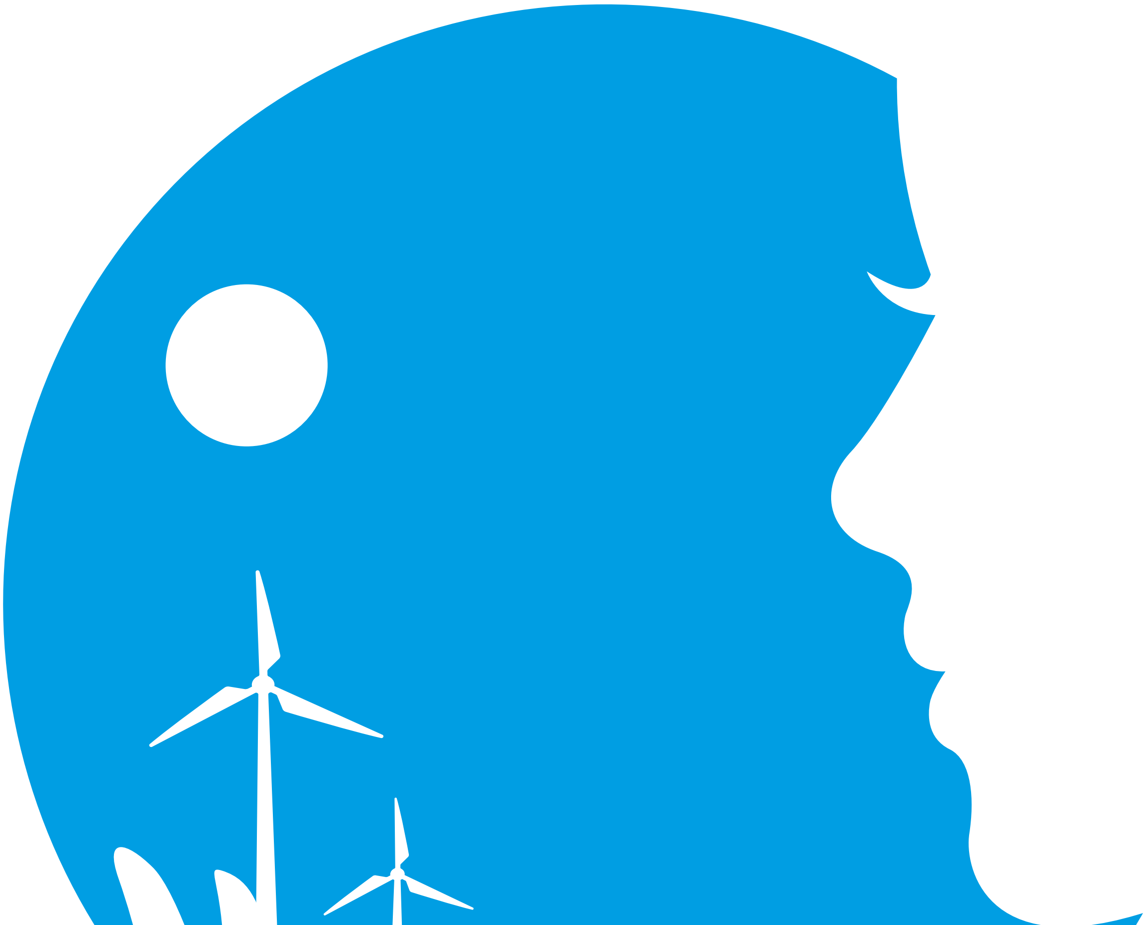
SUSTAINABLE FINANCE FRAMEWORK

February 2022



LIFE COMPANY

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A2A OVERVIEW

1.1 A2A in brief

A2A takes care of all the components that are crucial for life, namely energy, water, environment and circular economy: A2A is a **"Life Company"**.

A2A Group is engaged in (i) generation, sale and distribution of electricity and gas; (ii) waste collection, material recovery and energy from waste; (iii) cogeneration and sale of heat, district heating networks and heat management services; (iv) e-mobility; (v) integrated water services; and (vi) public lighting. A2A operates throughout Italy, with a historic geographical presence concentrated in Northern Italy.

A2A is among the largest electricity generators in Italy, with approximately 9 GW of installed capacity and a production mix geared toward renewable sources. Furthermore, waste-to-energy (WtE) plants account for approximately 2.5 Mt, allowing A2A to be ranked as the first Italian player by electricity and heat production also through WtE plants. A2A has been continuously strengthening its presence in the photovoltaic sector since 2017, reaching an existing generation capacity of approximately 270 MW as of 31 December 2021.

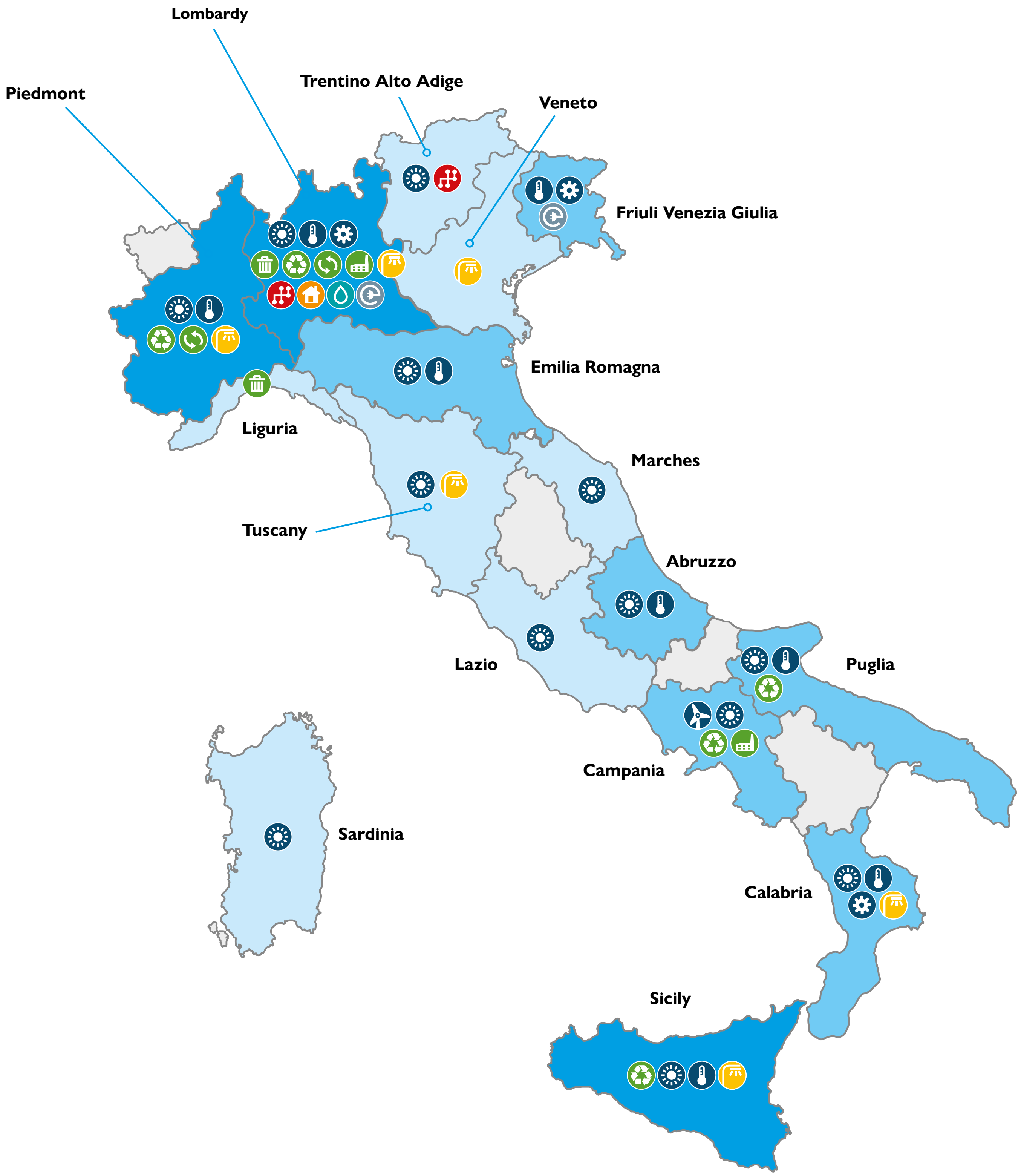
The perimeter of the "Life Company" lies on both A2A's distinguishing values and the very definition of multi-utility: closeness to people and their local areas, focus on essential services, long-term sustainability goals, transparency and innovation. A2A believes in the adoption of new lifestyles, new sustainable ways of production and consumption, promoting a shared view of the world.
Circular economy and energy transition are the pillars of A2A Strategic Plan.

From local multi-utility to national player

PLANTS	
Energy	Thermoelectric
	Hydroelectric
	Solar
	Wind
Waste	Waste-to-energy
	Waste treatment
	Material recovery
SERVICES	
Waste	Waste collection
Distribution and transport	Gas and Electricity distribution[1]
District heating	District heating
Water	Integrated water cycle
Lighting	Public lighting
Electric mobility	E-mobility charging points

Notes: (1) Gas networks subject to sale not included

A2A Presence in Italy @ 2020



1.2 A2A Plan to 2030

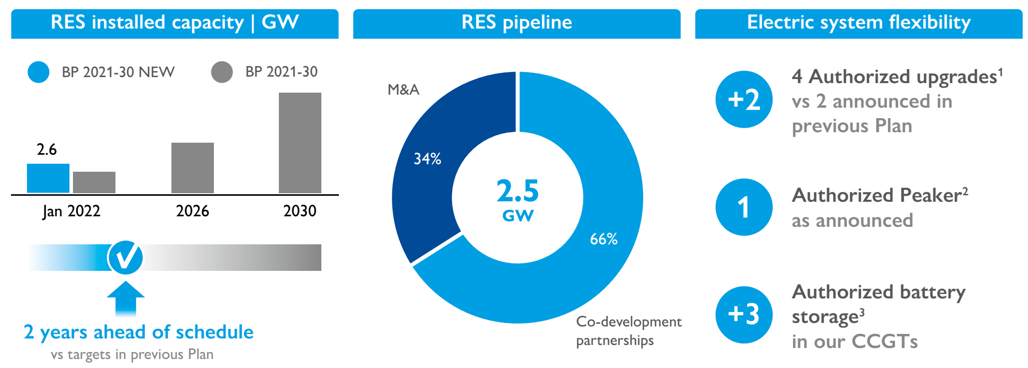
In January 2022 A2A presented the update of its Plan to 2030 further enhancing its industrial and sustainable targets. A long-term strategy shaped by sustainability, with €18 bn of investments (+€ 2 bn compared to the previous Plan) deployed for the development of circular economy and energy transition: two fundamental fields in safeguarding the future. Long-term investments in strategic infrastructures for Italy, and a rebalancing of A2A's portfolio, are two crucial elements for sustainable transition acceleration. The Strategic Plan foresees significant growth in terms of EBITDA, going from about €1.20 bn in 2020 to €2.9 bn in 2030.

CIRCULAR ECONOMY

€7 bn in investments 2021-2030

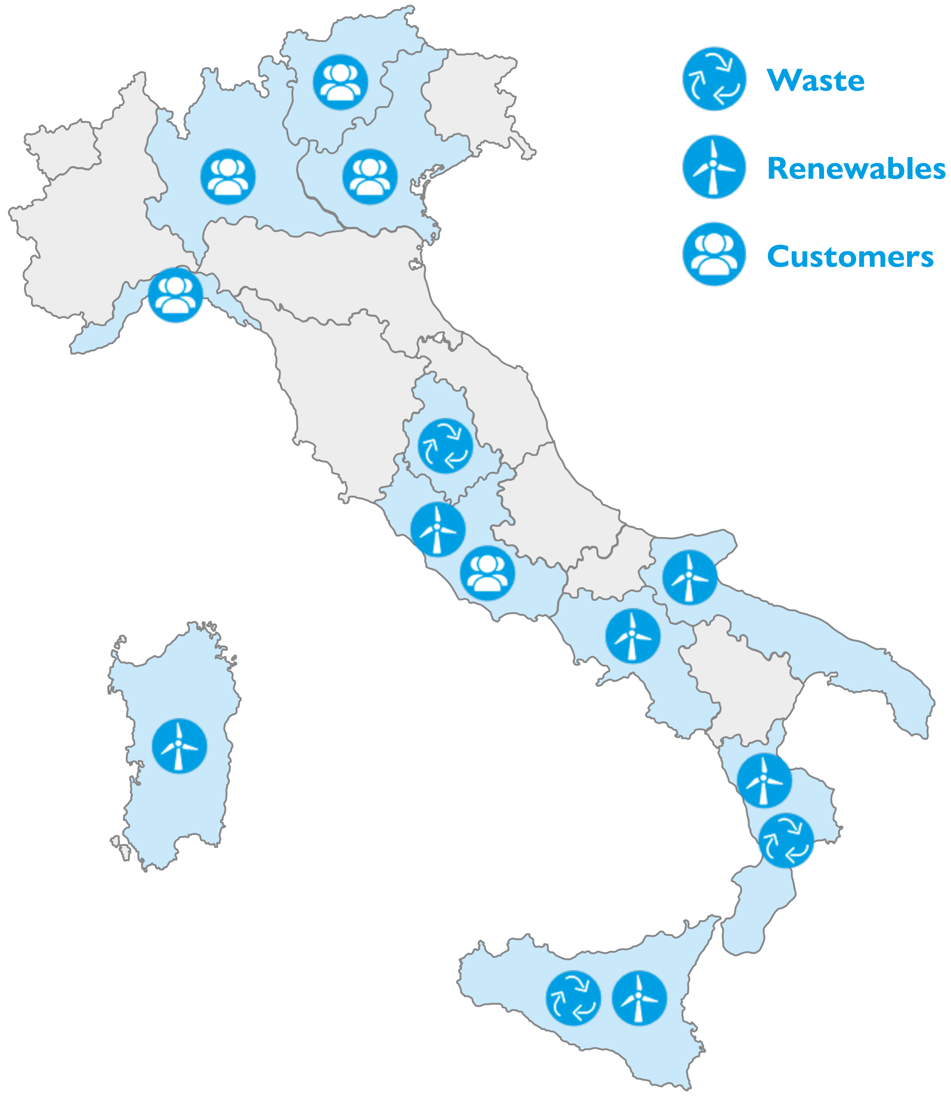
ENERGY TRANSITION

€11 bn in investments 2021-2030



Notes: (1) Chivasso, Sermide, Piacenza and Cassano (2) Cassano (3) Gissi, Chivasso and Brindisi

A2A Developments 2021



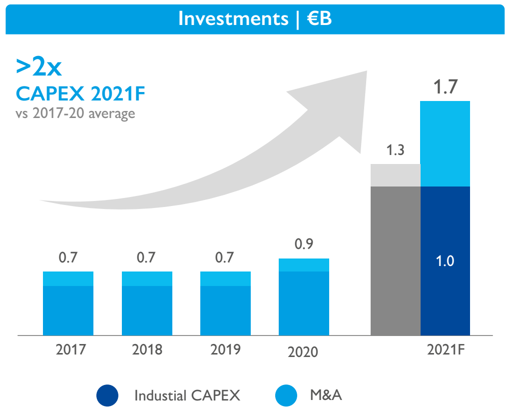
1. 2021 Beyond Expectations

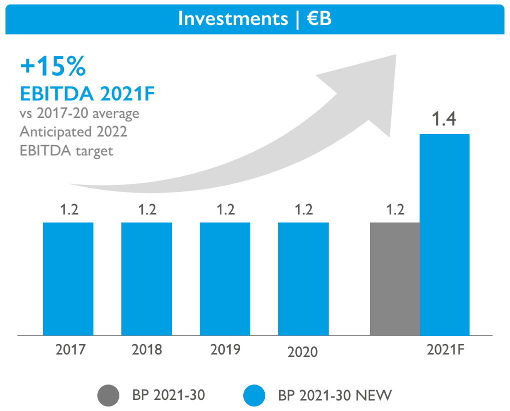
During 2021 A2A further strengthened its commitment in energy transition anticipating RES capacity targets by two years: 2.6 GW installed vs 2.2 GW expected in January 2022. Today the Group can rely on a RES pipeline of 2.5 GW coming from both co-development partnerships (66%) and M&A (34%).

A2A affirmed its new role, from local multi-utility to national player, thanks to recent deals that include:

- The acquisition of industrial waste treatment and disposal plant in southern Italy (Calabria) which is authorized to treat approximately 300,000 tons per year of industrial waste;
- Acquisition of Octopus Portfolio, 17 photovoltaic plants with a rated power of 173 MW;
- M&A from Ardian: wind farms and photovoltaic plants for more than 350 MW located in southern Italy (and 40 MW in Spain);
- Growth of customer base outside A2A historical perimeter through tender and commercial development.

A2A achieved forecasted financial results exceeding expectations thanks to investments of €1.7 bn (+52% vs budget) and reported EBITDA of €1.4 bn (+17% vs budget).

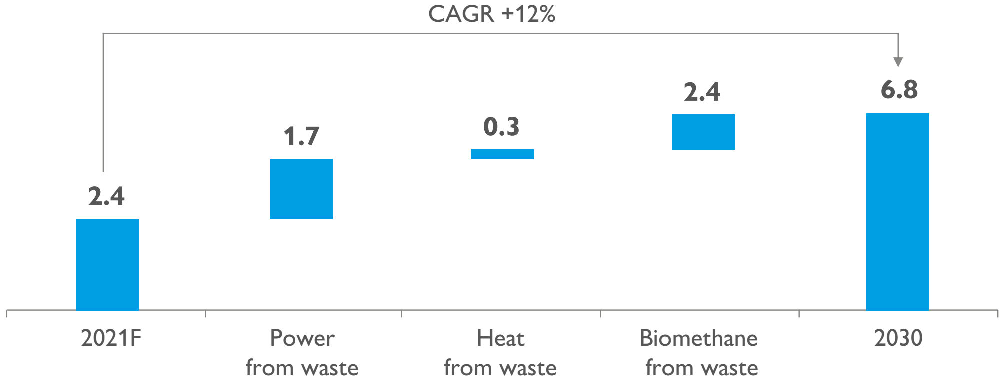




2. Circular economy, €7 bn in investments 2021-2030

A2A plays a crucial role in circular economy, focusing on water cycle, district heating and waste management activities.
With an investment plan of €7 bn (+18% compared to the previous Plan), the Group will pursue strategic actions aimed at increasing the recovery of materials and energy from waste, and reducing wastages (e.g. water losses, waste heat). The balance between recycling and energy recovery is an essential prerequisite for reducing the use of landfills until it is completely phased out.
A2A will become a strong **European player** in waste management by leveraging on (i) external growth transactions; (ii) strong presence in growing market segments (such as organic waste); (iii) strengthening of the industrial waste segment; and (iv) know-how enhancement on specific and significant issues (such as sludge treatment and water purification).
According to its Strategic Plan, by 2030 A2A is expected to (i) more than double material recovery to 2.2 million tons from sorted collection treated; (ii) ramp-up energy recovery to 6.8 TWh; (iii) increase the percentage of sorted collection to 77%; and (iv) strengthen the recycling cycle of plastics and paper.
In the bioenergy segment, A2A will develop more than 60 plants, 5 of which to obtain BIO-LNG that drastically reduce emissions in the mobility sector.
In hydrogen production A2A will leverage low-cost base load sources, such as WtE energy, to develop a decentralized business model based on local ecosystems at the service of industry and heavy transport.
In compliance with the European law, regarding the selection and treatment of urban wastewater[1], A2A plans to increase the investments in water cycle with the aim of reducing pipeline water losses by 23% by 2030 (m^3 / km / day) and developing new purification capacities (1.9 million inhabitants served by 2030). On district heating, the focus will be on (i) network development; and (ii) recovery of heat sources from production activities otherwise dispersed into the atmosphere.

1 In its regular package of infringement decisions, the European Commission pursues legal action against Member States for failing to comply with their obligations under EU law. One of these decisions was against Italy, due to the failure to comply with the requirements of the Urban Waste-water Treatment Directive on collection, treatment and monitoring in normal and sensitive areas. For further information, see INFR(2017)2181.



3. Energy transition, €11 bn in investments 2021-2030

The challenging targets from both a national and a European perspective linked **to decarbonisation and reduction of GHG emissions**, require an acceleration of energy transition from fossil fuels to renewable resources.
A2A has substantially increased its long-term capex plan to speed up the energy transition process, allocating a total amount of €11 bn of investment in support of decarbonisation and electrification throughout its 10-year Business Plan (+9% compared to the previous Plan).

The energy transition pillar envisages:

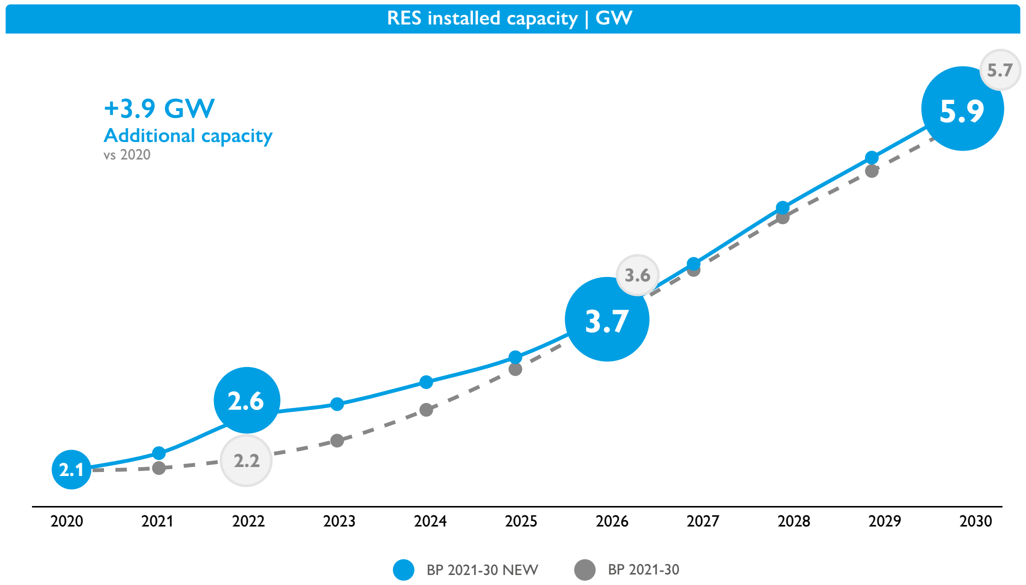
- The phase out of coal by 2022, anticipating the national target scheduled for 2025;
- The development of new RES (renewable energy sources) which will contribute to over 60% of the Group's energy production by 2030, well above the target of 55%[2] of renewables in the Italian electricity mix by 2030;
- Various interventions aimed at improving the flexibility, the resilience and the adequacy of the electric system.

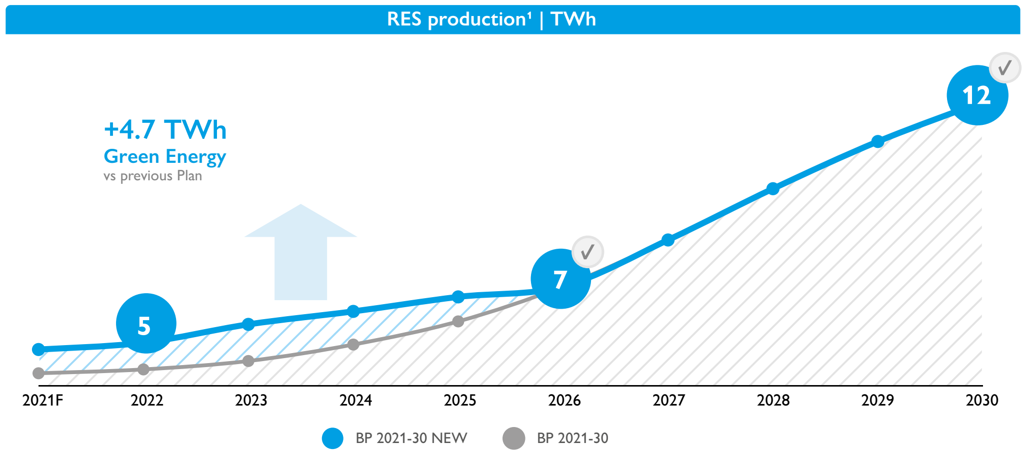
Investments in electricity generation will be conveyed mainly towards two technologies: solar and wind.
At the front end of the Strategic Plan, M&A will contribute to create a development platform fostering an international and diversified growth. The organic growth of the portfolio will nevertheless remain the key driver of A2A's renewable energy generation capacity.

As for investments planned under the 2021-2030 period A2A aims to:

- Foster generation capacity from renewable sources, solar and wind, up to 5.9 GW;
- Develop a new hydrogen-blending-ready combined cycle plant and a "gas peaker"
- Develop new electrical substations, of which 17 primary, 1,000 secondary, and 2,200 km of new lines;
- Install and operate 24,000 charging points for electric vehicles reaching a market share of 15-20% in Italy;
- Serve 5.4 million electricity and gas customers nationwide.

2 INTEGRATED NATIONAL ENERGY AND CLIMATE PLAN" December 2019 https://www.mise.gov.it/images/ stories/documenti/it_final_necp_main_en.pdf





Notes: (1) including solar, wind and hydroelectric production. Electricity production from assets owned by A2A through minority stakes included pro-rata

02

APPROACH TO SUSTAINABILITY

Approach to sustainability

Since its inception, A2A has turned sustainability into one of its founding values and a business paradigm. For A2A, being sustainable means generating and distributing value in a lasting way, being careful to reconcile the needs of those with whom it interacts every day, such as: customers, suppliers, associations, and institutions. In light of these elements, A2A's approach to sustainability is both holistic and circular, based on four steps: (i) Strategy; (ii) Implementation; (iii) Monitoring and Reporting; and (iv) Stakeholder engagement.

ESG Rating Agency	Score
FTSE4Good	Average Score: 4.0/5
CDP	Climate Change: A-/A
Sustainalytics	21.0/40+
V.E	63/100
ISS ESG	B- Status: Prime
MSCI	BBB/AAA
standard ethics	EE/EEE Outlook: Positive
S&P Global Ratings	Average Score: 70/100

Our sustainability approach timetable

2021
- Human Rights Policy publication
- Inclusion in MIB ESG Index
- First NFD aligned with TCFD Framework
- Awarded as the Best Sustainability Reporting for "Energy & Utilities" by ESG Investing Global Markets Media
- Joined the EU Climate Pact
- Winner of SEAL 2021 Business Sustainability Award
- Member of the 2022 Gender E quality Index (GEI)
- Significantly increased the portion of ESG Debt out of total (44% as of 2021)

2020
- A2A's CO_2 emission reduction objectives approved by SBTi
- Leadership in the Carbon Disclosure Project
- ESG KPIs added to EMTN Programme for potential sustainable issuances
- ESG evaluation integrated within A2A supply chain process

2018-2019
- First NFD pursuant to Legislative Decree 254/16 (**2018**)
- First in Italy, signed 5-years ESG Linked revolving credit line (**2018**)
- Inclusion in the FTSE4GOOD Index (**2018**)
- Green Financing Framework and Green Bond (**2019**)
- Adhesion to "Circular Economy 100" of EFM (**2019**)
- Member of the corporate forum on sustainable finance (**2019**)

2015-2017
- First local MULTI-STAKEHOLDER FORUM in Brescia (**2015**)
- Sustainability Policy according to SDGs (**2016**)
- Inclusion in the EURONEXT Vigeo Index (**2016**)
- First integrated report according to International IR Framework (**2017**)
- ESG Goals in the Management MbO (**2017**)

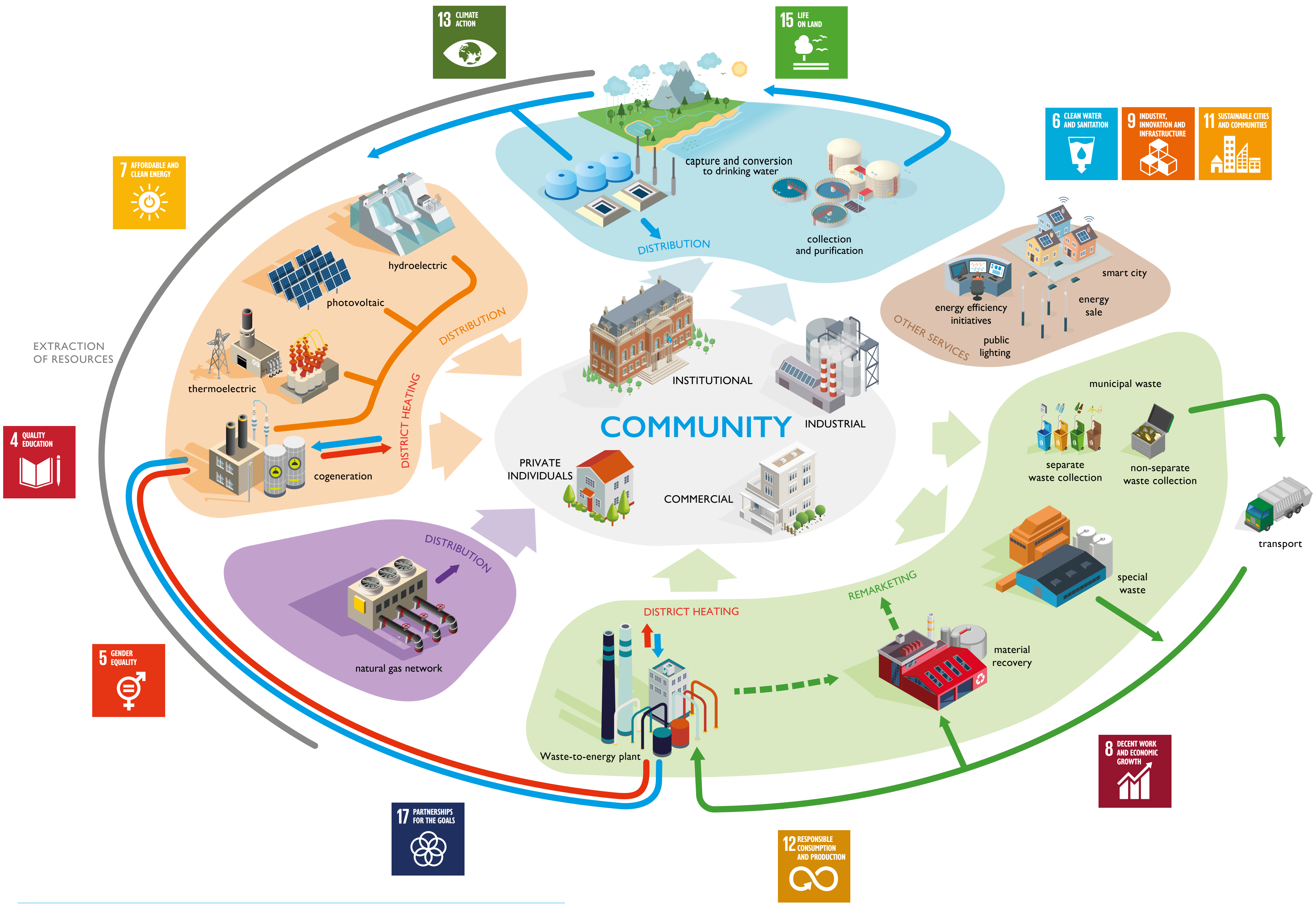
2012-2014
- Adhesion to UN Global Compact (**2012**)
- New Quality, Environment and Safety (QES) Policy (**2013**)
- Inclusion in the FTSE ECPI Italia SRI benchmark index (**2014**)

2009-2011
- FIRST SUSTAINABILITY REPORT according to Global Reporting Initiative (**2009**)
- FIRST SUSTAINABILITY REPORT externally audited (**2010**)
- First 3-years sustainability planning cycle (**2011**)

A2A was among the first Italian companies[3], in April 2016, to redesign its own sustainability strategy in light of the priorities of the UN Agenda, defining a Sustainability Plan and a Sustainability Policy. The Sustainability Policy of A2A aims at helping the communities in which it operates to be more sustainable, through a responsible management of their activities and a solid culture of sustainability. The Policy was the result of a joint and integrated process, involving the top management as a whole. It started from comparing the 17 UN SDGs with the core business and objectives of A2A: 11 SDGs were selected, contributing in setting the priorities and commitments to 2030.

The Sustainability Plan contains the A2A's sustainability objectives quantified over a time horizon consistent with its Strategic Plan.
Any actions included in the Sustainability Plan consists of various indicators aimed at monitoring the progress made in achieving the challenging goals set by 2030.

In order to facilitate the implementation of the Sustainability Plan initiatives, a structured model of sustainability objectives has been developed within the management incentive system, which provided for the inclusion of at least one sustainability objective in the MbO of the management.

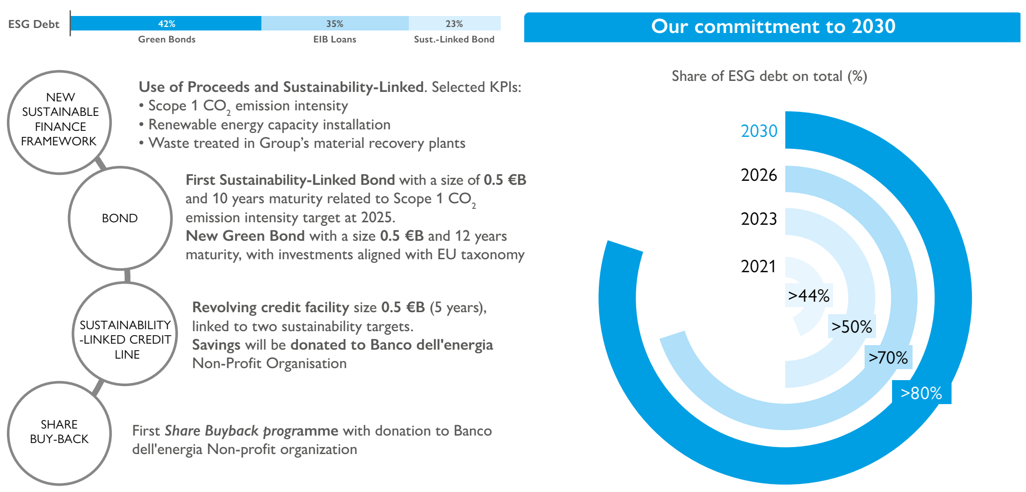


3 https://www.globalcompactnetwork.org/files/pubblicazioni_stampa/pubblicazioni_network_italia/ReportItalian-Businesses-Practices-Towards-Sustainable-Development.pdf

2.1 Sustainable Finance: 2021 in focus

Throughout 2021, Sustainable Finance acted as the foremost enabler of the Strategic Plan 2021-2030. In May 2021, the release of a new Sustainable Finance Framework brought A2A at the forefront of ESG finance and introduced a new age of sustainable transactions highlighting the holistic nature of A2A as an issuer.

Sustainable Finance key instrument for Transition



Notes: Data 2021 Forecast

2.2 Climate change governance: Roles, responsibilities and risk assessment

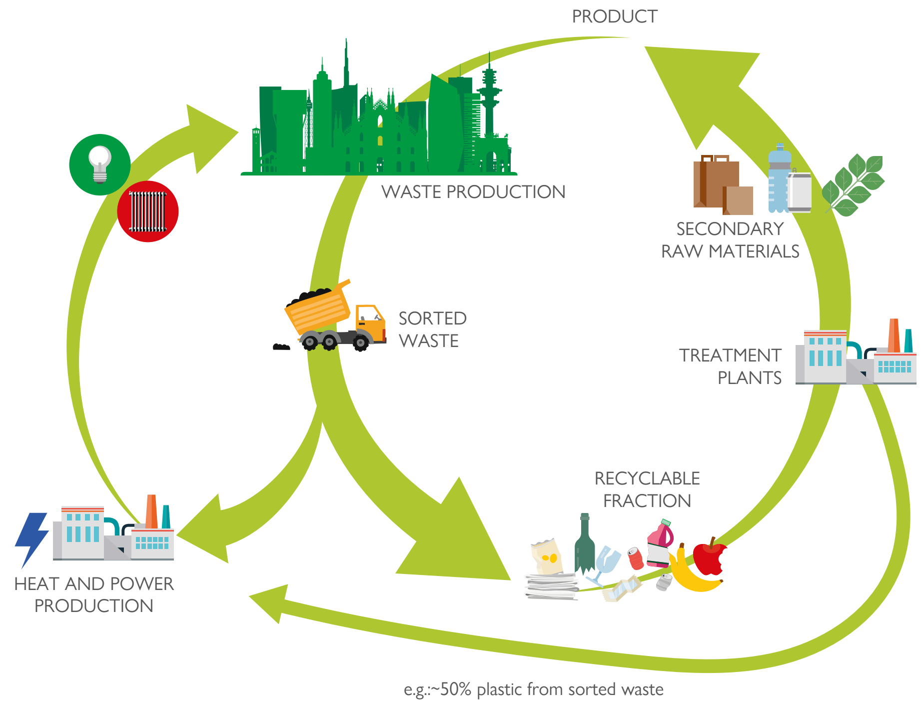
Since 2015, A2A has put in place, as part of the Board of Directors, a dedicated ESG and Territory Relations Committee, tasked with playing an evaluative, advisory, and propositional role in assisting the Board of Directors, Chairman and Chief Executive Officer of the Group in defining guidelines and initiatives relating to the promotion of a sustainability strategy and tools that integrate sustainability into the business process.
The interaction between this committee, the Sustainable Finance Committee, the Investment Committee and the Heads of the Business Units ensures that all investments are fully aligned with the Group commitment to promote a low-carbon business model.
In 2020, following the inputs of the ESG and Territory Relations Committee and the Control and Risk Committee, the Group Risk Management Organizational Structure has deepened the methods of analysis of the potential impacts of climate change on the Group broader strategy. A2A Group has a system in place for identifying, assessing, and managing risks and opportunities connected with climate change, in accordance with the guidelines developed by the Task Force on Climate-Related Financial Disclosures. This system has been integrated into the Group Enterprise Risk Management methodology and process. Thanks to this activity, A2A since 2020 has been estimating the physical climate risks that could affect the Group overall EBITDA of the Plan's forecast.
2021-2030 Sustainability Plan is focused on the same two pillars of the Strategic Plan: circular economy and energy transition, supported by three dimensions: Digital & innovation, People & territory and Governance.

2.3 Circular economy

The transition to a circular economy is an essential contribution to the EU efforts to develop a sustainable, low carbon, resource efficient, and competitive economy. The aim of circular economy is to recycle materials from waste.
Waste management plays a central role in the circular economy: it represents one of the most important enablers of the waste hierarchy. The waste hierarchy establishes a priority order for prevention, reuse, recycling, and energy recovery. Landfill shall be avoided.
A2A has a key role in the recycling of material and is committed to increasing the recovery of materials as much as possible from a technical point of view. For materials which cannot be recovered in any way, Waste-to-Energy remains the most efficient solution to avoid waste disposal. A2A adopted a business model oriented to the maximum recovery of resources: from the recovery of material and energy from waste to the recirculation of water for self-consumption of thermoelectric power plants and the recovery of energy from sludge downstream of purification processes. For A2A, circular economy means managing all resources in a sustainable manner paying attention as much to the reuse of resources as to the reduction in waste production up to the maximum exploitation and protection of each resource.
In the last 3 years, almost 100% of the waste collected in the performance of urban sanitation services was recovered as material or energy.

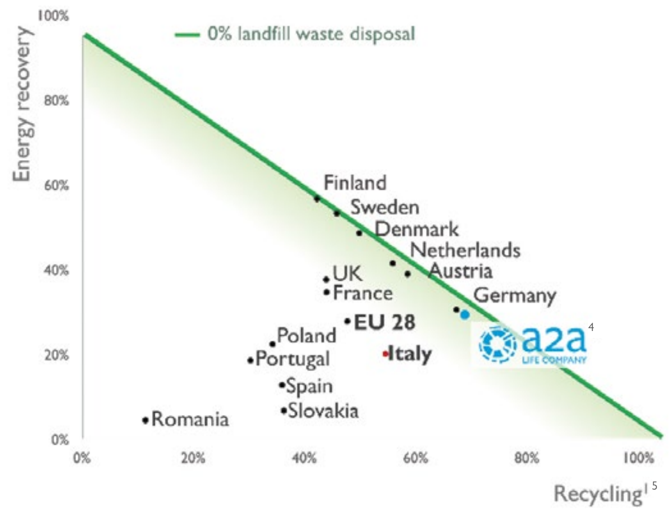
Municipal waste collected sent to landfill (%)

2018	2019	2020
0.3%	0.1%	0.2%



This strategy puts A2A in line with the best European countries.

Energy recovery and recycling mix in main European countries | 2018



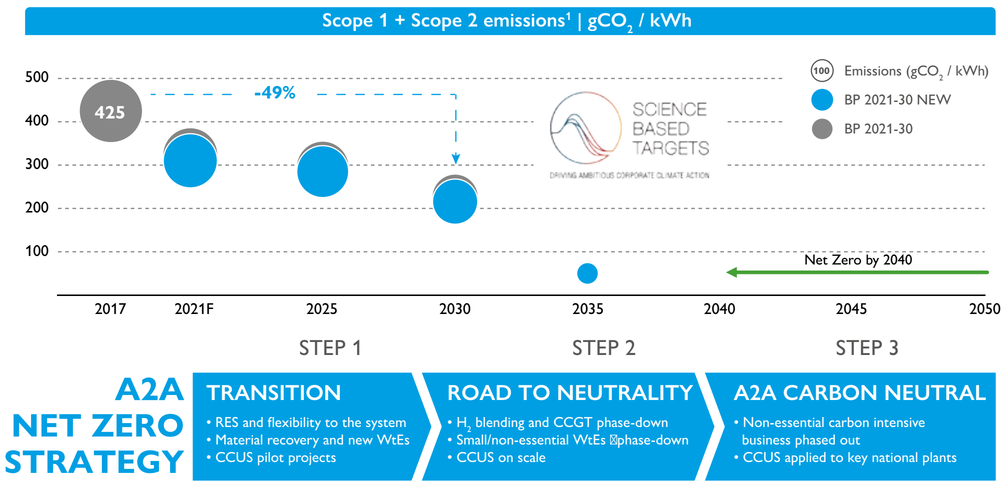
4 Destination of urban waste collected by the Group.
5 Includes composting.

2.4 Energy transition

Aware of the impact of GHG emissions, **A2A has always been committed to putting into practice the guidelines of international agreements on climate and the National Energy Strategy**: it focuses on and invests in renewable sources and innovation to reduce emissions and the use of fossil fuels. A2A develops its electricity, gas, and district heating networks to be efficient and resilient, favoring the distributed generation, the recovery of waste heat from industrial processes, and the use of biomethane.

In 2019, A2A revised its GHG reduction target by 2030 as part of its Sustainability Policy. The new target was submitted to the Science-Based Targets initiative (SBTi)[6] to verify its alignment with the indications of the Paris Agreement (COP21). On March 2, 2020, SBTi declared that A2A's direct and indirect GHG emission reduction targets (Scope 1-2) to be aligned with the reductions required to limit the increase of global warming to 2°C. In addition, A2A's objective of reducing indirect emissions, linked to its value chain (Scope 3), is also in line with SBTi criteria and in line with international best practice. The Group is the first Italian multi-utility with GHG emission targets certified by SBTi.

Furthermore, with the update of the Stategic Plan, A2A is more confident in achieving these targets, so much that to improve its long-term goals. In fact, the Group foresees to reach 216 gCO_2/kWh by 2030 and plan to achieve net-zero emissions (Scope 1+2) by 2040. The long-term target beyond the timeline of the Plan, will be implemented by the development of new technologies such as CCUS on essential WtE plants and with a phase-down of other fossil-based plants.



Notes:
(1) includes power generation, energy recovery from waste; excluding BU Smart Infrastructures, Ergosud and RES assets non entirely consolidated. Decarbonization target in line with the Paris Agreement goal to limiting global temperature rise to below 2°C

2.5 Digital & innovation, People & Territory and Governance

In order to support the development of cities as places to live and work well, A2A offers customers, institutions, and communities "smart" services that optimize the use of resources thanks to new smart and digital technologies. Sensors, advanced analytics, artificial intelligence, home automation are some of the key words that will shape the future.

Innovation, developed in partnership with Universities, Research Centres and Start-ups, becomes crucial to continuously develop new services that are useful and functional to improve the quality of life. In the same way, A2A is committed to the territories in which it operates, guaranteeing maximum transparency on its activities and performance, undertaking a strong stakeholder engagement, and implementing awareness through training activities in schools.

All this is supported by the main commitment to providing its employees with high standards of health and safety, training, benefits and welfare programs.

In 2021 A2A adopted and published a Human Rights policy and a Statement of commitment to Diversity, Equity and Inclusion. Two other policies were adopted: one on Responsible Procurement and another on Stakeholder Engagement.

The Sustainability Plan is published, with the trend of each Key Performance Indicator (KPI), on the A2A Integrated Report, that represents the Group's Consolidated Non-Financial Disclosure (NFD), in accordance with Legislative Decree 254/16.

6 The Science-Based Targets initiative is an initiative that stems from the collaboration between the Carbon Disclosure Project (CDP), the United Global Compact (UNGC), the World Resources Institute (WRI) and the World Wide Fund for Nature (WWF).

03

SETTING UP A SUSTAINABLE FINANCE FRAMEWORK

Setting up a Sustainable Finance Framework

A2A's Sustainable Finance Framework (the "Framework") is a valuable tool for the integrated implementation of A2A's sustainability plan.
This Framework represents the financing cornerstone of the 2021-2030 Strategic Plan reinforcing A2A's commitment to achieve its sustainability targets aligned to the UN SDGs and the EU Taxonomy, to the extent feasible. This Framework has been developed to show how A2A intends to continue supporting its sustainability strategy and vision via the utilization of various Green & Sustainability-Linked financing instruments. Under this Framework A2A will be able to issue use of proceeds or KPI-linked instruments, such as bonds, loans, project financings and/or any other financing instruments in different formats and currencies.
Through this integrated Sustainable Finance Framework, A2A can combine the use of proceeds and sustainability-linked formats or use each of these formats independently on a case-by-case basis, retaining full flexibility in terms of specific sustainability objectives and projects that the company intends to support.
The documentation for each individual financing instrument issued by A2A will designate the selected format.

The Framework gives investors:

- The transparency to better allocate their funds and measure their contribution to sustainability, with the green use of proceeds format;
- The strong engagement of A2A in ESG management and continuous improvement at corporate level with the sustainability-linked format.

A2A's ambition towards sustainability goes beyond the direct business and reach of the Group. A2A wishes also to inspire its suppliers and partners in their ESG journey, by adopting ESG evaluation metrics in the selection process of its supply chain partners.
In this regard, when selecting partnering financial institutions, A2A will start incorporating ESG parameters in the evaluation process.
The company retains the option to occasionally update this Framework. In that instance, the company commits to a level of transparency and reporting aligned to the current one in any future version of the Framework.

04

GREEN & SUSTAINABILITY-LINKED FINANCING COMPONENTS

Green & Sustainability-Linked Financing Components

For each Green and/or Sustainability-Linked financing set-up, A2A asserts that it will select or combine the following ESG formats set out in this Framework:
Use of proceeds format, aligned with the Green Bond Principles (GBPs), published by the International Capital Market Association (ICMA) – 2021 version and the Green Loan Principles (GLPs) published by the Loan Market Association (LMA)– 2021 version and, as much as possible, with the draft EU Green Bond Standard.
Sustainability-Linked format, aligned with the Sustainability-Linked Bond Principles (SLBPs) published by the International Capital Market Association (ICMA) - 2020 version and the Sustainability-Linked Loan Principles (SLLPs) of the Loan Market Association (LMA) - 2021 version.
When selecting the preferred ESG format for a financing instrument (i.e. use of proceeds format only or Sustainability-Linked format only), A2A shall not be bound by the terms and conditions of past issuances.

Sustainable Finance Committee

In 2019 A2A set up a dedicated cross-departmental Green Financing Committee (GFC) aimed at identifying and selecting Eligible Green Projects from a pool of investments. In 2021 the Committee, now called Sustainable Finance Committee (SFC), has further developed his role to include Sustainability-Linked Instruments.
The SFC, chaired by Finance, includes members from the following departments

- Finance;
- Sustainability Development;
- Strategy;
- Planning & Control;
- Subsidiaries/Business Units involved, relating to specific project(s) and KPI(s).

The Committee meeting takes place on a semi-annual basis and as when the situation requires.

KEY RESPONSIBILITIES

- Review, select, validate and monitor the pool of Eligible Green Projects, based on A2A's sustainability strategy, enterprise risk valuation and the Sustainable Finance Framework
- Monitoring ESG controversies associated to the projects and replacing
- Select and propose eligible sustainable financing KPIs and review and monitor the related SPTs
- Identify the proper impact metric that best describes the environmental benefits
- Draft, verify and validate annual reporting for investors
- Monitoring the on-going evolution related to the Sustainable Capital Markets in terms of disclosure/reporting to be in-line with market best practices
- Review and update the Framework, including expansions to the list of Eligible Categories and KPIs, to reflect any changes about the Company's sustainability strategies and initiatives

4.1 The Green Financing Component

Green Bonds are any type of bonds whose proceeds are exclusively used to finance or refinance, in full or in part, new or existing Eligible Green Projects while complying with the following four core components:

- Use of proceeds;
- Process for Project Evaluation and Selection;
- Management of Proceeds;
- Reporting.

1. Use of proceeds

An amount equal to the net proceeds from the issuance of the Green Financing Instruments will be used to finance or refinance, in full or in part, new or existing **Eligible Green Projects**.

EU Taxonomy alignment[7]: a dedicated assessment to the allocated Eligible Green Projects alignment with the EU Taxonomy will be performed within the annual allocation report.
Eligible Green Projects may include capital expenditures, operating expenditures related to improvement and maintenance of Eligible Green Projects, research and development, materials purchase costs, and acquisitions of renewable energy (solar and wind) assets. Where feasible, A2A will disclose in its annual reporting the year of operation of the acquired asset. A2A intends to prioritize, where possible, newer over older assets.
A2A will use its best effort to replace any assets that are no longer eligible, and/or if any material and critical controversies emerge, as soon as practical once an appropriate replacement has been identified giving evidence in the allocation report. Moreover, all potential projects, throughout their life-cycle, will be evaluated and monitored also considering ESG factors. A2A will exclude any project that does not meet the internationally acknowledged sustainable best practices such as, for example, Global Compact or International Labour Organization. Any project, asset, expenditure, or investment (included unallocated proceeds) related to the following activities will be excluded:

- Fossil energy generation;
- Nuclear energy generation;
- Development of new gas distribution pipelines/networks.

Since 2019, A2A conducted analyses on the potential interference of the A2A Group activities with the system of protected areas, namely with sites belonging to the Natura 2000 Network, IBA (Important Bird and Biodiversity Area) areas. These analyses will be adopted in the Do Not Significant Harm (DNSH) assessment.

7 According to the art. 8 of EU Taxonomy Regulation 852/2020 requirements.

1. Use of proceeds

	Renewable energy	Energy Efficiency		Transmission and distribution networks	Sustainable water and wastewater management	Pollution prevention and control	Clean transportation
Eligible green projects aimed at:	Increasing production of renewable energy, through acquisitions, construction or maintenance project, including: • PV / Wind plants • New plants of biomethane production (through biogas recovery) • Bioenergy plants • Anaerobic digestion • Battery and thermal storage systems development	Reducing energy consumption or mitigate greenhouse gas emissions, including: • Waste-to-Energy efficiency revamping/ upgrade (energy production and district heating) (R1 ≥ 0.60) • Services to improve energy efficiency of public lighting from traditional lighting to LEDs technology • New product and services related to energy efficiency for end customers • Ensure maximum efficiency throughout BAT (best available technologies) for the Group assets (new and refurbished buildings)		Connecting renewable sources, enhancing distributed energy, improving smart grids (efficiency and reliability), decreasing electricity losses and gas leakages of the existing networks, including: • Investments in smart grid • Smart meters installation (energy and gas) • Reduction of gas leakages of the existing networks making "hydrogen ready" on A2A's infrastructure • Improved grid efficiency (New primary electric stations, electrolyzers and synchronous condensers, replacement of network joints on the electricity grid) • Infrastructure development and improvement projects of IT platforms and application	Construction, development, operation and maintenance of facilities, systems or equipment used for sustainable infrastructure for clean and/ or drinking water, wastewater treatment and sustainable urban drainage systems, including: • Wastewater treatment and purification plants, networks and appliances; • Reduction of water losses projects (automatic systems to find leakages, new pipelines, water smart meters): target to reduce water leakage of 20% by 2030 (2020 base year)	Construction, development, operation and maintenance of facilities, systems or equipment used to reduce GHG emissions and waste disposal and reducing the environmental impact of the cities, including: • Development of new Waste-to-Energy plants for non-recyclable waste with acceptable levels of thermal efficiency[8] (energy production) (R1 ≥ 0.65) and a minimum energy efficiency of 25% • Waste collection services for municipalities • Plants to recover organic fraction[9] • Material recovery and selection plants • Recovery of heat sources from production activities	Construction, development, operation, acquisition and maintenance of infrastructure for sustainable mobility and cleaner vehicles with a lower environmental impact, for communities and for the Group's fleet, including: • Low environmental impact waste- collection vehicles (Electric and biomethane powered) • Low impact cars (Electric and biomethane powered) used for operations in the DSO activities; • Electric car charging hub • Biomethane filling station for vehicles (with emissions below 50g CO_2eq/km until 2025) • Development of hydrogen use for sustainable local transport purposes
Environmental benefits	Climate change mitigation	Climate change mitigation		Climate change mitigation & Natural Resource Conservation	Natural Resource Conservation	Climate change mitigation & Pollution prevention and control	Climate change mitigation
SDG Contribution	7 Affordable and clean energy 13 Climate action	7 Affordable and clean energy 11 Sustainable cities and communities 13 Climate action		7 Affordable and clean energy 9 Industry, innovation and infrastructure 13 Climate action	6 Clean water and sanitation 12 Responsible consumption and production	11 Sustainable cities and communities 12 Responsible consumption and production 13 Climate action	9 Industry, innovation and infrastructure 11 Sustainable cities and communities 13 Climate action

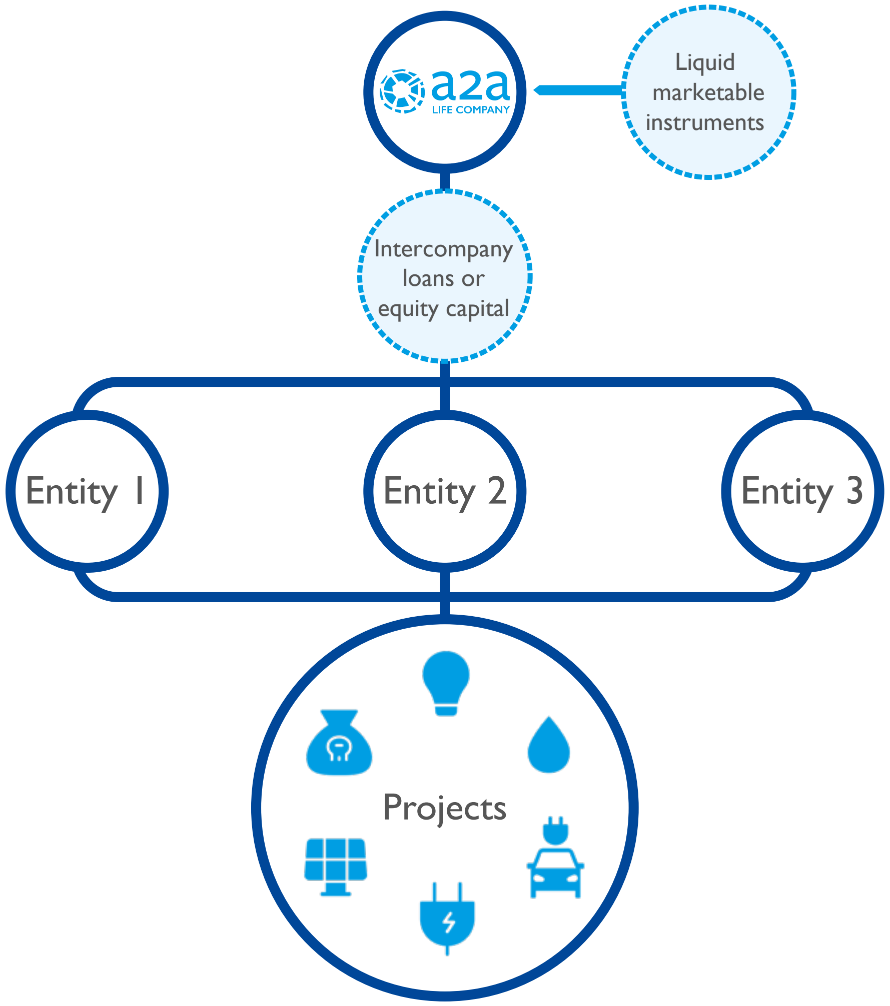
8 Assessed by reference to gross efficiency benchmarks published in the European Union Best Available Techniques (BAT) Reference Document for Waste Incineration, 2019.
9 Organic Fraction of the Municipal Solid Waste (OFMSW)(https://eippcb.jrc.ec.europa.eu/sites/default/files/2020-01/JRC118637_WI_Bref_2019_published_0.pdf).

2. Process for project evaluation and selection

Project evaluation and selection is a key process in ensuring that the projects financed and/or refinanced through the Green Financing proceeds meet the Eligibility Criteria reported in this Sustainable Finance Framework.
A revision of the Investment Valuation Function (VIG) procedure is going to be developed in order to include also the estimation and monitoring of sustainability KPIs in the scope of capex analysis.
The selection process for Eligible Green Projects is performed and coordinated by the Sustainable Finance Committee previously described.
Key responsibilities: the Committee is responsible for the review, selection, validation and monitoring of the pool of Eligible Green Projects, based on Group sustainability strategy, enterprise risk valuation and this Sustainable Finance Framework.
After the approval by the Committee, the list of selected potential Eligible Green Projects is registered in the Green Financing Register.

3. Management of proceeds

The net proceeds will be earmarked to the various Eligible Green Project categories selected by the SFC. A2A will endeavour to full allocate of proceeds within 24 months. Net proceeds will refinance Eligible Green Projects disbursed, delivered or acquired up to 24 months before the issuance of a Green Financing instrument. The balance of Proceeds should be periodically adjusted, in order to match allocations to Eligible Projects (re)financed during this period. To this end, if for any reason projects became no longer eligible, A2A commits to substituting them within 24 months, to the extent possible.
A2A commits, to the extent possible, to transparently communicate the estimated share of refinancing prior to each instrument issuance.
A2A's Treasury will transfer the proceeds directly to the subsidiaries that are in charge of delivering the projects via intercompany loans or equity capital. Pending the allocation or reallocation, as the case may be, of the net proceeds, A2A will invest the balance of the net proceeds, at its own discretion, in cash and/or cash equivalents and/or other liquid marketable instruments which will not include GHG intensive activities as per the company's financial policy. The payment of principal and interests on any financing instrument issued by A2A under the Framework will be made from its general funds and will not be linked to the performance of any Eligible Green Project.



4. Reporting & Verification

On an annual basis, at least until full allocation or in case of material changes, A2A will provide the following reporting on its Green Financing instrument(s):
Allocation reporting: detailing (i) the financing instrument proceeds allocation by category of Eligible Green Projects; (ii) the proportion of net proceeds used for financing versus refinancing; (iii) the percentage of EU Taxonomy aligned Eligible Green Projects financed with each Green Bond; (iv) if feasible, the co-financing share; (v) the balance of any unallocated proceeds; (vi) disclosure of any material developments related to the Eligible Green Projects, including ESG controversies and issues; and (vii) type of temporary investment instrument for unallocated proceed and (viii) the list of eligible projects (re)financed, including a brief description. The Allocation report will be available on A2A's website.
Impact/Performance reporting: A2A will report, to the extent feasible, a set of impact metrics related to the different Eligible Green Projects financed with the net proceeds of the Green Financing instrument. Impacts, methodologies and assumptions of indicators are disclosed in the annual Non-Financial Disclosure Report that is available on A2A's website.

Verification

External verifiers appointed by A2A will verify on an annual basis and until the full allocation, the allocated proceeds to Eligible Green Projects and the remaining balance of unallocated proceeds, within the annual report review.
External verifiers will also verify the compliance of the allocated proceeds with the eligible categories. The external verifiers' report will be made available on A2A's website.

Examples of relevant metrics could include

Type of project	UN SDGs support	Metrics
Pollution prevention and control	11 Sustainable cities and communities; 12 Responsible consumption and production; 13 Climate action	• Waste treatment capacity (municipal + special waste) aimed at recovering material and energy (kt/year) • CO_2 avoided thanks to WtE energy production (tons) • Increase of recycling capacity (tons) • Increase of collection capacity (tons) • Percentage of thermal energy produced from renewable sources and process recovery with respect to total thermal energy collected into the district heating network • CO_2 avoided thanks to district-heating (tons) • NO_x avoided thanks to district-heating (tons)
Sustainable water and wastewater management	6 Clean water and sanitation; 12 Responsible consumption and production	• Reduction in linear water losses (m^3/km/days) • Improvement in BOD (tons) • Improvement in COD (tons) • Water saving (m^3)
Renewable energy	7 Affordable and clean energy; 13 Climate action	• RES installed capacity (MW) • Energy production from RES (MWh/year) • CO_2 emission avoided (tCO_2eq)
Energy efficiency	7 Affordable and clean energy; 11 Sustainable cities and communities; 13 Climate action	• Number of new LED light points installed on public lighting • Energy saving thanks to LED light points installation (MWh/year) • CO_2 avoided thanks to interventions to promote energy efficiency in end uses (tons) • Improvement in energy efficiency (kWh)
Clean transportation	9 Industry, innovation and infrastructure; 11 Sustainable cities and communities; 13 Climate action	• Number of new low environmental impact Group's vehicles (by category) • Number of electric vehicle charging stations installed • Km travelled at zero emissions thanks to the electricity supplied by the charging points with 100% renewable energy supplied • CO_2 emissions per Km • NO_x emissions avoided per Km (tons)
Transmission and distribution networks	7 Affordable and clean energy; 9 Industry, innovation and infrastructure; 13 Climate action	• Number of Smart Grid projects • CO_2 avoided thanks to the reduction of methane leakages from existent distribution networks (tCO_2eq) • Total energy savings (MWh)

4.2 Sustainability-Linked Component

Sustainability-Linked Bonds are any type of bond instrument for which the financial and/or structural characteristics can vary depending on whether the issuer achieves predefined SPTs. In that sense, issuers are thereby committing explicitly (through the bond documentation) to future improvements in sustainability outcome(s) that are relevant, core and material to their overall business within a predefined timeline. SLBs are forward-looking performance-based instruments. The proceeds are intended to be used for general purposes; hence, the use of proceeds is not a determinant in their categorization. In accordance with SLBPs and SLLPs the basis of A2A's Sustainable Financing Component are the following five core elements:

- Selection of Key Performance Indicators (KPIs)
- Calibration of Sustainability Performance Targets (SPTs)
- Financial characteristics
- Reporting
- Verification

A2A's intention is to issue Sustainability-Linked Bonds with coupon structures linked to certain sustainability performance targets and eligible as collateral for Eurosystem credit operations and for outright purchases in Eurosystem monetary policy operations under the relevant eligibility criteria[10] available at the time of each issuance.

10 https://www.ecb.europa.eu/paym/coll/standards/marketable/html/ecb.slb-qa.en.html

1. Selection of Key Performance Indicators

A2A has selected the following three KPIs, which are core, relevant and material to its business and measure the sustainability improvements of the Group as a whole. These KPIs contribute to the United Nations SDGs 7 (Affordable and Clean Energy), 11 (Sustainable Cities and Communities), 12 (Responsible Consumption and Production) and 13 (Climate Action) related to climate change or environmental degradation.

KPI #1: Scope 1 CO_2 Emission Intensity

Scope 1 greenhouse gas (GHG) emissions (expressed in grams of CO_2 per kWh).

KPI #2: Renewable Energy Capacity Installation

Amount of renewable energy installed capacity (expressed in MW) as of a given date.

KPI #3: Waste Treated In Group's Material Recovery Plants

Total amount of waste treated (municipal + special), including preparation prior to recovery, aimed at recovering material at the Group's plants (expressed in Mt).

KPI #1: Scope 1 CO_2 Emission Intensity

Scope 1 greenhouse gas (GHG) emissions (expressed in grams of CO_2 per kWh), contributing to SDG 7, 11 and 13

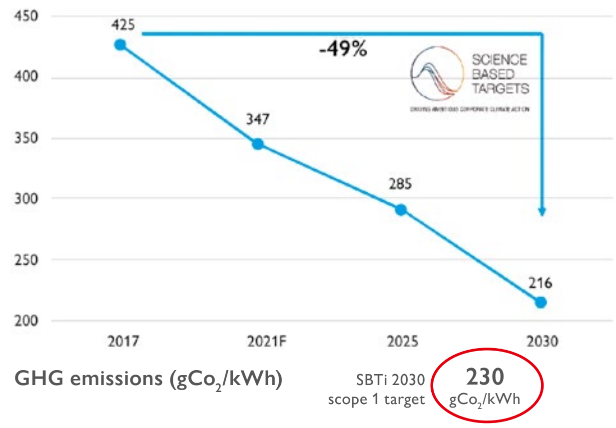
Rationale: The centrality of the issue of climate change is broadly recognized and shared throughout society and by governments. A2A has increased its focus on reducing the impact on climate change by strengthening its commitments to greenhouse gas emissions reduction across its businesses. The company's decarbonisation path is based primarily on the development of +3.9 GW of additional renewable capacity by 2030 (vs 2020), the optimization of gas-fired combined cycle plants and the decommissioning and conversion of conventional coal and oil-fired power plants. In particular, the company has set Scope 1 CO_2 Emission Intensity targets (expressed in grams of CO_2 per kWh) aligned with the trajectory of the 2°C scenario modelled on the Intergovernmental Panel on Climate Change (IPCC) Fifth Assessment Report which gives the highest likelihood of staying within a global target temperature rise of or less than 2°C in the year 2100. The emission reduction target is also aligned with the current Italian Integrated National Plan for Energy and Climate. The A2A Scope 1 as well as the Scope 2 targets are certified by the Science Based Target Initiative to be consistent with reductions required to keep warming to 2°C. A2A historical performance shows a recent improvement, with the company further revising its CO_2 reduction target to 2030 as part of its Sustainability Policy in 2019.

Historical Performance (SBTi scope)
GHG emissions (gCo_2/kWh)

2017	2018	2019	2020	2021F
425	384	345	310	347

Notes:
(1) The emission factor in 2020 was strongly reduced compared to recent years due to the extraordinary effects related to the pandemic
(2) For example, in 2021 an extraordinary demand for energy came from the market. The Heavy Oil fuel plant-based in Sicily, considered as essential by the TSO for the stability of the energy system, entered in function more than expected. This led to an increase in emissions not directly attributable only to A2A's portfolio strategy

Goal achievement plan: A2A has planned an ambitious path to greenhouse gas emission reduction. First of all, A2A is planning an upgrade of its existing CCGTs plants with investments aimed at increasing output, efficiency, and availability, while reducing fuel consumption. At the same time, A2A will phase-out its existing coal (by 2022) and oil plants, while converting them into innovative and circular economy projects (e.g. hydrogen, batteries). Moreover, A2A will develop at least a new high-efficiency hydrogen-ready H-class CCGT. These investments represent the main contributors to the first drop of the curve from 2020 to 2025. Soon after, following the continuous efforts in developing and consolidating its green capacity, A2A production mix is going to be composed of over 60% RES. The energy mix of A2A portfolio tilted in favour of RES is reflected in the second and largest drop of the curve from 2025 to 2030.

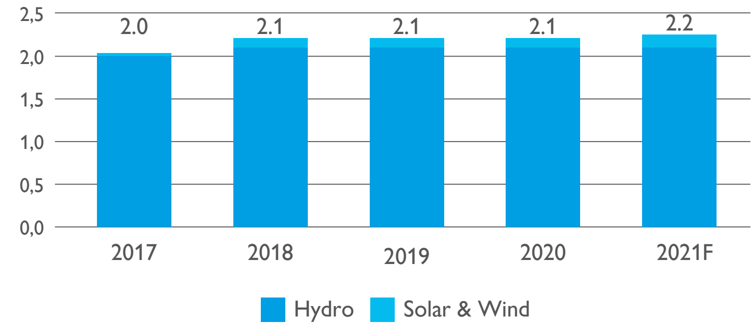


KPI #2: Renewable Energy Capacity Installation

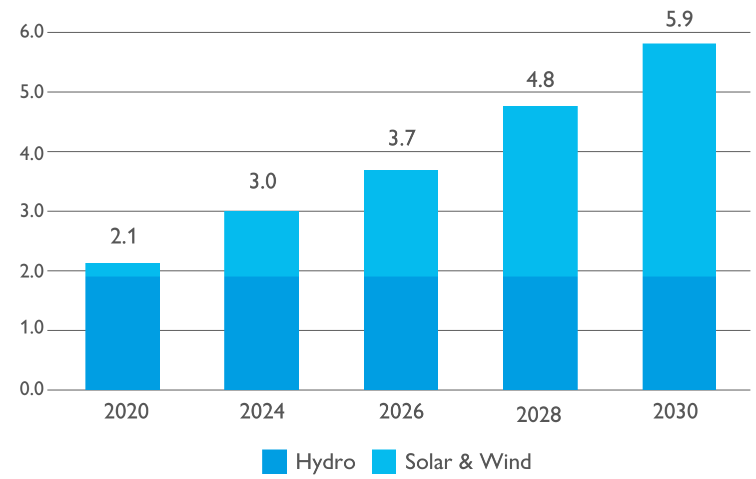
Amount of renewable energy installed capacity (expressed in MW) as of a given date, contributing to SDG 7 and 13

Rationale: Energy Transition is one of the two pillars of A2A's sustainability strategy. Renewable Energy Capacity Installation supports A2A's targets to phase out from coal, decarbonize its energy mix and reduce CO_2 emissions in line with the Paris Agreement. The Renewable Energy Installed Capacity by 2030 accounts for over 60% of A2A's Renewable Energy mix, which is above the Italian target set at 55%[11]. A2A foresees to generate about 60% of the total energy production from renewable sources (hydro, solar and wind) in 2030 (about 30% as of 2020).

Historical Performance
Renewable Energy Installed Capacity (GW)



Goal Achievement Plan
Renewable Energy Installed Capacity (GW)



11 "INTEGRATED NATIONAL ENERGY AND CLIMATE PLAN" December 2019 - https://www.mise.gov.it/images/stories/documenti/it_final_necp_main_en.pdf

KPI #3: Waste Treated In Group's Material Recovery Plants

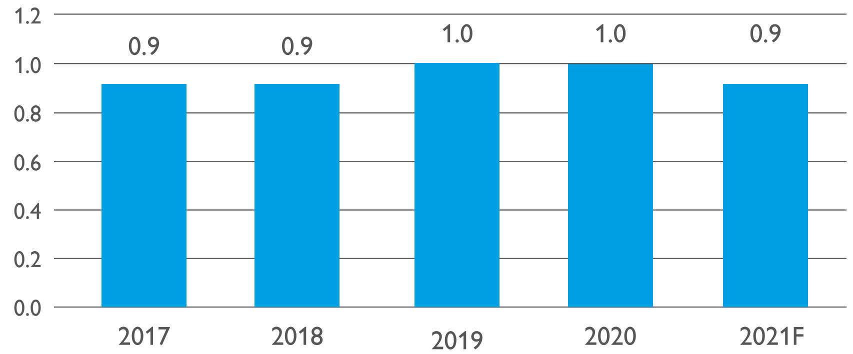
Total amount of waste treated (municipal + special), including preparation prior to recovery, aimed at recovering material at the Group's plants (expressed in Mt), contributing to SDG 11, 12 and 13

Rationale: Circular Economy is one of the two pillars of A2A's sustainability strategy. Material recovery from waste is one of the main drivers of A2A's sustainability path. Reuse and recycling are better options in the waste hierarchy as they could deliver higher climate mitigation benefits, reducing the portion from residual non-recyclable waste. A2A has a target for implementing separate collection rate up to 76% by 2030, which is far above the 65% target set by the European Commission[11].

Goal achievement plan: A2A plans to reach this target through capacity of its existing plants, organic growth and M&A. The key industrial driver of this growth is the organic fraction, which is among A2A's core competencies and that will contribute to 1.0 Mt of increased capacity by 2030. As of January 2021, A2A can count on a fast-growing asset portfolio with 2 Organic Fraction of the Municipal Solid Waste (OFMSW) plants and a solid pipeline of plants in the early phase of the authorization process.

Historical Performance

Waste treated in Group's material recovery Plants (Mt)



Notes:
2021F affected by plants allocation update, based on share of waste recycled or sent to energy recovery

11 https://ec.europa.eu/environment/waste/target_review.htm

2. Calibration of sustainability performance targets

Factors that support and/or might put at risk the achievement of the targets for each KPI will be disclosed in the relevant documentation of the Sustainability-Linked transactions, in line with applicable regulation.

SPT #1: Scope 1 CO_2 Emission Intensity

Specific Scope 1 CO_2 Emission Intensity (expressed in grams per kWh, as of the Reference Date) was equal to or lower than the relevant CO_2 Emission Factor threshold.

Metric / Year	SDG	u.m.	2025	2030
Scope 1 CO_2 Emission Intensity	7/13	gCO_2/kWh	285	216

SPT #2: Renewable Energy Capacity Installation

The total installed capacity from renewable energy sources (expressed in MW, as of the Reference Date) was equal or higher than the relevant threshold. Renewable energy sources include: WIND, SOLAR AND HYDROPOWER generation.

Metric / Year	SDG	u.m.	2024	2026	2028	2030
RES total installed capacity	7/13	GW	3.0	3.7	4.8	5.9

SPT #3: Waste Treated In Group's Material Recovery Plants

The total amount of waste treated (municipal + special) aimed at recovering material at the Group's plants, including preparation prior to recovery (expressed in Mt, as of the Reference Date) was equal or higher than the relevant threshold.

Metric / Year	SDG	u.m.	2024	2026
Waste treated in Group's material recovery Plants	11/12/13	Mt	1.4	1.7

3. Financial characteristics

SLBs are instruments that incorporate one or multiple KPIs, as outlined in the section dedicated to the "Selection of Key Performance Indicators". For the avoidance of doubt and in line with market practice, the proceeds of A2A's Sustainability-Linked instruments will be used for general corporate purposes. The failure by A2A to satisfy the applicable SPTs of the relevant KPI incorporated in each specific Sustainability-Linked instrument by the agreed Reference Date, will trigger a margin adjustment, as applicable.
In the case of Sustainability-Linked Bonds only an increase in the interest rate will be applicable to interest periods following such Reference Date.
In the case of Sustainability-Linked Loans, a decrease in the interest rate will also be applicable. The achievement by A2A of the applicable SPTs of the relevant KPI incorporated in each specific Sustainability-Linked instrument by the agreed Reference Date might trigger a margin adjustment applicable to interest periods following such Reference Date.
The Step-up Margin or margin adjustment, as applicable, will be specified in the relevant documentation of the specific transaction (e.g. Final Terms of the Sustainability-Linked Bond or the facility agreement of the Sustainability-Linked Loan).

4. Reporting & Verification

Reporting

With reference to the KPIs listed in the relevant section of this Framework, A2A's performance will be reported by A2A annually, and in any case for any date/period relevant for assessing the trigger of the SPT performance on its website and in the Group's Consolidated Non-Financial Disclosure (NFD), in accordance with Legislative Decree 254/16 (as amended and supplemented from time to time), which shall include, for the avoidance of doubt, the Group's GHG Report.
Reporting may include:

- Up-to-date information on the performance of the selected KPI, including the baseline where relevant;
- An External Verifier assurance report, outlining the performance against the SPT and the related impact and timing of such impact, on a financial instrument performance;
- Any relevant information enabling investors to monitor the progress of the SPT.

Information may also include when feasible and possible:

- Qualitative or quantitative explanation of the contribution of the main factors, including M&A activities, behind the evolution of the performance/KPI on an annual basis;
- Illustration of the positive sustainability impacts of the performance improvement;
- Any re-assessments of KPIs and/or restatement of the SPT and/or pro-forma adjustments of baselines or KPI scope, if relevant.

Verification

A2A's performance of Scope 1 CO_2 Emission Intensity, Renewable Energy Capacity Installation and Waste Treated In Group's Material Recovery Plants, against the SPT #1, SPT #2 and SPT #3, will be verified by an External Verifier at the relevant Reference Date.
"External Verifier" means any qualified provider of third-party assurance or attestation services appointed by A2A, to review A2A's statement on the Scope 1 CO_2 Emission Intensity, Renewable Energy Capacity Installation and the Waste Treated In Group's Material Recovery Plants.
The External Verifier's reports will be published on A2A's website.

05

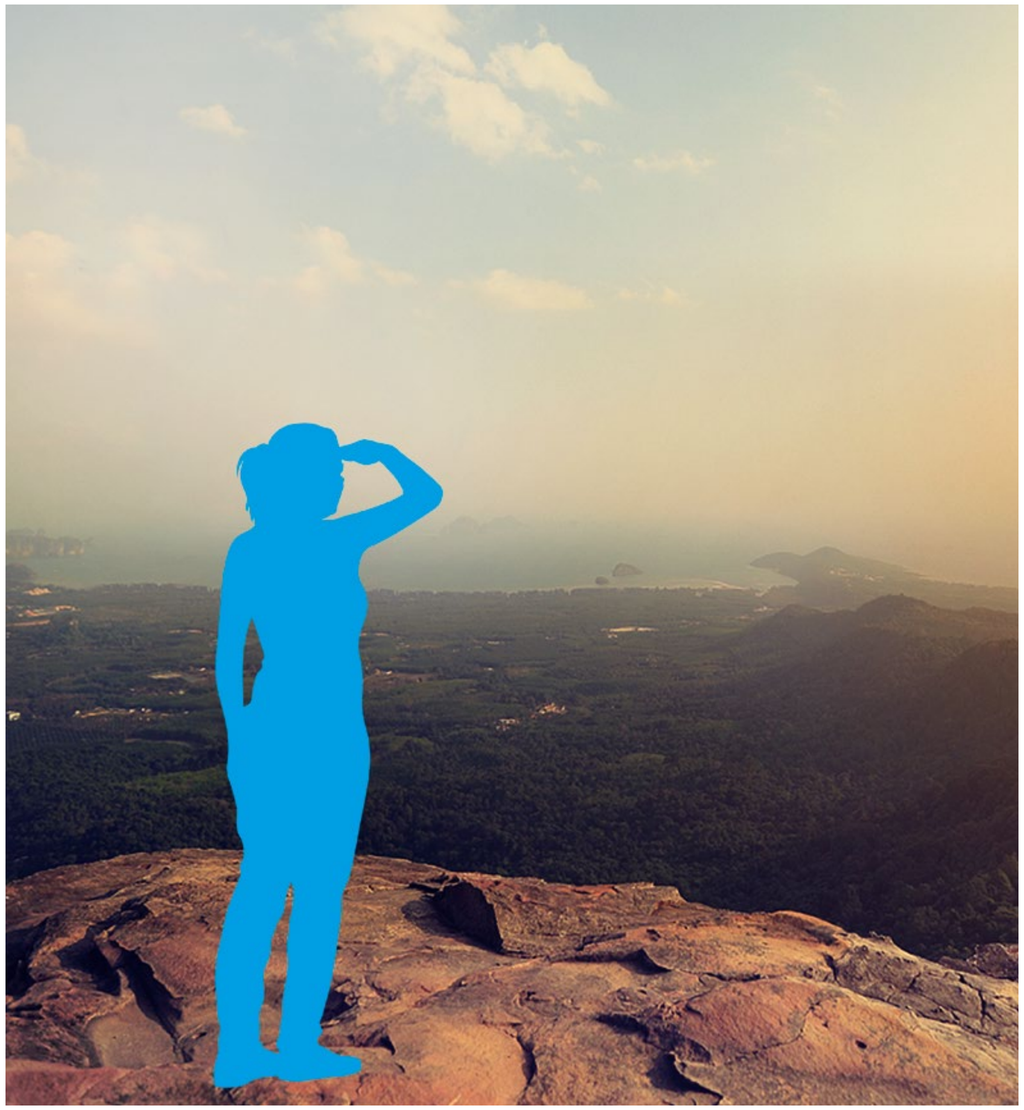
EXTERNAL REVIEW SECOND PARTY OPINION

5. External review – Second Party Opinion

A2A has appointed Vigeo Eiris to provide a Second Party Opinion on this Sustainable Finance Framework, confirming the alignment with the Green Bond Principles and with Sustainability-Linked Bond Principles published by the ICMA, and the Green Loan Principles and Sustainability-Linked Loan Principles, published by the LMA.
This Second Party Opinion is available on A2A's website.

Amendment to this Framework

A2A will review this Framework from time to time, including its alignment to updated versions of the relevant principles as and when they are released, with the aim of adhering to best practices in the market.
A2A will also review this Framework in case of material changes in the perimeter, methodology, and in particular KPIs and/or the SPTs calibration. Such review may result in this Framework being updated and amended.
The updates, if not minor in nature, will be subject to the prior approval of the qualified provider of the Second Party Opinion.
Any future updated version of this Framework that may exist will either keep or improve the current levels of transparency and reporting disclosures, including the corresponding review by an External Verifier.
The updated Framework, if any, will be published on A2A's website and will replace this Framework.



APPENDIX I FURTHER DETAILS FOR STEP UP

Appendix I – Further details for step up

Event for KPI #1/SPT #1

The failure of A2A to satisfy SPT #1 as of Scope 1 CO_2 Emission Intensity at the Reference Date will not trigger the Step up Margin in case the failure is due to either:

- An amendment to, or change in, any applicable laws, regulations, rules, guidelines and policies, applicable to and/or relating to the closure of the thermo-electric power plants owned by A2A, or its consolidated subsidiaries or joint operations, is delayed or a required conversion of the thermo-electric power plants owned by A2A, or its consolidated subsidiaries or joint operations, to gas power plants will occur; or
- The relevant energy concessions granted to A2A, or its consolidated subsidiaries or joint operations, being amended, revoked or the relevant expiration date is shortened.

Event for KPI #2/SPT #2

The failure of A2A to satisfy SPT #2 as of Renewable Energy Capacity Installation at the Reference Date will not trigger the Step up Margin in case the failure is due to:

- An amendment to, or change in, any applicable laws, regulations, rules, guidelines and policies, applicable; or
- The removal of the concession granted to A2A with respect to the management of its hydropower assets, which contribute to the base installed capacity of SPT #2.

In this respect, A2A reserves the right to adjust at any point the SPT #2 to best reflect the status of its hydropower portfolio. For the avoidance of doubt, the increased capacity that SPT #2 reflects vis à vis the base year is driven solely by Wind and Solar installations. Therefore, adjustments on the SPT #2 deriving from changes in the hydropower portfolio of A2A would not jeopardize the Group's investments included in the plan and therefore the ambitiousness that KPI #2 is designed to capture.

Event for KPI #3/SPT #3

The failure of A2A to satisfy SPT #3 as of Waste Treated In Group's Material Recovery Plants at the Reference Date will not trigger the Step up Margin in case the failure is due to:

- An amendment to, or change in, any applicable laws, regulations, rules, guidelines and policies, applicable.

APPENDIX II SCIENCE BASED TARGET INITIATIVE LETTER

info@sciencebasedtargets.org
www.sciencebasedtargets.org

/ScienceBasedTargets @sciencetargets

March 2nd, 2020

Dear A2A SpA.,

Thank you for submitting your greenhouse gas emission reduction target(s) to the Science Based Targets initiative (SBTi) for an official validation.

Our team has assessed your target(s) against the SBTi criteria (version 3) and, after careful review, we are happy to inform you that your submitted target(s) have been approved.

Basic information about your company and the approved target(s) will be listed on the Science Based Targets website. The following agreed target wording will be used:

"*A2A SpA. commits to reduce scope 1 GHG emissions 46% per kWh by 2030 from a 2017 base year. A2A commits to reduce absolute scope 2 GHG emissions 100% by 2024 from a 2017 base year. A2A also commits to reduce absolute scope 3 GHG emissions from purchased goods and services and use of sold products 20% by 2030 from a 2017 base year.*"

> *A footnote will be included alongside the official target wording on the SBTi website: "The target boundary includes biogenic emissions and removals from bioenergy feedstocks."

The SBTi's Target Validation Team has classified your company's scope 1 and 2 target ambition and has determined that it is in line with a 2°C trajectory. The overall temperature alignment of power generators' targets is determined based on their scope 1 target ambition, when scope 1 emissions are higher than 95% of scope 1 and 2 emissions combined.

Companies must announce approved targets publicly within six months of the approval date (when decision letter was sent). Please let the communications team know when your company would like to publish your targets within this timeframe by replying to this email. You will also be added to the SBTi mailing list, which we use to share important updates from the initiative on a bi-monthly basis.

Congratulations on your approved science-based targets!

Kind regards,
The Science Based Targets initiative's Steering Committee

a2a

LIFE COMPANY