the year ended December 31, 2011, the Management Board adequately reports and illustrates the main transactions carried out with third parties or related parties or of an intergroup nature and describes their characteristics. In this respect, legislation requires a specific procedure to be in place in connection with related party transactions, and the "Procedure for dealing with related party transactions" approved by the Management Board on November 11, 2011 identifies in the Internal Control Committee the "Related Party Committee" responsible for providing the opinions envisaged by

articles 1.1a), 2.1c), and 3.1d) of Annex 2 of Consob Regulation no. 17221/2010 on the Company's interest in carrying out related party transactions as well as on the convenience and substantial correctness of the relative terms and conditions in the cases of "Transactions of Lesser Relevance", "Material Transactions" and "Strategic Transactions" respectively.

In relation to this sphere of activities, the Internal Control Committee has analyzed and assessed, also during a specific meeting held with the Head of the Legal Affairs Department and the Head of the Administrative Department, the organizational tools and procedures which the Company has at its disposal to control the management of related party transactions and share the results of the tests performed. In particular, these tools envisage the creation of a specific "Related Party Data Bank" which is to be set up on the basis of the information received from the business functions and from key management personnel, each for the section for which they are responsible.

In respect of these subjects, the Committee checked that adequate internal training has been provided for all the heads of the Group's organizational functions, who are delegated with the task of reporting to the Corporate and Market Area Department any related party transactions finalized falling within the categories which require the steps imposed by the specific procedure and the involvement of the Internal Control Committee. Heads of function are also responsible for assessing the nature of the related party transactions they perform, by asking, whether necessary, the support of the Corporate functions to clarify any areas of uncertainty.

One the main analyses carried out by the Internal Control Committee was to supervise that the transactions reported in the separate and consolidated financial statements were set up in compliance with the means of approval and performance specified in the appropriate procedure, prepared by the Company pursuant to Consob Regulation no. 17221 of March 12, 2010 and approved with a resolution of November 11, 2010 by the Management Board and the principles stated in that Consob Regulation, and that they have been complied with over time.
The Supervisory Board, with the support of the Internal Control Committee, then supervised that the business procedure adopted complies with the principles stated in the above Related Parties Regulation, monitoring the information flow specified in the procedure.

Reports of the Independent Auditors

4. The Reports of the Independent Auditors PricewaterhouseCoopers S.p.A. issued on April 4, 2012 on the separate and consolidated financial statements for the year ended December 31, 2011 pursuant to articles 14 and 16 of Legislative Decree no. 39/10, contain no

remarks. More specifically, the Reports certify that the financial statements referred to comply with the International Financial Reporting Standards adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree no. 38/2005, that they have been drawn up clearly and that they give a true and fair view of the consolidated financial position, results of operations, changes in equity and cash flows of A2A S.p.A. and the Group as of and for the year ended December 31, 2011.

The Independent Auditors have additionally certified the consistency of the Report on Operations and of the information referred to in paragraphs 1 letters c), d), f), l), m), and paragraph 2 letter b) of article 123-bis of Legislative Decree no. 58/98, presented in the Report on Corporate Governance and the Ownership Structure, with the financial statements, as required by law.

On April 19, 2012, the Independent Auditors PwC issued their Report pursuant to article 19, paragraph 3 of Legislative Decree no. 39/10 reporting that no significant weaknesses emerged in the system of internal control in relation to the financial reporting process.

Reports and complaints

5. The Supervisory Board notes that no matters were reported in 2011 in connection with the possibility for shareholders to lodge complaints with the control body pursuant to article 2408 of the Italian civil code.
   On this point, on March 30, 2011 the Supervisory Board approved the business procedure "Dealing with reports as per article 2408 of the Italian civil code (illegal acts)," that identifies the means by which reports should be formalized, the channels through which the Board should collect reports, the method for investigating and checking reports, the way in which matters should be reported to shareholders in general meeting as per article 153 of the TUF, the way in which data should be handled and the confidentiality of persons making the reports.

   The procedure for dealing with reports as per article 2408 of the Italian civil code was rendered operational by the Management Board on the impulse of the Supervisory Board and may be found on the Company's website www.a2a.eu.

6. During 2011 no reports were received by the Supervisory Board in relation to anomalies and/or irregularities concerning business operations.

Engagements assigned to the Independent Auditors

7/8. As noted above, PricewaterhouseCoopers S.p.A. is the Auditing Company which has been engaged by the Parent Company A2A S.p.A. and other Group companies to perform an audit of the annual and consolidated financial statements, a review of the half-year report, periodical checks that the accounting records have been properly maintained, an audit of the separate annual financial statements for the Electricity and Gas Authority (*l'Autorità per l'Energia Elettrica ed il Gas* - AEEG) and an audit of the information for consolidation sent to shareholders by subsidiaries and joint ventures.

The Internal Control Committee has checked - also with reference to the requirements of article 19 of Legislative Decree no. 39/10 - that the Auditing Company complies with the principles of independence.

On April 19, 2012 the Auditing Company PricewaterhouseCoopers, which is required to verify that its independence continues, issued to the body as per article 19, paragraph 1, in A2A's case the Internal Control Committee, a statement of independence pursuant to article 17, paragraph 9 of Legislative Decree no. 39/10, and reported the non-audit services provided to the public interest entity, including those performed by entities belong to its network.

The Committee has verified the schedule of the fees payable to the Independent Auditors and the entities belonging to its network for audit and non-audit services provided to the Parent Company and its subsidiaries related to 2011, as reported in the Report on Operations pursuant to article 149-duodecies of Legislative Decree no. 58.

Taking into account the above-mentioned statement and the engagements conferred by A2A S.p.A. and Group companies on PricewaterhouseCoopers and companies and entities belong to its network, the Internal Control Committee does not believe that there are any critical matters concerning the independence of PricewaterhouseCoopers.

Opinions issued pursuant to law

9. No opinions were issued during 2011 pursuant to article 154-bis of Legislative Decree no. 58/98 (the TUF).

Meetings of the Collegiate Bodies

10. The Supervisory Board met fourteen times during 2011 in the performance of its duties. It attended meetings of the Management Board through its Chairman and Deputy Chairman. The Internal Control Committee met sixteen times, the Compensation Committee met twice, the Donations Committee met seven times and the Appointments Committee met once. The Management Board of A2A met fifteen times in 2011.

    Concerning the meetings held in 2012, the Supervisory Board has met five times, the Internal Control Committee six times, the Compensation Committee five times, the

Donations Committee three times, the Appointments Committee once and the Management Board seven times.

Principles of proper management

11. Within the sphere of its responsibilities the Supervisory Board acquired knowledge of and supervised that the principles of proper management have been complied with. Specifically, this activity was performed through the attendance of the Chairman and Deputy Chairman of the control body at the meetings of the Management Board and by analyzing the matters resolved by the management body, and with the support of the Internal Control Committee by means of interviews, direct observation, appropriate enquiries and the periodical gathering of information from the General Managers, from the heads of the main business sectors, from the heads of business functions, from the Head of Internal Control and from the Manager Responsible for the Preparation of Corporate Accounting Documents as per Law no. 262/05, as well as from the Independent Auditors, carried out for the mutual exchange of relevant data and information referred to in article 150, paragraph 3 of the TUF.

During these meetings, and in particular during interviews with the Company's management, which are discussed in point 12, the Internal Control Committee went into detail concerning administrative and operational matters regarding the Group, analyzing the main events that have characterized the corporate year for the various business sectors.

With the support of the Internal Control Committee, the Board reviewed the "Procedure for drawing up and approving the business plan and budget of A2A S.p.A.", identifying certain areas for improving the process, in particular the ones connected with the needs to determine the timing for preparing the new business plan and, as a consequence, the budget, as well as the need to plan the timing and means by which the Supervisory Board will be involved and the timing and means of interaction with the Management Board and top management, through the approval of a specific "Inter-organic coordination guideline" supplementing the currently effective operating procedure.
The supervisory activities to ensure that the principles of proper management are being complied with were carried out by the Supervisory Board, also with the support of the Internal Control Committee, by interviews involving in addition to management also the Boards of Statutory Auditors of the main subsidiaries, as discussed in detail in point 15.

With the support of the Internal Control Committee, the Supervisory Board carried out detailed procedures and monitoring concerning the organizational and operational aspects and issues connected with the main business risks, current and future, concerning the Montenegro company Elektroprivreda Crne Gore ad nikši (EPCG).

With the support of the Internal Control Committee, the Supervisory Board commenced a check designed to go into further detail regarding the expenses incurred by the Company in 2011 for consultancy and professional services, carrying out a series of detailed tests on the cost of the services and the relative documentation which are currently being finalized.

Finally, on February 17, 2012, pursuant to the Bylaws, the Supervisory Board appointed Giuseppe Sala, a member of the Management Board, as Chairman of the Management Board of A2A S.p.A. and appointed Prof. Carlo Secchi as a member of the Management Board of A2A S.p.A..

The Report on Remuneration as per article 123-ter of the Consolidated Finance Law, approved by the Supervisory Board on April 26, 2012, sets out A2A's policies for the remuneration of the Supervisory Board, the Management Board and Key Management Personnel and, in section 2, prepared by the Management Board, reports the fees paid to these bodies for 2011.

On the basis of the supervisory activities described above the principles of proper management have been applied.

Organizational structure

12. The Supervisory Board analyzed and monitored the set-up of the Company's organizational structure, with the support of the Internal Control Committee which held periodic meetings with the General Managers of the Corporate and Market Area and the Technical-Operations Area and reference management.

Further detailed work was additionally performed on the key lines of the Group's personnel structure as part of the approval activities that A2A's Bylaws assign to the Supervisory Board (article 20, paragraph 1r)).

Without prejudice to the contents of the Report on Corporate Governance and Ownership Structure, the direction lines of the organizational set-up currently separate control over aspects of a technical and operational nature from administrative management and commercial activities; the Group's organizational structure envisages that certain staff structures should report to top management: internal audit, communications and external relations, institutional relations, the general secretariat of the Supervisory Board, the Company Secretariat.

Two General Management Areas report directly to top management:

- Corporate and Market Area, which presides over corporate activities and functions. In addition, the Companies operating on the market for procurement, trading and sales activities report to the General Manager of the Corporate and Market Area;

- Technical-Operations Area, which presides over the activities and functions involving technical responsibilities relating to production, quality, safety and the environment, as well as specific responsibilities regarding the Integrated Water Cycle. In addition, the Companies managing the technical activities regarding the production, distribution and provision of the service report to the General Manager of the Technical-Operations Area.

The A2A Group works in the following business sectors:

- *Energy,* which consists of fuel procurement, electricity generation plant planning and dispatching, portfolio optimization and trading on domestic and foreign markets. The sector's activities are aimed at the sale of electricity and natural gas on the wholesale and retail markets.
- *Heat and Services,* mainly aimed at the sale of heat and electricity produced by cogeneration plants (mostly owned by the Group). Cogenerated heat is sold through district heating networks. The sector also provides heat management services.
- *Environment,* relating to the whole waste management cycle, which ranges from collection and street sweeping to the treatment, disposal and recovery of materials and energy. This sector's activity includes the recovery of the energy content in waste by means of waste to energy or biogas plants.
- *Networks,* which consists of the technical and operational management of networks for the transmission and distribution of electricity, the transport and distribution of natural gas and the management of the entire Integrated Water Cycle (water captation, aqueduct management, water distribution, sewerage network management, purification).

The Board, together with the support of the Internal Control Committee, also performed detailed reviews of an organizational nature on the Group's management and coordination model and on compliance with the principles of operational autonomy.

During 2011 the Internal Control Committee held several meetings with the General Manager of the Corporate and Market Area and Company management in order to get details concerning the Company's functional areas, and in particular it met with:

- the Head of the Planning Finance and Control Department to analyze the Department's organizational, working and procedural aspects; in addition, matters concerning the preparation of the budget were analyzed, as described in section 11, as well as the sources of debt and financial risk hedging instruments and the revenue recognition process (revenues and estimates);
- the Head of Legal Affairs, to obtain information on the organizational and functional aspects of the Legal Affairs Department as well as to perform detailed work of an organizational nature on the Group's management and coordination system and intergroup service agreements;

- the Head of Information and Communication Technology, to go into further detail on the organizational and functional aspects of the ICT area;
- the Head of Procurement, to go into further detail on the management of purchases and supply contracts;
- the Head of Administration, to go into further detail on receivables management.

The Internal Control Committee also met the General Manager of the Corporate and Market Area and the General Manager of the Technical-Operations Area on several occasions to go into further detail on the business sectors, the organization and operational aspects relating to subsidiaries. The meetings involved:

- the Managing Director of Ecodeco, the Head of the Ecodeco Engineering and New Initiatives Organizational Unit to go into further detail on the main business activities, the Company's internal organization and the main matters emerging from the controls carried out by the Parent Company A2A;
- the Managing Director of Aprica S.p.A. and the General Manager of Amsa S.p.A. to go into further detail on the activities of the two Companies, with particular reference to their growth prospects regarding the result of the tenders to assign waste collection and disposal services including amongst others those for the municipalities of Bergamo and Brescia for 2013; the ATO General Manager and the Managing Director of Partenope Ambiente to go into further detail on the Company's activities, also in view of the tender for the Naples East waste to energy plant;
- the Chairman of A2A Energia, the Head of the Commercial Department of A2A Energia and the Head of the Customer Services Department to go into further detail on the sale of energy and gas and the corporate reorganization process aimed at combining the various sales companies in a single entity;
- the Executive Director and CFO of EPCG Montenegro to go into further detail on the centralization of the administration/finance and control functions and the organizational structure of the subsidiary;
- the Chairman of A2A Heat and Services and the Head of District Heating Development and Management to go into further detail on the Company's activities and in particular its development in the Milan area;

The in-depth examination of the transportation's die have been focalized especially on Water Cycle Business and on the formation of the Company A2A Ciclo Idrico Integrato and related activities of appointing rules and functions from other entities.

The Internal Control Officer usually attended these meetings, providing his contribution on the activities performed by the Committee by adding to the information regarding compliance with principles of proper management and the way in which the internal control system is structured.

Internal Control System

13. Consistent with the recommendations of the Corporate Governance Code, A2A has created a system of internal control suitable for constantly presiding over the typical risks of corporate activity. The internal control system was overseen by the Supervisory Board with the support of the Internal Control Committee by holding meetings with the main subject related with its monitoring and control, as well as the people delegated to design and implement the system.

    The Supervisory Board resolved to assign to the Internal Control Committee the supervisory functions as per article 19 of Legislative Decree no. 39/2010, and in particular those relating to the financial disclosure process and the effectiveness of the internal control, internal audit and risk management systems.

    The "pre-event" analysis of the correct planning and realization of the internal control system carried out by the Committee in 2011 was performed with the support of the main people and bodies involved in the internal control system, in particular the Internal Control Officer and Head of Internal Audit, the Oversight Body as per Legislative Decree 231/01 and the Manager Responsible for the Preparation of Corporate Accounting Documents as per Law no. 262/05, as well as that of the control bodies of Group companies.

    The A2A Group's internal control system is a set of rules, procedures and organizational structures whose scope is to monitor that strategies are complied with and that the following objectives are achieved:

    (i) effectiveness and efficiency of business processes and operations (administrative, productive, distributive, etc.);
    (ii) quality and reliability of economic and financial information;
    (iii) compliance with laws and regulations, standards and business procedures;
    (iv) safeguarding of the value of business assets and corporate equity and the prevention of losses.

    The main components of the internal control system and the way they work are described in the "Guidelines for the Internal Control System of A2A S.p.A. and the A2A Group" approved by the Management Board. On this point it is noted in particular that, as required by the regulation, the adequacy of these Guidelines for the Internal Control System of A2A S.p.A. and the A2A Group has been subject to assessment by the Internal Control Committee. Given the responsibilities arising from the TUF and the introduction of Legislative Decree no. 39/2010 (article 19), as well as the recognition of Consob Regulation no. 17221 of March 12, 2011 relating to the procedure of managing related party transactions, the Committee has made a request to the Management Board that the new

duties regarding the internal control and risk management system should be formally included as part of the above-mentioned "Guidelines for the Internal Control System of A2A S.p.A. and the A2A Group".
Likewise, the Committee considered it appropriate for the "Guidelines for the Internal Control System of A2A S.p.A. and the A2A Group" to integrate the activities of the Internal Control Committee on a formal basis with those of the Financial Statements Committee which no longer exists.
These recommendations were accepted by the Management Board, which approved the updating of the "Guidelines for the Internal Control System of A2A S.p.A. and the A2A Group" at its meeting of November 10, 2011.

The role and responsibility of the main persons and bodies involved in the internal control system may be summarized as follows.

Internal Control Officer

In line with the recommendations made by the Corporate Governance Code of Borsa Italiana S.p.A., the Company has identified an Internal Control Officer, the Head of the Internal Audit Function, who is delegated the duty of verifying the suitability of internal procedures, ensuring that risks are contained and assisting the Group to identify and assess its major risk exposures.

The Internal Control Officer continued his control activities throughout 2011 and attended all the meetings of the Internal Control Committee, keeping it constantly informed about the activities performed and planned, in line with the annual audit plan and his disclosure duties and with the support of the Internal Audit Unit.

The Internal Control Officer reported the results of his activities, as detailed in a specific audit program, to the Internal Control Committee, including any weaknesses encountered and the related corrective action identified, in audit reports sent to the Secretariat of the Supervisory Board, the Chairman of the Management Board, the General Managers and the head of the function being audited; where the audit work affected companies of the A2A Group the audit reports were also sent to the competent bodies of the companies involved, as well as to the Board of Statutory Auditors of the company if specifically requested by such.

On the impulse of the Internal Control Committee, a panel monitoring the results of the testing performed by Internal Audit and the Oversight Body has been set up in conjunction with the Internal Control Officer, with the aim of assessing the timeliness of Group Companies in implementing the corrective action identified to resolve the areas of weakness encountered and the adequacy and the effective working of the internal control system in the individual companies and the respective business sectors, as well as the effectiveness of the internal control function with respect to the functions audited. In connection with these monitoring tools, the Internal Control Committee highlighted, if necessary, the corrective steps for which timely implementation is required.

Through this system of periodic reporting by the Internal Control Officer and regular meetings with the bodies in charge of control, the Internal Control Committee oversaw the effectiveness of the internal control system and internal audit function, in close connection with the Supervisory Board which receives information flows on a constant basis from the General Secretariat of the Supervisory Board and from the work carried out by the Internal Control Committee.

The results of the testing performed and the assessments of the control system were reported to the Internal Control Committee, as described further in the paragraph "Activities performed by the Supervisory Board and the Internal Control Committee".

Internal audit unit

The Internal Control Officer uses the Internal Audit organizational unit of which he is in charge to perform his duties.

The Company's Internal Audit Unit currently consists of 15 people and assists the Internal Control Officer and the people previously mentioned in carrying out their audit duties related to internal control system and risk management, with specific reference to testing internal procedures, the preliminary activities to assess the internal control system and the Group's business risks.

In addition, the Internal Audit Unit assists the Parent Company's Oversight Body (hereafter the "OB") and the Supervisory Bodies of the subsidiaries set up pursuant to Legislative Decree no. 231/2001 by carrying out specific detailed testing and testing of controls aimed at supporting these entities in checking the working and effectiveness of and compliance with the Organizational, Management and Control Model adopted by the individual companies pursuant to that decree (in brief the "Model").

The Internal Audit structure is set up as follows:

- Operational Audit Environment, Heat and Services;
- Operational Audit Corporate, Energy and Networks;
- Compliance with Law no. 231.

The Internal Audit Unit monitored the stage of completion of the "action plans drawn up following testing" and will continue with the control and supervision of the proper implantation of the action plans by the management of Group companies under the supervision of the Internal Control Officer and the monitoring of the Internal Control Committee and the Supervisory Board.

Risk Management Unit

The Risk Management Unit is included among the main parties responsible for the Company's control, monitoring and supervisory processes. Its work is to manage the processes and systems for monitoring risk and assessing the most suitable coverage strategies.

As a consequence of the recommendations made by the Internal Control Committee during specific meetings based on a more detailed analysis of the system of analyzing and assessing the Group's risks with Planning, Finance and Control Department, on January 1, 2012 the Risk Management organizational unit was set up as part of this department, divided into the following functions:

- "Enterprise Risk Management" delegated with the drawing up, implementation and management of the Group's Enterprise Risk Management Model with the aim of controlling the set of the potential risks that may affect the A2A Group's activities, consistent with the national and international corporate governance models;
- "Energy Risk Management" specifically dedicated to monitoring the A2A Group's market and commodity risk and credit risk, preparing statistical models to support the pricing and the assessment of the risk, analyzing the basics of the commodity market, preparing and assessing structured energy products and proposing strategies for the financial hedging of commodity risk.

Manager Responsible per Law no. 262/05

The Manager Responsible for the Preparation of Corporate Accounting Documents - who is entrusted with the duty of preparing suitable administrative and accounting procedures for drawing up accounting disclosures to be disseminated to the market, in compliance with the provisions of article 154-bis of the TUF, as well as ensuring that these procedures are actually complied with - is in charge of the accounting control system. Reference should be made to point 14 of this report for matters relating to his involvement in supervisory activities over financial disclosures and the administrative and accounting system.

Oversight Body and Organizational, Management and Control Model per Legislative Decree no. 231/01

The aim of the "Organizational, Management and Control Model" adopted pursuant to Legislative Decree no. 231/01 as subsequently amended is to establish the lines, rules and principles of conduct that govern the Company's activity, which all recipients of the Model must follow in order to prevent, within the sphere of the specific "sensitive" activities performed in A2A, the offences specified in Legislative Decree no. 231/01 as amended from being committed and to ensure propriety and transparency in the performance of business activities.

The task of monitoring that the Model is being actually implemented, pursuant to the above decree, is entrusted to an Oversight Body which supervises the working of the model and that it is being complied with, and which ensures that the Model is kept constantly updated.

The implementation of the corrective action established during the phase when compliance with the Model is being monitored is followed on a continuous basis through the preparation of an action plan agreed with the General Managers, which sets out the steps required to implement controls on the risk areas as per Legislative Decree no. 231/01 and the timing of these.

In the person of its Chairman, the Parent Company's Oversight Body (which reports to the Chairman of the Management Board and provides details of the work it has been carrying out on a periodic basis to the Management Board, the Internal Control Committee and the Supervisory Board) illustrated to the Internal Control Committee the activities performed in 2011, including those carried out with the support of the Internal Control Officer and the Internal Audit Unit.

These activities concentrated on the proper implementation of and compliance with the Model, in particular by means of:

- determining the operating methods designed to monitor compliance with the requirements of the Model;
- performing the tests specified in the 2010-2012 Plan on sensitive processes as per Legislative Decree no. 231/01;
- implementing the plan for updating the Legislative Decree no. 231/01 Models of A2A's subsidiaries;
- drawing up specific testing programs to determine and implement information flows to the Oversight Body of A2A S.p.A..

The Internal Control Committee additionally acknowledged the stage of completion of the General Managers' action plan and is monitoring its implementation.

In consideration of the necessary activities arising from the introduction of "environmental offences" in Legislative Decree no. 231/01, A2A S.p.A. believed it suitable to extend the "Plan to update the Legislative Decree no. 231/01 Models of A2A's subsidiaries" to enable the Models to be brought into line with these changes in legislation.

The Internal Control Committee, with the collaboration of the Oversight Body, is monitoring the implementation of the steps for improvement recommended following the identification, on the updating of the Model of A2A S.p.A., of certain corrective measures to the control system with respect to best practice as identified by the Confindustria Guideline.

As stated in the section regarding the Internal Control Officer, the Internal Control Committee verifies the stage of completion of the identified corrective measures by means of the panel monitoring the results of the audits on sensitive processes as per Legislative Decree no. 231/01.

Activity performed by the Supervisory Board and the Internal Control Committee

For the purposes of organizing its work, at the beginning of 2011 the Supervisory Board drew up a specific work program prepared on the basis of the responsibilities assigned to the Board by the Bylaws, by current legislation and by the relative working regulation.

In the same manner the Internal Control Committee drew up its own work program for the year, reporting the stage of completion of the procedures involved on a periodic basis to the Supervisory Board.

Consistent with these work programs, procedures on the internal control system were performed by the Supervisory Board with the support of the Internal Control Committee through meetings and systematic exchanges of information with the persons in charge of control activities, such as the Internal Control Officer, the Risk Manager, the Head of the Internal Control Unit, the Manager in charge as per Law no. 262/05 and the Oversight Board, as well as by means of meetings with management on specific subjects.

The Internal Control Committee arranged these activities with the aim of overseeing the effectiveness of the internal control, internal audit and risk management systems, as well as supporting the Supervisory Board in assessing the adequacy of the internal control system.

In respect of the risk management system, at its meeting of March 30, 2011 the Supervisory Board approved the A2A Group's risk limits determined as part of the Energy Risk Policy and the tools implanted to control these risks.

The Internal Control Committee met with management of the Company to verify the stage of implementation of the Enterprise Risk Management system. This system for assessing and reporting risks is based on the Enterprise Risk Management method of the Committee of Sponsoring Organizations of the Treadway Commission (COSO report), whose purpose is to make business risk management an integral and systematic part of management processes.

The "ERM" model is geared towards supporting top management in identifying the main business risks and the means by which these are managed, as well as defining the means by which a system of controls protecting against these risks can be organized, taking account of the Group's characteristics, its multi-business vocation and the sector to which it belongs. The process that has been initiated sits alongside the control of financial risks (e.g. commodity price risk, interest rate risk, liquidity risk).

In this respect, during 2011 the Committee met with the Head of Planning, Finance and Control and the Head of the Planning and Control Function with the objective of analyzing the project for identifying and assessing the Group's non-financial risks and of preparing the risk disclosures to be made to the market on the publication of the annual financial statements.

In supervising the risk management system the Internal Control Committee obtained information about the model for analyzing and assessing the risks that has been adopted and the main risks identified for the Group, and drew up its recommendations on the means by which the Enterprise Risk Management should be implemented, which were promptly accepted by management, including from an organizational standpoint as stated in point 13.

The Report on Operations includes a description of the main risks and uncertainties to which the Company and Group are exposed and the Internal Control Committee went into further detail on these during its periodic meetings with Company management and the Head of the Enterprise Risk Management function.

The proceedings in progress at the A2A Group, which envisage responsibility within the sphere of Legislative Decree no. 231/01, were specifically reviewed by the Internal Control Committee, and specifically those relating to investigations into gas meters have been suitably reported in the consolidated financial statements and the separate financial statements.

In addition to the audit reports, the Internal Control Committee regularly obtained and analyzed the reports presented by the Internal Control Officer and by the Chairman of the Oversight Body regarding the activities of 2010 and the first half of 2011. In addition, the reports regarding the activities of 2011 were obtained and analyzed in February 2012.

In any event every four months the Internal Control Officer updated the Committee on the activities performed and the main results of the testing performed, as stated in the specific paragraph, at the other meetings of the Committee, which he generally attended.

On the basis of the testing performed and the meetings held and envisaged by the work program, the Committee agrees with the opinion expressed by the Internal Control Officer, who notes an internal control structure in constant evolution and rearrangement consistent with the completion of the consolidation phase of the A2A Group's organizational structures and a general and constant increase in the attention given by management to taking corrective action.

The conclusions on the internal control system were sent to the Management Board and the Supervisory Board with the "Report of the Internal Control Committee to the Supervisory Board on the work performed in 2011".

With respect to the areas noted, the Supervisory Board, which agrees with the valuations expressed by the Internal Control Committee, will carefully monitor the effective and timely implementation of the established steps for improvement.

Administrative and accounting system

14. The Supervisory Board, with the support of the Internal Control Committee, assessed and supervised the adequacy of the administration and accounting system and its reliability in providing a correct representation of operations, by carrying out direct observations and obtaining information from the heads of the competent business functions. More specifically, the Manager Responsible for the Preparation of Corporate Accounting Documents - who has the task of setting up suitable administrative and accounting procedures for preparing the accounting disclosures disseminated to the market in compliance with the provisions of article 154-bis of the TUF, as well as supervising that these procedures are actually being complied with - is the person responsible for the administrative and accounting system. This manager kept the Internal Control Committee regularly updated on the state of progress of his work program and the findings which emerged.
    The Internal Control Committee held regular meetings with the Manager Responsible for the Preparation of Corporate Accounting Documents and the Independent Auditors PricewaterhouseCoopers S.p.A. in order to assess the adequacy of the accounting principles used. On this matter it is underlined that the accounting principles to which reference is made are the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the interpretations issued by the Standing Interpretations Committee (SIC) and the International Financial Reporting Interpretations Committee (IFRIC) for companies which prepare their financial statements under international standards, and the accounting standards issued by Italian Accounting Body (*Organismo Italiano di Contabilità*) for companies which prepare their financial statements under national standards. The Manager Responsible for the Preparation of Corporate Accounting Documents reported to the Internal Control Committee on developments in the work of analysis on the proper establishment of the administration and accounting system. It reported also on the testing performed on the effectiveness of the administration and accounting system, carried out by means of a work program which takes account of a specific boundary of business processes, selected on the basis of parameters of accounting relevance.

Meetings were also held during the first few months of 2012 regarding the examination and approval of the separate and consolidated financial statements for the year ended December 31, 2011.
In particular, the main subjects reviewed by the Internal Control Committee with the support of the Manager Responsible for the Preparation of Corporate Accounting Documents regarded the accounting treatment of those areas typical of the Group's sectors of activity, such as i) tangible and intangible assets and the related impairment losses; ii) the impairment testing of equity investments; iii) emission allowances and green certificates; (iv) financial instruments (with specific reference to derivative instruments); v) estimates of the bad debt provision; vi) provisions for risks and charges; vii) revenues and revenue recognition processes.
As regards the Edison-Edipower operation, as described in point 1 the Internal Control Committee went into detail with the Manager Responsible for the Preparation of Corporate Accounting Documents on the issues connected with the valuation of the operation on the basis of the accounting principles of reference, the effects of the transaction in the financial statements and the valuation of Edison being carried out by the external appraiser. In particular, the analysis carried out involved the impairment test on the 50% participation held in TdE which produced a retrievable value (fair value). This value is based on the effects arising from the running agreements. Those effects, which considered the transaction prices as contained in the agreements (704 Million € for the 50% of TdE and 804 Million € for purchasing Edipower) and Edipower's Fair Value as determined by an external expert appointed by Delmi, determined a retrievable value of approximately 915 Million €, which entailed a depreciation of 436 Million € in the financial statement and a depreciation of 433 Million € in the consolidated financial statement, not considering third part quotas.
Referring to the art.36 of the Regulation of Italian Market and financial Institutions, namely "Regolamento Mercati", issued by Consob, related to controlled companies regulated by laws and decrees of non-EU nations, it has to be underlined that, for what concerns the controlled company EPCG, the Company aligned the administrative and accountability systems to what stated by the aforementioned art.36. This process of adequacy has been recorded through specific documentation, as highlighted by a meeting between the EPCG Management and the Internal Audit Committee.
On March 23, 2012, the Chairman of the Management Board, on behalf of the Board as a whole, and the Manager Responsible for the Preparation of Corporate Accounting Documents made the representations required pursuant to article 154-bis, paragraph 5 of Legislative Decree no. 58/98 (TUF).
In the light of the findings encountered and the disclosures made by the Manager Responsible for the Preparation of Corporate Accounting Documents on the degree of adequacy of the financial reporting process, it was concluded that the Company's administrative and accounting system is capable of ensuring a proper representation of operations.

Supervision of Subsidiaries

15. Meetings between the Internal Control Committee and the Boards of Statutory Auditors of the main subsidiaries continued in 2011; the aim of these meetings was to analyze the means by which the control bodies of these companies carried out their supervisory duties as per article 149 of the TUF.
    In particular, the Committee drew up and implemented a program of meetings for 2011 structured as follows:
    - meetings held directly by the Internal Control Committee with the Boards of Statutory Auditors of Amsa, Aprica, Ecodeco, A2A Trading, Partenope Ambiente and Selene;
    - meetings carried out by the General Secretariat of the Supervisory Board, suitably instructed, with the Boards of Statutory Auditors of A2A Energia, Plurigas, A2A Reti Elettriche, A2A Reti Gas, A2A Calore e Servizi, Abruzzo Energia and Delmi.

    During these meetings, other areas requiring attention emerged; the Internal Control Committee promptly reported those information to the Company's management and control body. As part of the monitoring of the organizational and functional structure of the subsidiaries, the Internal Control Committee additionally identified the need to introduce a procedure for managing the appointment of the management and control bodies of subsidiaries.

Meetings with the Independent Auditors

16. In performing its work to support the Supervisory Board, the Internal Control Committee met PricewaterhouseCoopers S.p.A. pursuant to article 150, paragraphs 3 and 5 of the TUF and in accordance with the requirements of article 19 of Legislative Decree no. 39/2010. As a rule the Manager in charge attended these meetings. The aim of the meetings was to go into details concerning the audit work in progress, with specific reference to the results of the procedures performed and the accounting treatment of important transactions, as a preliminary to the examination and approval of the annual and consolidated financial statements as described in detail at point 14, as well as to check that the independence requirements pursuant to article 19 of Legislative Decree no. 39/2010 still hold.

Adherence to the Corporate Governance Code for listed companies

17. A2A S.p.A. adheres to the Corporate Governance Code approved in March 2006 by the Committee for Corporate Governance promoted by Borsa Italiana S.p.A., within the limits by the means described in detail in the Report on Corporate Governance and Ownership Structure, which was specifically reviewed by the Supervisory Board.
    In respect of the independence requirements pursuant to the Corporate Governance Code, the Supervisory Board has ascertained that its members meet the requirements laid

down in article 16 of A2A's bylaws and in particular the independence requirements as per article 148 of the TUF and criterion 10.C.2 of the Corporate Governance Code. In addition, the Supervisory Board has verified that the Management Board has correctly applied the criteria and procedures for assessing the independence of its members pursuant to the Corporate Governance Code, in line with the provisions of criterion 3.C.5 of the Code.
Concerning the new version of the Self Regulation Code, namely "Codice di autodisciplina" issued in December 2011 by the Corporate Governance committee of Borsa Italiana, it is underlined that, for the Company which has a Board of directors and a Dualistic governance control system, the latest changes does not involve the nature and the activity assigned to the Internal Control Committee. In fact, the Internal Control Committee will continue to operate by following the Self Regulation Code with the addition of the functions defined by the Art 19 of the D.Lgs 39/2010 (Internal Control Committee and Accounting) as deliberated by the Surveillance Board. Those functions give to the Surveillance Board the resolving power related by strategic operation and Industrial plans.

Assessment of the supervisory activity performed

18. Reference should be made to the preceding points for an assessment of the supervisory activity performed. It is hereby confirmed that no omissions, illegal acts or irregularities arose from the supervisory activity which require reporting to shareholders.

Proposals to be presented to the shareholders' meetings

19. The Supervisory Board has approved the Management Board's proposal to submit to the shareholders' meeting the payment of a dividend of 40,377,839.68 euro in such a manner as to ensure remuneration of 0.013 euro per outstanding ordinary share (being 3,105,987,668 shares, taking into account the 26,917,609 treasury shares held), made by using Other Reserves. The ordinary dividend will be paid on June 21, 2012 with coupon detachment on June 18, 2012.

Brescia, April 26, 2012

On behalf of the Supervisory Board
The Chairman
Graziano Tarantini