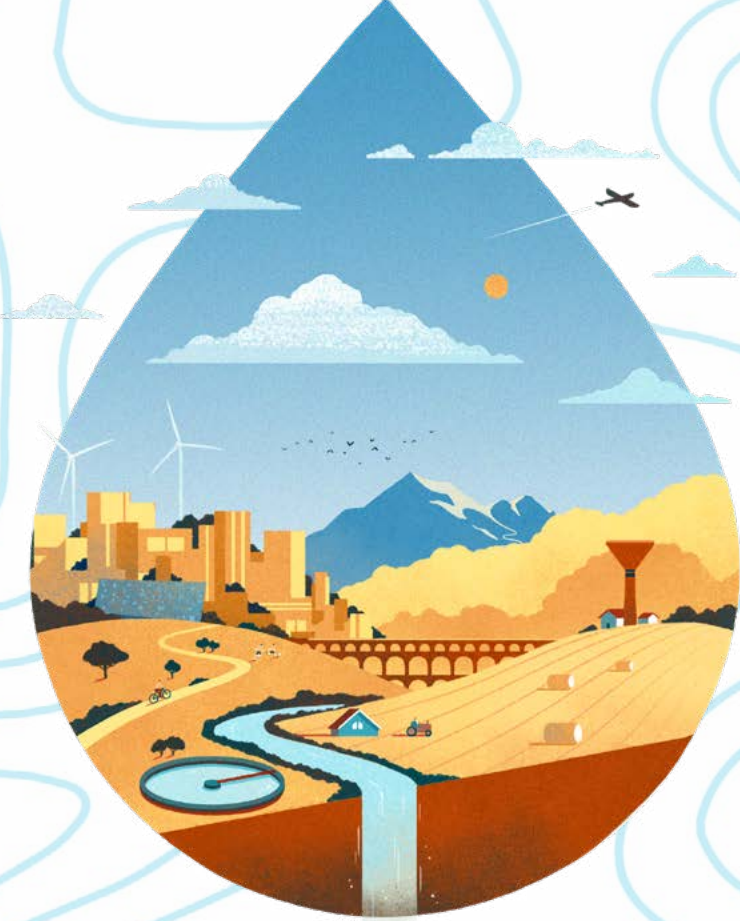


# SUSTAINABILITY REPORT

## EXECUTIVE SUMMARY 2022



# SUSTAINABILITY REPORT – 2022

## EXECUTIVE SUMMARY

“Thank you to all CAP people who contributed to the realization of the sustainability report.



**Download full sustainability report.**

The sustainability report is edited and developed by the CAP Group's External Relations and Sustainability Department. Published in May 2023.

To request information about this publication, please contact: [ufficiocr@gruppocap.it](mailto:ufficiocr@gruppocap.it)

#### **EDITING AND LAYOUT**

LifeGate | [www.lifegate.it](http://www.lifegate.it)

Illustrations by Sonia Ligorio



“

CAP's business strategy and sustainability are deeply interrelated. Both arise from the understanding that a complex organisation cannot have a prosperous future – from an economic, social and environmental perspective – without a strategic vision in terms of sustainability capable to engage proactively all stakeholders”.



The President  
**Eva Karin Imparato**

*Eva Karin Imparato*

“

First of all our sustainability strategy is a form of risk management in which the constant effort to predict future scenarios and the implementation of practical solutions to tackle the evolving challenges ahead allow us to anticipate possible threats and therefore protect our business continuity and our ecosystem. The positive results in 2022 confirm this vision”.



CEO  
**Alessandro Russo**

*Alessandro Russo*

# CAP Group: who we are

Transparency, accountability and participation are our guiding principles in the management of the Integrated Water Service across the Metropolitan City of Milan and of the municipalities in neighbouring provinces.

## The Group

CAP Group manages the Integrated Water Service and ranks among the **leading Italian operators**.



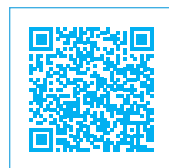
CAP Group is the first public mono-utility by **assets** in Italy.

We serve  
**2.5 MILLION CITIZENS**

## The Challenge

Our goal is to guarantee water **safety and quality** available to all citizens, **by managing the full cycle of aqueducts, purification processes and the sewage system**. Our **system is vast**, complex and composed of a network

of thousands of kilometres of aqueducts and sewers. We have **high-tech plants** such as waste water treatment plants and water treatment plants aimed at preserving water: a resource which today is more valuable than ever.



For more information  
[www.gruppocap.it](http://www.gruppocap.it)

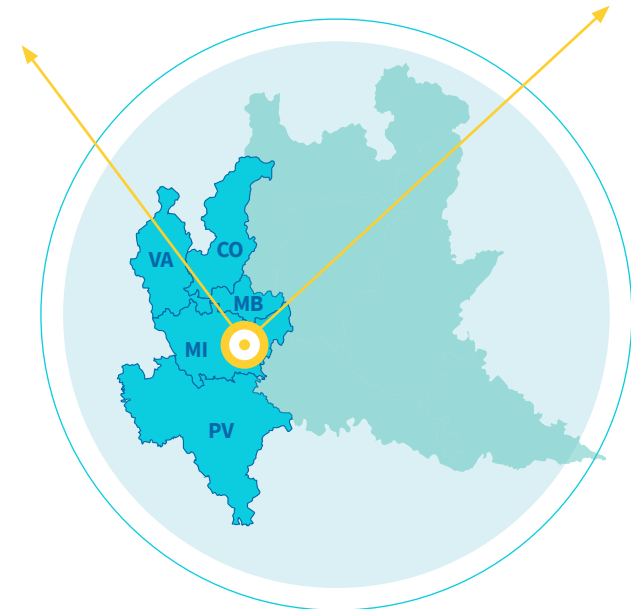
## The Territory

Our company manages the integrated water service in the **Metropolitan City of MILAN** and in various municipalities in the provinces of:

- Como
- Monza e Brianza
- Pavia
- Varese



The head office is at 38 Via Rimini, Milan.



## Shared Value

Shared Value is the result of the social and environmental benefits generated by the company in pursuing its goals.

**For 2022, it amounts to 11.9%.**

By 2033, according to the Sustainability Plan, 15% of the operating margin will come from activities capable to create shared value.



For more information on tax management  
[www.gruppocap.it](http://www.gruppocap.it)

# Materiality Process

In 2022, we explored the impacts associated with the 23 topics relevant to the company and its stakeholders.

In order to identify and assess the topics to be considered a priority for all our stakeholders, **we update the materiality assessment** on regular basis through prompt comparisons with national and international, public and non-public, internal and external sources of information and in alignment with industry best practices as well as a dialogue with stakeholders.



From a list of **23 significant topics**, identified through a desk review and submitted to stakeholder evaluation,

**14 material topics** classified as prioritized were selected.

In accordance with the new GRI 2021 standards, CAP assessed the potential and actual, positive and negative impacts on the economy, environment and people associated with the relevant topics.

Special attention was paid to the connection between corporate and climate change risks as well as to the human rights.

## The 14 material issues of CAP Group

 <b>SENSITIVE</b>	 <b>RESILIENT</b>	 <b>INNOVATIVE</b>
<b>1</b> Quality of tap water	<b>5</b> Quality and quantity of treated water	<b>12</b> Cybersecurity
<b>2</b> Occupational health and safety in the supply chain	<b>6</b> Decarbonization and fight against climate change	<b>13</b> Digitalisation and innovation of processes and services
<b>3</b> User satisfaction and responsibility	<b>7</b> Closing the circle	<b>14</b> Innovation and sustainability in infrastructure design and construction
<b>4</b> Effective and transparent communication	<b>8</b> Responsible waste management	
	<b>9</b> Protecting ecosystems and biodiversity	
	<b>10</b> Reducing losses	
	<b>11</b> Resilient territories and major risk management	

With respect to these topics, we launched a recent 2022 survey of our stakeholders which underlined a growing awareness towards new issues related to **energy costs, drought, water shortage and climate change**.

# CAP Group’s Sustainability Governance

In order to face and manage the new ESG risks and their financial implications more and more effectively, it is essential to put in place an adequate governance structure incorporating sustainability at all company levels.

The **sustainability governance** was developed in 2022 and merged with the **risk management policy**; the new sustainability policy integrates the governance of sustainability processes

with the ERM model, by increasing risk assessment to all ESG aspects. CAP Group’s Sustainability Governance was completed in early 2023.

As a result of this:

- a Control, Risk and Sustainability Working Group, with monitoring and supervision tasks;
- an ERM & ESG Management Committee, with an advisory and strategic decision-making role.

Both the corporate bodies have a strong **multidisciplinary** and **cross-functional** composition, for an **integrated approach**

**to risk management.** Furthermore, this model allows the Board of Directors to better manage the risks.



# Listening to Stakeholders

Our strategy is the result of a proactive listening process and a constant dialogue with the stakeholders.

Our stakeholders include anyone who is directly affected by the company’s activities or who — conversely — can in turn influence the company’s activities in its efforts to preserve water.

Through a mapping exercise, we identified 7 **main categories of stakeholders**, which were updated during the materiality assessment process.



To find out more [www.gruppocap.it](http://www.gruppocap.it)

In order to explore scenario issues affecting our business, we involved a number of relevant stakeholders by asking them to give us their opinion on some of the latest main events. Their video interviews, full of interesting insights, are available by scanning the QR code.

## Protection of water and agriculture



*Ettore Prandini,  
President of Coldiretti*



[Listen to the full interview](#)

‘The season we went through was particularly critical, with a drought we had not seen for years. The new EU regulations will give us the opportunity to use a resource that has been ignored in past years: the re-use of treated water. Coldiretti is totally agree with that’.

## Towards carbon neutrality: the tools for ecological transition



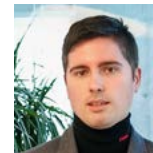
*Annalisa Corrado,  
Kyoto Club*



[Listen to the full interview](#)

‘In 2015 with the Cop21, humanity made progress in its awareness of the importance of the ecological transition, towards total decarbonisation by 2050. The tools for change are at our disposal: renewable sources, energy efficiency, circular economy and new mobility’.

## Sustainable innovation: AI in water resource management



*Carlo Negri,  
Polimi senior researcher*



[Listen to the full interview](#)

‘Artificial intelligence can be a valuable ally in the ecological transition. If we think about water risk management, the use of AI solutions to analyse field data from IoT sensors allows to identify the leaks in delivery pipelines’.

## Value chain: the benefits of diversity & inclusion



*Martina Fuga,  
President of AGPD Onlus*



[Listen to the full interview](#)

‘Hiring people with intellectual disabilities – as CAP Group has done by hiring two people in charge of the company library activities – can bring benefits to organisational health. Unfortunately, there is still a lot to be done to allow people with disabilities to be at the centre of corporate agendas and to set up effective and efficient employment processes’.

# CAP Group's Sustainability Plan

## WHAT SUSTAINABILITY MEANS FOR CAP

It all starts with words: we shared a sustainability vocabulary to develop a collective vision of what integrating sustainability issues into business activities means in practice.

01

## A GLIMPSE INTO 2033

In order to define a set of objectives in line with the Industrial Plan's time frame, we analysed reference scenarios and key trends in relation to our key topics from now until 2033.

02

## DEFINING THE OBJECTIVES

Consistent with the findings of the scenario analyses and with a focus on the strengths and weaknesses of the Group, 3 pillars were identified, divided into 9 objectives to be achieved by 2033.

03



### SENSITIVE

to people's needs, to increase the well-being and trust of increasingly aware and demanding communities.



Consume less, consume better



As easy as drinking a glass of water



Closer and closer to communities' needs



### RESILIENT

in assets, in governance and in management to protect an essential asset for life.



Closing the circle



Protecting the resource



Resilient cities



### INNOVATIVE

in the market, anticipating the rules and feeding our ability to network.



A digital company



Creating shared value



Towards a smart future



# Resources Conservation

Quality water and a protected environment

The evolution of consumption and production systems is putting increasing pressure on ecosystems, both in terms of resource consumption and of waste produced and emissions. The perception of endangered resources and the undermining of the environmental balance are mixed with new sensitivities and consumption habits.

## The Scenario



**42%**  
the average amount of extracted water in Italy that is dispersed and does not reach the intended destination.<sup>1</sup>



**+50%**  
growth in water-related natural disasters; 4 times more frequent in the last 10 years compared to 1980.<sup>2</sup>

from **20%** to **50%**

increase of the global water consumption compared to the current levels expected by 2050. The industrial and domestic sectors are the driving forces.<sup>3</sup>

<sup>1</sup>Istat, 2022

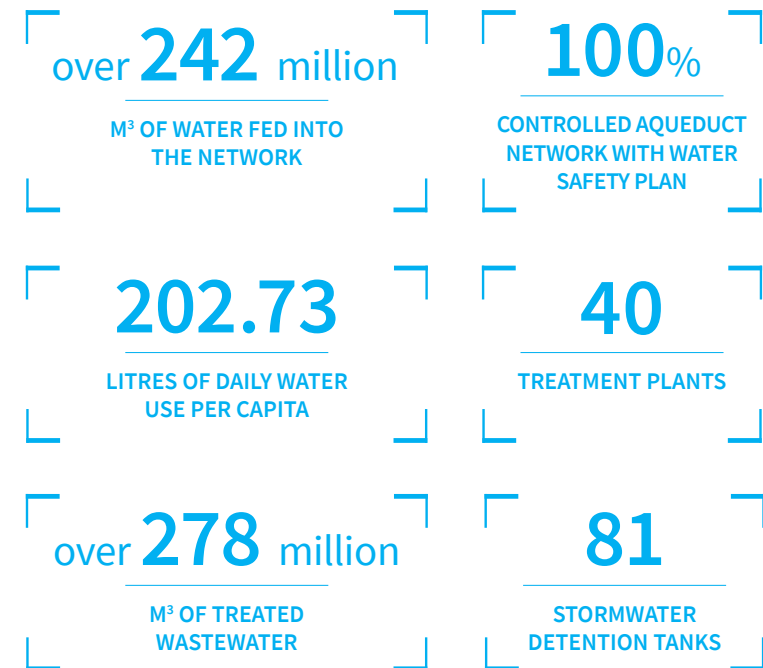
<sup>2</sup>Ambrosetti, 2022 <https://eventi.ambrosetti.eu/valoreacqua2022/wp-content/uploads/sites/211/2022/03/Filo-logico-dello-studio.pdf>

<sup>3</sup>U.S. Intelligence Community Assessment of Global Water Security 2020 <https://unesdoc.unesco.org/ark:/48223/pf0000373055?posInSet=15&queryId=84896d88-79b6-4a07-92a4-82a6352fa98d>

# A Commitment for the Planet

Climate change will have an inevitable impact on water resource management. In particular, **facilities and infrastructure** will be most at risk. Potential damages could arise with greater frequency and significant costs for the company, the territory, and the people. **A reduction in the amount of renewable water resources** is one of the most likely risks associated with the ongoing climate crisis. The efficiency of our water supply, the reduction and containment of water losses as well as a closer attention to our planet and its resources are some of the issues that will guide us towards a sustainable future.

## Our results



Find out more about our circular-economy activities and innovation

# Towards Carbon Neutrality

Climate action and circular economy

People are aware of the importance of the ecological transition moving towards a total decarbonisation by 2050. Unfortunately, very little has currently been done. Nevertheless, we have key tools for the change, including but not limited to, renewable energy sources, energy efficiency, the circular economy, new mobility and new agriculture practices.

## The scenario



**6%**  
increase in  
CO2 emissions  
in Italy by the end  
of 2022.<sup>4</sup>



**7.2%**  
the circularity  
rate of the  
global  
economy.<sup>5</sup>

**€ 1.914 billion**

savings on fossil fuel expenses between 2021-2050,  
in the 'Net Zero' scenario.<sup>6</sup>

<sup>4</sup> Enea, 2022 <https://www.pubblicazioni.enea.it/le-pubblicazioni-enea/analisi-trimestrale-del-sistema-energetico-italiano/fascicoli-2022/analisi-trimestrale-del-sistema-energetico-italiano-ii-trimestre-2022.html>

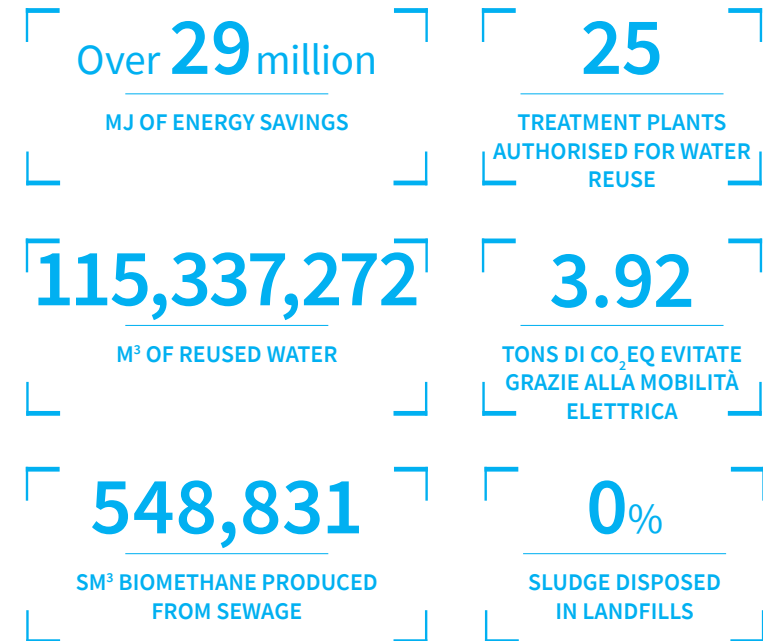
<sup>5</sup> Circle Economy, 2023 [https://assets.website-files.com/5e185aa4d27bcf348400ed82/63c6986f0a57abe2fb9180d7\\_CGR%202023%20-%20Report%20\(1\).pdf](https://assets.website-files.com/5e185aa4d27bcf348400ed82/63c6986f0a57abe2fb9180d7_CGR%202023%20-%20Report%20(1).pdf)

<sup>6</sup> Enel e The European House – Ambrosetti, 2022 <https://www.ambrosetti.eu/news/net-zero-e-economy-2050-roadmap-di-decarbonizzazione-per-leuropa/>

# An Increasingly Lower Footprint

Circular economy is the milestone around which we implement our sustainability strategy, with a constant focus on reducing environmental impacts and **using water as a driver** for the development of sustainable energy. In 2022, we also achieved **carbon neutrality**, offsetting all emissions produced, through investments in projects that provide social, economic and environmental benefits on a global scale. In doing so, we contribute to the 2030 Agenda.

## Our results



Read our water risk management policies here

# Sustainable innovation

Digitalisation and cutting-edge technology

The acceleration in the digitalisation process — which gained momentum following the needs emerged during the pandemic — represents one of the greatest challenges at this time. Technological development is both a risk for companies that fail to upgrade and adapt to an increasingly digital world and, vice versa, an opportunity for all those who succeed in developing towards 4.0 technology.

## The scenario



**54%** of managers who identify **digital transformation as a distinctive factor for their business from that of their competitors.**<sup>7</sup>

**\$ 251 billion**

the money Italy would gain if it were to reach the goals of the European Digital Decade, i.e. the equivalent of 16% of the current national economy.<sup>9</sup>



**3 out of 4**

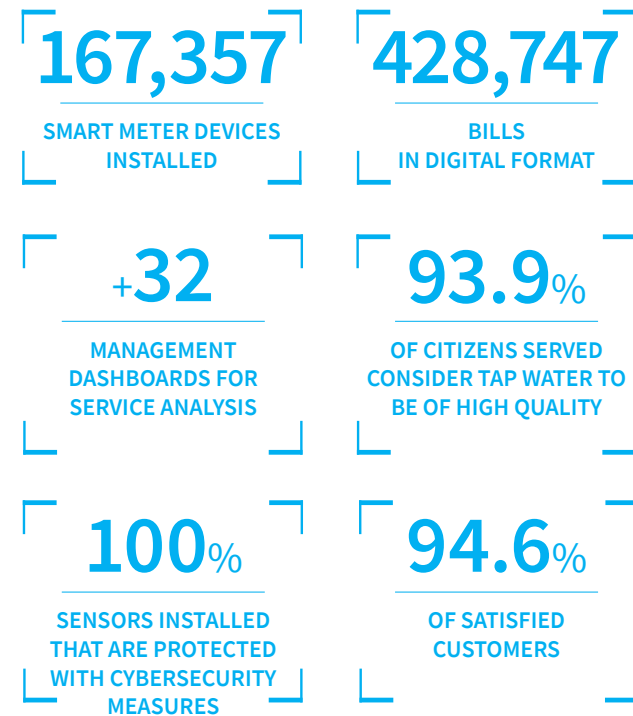
companies that by 2030 will implement Cloud services, Big Data and artificial intelligence.<sup>8</sup>

<sup>7</sup> McKinsey, 2022 n  
<sup>8</sup> European Commission, 2022  
<sup>9</sup> AWS and Public First, 2022

# Towards a smarter, tailor-made future for customers

At CAP Group, we have chosen to **embrace the challenge of technological innovation**, focusing on the dissemination of a **digital culture** to improve our service and facilitate interaction with the Group's stakeholders. In line with the 2033 Sustainability Plan's key points (protection of natural resources and establishment of well-being and trust in the community), our Research and Development policies are aimed at studying technologies for 'circular processes' and identifying new technological solutions that can improve established processes, projecting them towards evolutionary solutions.

## Our results



Discover our Research and Development projects

# Value chain

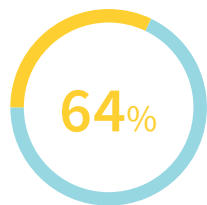
People’s well-being and constant dialogue

Demographic and social changes are putting a lot of pressure on the functioning mechanisms of markets worldwide. As a result of the crises affecting the planet, lifestyles and consumption patterns a profound reflection on how companies can continue to survive is needed more than ever. **Happiness, making people more included and valued lead definitely to improve the business results.**

## The scenario



increase in productivity for a happy and engaged working team.<sup>12</sup>



of CEOs who, in response to a crisis situation, will devote more resources to employee welfare and mental health.<sup>13</sup>



of people who intend to change jobs for reasons related to personal well-being.<sup>10</sup>

**\$ 2 billion**

GDP gained if we could close the current gender gap by 2025 and ensure women’s full participation in the world of work with equal pay.<sup>11</sup>

<sup>10</sup> Osservatorio BenEssere e Felicità, 2022

<sup>11</sup> McKinsey, 2021 <https://www.mckinsey.com/featured-insights/diversity-and-inclusion/ten-things-to-know-about-gender-equality?cid=other-eml-alt-mip-mck&hdpid=acd6ef35-033e-4065-8f38-a5541e0ae2ae&hctky=9656785&hlkid=410cf3bf8ee84c41b9175d29a26540e9#>

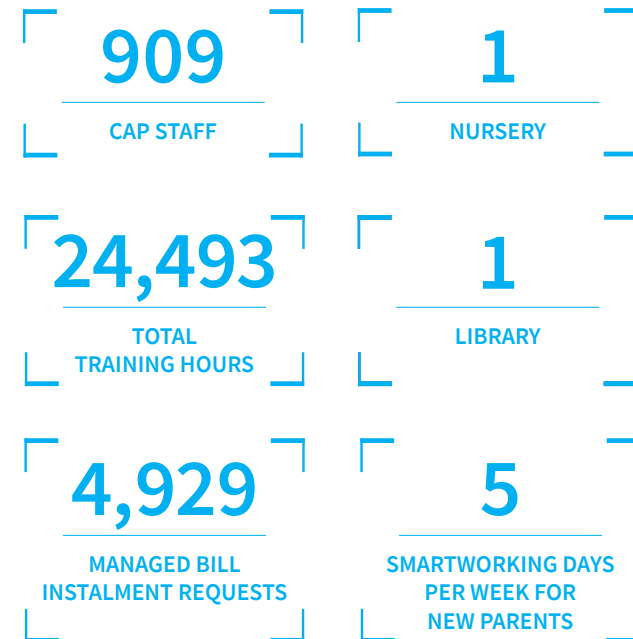
<sup>12</sup> Harvard Business Review, 2011 <https://hbr.org/2011/06/the-happiness-dividend>

<sup>13</sup> KPMG 2021, <https://info.kpmg.us/news-perspectives/industry-insights-research/kpmg-ceo-outlook-2021.html>

# Our Staff and Our Commitment to the Well-Being of our territory

**Diversity & inclusion** projects, a commitment to corporate **well-being** and tailored **training** for soft skills and safety were our guiding factors in 2022 in order to enhance the value **of our people**. Despite the data concerning the world of work in Italy in 2022 and the post-pandemic phenomenon known as ‘The Great Resignation’, we have made big efforts to keep our workforce stable, and as a result of this it is actually increased slightly. This confirms the Group’s solidity and is the effect of our constant endeavour to find new talented people and ensure the well-being of our staff.

## Our results



Discover the spaces open to the community at the new CAP Group headquarters

# CAP and Sustainable Development Goals (SDGs)

Our daily activities are inspired by the Sustainable Development Goals (SDGs) of the United Nations 2030 Agenda. In our sustainability strategy, we considered the SDGs as drivers of our actions.



## Towards 2033

Some examples of the CAP Group's significant actions that contribute to the SDGs

### SENSITIVE

Gender balance: 50% of women serve on boards of directors.

Implementation of the Water Safety Plan throughout the covered territory.

User satisfaction: 94.6% of customers rated our services positively.



### RESILIENT

A new sustainability governance model to enhance the supervision of the impacts management.

Conversion of treatment plants into recovery plants: 0% sludge disposed of in landfills.

81 stormwater detention tanks and 1,907,407 m<sup>3</sup> of overflowing water managed.



### INNOVATIVE

The launch of the so called "Vendor Rating" to monitor and reward the suppliers based also on ESG criteria.

Dissemination of a sustainability culture among people thanks to environmental education projects.

100% of installed sensors are equipped with cybersecurity measures.



## **GRUPPO CAP**

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