

Green Bond Report

Issuance 2021



a2a
LIFE COMPANY

Table of contents

1	Key Figures	3
2	A2A's Path in Sustainable Finance	4
2.1	Sustainable Finance Framework	4
2.2	Sustainable Finance: Highlights 2021-2022	5
3	Second Green Bond	6
3.1	Bond Summary	6
3.2	Project Evaluation & Selection	7
3.3	Management of Proceeds and Reporting	7
4	Allocation and Impact Reporting	8
4.1	Renewable Energy	8
4.2	Pollution Prevention and Control	12
4.3	Energy Efficiency	16
4.4	Transmission and Distribution Networks	18
4.5	Allocation Summary	21
5	External Review – Post Issuance Verification	21

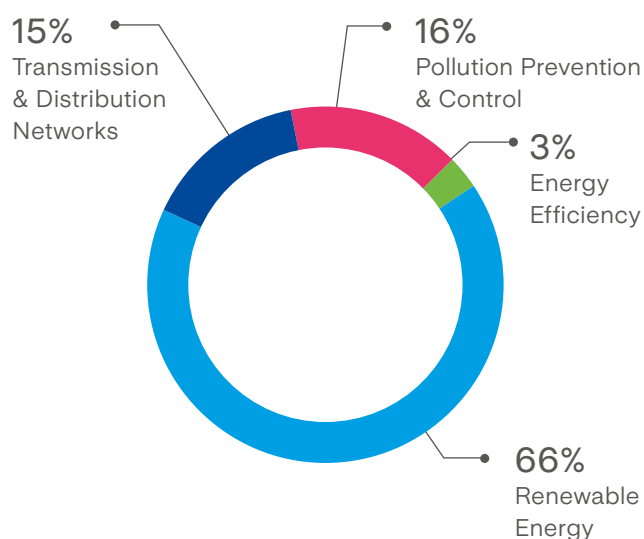
1. Key Figures

Green Bond Details

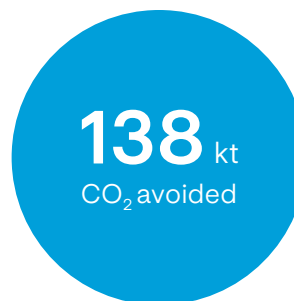
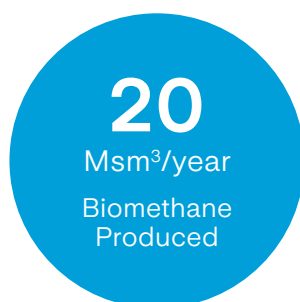
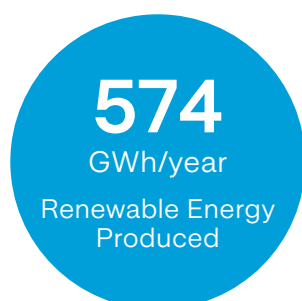
ISIN Code	Issued Amount	Net Proceeds	Annual Coupon	Issue Date	Maturity Date	Issue Price	Reoffer Yield	Rating
XS2403533263	€ 500,000,000	€ 495,020,000	1.000%	02/11/2021	02/11/2033	99.204%	1.071%	S&P: BBB Moody's: Baa2

Allocation Summary

Use of Proceeds Categories	Allocated Amount (€M)
Renewable Energy	328
Pollution Prevention and Control	77
Transmission and Distribution Networks	75
Energy Efficiency	15
Total	495



Main Impact KPIs



2. A2A's Path in Sustainable Finance

2.1 Sustainable Finance Framework

Sustainable finance is one of the main enabling levers of A2A's Strategic Plan 2021-2030.

To reinforce the link between the Group's financial and sustainable strategy, A2A has developed in May 2021 and updated in February 2022 a new Sustainable Finance Framework, following its first Green Financing Framework published in July 2019. A2A's Sustainable Finance Framework is fully aligned with ICMA and LMA's latest principles and combines both Green/Use of Proceeds and Sustainability-Linked approaches. Under this Framework, in fact, A2A is able to issue Use of Proceeds or KPI-linked instruments, such as bonds, loans, project financings and/or any other financing

instrument in different formats and/or currencies.

The combined use of Green Bonds and Sustainability-Linked Bonds shows the holistic nature of A2A as issuer, ensuring to the investors: on one hand, the transparency to better allocate their funds and measure their contribution to climate change adaption and mitigation through an identifiable use of proceeds; on the other hand, the strong engagement of A2A in ESG management at corporate level. In line with the best market practices, the Sustainable Finance Framework has been submitted to Vigeo Eiris for the issuance of a Second Party Opinion. This latter is available on A2A's website¹ and a summary is presented here below:



Vigeo Eiris considers that A2A's Sustainable Finance Framework is aligned to: (i) the four core components of the ICMA's Green Bond Principles 2021 and the LMA/APLMA/LSTA's Green Loan Principles 2021 and (ii) the five core components of the ICMA's Sustainability-Linked Bond Principles 2020, and the LMA/APLMA/LSTA's Sustainability-Linked Loan Principles 2021.

Vigeo Eiris considers that the Sustainable Finance Framework is consistent with A2A's strategic sustainability priorities and that it contributes to achieving the Issuer's sustainability commitments. The agency has finally highlighted A2A's commitment to the development of sustainable finance and its "Advanced" position as issuer.

The Framework represents also the main enabler to reach one of the main objectives of A2A's Strategic Plan: 90% sustainable debt within 2030.



¹ Please see <https://www.gruppoa2a.it/en/investors/debt/sustainable-financing>.

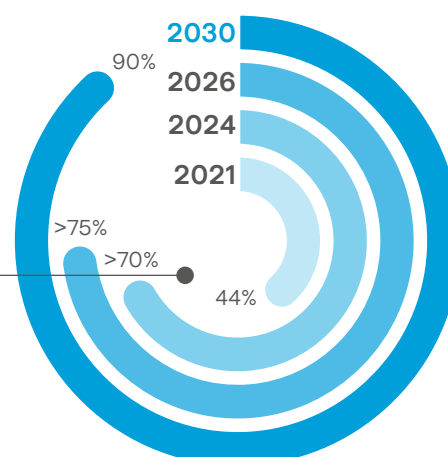
2.2 Sustainable Finance: Highlights 2021-2022

During 2021-2022 A2A structured the following main sustainable finance transactions:

June 2021	A2A launched its first share buyback programme involving a donation to Banco dell'energia.
July 2021	A2A signed a new KPI-Linked Revolving Credit Facility (RCF) of 500 million euro and 5-year maturity linked to the Renewable Energy Capacity Installation and Waste Treated in Group's Material Recovery Plant targets and including a donation mechanism with Banco dell'energia; A2A issued the inaugural Sustainability-Linked Bond of 500 million euro and 10-year maturity linked to the achievement of 2025 target of Scope 1 CO ₂ Emission Intensity.
October 2021	A2A issued its second Green Bond of 500 million euro and 12-year maturity: the proceeds will be used to finance Eligible Green Projects aligned to EU Taxonomy Regulation.
March 2022	A2A issued the second Sustainability-Linked Bond, after the inaugural one of July 2021, with a size of 500 million euro, maturity 6 years and linked to the achievement of 2024 target of Renewable Energy Installed Capacity.
June 2022	A2A issued its third Green Bond with a size of 600 million euro and 4-year maturity, whose proceeds, on the same line of the Green Bond issued in October 2021, will be used to finance Eligible Green Projects aligned to EU Taxonomy Regulation. A2A signed a new Sustainability-Linked RCF of 410 million euro and 5-year maturity targeting Social & Governance KPIs and including a donation mechanism with Banco dell'energia.
July 2022	A2A signed a civil and general liability insurance policy linked to Social targets.
September 2022	A2A issued a new Green Bond for 650 million euro and 8-year maturity. The proceeds of the Green Bond will be used to finance eligible Green Projects aligned to EU Taxonomy. Thanks to the actions taken during these years, A2A's share of sustainable debt has reached 60% of total debt as of 30 September 2022 (in advance to the target set for 2023).

Commitment to 2030

Share of ESG debt on total (%).



60% share of ESG Debt
as of 30th September 2022,
anticipating the target set for 2023

3. Second Green Bond

3.1 Bond Summary

On 25th October 2021, A2A S.p.A. launched a 500 million euros 12 years Green Bond (the “Green Bond”), marking the second time the company has accessed the market with a Green Use of Proceeds instrument, following the inaugural one of July 2019.

The net proceeds of this issuance have been fully used to finance Eligible Green Projects in the fields of Circular Economy and Energy Transition, targeting specifically the following categories of A2A's Sustainable Finance Framework: Renewable Energy, Pollution Prevention

and Control, Energy Efficiency and Transmission and Distribution Networks.

Furthermore, in the pre-execution phase of the issuance, A2A preemptively assessed the alignment of the Eligible Green Projects to the EU Taxonomy, with particular reference to the substantial contribution to the “Climate Change Mitigation” environmental objective.

The final results of this evaluation process are presented in the “Allocation and Impact Reporting” section of this Report.

Targeted Green Project Categories

CATEGORY		SDGs		
	Renewable Energy			
	Energy Efficiency			
	Transmission and Distribution Networks			
	Pollution Prevention and Control			

3.2 Project Evaluation & Selection

According to A2A's Sustainable Finance Framework, Project Evaluation and Selection represents the key process in ensuring that the projects financed and/or refinanced through Green Bond proceeds meet the Eligibility Criteria reported in the Framework.

This process is performed and coordinated by A2A's Sustainable Finance Committee (the "Sustainable Finance Committee") which is chaired by the Finance department and includes members from Sustainability Development, Strategy, Planning & Control departments,

and Business Units involved in specific project(s) and KPI(s) identification.

The Sustainable Finance Committee reviews, selects, validates, and monitors the pool of Eligible Green Projects, on the basis of A2A's sustainability strategy, enterprise risk valuation and Sustainable Finance Framework.

After the approval by the Committee, the list of theselected Eligible Green Projects is registered in the Green Financing Register.

3.3 Management of Proceeds and Reporting

A2A endeavors to fully allocate the proceeds of its Green Bond within 24 months. Net proceeds are used to finance Eligible Green Projects disbursed, delivered, or acquired up to 24 months before the issuance. If for any reason projects became no longer eligible, A2A commits to substituting them within 24 months, to the extent possible.

A2A's Treasury transfers the proceeds directly to the subsidiaries in charge of delivering the projects via intercompany loans or equity capital. Pending the allocation or reallocation, as the case may be, of net proceeds, A2A will invest the balance of 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 Sustainable Finance Framework is made from its general funds and it is not linked to the performance of any Eligible Green Project.

The reporting criteria (allocation and impact, including the relevant metrics) are prepared consistently with the Sustainable Finance Framework and has been examined and approved by the Sustainable Finance Committee.



4. Allocation & Impact Reporting

The complete analysis of all Eligible Green Projects with regards to the alignment to EU Taxonomy was performed, including the verification of compliance with all technical screening criteria for Substantial Contribution and DNSH and also with minimum social

safeguards. The details and the results of the analysis are disclosed hereunder.

The proceeds of this Bond were fully allocated to the projects aligned with EU Taxonomy.

Minimum Safeguards

A2A, as a company operating under EU legislation, has ensured the respect of minimum safeguards criteria according to Article 18 of the EU Taxonomy Regulation (OECD guidelines for Multinational Enterprises (MNE), United Nations Guiding Principles on Business and Human Rights (UNGPs), the eight ILO conventions on fundamental principles and rights at work, and the international bill of human rights).

The effort of A2A in ensuring these criteria application could be summarized in the following points:

- A2A is a member of Global Compact, the United Nations initiative for promoting the culture of business citizenship, which encourages companies throughout the world to create an economic, social and environmental framework in order to ensure a sound and sustainable economy.

- The A2A Group's Code of Ethics is an integral part of the Model pursuant to Legislative Decree no. 231/01 with regards to members of the Board of Directors, members of the control body, managers and executives, employees, suppliers and business partners. 39 subsidiaries adopted their own Organization, Management and Control Models in accordance with Legislative Decree no. 231/01.
- A2A's Code of Ethics makes explicit reference to the UN Universal Declaration of Human Rights, the ILO Fundamental Conventions, the OECD Guidelines and the principles of the Global Compact to which the Group adheres.
- In 2021 A2A issued its Human Rights Policy, adopted by the Board of Directors of A2A S.p.A., in addition to and as a complement of the Group's Code of Ethics, in order to reaffirm the commitment of the Group to promote and support all the values and principles established by international human rights institutions of which A2A is a member.

4.1 Renewable Energy

The most significant share of the Green Bond proceeds has been used for increasing A2A's renewable energy installed capacity.

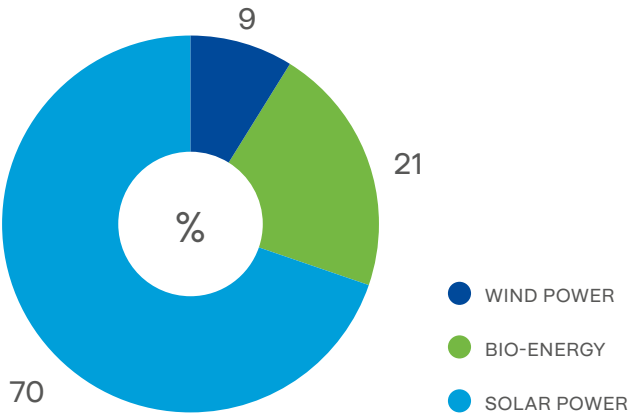
Allocated Amounts

2020	2021	2022	Total	% of Total Bond Allocated
22 €M	307 €M	-	328 €M	66%

The Group has not just improved its existing plants, but also completed three M&A operations to increase its renewable energy capacity:

- Acquisition of Octopus Portfolio (photovoltaic plants);
- Acquisition of Agripower (bioenergy plants);
- Acquisition of Castello (wind power plants).

Renewable Energy Allocation by Source



Octopus Portfolio

In line with the Plan’s commitment, in 2021, A2A signed a binding agreement to acquire from Octopus Renewables, a portfolio of 17 photovoltaic plants with a nominal capacity of 173 MW. The asset is the largest portfolio of non-incentivized plants in Italy, of which 9 are located in Lazio and 8 in Sardinia.

Impact KPIs

Energy Production (2021)	CO ₂ Avoided (2021)	Residential Customers Capacity (2021)
420 GWh/year	92 kt/year	200 k/year



Summary of EU Taxonomy alignment analysis

Related Taxonomy activity: 4.1 “Production of energy from solar power”

Substantial Contribution to Climate Change Mitigation



Confirmed. All Octopus Solar PV plants are contributing substantially to climate change mitigation.

Do Not Significant Harm (DNSH)

Climate change adaptation



Confirmed. A taxonomy aligned climate risk assessment has been carried out. Mitigation measures, such as maintenance plants and safeguards are in place. Those measures do not adversely affect the adaptation efforts of other people, nature and assets.

The sustainable use and protection of water and marine resources

n.a.

The transition to a circular economy



Confirmed. Plants are equipped with components of high durability and recyclability, and they are easy to commission and upgrade.

Pollution prevention and control

n.a.

The protection and restoration of biodiversity



Confirmed. Priority check on EIA. For every ground installation exempted from EIA and GIS verification were carried out, addressing interference with protected areas.

Agripower

At the end of 2020, A2A was awarded the entire share capital of Agripower S.r.l. as part of an arrangement procedure which was completed in 2021. Agripower is one of the main Italian platforms for generating electricity from biogas, through the management of plants powered by renewable sources, in particular agricultural and agro-industrial residues. The company owns 18 plants with a total installed

and a treatment capacity of ca. 445 kt of feedstock (corn, pig and cattle slurry, etc.) distributed in 9 regions in Northern and Central Italy and Sardinia. The company is also a key player in the operation and maintenance of biogas power generation plants, with over 60 facilities under management. One of the biogas power plants is currently being converted to biomethane.

Impact KPIs

Installed capacity	Energy production (2021)	Agro-food treatment capacity (2021)
18 MW	132 GWh/year	30 kt/year

Summary of EU Taxonomy alignment analysis

Related Taxonomy activity: 4.8. “Electricity generation from bioenergy”

Substantial Contribution to Climate Change Mitigation



Agripower plants agree with substantial criteria 2 and 3:

- The greenhouse gas emission reduction from the use of biomass are at least 80% in relation to the GHG reduction methodology and the relative fossil fuel comparator in Annex VI to Directive (EU) 2018/2001;
- Where the installations rely on anaerobic digestion of organic material, digestate production meets the criteria in Sections 5.6 and criteria 1 and 2 of Section 5.7 of this Annex, as applicable.

Do Not Significant Harm (DNSH)

Climate change adaptation



Confirmed. A taxonomy aligned climate risk assessment has been carried out. Mitigation measures, such as maintenance plants and safeguards are in place. Those measures do not adversely affect the adaptation efforts of other people, nature and assets.

The sustainable use and protection of water and marine resources



Confirmed. Negligible water consumption and negligible impact on discharges.

The transition to a circular economy

n.a.

Pollution prevention and control



Confirmed. Air and water emissions are compliant with the threshold reported in environment conditions.

The protection and restoration of biodiversity



Confirmed. Priority check on EIA. For every ground installation exempted from EIA and GIS verifications were carried out, addressing interference with protected areas. Two plants (Tula and Torre Zuina) were excluded as precautionary measure.



Castello Plant

In the second half of 2020, A2A acquired a wind power plant located in Castelpagano (Campania). The plant is composed of 4 wind turbines.

The acquisition, despite the limited size, is considered strategic as the plant is located in an area with excellent wind resource.

Impact KPIs

Installed Capacity 8 MW	Energy Production (2021) 22 GWh/year
--	---

Summary of EU Taxonomy alignment analysis

Related Taxonomy activity: 4.3 “Electricity generation from wind power”

Substantial Contribution to Climate Change Mitigation



Confirmed. Wind Power Plant is contributing substantially to climate change mitigation.

Do Not Significant Harm (DNSH)

Climate change adaptation	Confirmed. A taxonomy aligned climate risk assessment has been carried out. Mitigation measures, such as maintenance plants and safeguards are in place. Those measures do not adversely affect the adaptation efforts of other people, nature and assets.
The sustainable use and protection of water and marine resources	Confirmed. Compliant with all EU Directives on keeping the good environmental status of water.
The transition to a circular economy	Confirmed. Plant is equipped with highly durable and recyclable components that are easy to dismantle and upgrade.
Pollution prevention and control	n.a.
The protection and restoration of biodiversity	Confirmed. Priority check on EIA. For every ground installation exempted from EIA and GIS verifications were carried out, addressing interference with protected areas.

4.2 Pollution Prevention and Control

A non-negligible amount of the Green Bond proceeds have been allocated to projects aimed at improving organic waste treatment and district heating system, in particular:

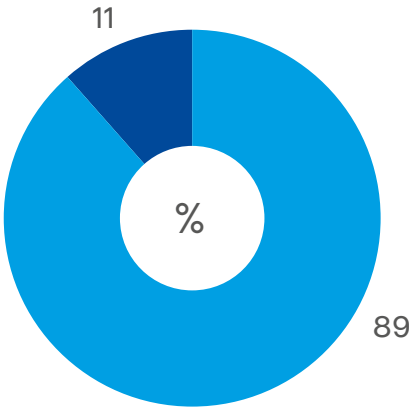
- Lacchiarella and Cavaglia OFMSW (Organic Fraction of Municipal Solid Wastes) plants allow the company to avoid sending organic waste to landfills, enabling the reduction of methane emissions;
- Investments in district heating allow the company to reduce harmful emissions of CO₂ and NO_x.

Allocated Amounts

2020	2021	2022	Total	% of Total Bond Allocated
11 €M	38 €M	28 €M	77 €M	16%

Pollution Prevention and Control Allocation: District Heating vs OFMSW Plants

- OFMSW PLANTS
- DISTRICT HEATING



Lacchiarella and Cavaglià OFMSW Plants

A2A aims to deal with pollution prevention and control issues by minimizing any adverse impact on human health and the environment, monitoring materials and substances in compliance with EU regulations and the environmental performance of the Group infrastructure, facilities, and vehicles.

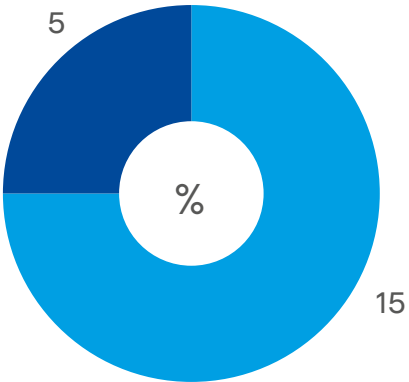
Lacchiarella and Cavaglià OFMSW plants are designed to increase the treatment capacity and the biomethane produced which will be fed into the national transport network or in the gas distribution network and then used for transport.

Impact KPIs

Plant Capacity	Bio-methane Produced (expected 2023)	CO ₂ avoided (expected 2023)
160 kt	20 MSm ³ /year	40 kt/year

Biomethane produced by organic plant (MSm³)

- LACCHIARELLA
- CAVAGLIÀ



Summary of EU Taxonomy alignment analysis

Related Taxonomy activity: 4.13 “Manufacture of biogas and biofuels for use in transport and of bioliquids”

Substantial Contribution to Climate Change Mitigation

- ✓ **Confirmed.** The manufacturing bioliquids are at least 65% compliant to GHG saving methodology and the relative comparable fossil fuel set out in Annex V to Directive (EU) 2018/2021. The bio-waste used for anaerobic digestion is segregated and collected separately. The produced biogas is either directly used to generate electricity or heat to bio-methane and then injected into natural gas grid.

Do Not Significant Harm (DNSH)

Climate change adaptation	✓	Confirmed. According to internal climate scenarios, the plants are not affected by physical risks.
The sustainable use and protection of water and marine resources	✓	Confirmed. Negligible water consumption and negligible impact on discharges.
The transition to a circular economy	n.a.	
Pollution prevention and control	✓	Confirmed. Air and water emissions are lower than the emission threshold associated to European techniques (BAT/AEL). The plants meet the requirements for fertilizing materials set out at national level.
The protection and restoration of biodiversity	✓	Confirmed. Priority check on EIA. For every ground installation exempted from EIA and GIS verifications were carried out, addressing interference with protected areas.

District Heating Projects

The investments in district heating (DH) aimed at increasing the extension of network in Bergamo and West Milan area and the maintenance of the Brescia pipelines. In particular, the proceeds of this Bond were allocated to DH network extension in 2020.

Thermal storage units are reservoirs that allow heat to be stored during times when electricity demand is low, typically at night. The stored heat is then released during peak demand phases, typically early in the morning,

DH network extension (km)	
2019	2020
71.1	72.7 (+2.3%)
111.1	115.8 (+4.3%)

reducing the amount of total heat to be generated. This mechanism also allows maximum use of available reclaimed or renewable heat sources, further reducing district heating emissions.

Impact KPIs

NO_x avoided (2019-2020) 34 t/year	CO₂ Avoided (2019-2020) 5.7 t/year
---	--

Summary of EU Taxonomy alignment analysis

Related Taxonomy activity: 4.15 “District heating/cooling networks”

Substantial Contribution to Climate Change Mitigation



Confirmed. Bergamo and West Milan pipelines that meet the definition of efficient district heating and cooling systems (laid down in Article 2, point 41, of Directive 2012/27/EU) are contributing substantially to climate change mitigation.

Do Not Significant Harm (DNSH)

Climate change adaptation	Confirmed. A taxonomy aligned climate risk assessment has been carried out. Mitigation measures, such as maintenance plants and safeguards are in place. Those measures do not adversely affect the adaptation efforts of other people, nature and assets.
The sustainable use and protection of water and marine resources	Confirmed. Water consumptions do not affect the drinking water supply system. Any leaks of additives do not alter the chemical status of groundwater, based on the considerations made on its biodegradability.
The transition to a circular economy	n.a.
Pollution prevention and control	Confirmed. Potential presence of fans, compressors, pumps equipped with BAT in minor pipelines.
The protection and restoration of biodiversity	Confirmed. All assets are located in urban areas.

4.3 Energy Efficiency

A2A aims to provide quality, safe, and reliable services and act flexibly and promptly in addressing customer expectations, implementing actions

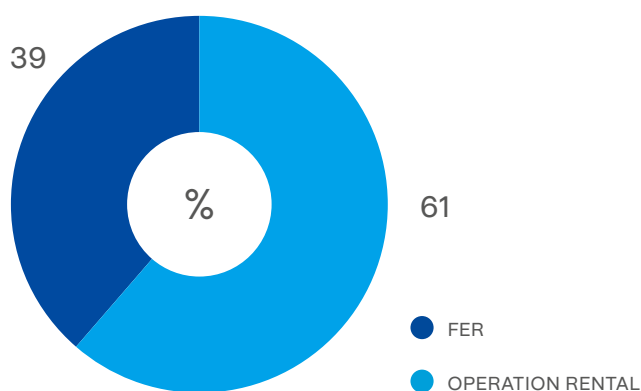
and systems to manage risks and emergencies to ensure the continuity of service, adopting proper communication and marketing practices.

Allocated Amounts

2020	2021	2022	Total	% of Total Bond Allocated
8 €M	6 €M	1 €M	15 €M	3%

In particular, the energy efficiency investments can be split into:

- “DM FER” (Ministerial Decree related to renewable energy incentives) projects;
- Operational rental projects.



A2A Energy Solutions offers itself as an Energy service company (ESCO) and technological partner for companies and individuals, designing and implementing interventions through Energy Performance Contracts (EPC), implementing tools to encourage the rational use of energy and energy management consultancy activities. For photovoltaic systems, A2A Energy Solutions takes care of all aspects relating to the construction and management of the plant, with the possibility of also

including the removal of asbestos roofing in the offer. For condominiums and tertiary sector, A2A Energy Solutions signed 20 contracts in 2021, 17 of which will significantly contribute to the reduction of CO₂ emissions into the atmosphere. The interventions allowed to reduce thermal energy consumption through the integrated redevelopment of existing buildings, the replacement of existing heating/cooling systems, as well as the installation of two photovoltaic systems in “operational rental”.

Impact KPIs²

Monetary savings (2020-2021)	CO ₂ avoided (2020-2021)
1.9 M€	10,159 t

² The KPIs do not include 5 of 61 energy efficiency projects since their impacts are not material.



“DM FER” projects – Summary of EU Taxonomy alignment analysis

Related Taxonomy activity: 4.1 “Production of energy from solar power”

Substantial Contribution to Climate Change Mitigation



Confirmed. All photovoltaic panels referred to “DM FER” are contributing substantially to climate change mitigation.

Do Not Significant Harm (DNSH)

Climate change adaptation



Confirmed. A taxonomy aligned climate risk assessment has been carried out. Mitigation measures, such as maintenance plants and safeguards are in place. Those measures do not adversely affect the adaptation efforts of other people, nature and assets.

The sustainable use and protection of water and marine resources

n.a.

The transition to a circular economy



Confirmed. Plants are equipped with components of high durability and recyclability, and they are easy to commission and upgrade.

Pollution prevention and control

n.a.

The protection and restoration of biodiversity



Confirmed. All assets are located in urban areas.

Operational rental projects – Summary of EU Taxonomy alignment analysis

Related Taxonomy activity: 7.6 “Installation, maintenance and repair of renewable energy technologies”**Substantial Contribution to Climate Change Mitigation**

Confirmed. All the operational rental projects on the tertiary sector and condominiums (photovoltaic, energy storage, A/R micro-cogeneration etc.) are contributing substantially to climate change mitigation.

Do Not Significant Harm (DNSH)**Climate change adaptation**

Confirmed. A taxonomy aligned climate risk assessment has been carried out. Mitigation measures, such as maintenance plants and safeguards are in place. Those measures do not adversely affect the adaptation efforts of other people, nature and assets.

The sustainable use and protection of water and marine resources

n.a.

The transition to a circular economy

n.a.

Pollution prevention and control

n.a.

The protection and restoration of biodiversity

n.a.

4.4 Transmission and Distribution Networks

A2A aims to increase the efficiency of transmission and distribution network to encourage the electrification of consumption, the spread of electric transport and strengthen resilience and service quality.

Investments in this Use of Proceeds category are classified as follows:

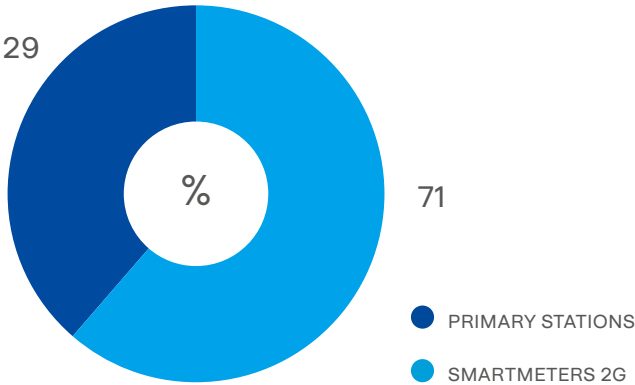
- Cristoforo and Rozzano Cristoforo primary stations construction;
- Smart meters 2G.

Allocated Amounts

2020	2021	2022	Total	% of Total Bond Allocated
32 €M	43 €M	-	75 €M	15%



During 2021 construction work has continued on Cristoforo and Rozzano primary stations, together with the upgrading of the connected Medium Voltage networks (ca. 150 km laid in 2021). The Group contributes to the design of innovative and sustainable solutions dedicated to utilities through A2A Smart City, aimed at improving the processes of leak detection or control of consumption for their billing. Specifically, the company has initiated projects with several water management companies to bring remote metering. Remote metering allows utilities to capture daily consumption data from users, coming to identify abnormal consumption caused by potential leaks and allowing for a more complete water balance.



Impact KPIs

Increased hosting capacity (2022) 1,017 MW	Increased electrification (2022) 378 MW	Involved citizens (2022) 235 k
--	---	--

Summary of EU Taxonomy alignment analysis

Related Taxonomy activity: 4.9 “Transmission and distribution of electricity”

Substantial Contribution to Climate Change Mitigation

- ✓ **Confirmed.** The Unareti DSO is an interconnected European system compliant with the point 1a). The new replacement plan for smart metering meets the requirement set out in the art. 20 of Directive (EU) 2019/944. Capex related to creating a direct connection between a substation/network and a power production plant (with more than 100 gCO₂e/kWh) are not relevant. All the investments are referred to Milan Network.

Do Not Significant Harm (DNSH)

Climate change adaptation	✓ Confirmed. Infrastructure potentially exposed to acute risk such as high temperatures and heavy rainfalls or floods. All the assets are equipped with fire prevention systems. All underground machineries are designed with construction of embankments on any access hatches to underground parts and installation of waterproof components.
The sustainable use and protection of water and marine resources	n.a.
The transition to a circular economy	✓ Confirmed. A waste management plan is in place and ensures maximal reuse or recycling at end of life (e.g. replacement activity of the smart meters).
Pollution prevention and control	✓ Confirmed. The DSO activity runs on Low voltage or Medium voltage.
The protection and restoration of biodiversity	✓ Confirmed. A GIS verification was carried out, addressing interference with protected areas. The Salò network does not meet the DNSH, therefore it has been excluded from the Eligible Green Projects.

4.5 Allocation Summary

N	Project	Allocated Capex €M	%	Taxonomy Alignment	Impact KPIs
Renewable Energy					
1	Octopus	328	66%	100%	Energy production: 420 GWh/year (2021) CO ₂ avoided: 92 kt/year (2021) Residential customers capacity: 200k/year (2021)
2	Agripower			100%	Installed capacity: 18 MW Energy production: 132 GWh/year (2021) Agro-food treatment capacity: 30 kt/year (2021)
3	Castello			100%	Installed capacity: 8 MW Energy production: 22 GWh/year (2021)
Pollution Prevention and Control					
4	Forsu Lachiarella and Cavaglià	77	16%	100%	Installed capacity: 160 kt Bio-methane produced: 20 MSm ³ /year (expected 2023) CO ₂ avoided: 40 kt/year (expected 2023)
5	District Heating (TLR)			100%	NO _x avoided: 34 t/year (2019-2020) CO ₂ avoided: 5.7 kt/year (2019-2020)
Energy Efficiency					
6	DM FER and Operational rental	15	3%	100%	Monetary savings: 1.9 mln€ (2020-2021) CO ₂ avoided: 10,159 t (2020-2021)
Transmission and Distribution Networks					
7	Primary stations and remote metering 2G	75	15%	100%	Increased hosting capacity 1,017 MW (2022) Increased electrification: 378 MW (2022) Involved citizens: 235 k/year (2022)
TOTAL		495	100%		

5. External Review - Post Issuance Verification

An External independent auditor has confirmed that the selected Eligible Green Projects and reporting metrics are consistent with A2A's Sustainable Finance Framework. The Third-Party Opinion is attached to this document.

DNV'S INDEPENDENT ASSESSMENT

Scope and Objectives

A2A successfully launched on October 25th, 2021, a second Green Bond with a size of €500mIn and maturity 12 years, based on A2A's Sustainable Finance Framework issued in May 2021 and updated in February 2022 (the "Bond"). The framework is aligned with ICMA and LMA's latest principles and combines both Green/Use of Proceeds and Sustainability-Linked approaches.

According to the Bond terms, the net proceeds from the issuance will be used to finance and/or refinance strategic projects in the fields of circular economy and energy transition: the so-called "Eligible Green Projects" mainly related to renewable energy and networks, as defined in A2A's Sustainable Finance Framework.

A2A pre-emptively assessed the alignment of those green projects to the EU Taxonomy (with particular reference to the Technical Screening Criteria concerning the environmental objective of 'Climate Change Mitigation'). In addition, A2A committed to disclose, as part of its allocation report, the actual amount of investments aligned to the EU Taxonomy that have been financed through the Green Bond.

DNV Business Assurance Italy S.r.l ("DNV") has been commissioned by A2A to provide a post issuance verification of the yearly Impact and Allocation report (hereinafter "Green Bond Report") connected with the 2021 issuance of the Green Bond considering the alignment with:

- Green Bond Principles 2021 ("GBP") published by the International Capital Market Association ("ICMA");
- A2A's Sustainable Finance Framework; and
- EU Taxonomy for sustainable activities (with particular reference to the objective "Climate Change mitigation").

The activities carried out are limited to the information included in the Green Bond Report released in December 2022.

Our methodology to achieve the above is described under 'Work Undertaken' below. We were not commissioned to provide independent assurance or other audit activities.

No assurance is provided regarding the financial performance of the Bond, the value of any investments, or the long-term environmental benefits of the transaction. Our objective has been to provide an assessment that the Bond has met the criteria established on the basis set out below.

Responsibilities of the Management of A2A and DNV

The management of A2A has provided the information and data used by DNV during the delivery of this review. Our statement represents an independent opinion and is intended to inform A2A's management and other interested stakeholders as to whether the Bond is aligned with GBP, with A2A's Sustainable Finance Framework and with the EU Taxonomy for sustainable activities. In our work, we have relied on the information and the facts presented to us by A2A. DNV is not responsible for any aspect of the nominated assets referred to in this opinion and cannot be held liable if estimates, findings, opinions, or conclusions are incorrect. Thus, DNV shall not be held liable if any of the information or data provided by A2A's management and used as a basis for this assessment were not correct or complete.

Basis of DNV's opinion

We have adapted our assessment methodology to create the A2A-specific Eligibility Assessment Protocol (henceforth referred to as "Protocol"). Our Protocol includes a set of suitable criteria that can be used to underpin DNV's opinion.

As per our Protocol, the GBP-related criteria against the Bond has been reviewed are grouped under the four core Principles:

1. Use of Proceeds

The Use of Proceeds criteria are guided by the requirement that an issuer of a bond/a borrower of a loan must use the funds raised to finance eligible activities. The eligible activities should produce clear environmental and social benefits.

2. Process for Project Evaluation and Selection

The Project Evaluation and Selection criteria are guided by the requirements that an issuer of a bond/a borrower of a loan should outline the process it follows when determining eligibility of an investment using Green Bond/Loan proceeds and outline any impact objectives it will consider.

3. Management of Proceeds

The Management of Proceeds criteria are guided by the requirements that a bond/a loan should be tracked within the organization, that separate portfolios should be created when necessary and that a declaration of how unallocated funds will be handled should be made.

4. Reporting

The Reporting criteria are guided by the recommendation that at least annual reporting should be made of the use of proceeds and that quantitative and/or qualitative performance indicators should be used, where feasible.

Also, the projects included in the Bond have been reviewed against the relevant Substantial Contribution (SC) and Do Not Significant Harm (DNSH) criteria included in the Technical Annex to the EU Taxonomy and in particular in the "Climate Change Mitigation" Objective of the Taxonomy. In addition, the minimum safeguards analysis was reviewed.

Work Undertaken

Our work constituted a high-level review of the available information, based on the understanding that this information was provided to us by A2A in good faith. We have not performed an audit or other tests to check the veracity of the information provided to us. The work undertaken to form our opinion included:

- Creation of a Protocol, adapted to the purpose of the Bond, as described above and in Schedule 3 to this Assessment.
- Assessment of documentary evidence provided by A2A on the Bond and supplemented by a high-level desktop research. These checks refer to current assessment best practices and standards methodology.
- Review of published materials by A2A and A2A's website.
- Discussions with A2A's management, and review of relevant documentation and evidence related to the criteria of the Protocol; and
- Documentation of findings against each element of the criteria. Our opinion as detailed below is a summary of these findings.

Furthermore, in reviewing the Bond against the relevant SC and DNSH (Do not significant harm) technical screening criteria included in the Technical Annex to the Climate delegated act with regards to the "Climate Change Mitigation" Objective of the Taxonomy, DNV has verified the Green Bond Report in order to confirm A2A has, per each project:

- identified all applicable Criteria (Substantial Contribution and Do No Significant Harm) in a relevant and complete way;
- provided consistent information pertaining the alignment with such Criteria.

Further investigation concerning the alignment of each project with EU Taxonomy might require a "Due Diligence" which is out of scope. Minimum Safeguards criteria have been also confirmed as appropriately considered.

A summary of each project's applicable Criteria and confirmation regarding its alignment to EU Taxonomy, as verified by DNV, is provided in Schedule 2

Findings and DNV's Opinion

DNV's findings are listed below:

1. Use of Proceeds

The net proceeds of this issuance have been fully used to finance Eligible Green Projects in the fields of Circular Economy and Energy Transition, targeting specifically the following categories of A2A's Sustainable Finance Framework:

- Renewable Energy,
- Pollution Prevention and Control,
- Energy Efficiency
- Transmission and Distribution Networks.

A2A has also performed a complete analysis of all Eligible Green Projects with regards to the alignment to EU Taxonomy within the Green Bond Report, including the verification of compliance with all technical screening criteria for Substantial Contribution and DNSH and also with minimum social safeguards. The proceeds of this Bond were fully allocated to the projects aligned with EU Taxonomy.

DNV undertook an analysis of the associated project type to determine the eligibility as "Green" in line with the GBP. In order to strengthen analytical accuracy, the worldwide accredited principles and regulations which define green projects, such as EU Taxonomy was also referred to comprehensively. A2A has provided tables mapping its Eligible Green Categories and the United Nations Sustainable Development Goals ("UN SDGs").

DNV evaluates and concludes that the Bond's nominated projects and assets are aligned with eligible project categories specified in the GBP and are aligned with the EU Taxonomy requirements.

2. Process for Project Evaluation and Selection

A2A has created a Sustainable Finance Committee which is chaired by the Finance department and includes members from Sustainability Development, Strategy, Planning & Control departments, and Business Units involved in specific project(s) and KPI(s) identification. The Committee reviews, selects, validates, and monitors the pool of Eligible Green Projects. After the approval by the Committee, the list of the selected Eligible Green Projects is registered in the Green Financing Register.

DNV concludes that A2A's Green Financing Framework appropriately describes the process of project evaluation and selection and that the Green Bond Report refers to the entire portfolio included in the Green Financing Register.

3. Management of Proceeds

A2A endeavors to fully allocate the proceeds of its Green Bond within 24 months. Net proceeds are used to finance Eligible Green Projects disbursed, delivered, or acquired up to 24 months before the issuance. If for any reason projects became no longer eligible, A2A commits to substituting them within 24 months, to the extent possible.

A2A's Treasury transfers the proceeds directly to the subsidiaries in charge of delivering the projects via intercompany loans or equity capital. Pending the allocation or reallocation, as the case may be, of net proceeds, A2A will invest the balance of 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 Sustainable Finance Framework is made from its general funds and it is not linked to the performance of any Eligible Green Project.

The reporting criteria (allocation and impact, including the relevant metrics) are prepared consistently with the Sustainable Finance Framework and have been examined and approved by the Sustainable Finance Committee.

DNV has reviewed the evidence presented and can confirm that the proceeds arising from this, and future issuances are appropriately managed.

4. Reporting

A2A, in alignment with the GBP has committed in the framework to provide, on an annual basis, at least until full allocation or in case of material changes:

- Allocation reporting: detailing the financing instrument proceeds allocation by category of Eligible Green Projects; the proportion of net proceeds used for financing versus refinancing; the percentage of Eligible projects (financed with each Green Bond) aligned with EU Taxonomy; if feasible, the co-financing share; and, the balance of any unallocated proceeds.
- Impact reporting: on a number of impact metrics by category of Eligible Green Projects for projects funded with the net proceeds of the Bond.

On the basis of the information provided by A2A and the work undertaken, it is DNV's opinion that the Bond, including Allocation and Impacts metrics as documented in the Green Bond Report, meets the criteria established in the Protocol, it is aligned to the stated definition of green bonds within the GBP, it's aligned to the provisions included in A2A's Sustainable Finance Framework and it is aligned to the EU Taxonomy requirements.

for DNV Business Assurance Italy S.r.l.

Vimercate (MB), December 13th, 2022

A handwritten signature in blue ink, appearing to read "Riccardo Arena".

Riccardo Arena
Lead Assessor

A handwritten signature in blue ink, appearing to read "Mark Robinson".

Mark Robinson
Technical Reviewer