Sustainable Finance Framework

July 2024

Index


a2a

01

A2A
Overview

A2A in brief

A2A Group ('A2A', the 'Group') takes care of all the components that are crucial for life, namely energy, water, environment and circular economy: A2A is a "Life Company". The Group's technology and infrastructures serve people and protect the nature. Our 13k employees work every day to regenerate the potential of every resource.

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

A2A is the second largest electricity generator player in Italy, with approximately 9.7 GW of installed capacity (as of 31st December 2023) and a production mix geared toward renewable sources and flexibility. The Group is strengthening its presence in the renewable sector, pushing for the development of wind and solar plants, which have reached 0.6 GW as of 31 December 2023. Considering the contribution of hydropower, A2A is also the second largest renewables player in Italy, with 2.6 GW of installed capacity.

Business Units

Main activities covered

Energy

Generation

- Electricity generation
- Wholesale & Trading

2 **Second largest energy operator** in Italy
for installed capacity

Market

- Sale of electricity and natural gas
- Energy Efficiency and VAS (Value Added Services)

2 **Second largest operator** by volumes sold in Italy
of electricity to end customers

Waste

Collection

- Waste collection

Processing

- Material recovery
- Energy recovery

1 **First largest waste operator** in Italy
per tons treated in WtE

Smart Infrastructures

Gas

- Electricity and gas distribution
- Integrated water service

2 **Second largest operator** of electricity grids in Italy
for electricity distributed

Heat

- Cogeneration and heat recovery
- Distribution and sale of heat (district heating)

Other services

- Smart City
- Public lighting
- E-mobility

A2A's leadership can also be recognized in the field of the circular economy, where we are integrated along the entire waste management value chain, from urban waste hygiene, where we serve over 4 million of inhabitants, to material and energy recovery. As the first player in energy recovery, in 2023 we have transformed 2.6 Mt of waste into over 2 TWhe of electricity and 1.5 TWht of heat, also feeding our district heating networks with renewable heat.

The growing role of the electrification of consumption in the decarbonisation path will increase the importance of electricity networks, where A2A is the second largest player in Italy for distributed electricity after the incumbent. In 2023, we have reached a RAB[1] of about 1 billion euros, thanks to the significant investments of the last years.

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.

[1] The term RAB (Regulatory Asset Base) refers to the value of net invested capital for regulatory purposes, calculated on the basis of the rules defined by the Regulatory Authority for Energy, Networks and Environment (ARERA), for determining the reference tariff.

Sustainability lies at the very core of our strategy and inspires our long-term commitment to the ecological transition and our business plan, as outlined in A2A's new 2024-2035 Strategic Plan[2]. Our goal is to continue contributing to Italy's decarbonisation process through significant investments to support electrification, renewables development, and help close the waste cycle, and improve water cycle efficiency.

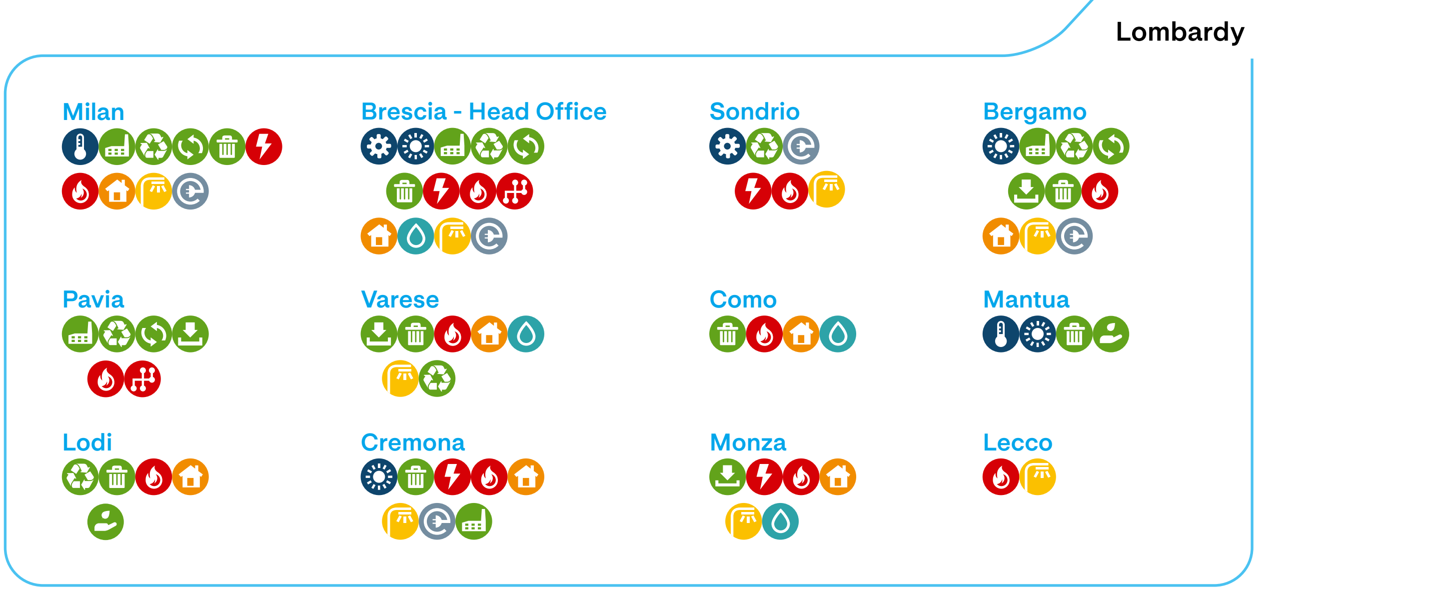
A2A Group plants and services

Plants

Energy	Thermoelectric
	Hydroelectric
	Photovoltaic
	Wind
Waste	Waste-to-energy plant
	Waste treatment plant
	Material recovery plant
	Landfill
	Biogas production

Services

Unsorted	Waste collection
Distribution and transport	Electricity distribution
	Gas distribution
	Gas transport
District heating	District heating
Water	Integrated Water Service
Lighting	Public lighting
Electric mobility	Recharge stations e-Moving



[2] *https://www.gruppoa2a.it/en/media/press-releases/a2a-unveils-new-2024-2035-strategic-plan*


Trentino Alto Adige
Piedmont
Veneto
Valle d'Aosta
Friuli Venezia Giulia
Emilia Romagna
Liguria
Marche
Tuscany
Umbria
Abruzzo
Molise
Lazio
Puglia
Campania
Basilicata
Calabria
Sardinia
Sicily

2024-2035 Strategic Plan

In March 2024, A2A has presented the new 2024-2035 Strategic Plan, relaunching the Group's long-term industrial growth objectives. The ecological transition is confirmed as the cornerstone of the Group's strategy, with the two pillars, Energy transition and Circular economy, guiding a 22-billion-euro CAPEX plan over 12 years, focusing on infrastructure, people and business, decarbonisation and future-fit development.

The Plan 2024-35 strengthens our Group's ambition

INDUSTRIAL TARGET

Electricity network RAB
@2035
3.4
€B

Renewables[1]
@2035
5.7
GW

Waste treated
@2035
7.3
Mt

CAPEX
2024-35
22
€B

EBITDA
@2035
>3.2
€B

Net income
@2035
>1
€B

ECONOMIC TARGETS

Notes: (1) includes wind, solar, hydro

In a context where **climate change**, **pollution** and the **waste of resources** are factors with an ever-increasing impact on the quality of life, A2A's responsibility and commitment as a Life Company are strengthened. With the aim of contributing to the achievement of national and international decarbonisation targets, the Group aims to increase its leadership in the **electrification of consumption**, the **development of renewables** and the **circular economy**.

Sustainability continues to define the strategy of the new Plan, with the aim of generating value, from an environmental, social and economic-financial point of view. One of the key points is to build infrastructures on our territories to involve and support **people and businesses** in the Energy transition and in virtuous models of Circular economy. **Decarbonisation** characterises the entire Plan: the 2030 target set in the first 10-year Plan (2021-2030) is confirmed and the 2035 target is reinforced, with a forecast of a 65% reduction in the Group's overall emission factor compared to the 2017 figure. A result that can be achieved thanks to concrete action, such as the reduction of Combined Cycle Generation (CCGT), the launch of a pilot carbon capture plant and the zeroing of Scope 2 emissions for energy purchases by 2026. The third key element of the Plan is the development in ***future-fit* logic**, which aligns investments with the main market macro-trends and optimises risk-return, focusing on businesses that will drive the future of the sector. About 90% of the cumulative CAPEX envisaged in the new Plan are allocated to future-fit activities that will generate 90% of the Group's EBITDA by 2035.

The outstanding performance of the last three years

The previous 2021-2030 Strategic Plan accelerated the Group's industrial growth, marking an important change from the past and achieving higher-than-expected financial and ESG targets.

Reinforcing business growth and transforming A2A into a Life Company

		2020	2023P[1]	2023A
Customers *mass market*	M	2.9	**3.3**	3.5
Green energy *sold*	TWh	3.9	**6.7**	6.7
RES capacity *wind and solar*	GW	0.1	**0.4**	0.6
RAB *electricity network*	€B	0.7	**0.9**	1.0
Waste treated *industrial*	Mt	0.9	**1.2**	1.1
Network leakage *water cycle*	m^3/km/d	20.2	**18.3**	16.7
Women *In managerial positions*	%	21	**23**	26
ESG criteria *in vendor rating*	%	17	**20**	30

Notes: (1) The values refers to the first ten-year 2021-30 Plan (published in January 2021).

2021-30 Plan accelerated the **industrial growth** and the **transformation** of the Group into a **Life Company**

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 elements: (i) Strategy; (ii) Implementation; (iii) Monitoring and Reporting; and (iv) Stakeholder engagement.

2009 – 2011

- First **Sustainability Report** according to GRI (2009)
- First Sustainability Report **externally audited** (2010)
- First 3-years **sustainability planning** cycle (2011)

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)

2015 – 2017

- First **Local Multistakeholder 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 MbOs** (2017)

2018 – 2019

- **First NFD** pursuant to L. Decree 254/16 (2018)
- First in Italy, signed **5-years ESG linked revolving credit line** (2018)
- Inclusion in the **FTSE 4GOOD Index** (2018)
- **Green Financing Framework and first Green Bond** (2019)
- Adhesion to **«Circular Economy 100»** of EFM (2019)
- Member of the **Corporate forum on sustainable finance** (2019)

2020 – 2021

- CO_2 emission reduction targets approved by **SBTi**
- Leadership in CDP (2020)
- First in Italy, combined **Sustainable Finance Framework**, including also Sustainability-Linked component and **first Sustainability-Linked Bond** (2021)
- **ESG evaluation integrated and within supply chain process** (2020)
- **Human rights policy** (2021)
- Inclusion in the **MIB ESG Index** (2021)
- First NFD aligned with **TCFD** (2021)
- Member of the 2022 **Gender Equality Index (GEI)**
- Significantly increased the **ESG debt** (44%)

2022 – 2023

- **Human Rights Policy** (2022)
- **Biodiversity Policy** (2022)
- Part of **Nasdaq Sustainable Bond Network** (2023)
- CDP Water A- (2022-2023)
- **Numerous new ESG debt instruments** (2022-2023)
- Update of the **Sustainable Finance Framework** (2022)
- Publication of an **ESG Database** (2022)
- Underwrote a **general Liability Insurance Policy** (2022)
- **Double materiatility** publication (2022-2023)

A2A was among the first Italian companies[3], in April 2016, to redesign its own sustainability strategy considering the priorities of the UN Agenda, defining a Sustainability Plan and a Sustainability Policy[4].

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 Sustainability 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 to setting the priorities and commitments to 2035.

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 2035. 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 (management by objectives) of the management.

According to the new CSRD, a double materiality analysis was carried out in 2023, as in 2022, confirming the 18 topics identified last year, which have at least one impact or associated risk above the materiality threshold defined by the Group. These results form the basis for A2A Sustainability Plan definition.

[3] *https://www.globalcompactnetwork.org/files/pubblicazioni_stampa/pubblicazioni_network_italia/Report-Italian-Businesses-Practices-Towards-Sustainable-Development.pdf*
[4] *https://www.gruppoa2a.it/en/sustainability/sustainability-plan*

Sustainability governance: Roles, responsibilities and risk assessment

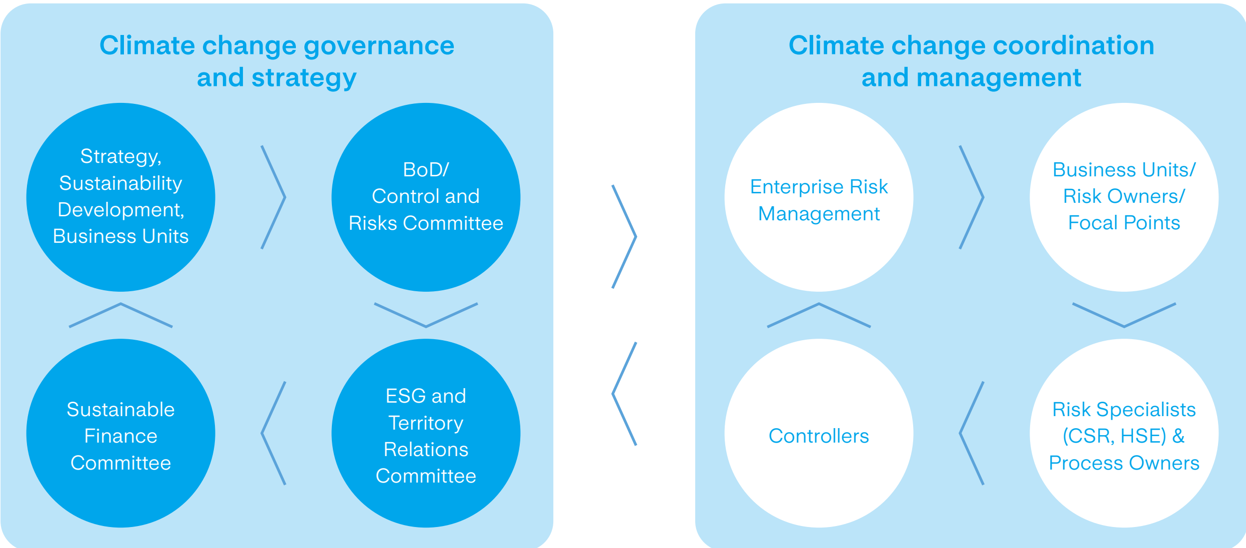
The ESG and Territory Relations Committee is responsible for assisting the Board of Directors (BoD) with information, advice and proposals and, to the extent applicable, the Group's Chair and Chief Executive Officer, in defining guidelines, orientations and initiatives regarding sustainability, the creation of long-term value for the territories and Corporate Governance. In addition, the Committee is informed on a monthly basis regarding Stakeholder Engagement initiatives.

The Committee must be composed of no fewer than three Directors and at least one member must have an adequate experience in the field of the environment, sustainability and corporate social responsibility, to be assessed by the BoD upon appointment. The Chair of the Board of Statutory Auditors or another Statutory Auditor designated by the Chair of the Board of Statutory Auditors attends the Committee's meetings. During the 2023 financial year, the ESG and Territory Relations Committee met 7 times and carried out its proposal and advisory activities regarding, among other things:

a) the definition of the three-year guidelines of the AEM Foundation, of the ASM Foundation and of the LGH Foundation for annual activity programmes and the reporting of the activities carried out[5];
b) the development and progress of the activities of Banco dell'Energia Onlus[6];
c) the development of the Sustainability Development Plan through:
   (i) the promotion of a strategy that integrates sustainability into business processes, in order to ensure the creation of value over time for shareholders and all the other stakeholders;
   (ii) monitoring of the Sustainability Plan, which sets out the commitments and goals, also of a quantitative nature, for the advancement of the company's economic, environmental and social responsibility;
   (iii) the preparation of the 2023 Integrated Report for the purposes of non-financial disclosure (pursuant to Directive 2013/34/EU and Italian Legislative Decree 254/2016); and of Sustainability Reports on a territorial basis, including preparatory activities for drafting the 2022 Sustainability Report;
   (iv) the definition and analysis of material topics in accordance with the Double Materiality principles, set out by the new CSRD;
   (v) spreading the culture of sustainability among employees, citizens, schools and, more generally, stakeholders;
   (vi) implementing and promoting structured methods for dialogue with the territories in which the Group operates, including through the implementation of initiatives for engaging all stakeholders (Multi-stakeholder Forum or Listening Forum);
   (vii) implementing and monitoring the actions proposed during stakeholder engagement;
   (viii) promoting a programme to develop the Group's ESG positioning with the financial market;
   (ix) analysing the evidence emerging from the assessments of ethical rating agencies;
   (x) analysing the regulatory developments on ESG topics at a European and Italian level;
   (xi) defining the Group's Net Zero strategy to 2040 with regard to the entire Group's value chain.

The Committee also assessed the performance of the Group's sponsorship and image promotion activities.

The governance on Climate Change related topics is provided in each Integrated report[7], including details on process and key players for governing risks and opportunities, as highlighted below.



The 2024-2035 Sustainability Plan is focused on the same two pillars of the Strategic Plan: energy transition and circular economy, supported by three dimensions: Digital & innovation, People & territory and Governance.

[5] AEM Foundation, ASM Foundation and LGH Foundation play a significant role, working to promote important initiatives, creating value for communities and spreading a culture based on sustainability. More details available on A2A website: *https://www.gruppoa2a.it/en/about-us/foundations*
[6] The Banca dell'Energia was set up in 2016 by ForumAscolto A2A to help people facing financial and social hardship, with projects aimed at fighting energy poverty. More information available here: *https://www.bancodellenergia.it/*
[7] *Financial statements, statements and reports | A2A (gruppoa2a.it)*

Energy transition pillar

Aware of the impact of GHG emissions, A2A is committed to investments in renewable sources and innovation to reduce both its own and National emissions and the use of fossil fuels.

In 2019, A2A set its 2030 GHG emissions reduction target as part of its Sustainability Policy. The new target was submitted to the Science-Based Targets initiative (SBTi)[8] to verify its alignment with the Paris Agreement. On March 2, 2020, SBTi validated A2A's Scope 1, 46% per kWh reduction (by 2030 from a 2017 base year), and Scope 2 (100% reduction by 2024) GHG emission reduction targets as aligned with the reductions required to limit the increase of global warming to 2°C, effectively 226 gCO_2 / kWh by 2030. In addition, within the new 2024 -2035 Strategic Plan, A2A commits to reduce its Scope 3 emissions: in particular, the Group defined a -30% emission reduction by 2035 considering its suppliers' emissions. Then, categories related to i) the use of sold products by its clients is expected to decrease by 20% by 2035 with respect to 2023 figures and ii) the upstream value chain of energy sources used and sold by the Group will be reduced by 60% by 2035 vs 2023.

Decarbonization plans through 2035 will be driven by an increase in renewable energy capacity, including solar, wind and hydropower. The long-term decarbonisation beyond the timeline of the Plan, will be implemented by the development of new technologies such as Carbon Capture Utilization & Storage (CCUS) on essential WtE plants and with a phase-down of other fossil-based plants. A2A's commitment to the Energy transition will be expressed with 16 billion euros of CAPEX to support the electrification of consumption notably through the development of electricity distribution networks, renewable energy generation and flexible energy with battery energy storage systems (BESS).

In the electricity distribution sector, A2A will increase its presence and the network managed thanks an extraordinary acquisition of the network in the Province of Milan (excluding certain municipalities in the northern belt) and Valtrompia (in the Brescia area). The transaction will increase the number of A2A's installed electrical PODs in 2023 by approximately 70%, from approximately 1.3 million in 2023 to approximately 2.1 million, in an area of Lombardy where the Group is already active in the electrical distribution sector. This acquisition is part of A2A's overall electricity networks development strategy with 4 billion euros in planned CAPEX during the Plan period, which will enable A2A to generate 500 million euros in EBITDA by 2035 and consolidate its position as Italy's second-largest operator and among the top 20 in Europe for distributed electricity. The new outlined perimeter and the significant associated investments will allow RAB to increase from 1 billion euros in 2023 to 3.4 billion in 2035.

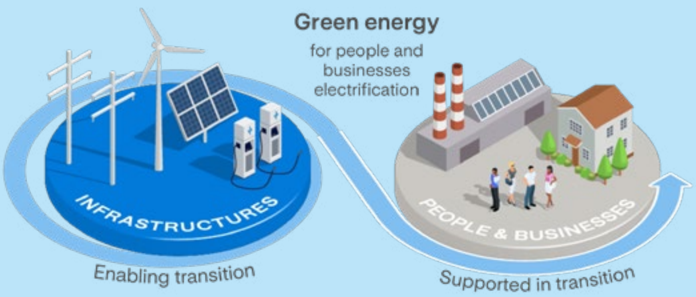
The Group's contribution to the country's Energy transition and decarbonisation will also be achieved with the development of a 5.7 GW RES portfolio by 2035, up by 3.1 GW compared to 2023, thanks to which more than 10 TWh of green energy will be produced by 2035. To achieve the planned growth, A2A can count on a wind and solar plant pipeline of over 1.8 GW, 83% of which are internally developed projects.

The Group is also committed to the decarbonisation of transport, with around 0.5 billion euros invested in the development of electric mobility: the recharging network will grow from 2,000 points in 2023 to 34,000 in 2035. The focus will be on locations with high saturation potential and the adoption of advanced technologies such as City Plug infrastructures.

Our infrastructures enable the energy transition of the system

Our business model for energy transition

We contribute to **decarbonising the system** by guiding the **electrification** of consumption and developing sources of **green energy**



Strategic targets @2035

Energy	**5.7 GW** RES capacity	**>10 TWh** Renewable production	**>5 M** Customer Base
Networks	**3.4 €B** Electricity network RAB	**34 K** E-mobility charging points	**2.1 M** Electricity POD

[8] 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).

Circular economy pillar

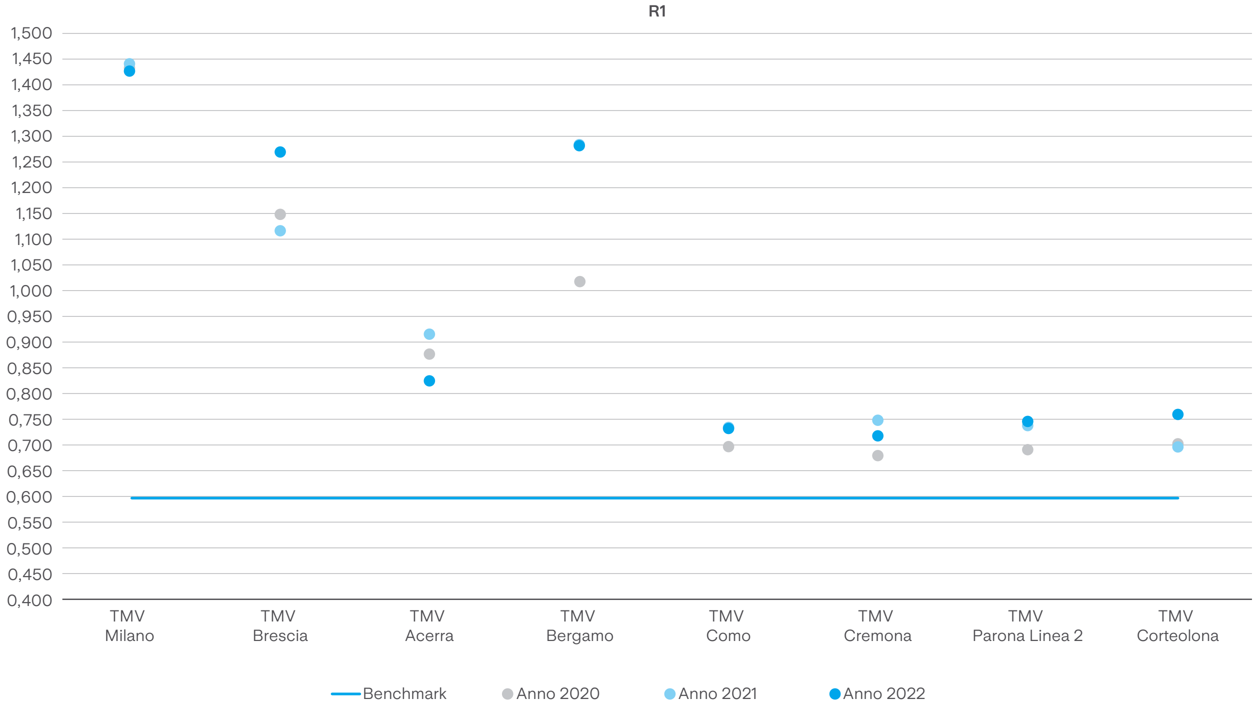
The transition to a circular economy is an essential contribution to the EU efforts to develop a sustainable, low carbon, resource efficient, and competitive economy. Waste management plays a central role in the circular economy and it represents one of the most important enablers of the waste hierarchy as established in the Waste Framework Directive[9]. The waste hierarchy establishes a priority order for prevention, reuse, recycling, and energy recovery. Landfill should be avoided.

For A2A, circular economy means managing all resources in a sustainable manner and striving to reuse resources as much as possible to reduce waste production and protect natural resources.

A2A's business model is oriented to the maximum recovery of resources: from the recovery of material and energy from waste to the recovery of energy from sludge downstream of purification processes. In the last 5 years, over 99.8% of the waste collected in the performance of urban sanitation services was recovered as material or energy.

Regarding A2A waste-to-energy plants, it is worth to outline that all A2A's existing plants are highly efficient with R1 factor higher than the benchmark of R1 for the energy recovery plants as per Waste Framework Directive and perform better than the most recent environmental requirements (BAT[10]). The Group is continuously working on further efficiency improvements. In general, the energy recovery of residual non-recyclable waste plays an essential role in the full transition to circular economy being complementary to the recycling, allowing to avoid landfilling, ensuring CO_2 savings compared to landfilling and combined heat and power generation by fossil fuel combustion ultimately contributing to additional material recovery (metals and mineral content from bottom ashes). The investments in the construction and the revamping of this kind of plants are contributing also to reach the goal at national level in Italy to decrease the share of municipal waste landfilled to 10% by 2035 (down from the current 18%[11]), in line with EU Landfill Directive[12].

R1 factor for A2A's waste-to-energy plants in 2020-2022



[9] Directive 2008/98/EC of the European Parliament and of the Council of 19 November 2008 on waste and repealing certain Directives.
[10] Best Available Techniques (BAT), considering Commission Implementing Decision (EU) 2019/2010 of 12 November 2019, establishing the best available techniques (BAT) conclusions, under Directive 2010/75/EU for waste incineration.
[11] Source: ISPRA - Rapporto Rifiuti Urbani Edizione 2023.
[12] Council Directive 1999/31/EC of 26 April 1999 on landfill of waste.

According to A2A's decarbonization strategy, the Group is planning to use the CCUS technologies for its waste-to-energy plants.

Within the 2024-2035 Strategic Plan, A2A has approved a 6 billion euros Capex plan in waste treatment and closure of the waste cycle, integrated water cycle and district heating.

A2A aims to strengthen its national leadership in the environmental sector through the expansion and construction of new infrastructures for urban and industrial waste, arriving at treating over 7 million tonnes of waste in 2035 (from 5.5 million tonnes in 2023). In addition to the Group's ongoing commitment to zero landfill disposal, there is also the objective of favouring the closure of the waste cycle with its transformation into End-of-Waste products in the wood, plastic, ash, glass, paper and compost chains.

A further line of development in the new Plan concerns the treatment of industrial waste, which, thanks to a new integrated and digitalised business and operating model, will increase the treatment to 2.4 million tonnes by the end of the Plan (from 1.1 million tonnes at 2023).

The protection of water resources is a central element in the new Plan, on which the Group has invested heavily in recent years (130 euros per inhabitant served in 2023, about double the Italian average for 2022-23). The 700 million euros envisaged in the Plan will bring the RAB of the segment to 1 billion euros by 2035 (from 0.5 billion euros at 2023). These investments will contribute to lower the level of water leakages from the current 16,7 Mc/km/day to 13 mc/km/day.

We promote material and energy circularity

Our business model for circular economy

We enable **circular business models** for material and energy to **preserve the resources** of our Planet and protect the environment

Strategic targets @2035

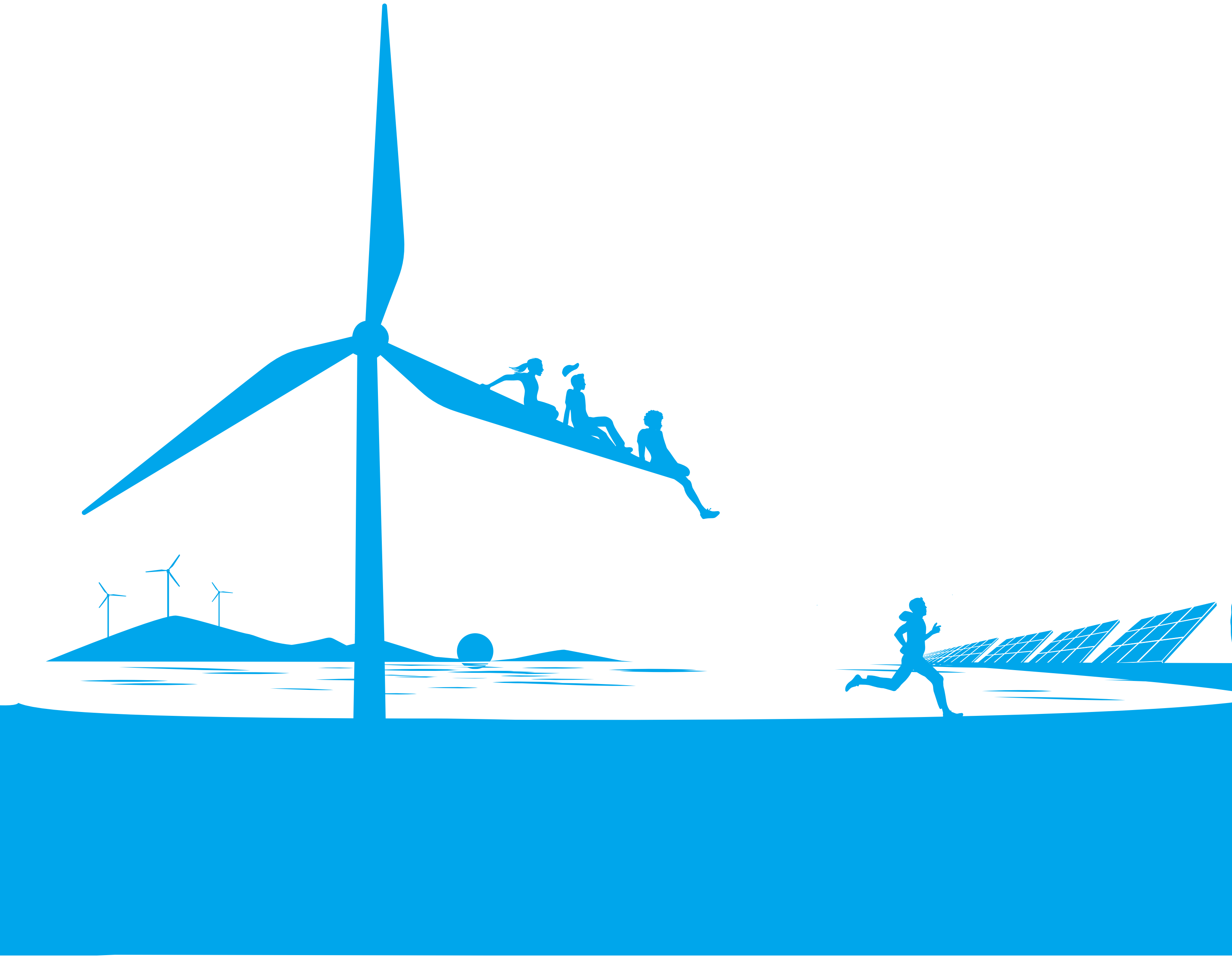
Waste	>4 M Inhabitants served[1]	3.0 TWh_e Energy[2] recovered	~2 Mt Waste collected
Water	600 k Inhabitants served by water treatment plants	13 m^3 Water leakage by km/day	86% Smart water meters

Notes: (1) Inhabitants served by waste collection service (2) Equivalent electric and thermal energy recovered from Waste-to-Energy plants

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 Centers 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 supports 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[13], that represents the Group's Consolidated Non-Financial Disclosure (NFD), in accordance with Legislative Decree 254/16.

[13] Integrated Reports are published annually on A2A website: *https://www.gruppoa2a.it/en/investors/financial-sustainability-documents*

03

Setting up a Sustainable Finance Framework

Rationale for establishing 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 2024-2035 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 covers a wide portfolio of financing instruments: Green bonds, loans, project financings and other Green financing instruments (together "Green Financing Instrument") and Sustainability-Linked bonds, loans, project financings and other Sustainability-Linked financing instruments (together "Sustainability-Linked Financing Instrument").

Through this integrated Framework, A2A can combine the Green 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 format;
- The strong engagement of A2A in ESG management and continuous improvement at corporate level with the Sustainability-Linked format.

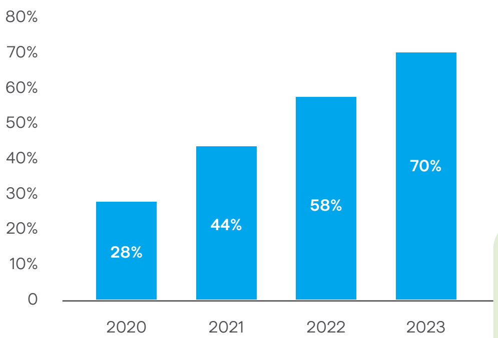
A2A has been a key advocate of Sustainable Finance since publishing the first Green Financing Framework in July 2019, which was followed by A2A's inaugural Green Bond issuance. In May 2021, the Green Financing Framework was replaced by a Sustainable Financing Framework, aligned with the Green and Sustainability-Linked Principles administered by ICMA and LMA, followed by A2A's inaugural Sustainability-Linked Bond issuance.

Sustainable Finance

Sustainable Finance acted as the foremost enabler of the Strategic Plan 2024-2035. 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. Since this time all Bond issuances have been in Green or Sustainability-Linked format and a further Framework update released in February 2022.

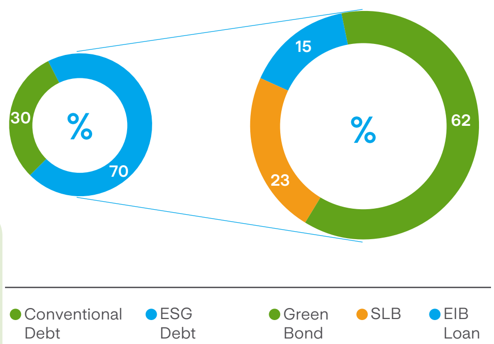
Sustainable Finance Highlights

ESG Debt evolution



Financial Strategy linked to **Sustainability**

Conventional vs ESG Debt as of 31 December 2023 I %



Sustainable Finance Highlights in 2023

5th Green Bond

A2A issued a new Green Bond supporting investments in **energy transition** and **circular economy**

January 23

Insurance Policy KPI linked - Pollution

A2A signed an insurance policy linked to the achievement of **sustainability targets** related to environmental risks management

November 23

Credit Facility for green guarantees

A2A signed an agreement to issue **green guarantees** for projects aligned with the eligibility criteria defined in the A2A Sustainable Finance Framework, the EU Taxonomy and relevant international guidelines

December 23

European Investment Bank (EIB) financing

A2A signed a new loan with EIB to finance the extension and renovation of its **electricity distribution networks** in Lombardy

December 23

This latest Framework has been updated to reflect the latest updates in A2A's strategy, as outlined in March 2024 Strategic Plan update presentation, and account for changes in relevant Principles and market standards. The key changes are outlined below:

Green Section

- Additional Eligible Green Projects:
  - Installation of electric heat pumps
  - Construction or refurbishment of pipelines for district heating & cooling
  - Infrastructure for landfill gas capture
  - Infrastructures for the treatment of hazardous waste, including the incineration of non-recyclable hazardous waste, biological treatment of hazardous waste and physico-chemical treatment
- Amendments to some existing Eligible Green Projects to clarify language or align with EU Taxonomy Criteria
- Mapping to EU Taxonomy where relevant and appropriate.

Sustainability-Linked Section

- Updated the definition of KPI 1 to include Scope 2, in line with Group reporting. A2A has committed to a 100% reduction in Scope 2 by 2026, therefore there is no impact on the SPT level
- Removal of KPI 3, Waste Treated in Group's Material Recovery Plants, this activity is less material to the Group following the updated Strategic Plan
- Amendment to the following Sustainability Performance Targets (SPTs):
  - Removal of short term (2024, 2025, 2026 and 2028) observation dates to allow focus on the medium term 2030 and 2035 objectives of the 2024-2035 Strategic Plan
  - Update to the 2030 SPT 1, revising the SPT from 216 gCO_2e/kWh (May 2022 Framework) to the earlier target of 226 gCO_2e/kWh, which is in line with the updated Strategic Plan and remains under the SBTi validated target which is equivalent to 230 gCO_2e/kWh
  - Inclusion of the 2035 SPT 1 of 150 gCO_2/kWh
  - Update to the 2030 SPT 2, revising the SPT from 5.9 GW to 3.8 GW, reflecting the updated Strategic Plan focus on domestic market and mainly organic growth
  - Inclusion of the 2035 SPT 2 of 5.7 GW
- Inclusion of the following new KPI:
  - Installed capacity of the Electricity Grid with SPTs: 2030: 10,552 MVA and 2035: 10,792 MVA

A2A plans to continue issuing ESG-labelled Debt, which currently accounts for 70% of Overall Debt (as of 31/12/2023), this is planned to increase over 90% by 2030 and to reach 100% by 2035 to complete the alignment of its funding policy and its sustainability strategy.

The breakdown of ESG-labelled Debt is c. 62% Green Bonds, c. 23% Sustainability-Linked Bonds and c. 15% EIB Loans as of 31 December 2023.

04

Green & Sustainability-Linked Financing Components

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, renamed Sustainable Finance Committee (SFC), further developed this role to include Sustainability-Linked Instruments.

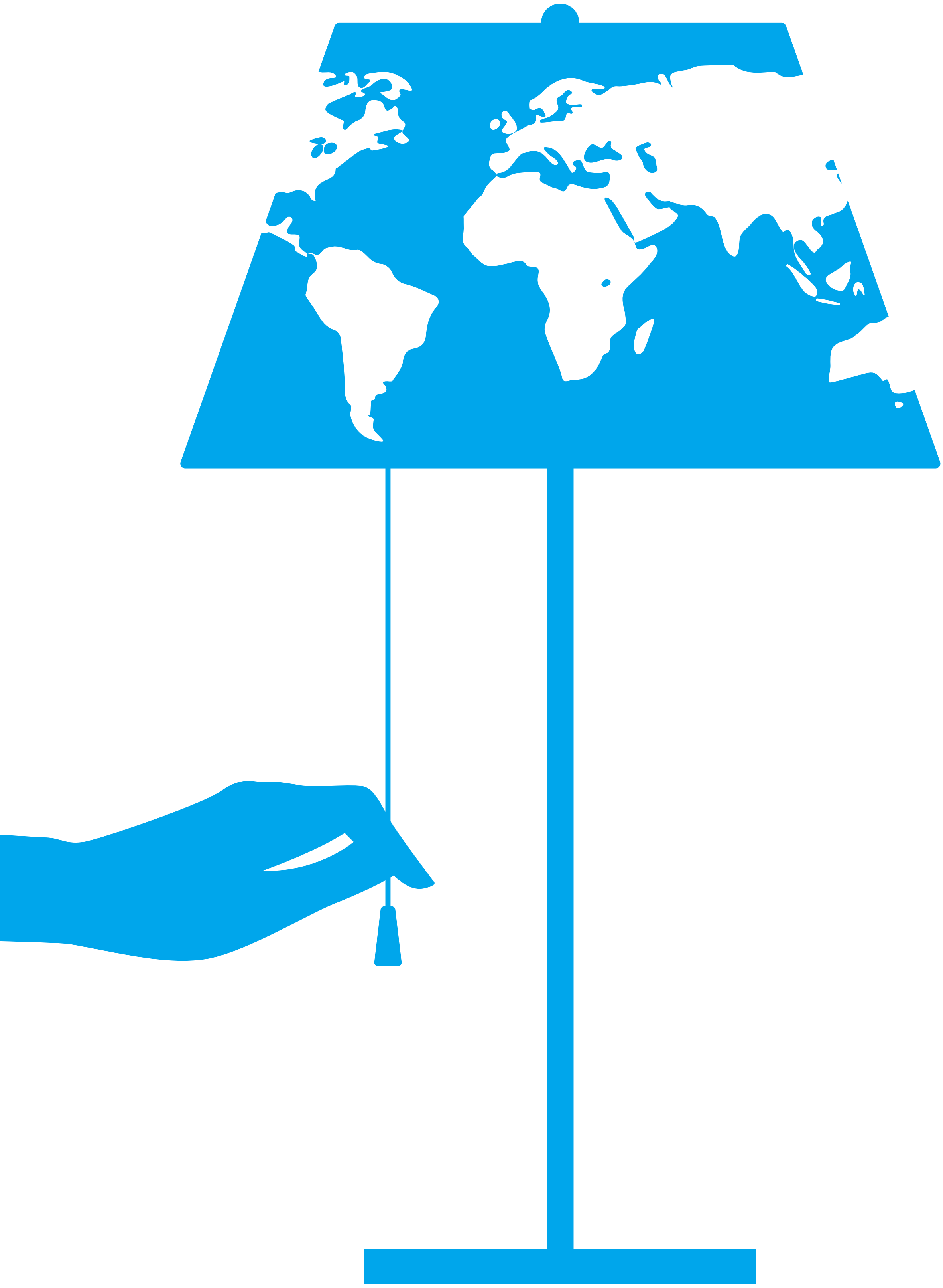
The SFC, chaired by the Finance Department, includes members from the following departments:
- Finance;
- Sustainability Development;
- Strategy;
- Planning & Control;
- Investor Relations;
- Subsidiaries/Business Units involved, relating to specific project(s) and KPI(s).

The Finance Department, in collaboration with the Sustainability and Strategy Departments, preliminary selects the pool of the Eligible Green Projects, the ESG KPIs, the targets, the impact metrics, prepares the draft of the annual allocation reporting and SFF and then submits its proposals for the review and approval of the SFC.

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

Key Responsibilities of the SFC

- *Review, validate and monitor the pool of Eligible Green Projects proposed by the Finance Sustainability and Strategy departments, based on A2A's sustainability strategy, enterprise risk valuation and the Sustainable Finance Framework*
- *Monitor ESG controversies associated to the projects and replace any projects that become no longer eligible*
- *Review and validate the selection of KPIs and review and monitor the related SPTs*
- *Validate the impact metric that best describes the environmental benefits*
- *Verify and validate annual reporting for investors*
- *Monitor 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 validate the update of the Framework, including expansions to the list of Eligible Categories and KPIs, to reflect any changes about the Company's sustainability strategies and initiatives*



05

The Green Financing Component

Green Financing Instruments issued under this Framework will align with the Green Bond Principles (GBPs), administered by the International Capital Market Association (ICMA) – 2021 version with June 2022 Appendix[14] and the Green Loan Principles (GLPs) published by the Loan Market Association (LMA) – 2023 version[15] and their four core components:

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

EU regulation:

It is A2A's intention to follow the best market practice as the market standards develop and as the EU regulation develops. Therefore, A2A has taken into account the technical screening criteria for substantial contribution to the six environmental objectives of the EU Commission stemming from the Delegated Acts of the EU Taxonomy Regulation[16] to draft the eligibility criteria for Eligible Projects defined below when applicable. Furthermore, A2A commits to providing in each allocation reporting the share of the amount equivalent to the net proceeds that have been allocated to projects fully aligned with the EU Taxonomy Regulation (including the technical screening criteria for substantial contribution, the Do No Significant Harm (DNSH) criteria and the Minimum Social Safeguards (MSS)). While the EU GBS formally enters into application on December 21st 2024, A2A has taken into consideration some of the requirements of the EU GBS when drafting this Framework, on a best effort basis, with the objective to be well positioned to adhere to the standard when it becomes applicable.

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 as defined below.

Eligible Green Projects may include capital expenditures (capex), operating expenditures (opex) related to improvement and maintenance of Eligible Green Projects, research and development, as well as the acquisitions of the majority stake of entities deriving at least 90% of revenues or 90% of the balance sheet derived from activities identified as Eligible Green Projects.

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.

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.

[14] *https://www.icmagroup.org/assets/documents/Sustainable-finance/2022-updates/Green-Bond-Principles_June-2022-280622.pdf*
[15] *https://www.lsta.org/content/green-loan-principles/*
[16] Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, available on the website of the European Commission.

	Renewable Energy	Energy Efficiency	Transmission and distribution networks	Sustainable water and wastewater management	Pollution prevention and control	Clean transportation
Eligible Green Projects	Increasing production and storage of renewable energy, through acquisitions, construction or maintenance, including: • PV / Wind plants • Hydropower plants considering only the assets aligned with EU Taxonomy • New plants of biomethane production considering only the assets aligned with EU Taxonomy • Bioenergy plants for electricity production and / or co-generation of heat /cool based on agricultural or forest biomass in line with Directive (EU) 2018/2001 and with GHG emission savings of at least 80% compared with the relative fossil fuel comparator and considering only the assets aligned with EU Taxonomy • Anaerobic digestion of OFMSW[17], with a monitoring and contingency plan in place to minimize methane leakage • Energy storage system (Battery)	Reducing energy consumption or mitigate greenhouse gas emissions, including: • Waste-to-Energy efficiency revamping/ upgrade (energy production and district heating) (R1 ≥ 0.60); only facilities respecting the waste hierarchy to ensure that only residual waste that cannot be reused or recycled can be incinerated are eligible • Services to improve energy efficiency of public lighting from traditional lighting to LEDs technology considering only the assets aligned to EU Taxonomy • New product and services related to energy efficiency for end customers (solar panels, etc.) • Ensure maximum efficiency throughout BAT (best available technologies, e.g. NZEB framework for buildings) for the Group assets (new and refurbished buildings) considering only the assets aligned with EU Taxonomy • Installation of electric heat pumps considering only the assets aligned to EU Taxonomy • Construction and refurbishment of pipeline for district heating and cooling, considering only assets aligned to EU Taxonomy	Connecting renewable sources, enhancing distributed energy, improving smart grids (efficiency and reliability), decreasing electricity losses of the existing networks, including: • Investments in smart grid aligned with EU Directive 2019/944 • Smart meters installation (energy) • Improved grid efficiency (primary electric, stations, electrolyzers and synchronous condensers, etc)	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)	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 levels of thermal efficiency[18] (energy production) (R1 ≥ 0.65) and a minimum energy efficiency of 25%; only facilities respecting the waste hierarchy to ensure that only residual waste that cannot be reused or recycled can be incinerated are eligible • Waste collection and transport services for municipalities • Plants to recover organic fraction through composting; • Material recovery and selection plants • Infrastructures for the treatment of hazardous waste, including the incineration (waste-to-energy) of non-recyclable hazardous waste, biological treatment of hazardous waste and physico-chemical treatment • Recovery of heat sources from production activities • Infrastructure for landfill gas capture, where the produced gas is used for the generation of electricity or heat, or upgraded to biomethane	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 vehicles (Electric) for operational activities (waste collection, DSO activities, etc) • Charging infrastructure for low environmental impact vehicles (Electric charging hub)

[17] Organic Fraction of the Municipal Solid Waste.
[18] Assessed by reference to gross efficiency benchmarks published in the European Union Best Available Techniques (BAT) Reference Document for Waste Incineration, 2019.

Environmental objective[19]	Climate change mitigation (MIT) & Transition to Circular Economy (CE)	MIT & CE	MIT	MIT & Sustainable Use and Protection of Water and Marine Resources (WTR)	MIT, CE & Pollution prevention and control (PPC)	MIT & CE
EU Taxonomy mapping[20]	4.1. (MIT) Electricity generation using solar photovoltaic technology 4.3. (MIT) Electricity generation from wind power 4.5. (MIT) Electricity generation from hydropower 4.8. (MIT) Electricity generation from bioenergy 4.10. (MIT) Storage of electricity 4.11. (MIT) Storage of thermal energy 4.20. (MIT) Cogeneration of heat/cool and power from bioenergy 5.6. (MIT) Anaerobic digestion of sewage sludge 5.7. (MIT) Anaerobic digestion of bio-waste 2.5. (CE) Recovery of bio-waste by anaerobic digestion or composting	4.15. (MIT) District heating/cooling distribution 4.16. (MIT) Installation and operation of electric heat pumps 7.1 (MIT) Construction of new buildings 7.2 (MIT) Renovation of existing buildings 7.3. (MIT) Installation, maintenance and repair of energy efficiency equipment 7.4. (MIT) Installation, maintenance and repair of charging stations for electric vehicles in buildings 7.5. (MIT) Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings 7.6. (MIT) Installation, maintenance and repair of renewable energy technologies 9.3. (MIT) Professional services related to energy performance of buildings 3.1 (CE) Construction of new buildings 3.2. (CE) Renovation of existing buildings	4.9. (MIT) Transmission and distribution of electricity	5.1. (MIT) Construction, extension and operation of water collection, treatment and supply systems 5.3. (MIT) Construction, extension and operation of waste water collection and treatment 2.1. (WTR) Water Supply 2.2. (WTR) Urban waste water treatment	4.25. (MIT) Production of heat/cool using waste heat 5.5. (MIT) Collection and transport of non-hazardous waste in source segregated fractions 5.8. (MIT) Composting of bio-waste 5.9. (MIT) Material recovery from non-hazardous waste 5.10. (MIT) Landfill gas capture and utilisation 2.7. (CE) Sorting and material recovery of non-hazardous waste 2.2. (PPC) Treatment of hazardous waste	5.5. (MIT) Collection and transport of non-hazardous waste in source segregated fractions 6.15. (MIT) Infrastructure enabling low-carbon road transport and public transport 2.3. (CE) Collection and transport of non-hazardous and hazardous waste
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

[19] According to Commission Delegated Regulations (EU) 2021/2139 and 2023/2846.
[20] Mapping is non-exhaustive and based of analysis of actual Capex, Opex and Revenues data for 2023 and according to Commission Delegated Regulations (EU) 2021/2139 and 2023/2846.

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 Instruments meet the Eligibility Criteria detailed in this Sustainable Finance Framework. According to the internal procedures, at the capex plan preparation and investment approval phases all the projects are analyzed and mapped as green or not green and as Taxonomy eligible or not. In addition, the relevant sustainability KPIs are quantified and monitored.

The Eligible Green Projects are also expected to comply with applicable national, European and international environmental and social standards and regulations. As part of the selection process, it is verified if the Eligible Green Projects are also aligned as closely as possible with the EU Taxonomy Regulation and Delegated Acts, including Do No Significant Harm (DNSH) and Minimum Social Safeguards (MSS) criteria.
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.

ESG Risk Management

A2A has put in place a strong evaluation and selection process, corporate sustainability and risk management framework in order to ensure mitigation of potential environmental and social risks associated with the Eligible Projects, in addition to applicable national and international environmental and social standards and regulations.

The Group has set up a Risk Management Department that uses a risk measurement and detection process based on the Enterprise Risk Management (ERM) method, developed in order to make risk management an integral and systematic part of the corporate management processes.
Through the engagement of all corporate structures, the risk measurement process is regularly activated, enabling the identification of the most significant critical issues, the measures to monitor them and the mitigation plans. The risk profile of the Group and its companies, identified in the periodic (every 6 months) assessment process, is analysed by the respective board of directors of the companies.

The ERM process takes into account all possible risks, including socio-environmental risks, and it assesses their impact on the company, as regards both the financial and reputational aspects. Overall, the main risk factors considered and assessed relate to:
- A2A's relationship with the community;
- The nature and diversification of its business units;
- A2A's growth plan and strategic goals;
- The competitive, legislative and regulatory environment;
- The macroeconomic environment;
- Social-environmental considerations, in particular climate change and health & safety.

Different policies and management systems are in place within the Group to tackle main social and governance potential issues including its Code of Ethics[21], Anti-corruption policy[22], Human rights policy[23], Responsible procurement policy[24] and Quality environment and safety policy[25], Stakeholder engagement policy.

The 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. It identifies the requirements aimed at ensuring that the enterprise's activities are inspired by the following principles:
- recognition and protection of the dignity, liberty and equality of human beings;
- protection of workers and freedom of union association;
- protection of health, of safety, of the environment and of biodiversity;
- integrity, transparency, honesty and loyalty in action.

[21] *code-of-ethics.pdf (gruppoa2a.it)*
[22] *https://content.gruppoa2a.it/sites/default/files/2022-07/policy-anticorruption.pdf*
[23] *https://content.gruppoa2a.it/sites/default/files/2022-07/Human-Rights-Policy.pdf*
[24] *https://a2a-be.s3.eu-west-1.amazonaws.com/a2a/responsible-procurement-policy-eng.pdf*
[25] *https://content.gruppoa2a.it/sites/default/files/2022-10/policy-a2a.pdf*

All Group companies are monitored in terms of risks connected to corruption. In line with what is outlined in the Group Code of Ethics and the specific regulatory document, A2A Group's Anti-Corruption Policy, the Group bans all forms of corruption, unlawful errors, collusive conduct, requesting of advantages, conferral of material and immaterial benefits and other advantages aimed at influencing or remunerating representatives of institution or their relatives and Group's employees. Furthermore, A2A adopted a proper Human Rights Policy, aimed at protecting and promoting the recognition and safeguarding the dignity, freedom, equality of human beings, the protection of work, trade union freedoms, occupational health and safety, also with reference to external collaborators.

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 No Significant Harm (DNSH) assessment. Furthermore, A2A published in 2022 a new Policy on Biodiversity[26].

Management of proceeds

The net proceeds from Green Financing Instruments will be deposited in A2A's general funds account and an amount equal to the net proceeds will be earmarked to Eligible Green Projects selected by the SFC. 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.

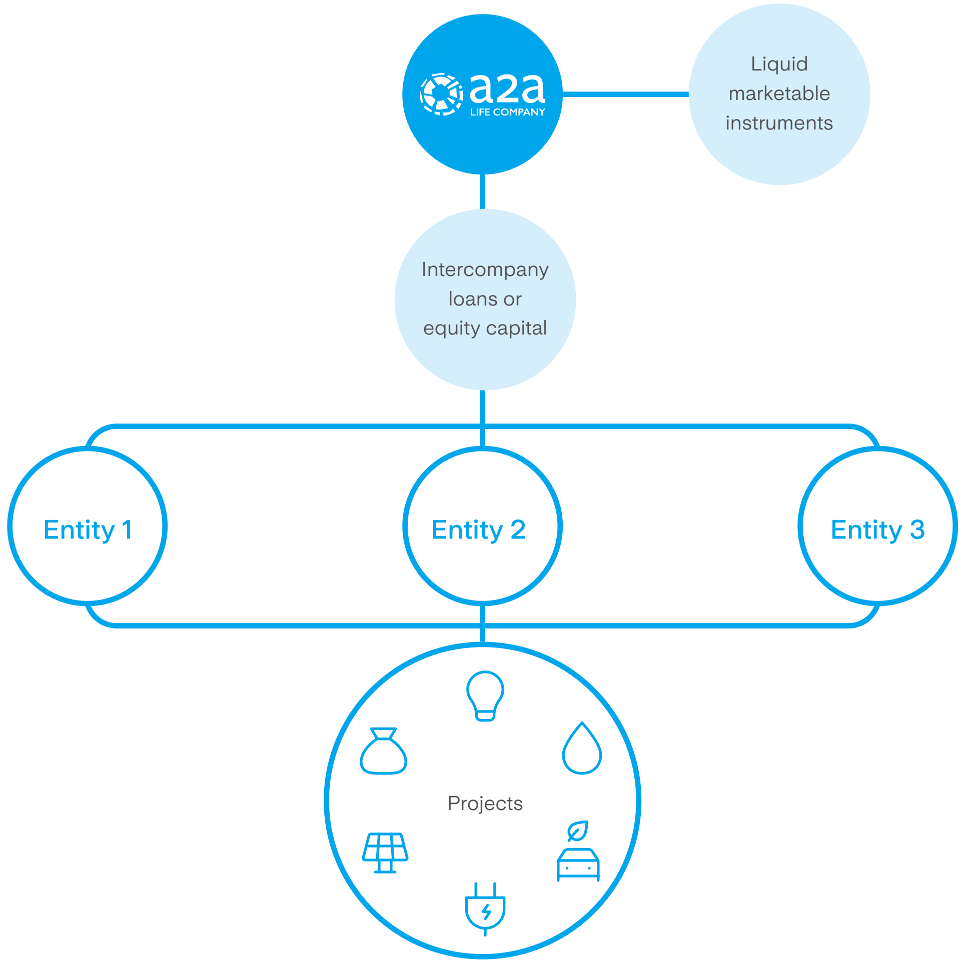
A2A will endeavor to fully allocate an amount equal to the net proceeds within 24 months.

Net proceeds can refinance Eligible Green Projects disbursed, delivered or acquired up to 36 months before the issuance of the Green Financing Instrument.

The balance of Proceeds should be periodically adjusted, in order to match allocations to Eligible Green Projects (re)financed during this period. To this end, if for any reason projects cease to be eligible, are disposed of or are subject to material ESG controversy, 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.

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.



[26] https://content.gruppoa2a.it/sites/default/files/2022-09/A2A-biodiversity.pdf

Reporting

On an annual basis, at least until full allocation and thereafter 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) if feasible, the year of operation of acquired assets;
(iv) the percentage of EU Taxonomy eligible and/or aligned Eligible Green Projects financed (incl. the alignment with the SCC , DNSH and MSS);
(v) if feasible, the co-financing share;
(vi) the balance of any unallocated proceeds, and, if feasible, the types of temporary investment instruments where unallocated proceeds have been deposited;
(vii) disclosure of any material developments related to the Eligible Green Projects, including ESG controversies and issues; and
(viii) the list of eligible projects (re)financed, including a brief description and geographical location.

The Allocation reports will be available on A2A's website[27].

Impact/Performance reporting: A2A will report on the associated environmental impact of the Green Financing Instruments with qualitative and / or quantitative information, the latter subject to the availability of suitable data. Impacts, methodologies and assumptions of indicators are disclosed in the annual Sustainability Reporting that is available on A2A's website and externally verified.

Wherever possible, A2A intends to align its reporting with the approach described in the "Handbook – Harmonised Framework for Impact Reporting" (June 2023)[28].

Verification

External verifiers appointed by A2A will verify on an annual basis at 'Limited Assurance' standard and until the full allocation, and thereafter in case of material changes, 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 criteria set out in this Framework for the Eligible Green Projects. The external verifiers' report will be made available on A2A's website.

[27] *Debt structure | A2A (gruppoa2a.it).*
[28] *Handbook-Harmonised-framework-for-impact-reporting-June-2023-220623.pdf (icmagroup.org)*

Examples of relevant output and impact 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 points 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) • Number of smart meters installed

06

Sustainability-Linked Component

Sustainability-Linked Financing Instruments issued under this Framework will be aligned with the Sustainability-Linked Bond Principles 2023 administered by the ICMA[29] and the Sustainability-Linked Loan Principles 2023 administered by the LMA[30] and their five core components:

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

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) and 13 (Climate Action) and the EU objectives of climate change mitigation.

KPI #1: Scope 1 and 2 GHG Emission Intensity

Scope 1 and 2 greenhouse gas (GHG) emissions intensity (expressed in grams of CO_2 per kWh).

Climate change mitigation

KPI #2: Renewable Energy Capacity Installation

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

Climate change mitigation

KPI #3: Installed Capacity of the Electricity Grid

Amount of electricity grid installed capacity (expressed in Megavolt Ampere (MVA)).

Climate change mitigation

KPI #1: Scope 1 & 2 GHG Emission Intensity

Scope 1 & 2 greenhouse gas (GHG) emissions intensity (expressed in grams of CO_2e per kWh), contributing to SDG 7 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 3.0 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 & 2 GHG 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.

[29] *Sustainability-Linked Bond Principles (SLBP) » ICMA (icmagroup.org)*
[30] *Sustainability Linked Loan Principles (SLLP) - LSTA*

Methodology: The KPI is calculated starting from the CO_2e emissions coming from the Group's assets and divided by the total kWh produced during the year. Scope 1 emissions are mainly related to energy production plants and Waste-to-Energy plants. Scope 2 emissions are calculated using the market-based approach, meaning that all certified renewable energy purchased by the Group accounts for zero emissions, while the share of electric energy that is not certified (about 5% of the total electricity consumed) has been converted in CO_2e emissions using the proper emission factor.

Perimeter: The KPI covers 100% of the Group's assets as of 31 December 2023.

Historical Performance (SBTi scope)

Metric / Year	u. m.	2017	2018	2019	2020	2021	2022	2023
Scope 1 & 2 GHG emissions intensity	gCO_2e/kWh	425	384	345	310	332	386	310

The historical data has been audited.

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.
(3) The emission factor in 2022 increased due to energy crisis-related support measures to stabilize the national grid, in line with government requirements.

KPI #2: Renewable Energy Capacity Installation

Amount of renewable energy installed capacity (expressed in GW) 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.

Methodology: Total installed energy capacity from wind, solar and hydropower assets (solar installed capacity includes both utility-scale PV and commercial-scale PV).

Perimeter: The KPI covers 100% of A2A's activities.

Historical Performance

Metric / Year	u. m.	2017	2018	2019	2020	2021	2022	2023
Hydro	GW	1,9	1,9	1,9	1,9	1,9	1,9	1,9
Solar & Wind		0,0	0,1	0,1	0,1	0,3	0,6	0,6
Total		1,9	2,0	2,0	2,1	2,2	2,5	2,6

The historical data has been audited.

KPI #3: Installed Capacity of the Electricity Grid

Amount of electricity grid installed capacity (expressed in MVA), contributing to SDG 7 and 13

Rationale: The electrification of the consumption plays a pivotal role in the decarbonization and energy transition. The installed capacity provides a proxy of the electricity needs that the distribution system is able to satisfy. The primary substations, which constitute the entry point of electricity into the distribution system from the national transmission network, must be sized in such a way as to guarantee the satisfaction of the power requests of the users. These requests, in a scenario of progressive and accelerated electrification, are related to the reduction of polluting emissions thanks, for example, to the transformation of diesel or methane heating systems into electric heat pumps, or to the progressive electrification of vehicles and local public transport.

Methodology: Installed Capacity of the Electricity Grid is represented by the sum of the nominal capacity of the HV/MV transformers installed in the primary substations.

Perimeter: The KPI covers all relevant A2A's activities[31].

Historical Performance

Metric / Year	u.m	2021	2022	2023
Installed Capacity of the Electricity Grid	MVA	4,524	4,902	5,016

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 & 2 GHG Emission Intensity

Specific Scope 1 & 2 GHG Emission Intensity (expressed in grams CO_2e per kWh, as of the Reference Date) is equal to or lower than the relevant GHG Emission threshold.

Metric / Year	SDG	u.m.	2017 (baseline)	2030	2035
Scope 1 & 2 GHG Emission Intensity	7 AFFORDABLE AND CLEAN ENERGY; 13 CLIMATE ACTION	gCO_2/kWh	425	226	150

[31] The perimeter does not include Ambiente Energia Brianza S.p.A..

Ambition: 2030 target is more ambitious than the trajectory validated by SBTi as in line with a 2°C scenario (230 gCO_2/ kWh by 2030).

Goal achievement plan: in 2022, A2A confirmed its commitment to the ecological transition in the latest Strategic Plan update, declaring its intention to reach net zero Scope 1 and Scope 2 emissions by 2040.
To make this commitment a reality, an internal working group was launched in 2022 that is focused on identifying strategic and technological solutions for achieving this goal. Three phases of action have been identified: an initial transition phase with investments in renewable sources and the launch of Carbon Capture Utilization & Storage (CCUS) pilot projects to be applied to the Group's waste-to-energy plants; a second phase focused on the phase-down of certain carbon intensive plants, the introduction of new technologies in thermoelectric production (blending hydrogen + gas), the application of the first full-scale CCUS plants on A2A's main waste-to-energy plants and continued growth in RES, and a third phase of the extension of CCUS plants, growth in RES and possible offsetting of residual emissions.
It is also important for a company like A2A to consider the contribution it makes with its activities and technologies to the decarbonization of the country's system. The growth of renewable sources and the efficiency of energy production have contributed to avoiding both the emission of significant quantities of carbon dioxide into the atmosphere and the consumption of equally significant portions of primary energy (expressed in tonnes of oil equivalent).

Factors putting the target at risk: in reaching its target, A2A could face some risks such as:
I. RULES AND REGULATIONS: possible requests by the authorities to reactivate fossil fuel sourced plants in order to ensure the national network security;
II. TECHNOLOGY AND SKILLS: possible failure to reach the targets defined in the Business Plan as a result of a technology not yet mature (e.g. carbon capture) or for a lack of specialized skills.

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 (solar installed capacity includes both utility-scale PV and commercial-scale PV).

Metric / Year	SDG	u.m.	2030	2035
RES total installed capacity	7 AFFORDABLE AND CLEAN ENERGY; 13 CLIMATE ACTION	GW	3.8	5.7

Ambition: The Renewable Energy Installed Capacity 2035 target accounts for over 50% of A2A's Renewable Energy mix.

Goal achievement plan:
A2A's commitment to the Energy transition will be expressed with 16 billion euros of CAPEX to support the electrification of consumption and the development of electricity distribution network, renewables and flexible energy. The Group's contribution to the country's Energy transition and decarbonisation will also be achieved with 4.6 billion euros in CAPEX dedicated to the development of a 5.7 GW RES portfolio by 2035, up by 3.1 GW compared to 2023, thanks to which more than 10 TWh of green energy will be produced by 2035.
Factors putting the target at risk:
in reaching its target, A2A could face some risks such as:
I. AUTHORIZATIONS: long requested timing for obtaining authorizations and difficulties in obtaining them;
II. INFLATION: the increase in Capex for the inflationary context could lead to the significant change of the project risk-return profile.

SPT #3: Installed Capacity of the Electricity Grid

Specific Installed Capacity of the Electricity Grid (expressed in MVA, as of the Reference Date) is equal to or lower than the relevant threshold.

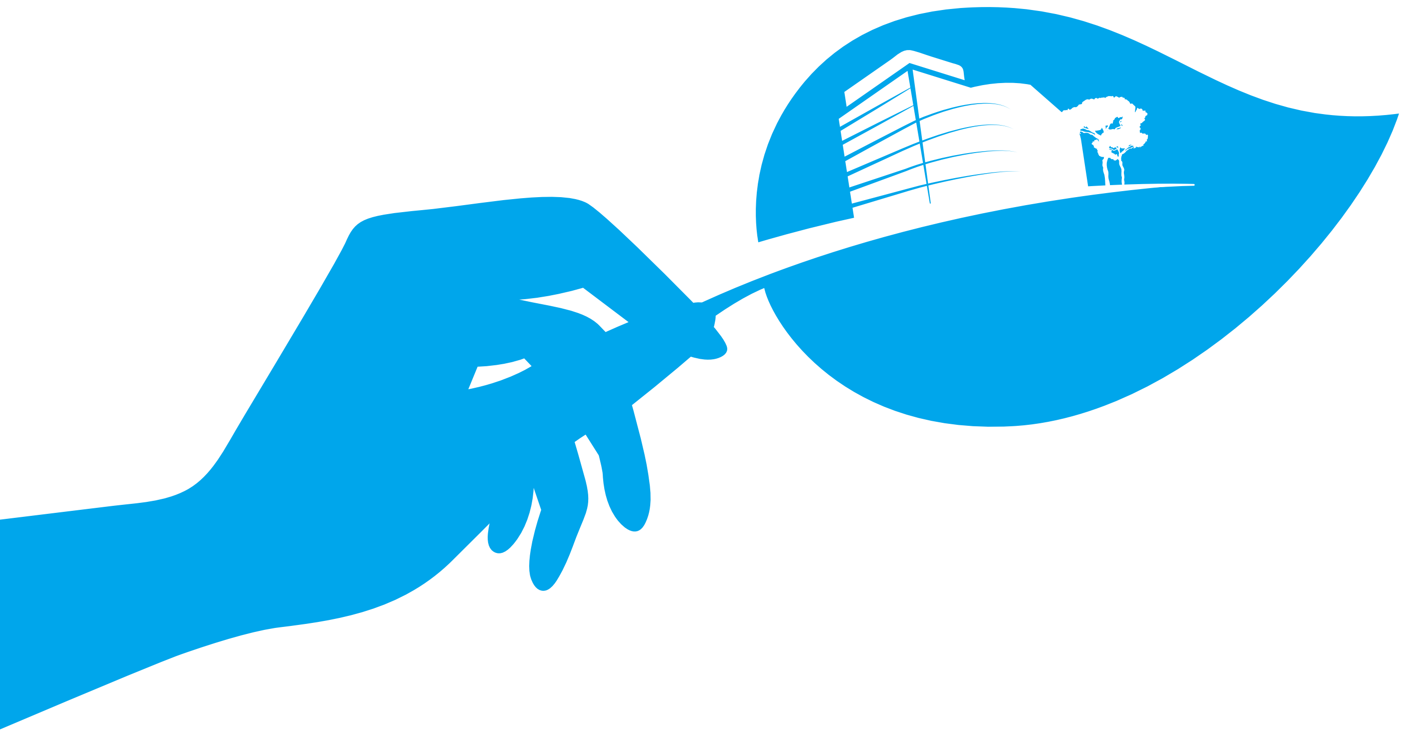
Metric / Year	SDG	u.m.	2030	2035
Installed Capacity of the Electricity Grid	7 AFFORDABLE AND CLEAN ENERGY; 13 CLIMATE ACTION	MVA	10,552	10,792

Ambition: The target for Installed Capacity of the Electricity Grid by 2035 will guarantee the satisfaction of electricity needs in a scenario of increased electrification of consumption and mobility (estimated increase in peak of electricity demand in 2030 vs 2022 in Milan area is appr. 50%[32]), also guaranteeing a margin for future electrification developments.

Goal achievement plan: The goals for the KPI will be achieved thanks to an investment plan of about 5 billion euros, which over the next 10 years includes the construction of more than 15 new primary substations, the implementation of more than 6,200 km of development interventions and renewal on the MV and LV lines and approximately 1,500 new secondary substations.

Factors putting the target at risk: in reaching its target, A2A could face some risks such as:
AUTHORIZATIONS: difficulties in identifying the areas suitable for the construction of the cabins and difficulties in obtaining permits from the municipal administrations.

For loan transactions the annual targets will be specified in the relevant transaction documentation.



[32] *Piano di Sviluppo 2023, p. 82: https://content.unareti.it/sites/default/files/2023-09/Piano-sviluppo-2023.pdf*

Financial characteristics

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.

All Sustainability-Linked Financing Instruments issued under this Framework have a Sustainability-Linked feature that will result in a coupon or margin adjustment, or a premium payment, as the case may be, if a Trigger Event occurs. The relevant KPIs, SPTs, step-up coupon or margin adjustment or premium payment amount, as applicable, calculation methodologies and performance observation dates will be specified in the relevant documentation of the specific transaction (e.g. Final Terms of the relevant SLB, Facility Agreement of the relevant SLL, etc.).

A Trigger Event occurs if:
- One or more of the selected KPIs have not achieved the SPT(s) on the Target Observation Date, or
- The reporting and external verification of the SPT has not been provided and made public as set out in the External Verification section of this Framework.

For the avoidance of doubt, in the case of Sustainability-Linked Bonds, if the KPI(s) achieved its (theirs) SPT(s) and reporting and verification of the SPT(s) have been provided in accordance with the reporting and verification section of this Framework, the financial characteristics of the security will remain unchanged.

Reporting

With reference to the KPIs listed in the relevant section of this Framework, A2A will report annually, and in any case for any date/period relevant for assessing whether a Trigger Event has occurred, on their performances in A2A sustainability reporting. The reporting will be subject to annual verification based on "limited assurance" standard by an external and independent verifier and will be available on A2A's website.

Reporting may include:
- Up-to-date information on the performance of the selected KPI, including the baseline where relevant; any information enabling investors to monitor the level of ambition of the SPTs (e.g. any update in the issuers sustainability strategy or on the related KPI/ESG governance and/or policies, and more generally any information relevant to the analysis of the KPIs and SPTs).

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.

For each loan transaction A2A will also provide to the lenders of the Sustainability Certificate outlining the performance against SPT for the relevant observation date and the impact on the economics of the transaction (such as, margin adjustment) as will be specified in the relevant transaction documentation.

Recalculation Policy

A change between the issue date of a Sustainability-Linked financing instrument and the relevant Target Observation Date to:
- The calculation methodology of the KPIs to reflect changes in the market practice or the relevant market standards; or
- Data quality due to better data accessibility or discovery of data errors; or
- Any applicable laws, regulations, rules, guidelines and policies relating to the business of the Group; or
- The Group's perimeter following acquisitions, divestitures, or mergers, or other restructuring, which individually or in aggregate has a significant impact on the level of any SPT or any KPI baseline, may result in a recalculation of the relevant baselines and/or SPTs. For KPIs 1, 2 and 3, a significant impact result in a variation of at least 5% of the KPI.

In such cases of a recalculation, it will be carried out by A2A in good faith and provided that an External Verifier has confirmed in writing that the proposed revision:
- Is consistent with A2A sustainability strategy at the time; and
- Is at least as material and ambitious as existing KPIs and SPTs; and
- Continues to align with the Sustainability-Linked Bond Principles administered by ICMA; and
- Continues to be in line with the trajectory validated by SBTi or other organization of equivalent standing for KPI 1 / 2.

In such event of a recalculation of the baseline(s) and/or SPT(s), these will be reported by A2A in its sustainability reporting.

07

External review - Second Party Opinion

External review – Second Party Opinion

A2A has appointed S&P 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 administered 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: **Sustainable finance programme | A2A (gruppoa2a.it)**.

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 wil either keep or improve the current levels of transparency and reporting disclosures, including the corresponding review by ar External Verifier.

The updated Framework, if any, will be published on A2A's website and will replace this Framework.

08

Appendix I
Science Based Target initiative letter

SCIENCE BASED TARGETS

DRIVING AMBITIOUS CORPORATE CLIMATE ACTION

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

An initiative by CDP DISCLOSURE INSIGHT ACTION, UN Global Compact, World Resources Institute, WWF

09

Disclaimer

Disclaimer

This document (the Sustainable Finance Framework) is intended to provide non-exhaustive, general information. This document may contain or make reference to public information not separately reviewed, approved or endorsed by A2A S.p.A. (A2A) and accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by A2A as to the fairness, accuracy, reasonableness or completeness of such information.

This Sustainable Finance Framework may contain statements about future events and expectations that are forward-looking statements. None of the future projections, expectations, estimates or prospects in this document should be taken as forecasts or promises nor should they be taken as implying any indication, assurance or guarantee that the assumptions on which such future projections, expectations, estimates or prospects have been prepared are correct or exhaustive or, in the case of the assumptions, fully stated in the document. Unless otherwise stated, A2A has and undertakes no obligation to update, modify or amend this document or the statements contained herein to reflect actual changes in assumptions or changes in factors affecting these statements or to otherwise notify any addressee if any information, opinion, projection, forecast or estimate set forth herein changes or subsequently becomes inaccurate.

It should be noted that all of the expected benefits of the Eligible Green Projects referred to in this Sustainable Finance Framework might not be achieved.

This Sustainable Finance Framework is not intended to be and should not be construed as providing legal, financial or technical advice.

It does not constitute an offer or invitation to sell or any solicitation of any offer to subscribe for or purchase or a recommendation regarding any “green bond” or other securities of A2A or provide financing to A2A, and nothing contained herein shall form the basis of any contract or commitment whatsoever and it has not been approved by any security regulatory authority.

This document does not purport to contain all of the information that an addressee may desire before making a decision about its investment. In all cases, addresses should conduct their own investigation and analysis. In particular, it is recommended for addressees to seek the advice of professional advisors or experts and to independently check legal, regulatory, tax or other consequences. The information in this document has not been independently verified.

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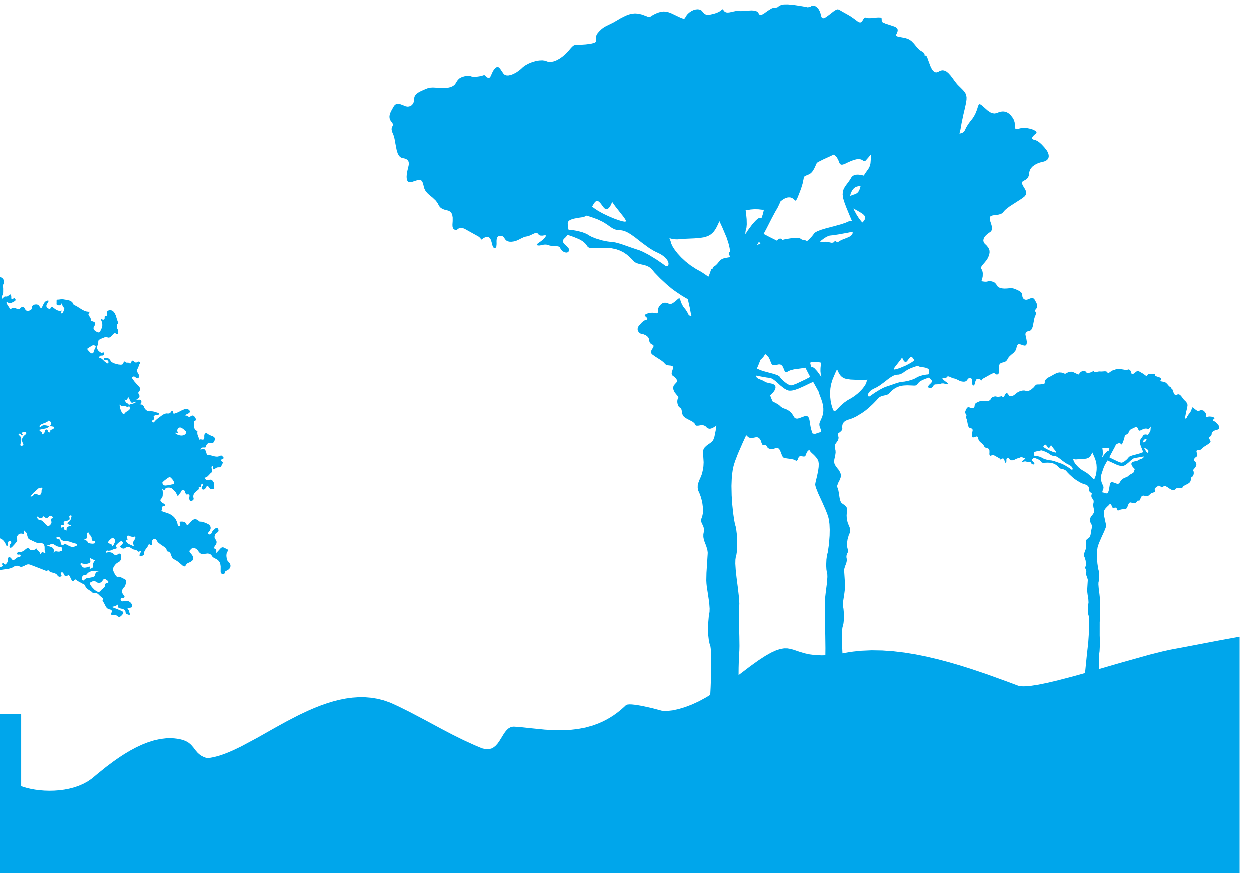

a2a
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